21 November 2019

CMC MARKETS PLC

Interim results for the half year ended 30 September 2019

Strong net operating income, up 45%; Profit before tax £30 million
Technology partnerships further diversifying revenue streams

For the half year ended	30 September 2019	30 September 2018	Change
Net operating income (£ million)	102.3	70.6	45%
Profit before tax (£ million)	30.1	7.2	318%
Basic earnings per share (pence)	9.5	2.7	252%
Dividend per share (pence)	2.85	1.35	111%
CFD net client income (£ million)	96.0	97.6	(2%)
CFD net revenue (£ million)	85.1	63.1	35%
CFD active clients (numbers)	41,603	44,697	(7%)
CFD revenue per active client (£)	2,047	1,413	45%
Stockbroking net revenue (£ million)	14.5	5.5	164%

Notes:

- *Net operating income represents total revenue net of introducing partners commissions and betting levies*
- *CFD net client income represents spreads, financing and commissions charged to clients (client transaction costs) net of rebates*
- *CFD net revenue represents total trading revenue generated from CFD clients net of introducing partners commissions and betting levies*
- *CFD active clients represent those individual clients who have traded with or held a CFD or spread bet position with CMC Markets on at least one occasion during the six month period*
- *CFD revenue per active client represents total trading revenue from CFD and spread bet active clients after deducting rebates and levies*

Financial and operating highlights

- Strong performance with net operating income up £31.7 million (45%) to £102.3 million (H1 2019: £70.6 million) driven by higher CFD revenue per active client, up 45% to £2,047, as a result of improving retention of CFD client income, and a £9.0 million (164%) increase in stockbroking net revenue
- Alongside its three strategic initiatives, the Group continues to invest in its proprietary technology platforms to diversify its offering and generate high value through institutional relationships. This has been demonstrated by the success of the ANZ Bank white label partnership which has generated £10.0 million net revenue in H1 2020
- Operating expenses up 13% to £71.2 million (H1 2019: £62.7 million), due to investment in the stockbroking business (up £4.3 million) and higher variable remuneration (up £4.5 million)
- Operating expenses excluding variable remuneration up 7% to £64.8 million (H1 2019: £60.8 million)
- Profit before tax up 318% to £30.1 million (H1 2019: £7.2 million)
- Decline in active clients, down 7% against H1 2019, which included four months of pre-ESMA regulations, however up 3% against H2 2019
- Regulatory total capital ratio of 18.0% and own funds of £182.8 million
- Interim dividend of 2.85 pence (H1 2019: 1.35 pence) with a total dividend for the year expected to be in line with policy at 50% of profit after tax

Good strategic progress delivered

- Institutional offering: continuing focus on the development of existing and new relationships along with development of the product and technology offering
- Client journey optimisation: simplification of the client onboarding journey has improved lead conversion and a focus on user experience is improving retention of existing clients
- Established markets: the Group's core markets continue to generate a significant proportion of net operating income and we continue to focus on developing products to satisfy client requirements

Peter Cruddas, Chief Executive Officer, commented:

"I am pleased with the strong first half performance. This time last year we had the uncertainty of regulatory change overhanging the sector with the client response to the changes in minimum margin levels unclear. A year on, we are seeing clients adapt, maintaining their interest in the products and the trading platforms we offer.

It is clear that we are becoming more than a CFD business with income also being derived from technology partnerships, such as the ANZ deal. This is an exciting area of the business which will continue to grow through further planned partnerships and ongoing investment to improve the offering.

From a regulatory perspective, we welcome the consultation by the Australian Securities and Investments Commission ("ASIC") in Australia. The Group is supportive of regulatory change, which ensures that all providers operate to the highest standards, safeguarding fair client outcomes and we believe that a stronger and better industry will emerge from these changes. The exact timing of the ASIC changes is not known, however, the proposed changes are similar to those introduced by the European Securities and Markets Authority ("ESMA") in 2018. Once any changes are implemented in Australia, regulatory uncertainty will finally be lifted from all of our material regions.

I remain positive on the outlook for the remainder of the financial year and am excited about the future opportunities that will open up as we continue to focus on the development of our technology and platform offerings."

Analyst and Investor Presentation

A presentation will be held for equity analysts and investors today, 21 November 2019, at 10:30 a.m. (GMT).

A live webcast of the presentation will be available via the following link:

https://webcasts.cmcmarkets.com/results/2020halfyear

Alternatively, you can dial into the presentation:

- United Kingdom: 020 3059 5869
- All other locations: + 44 20 3059 5869

Please quote "CMC Markets plc H1 2020 Results conference" when prompted.

Forthcoming announcement dates

23 January 2020	Q3 2020 trading update
3 April 2020	FY 2020 pre-close update

Forward looking statements

This trading update may include statements that are forward looking in nature. Forward looking statements involve known and unknown risks, assumptions, uncertainties and other factors which may cause the actual results, performance or achievements of the Group to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements. Except as required by the Listing Rules and applicable law, the Group undertakes no obligation to update, revise or change any forward-looking statements to reflect events or developments occurring after the date such statements are published.

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Notes to Editors

CMC Markets Plc ("CMC"), whose shares are listed on the London Stock Exchange under the ticker CMCX (LEI: 213800VB75KAZBFH5U07), was established in 1989 and is now one of the world's leading online financial trading businesses. The company serves retail and institutional clients through regulated offices and branches in 12 countries, with a significant presence in the UK, Australia, Germany and Singapore. CMC Markets offers an award-winning, online and mobile trading platform, enabling clients to trade up to 10,000 financial instruments across shares, indices, foreign currencies, commodities and treasuries through contracts for difference ("CFDs"), financial spread bets (in the UK and Ireland only) and, in Australia, access stockbroking services. More information is available at http://www.cmcmarkets.com/group/

CHIEF EXECUTIVE'S REVIEW

Net operating income of £102.3 million (H1 2019: £70.6 million) was strong during H1 2020, generated through higher valued clients and growing income from our technology ("B2B") business, the latter underpinned by our ANZ Bank stockbroking relationship which is now yielding material revenue for the Group.

CFD net revenue has increased by £22.0 million (35%) to £85.1 million. CFD net client income remained robust in comparison to H1 2019, down only 2% despite the prior year comparative including four months of trading pre-regulatory change in the ESMA region.

Following the regulatory changes in the ESMA region, which resulted in retail client margin requirements increasing, we have seen retail client trading activity reduce to between 30 to 40 per cent of previous levels and have naturally seen less volatile CFD trading flows from these retail clients. As previously disclosed, this change in client trading activity in combination with range bound markets led us to re-assess the way in which we manage our net client exposure as returns were deteriorating. The internal adjustments we have been able to make to our risk management approach, where we now internalise a greater proportion of our net client exposure over a longer period of time, have resulted in both improving client transaction cost capture and also reducing hedge transaction costs. Even with reduced hedging activity, a significant amount of net client exposure continues to be hedged with our prime brokers. This has allowed us to concentrate on continuing to acquire and retain higher value, sophisticated clients. In addition, we are building up diversity through technology partnerships that do not result in taking on market risk exposure. For example, our stockbroking white label business has no market risk management requirements as all trades are executed directly with exchanges around the world.

