INTERIM RESULTS

SIX MONTHS ENDED
31 MARCH 2019

IntegraFin

IntegraFin Holdings plc

Company registration number: 08860879

IntegraFin Holdings plc - Interim Results for the Six Months Ended 31 March 2019

IntegraFin Holdings plc is pleased to report its Interim Results for the six months to 31 March 2019.

Highlights

- Funds under direction £34.41bn
- Net inflows of £1.81bn in the first half of the year
- 173k clients

Ian Taylor, Chief Executive Officer, commented:

"We are pleased to announce a solid set of results for the first half of the year. Despite the backdrop of political uncertainty and stock market volatility, Transact has maintained strong positive H1 net inflows.

We remain confident we are well placed to sustain growth as we move into the second half of the year.

The Board has declared a first interim dividend in respect of the six months to 31 March 2019 of 2.6 pence per ordinary share (H1 2018: nil) payable on 21 June 2019 to ordinary shareholders on the register on 31 May 2019. The ex-dividend date will be 30 May 2019."

Financial Highlights

	Change	**Six months ended 31 March 2019 £m**	**Six months ended 31 March 2018 £m**	**Year ended 30 September 2018 £m**
Funds under direction	+15.6%	34,406	29,753	33,113
Revenue	+6.7%	47.6	44.6	91.2
Profit before tax	+19.8%	22.4	18.7	40.9
Basic and diluted earnings per share	+25%	5.5p	4.4p	9.9p
Adjusted operating profit[1]	+4.7%	22.2	21.2	43.3
Adjusted operating profit margin	(2.1%)	47%	48%	48%
Adjusted basic and diluted earnings per share	+5.8%	5.5p	5.2p	10.7p
Dividend per share[2]	+8.5%	6.4p	5.9p	5.9p

[1]Adjusted for non-trading revenue and expenses, principally £2.9m of IPO costs in the six months to March 2018

[2]The 2018 dividend per share excludes the special pre-IPO dividend paid in January 2018

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Analyst Presentation

IntegraFin Holdings plc will be hosting an analyst presentation on 17 May 2019, following the release of these results for the half year ended 31 March 2019. 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.

Chief Financial Officer's Review

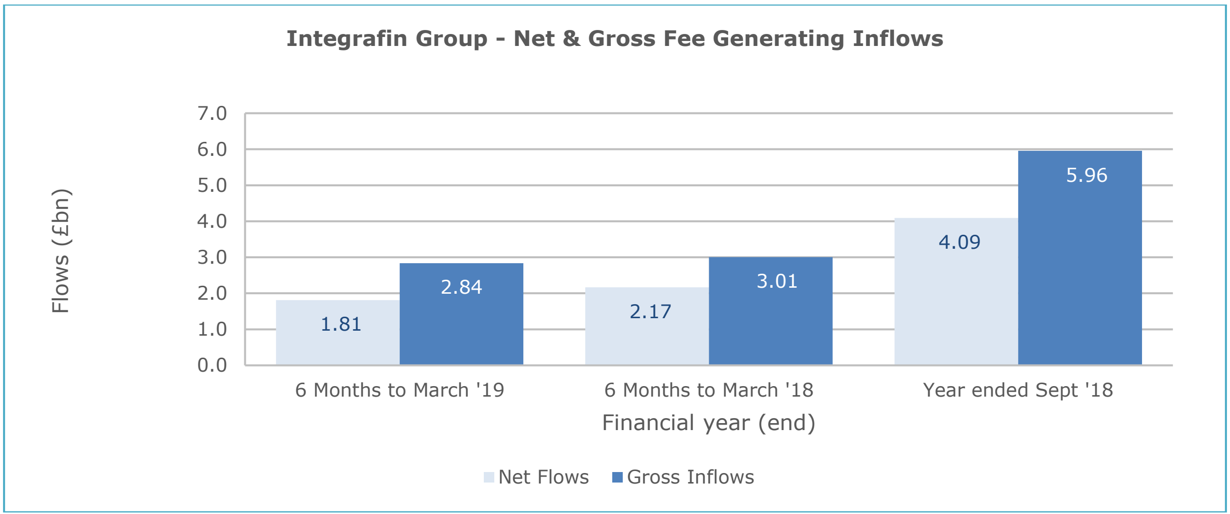
Client inflows onto Transact in the first six months of financial year 2019 were stable, notably so against a backdrop of economic uncertainty and market volatility. Growth in Funds Under Direction (FUD) was negatively affected by market volatility in the three months to 31 December 2018, recovering over the second quarter of the financial year to end the interim period some £1.3bn higher than at 2018 financial year end, and £4.7bn higher than at 31 March 2018.

