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**The International
Stock Exchange
Group**

The International Stock Exchange Group Limited

Unaudited Interim Financial Report

For the six month period ended 30 June 2018

The International Stock Exchange Group Limited

For the six month period ended 30 June 2018

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The International Stock Exchange Group Limited

For the six month period ended 30 June 2018

Corporate Information

Directors:	J P Moulton	(Chairman)
	G E S Coltman	
	F L A Le Poidevin	(Chief Executive Officer)
	S R Turner	
	A A Whamond	
Secretary:	E A C Humphry	
Registered Office:	Helvetia Court Block B, Third Floor Les Echelons St Peter Port Guernsey GY1 1AR	
Registered Number:	57524	
Listing Sponsor:	Bedell Channel Islands Limited 26 New Street St Helier Jersey JE2 3RA	
Registrar:	Anson Registrars Limited Anson House Havilland Street St Peter Port Guernsey GY1 2QE	

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Chairman's Statement – Interim Financial Report

The first half of this year has seen continued growth in new listings and members and as a result, increased profitability for the Company.

Overall, there were 338 new listings on the Exchange during the first half of 2018, which represents a 2% increase year on year (H1 2018: 331). This took the total number of listed securities on the Exchange to 2,642 at the end of June and this is a 9.6% increase over the last 12 months (30 June 2017: 2,411) and a 5.2% increase over the last six months (31 December 2017: 2,511).

Debt remained the largest proportion of new listings during the period. This included a £3.5 billion issuance by a global sports betting and gaming company that was the first listing on the Exchange to be sponsored by an Isle of Man based member firm.

High yield continues as an area of notable growth and we have seen 103 companies issuing 156 high yield bonds which have listed on the Exchange between the introduction of the EU's Market Abuse Regulation (MAR) from 3 July 2016 and 30 June 2018. MAR applies to all securities listed on EU trading facilities and is disproportionately onerous for some product areas such as high yield bonds and therefore, this has created significant interest in our Exchange as a listing venue for high yield bonds.

There have been a number of 'migrations' from Luxembourg and Ireland but the majority of the business has been new issuances which might have otherwise gone to Luxembourg or Ireland. Much of this work is emanating from a mix of public and private European and US headquartered companies, including some of the most internationally recognised brands and/or global leaders in the industry in which they operate. There is also a trend of issuers from Asia, including China, seeking to list debt on the Exchange and this region and the emerging markets more generally are a potential source of new business which we will be aiming to capitalise upon during the second half of 2018 and into 2019.

During the first half of 2018, there were also 14 classes of open-ended investment vehicles and 7 classes of closed-ended investment vehicles which listed on the Exchange. The latter included 2 HMRC approved UK Real Estate Investment Trusts (REITs) and a third listed at the start of July. This demonstrates the way in which issuers and their advisers are increasingly recognising the Exchange as a listing venue of choice for UK REITs. A report from Grant Thornton UK LLP published in June 2018 confirmed our own assessment that there are around 70 UK REITs and more than a quarter (19) are listed on the Exchange.

During the period, four new members have been approved to sponsor listings on the Exchange, taking the total number of listing and trading members up to 44 at 30 June 2018 (31 December 2017: 41). The Exchange's new members during the first half of 2018 have included a fund administration business as the second Isle of Man based member and a Guernsey domiciled Incorporated Cell Company (ICC) as the first Insurance Linked Securities (ILS) specialist to become a member firm. It is also the first core of an ICC to be admitted as a member of the Exchange.

Over the 12 months to the end of the period, there has been the resignation of 1 member and 5 new successful applications. The new members are quite different in nature and as such, adding diversity by geographical reach and the types of products they are anticipating to list. Businesses are wanting to add membership of the Exchange to their offering because they are seeing increased demand from clients for listings on the Exchange and the potential variety of ways in which a listing on the Exchange can benefit their client base; having the capacity to act as a listing sponsor enables them to offer an expanded, streamlined service to these clients.

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All of this activity means that we have seen profits grow to £1,660,721 in the period, which represents an increase of 31% year on year (30 June 2017: £1,262,642).

In March we declared a dividend payment of 10p per share and we have paid total dividends of 27.5p per share since listing on 23 June 2016.

In total there have been 10 trades of the Company's shares reported on the Exchange from the start of the year, with the price per share rising from £7 in a trade on 4 January 2018 to £8.30 on 19 July 2018.

In the second half of the year, we expect to see the subsidiary roll out new technology to allow for increased automation and therefore provide more effective communication between members and the subsidiary. This should be mutually beneficial in enhancing efficiencies and as such, assist both members and our subsidiary in maintaining the high quality levels of service which our current and prospective issuers increasingly demand.

