Alfa
Clarity in complexity

Interim Report
2017

investors.alfasystems.com

We are Alfa

We provide the world's leading asset finance software, bringing clarity to complex businesses.

The key to our business is supporting our customers with the best and most agile technology solutions, reliably delivered by the best people.

Find out more
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2017

Outlook
Strong momentum and execution in H1 2017

In the first half of the financial year, Alfa continued to build upon the success of the Group's highly differentiated strategy to deliver a superior platform for an addressable market of over $3 billion(1). The Board continues to expect to report high-teens top line growth while also delivering consistent Adjusted EBIT margins. In addition to two contract wins in June 2017 and ongoing demand from the existing customer base, Alfa continues to see a strong and diverse pipeline of opportunities which underpins the Board's confidence into 2018 and beyond.

Financial highlights

Total revenues

£45.1m

Increased by 57% on H1 2016

Operating profit

£14.0m

FY17 including IPO costs (£3.0 million) and share based payments (£4.4 million)

Adjusted EBIT(2)

£21.4m

Increased by 77% on H1 2016

Adjusted EBIT margin(2)

47%

Increased from 42% in H1 2016

Operational highlights

Number of customers

31

including two new customer wins in H1 2017

Number of employees

300

37 new Alfa recruits in H1 2017

(1) PwC Market Study on the asset finance software market published in January 2017.
(2) Adjusted EBIT and Adjusted EBIT margin are measures not specifically defined under IFRS. See "Definitions" for further information.

Our mission is to be the leading software platform for the global asset finance industry.

We will deliver on our mission by…

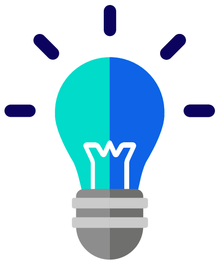
…focusing on the customer,

The asset finance industry is complex, dynamic and highly regulated. Alfa delivers innovative, highly functional software that supports our customers' operations and provides a platform for them to innovate. We always put our customers at the heart of our offering – we work together, in partnership, to provide an optimum solution configured for each customer.

Servicing customers with

20+million

assets under finance



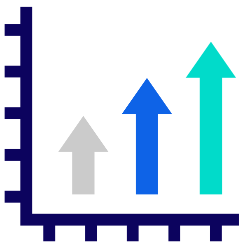
…enabling business agility,

The ability to adapt to changing business and legal requirements, while listening to our customers' needs, is vital to what we do.

We continue to evolve to the demands of complex and changing regulatory markets. This proven agility ensures we are always ahead of the curve, whether it is servicing new products, hosting in the Cloud or partnering on digitalisation solutions.

Alfa utilised in

26 countries



…delivering with the best people,

Our people and culture are the bedrock of our business. Innovation, quality and thought leadership are fundamental in everything we do – and we are always striving to better ourselves, our product and our processes. Our industry focus, extensive experience and wide skillset allow us to deliver time and time again. They also provide the perfect platform for building and supporting our partner network.

5

implementations with successful go-lives in the last 12 months

…leading with the best technology.

With almost three decades of technical innovation and functional development, our product is the leading mission-critical software platform for its market. It is developed using modern technology and purpose-built for automotive and equipment finance. We continue to develop our *Business in a Box* solution which will increase our access to all markets.

£35 million +

of research and product development expenses since 2014

CEO's statement

"We are proud and delighted to deliver this first interim report following our IPO on the London Stock Exchange in June this year. Our IPO was always about creating a platform to grow our business and in the relatively short period since then we've continued to deliver on our strategic plan, maintaining focus on expanding our customer base and on the ongoing development of Alfa Systems."

We are proud of the achievements we have already made this year:

- Two new customer wins in H1 2017, taking total number of customers to 31;
- Three successful completed implementations;
- Increased headcount to 300 by June 2017, providing increased fee earning capacity; and
- Successful listing on the London Stock Exchange.

Delivering quality

In H1 2017 we delivered three completed client implementations, an unprecedented number for Alfa. This continuous track-record of excellence in delivery gives our customers and prospects confidence and assurance that we will deliver on time and underpins our unique market position.

Our experience and expertise in equipment and motor finance, our modern technology and the quality of our people are key to Alfa's delivery capability. As the business has grown we have added more great people to our workforce and, as at 30 June 2017, our global headcount reached 300.

Almost 60% of our customer-focused people are software developers. We have on-boarded more than half of our 2017 recruitment numbers, with the remainder due to join at the end of the third quarter.

Customer wins and market

In H1 2017, we announced two strategically important new customer wins. The first, a contract with a global equipment manufacturer and finance group, is for the Europe-wide implementation of Alfa Systems and strengthens our market presence within the equipment finance vertical in Europe. The second contract win was with a large US auto finance company. This substantial contract is for a complete portfolio implementation and work is expected to start in the second half of the year.

Political uncertainty still hinders UK activity at the enterprise level but European and US markets are strong and we have benefited from the strengthening of the US dollar in comparison to H1 2016; US revenues continue to contribute 45% of our business.

Continued focus on product development

In addition to new implementations we have seen incremental software sales and ongoing development and services ("ODS") revenues driven by innovations such as our Operational Data Store reporting platform which was implemented for three customers. We continue to spend 18% of revenues on research and product development.

2017 has seen the delivery of our next generation user interface, development for support of elastic SQL database technology and the productisation of our Cloud offering. The latter will allow us to transition to a Cloud First sales approach, further streamlining Alfa Systems delivery and opening up an accretive revenue stream.

