



Interim Report & Accounts 30 September 2020

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Highlights

Financial Highlights¹

- Revenue increased 15.2% to £12.35m (2019 H1: £10.73m)
 - WM revenue down 10.8% at £6.15m due to reduction in market levels
 - CIB revenue up 61.4% at £6.22m following the successful completion of transactions in H1
- Adjusted operating profit² for the period of £0.50m (2019 H1: a loss of £0.91m)
- Profit before tax of £0.33m (2019 H1: loss £1.44m)
- Group regulatory capital solvency ratio (CET1): 15.11%³ (31 March 2020: 13.08%)
- Cash balance at £5.85m (at 31 March 2020: £2.58m)

Divisional Highlights

- **Wealth Management:**
 - Sale of Isle of Man office successfully completed in the period
 - Group AUM (excluding IOM) up 13.8% to £1.73bn (31 March 2020 AUM (excluding IOM): £1.52bn)
 - WM AUM held on SEI (UK) platform of £1.16bn with proportion managed on a discretionary basis now 60.0% (31 March 2020: 57.7%)
- **Corporate & Institutional Broking:**
 - 80 Corporate clients (31 March 2020: 76)
 - 32 transactions completed in H1 raising £103.86m (2019 H1: £43.13m)

Commenting, Phillip Wale, Chief Executive Officer said:

“I am pleased to be reporting the first half year profit for WH Ireland for five years. Over the last six months, WHIreland has seen the benefits of the significant restructuring we embarked on 18 months ago; fixed costs have reduced over that period, whilst revenue has remained broadly flat as we have simplified the business.

Our Wealth Management business has remained operationally robust despite the significant market falls in March, and our Corporate and Institutional Business is showing strong momentum as we act for an increasing number of clients.

Whilst the uncertainty of the impact of Covid 19 on businesses and the wider economy continues, it is challenging to predict future performance, nevertheless, I believe the momentum we have seen in the first half, alongside a robust capital and cash position, gives us a strong platform for the second half.”

¹ All numbers for continuing operations

² Being the net operating profit before exceptional items but including CIB investment gains on securities which have been received as fees from corporate clients, as is common in the broking sector, for continuing operations (see Note 2).

³ Includes unaudited profit for the 6 months to 30 September 2020 of £382k

Chairman's Statement

Further progress has been made in returning WH Ireland to a position of strength, despite the challenges facing almost all businesses over the last six months. The Group's first profit for five years has been made possible because of the hard work, dedication and professionalism of the WH Ireland management team and employees, as well as the loyalty of our clients.

The restructuring of the Group, which is now largely complete, means that we can now focus on growing the business in earnest. The strong performance from Corporate and Institutional Broking ("CIB") is particularly pleasing, and provides solid evidence of the progress that has been made in that business. Our ability to attract new clients has been illustrated in the period through winning our first corporate client with a market capitalisation of over £1bn, and executing, on a sole basis an IPO raising £25m, giving us confidence that our focus on delivering a high quality service is working.

The robustness of our Wealth Management ("WM") platform, in a period which has seen considerable asset volatility, demonstrates that we have a platform from which we can grow our discretionary assets.

There remains much work to do in order for us to achieve our collective ambitions for both businesses and as we grow, we must ensure that we maintain our now strong cost discipline. Whilst Covid-19 brings with it an uncertain economic backdrop, the performance in the first half, our capital and cash positions and our strengthened regulatory and compliance frameworks give the Board confidence that the Group is now well positioned to build further.

As we look to the future we remain ambitious for both businesses. Our aim is to increase discretionary assets in our WM division to £3bn and to double revenues in our CIB division over the next three years.

With good progress evident in the first half, the Board looks forward to the remainder of the financial year with some confidence, albeit in what remain highly uncertain times. We do that knowing that the business has reduced its risk considerably, whilst demonstrating an ability to increase revenue in this challenging environment.