The Group's strategic initiatives continue to grow and diversify the business, which are underpinned by a focus on providing superior technology to our clients and partners. This has been demonstrated during the period with 81% of stockbroking net revenue and 19% of the Group's CFD net revenue generated from our B2B business.

Operating expenses excluding variable remuneration have increased by £4.0 million (7%) to £64.8 million, which has been achieved in spite of the enlarged stockbroking business contributing £4.3 million to the cost base. When looking at the CFD business alone, operating expenses excluding variable remuneration were flat against H1 2019. Given the improving performance of the Group, variable remuneration increased to £6.4 million (H1 2019: £1.9 million).

Marketing spend during the period was 16% lower than H1 2019 with changes to digital spend being tested and optimised during the period. The number of client applications has decreased, but at a lower rate than the decrease in marketing spend. This has ultimately led to a small decrease in the number of new accounts.

The operational gearing in the business resulted in a statutory profit before tax of £30.1 million, up 318% on prior year (H1 2019: £7.2 million). Profit after tax was £27.5 million, up 253% against prior year (H1 2019: £7.8 million) and basic earnings per share were 9.5 pence (H1 2019: 2.7 pence).

Regulatory change

The Group is supportive of regulatory change to ensure that all providers operate to the highest standards, ensuring fair client outcomes. Having seen the impact of the regulatory changes introduced by ESMA, we believe that similar changes implemented by regulators in the major regions will result in a stronger and better industry. Our historic focus on high value clients and high regulatory standards put us in a great position to remain a leading force in the industry.

ESMA measures have now been in effect for over 12 months and we are seeing a few emerging trends, such as the ongoing reduced trading activity for retail clients, which continues to be around 30-40% of pre-ESMA levels, and the use of more cash on account to fund margin requirements while holding trades for longer periods of time. Aside from the initial drop off in the number of monthly active clients immediately after the ESMA measures were implemented, clients overwhelmingly still have an appetite to trade and we are seeing active retail client numbers slowly recover. Our professional client numbers have remained stable since the implementation of ESMA regulations.

On 7 October 2019, changes to foreign exchange margins from 2% to 5% as required by the Markets Authority of Singapore ("MAS") were implemented. Given the size of the region in comparison to the Group and that clients in this region are already familiar with higher margin requirements, the revenue impact is not going to be material, and indeed early indications are that client trading activity has not changed markedly.

The Group responded to the consultation paper released by the ASIC before the deadline of 1 October 2019 and is overall, supportive of changes within the paper. Timeframes for implementation of any resulting changes remains unclear, however, the Group's focus on higher value and sophisticated clients alongside experience gained through the ESMA implementation will help to mitigate the impact of any changes. Our Australian business generated 29%

of the Group CFD net client income in H1 2020. Once any changes are implemented, regulatory uncertainty will finally be removed from all of our material regions.

Finally, regarding the UK's exit from the European Union, our German office, which will operate as our European Economic Area hub, now has a regulatory licence.

Strategic initiatives

The Group continues to deliver on strategic initiatives and maintains a healthy pipeline of projects that diversify revenue streams through product, channel and geography. These initiatives are all supported by our ongoing focus on, and investment in, technology.

Institutional ("B2B")

The institutional business continues to provide great growth potential as we develop the technology offering further. The ANZ Bank partnership is now delivering clear evidence of the value that can be generated. The Group continues to add both new CFD and stockbroking institutional clients, although any new relationships onboarded during the period have not made a material contribution to Group revenue at this stage.

Client journey optimisation

During the half year a number of improvements have been made. Firstly, there has been a focus on simplifying our onboarding journey to improve our conversion rate, making our cost of acquisition as efficient as possible. Acquisition is just one part of the client journey and we have also been improving user experience, particularly on mobile, which is leading to better retention of existing clients. Finally, as well as serving clients through providing an award-winning platform we have also been working on providing better communication to our clients, at the right time and through their preferred medium. There is always more we can do to optimise our client journey and we are exploring ways to accelerate improvements in this area so that we can increase client lifetime value.

Established markets

Given the maturity of the markets and our long presence in these regions, the UK, Australia and Germany continue to present great opportunities for growth, both from growing revenue with our existing clients as well as attracting switchers and new entrants to the market.

Dividend

With regulatory uncertainty largely behind us, the Group is confident that maintaining the dividend policy at 50% of profit after tax should provide more stable and sustainable shareholder distributions going forward. The Board has declared an interim dividend of 2.85 pence per share (2019: 1.35 pence per share), with a view to paying a final dividend in line with the Group's policy. The interim dividend will be paid on 20 December 2019 to those members on the register at the close of business on 29 November 2019.

Outlook

Following ongoing strong CFD net revenue performance at the start of H2 2020 the Board has gained further confidence in the full year performance, and it is now expected that net operating income will be in excess of £180 million. We continue to expect 2020 operating expenses excluding variable remuneration to be moderately higher year-on-year, with H2 2020 operating expenses excluding variable remuneration to be broadly in line with H1 2020.

The Group continues to invest in technology and people in both the CFD and stockbroking businesses which present great opportunities to deliver long-term value for shareholders.

OPERATING REVIEW

Summary

Net operating income increased by £31.7 million (45%) to £102.3 million, with strong growth in both the CFD and Stockbroking areas of the business.

CFD and spread bet net revenue increased by £22.0 million (35%) driven by a greater retention of client income under the revised risk management strategy. The improvements were most noticeable in our two largest asset classes, Indices and FX. Indices improvements were driven by ongoing optimisation of the risk management strategy delivering higher retention of client income, whilst in FX net revenue has increased through improvements in the quality of flow received from institutional clients.

Stockbroking net revenue was 164% higher at £14.5 million (H1 2019: £5.5 million), with the current period benefitting from the ANZ Stockbroking partnership which went live in full at the end of H1 2019.

Statutory profit before tax increased by £22.9 million (318%) to £30.1 million and the profit before tax margin[1] increased by 19.2% from 10.2% to 29.4%.

Net operating income overview

For the half year ended £ million	30 September 2019	30 September 2018	Change
CFD and Spread bet (including binaries) net revenue	85.1	63.1	35%
Stockbroking net revenue (excl. interest income)	14.5	5.5	164%
Net trading revenue	**99.6**	**68.6**	**45%**
Interest income	1.8	1.6	17%
Other operating income	0.9	0.4	102%
Net operating income	**102.3**	**70.6**	**45%**

For the half year ended	30 September 2019			30 September 2018			Change		
£ million	B2C[2]	B2B[3]	Total	B2C	B2B	Total	B2C	B2B	Total
CFD and Spread bet net revenue	69.0	16.1	85.1	49.1	14.0	63.1	40%	15%	35%
Stockbroking net revenue	2.7	11.8	14.5	2.4	3.1	5.5	15%	276%	164%
Net trading revenue	**71.7**	**27.9**	**99.6**	**51.5**	**17.1**	**68.6**	**39%**	**63%**	**45%**

Regional performance overview: CFD and Spread bet

For the half year ended	30 September 2019				30 September 2018				Change			
	Net revenue (£m)	CFD net client income (£m)	Active Clients	RPC (£)	Net revenue (£m)	CFD net client income (£m)	Active Clients	RPC (£)	Net revenue	CFD net client income	Active Clients	RPC
UK	29.7	33.3	9,259	3,205	27.6	35.4	11,083	2,496	8%	(6%)	(16%)	29%
Europe	15.9	16.5	13,865	1,149	16.3	22.8	16,617	978	(2%)	(28%)	(17%)	17%
ESMA Region	45.6	49.8	23,124	1,972	43.9	58.2	27,700	1,582	4%	(14%)	(17%)	25%
APAC & Canada	39.5	46.2	18,479	2,140	19.2	39.4	16,997	1,131	106%	17%	9%	89%
Total	**85.1**	**96.0**	**41,603**	**2,047**	**63.1**	**97.6**	**44,697**	**1,413**	**35%**	**(2%)**	**(7%)**	**45%**

[1] Statutory profit before tax as a percentage of net operating income
[2] Defined as individuals acquired directly by CMC, including those of both retail and professional classification
[3] Defined as institutions that trade directly with CMC or individuals that have been introduced via an institution

ESMA region performance overview, by categorisation: CFD and Spread bet

The comparative below is against H2 2019 given this was the first six month period since the implementation of ESMA intervention measures.