The next three to five years will continue the exciting progress made by our Alfa product and R&D teams as we incorporate more functionality and digital channels into Alfa Systems, streamline our delivery model for different markets and continue with the development of our *Business in a Box* next generation business model.

Financial overview

Revenues increased £16.4 million to £45.1 million (H1 2016: £28.7 million), a 57% increase on a reported basis. Although the strengthening of the US dollar has continued to create tailwinds post Brexit, excluding this impact, revenue increased £9.9 million or 29% on a constant currency basis. Operating profit increased to £14.0 million and Adjusted EBIT margin increased to 47%, after excluding IPO costs of £3.0 million and pre-IPO share based payment expenses of £4.4 million.

Operating Cash Conversion for the half year dipped to 53%, primarily due to increased maintenance receivables of £7 million subsequently collected in the third quarter, and non-recurring IPO costs. The full year cash conversion metric is expected to return to normal levels by the end of the year.

Outlook

Against a backdrop of continuing technology development, increased recruitment and a healthy pipeline, the Board continues to expect to report high-teens top line growth while also delivering consistent Adjusted EBIT margins. In addition to two contract wins in June 2017 and good ongoing demand from the existing customer base, Alfa continues to see a strong and diverse pipeline of opportunities which underpin the Board's confidence into 2018 and beyond.

Andrew Denton
CEO

31 August 2017

Our unique investment proposition

Industry-defining product

We utilise the latest technologies to deliver a modern, scalable platform, providing our customers with complete business agility.

Unrivalled management expertise and innovative culture

Our management team has over 120 years of combined experience in the asset finance software industry, with deep expertise in sales, technology, product development and implementation. Our culture is dynamic and collaborative.

Exceptional delivery track record

We have an exemplary delivery record, completing complex projects across the globe since 1990.

We strive to build collaborative and long-term relationships with customers. Our customers appreciate that we know their business and will challenge them when we need to.

A consistently growing, global market

Asset finance is a massive, complex and growing market. The global asset finance market is estimated at $5.4 trillion and is set to grow at 5% CAGR over the next five years.

Alfa has the comprehensive suite of solutions and in-depth understanding of the asset finance industry to meet the demands of this growing market.

Sound and transparent financial profile

Excellent top-line growth with 24% revenue CAGR over the last five financial years, as well as consistently high adjusted EBIT margins, with adjusted EBIT margins being greater than 40% over the last three years.

Our resources

Technology

Alfa's continued product development and innovation creates opportunity. We provide a unique software platform that combines modern, disruptive technology with industry-leading functionality and reliability.

People

Our people work collaboratively with our customers to meet their needs and aspirations. Expanding our partner network will accelerate the evolution of our delivery capabilities and complement our continued focus on delivery.

Culture

Our focus on excellence, agility and innovation ensures we are always at the forefront of the industry, providing solutions to regulatory and business challenges, digital needs and hosting solutions.

Experience

Our software is built specifically for the asset finance industry and this, coupled with nearly 30 years of proven delivery capabilities, has given us deep experience and know-how. We work with a wide variety of customers across geographies, cultures and verticals – delivering excellence in everything we do.

How we create value

The value we create

R&D and innovation	18% of revenue invested in research and product development in H1 2017
Employee development and retention	Stable retention rate at 94% for H1 2017 (last 12 months)
Shareholder value	Adjusted EPS, diluted(1) 5.7 pence
Customer loyalty	12 years+ average customer relationships No.1 in the Megabuyte "Quoted 25 Awards"
Brand	Strongest functionality and broadest coverage of assets(2)

(1) Adjusted EPS, diluted is not a measure specifically defined by IFRS. See "Definitions" for further information.
(2) PwC Market Study on the asset finance software market published in January 2017.

Financial review

"We have had a strong start to the year, with revenues increasing across both our implementation and ODS segments. Following a very strong H2 2016, we continue to benefit from the same currency tailwinds seen post Brexit and from implementations nearing completion. Operating profit in H1 2017 has been impacted by non-recurring expenses, although after adjusting for these, margins remain strong at 47%."

Revenue

Revenue increased by £16.4 million, or by 57%, to £45.1 million in H1 2017 (H1 2016: £28.7 million).

45% of the Group's revenue is generated from US-based customers (H1 2016: 46%), and Alfa continued to benefit from the strengthening of the US dollar post the Brexit vote. Excluding currency impacts(2), revenue growth was 29%, which is attributed to increased implementation efforts as the Group successfully took three customers live in H1 2017 and increased ODS activities from both existing customers and new customers, from our growing base of post-implementation customers.

Implementation revenues increased by £6.5 million, or by 34%, to £25.2 million in H1 2017 (H1 2016: £18.8 million) reflecting increased activity as three implementations successfully completed and two implementations neared go-live. Excluding the impacts of unrealised gains or losses on derivatives, underlying implementation revenues increased by £3.0 million, or 14%.

New customers contributed £3.5 million to growth in the period, excluding currency impacts, while existing customer revenue remained stable as three implementations completed in the first half of 2017 before transitioning into ODS.