Phil Shelley

26 October 2020

Chief Executive Officer's Report

The first six months of this financial year has seen WH Ireland make further strong progress, building on the momentum we reported at the time of the annual results in July. We have delivered a small profit, with our continued focus on driving efficiencies ensuring a much-reduced fixed cost base. Group revenue has held up well, with a very strong performance from CIB supported by a resilient performance from our WM division, despite the sharp fall in asset values seen in March. This is all the more impressive given the requirement for all our employees to work from home for much of the period. On an adjusted basis, the profit for the period before exceptional items and discontinued operations was £0.50m (H1 2019: £0.91m loss) which is an impressive turnaround reflecting the impressive work of the firm over the past six months.

We have worked hard to reduce risk across the Group, with further work undertaken to enhance our regulatory and compliance framework, and introduce a group-wide alignment of remuneration with our strategic ambitions for each division. This has reduced our fixed cost base. We have continued to align the interests of key employees with shareholders through variable remuneration: in CIB through profit share arrangements and in WM through the issue of share options and variable pay arrangements linked to retaining and growing assets.

WEALTH MANAGEMENT

The WM division has gone through significant change. Having completed re-pricing and cost initiatives, the first half of this financial year saw the conclusion of our restructuring programme for the division with the sale of our Isle of Man ("IOM") business in August 2020. We believe this completes our restructuring programme for the division, and this enables us to concentrate our resources on growth.

The Assets under Management ("AUM") of the WM division (excluding IOM) increased over the period, albeit from a level which showed the full impact of the very significant asset price fall in March 2020. Our efforts to transfer Advisory clients to our Discretionary model have continued, and the proportion of total assets under management in the Wealth Management Division on a discretionary management basis rose to 60.0% (31 March 2020: 57.7%).

OUTLOOK FOR WEALTH MANAGEMENT

In the second half of this financial year our focus will move to growing assets, as well as initiatives on brand, product and distribution. We are actively engaged in building a pipeline of potential individual and team hires, as well as potential inorganic opportunities to accelerate asset growth.

CORPORATE & INSTITUTIONAL BROKING

The CIB division has 80 clients and has completed 32 transactions, raising £103.86m, including executing an IPO on a sole basis during the period, which raised £25m.

At the start of the period under review, we also sought to align the interests of the Company and employees in this division by amending the balance of fixed and variable compensation. This has led to a reduction in overall fixed costs and, alongside the alignment of variable compensation with profit, has reduced risk for this business.

PUBLIC MARKETS

We secured 12 new retained corporate clients in the six months ended 30 September 2020 with our retainer income continuing to increase. We completed 32 transactions for our clients in the period. This included 17 equity placings which demonstrates our strong distribution capability, even in these challenging times.

Our ability to provide high quality research distributed to a broad range of investment professionals, our excellent and unique distribution capability, and experienced corporate advice, is continuing to prove a successful combination for both existing and potential corporate clients.

PRIVATE MARKETS

In addition to our traditional public markets business, we continue to build out our platform for raising growth capital for private companies from VCT and EIS funds, as well as through the 'Investor Forum'. We continue to believe this platform has significant long-term potential for the business and our clients.

OUTLOOK FOR CORPORATE & INSTITUTIONAL BROKING

We continue to build an encouraging pipeline of future opportunities across the business, notwithstanding the current backdrop. CIB continues to win clients and execute a wide range of transactions. To accelerate our progress, we are continuing to actively recruit further high calibre people to join the division.

LOOKING FORWARD

Despite the uncertain outlook, we look forward to the second half with some optimism. We have a growing pipeline of opportunities in both businesses, and are starting from a position of strength. There remains much to do to achieve our ambitious targets for the Group, but we have made a positive start in our pursuit of growth.