FUD, inflows and outflows

	Six months ended 31 March 2019 £m	Six months ended 31 March 2018 £m	Year ended 30 September 2018 £m
Opening FUD	**33,113**	**27,927**	**27,927**
Inflows	2,837	3,007	5,957
Outflows	(1,027)	(840)	(1,863)
Net flows	**1,810**	**2,167**	**4,094**
Market movements	(515)	(319)	1,138
Other movements[1]	(2)	(22)	(46)
Closing FUD	**34,406**	**29,753**	**33,113**

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

Gross inflows for the six months to 31 March 2019 decreased by £170m, or 5.7%, from the six months to 31 March 2018, reflecting the same uncertainties affecting market performance. Gross outflows increased by 22.3% to £1.0bn in the six months representing an annualised outflow of 6.2% of opening FUD which remained broadly consistent with both March 2018 (6.0%) and financial year 2018 (6.7%). Overall changes in flows resulted in a decrease in net flows of £357m (16.5%).



FUD fell in the first quarter of financial year 2019 due to less than favourable market conditions. However, as markets recovered lost ground in the second quarter, FUD also recovered, ending the reporting period 3.9% higher than at the 2018 financial year end.

The number of clients on the platform increased from 159k at March 2018, to 173k at March 2019, an increase of 8.8%. The number of advisers using the platform increased by 8.2% over the same period to 5,715.

Financial performance

	Six months ended 31 March 2019 £m	Six months ended 31 March 2018 £m	Year ended 30 September 2018 £m
Revenue	47.6	44.6	91.2
Cost of sales	(0.5)	(0.4)	(0.8)
Gross profit	**47.1**	**44.2**	**90.4**
Operating expenses	(24.9)	(25.7)	(49.7)
Operating profit attributable to shareholder returns	22.2	18.5	40.7
Investment returns and interest income	0.2	0.2	0.2
Profit before tax attributable to shareholder returns	**22.4**	**18.7**	**40.9**
Tax on ordinary shareholder only activities	(4.2)	(4.1)	(8.0)
Profit after tax	**18.2**	**14.6**	**32.9**

Total gross profit in the six months to 31 March 2019 increased by £2.9m, or 6.6%, from the same period in financial year 2018. This growth was driven by the increase in value of FUD, stable inflows in the period and an increase in the number of tax wrappers.

Components of revenue

	Six months ended 31 March 2019 £m	Six months ended 31 March 2018 £m	Year ended 30 September 2018 £m
Annual commission income	41.3	38.8	79.2
Wrapper fee income	4.4	3.9	8.1
Other income	1.9	1.9	3.9
Total revenue	**47.6**	**44.6**	**91.2**

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 £2.5m, or 6.4%, in the period versus the same period in the prior financial year.

Wrapper fee income increased by £0.5m (12.8%) in the 2019 period. This was due to an increase in the number of open tax wrappers.

These recurring revenue streams constituted 96.0% of total fee income in the six months to 31 March 2019, and this has not changed from the same period in the prior year.

The main constituent of other income is buy commission, which accounts for £1.8m (94.7%) of other income in the 2019 six month period, and £1.7m (89.5%) in the 2018 six month period. A reduction in the buy commission rebate threshold took effect on 1 March 2019.

Operating Expenses

	Six months ended 31 March 2019 £m	Six months ended 31 March 2018 £m	Year ended 30 September 2018 £m
Staff costs	18.4	17.2	35.0
Occupancy	1.8	1.6	3.6
Regulatory and professional fees	2.5	4.5	6.8
Other costs	1.9	2.1	3.7
Total expenses	24.6	25.4	49.1
Depreciation and amortisation	0.3	0.3	0.6
Total operating expenses	**24.9**	**25.7**	**49.7**
IPO adjustment (inc. VAT)[1]	-	(2.9)	(2.6)
Adjusted operating expenses	**24.9**	**22.8**	**47.1**

[1] Full year IPO expenses were lower than those expected at March 2018, due to expense recoveries post-IPO.

Total operating expenses decreased by £0.8m (3.1%) in the six months to 31 March 2019, compared with the same period in the prior financial year. The prior year interim results, however, include £2.7m of listing expenses, exclusive of £0.2m VAT. If these expenses are excluded, then expenses have increased by £2.1m (9.2%), and this is largely due to an increase in staff costs and regulatory and professional fees.

