

# **TISE**

**The International  
Stock Exchange  
Group**

**The International Stock Exchange Group Limited**

**Unaudited Interim Financial Report**

**For the six month period ended 30 June 2017**

# The International Stock Exchange Group Limited

## For the six month period ended 30 June 2017

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# The International Stock Exchange Group Limited

For the six month period ended 30 June 2017

## Corporate Information

**Directors:** J P Moulton (Chairman)  
G E S Coltman  
S R Turner  
F L A Le Poidevin (Chief Executive Officer)  
A A Whamond (appointed 1 March 2017)

S P Lansdown resigned as a director on 6 June 2017

**Secretary:** E A C Humphry (appointed 31 July 2017)

P D Smith resigned as Secretary on 1 March 2017.  
F Carvill was appointed as Secretary on 1 March 2017 and resigned as Secretary on 31 July 2017.

**Registered Office:** Helvetia Court  
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

# The International Stock Exchange Group Limited

For the six month period ended 30 June 2017

## Chairman's Statement – Interim Financial Report

The first half of this year was another period of significant change and notable growth for the Company.

Central to the change has been the rebranding of the business, including changing the Company name to The International Stock Exchange Group Limited (TISEG).

This reflected the fact that we already have business coming to us from all over the world and last year we made changes so that listing sponsors no longer have to be based in the Channel Islands and, in addition, the change was timed to coincide with the launch of our presence in the Isle of Man.

From 1 March, Isle of Man-based Anderson Whamond was appointed as a non-executive director of the Company. He brings with him invaluable experience and I am delighted to welcome him to the Board.

Also during March, the Company held a very well attended launch party in Douglas which created significant interest in what we have to offer. From 1 May, Carolyn Gelling, as Head of the Isle of Man office, has been spearheading the efforts to capitalise on those opportunities. A milestone was reached in June when the first Isle of Man-based company was approved as a member of the Exchange. It means that listings of all types now can be facilitated directly from the Isle of Man.

Overall, there were 331 new listings on the Exchange during the first half of 2017. This represents a 45% increase year on year and took the total number of listed securities on TISE to 2,411 at the end of June. During the first six months of the year, the total value of all listed securities on TISE increased by £6 billion (1.7%) to reach £399 billion at the end of June.

New business during the period included a steady stream of high yield bonds, which has been a trend established following the introduction on 3 July 2016 of the EU's Market Abuse Regulation (MAR). It applies to all securities listed on EU trading facilities and is disproportionately onerous for some product areas such as high yield and therefore, this has created significant interest in our Exchange as a listing venue for high yield bonds. While we have seen a number of 'migrations' from Luxembourg and Ireland, most of the business has been new issuances and now we have more than 40 high yield issuers listed on TISE.

In the first half of the year there have also been a number of applications to list from vehicles seeking to become HMRC approved UK Real Estate Investment Trusts (REITs) and several have listed since the end of June. This reflects the growing interest seen in UK real estate and in particular REITs, given a variety of factors including the low interest rate environment, exchange rate fluctuations in the wake of the Brexit vote, a shift of investor preferences to closed-ended structures for illiquid assets, such as property, and changes to the REIT regime. We are benefiting from those and our offering has proved particularly attractive for REITs, often where there are a small number of significant institutional investors, although we have also listed more widely held REITs which trade on TISE. Today a quarter of all UK REITs are listed with us.

Listings during the period have also included a Channel Islands-headquartered trading company, which listed to widen the group's visibility internationally, provide access to the capital markets and to give shareholders a market for their holdings. It features on the Channel Islands segment of the Exchange. The market segments – one for trading companies from the Channel Islands and one for trading companies from the Isle of Man – were established concurrently with the rebrand to ensure that we cater for the needs of operating companies in those jurisdictions where we are based.