In addition, the subsidiary will be making revisions to the Listing Rules and the underlying guidance to reflect the changing marketplace, evolving market practices and our product focus. One such product area is trading/operating companies such as UK Small and Medium Sized Enterprises (SMEs) where the changes will provide increased impetus to marketing and business development activities.

Targeting SMEs in the UK regions is a key focus for our Isle of Man office which has already attracted significant profile, recognition and support in the island itself. This is evidenced by the first listing to be sponsored by an Isle of Man based member and the addition of a second Isle of Man based member - both occurring during the period.

It was pleasing to be able to meet so many of our stakeholders at our successful annual drinks receptions in the Isle of Man and Guernsey in June and I am looking forward to doing likewise at our upcoming annual drinks reception in Jersey in September. These are always fantastic opportunities to celebrate our success and also look to opportunities for the future.

The Company's financial position is underpinned by a strong balance sheet, including significant liquid funds which would be available for use on projects, such as a new trading system, which are planned for the future or new opportunities which seem likely to emerge.

I would like to thank the executive team for their efforts in making the first six months of this year such a success and shareholders and our wider stakeholders for their continued support.

We are continuing to work hard on further developing and growing the business by extending our areas of operation both in terms of products and geographies.

At present, I hope to report further progress in this respect during the remainder of this financial year.



Jon Moulton, Chairman
22 August 2018

The International Stock Exchange Group Limited

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Condensed Consolidated Statement of Comprehensive Income

	<i>Notes</i>	Unaudited Six month period ended 30 June 2018 £	Unaudited Six month period ended 30 June 2017 £
Turnover	5	3,453,769	2,864,388
Administrative expenses		<u>(1,815,379)</u>	<u>(1,609,271)</u>
Operating profit		1,638,390	1,255,117
Interest receivable		<u>22,331</u>	<u>7,525</u>
Profit on ordinary activities before taxation		1,660,721	1,262,642
Taxation	7	<u>-</u>	<u>-</u>
Profit for the financial period		1,660,721	1,262,642
Other comprehensive income		-	-
Total comprehensive income for the financial period		1,660,721	1,262,642
Earnings per share:			
Basic	8	<u>64.8p</u>	<u>49.3p</u>
Diluted	8	<u>59.8p</u>	<u>46.0p</u>

Profit for the financial period is wholly attributable to the owners of the Company, there being no non-controlling interests.

Profit for the financial period is wholly attributable to continuing operations.

The notes on pages 10 to 17 form an integral part of these Condensed Consolidated Financial Statements.

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Condensed Consolidated Statement of Financial Position

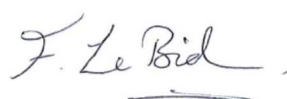
		Unaudited 30 June 2018 £	Audited 31 December 2017 £
Fixed assets			
Intangible assets		19,641	38,954
Tangible fixed assets		64,578	63,731
		84,219	102,685
Current assets			
Debtors	10	782,180	901,730
Investments	11	8,200,000	4,900,553
Cash and cash equivalents		1,827,436	3,111,215
		10,809,616	8,913,498
Current liabilities			
Creditors: Amounts falling due within one year	12	(2,604,716)	(2,149,704)
Net current assets		8,204,900	6,763,794
Total assets less current liabilities		8,289,119	6,866,479
Provision for other liabilities	13	(6,323)	(5,232)
Net assets		8,282,796	6,861,247
Capital and reserves			
Called-up share capital		2,481,001	2,481,001
Share-based payments reserve		104,428	87,500
Retained earnings		5,697,367	4,292,746
Shareholders' equity		8,282,796	6,861,247

The Condensed Consolidated Financial Statements were approved by the Board of Directors on 22 August 2018.

Signed on behalf of the Board of Directors:



J P Moulton
Director



F L A Le Poidevin
Director

The notes on pages 10 to 17 form an integral part of these Condensed Consolidated Financial Statements.