	H1 2017 Unaudited £'000s	H1 2016 Unaudited £'000s	Movement %	As a % of 2017 revenues
Continuing operations				
Revenue(1)	**45,137**	28,714	57	100
Implementation and support expenses	**(10,698)**	(7,314)	46	24
Research and product development expenses	**(7,954)**	(6,325)	26	18
Sales, general and admin expenses	**(12,526)**	(2,969)	322	28
Other operating income – net	**44**	18	144	0
Operating profit	**14,003**	12,124	15	31
Finance income	**20**	54	-63	0
Profit before taxation	**14,023**	12,178	15	31
Taxation	**(3,875)**	(2,970)	30	9
Profit and total comprehensive income for the period	**10,148**	9,208	10	22

Revenue

Revenue – by type	H1 2017 £'000s	H1 2016 £'000s	Growth %	As a % of 2017 revenues
Software implementation	**25,237**	18,779	34	56
ODS	**10,364**	2,438	325	23
Maintenance	**9,536**	7,497	27	21
Total revenue	**45,137**	28,714	57	100

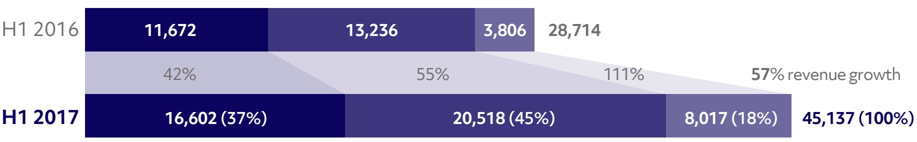
(1) Revenue includes £1.2 million of gain on derivative instruments in H1 2017 (H1 2016: loss of £2.8 million).
(2) Constant currency is a measure not specifically defined by IFRS. See "Definitions" for further information.

Number of customers – by type

	H1 2017 Number	H1 2016 Number
Software implementation[i]	**7**	8
ODS[ii]	**11**	8
Maintenance[iii]	**26**	26
Total customers[iv]	**29**	27

(i) Implementation customers are customers who have been in implementation for more than 50% of the interim period.
(ii) ODS customers are those generating more than £50,000 of revenue in the interim period.
(iii) Maintenance customers include customers who have paid maintenance in the interim period.
(iv) Total customers are all customers under contract at the period end.

Revenue – by geography



	H1 2017 £'000s	H1 2016 £'000s	Growth %	As a % of 2017 revenues
UK	**16,602**	11,672	42	37
US	**20,518**	13,236	55	45
Rest of world	**8,017**	3,806	111	18
Total revenue	**45,137**	28,714	57	100

ODS revenue increased by £7.9 million to £10.4 million in H1 2017. The number of ODS customers increased as implementations completed in H2 2016 and H1 2017, with new ODS revenues contributing £4.1 million to growth. In addition, there was strong demand from the existing customer base, with growth of £3.6 million due to £2.0 million non-recurring release of deferred revenue and increase in demand from existing customers.

Maintenance revenues increased by £2.0 million, or 27%, primarily due to strengthening of the US dollar and as implementation customers increased contributions as they progressed through the implementation cycle.

Operating profit

The Group's operating profit increased by £1.9 million, or 15%, to £14.0 million in H1 2017, from £12.1 million in H1 2016, predominantly reflecting revenue growth offset by (i) increased personnel costs of £4.7 million, as headcount increased by a net 55 full time equivalents, (ii) £4.4 million of share based payment expense, (iii) £3.0 million of IPO-related costs and (iv) £2.2 million increase in travel and other general and administrative costs.

Adjusted EBIT(3)

Adjusted EBIT, defined as operating profit excluding share based payments and IPO costs, increased by £9.3 million, or 77%, to £21.4 million in H1 2017 (H1 2016: £12.1 million). Excluding the benefit of the strengthening US dollar, Adjusted EBIT on a constant currency basis increased by £3.4 million or 20%.

Adjusted EBIT margin in H1 2017 increased to 47%, reflecting increased revenues, including a release of £2.0 million deferred ODS revenue, offset by an increase in personnel costs.

Profit for the period

Profit after taxation increased by £0.9 million, or 10%, to £10.1 million in H1 2017 (H1 2016: £9.2 million), with the effective tax rate increasing to 28% in H1 2017 due to non-deductible expenses such as share based payment expenses.

Earnings per share

Earnings per share increased to 3.58 pence in H1 2017 (H1 2016: 2.61 pence).

On an adjusted basis, Adjusted Earnings(3) attributable to equity holders was £17.0 million representing an increase of £9.6 million, or 129%, on the prior period. Adjusted Earnings per share, diluted(3) increased to 5.65 pence (H1 2016: 2.47 pence).

Adjusted EBIT(3)

£'000s	H1 2017 Unaudited	H1 2016 Unaudited
Profit for the period	10,148	9,208
Adjusted for:		
Taxation	3,875	2,970
Finance income	(20)	(54)
Share based compensation(i)	4,400	–
IPO-related expenses(ii)	2,989	–
Adjusted EBIT	21,392	12,124
Adjusted EBIT margin	47%	42%

Adjusted Earnings(3)

£'000s	H1 2017 Unaudited	H1 2016 Unaudited
Profit for the period attributable to equity holders of the Company	10,148	7,397
Adjusted for:		
Share based compensation(i)	4,400	–
IPO-related expenses(ii)	2,989	–
Tax effect of adjustments	(584)	–
Adjusted earnings	16,953	7,397

(i) Relates to pre-IPO share schemes, expensed in full by 30 June 2017.
(ii) Relates to non-recurring expenses in relation to the listing of shares in June 2017.

Earnings per share

	H1 2017 pence	H1 2016 pence
Earnings per share		
Basic	3.58	2.61
Diluted	3.38	2.47
Adjusted Earnings per share(3)		
Diluted	5.65	2.47

(3) Adjusted EBIT, Adjusted EBIT margin, Adjusted Earnings and Adjusted Earnings per share, diluted are measures not specifically defined by IFRS. See "Definitions" for further information.