Staff costs increased by £1.2m, or 7.0%, in the six months to 31 March 2019, compared with the six months to 31 March 2018. The increase is mainly due to the costs associated with the introduction of the staff Share Incentive Plan and Performance Share Plan; an increase in auto-enrolment contribution; and inflationary increases in staff costs year on year. Group staff numbers have increased marginally from 507 at March 2018, to 514 at March 2019.

After deducting the £2.7m listing costs in the six months to March 2018, regulatory and professional fees have increased by £0.7m in the six months to March 2019. This is mainly due to increases to regulatory fee tariff data calculations.

Profit Before Tax Attributable to Shareholder Returns

Profit before tax increased by 19.8%, and adjusted profit before tax increased by £1.0m, or 4.7%, comparing the six months to 31 March 2019 with the six months to 31 March 2018.

	Six months ended 31 March 2019 £m	Six months ended 31 March 2018 £m
Operating profit attributable to shareholder returns	22.2	18.5
IPO adjustments	-	2.9
Other adjustments	-	(0.2)
Adjusted operating profit attributable to shareholder returns	**22.2**	**21.2**

The adjusted operating profit margin was 46.6% in the six months to March 2019, a slight decrease from 47.5% in the six months to March 2018. The decrease in 2019 is due to the reduction in annual fee rates and thresholds which took effect from 1 April 2018.

Dividends

During the six month period to 31 March 2019 the Company paid an interim dividend of £21.2m to shareholders in respect of the prior financial year. This compares with a full year interim dividend of £19.4m in respect of financial year 2017 and a special pre-IPO dividend of £11.4m to shareholders, paid in the six month period to 31 March 2018.

In line with dividend policy the Board has declared a first interim dividend of £8.6 million, or 2.6 pence per ordinary share, in respect of the six months to 31 March 2019. There was no interim dividend in respect of the same period in the prior year.

Earnings Per Share

	Six months ended 31 March 2019	**Six months ended 31 March 2018**
Profit after tax for the period	£18.2m	£14.6m
Number of shares in issue	331.3m	331.3m
Earnings per share – basic and diluted	5.5p	4.4p
Adjusted profit after tax for the period	£18.2m	£17.3m
Number of shares in issue	331.3m	331.3m
Adjusted earnings per share – basic and diluted	5.5p	5.2p

Earnings per share has grown by 25% comparing the six months to 31 March 2019 with the six months to 31 March 2018, and adjusted earnings per share has grown by 5.8%.

Principal Risks and Uncertainties

The principal risks and uncertainties which affect the Group are those detailed on Pages 31 to 34 of the Group's Annual Report and Financial Statements for the year ended 30 September 2018. The principal risks and uncertainties remain unchanged from year end and are not expected to change for the remainder of the financial year. In particular, the uncertainty related to the UK's expected exit from the EU continues, and will remain, until clarity is obtained in relation to: the precise terms on which the UK will leave the EU; the likely form and shape of its trading relationships with the EU and other countries with whom it has, or wishes to have, significant trading relationships thereafter; and the length of any transitional period prior to the UK's ultimate departure taking effect.

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 liquid, 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;
- Credit risk – loss due to defaults from holdings of cash and cash equivalents, deposits, formal loans and reinsurance treaties with banks and financial institutions.

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 to do business with the Group due to a poor perception of Transact's service in the market place.

Directors' Responsibility Statement

The Directors are responsible for preparing the interim financial statements in accordance with applicable law and regulations.

The Directors have elected to prepare the interim financial statements in accordance with the accounting policies set out in the notes to the financial statements.

The interim report and financial statements are required by law to be properly prepared within the meaning of section 838 (4) of the Companies Act 2006.

In preparing these financial statements, the Directors are required to:
- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the interim report and financial statements.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By Order of the Board

Helen Wakeford
Company Secretary

Registered Office
29 Clement's Lane
London
EC4N 7AE
16 May 2019

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 2019 which comprises the Condensed Consolidated Statement of Comprehensive Income, Condensed Consolidated Statement of Financial Position, Condensed Consolidated Statement of Cash Flows and Condensed Consolidated Statement of Changes in Equity and 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 one, 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.

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 2019 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.

Use of our report
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.