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Condensed Consolidated Statement of Changes in Equity

	<i>Notes</i>	Called-up share capital £	Share-based payments reserve £	Retained earnings £	Shareholders' equity £
At 31 December 2016 (Audited)		2,481,001	87,500	2,045,992	4,614,493
Total comprehensive income for the period 1 January 2017 to 30 June 2017		-	-	1,262,642	1,262,642
Dividends declared and paid		-	-	(115,245)	(115,245)
At 30 June 2017 (Unaudited)		2,481,001	87,500	3,193,389	5,761,890
At 31 December 2017 (Audited)		2,481,001	87,500	4,292,746	6,861,247
Total comprehensive income for the period 1 January 2018 to 30 June 2018		-	-	1,660,721	1,660,721
Equity-settled share based payments		-	16,928	-	16,928
Dividends declared and paid	9	-	-	(256,100)	(256,100)
At 30 June 2018 (Unaudited)		2,481,001	104,428	5,697,367	8,282,796

The notes on pages 10 to 17 form an integral part of these Condensed Consolidated Financial Statements.

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Condensed Consolidated Statement of Cash Flows

	<i>Notes</i>	Unaudited Six month period ended 30 June 2018 £	Unaudited Six month period ended 30 June 2017 £
Operating activities			
Operating profit		1,638,390	1,255,117
Adjustments for:			
Amortisation of intangible assets		19,313	19,476
Depreciation of tangible assets		11,045	11,953
Share based payment charge	6	16,928	-
Decrease/(increase) in debtors		119,550	(211,765)
Increase in creditors		455,012	293,629
Provision for other liabilities		1,091	1,093
Net cash inflow from operating activities		2,261,329	1,369,503
Investing activities			
Payments to purchase tangible fixed assets		(11,892)	(6,705)
Purchases of certificates of deposit		(10,250,715)	(7,102,186)
Proceeds from disposal of certificates of deposit		6,951,268	2,000,000
Interest received		22,331	7,525
Net cash outflow from investing activities		(3,289,008)	(5,101,366)
Financing activities			
Dividend paid	9	(256,100)	(115,245)
Net cash outflow from financing activities		(256,100)	(115,245)
Decrease in cash and cash equivalents		(1,283,779)	(3,847,108)
Cash and cash equivalents at start of the financial period		3,111,215	5,764,504
Cash and cash equivalents at end of the financial period	14	1,827,436	1,917,396

Cash and cash equivalents together with Investments (note 11) totalled £10,027,436 as at 30 June 2018 (£7,019,582 as at 30 June 2017).

The notes on pages 10 to 17 form an integral part of these Condensed Consolidated Financial Statements.

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Notes to the Condensed Consolidated Financial Statements

1. General Information

The Company is a limited liability company incorporated in Guernsey and is listed on The International Stock Exchange (the **Exchange**).

The Company's wholly owned subsidiary, The International Stock Exchange Authority Limited (the **Subsidiary**), is licensed to operate an investment exchange by the Guernsey Financial Services Commission (the **GFSC**) under the Protection of Investors (Bailiwick of Guernsey) Law, 1987 (as amended) (the **POI Law**).

2. Statement of Compliance

These condensed consolidated financial statements have been prepared in accordance with Financial Reporting Standard 104 "Interim Financial Reporting" (**FRS 104**) and with the Listing Rules of the Exchange.

3. Basis of Preparation and Significant Accounting Policies

These condensed consolidated financial statements for the six month period ended 30 June 2018 should be read in conjunction with the annual report and consolidated financial statements for the year ended 31 December 2017, which were prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" (**FRS 102**).

The condensed consolidated financial statements for the six month period ended 30 June 2018 are unaudited and incorporate unaudited comparative figures for the six month period ended 30 June 2017 and the audited comparative figures as at 31 December 2017.

The condensed consolidated financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the recognition of certain financial assets and liabilities measured at fair value.

The accounting policies, presentation and methods of computation used in the condensed consolidated financial statements are consistent with those followed in the preparation of the consolidated financial statements for the year ended 31 December 2017.

The preparation of the condensed consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts for assets and liabilities, income and expense. However, the nature of estimation means that actual outcomes could differ from those estimates.

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4. Seasonality

The impact of seasonality or cyclicity on operations is not regarded as significant to the condensed consolidated financial statements. However, generally the second half has more new listings than the first half.

5. Operating Segment information

The business of the Group continues to consist of a single reportable operating segment. The sole business of the Group is the operation of an investment exchange.