Cash flow

£'000s	2017 Unaudited	2016 Unaudited
Cash generated from operations	**13,746**	23,728
Settlement of derivative financial instruments and margin calls	**(2,118)**	(266)
Income taxes paid	**(3,471)**	(2,475)
Net cash generated from operating activities	**8,157**	20,987
Net cash generated from/(used in) investing activities	**26,791**	(16,129)
Net cash used in financing activities	**(60,743)**	(3,271)
Effect of exchange rate changes	**26**	289
Cash and cash equivalents at the end of the period	**20,497**	35,970

Net cash decreased to £20.5 million as at 30 June 2017 from £46.3 million at 31 December 2016 and £36.0 million as of 30 June 2016. This reflected the payment of pre-IPO dividends (net of loan repayments) of £33.7 million and non-recurring IPO expenses of £3.0 million, offset by operating cash generation. The Company has no borrowings.

Net cash generated from operating activities decreased to £8.2 million in H1 2017 (H1 2016: £21.0 million). This decrease was due to (i) a cash outflow of £6.7 million in relation to outstanding receivables and accrued income in respect of 2017/2018 maintenance payments subsequently collected in the third quarter and increased accrued income in relation to implementations in comparison to a cash inflow of £2.8 million in H1 2016, and (ii) £2.1 million outflow in relation to settlement of US dollar forwards. These cash outflows were offset by an increase in operating profit, excluding share based payment expense and gain on derivative instruments, of £2.3 million and decrease in trade and other payables of £0.6 million.

Net cash flows generated from investing activities of £26.8 million in H1 2017 related to a repayment of a related party loan receivable from the parent company of £27.0 million, offset by £0.3 million of capital expenditure. In H1 2016, a cash outflow of £16.1 million was due to a loan advanced to the parent company.

Net cash flows used in financing activities of £60.7 million in H1 2017 related to two pre-IPO dividends paid to the parent entity of £31.5 million and £29.2 million respectively. A cash outflow of £3.3 million in H1 2016 was in relation to a settlement of preference shares held by a former founder. No dividends have been proposed.

Related party transactions

CHP Software and Consulting Limited is the ultimate parent of the Group and during the period there was no trading between the parent and the Group.

Two dividend payments were declared and paid in H1 2017, totalling £60.7 million. Additionally, the parent settled a loan made by the Group to the parent for £27.0 million and at 30 June 2017 no amounts payable or receivable were outstanding.

Additionally, an arms-length transaction is in place with Classic Technology Limited, a company in which the Chairman holds an interest, where Alfa leases office space to Classic Technology Limited. These transactions amount to £0.02 million (H1 2016: £0.02 million) with no outstanding receivables balances at the end of the reporting periods.

Subsequent events

There have been no subsequent events.

Vivienne Maclachlan
Chief Financial Officer

31 August 2017

Principal risks and uncertainties

The principal risks and uncertainties which could have a material impact on the long-term performance of Alfa Financial Software Holdings PLC and its subsidiaries are set out in the prospectus for the admission of shares of Alfa Financial Software Holdings PLC to the premium segment of the main market of the London Stock Exchange, which included the last annual financial statements, dated 26 May 2017, and remain valid at the date of this report.

These risks and uncertainties (in no specific order) are:

- Ability to acquire new customers and sell additional functionality to existing customers
- Recruitment and retention of key personnel
- Size of the asset finance market and the related software spend
- Quality and timeliness of delivery of implementation efforts
- Continued development of the product to maintain competitive advantages

Following the recent decision by the UK population to exit, in due course, from the European Union ("Brexit"), the Directors have considered whether or not this will manifest itself as an additional risk to the Group. On the basis that the Group's revenue is sourced from a number of sources, such as the US, European countries, Australia and New Zealand, reflecting the relative global diversity of the Group's operations, that the recent devaluation of the Great British Pound has a minor benefit to the Group, and with recruitment targets for FY17 substantially met, this does not constitute a principal risk to the business over and above the risks mentioned above.

Directors' responsibilities statement

We confirm that to the best of our knowledge:

- The condensed consolidated set of financial statements has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU; and
- The interim management report includes a fair review of the information required by:

  a) DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed consolidated set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and

  b) DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual financial statements and prospectus that could do so.

By order of the Board

Andrew Denton
Chief Executive Officer

31 August 2017

Vivienne Maclachlan
Chief Financial Officer

31 August 2017

Unaudited consolidated statement of profit or loss and comprehensive income for the six months ended 30 June 2017

£'000s	Note	2017 Unaudited	2016 Unaudited
Continuing operations			
Revenue	3	**45,137**	28,714
Implementation and support expenses		**(10,698)**	(7,314)
Research and product development expenses		**(7,954)**	(6,325)
Sales, general and admin expenses		**(12,526)**	(2,969)
Other operating income		**44**	18
Operating profit		**14,003**	12,124
Finance income		**20**	54
Profit before taxation		**14,023**	12,178
Taxation	5	**(3,875)**	(2,970)
Profit and total comprehensive income for the period		**10,148**	9,208
Attributable to:			
Equity holders of the Company		**10,148**	7,397
Non-controlling interest		**–**	1,811
		10,148	9,208
Earnings per share (in pence)			
Basic	6	**3.58**	2.61
Diluted	6	**3.38**	2.47
Weighted average no. of shares – basic	6	**283,145,649**	283,145,649
Weighted average no. of shares – diluted	6	**300,000,000**	300,000,000
Adjusted Earnings per share (in pence)			
Diluted	6	**5.65**	2.47