For the half year ended	30 September 2019				31 March 2019				Change			
	Net revenue (£m)	CFD net client income (£m)	Active Clients	RPC (£)	Net revenue (£m)	CFD client net income (£m)	Active Clients	RPC (£)	Net revenue	CFD net client income	Active Clients	RPC
ESMA Retail	18.0	20.2	21,122	850	10.9	19.1	21,202	514	74%	6%	-	65%
ESMA Professional	27.6	29.6	2,002	13,806	19.6	35.5	2,095	9,344	41%	(17%)	(4%)	48%
ESMA Region	**45.6**	**49.8**	**23,124**	**1,972**	**30.5**	**54.6**	**23,297**	**1,308**	**50%**	**(9%)**	**(1%)**	**51%**

UK

CFD net client income from UK clients decreased by 6%, falling to £33.3 million (H1 2019: £35.4 million). Despite the prior period containing four months of pre-regulatory change, this decrease demonstrates that clients in the region continue to trade where market conditions provide opportunities.

Revenue per active client improved significantly to £3,205 (H1 2019: £2,496) following the improved retention of client income which benefits the whole Group.

Active client numbers were down 16% to 9,259 (H1 2019: 11,083) mainly as a result of clients who stopped trading in H1 2019 as a result of ESMA regulatory change and lower client acquisition with marketing spend reduced whilst new approaches were tested and optimised.

Europe

Europe comprises results from the continental European offices. Active client numbers were 17% lower than prior year as a result of clients who stopped trading in H1 2019 as a result of ESMA regulatory change a lower marketing spend across the region. The decrease in active clients was driven by the ESMA Retail client base.

CFD net client income was 28% lower across Europe at £16.5 million (H1 2019: £22.8 million), driven by ESMA leverage restrictions that came into effect part way through the prior period.

APAC and Canada

Our APAC and Canada business services clients from our Sydney, Auckland, Singapore, Toronto and Shanghai offices along with other regions where we have no physical presence.

CFD net client income increased 17% to £46.2 million (H1 2019: £39.4 million), with the prior year containing a particularly subdued Q2, and due to clients trading a higher proportion of high spread asset classes, such as commodities, in light of market events.

Active client numbers increased by 9% to 18,479 (H1 2019: 16,997), with strong growth across the majority of offices in the region.

Stockbroking

Active clients

For the half year ended	30 September 2019	31 March 2019	30 September 2018
B2C active clients	20,417	17,929	18,544
B2B active clients	98,105	89,087	30,222
Total Stockbroking active clients	**118,522**	**107,016**	**48,766**

The benefits of the ANZ Bank white label partnership in combination with buoyant market conditions resulted net revenue in the Australian stockbroking business growing by £9.0 million (164%) to £14.5 million (H1 2019: £5.5 million) during the period.

The roll out of international shares and online exchange traded options during the last financial year have also assisted growth in the stockbroking business.

Operating expenses

For the half year ended £ million	30 September 2019	30 September 2018	Change
Net staff costs – fixed	26.7	23.5	14%
Marketing expenses	7.8	9.3	(16%)
Other expenses	30.3	28.0	8%
Operating expenses excluding variable remuneration	**64.8**	**60.8**	**7%**
Variable remuneration[1]	6.4	1.9	232%
Operating expenses	**71.2**	**62.7**	**13%**
CFD expenses excluding variable remuneration	**53.5**	**53.8**	**(1%)**
Stockbroking expenses excluding variable remuneration	**11.3**	**7.0**	**61%**

[1] Includes share based payments

Operating expenses excluding variable remuneration increased by £4.0 million (7%) to £64.8 million. This was driven by an increase in stockbroking fixed costs during the period required in order to support the larger business and also the variable elements related to transaction volumes. Operating costs excluding variable remuneration in the CFD business were broadly flat against H1 2019.

Variable remuneration increased to £6.4 million (H1 2019: £1.9 million), following the strong net operating income performance in the first half of the year in both the CFD and Stockbroking businesses.

Taxation

The estimated effective tax rate for H1 2020 was 9%, up from the H1 2019 effective tax rate, which was a credit of 8%. The rate remained lower than the current UK corporation tax rate due to the impact of the ongoing recognition of Australian deferred tax assets, but was higher than the prior year due to the higher tax impact of Group profit relative to the amount of deferred tax losses recognised.

Balance sheet and own funds

Property, plant and equipment increased by £12.6 million to £30.7 million due to the recognition of £14.7 million (31 March 2019: £nil) right-of-use assets under the newly-adopted accounting standard IFRS16 Leases, which was applicable to the Group from 1 April 2019. Due to the adoption of the same accounting standard, a lease liability of £21.4 million has also been recognised.

Trade receivables decreased by £17.3 million over the six month period and the main driver of this was a £11.8 million decrease in stockbroking trades yet to settle. A similar decrease of £11.1 million was seen in stockbroking payables for the same reason.

Amounts due from brokers increased by £21.8 million to £109.8 million due to a £22.2 million increase in the excess held at brokers in comparison to initial margin requirement at period end. During the period, the Group has rarely drawn down on its £40.0 million revolving credit facility, which can only be used to fund broker margin requirements. The amount drawn at the end of the period was £nil (31 March 2019: £nil). Cash and cash equivalents also increased during the period by £13.2 million to £62.0 million with funds generated during the period largely held as cash or at brokers.

Own funds increased by £33.0 million to £182.8 million (31 March 2019: £149.8 million) during the six month period with the increase largely due to own funds generated from operating activities.

Principal risks and uncertainties

Details of the Group's approach to risk management and its principal risks and uncertainties were set out on pages 36 to 43 of the 2019 Group Annual Report and Financial Statements (available on the Group website https://www.cmcmarkets.com/group). During the six months to 30 September 2019 and up to the date of approval of the interim financial statements, there have been no significant changes to the Group's risk management framework. The Group categorises its principal risks into three areas: business and strategic risks; financial risks; and operational risks. The Group's top and emerging risks, which form either a subset of one or multiple principal risks within the three principal risk categories, and continue to be at the forefront of Group discussions, are regulatory change across the Group and the UK's exit from the European Union, although the latter is now largely mitigated through the German subsidiary receiving a regulatory license during the first half of the financial year.