## The International Stock Exchange Group Limited

For the six month period ended 30 June 2017

Our office in the Isle of Man is targeting the growing number of trading companies in an increasingly diverse range of industries, including in the technology sector. The Isle of Man office also provides us with a platform to target Small and Medium Sized Enterprises (SMEs) in the North of England. We believe that the stability and certainty which the Crown Dependencies can offer, at a time when Brexit is creating so much uncertainty in the UK, means that TISE provides a strong alternative venue from which SMEs can raise finance.

Our attractiveness as a listing venue was enhanced when the Exchange received recognition from the German financial regulator, BaFin. This is a huge endorsement of our standards and adds significant weight to the credibility of the Exchange. In addition, it means that German UCITS funds can now invest into securities listed on TISE or, to put it another way, issuers who list securities on TISE now have an even wider set of investors – the German mutual fund market – who can invest into their products.

All of this activity means that we have seen profits continue to grow.

The Company's position is underpinned by a strong balance sheet, including a significant liquid funds which are 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.

In March we declared a dividend payment of 4.5p per share and we have declared dividends of 7.0p per share since listing on 23 June 2016.

Shares in the Company last traded at £5.00 per share on 14 August 2017.

As announced on 1 March, the AGM in June saw Stephen Lansdown step down from the Board to focus on his other interests. Stephen was instrumental in the successful restructure of the Exchange business in 2013. I thank him for his significant assistance as Deputy Chairman in guiding the Company through its formative years and I know that, as an active shareholder, he is continuing to take a keen interest in the business.

Since the period end, we announced that Advocate Diana Thompson, the current head of our subsidiary, The International Stock Exchange Authority Limited (TISEA), which operates and regulates the Exchange, will be stepping down from the role at the end of the year. Diana is a long standing member of the team. Her work has been invaluable and I wish her every success for the future in her new venture. Our search to find a successor is already well underway.

I would like to thank the Group's executive team and staff 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 will be continuing to work hard on further developing and growing the business and I look forward to reporting to you again in due course on our progress.



Jon Moulton, Chairman  
30 August 2017

# The International Stock Exchange Group Limited

## For the six month period ended 30 June 2017

### Condensed Consolidated Statement of Comprehensive Income

	<i>Notes</i>	Unaudited Six month period ended 30 June 2017 £	Unaudited Six month period ended 30 June 2016 £
Turnover	5	2,864,388	2,097,861
Administrative expenses		(1,609,271)	(1,672,866)
<b>Operating profit</b>		<b>1,255,117</b>	<b>424,995</b>
Interest receivable		7,525	655
Interest payable		-	-
<b>Profit on ordinary activities before taxation</b>		<b>1,262,642</b>	<b>425,650</b>
Taxation	7	-	-
<b>Profit for the financial period</b>		<b>1,262,642</b>	<b>425,650</b>
Other comprehensive income		-	-
<b>Total comprehensive income for the financial period</b>		<b>1,262,642</b>	<b>425,650</b>
Earnings per share:			
Basic	8	49.3p	17.3p
Diluted	8	46.0p	16.4p

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 15 form an integral part of these Consolidated Financial Statements.

# The International Stock Exchange Group Limited

For the six month period ended 30 June 2017

## Condensed Consolidated Statement of Financial Position

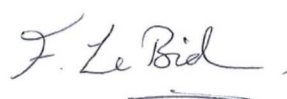
		Unaudited 30 June 2017 £	Audited 31 December 2016 £
<b>Fixed assets</b>			
Intangible assets		58,422	77,898
Tangible fixed assets		70,896	76,144
		<b>129,318</b>	<b>154,042</b>
<b>Current assets</b>			
Debtors	10	669,434	457,669
Investments	11	5,354,141	-
Cash at bank and in hand		1,665,441	5,764,504
		<b>7,689,016</b>	<b>6,222,173</b>
<b>Current liabilities</b>			
Creditors: Amounts falling due within one year	12	(2,052,322)	(1,758,693)
<b>Net current assets</b>		<b>5,636,694</b>	<b>4,463,480</b>
<b>Total assets less current liabilities</b>		<b>5,766,012</b>	<b>4,617,522</b>
Provision for other liabilities	13	(4,122)	(3,029)
<b>Net assets</b>		<b>5,761,890</b>	<b>4,614,493</b>
<b>Capital and reserves</b>			
Called-up share capital		2,481,001	2,481,001
Share-based payments reserve		87,500	87,500
Retained earnings		3,193,389	2,045,992
<b>Shareholders' equity</b>		<b>5,761,890</b>	<b>4,614,493</b>

The Condensed Consolidated Financial Statements were approved by the Board of Directors on 30 August 2017.

