



INTERIM RESULTS

SIX MONTHS ENDED
31 MARCH 2018

IntegraFin Holdings plc

Company registration
number: 08860879

IntegraFin Holdings plc - Interim Results for the Six Months Ended 31 March 2018

IntegraFin Holdings plc was admitted to the London Stock Exchange on 2 March 2018, and is pleased to report its Interim Results for the six months to 31 March 2018 as a listed company.

Highlights

- Funds under direction £29.75bn
- Gross inflows of £3bn in the first half of the year

Ian Taylor, Chief Executive Officer, commented:

“Following a successful IPO, we are pleased to announce a pleasing set of results for the first half of the year. Despite the backdrop of stock market volatility, Transact achieved its highest ever H1 inflows.

Given our differentiated premium offering and the quality of the service we offer to advisers and their clients, we remain confident in our ability to sustain growth as we move into the second half of the year.”

Financial Highlights

	Six months ended 31 March 2018	Six months ended 31 March 2017	Year ended 30 September 2017
	£m	£m	£m
Fee generating funds under direction	29,753	25,548	27,927
Revenue	44.6	38.7	80.2
Profit before tax	18.7	17.3	37.0
Basic and diluted earnings per share	4.4p	4.2p	9.0p
Adjusted operating profit	21.2	17.3	37.5
Adjusted operating profit margin	48%	45%	47%
Adjusted basic and diluted earnings per share	5.2p	4.2p	9.2p

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Analyst Presentation

IntegraFin Holdings plc will be hosting an analyst presentation on 18 May 2018 following the release of these results for the half year ended 31 March 2018. Attendance is by invitation only. Slides accompanying the analyst presentation will be available on the IntegraFin Holdings plc website.

Cautionary Statement

These Interim Results have been prepared in accordance with the requirements of English Company Law and the liabilities of the Directors in connection with these Interim Results shall be subject to the limitations and restrictions provided by such law.

These Interim Results are prepared for and addressed only to the Company's shareholders as a whole and to no other person. The Company, its Directors, employees, agents or advisers do not accept or assume responsibility to any other person to whom these Interim Results are shown or into whose hands it may come and any such responsibility or liability is expressly disclaimed.

These Interim Results contain forward looking statements, which are unavoidably subject to risk and uncertainty because they relate to events and depend upon circumstances that will occur in the future. It is believed that the expectations set out in these forward looking statements are reasonable but they may be affected by a wide range of variables which could cause future outcomes to differ from those foreseen. All statements in these Interim Results are based upon information known to the Company at the date of this report. Except as required by law, the Company undertakes no obligation to publicly update or revise any forward looking statement, whether as a result of new information, future events or otherwise.

Operating and Financial Review

The first six months of financial year 2018 saw good levels of client inflows onto Transact, despite market volatility in the second half of the period. Growth in Funds Under Direction (FUD) was affected by this volatility in the three months to 31 March 2018, but still ended the interim period some £1.8bn higher than at 2017 financial year end.