RESPONSIBILITY STATEMENT

The directors listed below (being all the directors of CMC Markets plc) confirm that to the best of our knowledge, these condensed consolidated interim financial statements have been prepared in accordance with IAS 34 as adopted by the European Union and that the interim management report includes a fair review of information required by DTR 4.2.7R and DTR 4.2.8R, namely:

- the interim management report includes a fair review of the important events that have occurred during the first six months of the financial year and their impact on the consolidated interim financial statements, together with a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- material related party transactions in the first six months of the financial year and any material changes in the related-party transactions described in the last annual report.

Neither the Group nor the directors accept any liability to any person in relation to the half-yearly financial report except to the extent that such liability could arise under English law. Accordingly, any liability to a person who has demonstrated reliance on any untrue or misleading statement or omission shall be determined in accordance with Section 90A and Schedule 10A of the Financial Services and Markets Act 2000.

By order of the board of directors

Peter Cruddas
Chief Executive Officer

20 November 2019

CMC Markets plc Board of Directors

Executive Directors
Peter Cruddas (Chief Executive Officer)
David Fineberg (Deputy Chief Executive Officer)
Matthew Lewis (Head of Asia Pacific and Canada)
Euan Marshall (Chief Financial Officer)

Non-Executive Directors
James Richards (Chairman)
Sarah Ing
Clare Salmon
Paul Wainscott

CONSOLIDATED INTERIM INCOME STATEMENT

For the half year ended 30 September 2019 (Unaudited)

£ '000	Note	30 September 2019	30 September 2018
Revenue	**3**	**123,030**	**82,619**
Interest income		1,843	1,575
Total revenue		**124,873**	**84,194**
Introducing partner commissions and betting levies		(22,554)	(13,574)
Net operating income	2	**102,319**	**70,620**
Operating expenses	4	(71,190)	(62,728)
Operating profit		**31,129**	**7,892**
Finance costs		(1,034)	(693)
Profit before taxation		**30,095**	**7,199**
Taxation	5	(2,595)	595
Profit for the period attributable to owners of the parent		**27,500**	**7,794**

Earnings per share

Basic earnings per share (p)	**6**	**9.5p**	**2.7p**
Diluted earnings per share (p)	6	9.4p	2.7p

CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME
For the half year ended 30 September 2019 (Unaudited)

£ '000	30 September 2019	30 September 2018
Profit for the period	**27,500**	**7,794**
Other comprehensive income / (expense):		
Items that may be subsequently reclassified to income statement		
Loss on net investment hedges	(411)	(629)
Currency translation differences	708	779
Change in value of debt instruments at fair value through other comprehensive income	2	31
Other comprehensive income for the period	**299**	**181**
Total comprehensive income for the period	**27,799**	**7,975**

CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
At 30 September 2019 (Unaudited)

£ '000	Note	30 September **2019**	30 September **2018**	31 March **2019**
ASSETS				
Non-current assets				
Intangible assets	8	4,539	6,383	4,961
Property, plant and equipment	9	30,679	20,380	18,105
Deferred tax assets		14,732	11,228	11,649
Financial investments	11	-	10,761	11,332
Trade and other receivables	10	2,711	2,356	2,693
Total non-current assets		**52,661**	**51,108**	**48,740**
Current assets				
Trade and other receivables	10	100,634	104,340	117,991
Derivative financial instruments		2,792	5,178	2,885
Financial investments	11	25,211	10,143	10,747
Current tax recoverable		4,238	369	3,384
Amounts due from brokers		109,827	136,985	88,035
Cash and cash equivalents	12	61,973	47,647	48,729
Total current assets		**304,675**	**304,662**	**271,771**
TOTAL ASSETS		**357,336**	**355,770**	**320,511**
LIABILITIES				
Current liabilities				
Trade and other payables	13	91,758	95,185	100,572
Derivative financial instruments		7,224	10,227	4,303
Borrowings	14	1,095	28,691	1,088
Lease liabilities		5,158	-	-
Short term provisions		221	134	246
Total current liabilities		**105,456**	**134,237**	**106,209**
Non-current liabilities				
Trade and other payables	13	-	5,344	4,810
Borrowings	14	833	1,852	1,247
Lease liabilities		16,266	-	-
Deferred tax liabilities		1,153	691	1,155
Long term provisions		2,017	2,263	2,010
Total non-current liabilities		**20,269**	**10,150**	**9,222**
TOTAL LIABILITIES		**125,725**	**144,387**	**115,431**
EQUITY				
Equity attributable to owners of the Company				
Share capital		72,899	72,872	72,892
Share premium		46,236	46,236	46,236
Own shares held in trust		(607)	(616)	(604)
Other reserves		(49,530)	(49,271)	(49,829)
Retained earnings		162,613	142,162	136,385
Total equity		**231,611**	**211,383**	**205,080**
TOTAL EQUITY AND LIABILITIES		**357,336**	**355,770**	**320,511**

CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
For the half year ended 30 September 2019 (Unaudited)

£ '000	Share capital	Share premium	Own shares held in trust	Other reserves	Retained earnings	Total Equity
At 1 April 2018	**72,872**	**46,236**	**(567)**	**(49,452)**	**150,941**	**220,030**
Total comprehensive income for the period	-	-	-	181	7,794	7,975
Acquisition of own shares	-	-	(49)	-	-	(49)
Share-based payments	-	-	-	-	675	675
Tax on share-based payments	-	-	-	-	(57)	(57)
Dividends	-	-	-	-	(17,191)	(17,191)
At 30 September 2018	**72,872**	**46,236**	**(616)**	**(49,271)**	**142,162**	**211,383**
At 31 March 2019	**72,892**	**46,236**	**(604)**	**(49,829)**	**136,385**	**205,080**
Change in accounting policy	-	-	-	-	263	263
Restated at 1 April 2019	**72,892**	**46,236**	**(604)**	**(49,829)**	**136,648**	**205,343**
New shares issued	7	-	-	-	-	7
Total comprehensive income for the period	-	-	-	299	27,500	27,799
Acquisition of own shares	-	-	(32)	-	-	(32)
Utilisation of own shares held in trust	-	-	29	-	-	29
Share-based payments	-	-	-	-	430	430
Dividends	-	-	-	-	(1,965)	(1,965)
At 30 September 2019	**72,899**	**46,236**	**(607)**	**(49,530)**	**162,613**	**231,611**

CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
For the half year ended 30 September 2019 (Unaudited)

£ '000	Note	30 September 2019	30 September 2018
Cash flows from operating activities			
Cash generated from / (used in) operations	15	29,739	(14,000)
Net interest income		2,116	1,575
Tax paid		(6,472)	(4,524)
Net cash generated from / (used in) operating activities		**25,383**	**(16,949)**
Cash flows from investing activities			
Purchase of property, plant and equipment		(1,210)	(2,618)
Investment in intangible assets		(285)	(2,502)
Purchase of financial investments		(3,402)	-
Proceeds from maturity of financial investments and coupon receipts		-	329
Outflow on net investment hedges		(581)	(629)
Net cash used in investing activities		**(5,478)**	**(5,420)**
Cash flows from financing activities			
Proceeds from borrowings		10,175	71,000
Repayment of borrowings		(11,197)	(43,637)
Principal elements of lease payments (30 September 2018: Principal elements of finance lease payments)		(3,034)	(440)
Acquisition of own shares		(25)	(49)
Dividends paid		(1,965)	(17,191)
Finance costs		(1,034)	(693)
Net cash (used in) / generated from financing activities		**(7,080)**	**8,990**
Net increase / (decrease) in cash and cash equivalents		**12,825**	**(13,379)**
Cash and cash equivalents at the beginning of the period		48,729	60,468
Effect of foreign exchange rate changes		419	558
Cash and cash equivalents at the end of the period		**61,973**	**47,647**