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Unaudited consolidated statement of financial position as at 30 June 2017

£'000s	Note	30 June 2017 Unaudited	31 December 2016 Unaudited
Assets			
Non-current assets			
Property, plant and equipment		**1,343**	1,305
Goodwill		**24,737**	24,737
Amounts owed by parent company	7/8	**–**	27,043
Total non-current assets		**26,080**	53,085
Current assets			
Trade and other receivables	8	**12,853**	9,606
Accrued income	8	**6,937**	3,623
Prepayments	8	**1,010**	953
Other receivables	8	**1,055**	943
Cash and cash equivalents	9	**20,497**	46,266
Total current assets		**42,352**	61,391
Total assets		**68,432**	114,476
Liabilities and equity			
Current liabilities			
Trade and other payables		**10,780**	8,686
Corporation tax		**3,424**	3,088
Deferred revenue		**14,877**	14,019
Derivative financial liabilities	10	**813**	3,536
Total current liabilities		**29,894**	29,329
Non-current liabilities			
Provisions for other liabilities		**66**	58
Derivative financial liabilities	10	**69**	491
Total non-current liabilities		**135**	549
Total liabilities		**30,029**	29,878
Capital and reserves			
Ordinary shares		**300**	27
Share premium		**–**	11,123
Retained earnings		**38,103**	73,448
Total equity		**38,403**	84,598
Total liabilities and equity		**68,432**	114,476

The accompanying notes are an integral part of these interim financial statements.

Unaudited consolidated statement of changes in equity for the six months ended 30 June 2017

£'000s	Notes	Share capital £'000	Share premium £'000	Retained earnings £'000	Equity attributable to owners of the parent £'000	Non-controlling interest £'000	Total equity Unaudited £'000
Balance as at 1 January 2016		6,021	11,123	33,262	50,406	12,381	62,787
Profit for the financial period		–	–	7,397	7,397	1,811	9,208
Total comprehensive income for the period		–	–	7,397	7,397	1,811	9,208
Settlement of C preference shares		(6,000)	–	2,729	(3,271)	–	(3,271)
Balance as at 30 June 2016		21	11,123	43,388	54,532	14,192	68,724
Balance as at 1 January 2017		**27**	**11,123**	**73,448**	**84,598**	**–**	**84,598**
Profit for the financial period		–	–	10,148	10,148	–	10,148
Total comprehensive income for the period		–	–	10,148	10,148	–	10,148
Capital reduction	2.4	(27)	(11,123)	11,150	–	–	–
Reorganisation of share capital	2.4	300	–	(300)	–	–	–
Dividends paid to parent	12	–	–	(60,743)	(60,743)	–	(60,743)
Share based payments	11	–	–	4,400	4,400	–	4,400
Balance as at 30 June 2017		**300**	**–**	**38,103**	**38,403**	**–**	**38,403**

The accompanying notes are an integral part of these interim financial statements.

Unaudited consolidated statement of cash flows for the six months ended 30 June 2017

£'000s	Note	2017 Unaudited	2016 Unaudited
Cash flows from operations			
Operating profit		**14,003**	12,124
Adjustments:			
Depreciation		**227**	216
Share based payment charge	11	**4,400**	–
Unrealised (gain)/loss on derivative financial liabilities		**(1,213)**	2,768
Movement in working capital:			
Movement in trade and other receivables		**(6,685)**	2,465
Movement in trade and other payables and provisions (excluding derivative financial instruments and deferred revenue)		**2,156**	2,740
Movement in deferred revenue		**858**	3,415
Cash generated from operations		**13,746**	23,728
Settlement of derivative financial instruments and margin calls		**(2,118)**	(266)
Income taxes paid		**(3,471)**	(2,475)
Net cash generated from operating activities		**8,157**	20,987
Cash flows from investing activities			
Purchases of property, plant and equipment		**(272)**	(36)
Loans advanced to parent company	7	**–**	(16,147)
Amounts received as settlement of loan to parent	7	**27,043**	–
Interest received		**20**	54
Net cash generated from/(used in) investing activities		**26,791**	(16,129)
Cash flows from financing activities			
Redemption of C preference shares		**–**	(3,271)
Dividends paid to parent	12	**(60,743)**	–
Cash used in financing activities		**(60,743)**	(3,271)
Effect of exchange rate changes		**26**	289
Net (decrease)/increase in cash		**(25,769)**	1,876
Cash and cash equivalents at the beginning of the period		**46,266**	34,094
Cash and cash equivalents at the end of the period		**20,497**	35,970

The accompanying notes are an integral part of these interim financial statements.

Notes to the condensed consolidated interim financial statements for the six months ended 30 June 2017

1 General information

Alfa Financial Software Holdings PLC ("Alfa" or the "Company") and its subsidiaries (together the "Group") is a public company limited by shares and is incorporated and domiciled in England. The address of its registered office is Moor Place, 1 Fore Street Avenue, London EC2Y 9DT, United Kingdom. Alfa's registration no. is 10713517.

The principal activity of the Group is to provide software solutions and consultancy services to the asset finance industry in the United Kingdom, United States of America, Europe, Australia, New Zealand and Asia.