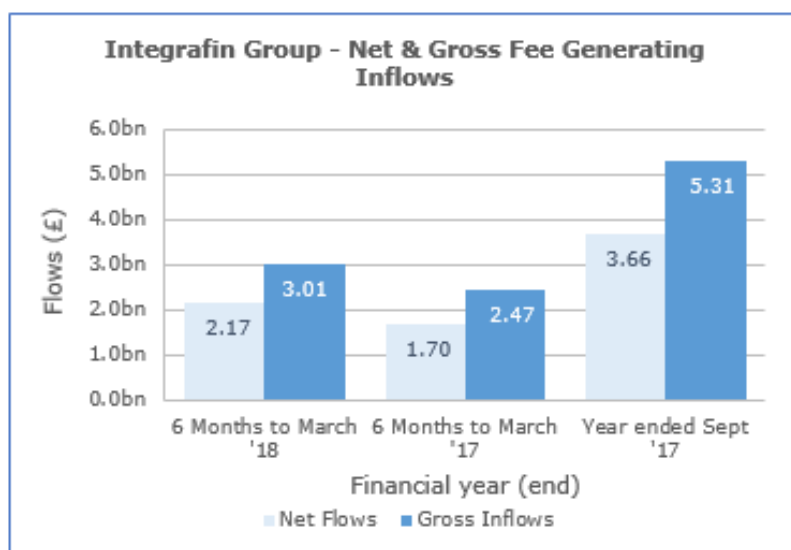
FUD, inflows and outflows

	Six months ended 31 March 2018 £m	Six months ended 31 March 2017 £m	Year ended 30 September 2017 £m
Opening fee generating FUD	27,927	22,686	22,686
Inflows	3,007	2,470	5,310
Outflows	(840)	(774)	(1,647)
Net flows	2,167	1,696	3,663
Market movements	(319)	1,093	1,425
Other movements ¹	(22)	73	153
Closing fee generating FUD	29,753	25,548	27,927
Other FUD ²	0	1,657	1
Total closing FUD	29,753	27,205	27,928

¹ Other movements includes dividends, interest, fees and tax charges and rebates.

² FUD held historically for a single private client, for which the only charge was a nominal fee for custody.

Gross inflows for the six months to 31 March 2018 increased by £537m or 21.7% from the six months to 31 March 2017. Gross inflows for the first half of financial year 2018 are the highest since the platform's inception. Gross outflows grew by 8.5%. Lower outflow growth than inflow growth led to an increase in net flows of £471m (27.8%).



Despite significantly less favourable market conditions in the second quarter, FUD continued to grow, ending the reporting period 6.5% higher than at the 2017 financial year end.

Financial performance

	Six months ended 31 March 2018	Six months ended 31 March 2017	Year ended 30 September 2017
	£m	£m	£m
Revenue	44.6	38.7	80.2
Cost of sales	(0.4)	(0.2)	(0.6)
Gross profit	44.2	38.5	79.6
Operating expenses	(25.7)	(21.3)	(42.8)
Operating profit attributable to shareholder returns	18.5	17.2	36.8
Interest income	0.2	0.1	0.2
Profit before tax attributable to shareholder returns	18.7	17.3	37.0
Tax on ordinary shareholder only activities	(4.1)	(3.3)	(7.1)
Profit after tax	14.6	13.9	29.9

Total gross profit in the six months to 31 March 2018 increased by £5.7m, or 14.8%, from the same period in financial year 2017. This growth was driven by the increase in value of FUD due to strong inflows in the period and an increase in the number of tax wrappers.

Components of revenue

	Six months ended 31 March 2018	Six months ended 31 March 2017	Year ended 30 September 2017
	£m	£m	£m
Annual commission income	38.8	33.5	69.5
Wrapper fee income	3.9	3.5	7.3
Other income	1.9	1.7	3.4
Total revenue	44.6	38.7	80.2

Revenue comprises three elements. Of these, annual commission income and wrapper fee income constitute the recurring revenue. Other income includes "buy commission" and "dealing income".

Annual commission income increased by £5.3m, or 15.8%, in the period versus the same period in the prior financial year. This growth was due to increased value of FUD arising from strong inflows and, in the first quarter, market growth. This increase in annual commission was achieved even after a planned reduction in the annual commission rate effective from 1 April 2017.

Wrapper fee income increased by £0.4m (11.4%) in the 2018 period. This was due to an increase in the number of both new and existing clients on the platform with open tax wrappers. This has been offset by wrappers being closed.

These recurring revenue streams constituted 95.7% of total fee income in the six months to 31 March 2018.

The main constituent of other income is buy commission, which accounts for £1.7m (89.5%) of other income in the 2018 six month period, and £1.5m (88.2%) in the 2017 six month period.

Operating Expenses

	Six months ended 31 March 2018	Six months ended 31 March 2017	Year ended 30 September 2017
	£m	£m	£m
Staff costs	17.2	15.2	30.5
Occupancy	1.6	1.8	3.5
Regulatory and professional fees	4.5	2.2	4.5
Other costs	2.1	1.8	3.7
Total expenses	25.4	21.0	42.2
Depreciation and amortisation	0.3	0.3	0.6
Total operating expenses	25.7	21.3	42.8

Total operating expenses increased by £4.4m (21.0%) in the six months to 31 March 2018, compared with the same period in the prior financial year. This increase arose predominantly from professional fees and additional staff costs associated with the listing of IntegraFin Holdings plc (IHP) on the London Stock Exchange on 2 March 2018. Additionally there was an increase in client servicing staff numbers in the period to 31 March 2018.