1. Basis of preparation

Basis of accounting and accounting policies

The condensed consolidated interim financial statements are unaudited and do not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006. The statutory financial statements for the year ended 31 March 2019 and the condensed consolidated interim financial statements for the half year ended 30 September 2019 have been prepared in accordance with the International Financial Reporting Standards as adopted by the European Union ("IFRSs"), IFRS Interpretations Committee ("IFRS ICs") interpretations and the Companies Act 2006 applicable to companies reporting under IFRSs.

The statutory financial statements for the year ended 31 March 2019 have been delivered to the Registrar of Companies. The auditors' opinion on those financial statements was unqualified and did not contain a statement made under Section 498 of the Companies Act 2006.

The condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard (IAS) 34 Interim Financial Reporting and the Disclosure Rules and Transparency Rules of the United Kingdom's Financial Conduct Authority.

The accounting policies applied in these condensed consolidated interim financial statements are consistent with those applied in the Group's statutory financial statements for the year ended 31 March 2019, with the exception of the adoption of new and amended standards as set out below.

The condensed consolidated interim financial statements have been prepared under the historical cost convention, except in the case of "Financial instruments at fair value through profit or loss (FVPL)" and "Financial instruments at fair value through other comprehensive income (FVOCI)". The financial information is rounded to the nearest thousand, except where otherwise indicated.

New and amended standards adopted by the Group

The Group adopted IFRS 16 Leases from 1 April 2019. IFRS16 replaced IAS 17 Leases. Whilst lessor accounting is similar to IAS 17, lessee accounting is significantly different. Under IFRS 16, the Group recognised within the statement of financial position a right-of-use asset and a lease liability for future lease payments in respect of all leases, unless the underlying assets are of low value or the lease term is 12 months or less. Within the income statement, operating lease expense on the impacted leases was replaced with depreciation on the right-of-use asset and interest expense on the lease liability.

The Group applied IFRS 16 on a modified retrospective basis without restating prior years and electing for the following exemptions on transition at 1 April 2019. The Group:

- applied IFRS 16 to contracts previously identified as leases by IAS 17;
- used the incremental borrowing rate as the discount rate; and
- did not apply IFRS 16 to operating leases with a remaining lease term of less than 12 months.

The impact of the adoption of the leasing standard and the new accounting policies are disclosed in note 16 below.

Apart from IFRS 16, several other amendments and interpretations, as listed below, applied for the first time, but do not have an impact on the condensed consolidated interim financial statements of the Group.

- IFRIC 23 Uncertainty Over Income Tax Treatments;
- Annual Improvements to IFRS 2015 – 2017 Cycle (Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23).

Impact of standards issued but not yet adopted by the Group

The IASB has issued a number of minor amendments to IFRSs effective 1 April 2020. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective. These amendments are not expected to have a significant impact on the Group.

Significant accounting judgements

The preparation of condensed consolidated interim financial statements in conformity with IFRS requires the use of certain significant accounting judgements. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The only area involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the condensed consolidated interim financial statements is:

Deferred taxes

The carrying amounts of deferred tax assets are reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Going concern

The Group has considerable financial resources, a broad range of products and a geographically diversified business. Consequently, the Directors believe that the Group is well placed to manage its business risks in the context of the current economic outlook. Accordingly, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, a period of not less than 12 months from the date of this report. They therefore continue to adopt the going concern basis in preparing these condensed consolidated interim financial statements.

Seasonality of operations

The Directors consider that, given the impact of market volatility, and the growth in overseas business and the use of mobile platforms, there is no predictable seasonality to the Group's operations.

2. Segmental reporting

The Group's principal business is online retail financial services and provides its clients with the ability to trade contracts for difference (CFD) and financial spread betting on a range of underlying shares, indices, foreign currencies, commodities and treasuries. The Group also makes these services available to institutional partners through white label and introducing broker arrangements. The Group's CFDs are traded worldwide; spread bets only in UK and Ireland and the Group provides stockbroking services only in Australia. The Group's business is generally managed on a geographical basis and for management purposes, the Group is organised into four segments:

- CFD and Spreadbet - UK and Ireland (UK & IE);
- CFD - Europe;
- CFD - Australia, New Zealand and Singapore (APAC) and Canada; and
- Stockbroking - Australia

These segments are in line with the management information received by the Chief Operating Decision Maker (CODM).

Revenues and costs are allocated to the segments that originated the transaction. Costs generated centrally are allocated to segments on an equitable basis, mainly based on revenue, headcount or active client levels, or where central costs are directly attributed to specific segments.

30 September 2019 £ '000	CFD and Spreadbet			Stock-broking		
	UK & IE	**Europe**	**APAC & Canada**	**Australia**	**Central**	**Total**
Segment revenue net of Introducing partner commissions and betting levies	30,133	16,005	39,846	14,492	-	100,476
Interest income	871	-	828	144	-	1,843
Net operating income	**31,004**	**16,005**	**40,674**	**14,636**	**-**	**102,319**
Segment operating expenses	(6,460)	(4,176)	(7,559)	(4,153)	(48,842)	(71,190)
Segment contribution	**24,544**	**11,829**	**33,115**	**10,483**	**(48,842)**	**31,129**
Allocation of central operating expenses	(13,511)	(13,386)	(14,190)	(7,755)	48,842	-
Operating profit	**11,033**	**(1,557)**	**18,925**	**2,728**	**-**	**31,129**
Finance costs	(280)	(8)	(168)	(135)	(443)	(1,034)
Allocation of central finance costs	(202)	(80)	(161)	-	443	-
Profit before taxation	**10,551**	**(1,645)**	**18,596**	**2,593**	**-**	**30,095**

30 September 2018 £ '000	CFD and Spreadbet			Stock-broking		
	UK & IE	**Europe**	**APAC & Canada**	**Australia**	**Central**	**Total**
Segment revenue net of Introducing partner commissions and betting levies	27,800	16,227	19,403	5,615	-	69,045
Interest income	684	1	794	96	-	1,575
Net operating income	**28,484**	**16,228**	**20,197**	**5,711**	**-**	**70,620**
Segment operating expenses	(8,594)	(5,208)	(6,857)	(848)	(41,221)	(62,728)
Segment contribution	**19,890**	**11,020**	**13,340**	**4,863**	**(41,221)**	**7,892**
Allocation of central operating expenses	(11,974)	(11,483)	(11,934)	(5,830)	41,221	-
Operating profit	**7,916**	**(463)**	**1,406**	**(967)**	**-**	**7,892**
Finance costs	(55)	-	-	-	(638)	(693)
Allocation of central finance costs	(272)	(163)	(202)	(1)	638	-
Profit before taxation	**7,589**	**(626)**	**1,204**	**(968)**	**-**	**7,199**

The measurement of net operating income for segmental analysis is consistent with that in the income statement.