Phillip Wale

26 October 2020

Consolidated Statement of Comprehensive Income

UNAUDITED FOR THE 6 MONTHS ENDED 30 SEPTEMBER 2020

	Notes	6 months ended 30 Sep 2020 (unaudited) £'000	6 months ended 30 Sep 2019 (unaudited) £'000
Revenue	2	12,351	10,725
Administrative expenses		(12,097)	(11,697)
Operating profit/(loss)		254	(972)
<i>Operating profit/(loss) before exceptional items:</i>			
		254	(972)
<i>Exceptional items</i>		(228)	(530)
<i>Operating profit/(loss) after exceptional items</i>			
		26	(1,502)
Realised gains	2	366	60
Finance income		2	5
Finance expense	2	(63)	-
Profit/(loss) before tax		331	(1,437)
Tax charge		-	-
Profit/(loss) from continuing operations		331	(1,437)
Profit from discontinued operations		51	90
Profit/(loss) and total comprehensive income for the year		382	(1,347)
Earnings per share			
	6		
From continuing operations			
Basic		0.68p	(3.35p)
Diluted		0.68p	(3.35p)
From discontinued operations			
Basic		0.10p	0.21p
Diluted		0.10p	0.21p
Total			
Basic		0.78p	(3.14p)
Diluted		0.78p	(3.14p)

Consolidated Statement of Financial Position

UNAUDITED AS AT 30 SEPTEMBER 2020

	<i>Notes</i>	As at 30 Sep 2020 (unaudited) £'000	As at 31 Mar 2020 (audited) £'000
ASSETS			
Non-current assets			
Intangible assets		696	758
Property, plant and equipment		618	831
Investments	3	1,986	278
Right of use asset		2,203	2,474
		5,503	4,341
Current assets			
Trade and other receivables		4,355	5,944
Other investments	3	1,726	1,223
Cash and cash equivalents	4	5,849	2,580
Assets held for sale		-	2,128
		11,930	11,875
Total assets		17,433	16,216
LIABILITIES			
Current liabilities			
Trade and other payables		(6,054)	(4,103)
Lease liability		(765)	(629)
Assets held for sale		-	(704)
		(6,819)	(5,436)
Non-current liabilities			
Lease liability		(1,981)	(2,274)
Accruals and deferred income		-	-
		(1,981)	(2,274)
Total liabilities		(8,800)	(7,710)
Total net assets		8,633	8,506
Capital and reserves			
Share capital	5	2,335	2,335
Share premium		14,414	14,414
Other reserves		981	981
Retained earnings		(8,453)	(8,580)
Treasury shares		(644)	(644)
Total equity		8,633	8,506

Consolidated Statement of Cash Flows

UNAUDITED FOR THE 6 MONTHS ENDED 30 SEPTEMBER 2020

	<i>Notes</i>	6 months ended 30 Sep 2020 (unaudited) £'000	6 months ended 30 Sep 2019 (unaudited) £'000
Operating activities:			
Profit/(loss) for the year:			
Continuing operations		331	(1,437)
Discontinuing operations		51	90
		382	(1,347)
Adjustments for:			
Depreciation, amortisation and impairment		647	306
Finance income		(2)	(9)
Finance expense		63	-
Gains on investments		(366)	(60)
Non-cash adjustment for share option charge		-	-
Decrease/(increase) in trade and other receivables		2,056	(959)
Increase/(decrease) in trade and other payables		736	(1,443)
Increase in deferred consideration		-	47
Increase in provisions		800	-
Increase in current asset investments	3	(503)	(94)
Increase in non-current asset investments		(1,548)	-
Disposal of property, plant and equipment from discontinued operations		39	-
Sale of assets and liabilities in disposal group		(69)	-
Net cash generated from/(used in) operations		2,235	(3,559)
Income taxes paid		-	-
Net cash inflows/(outflows) from operating activities		2,235	(3,559)
Investing activities:			
Proceeds from sale of investments		185	-
Interest received		2	9
Acquisition of investments		-	-
Acquisition of property, plant and equipment		(75)	(47)
Net cash generated from/(used in) investing activities		112	(38)
Finance activities:			
Proceeds from issue of share capital		-	-
Lease liability payments		(232)	-
Increase/(decrease) in treasury shares		-	-
Repayment of borrowings		-	-
Interest paid		-	-
Net cash used in financing activities		(232)	-
Net increase/(decrease) in cash and cash equivalents		2,115	(3,597)
Cash and cash equivalents at beginning of period		3,734	7,702
Cash and cash equivalents at end of period		5,849	4,105