Staff costs increased by £2m, or 13.2%, in the six months to 31 March 2018, compared with the six months to 31 March 2017. This is in line with staff numbers increasing to 507 from 451, an increase of 12.4%. The main area of people growth was in the area that provides service to advisers and clients and reflects the increase in business volumes and the Group's commitment to maintaining premium service. There were some increases in governance staffing ahead of the listing.

The increase in regulatory and professional fees of £2.3m, or 104.5%, in the six months to 31 March 2018 compared with the six months to 31 March 2017 was mostly due to the increase of £2.2m in professional fees from £1.4m to £3.6m across the comparative periods. The increase is attributable to non-recurring IPO expenses which totalled £4.0m across all periods.

Profit Before Tax Attributable to Shareholder Returns

Profit before tax increased by £1.4m, or 8.1%, comparing the six months to 31 March 2018 with the six months to 31 March 2017. This growth was despite the IPO costs included in the financial year 2018 period and reflects strong revenue growth and general control of expenses.

	Six months ended 31 March 2018	Six months ended 31 March 2017
	£m	£m
Operating profit attributable to shareholder returns	18.5	17.2
IPO adjustments	2.9	0.4
Other adjustments	(0.2)	(0.3)
Adjusted operating profit attributable to shareholder returns	21.2	17.3

The operating margin was 41.5% in the six months to March 2018. Allowing for IPO one off costs of £0.4m in the six months to March 2017 and £2.9m in the six months to March 2018, offset by other adjustments in both periods, the adjusted operating margin increased from 44.7% in the six months to March 2017, to 47.5% in the six months to March 2018.

Dividends

During the six month period to 31 March 2018 the Company paid an interim dividend of £19.4m and a special dividend of £11.4m to shareholders. This compares with an interim dividend of £13.5m in the six month period to 31 March 2017.

Earnings Per Share

	Six months ended 31 March 2018	Six months ended 31 March 2017
Profit after tax for the period	£14.6m	£13.9m
Number of shares in issue	331.3m	331.3m ¹
Earnings per share – basic and diluted	4.4p	4.2p
Adjusted profit after tax for the period	£17.3m	£14.0m
Number of shares in issue	331.3m	331.3m ¹
Adjusted earnings per share – basic and diluted	5.2p	4.2p

¹ Shares in issue restated for financial year 2017 periods to reflect number of shares in issue following the IHP listing.

Earnings per share has grown by 4.8% comparing the six months to 31 March 2018 with the six months to 31 March 2017, and adjusted earnings per share has grown by 23.8%.

Principal Risks and Uncertainties

The principal risks and uncertainties which affect the Group are those detailed on Pages 24 to 26 of the Group's Annual Report and Financial Statements for the year ended 30 September 2017. The principal risks and uncertainties remain unchanged from year end and are not expected to change for the remainder of the financial year. The key risks and uncertainties are listed below.

Financial risks:

- Market risk – impact of changes in the following on the value of client Portfolios, which can affect future charges and expenses: equity, property market values, currency exchange rates, credit spreads, interest rates and inflation;
- Liquidity risk – the Group not having sufficient financial resources to meet its obligations;
- Outflow risk – loss of future profits due to unexpectedly high client outflows;
- Expense risk – impact of expenses rising faster than expected.

Non-financial risks:

- Regulatory risk – impact of new regulatory requirements on the Group's business model, or the Group failing to comply with regulations;
- Operational risk – risk of loss from inadequate or failed internal processes, people, systems, or external events;
- Competition risk – risk of competitor activity reducing inflows, and increasing outflows;
- Geopolitical risk – changes in the political landscape disrupting the business, or requiring development spending;
- Reputational risk – risk of clients no longer wishing do business with the Group due to a poor perception of Transact service in the market place.

Directors' Responsibility Statement

The Directors confirm to the best of their knowledge:

- The unaudited condensed consolidated set of financial statements has been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU, and gives a true and fair view of the assets, liabilities, financial position, and profit and loss of the Group;
- The interim management report includes a fair review of the information required by sections 4.2.7R and 4.2.8R of the Disclosure and Transparency Rules of the UK Financial Conduct Authority; and
- The condensed financial statements have been prepared in accordance with ASB's 2007 statement half yearly reports.