The Group uses 'Segment contribution' to assess the financial performance of each segment. EBITDA comprises operating profit for the period before interest expense, taxation, depreciation of property, plant and equipment and amortisation and impairment of intangibles.

3. Revenue

£ '000	30 September 2019	30 September 2018
CFD and spread bet	95,833	72,644
Stockbroking	26,357	9,559
Other	840	416
Revenue	**123,030**	**82,619**

4. Operating Expenses

£ '000	30 September 2019	30 September 2018
Net staff costs	33,191	25,425
IT costs	10,529	9,832
Sales and marketing	7,752	9,261
Premises	1,595	3,630
Legal and Professional fees	2,491	2,458
Regulatory fees	3,124	1,649
Depreciation and amortisation	5,843	3,500
Other	6,665	6,973
Operating expenses	**71,190**	**62,728**

5. Taxation

£ '000	30 September 2019	30 September 2018
Analysis of charge for the period:		
Current tax		
Current tax on profit for the period	5,599	1,788
Adjustments in respect of previous periods	14	10
Total current tax	**5,613**	**1,798**
Deferred tax		
Origination and reversal of temporary differences	(3,068)	(2,413)
Adjustments in respect of prior periods	(10)	2
Impact of change in tax rate	60	18
Total deferred tax	**(3,018)**	**(2,393)**
Total tax	**2,595**	**(595)**

The standard rate of UK corporation tax was 19% with effect from 1 April 2017. Taxation outside the UK is calculated at the rates prevailing in the respective jurisdictions. The effective tax rate for the half year ended 30 September 2019 was 8.62% (Half year ended 30 September 2018: -8.27%), differs from the standard rate of UK corporation tax rate of 19% (Half year ended 30 September 2018: 19%). The differences are explained below:

£ '000	30 September 2019	30 September 2018
Profit before taxation	**30,095**	**7,199**
Profit multiplied by the standard rate of corporation tax in the UK of 19% (30 September 2018: 19%)	5,718	1,368
Adjustment in respect of foreign tax rates	764	(66)
Adjustments in respect of prior periods	4	12
Impact of change in tax rate	60	18
Recognition of previously unrecognised tax losses	(4,218)	(2,171)
Expenses not deductible for tax purposes	228	18
Income not subject to tax	(10)	3
Irrecoverable foreign tax	-	208
Share awards	39	26
Other differences	10	(11)
Total tax	**2,595**	**(595)**

£ '000	30 September 2019	30 September 2018
Tax on items recognised directly in Equity		
Tax on Share based payments	-	(57)

6. Earnings per share (EPS)

Basic EPS is calculated by dividing the earnings attributable to the equity owners of the Company by the weighted average number of ordinary shares in issue during each period excluding those held in employee share trusts which are treated as cancelled.

For diluted earnings per share, the weighted average number of ordinary shares in issue, excluding those held in employee share trusts, is adjusted to assume conversion of all dilutive potential weighted average ordinary shares, which consists of share options granted to employees and shares issuable to client investors at IPO.

£ '000	30 September 2019	30 September 2018
Earnings attributable to ordinary shareholders (£ '000)	**27,500**	**7,794**
Weighted average number of shares used in the calculation of basic earnings per share ('000)	288,582	288,322
Dilutive effect of share options ('000)	2,887	3,139
Weighted average number of shares used in the calculation of diluted earnings per share ('000)	**291,469**	**291,461**
Basic earnings per share (p)	**9.5p**	**2.7p**
Diluted earnings per share (p)	**9.4p**	**2.7p**

For the half year ended 30 September 2019, 2,887,000 (Half year ended 30 September 2018: 3,139,000) potentially dilutive weighted average ordinary shares in respect of share options in issue were included in the calculation of diluted EPS.

7. Dividends

£ '000	30 September 2019	30 September 2018
Prior year final dividend of 0.68p per share (30 September 2018: 5.95p)	1,965	17,191

An interim dividend for 2020 of 2.85p per share, amounting to £8,240,000 has been approved by the board but has not been included as a liability at 30 September 2019. The dividend will be paid on 20 December 2019 to those members on the register at the close of business on 29 November 2019.

8. Intangible assets

£ '000	Goodwill	Computer software	Trademarks and trading licences	Client relationships	Assets under development	Total
At 31 March 2019						
Cost	11,500	123,010	1,448	2,959	9	138,926
Accumulated amortisation	(11,500)	(118,468)	(1,038)	(2,959)	-	(133,965)
Carrying amount	**-**	**4,542**	**410**	**-**	**9**	**4,961**
Half year ended 30 September 2019						
Carrying amount at the beginning of the period	**-**	**4,542**	**410**	**-**	**9**	**4,961**
Additions	-	285	-	-	-	285
Amortisation charge	-	(721)	(27)	-	-	(748)
Foreign currency translation	-	34	7	-	-	41
Carrying amount at the end of the period	**-**	**4,140**	**390**	**-**	**9**	**4,539**
At 30 September 2019						
Cost	11,500	123,498	1,467	2,984	9	139,458
Accumulated amortisation	(11,500)	(119,358)	(1,077)	(2,984)	-	(134,919)
Carrying amount	**-**	**4,140**	**390**	**-**	**9**	**4,539**

9. Property, plant and equipment

£ '000	Leasehold improvements	Furniture, fixtures and equipment	Computer hardware	Right-of-use assets	Total
At 31 March 2019					
Cost	21,339	10,942	36,944	-	69,225
Accumulated depreciation	(11,424)	(9,176)	(30,520)	-	(51,120)
Carrying amount	**9,915**	**1,766**	**6,424**	**-**	**18,105**
Half year ended 30 September 2019					
Carrying amount at the beginning of the period	**9,915**	**1,766**	**6,424**	**-**	**18,105**
Change in accounting policy	(860)	-	(1,763)	16,947	14,324
Re-stated Carrying amount at the beginning of the period	**9,055**	**1,766**	**4,661**	**16,947**	**32,429**
Additions	76	77	3,287	26	3,466
Disposals	(91)	(102)	(3)	(124)	(320)
Depreciation charge	(1,540)	(334)	(989)	(2,232)	(5,095)
Foreign currency translation	51	24	18	106	199
Carrying amount at the end of the period	**7,551**	**1,431**	**6,974**	**14,723**	**30,679**
At 30 September 2019					
Cost	19,298	10,728	30,663	16,884	77,573
Accumulated depreciation	(11,747)	(9,297)	(23,689)	(2,161)	(46,894)
Carrying amount	**7,551**	**1,431**	**6,974**	**14,723**	**30,679**

The carrying amount of property, plant and equipment held under lease includes all Right-of-use assets on 30 September 2019 (31 March 2019: Computer hardware - £1,763,000 held under finance leases).