BDO LLP

BDO LLP
Chartered Accountants
London
United Kingdom
16 May 2019

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

Condensed Consolidated Statement of Comprehensive Income

	Note	Six months to 31 March 2019 £'000	Six months to 31 March 2018 £'000
Revenue			
Fee income	**4**	47,615	44,596
Cost of sales		(456)	(441)
Gross profit		**47,159**	**44,155**
Administrative expenses		(24,879)	(25,661)
Impairment losses on financial assets		(19)	(24)
Net income / (expense) attributable to policyholder returns		(5,098)	(5,744)
Operating profit		**17,163**	**12,726**
Operating profit/(loss) attributable to policyholder returns		**(5,098)**	**(5,744)**
Operating profit attributable to shareholder returns		**22,261**	**18,470**
Investment returns		25	44
Interest income		149	108
Profit on ordinary activities before taxation		**17,337**	**12,878**
Profit/(loss) on ordinary activities before taxation attributable to policyholder returns		**(5,098)**	**(5,744)**
Profit on ordinary activities before taxation attributable to shareholder returns		**22,435**	**18,622**
Policyholder tax		5,098	5,807
Tax on profit on ordinary activities	**6**	(4,241)	(4,088)
Profit for the period		**18,194**	**14,596**
Other comprehensive income			
Exchange gains/(losses) arising on translation of foreign operations		(25)	(76)
Total other comprehensive income for the period		**(25)**	**(76)**
Total comprehensive income for the period		**18,169**	**14,520**
Earnings per share			
Ordinary shares – basic and diluted	**5**	5.5p	4.4p

All activities of the Group are classed as continuing.

Condensed Consolidated Statement of Financial Position

	Note	31 March 2019 £'000	30 September 2018 £'000
Non-current assets			
Loans		1,189	1,189
Intangible assets		12,956	12,966
Property, plant and equipment		2,100	1,813
Deferred tax asset		44	44
Deferred acquisition costs		48,374	46,073
		64,663	62,085
Current assets			
Financial assets at fair value through profit or loss		6,232	6,219
Other prepayments and accrued income		11,775	11,471
Trade and other receivables		8,430	4,058
Investments and cash held for the benefit of policyholders		15,087,753	14,489,933
Cash and cash equivalents		111,842	116,849
		15,226,032	14,628,530
Current liabilities			
Trade and other payables		14,446	14,764
Liabilities for linked investment contracts		15,087,753	14,489,933
Current tax liabilities		4,396	3,195
		15,106,595	14,507,892
Non-current liabilities			
Provisions		26,255	19,137
Deferred income liability		48,374	46,073
Deferred tax liabilities		7,477	12,570
		82,106	77,780
Net assets		**101,994**	**104,943**
Capital and reserves			
Called up equity share capital		3,313	3,313
Capital redemption reserve		2	2
Share-based payment reserve	**7**	714	530
Foreign exchange reserve		(49)	(24)
Non-distributable reserves		5,722	5,722
Non-distributable insurance reserves		501	501
Employee Benefit Trust reserve	**8**	(104)	-
Profit or loss account		91,895	94,899
Total equity		**101,994**	**104,943**

These interim financial statements were approved by the Board of Directors on 16 May 2019 and are signed on their behalf by:

Ian Taylor, Director
Company Registration Number: 08860879

Condensed Consolidated Statement of Cash Flows

	Six months to 31 March 2019 £'000	Six months to 31 March 2018 £'000
Cash flows from operating activities		
Profit before tax	17,337	12,878
Adjustments for:		
Amortisation and depreciation	297	300
Share-based payments expense	561	-
Interest on cash held	(149)	(108)
Investment returns	(25)	(44)
Increase in loans	(4,678)	(3,414)
Increase/(Decrease) in payables	(318)	3,748
Decrease/(Increase) in current asset investments	(13)	2,717
Increase in provisions	2,026	3,343
Increase in investments and cash held for the benefit of policyholders	(597,820)	(929,418)
Increase in liabilities for linked investment contracts	597,820	929,418
Cash generated from operations	**15,038**	**19,419**
Income taxes paid	2,058	2,947
Net cash flows from operating activities	**17,096**	**22,366**
Investing activities		
Acquisition of tangible assets	(574)	(291)
Interest on cash held	149	108
Investment returns	25	44
Net cash used in investing activities	**(400)**	**(140)**
Financing activities		
Purchase of own shares in Employee benefit trust	(104)	-
Settlement of share-based payment reserve	(377)	-
Equity dividends paid	(21,197)	(30,780)
Net cash used in financing activities	**(21,678)**	**(30,780)**
Net decrease in cash and cash equivalents	**(4,982)**	**(8,554)**
Cash and cash equivalents at beginning of period	**116,849**	**105,829**
Exchange losses on cash and cash equivalents	(25)	(70)
Cash and cash equivalents at end of period	**111,842**	**97,205**