	Six month period ended 30 June 2018		Six month period ended 30 June 2017	
	£	£	£	£
Revenue from external customers				
Membership fees				
• <i>Initial fees</i>	20,000		-	
• <i>Annual fees</i>	133,642		128,256	
		153,642		128,256
Listing fees				
• <i>Initial fees</i>	1,315,175		1,081,500	
• <i>Annual fees</i>	1,634,677		1,363,482	
		2,949,852		2,444,982
Other Listing fees		328,075		273,750
Other income		22,200		17,400
		3,453,769		2,864,388

	Six month period ended 30 June 2018		Six month period ended 30 June 2017	
	£	£	£	£
Membership Fees – Initial and Annual - Geographical analysis				
Revenue from Members by domicile				
Guernsey	77,885		77,307	
Jersey	67,645		47,472	
Isle of Man	4,997		510	
UK	3,115		2,967	
		153,642		128,256

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5. Operating Segment information (continued)

	Six month period ended 30 June 2018 £	Six month period ended 30 June 2017 £
Listing Fees – Initial and Annual - Geographical analysis		
Revenue from Issuers by domicile		
Guernsey	188,760	197,571
Jersey	288,502	222,147
UK	1,649,025	1,487,528
Other	823,565	537,736
	<u>2,949,852</u>	<u>2,444,982</u>

Total Turnover - Geographical analysis

Guernsey	285,574	307,487
Jersey	393,527	300,932
UK	1,739,896	1,657,447
Other	1,034,772	598,522
	<u>3,453,769</u>	<u>2,864,388</u>

30 June 2018
£

31 December 2017
£

Non-Current Assets – Geographical analysis

Tangible Assets by location

Guernsey	60,520	61,715
Outside of Guernsey	4,058	2,016
	<u>64,578</u>	<u>63,731</u>

6. Share based payments

Equity-settled share option scheme

The Group operates an Employee Share Option Scheme (ESOS) as approved by the shareholders of the Company by way of written resolution on 9 December 2015. In accordance with the rules of the ESOS, the Directors determine which employees are eligible to participate in the ESOS and no employee is, by right, eligible to participate.

	Number of share options	Exercise price
Outstanding as at 1 January 2018	<u>250,000</u>	<u>£1.00</u>
Granted during the period	<u>10,000</u>	<u>£6.75</u>
Outstanding as at 30 June 2018	<u>250,000</u>	<u>£1.00</u>
	<u>10,000</u>	<u>£6.75</u>
	<u>260,000</u>	

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6. Share based payments (continued)

On 20 February 2018 10,000 share options were granted to an employee at an exercise price of £6.75 per share. The share options granted were subject to no exercise conditions and vested on the date of grant. Accordingly, the increase in equity associated with the grant of the share options has been recognised in full on the date of grant.

The Group was unable to directly measure the fair value of employee services received. Instead the fair value of the share options at the date of grant has been utilised. With no observable market price, the Directors have needed to utilise an alternative valuation methodology. The Directors arrived at a value for the share options with reference to the internationally recognised Black Scholes option pricing model. In respect of the share options granted, the Group recognised a charge to the consolidated statement of comprehensive income for the period of £16,928.

As set out in notes 15 and 16, during the period notice was given in relation to the exercise of the share options over 250,000 ordinary shares at an exercise price of £1.00 per share. In accordance with the rules of the ESOS, the share options were exercised and the additional shares were issued, allotted and Admitted to the Official List of the Exchange after the period end.

7. Taxation

The Company and its Subsidiary are each subject to taxation in Guernsey at the company standard rate of 0%. The Jersey branch of the Company is subject to taxation in Jersey at the standard corporate rate of 0% and the Isle of Man branch of the Company is subject to taxation at the Manx standard rate of 0%.

8. Earnings per Share

Basic earnings per share is calculated by dividing profit for the financial period by the weighted average number of the Company's ordinary shares outstanding during the period.

Diluted earnings per share makes allowance for share options in issue. In calculating diluted earnings per share, the exercise of dilutive options is assumed to take place at the beginning of the period and the assumed proceeds from exercise are regarded as used to repurchase shares at the average market price during the period. The difference between the number of shares assumed issued and the number of shares assumed repurchased are treated as in issue for no consideration.

Details of the earnings per share calculations are as follows:

	Six month period ended 30 June 2018	Six month period Ended 30 June 2017
Basic:		
Basic weighted average shares outstanding	2,561,000	2,561,000
Net profit attributable to ordinary shareholders	<u>£1,660,721</u>	<u>£1,262,642</u>

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8. Earnings per Share (continued)

	Six month period ended 30 June 2018	Six month period Ended 30 June 2017
Diluted:		
Dilutive potential ordinary shares outstanding	250,000	250,000
Potential proceeds from dilutive potential ordinary shares	£250,000	£250,000
Average market price for the period	754p	375p
Potential shares to be repurchased	33,156	66,667
Potential net incremental of shares after repurchase	216,860	183,333
Diluted weighted average shares outstanding	2,777,844	2,744,333
Net profit attributable to ordinary shareholders	£1,660,721	£1,262,642

9. Dividends

	Six month period ended 30 June 2018	Six month period ended 30 June 2017
	£	£
Dividend declared and paid	256,100	115,245

Dividends declared by the Board are recognised upon payment.