By Order of the Board



David Johnson
Company Secretary

Registered Office
29 Clement's Lane
London
EC4N 7AE
17 May 2018

Independent Review Report to IntegraFin Holdings plc

Introduction

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 31 March 2018 which comprises the condensed consolidated profit and loss and other comprehensive income, condensed consolidated statement of financial position, condensed consolidated statement of cash flows and condensed consolidated statement of changes in shareholder's equity; and the related notes.

We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Directors' responsibilities

The half-yearly financial report is the responsibility of and has been approved by the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in note 1, the annual financial statements of the group are prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as adopted by the European Union.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Our report has been prepared in accordance with the terms of our engagement to assist the Company in meeting its responsibilities in respect of half-yearly financial reporting in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of our terms of engagement or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Financial Reporting Council for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 31 March 2018 is not prepared, in all material respects, in accordance with International Accounting Standard 34, as adopted by the European Union, and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

BDO LLP

BDO LLP
Chartered Accountants
London
United Kingdom
Date

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Interim Consolidated Profit and Loss and Other Comprehensive Income

	Note	Six months to 31 March 2018 £'000	Unreviewed Six months to 31 March 2017 £'000
Revenue			
Fee income	4	44,596	38,743
Cost of sales		(441)	(254)
Gross profit		44,155	38,489
Administrative expenses		(25,685)	(21,314)
Net income / (expense) attributable to policyholder returns		(5,744)	7,406
Operating profit		12,726	24,581
Operating profit/(loss) attributable to policyholder returns		(5,744)	7,406
Operating profit attributable to shareholder returns		18,470	17,176
Interest income		152	86
Profit on ordinary activities before taxation		12,878	24,668
Profit/(loss) on ordinary activities before taxation attributable to policyholder returns		(5,744)	7,406
Profit on ordinary activities before taxation attributable to shareholder returns		18,622	17,262
Policyholder tax		5,807	(7,394)
Tax on profit on ordinary activities	6	(4,088)	(3,345)
Profit after tax		14,596	13,928
Other comprehensive income			
Exchange gains/(losses) arising on translation of foreign operations		(76)	49
Total other comprehensive income for the period		(76)	49
Profit for the period		14,520	13,976
Earnings per share			
Ordinary shares – basic and diluted	5	4.4p	4.2p

All activities of the Group are classed as continuing.

Interim Consolidated Statement of Financial Position

	Note	31 March 2018 £'000	Restated 30 September 2017 £'000
Non-current assets			
Loans and receivables		3,698	1,873
Intangible assets		12,976	12,986
Property, plant and equipment		1,860	1,858
Deferred acquisition costs		42,394	38,295
Investments and cash held for the benefit of policyholders		12,877,070	11,947,652
		<hr/> 12,937,998	<hr/> 12,002,664
Current assets			
Financial assets at fair value through profit or loss		6,178	8,895
Other prepayments and accrued income		10,516	10,252
Trade and other receivables		2,780	1,456
Cash and cash equivalents		97,205	105,829
		<hr/> 116,680	<hr/> 126,432
Current liabilities			
Trade and other payables		18,956	15,208
Current tax liabilities		4,032	2,803
		<hr/> 22,987	<hr/> 18,011
Non-current liabilities			
Provisions for liabilities		19,059	11,831
Deferred income liability		42,394	38,295
Liabilities for linked investment contracts		12,877,070	11,947,652
Deferred tax liabilities		6,896	10,781
		<hr/> 12,945,418	<hr/> 12,008,559
Net assets		<hr/> 86,273	<hr/> 102,526
Capital and reserves			
Called up equity share capital	7	3,313	57
Capital redemption reserve		2	2
Share-based payment reserve		308	308
Foreign exchange reserve		(34)	42
Other non-distributable reserves	8	5,722	5,722
Non-distributable insurance reserves		501	501
Profit or loss account		76,460	95,894
Total equity		<hr/> 86,273	<hr/> 102,526

These interim financial statements were approved by the Board of Directors on 17 May 2018 and are signed on their behalf by:



Ian Taylor, Director

Company Registration Number: 08860879

Interim Consolidated Statement of Cash Flows

	Six months to 31 March 2018 £'000	Unreviewed Six months to 31 March 2017 £'000
Cash flows from operating activities		
Profit before tax	12,878	24,667
Adjustments for:		
Amortisation and depreciation	300	288
Interest	(152)	(86)
Increase in loans and receivables	(3,414)	(359)
Increase in payables	3,748	3,456
Decrease in current asset investments	2,717	37
Increase in provisions	3,343	1,941
Cash generated from operations	19,419	29,944
Income taxes (paid)/received	2,947	(10,592)
Net cash flows from operating activities	22,366	19,352
Investing activities		
Acquisition of tangible assets	(291)	(340)
Interest received	152	86
Net cash used in investing activities	(140)	(254)
Financing activities		
Equity dividends paid	(30,780)	(13,521)
Net cash used in financing activities	(30,780)	(13,521)
Net increase/(decrease) in cash and cash equivalents	(8,554)	5,577
Cash and cash equivalents at beginning of period	105,829	90,571
Exchange gains/(losses) on cash and cash equivalents	(70)	49
Cash and cash equivalents at end of period	97,205	96,196

Interim Consolidated Statement of Changes in Equity

	Share capital £'000	Other reserves £'000	Share based payment reserve £'000	Non-distributable insurance reserves £'000	Restated Other Non-distributable reserves £'000	Retained earnings £'000	Total equity £'000
Balance at 1 October 2016	57	34	308	501	5,722	79,622	86,244
Comprehensive income for the year:							
Profit for the year	-	-	-	-	-	13,928	13,928
Other comprehensive income	-	49	-	-	-	-	49
Other movement	-	-	-	-	-	(96)	(96)
Total comprehensive income for the year	-	49	-	-	-	13,832	13,881
Distributions to owners:							
Dividends	-	-	-	-	-	(13,521)	(13,521)
Total distributions to owners	-	-	-	-	-	(13,521)	(13,521)
Balance at 31 March 2017	57	83	308	501	5,722	79,933	86,604
Balance at 1 October 2017	57	44	308	501	5,722	95,894	102,526
Comprehensive income for the year:							
Profit for the year	-	-	-	-	-	14,596	14,596
Other comprehensive income	-	(76)	-	-	-	-	(76)
Other movement	-	-	-	-	-	6	6
Total comprehensive income for the year	-	(76)	-	-	-	14,602	14,526
Distributions to owners:							
Issue of share capital	3,256	-	-	-	-	(3,256)	-
Dividends	-	-	-	-	-	(30,780)	(30,780)
Total distributions to owners	3,256	-	-	-	-	(34,036)	(30,780)
Balance at 31 March 2018	3,313	(32)	308	501	5,722	76,460	86,273

Notes to the Financial Statements

1. Basis of preparation

The consolidated interim financial statements have been prepared and approved by the Directors in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU, and in accordance with the International Accounting Standard (IAS) 34 Interim Financial Reporting, and the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority (FCA).

The financial information contained in these interim financial statements does not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006. The information has been reviewed by the company's auditor, BDO LLP, and their report is presented on page 7-8.

The same accounting policies, methods of calculation and presentation have been followed in the preparation of the interim financial statements for the six months to 31 March 2018 as were applied in the Audited Annual Financial Statements for the year ended 30 September 2017.

The financial statements have been prepared on a going concern basis following an assessment by the Directors.

Principal risks and uncertainties

The Group's principal risks and uncertainties have not changed from year end, and are listed on page 5.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries.

Future standards, amendments to standards, and interpretations not early-adopted in the 2018 consolidated interim statements

A full impact assessment of IFRS 9 Financial Instruments, IFRS 15 Revenue from Contracts with Customers, and IFRS 17 Insurance Contracts was conducted at financial year 2017 year end. None of the standards was found to have a material impact on the Group, and this position has not changed.

An initial assessment of the impact of IFRS 16 Leases was conducted at financial year 2017 year end, which indicated that whilst there will be a material adjustment to gross assets and liabilities as a result of bringing leased assets on balance sheet, there is unlikely to be a material net impact at Group level. This position has not changed.

2. Critical accounting estimates and judgements

The preparation of interim consolidated financial statements in compliance with IAS 34 requires the use of certain critical accounting estimates. There have been no material revisions to the Group's critical accounting estimates and judgements methodology from year ending 30 September 2017.

3. Financial instruments

Financial assets and liabilities have been classified into categories that determine their basis of measurement and, for items measured at fair value, whether changes in fair value are recognised in the profit and loss and other comprehensive income statement. The following tables show the carrying values of assets and liabilities for each of these categories.