Prior to the admission of Alfa's shares on the main market of the London Stock Exchange on 1 June 2017, the Company obtained control of the entire share capital of Alfa Financial Software Group Limited ("AFSGL") via a share-for-share exchange. The current period up to 3 May 2017, being the date of the reorganisation, and the comparative information disclosed in these condensed consolidated interim financial statements as of and for the six months ended 30 June 2017 (the "Interim Financial Statements") reflect the continuation of the pre-existing Group headed by AFSGL and have been prepared applying the principle of predecessor accounting ownership.

These Interim Financial Statements do not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. The consolidated financial information for AFSGL and its subsidiaries (the "AFSGL Group") for the years ended 31 December 2014, 2015 and 2016, as published in the prospectus for the admission of Alfa's shares, was approved by the Board of Directors on 26 May 2017. The report of the auditors on those accounts was unmodified, did not contain an emphasis of matter paragraph and did not contain any statement on other matters prescribed by the Companies Act 2006.

These unaudited Interim Financial Statements have been approved for issue by the Board of Directors on 31 August 2017. These Interim Financial Statements have been reviewed but not audited.

2 Accounting policies

The accounting policies adopted in preparation of the Interim Financial Statements are consistent with those used to prepare the AFSGL Group's consolidated financial statements for the years ended 31 December 2014, 2015 and 2016 as published in the prospectus for the admission of Alfa's shares (the "Annual Historical Financial Information"). These policies have been consistently applied to all the periods presented, unless otherwise stated.

The preparation of the Interim Financial Statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing these Interim Financial Statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated Annual Historical Financial Information described above.

2.1 Basis of preparation

The Interim Financial Statements have been prepared on a going concern basis, under the historical cost convention, as modified to include the fair value of certain financial instruments.

The Interim Financial Statements have been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the European Union and the Disclosure and Transparency Rules of the Financial Conduct Authority. The Interim Financial Statements should be read in conjunction with the AFSGL Annual Historical Financial Information, which has been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS").

The directors are satisfied that the Group has sufficient resources to continue in operation for the foreseeable future, a period of not less than 12 months from the date of this report. Accordingly, the Interim Financial Information has been prepared on a going concern basis.

2.2 Seasonality

The Group is not significantly influenced by seasonality or cyclical fluctuation throughout the year as the Group recognises revenue from maintenance fees, implementation and ODS fees relatively consistently throughout the year as a result of the Group's relevant revenue recognition policies. Separately, the Group's cash flows are subject to seasonal fluctuations as (i) the Group invoices a large proportion of its customers for maintenance annually in advance in the first six months of each year, resulting in a higher inflow of cash receipts in the first half of the Group's financial year in respect of maintenance revenues and (ii) cash flows are impacted by the invoicing of upfront licence fees at the commencement of an implementation.

2.3 Foreign currency

The average rate for the six-months period ended 30 June 2017 for the US dollar was 1.2586 (H1 2016: 1.4336). The closing rate for the US dollar used was 1.3003 as of 30 June 2017.

2.4 2017 Alfa Group reorganisation

On 1 June 2017, Alfa's shares were admitted for trading on the main market of the London Stock Exchange. Prior to the admission, the Group was reorganised to insert Alfa, the new holding company of the Group, by way of a share-for-share exchange with AFSGL, the previous parent company of the Group. The insertion of Alfa does not meet the IFRS 3 definition of a business combination and therefore the restructuring has been accounted for as a common control transaction, applying the principle of predecessor accounting ownership. This policy reflects the economic substance of the transaction and, although the reorganisation did not become effective until 28 April 2017, these Interim Financial Statements are presented as if Alfa had been the parent company of the Group since the beginning of the earliest period presented.

The Group reorganisation also effected the conversion of the A and A1 shares held by an employee trust and the table below summarises the movements in share capital from incorporation to 30 June 2017:

	Shares – Ordinary	Shares – A	Shares – A1	£'000s
At date of incorporation of Alfa Financial Software Holdings PLC(1)	1	–	–	–
Share-for-share exchange(2)	2,663,689	91,020	75,689	424,560
Capital reduction(3)	263,705,310	9,010,980	7,493,211	(424,277)
Reorganisation of share capital – bonus issue(4)	16,238,969	409,254	311,877	17
Reorganisation of share capital – re-designation of A and A1 shares(4)	17,392,031	(9,511,254)	(7,880,777)	–
	300,000,000	**–**	**–**	**300**

(1) On 6 April 2017, Alfa Financial Software Holdings PLC was incorporated with one £0.01 ordinary share issued.
(2) On 28 April 2017, Alfa was inserted into the Group above AFSGL as the new holding company by way of the share-for-share exchange agreement. The exchange was a 1:1 exchange and the nominal value of shares issued was £150.
(3) On 3 May 2017, Alfa undertook a capital reduction where the nominal value of each share was reduced to £0.01.
(4) On 17 June 2017, Alfa undertook a bonus issue and share reorganisation to re-designate existing A and A1 shares into ordinary shares.

3 Segment information

Revenue by type

The Group assesses revenue by type of project, being software implementations, ongoing development and services ("ODS") and maintenance, as summarised below:

£'000s	2017 Unaudited	2016 Unaudited
Software implementation	**25,237**	18,779
ODS	**10,364**	2,438
Maintenance	**9,536**	7,497
Total revenue	**45,137**	**28,714**

Unrealised gains/(losses) on derivative financial instruments recognised as revenue was £1.2 million in the six months ended 30 June 2017 (H1 2016: £(2.8) million).