Consolidated Statement of Changes in Equity

UNAUDITED FOR THE 6 MONTHS ENDED 30 SEPTEMBER 2020

	Share capital £'000	Share premium £'000	Other reserves £'000	Retained earnings £'000	Treasury shares £'000	Total equity £'000
Balance at 1 April 2019	2,044	11,908	981	(5,524)	(644)	8,765
Loss and total comprehensive income for the period	-	-	-	(1,347)	-	(1,347)
Employee share option scheme	-	-	-	-	-	-
Other movements	-	-	-	-	-	-
Balance at 30 September 2019	2,044	11,908	981	(6,871)	(644)	7,418
Balance at 1 April 2020	2,335	14,414	981	(8,580)	(644)	8,506
Profit and total comprehensive income for the period	-	-	-	382	-	382
Employee share option scheme	-	-	-	-	-	-
Other movements	-	-	-	(255)	-	(255)
Balance at 30 September 2020	2,335	14,414	981	(8,453)	(644)	8,633

Notes to the Consolidated Statements

(UNAUDITED)

1. BASIS OF PREPARATION

STATEMENT OF COMPLIANCE

The financial information in this interim report has been prepared in accordance with the disclosure requirements of the AIM Rules for Companies and the recognition and measurements of International Financial Reporting Standards (“IFRS”), as adopted by the European Union (“EU”).

The interim report does not include all of the information required for full annual financial statements.

The accounting policies adopted by the Group in the preparation of its 2020 interim report are those which the Group currently expects to adopt in its annual financial statements for the year ending 31 March 2021 and are consistent with those disclosed in the annual financial statements for the period ended 31 March 2020.

The financial information in this interim report and accounts does not constitute the Company’s statutory accounts. The statutory accounts for the period ended 31 March 2020 have been delivered to the Registrar of Companies in England and Wales. The auditor has reported on those accounts. Its report was unqualified, did not draw attention to any matters by way of emphasis, and did not contain a statement under Section 498(2) or 498(3) of the Companies Act 2006. The financial information for the half year ended 30 September 2020 and 30 September 2019 is unaudited.

The AIM Rules for Companies do not require IAS 34 “Interim Financial Reporting” to be applied; therefore it has not been used in the preparation of this interim report.

SIGNIFICANT ACCOUNT POLICIES

The same accounting policies, presentation and methods of computation are followed in these condensed set of financial statements as are applied in the Group’s latest audited Report and Accounts for the period ended 31 March 2020.

GOING CONCERN

Management has used its judgement and knowledge of the business in preparing detailed financial forecasts for the period to September 2021 which consider the funding and capital position of the Group. The forecasts take into account foreseeable downside risks, based on the information that is available to the Directors at the time of the approval of these financial statements.

There remains uncertainty over what the future impact on the economy, the Group and its business will be as a result of Brexit and Covid-19. However, this is being continuously monitored by the Group and the stressed forecast prepared to September 2021 is being reviewed on a regular basis. This is to ensure that if there is any risk to liquidity and capital position, decisive actions could be taken immediately.

Covid-19, recognised as a pandemic by the World Health Organization in March 2020, led to world-wide actions being taken that have severely reduced economic activity and impacted the health of the financial markets. The Directors responded to Covid-19 promptly by implementing a thorough remote working capability that has and continues to work well ensuring the wellbeing of our staff whilst continuing to service our clients and other key stakeholders including our shareholders and our regulators.

Notes to the Consolidated Statements

(UNAUDITED)

1. BASIS OF PREPARATION (continued)

There remains uncertainty over what the future impact on the economy, the Group and its business will be. However, since the pandemic was declared, our CIB business has been appointed by several new clients and completed a number of transactions. The resulting performance in the first period of the new financial year has been significantly above our stressed-scenario planning which informed the going concern basis of accounting decision noted. What the future plans of our corporate clients are, and what the future levels of stock market indices will be that determine the level of assets managed and the resulting WM fees, is not possible to quantify with total certainty. If the future impact of Covid-19 were to lead to a period of market inactivity this could result in a reduction in CIB fees and a decline in the values of securities that could impact both the CIB and the WM businesses. The impact of the Covid-19 pandemic on the financial markets and the Group is continuously monitored.