Financial assets:

	Fair value through profit or loss		Loans and Receivables	
	31 Mar 2018	30 Sep 2017	31 Mar 2018	30 Sep 2017
	£'000	£'000	£'000	£'000
Cash and cash equivalents	-	-	97,205	105,829
Listed shares and securities	95	83	-	-
Loans and receivables	-	-	3,698	1,873
Investments in quoted debt instruments	6,083	8,812	-	-
Accrued income	-	-	8,673	7,951
Trade and other receivables	-	-	2,780	1,456
Investments and cash held for the policyholders	12,877,070	11,947,652	-	-
Total financial assets	12,883,248	11,956,547	112,357	117,109

Financial liabilities:

	Fair value through profit or loss		Amortised cost	
	31 Mar 2018	30 Sep 2017	31 Mar 2018	30 Sep 2017
	£'000	£'000	£'000	£'000
Trade and other payables	-	-	12,299	7,524
Accruals	-	-	5,538	6,454
Liabilities for linked investments contracts	12,877,070	11,947,652	-	-
Total financial liabilities	12,877,070	11,947,652	23,090	18,010

Financial Instruments – Fair Value Hierarchy

The following table shows the Group's assets measured at fair value and split into the three levels described below:

Level 1: quoted prices (unadjusted) in active markets for identical assets;

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: inputs for the asset that are not based on observable market data (unobservable inputs).

At 31 March 2018	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Investments and assets held for the benefit of policyholders				
- Policyholder cash	1,124,997	-	-	1,124,997
- Investments and securities	336,312	102,898	1,019	440,228
- Bonds and other fixed-income securities	11,892	1,431	27	13,350
- Holdings in collective investment schemes	11,153,732	142,269	2,493	11,298,495
	12,626,933	246,598	3,539	12,877,070
Other investments	6,178	-	-	6,178
Total	12,633,111	246,598	3,539	12,883,248

At 30 September 2017	Level 1	Level 2	Level 3	Total
	£'000	£'000	£'000	£'000
Investments and assets held for the benefit of policyholders				
- Policyholder cash	1,091,744	-	-	1,091,744
- Investments and securities	351,308	94,521	1,541	447,370
- Bonds and other fixed-income securities	12,378	399	5	12,782
- Holdings in collective investment schemes	10,260,975	132,113	2,668	10,395,756
	11,716,405	227,033	4,214	11,947,652
Other investments	8,895	-	-	8,895
Total	11,725,300	227,033	4,214	11,956,547

Level 1 valuation methodology

Financial assets included in Level 1 are measured at fair value using quoted mid prices that are available at the reporting date and are traded in active markets. These financial assets are mainly collective investment schemes and listed equity instruments.

Level 2 and Level 3 valuation methodology

The Group regularly reviews whether a market is active, based on available market data and the specific circumstances of each market. Where the Group assesses that a market is not active, then it applies one or more valuation methodologies to the specific financial asset. These valuation methodologies use quoted market prices where available, and may in certain circumstances require the Group to exercise judgement to determine fair value.

Financial assets included in Level 2 are measured at fair value using observable mid prices traded in markets that have been assessed as not active enough to be included in Level 1.

Otherwise, financial assets are included in Level 3. These are assets where one or more inputs to the valuation methodology are not based on observable market data.

Level 3 sensitivity to changes in unobservable measurements

For financial assets assessed as Level 3, based on its review of the prices used, the Company believes that any change to the unobservable inputs used to measure fair value would not result in a significantly higher or lower fair value measurement at year end, and therefore would not have a material impact on its reported results.

Changes to valuation methodology

There have been no changes in valuation methodology since year end.

Transfers between Levels

There have been no material changes between Levels since year end.

4. Segmental reporting

The revenue and profit before tax are attributable to activities carried out in the UK and Isle of Man.

The Group has three classes of business as follows:

- provision of investment administration services
- transaction of ordinary long term insurance and underwriting life assurance
- provision of consultancy services.