Geographical information

Revenue attributable to each geographical market based on where the licence is sold or the service is provided:

£'000s	2017 Unaudited	2016 Unaudited
UK	**16,602**	11,672
US	**20,518**	13,236
Rest of world	**8,017**	3,806
Total revenue	**45,137**	**28,714**

Adjusted EBIT and Adjusted Earnings

The chief operating decision maker ("CODM") analyses the financial performance of the business on two adjusted profit measures, being adjusted earnings before interest and tax ("Adjusted EBIT") and adjusted earnings ("Adjusted Earnings"). Adjusted EBIT and Adjusted Earnings are not measures defined by IFRS. The most directly comparable IFRS measure to both Adjusted EBIT and Adjusted Earnings is profit for the relevant period.

Adjusted EBIT is defined as profit from continuing operations before income taxes, finance income and pre-IPO share based payments. Management utilises this measure to monitor performance as it illustrates the underlying performance of the business by excluding items considered by management not to be reflective of the underlying trading operations of the Group or adding items which are reflective of the overall trading operations.

The following table reconciles profit for the period from continuing operations to Adjusted EBIT for the periods presented:

£'000s	2017 Unaudited	2016 Unaudited
Profit for the period	**10,148**	9,208
Adjusted for:		
Taxation	**3,875**	2,970
Finance income	**(20)**	(54)
Share based compensation(1)	**4,400**	–
IPO-related expenses(2)	**2,989**	–
Adjusted EBIT	**21,392**	**12,124**

(1) Relates to pre-IPO share based payment expense as detailed in note 11.
(2) Relates to costs related to the IPO.

Additionally, in considering the financial performance of the business, management and the CODM analyse the performance measure of Adjusted Earnings. Adjusted Earnings is defined as profit for the period from continuing operations attributable to equity holders of the Company, before IPO-related expenses and share based compensation, less the tax effect of these adjustments.

Adjusted Earnings is used by the CODM in measuring profitability because it represents a Group measure of performance which excludes the impact of certain non-cash charges and other charges not associated with the underlying operating performance of the business, while including the effect of items that management believe affect shareholder value and in-year return, such as income tax expense and net finance costs. Management use Adjusted Earnings to (i) provide senior management with a monthly report of operating results that is prepared on an adjusted earnings basis and (ii) prepare strategic plans and annual budgets on an adjusted earnings basis. Senior management's annual compensation may also be reviewed, in part, using adjusted performance measures.

In addition, Adjusted Earnings is used for the purposes of calculating diluted Adjusted Earnings per share. Management uses diluted Adjusted Earnings per share to assess total Company performance on a consistent basis at a per share level. See note 6.

The following table reconciles profit for the period attributable to equity holders of the Company to Adjusted Earnings for the periods presented:

£'000s	2017 Unaudited	2016 Unaudited
Profit for the period attributable to equity holders of the Company	**10,148**	7,397
Adjusted for:		
Share based compensation	**4,400**	–
IPO-related expenses	**2,989**	–
Tax effect adjustments(1)	**(584)**	–
Adjusted Earnings	**16,953**	**7,397**

(1) Professional fees tax effected based on the applicable rate in the UK in the period in which incurred. Share based compensation is not deductible for tax purposes and therefore not tax effected.

4 Operating profit

The following items have been included in arriving at operating profit:

£'000s	2017 Unaudited	2016 Unaudited
Personnel, external consultants, training and recruitment expenses	**18,208**	12,968
Advertising, sponsorship and marketing costs	**435**	417
Depreciation	**227**	216
Property costs	**939**	931
Travel costs	**2,029**	1,594
IT costs	**717**	357
Professional advisor costs	**3,561**	728
Foreign currency differences	**353**	(918)
Share based payment expense	**4,400**	–
Other	**309**	315

5 Income tax expense

Income tax expense is calculated on management's best estimate of the full financial year expected tax rate which is then adjusted for discrete items occurring in the reporting period. The income tax expense for the six-month period ended 30 June 2017 was £3.9 million (H1 2016: £3.0 million) representing an effective tax rate of 28% (2016: 24%). The primary cause for the rate differential is due to the impact of the share based payment charge in the six months ended 30 June 2017 and on an adjusted basis, excluding the impacts of the share based payment charge, the adjusted effective tax rate was 21%.

6 Earnings per share

As a result of the Group reorganisation as detailed in note 2.4, the basic and diluted earnings per share metrics are calculated with reference to the share structure of the new parent company, as if it has been the parent for all periods presented.

	2017 Unaudited	2016 Unaudited
Profit attributable to equity holders of AFSGL (£'000s)	**10,148**	7,397
Weighted average number of shares outstanding during the period	**283,145,649**	283,145,649
Basic earnings per share (pence per share)	**3.58**	2.61
Weighted average number of shares outstanding, including potentially dilutive shares	**300,000,000**	300,000,000
Diluted earnings per share (pence per share)	**3.38**	2.47

Diluted – for the periods presented, the ordinary shares which are held in an employee trust on behalf of employees are treated as having a potentially dilutive effect as these shares have service conditions attaching to them. Should the service conditions not be met, the shares will be forfeited. The shares have no right to voting or to dividends while held in trust.

Adjusted Earnings per share, diluted is defined as Adjusted Earnings divided by the weighted average number of shares issued and outstanding, diluted.

	2017 Unaudited	2016 Unaudited
Adjusted Earnings attributable to equity holders of the Company (£'000s)	**16,953**	7,397
Diluted earnings per share (pence per share)	**5.65**	2.47

7 Amounts owed by the Parent

The ultimate parent undertaking is CHP Software and Consulting Limited (the "Parent"). Amounts owed by the Parent have been settled as of 30 June 2017 (2016: £27.0 million).