10. Trade and other receivables

£ '000	30 September **2019**	30 September **2018**	31 March **2019**
Current			
Gross trade receivables	8,874	7,376	8,185
Less: provision for impairment of trade receivables	(3,759)	(3,426)	(3,528)
Trade receivables	5,115	3,950	4,657
Prepayments and accrued income	7,431	15,708	12,391
Stockbroking debtors	70,711	69,155	82,510
Other debtors	17,377	15,527	18,433
	100,634	**104,340**	**117,991**
Non-current			
Other debtors	2,711	2,356	2,693
Total	**103,345**	**106,696**	**120,684**

Stockbroking debtors represent the amount receivable in respect of equity security transactions executed on behalf of clients with a broadly corresponding balance included within trade and other payables (note 13).

11. Financial investments

£ '000	30 September **2019**	30 September **2018**	31 March **2019**
UK Government securities:			
At the beginning of the period / year	22,013	21,152	21,152
Purchase of securities	3,402	-	11,287
Maturity of securities and Coupon receipts	(355)	(329)	(10,613)
Accrued interest	82	50	103
Net gains transferred to equity	2	31	84
At the end of the period / year	**25,144**	**20,904**	**22,013**
Equity securities:			
At the beginning of the period / year	66	-	-
Purchase of securities	-	-	66
Foreign currency translation	1	-	-
At the end of the period / year	**67**	**-**	**66**
Total	**25,211**	**20,904**	**22,079**

£ '000	30 September **2019**	30 September **2018**	31 March **2019**
Analysis of financial investments			
Non-current	-	10,761	11,332
Current	25,211	10,143	10,747
Total	**25,211**	**20,904**	**22,079**

Financial investments are shown as current assets when they have a maturity of less than one year.

12. Cash and cash equivalents

£ '000	30 September **2019**	30 September **2018**	31 March **2019**
Gross cash and cash equivalents	400,491	389,485	381,139
Less: Client monies	(338,518)	(341,838)	(332,410)
Own cash and cash equivalents	**61,973**	**47,647**	**48,729**
Analysed as:			
Cash at bank	61,973	47,647	48,729
Short-term deposits	-	-	-

Cash and cash equivalents comprise cash at bank and other short-term highly liquid investments, with maturities of three months or less. Cash at bank earns interest at floating rates, based on daily bank deposit rates.

13. Trade and other payables

£ '000	30 September **2019**	30 September **2018**	31 March **2019**
Current			
Gross trade payables	348,256	350,288	340,042
Less: Client monies	(338,518)	(341,838)	(332,410)
Trade payables	9,738	8,450	7,632
Tax and social security	79	63	27
Stockbroking creditors	64,651	63,233	75,752
Accruals and deferred income	17,290	23,439	17,161
	91,758	**95,185**	**100,572**
Non-current			
Accruals and deferred income	-	5,344	4,810
Total	**91,758**	**100,529**	**105,382**

14. Borrowings

£ '000	30 September **2019**	30 September **2018**	31 March **2019**
Current			
Finance lease liabilities	-	754	663
Bank loans	-	27,500	-
Other liabilities	1,095	437	425
	1,095	**28,691**	**1,088**
Non-current			
Finance lease liabilities	-	1,260	952
Other liabilities	833	592	295
	833	**1,852**	**1,247**
Total	**1,928**	**30,543**	**2,335**

15. Cash generated from operations

£ '000	30 September 2019	30 September 2018
Cash flows from operating activities		
Profit before taxation	30,095	7,199
Adjustments for:		
Net interest income	(1,843)	(1,575)
Finance costs	1,034	693
Depreciation	5,095	3,028
Amortisation of intangible assets	748	472
Loss on disposal of property, plant and equipment	150	-
Share-based payment	459	675
Other non-cash movements including exchange rate movements	142	62
Changes in working capital:		
Decrease / (increase) in trade and other receivables	18,070	(56,569)
(Increase) / decrease in amounts due from brokers	(21,792)	19,902
(Decrease) / increase / in trade and other payables	(5,578)	3,444
Increase in net derivative financial instruments liabilities	3,184	8,462
(Decrease) / Increase in provisions	(25)	207
Cash generated from / (used in) operations	**29,739**	**(14,000)**

The movement in trade and other receivables for the half year ended 30 September 2019 includes £150,000 (Half year ended 30 September 2018: £150,000) of exceptional litigation income relating to year ended 31 March 2016, received during the period.

16. Changes in accounting policies

This note explains the impact of the adoption of IFRS 16 Leases on the Group's financial statements and discloses the new accounting policies that have been applied from 1 April 2019.

On adoption of IFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 April 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 April 2019 was 4.65%.

Adjustments recognised on adoption of IFRS 16

The change in accounting policy affected the following items in the statement of financial position on 1 April 2019:

- Computer hardware – decrease of £1,763,000
- Leasehold improvements – decrease of £860,000
- Right-of-use assets – increase of £16,947,000
- Lease liabilities – increase of £24,453,000
- Finance lease liabilities (Current and non-current portion) – decrease of £1,615,000
- Accruals and deferred income - decrease of £8,046,000
- Prepayments and accrued income – decrease of £608,000
- Other debtors - increase of £1,339,000.

The net impact on retained earnings on 1 April 2019 was an increase of £263,000.

The table below provides a reconciliation between ‘operating lease commitments disclosed applying IAS 17 at 31 March 2019 and lease liabilities recognised on 1 April 2019:

£ ‘000	1 April 2019
Operating lease commitments disclosed as at 31 March 2019	25,145
Further lease commitments identified[1]	912
Impact of short-term recognition exemption	(145)
Discounted using the incremental borrowing rate at the date of initial application	(3,074)
Finance lease liabilities recognised as at 31 March 2019	1,615
Lease liability recognised as at 1 April 2019	**24,453**

[1] Following a review of lease data validation during the IFRS 16 transition process, additional lease payments were identified which were previously not part of operating lease commitments.

For leases previously classified as finance leases the Group recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right-of-use asset and the lease liability at the date of initial application.

Other right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position as at 31 March 2019. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

The recognised right-of-use assets relate to the following types of assets:

£ ‘000	30 September 2019	1 April 2019
Computer hardware	1,218	1,763
Leasehold properties	13,505	15,184
Right-of-use assets	**14,723**	**16,947**

Accounting policies applied since 1 April 2019

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. The recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of- use assets are presented within Property, plant and equipment in the statement of financial position and are subject to impairment.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in- substance fixed payments) less any lease incentives receivable and variable lease payments that depend on an index or a rate.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term or a change in the in-substance fixed lease payments.

Short-term leases

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date). Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term

17. Liquidity

The Group has access to the following liquidity resources that make up total available liquidity:

- **Own funds.** The primary source of liquidity for the Group. It represents the funds that the business has generated historically, including any unrealised gains / losses on open hedging positions. All cash held on behalf of segregated clients is excluded. Own funds consists mainly of cash and cash equivalents and also includes investments in UK government securities which are held to meet the Group’s liquid asset buffer (LAB - as agreed with FCA). These UK government securities are BIPRU 12.7 eligible securities and are available to meet liabilities which fall due in periods of stress.