Based on all the aforementioned, the Directors believe that regulatory capital requirements will continue to be met.

EXCEPTIONAL COSTS

These are considered by the Board to be non-trading and exceptional in nature. This includes costs relating to the completion of "Project Discovery" - to outsource Wealth Management back office operations and move to a "Model B" arrangement; Group restructuring costs; and other one-off costs.

2. SEGMENTAL REPORTING

The Group has two principal operating segments, Wealth Management (WM) and Corporate & Investment Broking (CIB) and a number of minor operating segments that have been aggregated into one operating segment.

The WM division offers investment management advice and services to individuals and contains our Wealth Planning business, giving advice on and acting as intermediary for a range of financial products. The CIB division provides corporate finance and corporate broking advice and services to companies and acts as Nominated Adviser (Nomad) to clients quoted on AIM, a market of the London Stock Exchange and contains our Institutional Sales and Research business, which carries out stockbroking activities on behalf of companies as well as conducting research into markets of interest to its clients.

Investment gains in the CIB division represents the profit generated by the sale of securities received by the firm from corporate clients as transaction success fees.

All divisions are located in the UK or the Isle of Man. Each reportable segment has a segment manager who is directly accountable to, and maintains regular contact with, the Chief Executive Officer.

No customer represents more than ten percent of the Group's revenue.

The majority of the Group's revenue originated within the UK with a non-material element originating overseas in the Isle of Man which has been included in "Other Group companies".

The Group announced its intention to sell its subsidiary WH Ireland (IOM) Limited on 29 June 2020, and the sale completed on 21 August 2020. In accordance with IFRS 5 non-current assets held for sale and discontinued operations, the results for WH Ireland (IOM) Limited are included in discontinued operations in both the current and prior period; its assets and liabilities were classified as held for sale and recorded at the lower of the carrying value and fair value less costs to sell, prior to the sale. The associated assets and liability were therefore presented as held for sale in the financial statements as at 31 March 2020.

Notes to the Consolidated Statements

(UNAUDITED)

2. SEGMENTAL REPORTING (continued)

The following tables represent revenue and profit information for the Group's business segments.

	WM	CIB	Head Office	Other Group Companies	Group	Less Discontinued Operations	Continuing Operations
6 months ended 30 Sep 2020	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Revenue	6,151	6,215	-	468	12,834	483	12,351
Direct costs	(5,335)	(4,857)	-	(632)	(10,824)	(427)	(10,397)
Contribution	816	1,358	-	(164)	2,010	56	1,954
Indirect costs	-	-	(1,586)	-	(1,586)	-	(1,586)
Segment result	816	1,358	(1,586)	(164)	424	56	368
Investment gains	-	245	-	121	366	-	366
Depreciation	-	-	(287)	-	(287)	(6)	(281)
Amortisation	-	-	(61)	-	(61)	-	(61)
Finance income	-	1	1	1	3	1	2
Finance expense	-	-	(63)	-	(63)	-	(63)
Profit/(loss) before tax	816	1,604	(1,996)	(42)	382	51	331
Tax	-	-	-	-	-	-	-
Profit/(loss) for the year	816	1,604	(1,996)	(42)	382	51	331

	WM	CIB	Head Office	Other Group Companies	Group	Less Discontinued Operations	Continuing Operations
6 months ended 30 Sep 2019	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Revenue	6,895	3,850	-	615	11,360	635	10,725
Direct costs	(5,986)	(3,563)	-	(762)	(10,311)	(539)	(9,772)
Contribution	909	287	-	(147)	1,049	96	953
Indirect costs	-	-	(2,158)	-	(2,158)	-	(2,158)
Segment result	909	287	(2,158)	(147)	(1,109)	96	(1,205)
Investment gains	-	60	-	-	60	-	60
Depreciation	-	-	(237)	(9)	(246)	(9)	(237)
Amortisation	-	-	(61)	-	(61)	-	(61)
Finance income	4	2	-	3	9	3	6
Finance expense	-	-	-	-	-	-	-
Profit/(loss) before tax	913	349	(2,456)	(153)	(1,347)	90	(1,437)
Tax	-	-	-	-	-	-	-
Profit/(loss) for the year	913	349	(2,456)	(153)	(1,347)	90	(1,437)

The prior period numbers have been re-presented to be consistent with current period disclosures.