Signed on behalf of the Board of Directors:



Director



Director

The notes on pages 10 to 15 form an integral part of these Consolidated Financial Statements.

# The International Stock Exchange Group Limited

## For the six month period ended 30 June 2017

### Condensed Consolidated Statement of Changes in Equity

	<i>Notes</i>	Called-up share capital £	Share-based payments reserve £	Retained earnings £	Shareholders' equity £
<b>At 31 December 2015 (Audited)</b>		<b>2,381,001</b>	<b>87,500</b>	<b>775,976</b>	<b>3,244,477</b>
Total comprehensive income for the period 1 January 2016 to 30 June 2016		-	-	425,650	425,650
Dividends declared and paid		-	-	(135,355)	(135,355)
<b>At 30 June 2016 (Unaudited)</b>		<b>2,381,001</b>	<b>87,500</b>	<b>1,066,271</b>	<b>3,534,772</b>
<b>At 31 December 2016 (Audited)</b>		<b>2,481,001</b>	<b>87,500</b>	<b>2,045,992</b>	<b>4,614,493</b>
Total comprehensive income for the period 1 January 2017 to 30 June 2017		-	-	1,262,642	1,262,642
Dividends declared and paid	9	-	-	(115,245)	(115,245)
<b>At 30 June 2017 (Unaudited)</b>		<b>2,481,001</b>	<b>87,500</b>	<b>3,193,389</b>	<b>5,761,890</b>

The notes on pages 10 to 15 form an integral part of these Consolidated Financial Statements.



# The International Stock Exchange Group Limited

## For the six month period ended 30 June 2017

### Condensed Consolidated Statement of Cash Flows

	<i>Notes</i>	Unaudited Six month period ended 30 June 2017 £	Unaudited Six month period ended 30 June 2016 £
<b>Operating activities</b>			
Operating profit		1,255,117	424,995
Adjustments for:			
Amortisation of intangible assets		19,476	19,473
Depreciation of tangible assets		11,953	23,219
(Increase)/decrease in debtors		(211,765)	60,534
Increase in creditors		293,629	365,160
Provision for other liabilities		1,093	81,098
<b>Net cash inflow from operating activities</b>		<b>1,369,503</b>	<b>974,479</b>
<b>Investing activities</b>			
Payments to purchase tangible fixed assets		(6,705)	(5,027)
Purchases of certificates of deposit		(7,102,186)	-
Proceeds from disposal of certificates of deposit		2,000,000	-
Interest received		7,525	655
<b>Net cash (outflow) from investing activities</b>		<b>(5,101,366)</b>	<b>(4,372)</b>
<b>Financing activities</b>			
Interest paid		-	-
Dividend paid		(115,245)	(135,355)
<b>Net cash (outflow)/inflow from financing activities</b>		<b>(115,245)</b>	<b>(135,355)</b>
<b>(Decrease)/increase in cash and cash equivalents</b>		<b>(3,847,108)</b>	<b>834,752</b>
Cash and cash equivalents at start of the financial period		5,764,504	4,032,594
Cash and cash equivalents at end of the financial period	14	1,917,396	4,867,346

The notes on pages 10 to 15 form an integral part of these Consolidated Financial Statements.