On 28 March 2018 the Board declared a dividend of 10.0p per £1 ordinary share (£256,100), paid 30 April 2018.

On 12 September 2017 the Board declared a dividend of 5.0p per £1 ordinary share (£128,050), paid 9 October 2017.

On 23 March 2017 the Board declared a dividend of 4.5p per £1 ordinary share (£115,245), paid 21 April 2017.

10. Debtors

	30 June 2018	31 December 2017
	£	£
Trade debtors	607,484	709,844
Other debtors	6,780	20,170
Prepayments	158,295	160,088
Accrued income	9,621	11,628
	782,180	901,730

No amounts fall due after more than one year.

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11. Investments

	30 June 2018	31 December 2017
	£	£
Certificates of deposit with maturity at date of acquisition of over 90 days and no more than 365 days	7,500,000	4,700,553
Certificates of deposit with maturity at date of acquisition of over 365 days*	700,000	200,000
	<u>8,200,000</u>	<u>4,900,553</u>

*At the balance sheet date no investments had a maturity of over 365 days.

Investments in certificates of deposit have fixed coupon rates that depend upon their duration and market rates applicable to the duration period at date of issue.

12. Creditors: Amounts falling due within one year

	30 June 2018	31 December 2017
	£	£
Deferred income	1,998,576	1,744,316
Payments on account from issuers	99,403	84,233
Trade creditors and accruals	238,388	277,132
Other creditors	268,349	44,023
	<u>2,604,716</u>	<u>2,149,704</u>

13. Provision for liabilities

Dilapidations provision	£
At 31 December 2016	3,029
Addition to provision	1,093
At 30 June 2017	<u>4,122</u>
At 31 December 2017	5,232
Addition to provision	1,091
At 30 June 2018	<u>6,323</u>

The dilapidations provision relates to making good the fitting out of the leased offices at Helvetia Court, South Esplanade, St. Peter Port, Guernsey.

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14. Notes to the Statement of Cash Flows

Cash and cash equivalents	30 June 2018 £	30 June 2017 £
Cash and cash equivalents comprise the following:		
Cash at bank and in hand	1,577,280	1,655,441
Cash equivalents	250,156	251,955
	<u>1,827,436</u>	<u>1,917,396</u>

15. Significant Related Party Transactions

Key management personnel

All Directors of the Company, as well as all the Directors of the Subsidiary, are considered to be key management personnel during their term of appointment.

There were no changes to the Directors of the Company during the reporting period. During the comparative period A A Whamond was appointed as a Director of the Company (1 March 2017) and S P Lansdown resigned as a Director of the Company (6 June 2017). M R Nicol was appointed a Director of the Subsidiary on 6 December 2017. D E Thompson resigned as a Director of the Subsidiary on 26 October 2017.

The compensation recognised for the six month period ended 30 June 2018 in respect of all key management personnel during their term of appointment totalled £411,971 (six month period ended 30 June 2017: £382,335).

On 15 June 2018 F L A Le Poidevin gave notice in relation to the exercise of the share options over 250,000 ordinary shares in the Company with an exercise price of £1.00 per share. The rules of the Group Employee Share Option Scheme required the notice to be accompanied by payment in full for the shares and for the shares to be issued not less than 30 days after receipt of the notice. The share options were exercised and the shares were issued by the Company on 16 July 2018.

On 26 June 2018, J P Moulton acquired in the market 43,430 ordinary shares in the Company. Following the acquisition, J P Moulton became the beneficial owner of 243,430 ordinary shares in the Company, representing 9.5% of the shares in issue at the end of the reporting period (2,561,000).

16. Events After the Interim Reporting Period

On 16 July 2018, the Company issued a further 250,000 ordinary shares at £1.00 per ordinary share (the 'Additional Shares') which were allotted to F L A Le Poidevin on 16 July 2018 in satisfaction of the exercise of the share options. The Additional Shares were admitted to the Official List of the Exchange on 17 July 2018.

Upon issuance and allotment of the Additional Shares on 16 July 2018, F L A Le Poidevin's interest in the Company is 250,000 ordinary shares, representing 8.9% of the shares in issue (2,811,000).

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17. Approval of Condensed Consolidated Financial Statements

The condensed consolidated financial statements were approved by the Board on 22 August 2018 and authorised to be published on 22 August 2018.