Condensed Consolidated Statement of Changes in Equity

	Share capital £'000	Non-distributable reserves £'000	Other reserves £'000	Share-based payment reserve £'000	Non-distributable insurance reserves £'000	Employee benefit trust £'000	Retained earnings £'000	Total equity £'000
Balance at 1 October 2017	57	5,722	44	308	501	-	95,894	102,526
Comprehensive income for the year:								
Profit for the year	-	-	-	-	-	-	14,596	14,596
Movement in currency translation	-	-	(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	-	-	-	-	-	(34,034)	(30,780)
Balance at 31 March 2018	**3,313**	**5,722**	**(32)**	**308**	**501**	**-**	**76,460**	**86,273**
Balance at 1 October 2018	**3,313**	**5,722**	**(22)**	**530**	**501**	**-**	**94,899**	**104,943**
Comprehensive income for the year:								
Profit for the year	-	-	-	-	-	-	18,194	18,194
Movement in currency translation	-	-	(25)	-	-	-	-	(25)
Other movement	-	-	-	-	-	-	(1)	(1)
Total comprehensive income for the year	**-**	**-**	**(25)**	**-**	**-**	**-**	**18,193**	**18,168**
Distributions to owners:								
Dividends	-	-	-	-	-	-	(21,197)	(21,197)
Share-based payment expense	-	-	-	561	-	-	-	561
Settlement of share-based payment	-	-	-	(377)	-	-	-	(377)
Purchase of own shares in EBT	-	-	-	-	-	(104)	-	(104)
Total distributions to owners	**-**	**-**	**-**	**184**	**-**	**(104)**	**(21,197)**	**(21,117)**
Balance at 31 March 2019	**3,313**	**5,722**	**(47)**	**714**	**501**	**(104)**	**91,895**	**101,994**

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 pages 7-8.

The comparative financial information for the year ended 30 September 2018 in this interim report does not constitute statutory accounts for that year.

The statutory accounts for 30 September 2018 have been delivered to the Registrar of Companies. The auditors' report on those accounts was unqualified, did not draw attention to any matters by way of emphasis, and did not contain a statement under 498(2) or 498(3) of the Companies Act 2006.

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 2019 as were applied in the Audited Annual Financial Statements for the year ended 30 September 2018.

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.

New accounting standards
The Group has adopted both IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers in the period. These standards are effective for accounting periods beginning on or after 1 January 2018, and have therefore been adopted for the accounting period beginning on 1 October 2018.

IFRS 9 Financial Instruments

i) Reclassification and re-measurement

IFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which the assets are managed and their cash flow characteristics.

Debt instruments that meet the following two conditions are measured at amortised cost:

- Business model test: the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets

- Cash flow characteristics test: the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Reclassification and re-measurement requirements have been assessed against the financial instruments of the Group and, whilst certain financial instruments have been reclassified in line with the new categories, no financial instruments required re-measurement.

The below table highlights the key financial instruments and their reclassifications:

Financial instrument	IAS 39 classification	IFRS 9 classification
Trade and other receivables	Loans and receivables	Amortised cost
Accrued fees	Loans and receivables	Amortised cost
Cash and cash equivalents	Loans and receivables	Amortised cost
Investments in quoted debt instruments	Fair value through profit or loss	Fair value through profit or loss
Listed shares and securities	Fair value through profit or loss	Fair value through profit or loss
Trade and other payables	Amortised cost	Amortised cost
Loans	Loans and receivables	Amortised cost

ii) Impairment model

IFRS 9 replaces the incurred loss model in IAS 39 with an expected credit loss model. For assets within the scope of the IFRS 9 impairment model, impairment losses have generally increased and become more volatile.

The expected credit loss model has been applied, with consideration given to forward-looking information, in addition to past events and current conditions. This has led to an immaterial increase of £21k in impairment losses recognised in the statement of comprehensive income.