# The International Stock Exchange Group Limited

## For the six month period ended 30 June 2017

### Notes to the 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 the 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 2017 should be read in conjunction with the annual report and consolidated financial statements for the year ended 31 December 2016, 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 2017 are unaudited and incorporate unaudited comparative figures for the six month period ended 30 June 2016 and the audited comparative figures as at 31 December 2016.

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 2016.

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.

# The International Stock Exchange Group Limited

For the six month period ended 30 June 2017

## 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 30.6.2017		Six month period ended 30.6.2016	
	£	£	£	£
<b>Revenue from external customers</b>				
Membership fees				
• <i>Initial fees</i>	-		-	
• <i>Annual fees</i>	<u>128,256</u>		<u>126,000</u>	
		128,256		126,000
Listing fees				
• <i>Initial fees</i>	<i>1,081,500</i>		<i>675,575</i>	
• <i>Annual fees</i>	<u>1,363,482</u>		<u>1,164,126</u>	
		2,444,982		1,839,701
Other Listing fees		273,750		121,175
Other income		17,400		10,985
		<u>2,864,388</u>		<u>2,097,861</u>

	Six month period ended 30.6.2017	Six month period ended 30.6.2016
	£	£
<b>Membership Fees – Initial and Annual - Geographical analysis</b>		
<b>Revenue from Members by domicile</b>		
Guernsey	77,307	74,440
Jersey	47,472	48,527
Isle of Man	510	-
UK	<u>2,967</u>	<u>3,033</u>
	<u>128,256</u>	<u>126,000</u>

# The International Stock Exchange Group Limited

For the six month period ended 30 June 2017

## 5. Operating Segment information (continued)

	Six month period ended 30.6.2017 £	Six month period ended 30.6.2016 £
<b>Listing Fees – Initial and Annual - Geographical analysis</b>		
<b>Revenue from Issuers by domicile</b>		
Guernsey	197,571	153,701
Jersey	222,147	207,041
UK	1,487,528	1,144,788
Other	537,736	334,171
	<u><b>2,444,982</b></u>	<u><b>1,839,701</b></u>

### Total Turnover - Geographical analysis

Guernsey	307,487	244,755
Jersey	300,932	273,436
UK	1,657,447	1,223,489
Other	598,522	356,181
	<u><b>2,864,388</b></u>	<u><b>2,097,861</b></u>

**30.6.2017**

£

**31.12.2016**

£

### Non-Current Assets – Geographical analysis

#### Tangible Assets by location

Guernsey	65,814	73,081
Outside of Guernsey	5,082	3,063
	<u><b>70,896</b></u>	<u><b>76,144</b></u>

## 6. Significant events and transactions

### (a) Change of Name

At an Extraordinary General Meeting of the Company held on 23 February 2017 the change of name of the Company to The International Stock Exchange Group Limited was approved. The change of name came into effect from 6 March 2017.

By way of Special Resolution approved on 24 April 2017 the change of name of the Subsidiary to The International Stock Exchange Authority Limited was approved. The change of name came into effect from 26 April 2017.

On 26 April 2017 the States of Deliberation approved The Protection of Investors (Limitation of Liability) (Bailiwick of Guernsey) (Amendment) Ordinance, 2017 (the Ordinance). The Ordinance amends The Protection of Investors (Limitation of Liability) (Bailiwick of Guernsey) Ordinance, 2014 to reflect the change of name of the subsidiary.

# The International Stock Exchange Group Limited

For the six month period ended 30 June 2017

## 6. Significant events and transactions (continued)

### (b) Isle of Man Branch

The Company was registered as a 'Foreign Company' under the Isle of Man Foreign Companies Act 2014 on 24 February 2017 thereby formally establishing a branch of the Company in the Isle of Man.