Analysis by class of business is given below:

	Six months to 31 March 2018 £'000	Six months to 31 March 2017 £'000
Revenue		
Investment administration services	23,997	21,364
Insurance and life assurance business	20,599	17,379
	44,596	38,743
Profit before tax		
Investment administration services	8,078	8,159
Insurance and life assurance business	4,152	16,219
Consultancy services	648	290
	12,878	24,668
	As at 31 March 2018 £'000	As at 30 September 2017 £'000
Net assets		
Investment administration services	38,888	51,176
Insurance and life assurance business	46,045	50,397
Consultancy services	1,340	953
	86,273	102,526

The figures above comprise the results of the companies that fall directly into each segment, as well as a proportion of the results from the other Group companies that only provide services to the revenue-generating companies. This therefore has no effect on revenue, but has an effect on the profit before tax and net assets figures.

5. Earnings per share

	Six months ended 31 March 2018	Six months ended 31 March 2017
Profit		
Profit for the year and earnings used in basic and diluted earnings per share	£14.6m	£13.9m
Number of shares		
Number of shares used in basic and diluted earnings per share	331.3m	331.3m

On 2 March 2018, as part of the IntegraFin Holdings plc IPO process, a bonus share issue occurred resulting in the numbers of shares in issue increasing from 1,137,278 to 331,322,014. The nominal value of each share was also reduced through the bonus share issue process, from 0.05p to 0.01p. The calculation of earnings per share for the comparative period presented has been adjusted retrospectively to reflect the new share structure.

Earnings per share is calculated based on the share capital of IntegraFin Holdings plc and the earnings of the consolidated Group.

6. Tax on profit on ordinary activities

Tax is charged at 22% for the six month period ended 31 March 2018 (31 March 2017: 19%), representing the best estimate of the average annual effective tax rate expected to apply for the full year, applied to the pre-tax income of the six month period. The effective tax rate reflects entities in the Group operating in non-UK tax jurisdictions, and includes the effect of IPO costs not deductible for tax purposes.

7. Called up share capital - Company and Group

	31 Mar 2018	30 Sep 2017	31 Mar 2018	30 Sep 2017
	Number	Number	£'000	£'000
Allotted, called up and fully paid:				
Ordinary shares of £0.01 each	331,322,014	-	3,313	
Ordinary Class A shares of £0.05 each		417,868		21
Ordinary Class B shares of £0.05 each		357,000		18
Ordinary Class C shares of £0.05 each		332,410		17
Ordinary Class D shares of £0.05 each		30,000		1
	331,322,014	1,137,278	3,313	57

Immediately prior to Admission to the London Stock Exchange, the share capital of the Company was increased from £56,863.90 to £3,313,220.14 by virtue of a bonus issue of a further: 122,017,456 A Ordinary Shares of 0.01p each; 102,244,000 B Ordinary Shares of 0.01p each; 97,063,720 C Ordinary Shares of 0.01p each; and, 6,859,560 D Ordinary Shares of 0.01p each.

Immediately prior to Admission each A, B, C and D share was then re-designated into an Ordinary Share of 0.01p each.

8. Other non-distributable reserves

	31 March 2018	Restated 30 September 2017
	£'000	£'000
Other non-distributable reserves	5,722	5,722

The share premium account per the Audited Annual Financial Statements for the year ended 30 September 2017 has been reclassified as other non-distributable reserves. The share premium is held by one of the Company's subsidiaries, Integrated Financial Arrangements Limited, so it is more appropriate to classify this within other reserves on a Group level.

9. Related parties

There were no material changes to the related party transactions during the period.

10. Events after the reporting date

There are no events subsequent to the year-end that require disclosure in, or amendment to the financial statements.

11. Dividends

During the six month period to 31 March 2018 the Company paid an interim dividend of £19,418,436 (six months to 31 March 2017: £13,527,336) and a special dividend of £11,372,780 (six months to 31 March 2017: nil) to shareholders.

DIRECTORS, COMPANY DETAILS, ADVISERS

Executive Directors

Ian Taylor
Michael Howard
Alexander Scott

Non-Executive Directors

Christopher Munro
Patrick Snowball (appointed 1 October 2017)
Neil Holden

Company Secretary

David Johnson

Independent Auditors

BDO LLP London

Solicitors

Eversheds Sutherland, London

Principal Bankers

NatWest

Registrars

Equiniti

Registered Office

29 Clement's Lane, London, EC4N 7AE

Website

www.integrafin.co.uk

Company number

8860879

M181 March 2018

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(Registered office: as above; Registered in England and Wales under number: 08860879)
The holding company of the Integrated Financial Arrangements Ltd group of companies.