IFRS 15 Revenue from Contracts

The standard provides a comprehensive new model for revenue recognition, based on the following steps:

- Identify the contract with the customer;
- Identify the performance obligations in the contract;
- Determine the transaction price;
- Allocate the transaction price to the obligations in the contract; and
- Recognise revenue when the entity has satisfied its performance obligations.

An assessment of the impact of IFRS 15 was conducted, and Management concluded that the revenue recognition methods currently employed by the Group satisfy the requirements of IFRS 15. This is because the contract, performance obligations and transaction price for all revenue streams can be clearly identified in the Transact terms and conditions, and all revenue is currently recognised only after all performance obligations have been satisfied. There was therefore no impact on the Group on adoption of the standard.

Future standards, amendments to standards, and interpretations not early-adopted in the 2019 consolidated interim statements

A full impact assessment of IFRS 16 Leases was conducted at financial year end 2018, 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 will not be a material net impact at Group level. This position has not changed.

A preliminary assessment of the impact of IFRS 17 Insurance Contracts was conducted at financial year end 2018. Due to contracts written by the business being investment contracts, it is deemed such impact will be negligible. 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 2018.

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		**Amortised cost**	
	31 Mar 2019 £'000	**30 Sep 2018 £'000**	**31 Mar 2019 £'000**	**30 Sep 2018 £'000**
Cash and cash equivalents	-	-	111,842	116,849
Listed shares and securities	90	48	-	-
Loans	-	-	1,189	1,189
Investments in quoted debt instruments	6,142	6,171	-	-
Accrued income	-	-	9,271	8,857
Trade and other receivables	-	-	3,637	1,519
Investments and cash held for the policyholders	15,087,753	14,489,933	-	-
Total financial assets	**15,093,985**	**14,496,152**	**125,939**	**128,414**

Financial liabilities:

	Fair value through profit or loss		**Amortised cost**	
	31 Mar 2019 £'000	**30 Sep 2018 £'000**	**31 Mar 2019 £'000**	**30 Sep 2018 £'000**
Trade and other payables	-	-	3,212	3,157
Accruals	-	-	6,197	6,599
Liabilities for linked investments contracts	15,087,753	14,489,933	-	-
Total financial liabilities	**15,087,753**	**14,489,933**	**9,409**	**9,756**

Financial instruments not measured at fair value

Financial instruments not measured at fair value include cash and cash equivalents, accrued fees, loans, trade and other receivables, and trade and other payables. Due to their short-term nature and/or annual impairment review, the carrying value of these financial instruments approximates their fair value.

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 2019	Level 1	Level 2	Level 3	Total
	£'000	£'000	£'000	£'000
Investments and assets held for the benefit of policyholders				
- Policyholder cash	1,212,244	-	-	1,212,244
- Investments and securities	413,559	130,309	1,902	545,770
- Bonds and other fixed-income securities	16,075	18	5	16,098
- Holdings in collective investment schemes	13,194,875	116,739	2,027	13,313,641
	14,836,753	**247,066**	**3,934**	**15,087,753**
Other investments	6,232	-	-	6,232
Total	**14,842,985**	**247,066**	**3,934**	**15,093,985**

At 30 September 2018	Level 1	Level 2	Level 3	Total
	£'000	£'000	£'000	£'000
Investments and assets held for the benefit of policyholders				
- Policyholder cash	1,115,223	-	-	1,115,223
- Investments and securities	394,768	127,537	2,655	524,960
- Bonds and other fixed-income securities	14,167	504	14	14,685
- Holdings in collective investment schemes	12,684,265	141,279	9,521	12,835,065
	14,208,423	**269,320**	**12,190**	**14,489,933**
Other investments	6,219	-	-	6,219
Total	**14,214,642**	**269,320**	**12,190**	**14,496,152**

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. The key unobservable input is the pre-tax operating margin needed to price asset holdings.

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 two classes of business as follows:
- provision of investment administration services
- transaction of ordinary long term insurance and underwriting life assurance

Analysis by class of business is given below:

	Six months to 31 March 2019 £'000	Six months to 31 March 2018 £'000
Revenue		
Investment administration services	24,959	23,997
Insurance and life assurance business	22,656	20,599
	47,615	**44,596**
Profit before tax		
Investment administration services	10,174	8,426
Insurance and life assurance business	7,163	4,451
	17,337	**12,878**

	As at 31 March 2019 £'000	As at 30 September 2018 £'000
Net assets		
Investment administration services	56,661	57,857
Insurance and life assurance business	45,333	47,086
	101,994	**104,943**

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 2019	Six months ended 31 March 2018
Profit		
Profit for the year and earnings used in basic and diluted earnings per share	£18.2m	£14.6m
Number of shares		
Number of shares used in basic and diluted earnings per share	331.3m	331.3m
Earnings per share		
Earnings per share – basic and diluted	5.5p	4.4p

On 2 March 2018, as part of the IntegraFin Holdings plc listing process, a bonus share issue occurred resulting in the number 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 £0.05 to £0.01. The calculation of earnings per share for the current and comparative period presented has been adjusted retrospectively to reflect the new share structure.