## 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 30.6.2017	Six month period Ended 30.6.2016
<b>Basic:</b>		
Basic weighted average shares outstanding	2,561,000	2,461,000
Net profit attributable to ordinary shareholders	<u>£1,262,642</u>	<u>£425,650</u>
<b>Diluted:</b>		
Dilutive potential ordinary shares outstanding	250,000	350,000
Potential proceeds from dilutive potential ordinary shares	<u>£250,000</u>	<u>£350,000</u>
Average market price for the period	375.0p	162.5p
Potential shares to be repurchased	<u>66,667</u>	<u>215,385</u>
Potential net incremental of shares after repurchase	<u>183,333</u>	<u>134,615</u>
Diluted weighted average shares outstanding	2,744,333	2,595,615
Net profit attributable to ordinary shareholders	<u>£1,262,642</u>	<u>£425,650</u>

# The International Stock Exchange Group Limited

For the six month period ended 30 June 2017

## 9. Dividends

	Six month period ended 30.6.2017 £	Six month period ended 30.6.2016 £
Dividend declared and paid	<u>115,245</u>	<u>135,355</u>

Dividends declared by the Board are recognised upon payment.

On 24 March 2017 the Board declared a dividend of 4.5p per £1 ordinary share (£115,245), paid 21 April 2017.

On 22 September 2016 the Board declared a dividend of 2.5p per share (£61,525), paid 10 October 2016.

On 14 June 2016 the Board declared a dividend of 5.5p per share (£135,355), paid 30 June 2016.

## 10. Debtors

	30.6.2017 £	31.12.2016 £
Trade debtors	522,841	417,615
Other debtors	1,501	1,501
Prepayments and accrued income	<u>141,092</u>	<u>38,553</u>
	<b><u>669,434</u></b>	<b><u>457,669</u></b>

No amounts fall due after more than one year.

## 11. Current asset investments

	30.6.2017 £	31.12.2016 £
Certificates of deposit with maturity at date of acquisition of 90 days or less	251,955	-
Certificates of deposit with maturity at date of acquisition of over 90 days and no more than 365 days	5,102,186	-
	<u>5,354,141</u>	<u>-</u>

## 12. Creditors: Amounts falling due within one year

	30.6.2017 £	31.12.2016 £
Deferred income	1,760,264	1,514,947
Payments on account from issuers	58,291	52,420
Trade creditors and accruals	189,309	166,376
Income tax and social security	-	163
Other creditors	<u>44,458</u>	<u>24,787</u>
	<b><u>2,052,322</u></b>	<b><u>1,758,693</u></b>

# The International Stock Exchange Group Limited

For the six month period ended 30 June 2017

## 13. Provision for other liabilities

	Dilapidations £	Legal claim £	Total £
<b>At 31 December 2015</b>	<b>821</b>	-	<b>821</b>
New provision established	-	80,000	80,000
Adjustment to provision	1,098	-	1,098
<b>At 30 June 2016</b>	<b>1,919</b>	<b>80,000</b>	<b>81,919</b>
<b>At 31 December 2016</b>	<b>3,029</b>	-	<b>3,029</b>
Adjustment to provision	1,093	-	1,093
<b>At 30 June 2017</b>	<b>4,122</b>	-	<b>4,122</b>

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

## 14. Notes to the Statement of Cash Flows

	30.6.2017	30.6.2016
	£	£
<b>Cash and cash equivalents</b>		
Cash and cash equivalents comprise the following:		
Cash at bank and in hand	1,665,441	4,867,346
Current asset investments	251,955	-
	<b>1,917,396</b>	<b>4,867,346</b>

## 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.

During the reporting period A A Whamond was appointed a Director of the Company (1 March 2017) and S P Lansdown resigned as a Director of the Company (6 June 2017). During the comparative period M K Stone resigned as a Director of the Company (24 May 2016) also, R Andrade and J Richards were appointed Directors of the Subsidiary on 1 July 2016.

The compensation recognised for the six month period ended 30 June 2017 in respect of all key management personnel during their term of appointment totalled £382,335 (six month period ended 30 June 2016: £283,063).

## 16. Approval of Condensed Consolidated Financial Statements

The condensed consolidated financial statements were approved by the Board on 30 August 2017 and authorised to be published on 31 August 2017.