- **Title Transfer Funds (TTFs).** This represents funds received from professional clients and eligible counterparties (as defined in the FCA Handbook) that are held under a Title Transfer Collateral Agreement (TTCA); a means by which a professional client or eligible counterparty may agree that full ownership of such funds is unconditionally transferred to the Group. The Group considers these funds as an ancillary source of liquidity and places no reliance on its stability.
- **Available committed facility** (off-balance sheet liquidity). The Group has access to a syndicated revolving credit facility of up to £40.0 million (30 September 2018: £65.0 million; 31 March 2019: £40.0 million) in order to fund any potential fluctuations in margins required to be posted at brokers to support our risk management strategy. The maximum amount of the facility available at any one time is dependent upon the initial margin requirements at brokers and margin received from clients. The facility consists of a one year term facility of £20.0 million and a three year term facility of £20.0 million, both of which were renewed in March 2019.

The Group's use of total available liquidity resources consist of:

- **Blocked cash.** Amounts held to meet the requirements of local market regulators and amounts held at overseas subsidiaries in excess of local segregated client requirements to meet potential future client requirements.
- **Initial margin requirement at broker.** The total GBP equivalent initial margin required by prime brokers to cover the Group's hedge derivative positions.

Own funds on 30 September 2019 were £182,841,000 (30 September 2018: £192,037,000; 31 March 2019: £149,793,000). Short-term financial investments, amounts due from brokers and amounts receivable / (payable) on the derivative financial instruments have been included within 'own funds' in order to provide a clear presentation of the Group's potential cash resources.

£ '000	**30 September 2019**	**30 September 2018**	**31 March 2019**
Cash and cash equivalents	61,973	47,647	48,729
Amount due from brokers	109,827	136,985	88,035
Financial investments	25,211	20,904	22,079
Derivative financial instruments (Current Assets)	2,792	5,178	2,885
	199,803	210,714	161,728
Less: Title transfer funds	(9,738)	(8,450)	(7,632)
Less: Derivative financial instruments (Current Liabilities)	(7,224)	(10,227)	(4,303)
Own Funds	**182,841**	**192,037**	**149,793**
Title transfer funds	9,738	8,450	7,632
Available committed facility	40,000	36,039	40,000
Total Available liquidity	**232,579**	**236,526**	**197,425**
Less: Blocked cash	(26,929)	(24,378)	(25,904)
Less: Initial margin requirement at broker	(67,564)	(111,098)	(68,269)
Net available liquidity	**138,086**	**101,050**	**103,252**

The following Own Funds Flow Statement summarises the Group's generation of own funds during each period and excludes all cash flows in relation to monies held on behalf of clients.

£ '000	30 September 2019	30 September 2018	31 March 2019
Operating activities			
Profit before tax	**30,095**	**7,199**	**6,329**
Adjustments for:			
Finance costs	1,034	693	1,442
Depreciation and amortisation	5,843	3,500	7,325
Other non-cash adjustments	924	768	672
Tax paid	(6,472)	(4,524)	(7,590)
Own funds generated from operating activities	**31,424**	**7,636**	**8,178**
Movement in working capital	**10,361**	**(13,295)**	**(21,393)**
Outflow from investing activities			
Net Purchase of property, plant and equipment and intangible assets	(1,495)	(5,120)	(6,711)
Other outflow from investing activities	(581)	(629)	(341)
Outflow from financing activities			
Interest paid	(1,034)	(693)	(1,442)
Dividends paid	(1,965)	(17,191)	(21,092)
Other (outflow) / inflow from financing activities	(4,081)	26,874	(1,395)
Total (outflow) / inflow from investing and financing activities	**(9,156)**	**3,241**	**(30,981)**
Increase / (Decrease) in own funds	**32,629**	**(2,418)**	**(44,196)**
Own funds at the beginning of the period / year	149,793	193,897	193,897
Effect of foreign exchange rate changes	419	558	92
Own funds at the end of the period / year	**182,841**	**192,037**	**149,793**

As part of the transaction with ANZ Bank, the Group deposited AUD 25,000,000 in escrow in April 2017.

18. Fair value measurement disclosures

The Group's assets and liabilities that are measured at fair value are derivative financial instruments and financial investments. The table below categorises those financial instruments measured at fair value based on the following fair value measurement hierarchy:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices); or
- Level 3 – inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs)

30 September 2019 **£ '000**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial investments	25,144	-	67	25,211
Derivative financial instruments (Current Assets)	-	2,792	-	2,792
Derivative financial instruments (Current Liabilities)	-	(7,224)	-	(7,224)
	25,144	**(4,432)**	**67**	**20,779**

30 September 2018 £ '000	Level 1	Level 2	Level 3	Total
Financial investments	20,904	-	-	20,904
Derivative financial instruments (Current Assets)	-	5,178	-	5,178
Derivative financial instruments (Current Liabilities)	-	(10,227)	-	(10,227)
	20,904	**(5,049)**	**-**	**15,855**

31 March 2019 £ '000	Level 1	Level 2	Level 3	Total
Financial investments	22,013	-	66	22,079
Derivative financial instruments (Current Assets)	-	2,885	-	2,885
Derivative financial instruments (Current Liabilities)	-	(4,303)	-	(4,303)
	22,013	**(1,418)**	**66**	**20,661**

Fair value of financial assets and liabilities measured at amortised cost

The fair value of the following financial assets and liabilities not held at fair value approximates to their carrying value:

- Cash and cash equivalents
- Amounts due from brokers
- Trade and other receivables
- Trade and other payables
- Borrowings

19. Related party transactions

There have been no significant changes to the nature of related parties disclosed in the statutory financial statements for the Group as at and for the year ended 31 March 2019.

Directors' transactions

There were no director transactions during the half year ended 30 September 2019 and 30 September 2018.

20. Contingent liabilities

The Group engages in partnership contracts that could result in non-performance claims and from time to time is involved in disputes during the ordinary course of business. The Group provides for claims where costs are likely to be incurred, and there are no contingent liabilities, which are expected to have a material adverse financial impact on the Group.

21. Forward looking statements

This announcement may include statements that are forward looking in nature. Forward looking statements involve known and unknown risks, assumptions, uncertainties and other factors which may cause the actual results, performance or achievements of the Group to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements. Except as required by the Listing Rules and applicable law, the Group undertakes no obligation to update, revise or change any forward looking statements to reflect events or developments occurring after the date such statements are published.

INDEPENDENT REVIEW REPORT TO CMC MARKETS PLC

Report on the consolidated interim financial statements

Our conclusion

We have reviewed CMC Markets plc's consolidated interim financial statements (the "interim financial statements") in the interim results of CMC Markets plc for the half year period ended 30 September 2019. Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

What we have reviewed

The interim financial statements comprise:

- the consolidated interim statement of financial position as at 30 September 2019;
- the consolidated interim income statement and consolidated interim statement of comprehensive income for the period then ended;
- the consolidated interim statement of cash flows for the period then ended;
- the consolidated interim statement of changes in equity for the period then ended; and
- the explanatory notes to the interim financial statements.

The interim financial statements included in the interim results have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

As disclosed in note 1 to the interim financial statements, the financial reporting framework that has been applied in the preparation of the full annual financial statements of CMC Markets plc is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the directors

The interim results, including the interim financial statements, are the responsibility of, and have been approved by, the directors. The directors are responsible for preparing the interim results in accordance with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

Our responsibility is to express a conclusion on the interim financial statements in the interim results based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What a review of interim financial statements involves

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 Auditing Practices Board 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.

We have read the other information contained in the interim results and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

PricewaterhouseCoopers LLP
Chartered Accountants
London

20 November 2019