Notes to the Consolidated Statements

(UNAUDITED)

3. INVESTMENTS

	As at 30 Sep 20	As at 31 Mar 20
	£'000	£'000
Investments		
Fair value: unquoted	48	48
Fair value: quoted	1,709	1
Fair value: warrants	229	229
Total investments	1,986	278

Quoted and unquoted investments include equity investments other than those in subsidiary undertakings. Warrants may be received during the ordinary course of business; there is no cash consideration associated with the acquisition.

Fair value, in the case of quoted investments, represents the bid price at the reporting date. In the case of unquoted investments, the fair value is estimated by reference to recent arm's length transactions. The fair value of warrants is estimated using established valuation models.

	As at 30 Sep 20	As at 31 Mar 20
	£'000	£'000
Trading investments		
Listed investments	1,726	1,223

Investments are measured at fair value, which is determined directly by reference to published prices in an active market where available.

Available for sale assets are restated from IAS 39.

4. CASH, CASH EQUIVALENTS AND BANK OVERDRAFTS

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash in hand and deposits with banks and financial institutions with a maturity of up to three months.

Cash and cash equivalents represent the Group's money and money held for settlement of outstanding transactions.

Money held on behalf of clients is not included in the statement of financial position. Client money at 30 September 2020 was £0.4m (31 March 2020: £0.4m).

5. SHARE CAPITAL

The total number of ordinary shares in issue is 48.70 million (31 March 2020: 48.70 million).

Notes to the Consolidated Statements

(UNAUDITED)

6. EARNINGS PER SHARE

Basic earnings per share (EPS) is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year, excluding ordinary shares purchased by the Company and held as treasury shares.

Diluted EPS is the basic EPS, adjusted for the effect of conversion into fully paid shares of the weighted average number of all dilutive employee share options outstanding during the period. At 30 September 2020: nil (30 September 2019: nil) options were excluded from the EPS calculation as they were anti-dilutive. In a period when the company presents positive earnings attributable to ordinary shareholders, anti-dilutive options represent options issued where the exercise price is greater than the average market price for the period.

Reconciliation of the earnings and weighted average number of shares used in the calculations are set out below.

	As at 30 Sep 20	As at 30 Sep 19
Group		
Weighted average number of shares in issue during the period ('000)	48,704	42,870
	48,704	42,870
From continuing operations		
Profit/(loss) for the year attributable to ordinary shareholders (£'000)	331	(1,437)
Basic EPS	0.68p	(3.35p)
Diluted EPS	0.68p	(3.35p)
From discontinued operations		
Profit for the year attributable to ordinary shareholders (£'000)	51	90
Basic EPS	0.10p	0.21p
Diluted EPS	0.10p	0.21p
Total		
Profit/(loss) for the year attributable to ordinary shareholders (£'000)	382	(1,347)
Basic EPS	0.78p	(3.14p)
Diluted EPS	0.78p	(3.14p)

7. DIVIDENDS

No interim dividend has been paid or proposed in respect of the current financial period (2019: nil).

Advisers

Nominated Adviser

Spark Advisory Partners Limited
5 St. John's Lane
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EC1M 4BH

Broker

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EC4R 0DR

Auditors

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EC4R 0DR

Company Number

03870190

WH Ireland Limited is authorised and regulated in the UK by the Financial Conduct Authority, is registered in England and Wales with company number 02002044 and is a member of the London Stock Exchange. WH Ireland Limited is a wholly owned subsidiary of WH Ireland Group plc.