Earnings per share is calculated based on 331.3m Ordinary Shares of IntegraFin Holdings plc and the earnings of the consolidated Group.

6. Tax on profit on ordinary activities

Tax is charged at 19% for the six month period ended 31 March 2019 (31 March 2018: 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. Share-based payment reserve

	31 March 2019 £'000	**31 March 2018 £'000**
Balance brought forward	530	308
Share-based payment expense	561	350
Settlement of SIP awards	(377)	-
Transfer to profit and loss reserve	-	(128)
Balance carried forward	**714**	**530**

The following share incentive schemes have been adopted by the Company, in line with the details provided in the IHP Prospectus. The cost of the schemes are recorded in the statement of comprehensive income of each of the Group subsidiaries that employs staff.

Share Incentive Plan ("SIP")
The new SIP is an approved scheme under Schedule 2 of the Income Tax (Earnings & Pensions) Act 2003, and entitles all eligible employees to ordinary shares in the Company. The shares are held in a UK Trust.

Free Shares
The Company may give Free Shares up to a maximum value, calculated at the date of the award of such Free Shares, of £3,600 per employee in a tax year.

The share awards are made by the Company each year, dependent on 12 months continuous service at 30 September. The cost to the Group in the period to 31 March 2019 was £390k (2018: £nil).

Partnership and Matching Shares
The Company provides employees with the opportunity to enter into an agreement with the Company to enable such employees to use part of their pre-tax salary to acquire Partnership Shares. If employees acquire Partnership Shares, the Board grants relevant Matching Shares at a ratio of 2:1.

The cost to the Group in the period to 31 March 2019 was £100k (2018: £nil).

Performance Share Plan (PSP)
Awards granted under the PSP take the form of options to acquire Ordinary Shares for nil consideration. These are awarded to Executive Directors, Senior Managers and other employees of any Group company, as determined by the Remuneration Committee.

The exercise of the PSP awards is conditional upon the achievement of a performance condition set at the time of grant and measured over a three year performance period.

The cost to the Group in the period to 31 March 2019 was £71k (2018: £nil). This is based on the fair value of the share options at grant date, rather than on the purchase cost of shares held in the Employee Benefit Trust reserve, in line with IFRS 2 Share-based Payment.

8. Employee Benefit Trust reserve

	31 March 2019 £'000	31 March 2018 £'000
Balance brought forward	-	-
Purchase of own shares	(104)	-
Balance carried forward	**(104)**	**-**

The Employee Benefit Trust ("EBT") was settled by the Company pursuant to a trust deed entered into between the Company and Intertrust Employee Benefit Trustee Limited ("Trustee"). The Company has the power to remove the Trustee and appoint a new trustee. The EBT is a discretionary settlement and is used to satisfy awards made under the PSP.

The Trustee purchases existing Ordinary Shares in the market, and the amount held in the EBT reserve represents the purchase cost of IHP shares held to satisfy options awarded under the PSP scheme.

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 2019 the Company paid an interim dividend of £21,204,609 (six months to 31 March 2018: £19,418,436) and a special dividend of nil (six months to 31 March 2018: £11,372,780) to shareholders.

DIRECTORS, COMPANY DETAILS, ADVISERS

Executive Directors
Ian Taylor
Michael Howard
Alexander Scott

Non-Executive Directors
Christopher Munro
Neil Holden
Caroline Banszky
Victoria Cochrane

Company Secretary
David Johnson (resigned 5 April 2019)
Helen Wakeford (appointed 5 April 2019)

Independent Auditors
BDO LLP, London

Solicitors
Eversheds Sutherland, London

Principal Bankers
NatWest

Registrars
Equiniti

Broker
Peel Hunt LLP, London

Registered Office
29 Clement's Lane, London, EC4N 7AE

Website
www.integrafin.co.uk

Company number
08860879

M181 March 2019

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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.