8 Trade and other receivables

£'000s	2017 Unaudited	2016 Unaudited
Trade receivables	**12,853**	9,606
Provision for impairment	**–**	–
Trade receivables – net	**12,853**	9,606
Accrued income	**6,937**	3,623
Prepayments	**1,010**	953
Other receivables	**1,055**	943
Amounts owed by related parties	**–**	27,043
Total trade receivables, accrued income and other receivables	**21,855**	42,168

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The credit qualities of these receivables are periodically assessed by reference to external credit ratings (if available) or to historical information about their default rates. The Group does not hold any collateral as security.

Ageing of net trade receivables £'000s	2017 Unaudited	2016 Unaudited
Less than 30 days	**9,571**	7,922
Past due 31-90 days	**3,282**	1,684
Trade receivables – net	**12,853**	**9,606**

The Group believes that the unimpaired amounts that are past due are fully recoverable as there are no indicators of future delinquency or potential litigation.

9 Cash and cash equivalents

Cash and cash equivalents includes amounts held in short-term deposits with counterparties to derivative financial instruments of £0.3 million (2016: nil). Cash and cash equivalents at 30 June 2017 does not include funds of £0.6 million in relation to amounts held in margin accounts (2016: £0.5 million).

10 Financial and liquidity risk management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk and price risk), credit risk and liquidity risk. The Interim Financial Statements do not include all financial risk management information and disclosures required in the Annual Historical Financial Information; they should be read in conjunction with the Annual Historical Financial Information. There have been no changes in the personnel responsible for risk management or in any risk management policies since the year end. Compared to year end, there was no material change in the contractual undiscounted cash outflows for financial liabilities.

Fair values of financial instruments

For the following financial assets and liabilities: trade and other payables excluding tax and social security, trade and other receivables excluding prepayments and accrued income, short-term bank deposits, cash at bank and in hand and other financial liabilities, the carrying value amount approximates the fair value of the instrument.

The Group had £0.9 million of foreign currency financial instruments liabilities outstanding at 30 June 2017 (2016: £4.0 million). The Group uses Level 2 inputs for determining and disclosing the fair value of financial instruments. There were no transfers between levels during the six months to 30 June 2017 (H1 2016: none).

There were no changes in valuation techniques during the periods. The fair values of each category of the Group's financial instruments are approximate to their carrying values in the Group's statement of financial position as the impact of discounting is not significant.

11 Share based compensation

AFSGL had granted 91,020 Ordinary A shares and 75,689 Ordinary A1 shares to employees in 2014 and 2015, which were subsequently fair valued when a listing event became probable, which was determined to be the fourth quarter of 2016. The share based compensation charge in relation to these grants has been recognised in full as at the date of admission and the charge in the six-month period to 30 June 2017 was £4.4 million.

12 Dividends

In February and May 2017, dividends of £31.5 million and £29.2 million were declared and paid to the ordinary shareholders of AFSGL. All dividends have been paid as at 30 June 2017 and no interim dividend has been declared.

13 Related party

The ultimate parent undertaking is CHP Software and Consulting Limited, which is the Parent undertaking of the smallest and largest group in relation to these Interim Financial Statements. There was no trading between the Group and the Parent.

In the six months ended 30 June 2017, the amounts owing from the Parent were settled in full, as disclosed in note 7, and the balances outstanding from the Parent at 30 June 2017 and 31 December 2016 were nil and £27.0 million respectively.

Additionally, an arms-length transaction with Classic Technology Limited, a company in which the Chairman holds an interest, was undertaken for the rental of property. These transactions amount to £0.02 million (2016: £0.02 million) with no outstanding receivable balances at the end of each reporting period.

14 Subsequent events

There have been no subsequent events.

Independent review report to Alfa Financial Software Holdings PLC

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2017 which comprises the consolidated statement of profit or loss and comprehensive income, the consolidated statement of financial position, the consolidated statement of changes in equity, the consolidated statement of cash flows and related notes 1 to 14. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company 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. Our work has been undertaken so that we might state to the company those matters we are required to state to it in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our review work, for this report, or for the conclusions we have formed.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in note 2, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" as adopted by the European Union.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2017 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Deloitte LLP
Statutory Auditor

London, United Kingdom
31 August 2017

Definitions

Adjusted Earnings

Adjusted Earnings is defined as profit for the period from continuing operations attributable to equity holders of the Company, before IPO-related expenses and share based compensation, less the tax effect of these adjustments. Adjusted Earnings is used in measuring profitability because it represents a Group measure of performance which excludes the impact of certain non-cash charges and other charges not associated with the underlying operating performance of the business, while including the effect of items that management believes affect shareholder value and in-year return, such as income tax expense and net finance costs.

Adjusted EBIT

Adjusted EBIT is defined as profit from continuing operations before income taxes, finance income, IPO-related expenses and share based payments. Management utilises this measure to monitor performance as it illustrates the underlying performance of the business by excluding items considered by management not to be reflective of the underlying trading operations of the Group or adding items which are reflective of the overall trading operations.

Adjusted EPS, diluted

Adjusted Earnings is used for the purposes of calculating Adjusted Earnings per share, diluted. Management uses diluted Adjusted Earnings per share to assess total Company performance on a consistent basis at a per share level.

Constant currency

When the Company believes it would be helpful for understanding trends in its business, the Company provides percentage increases or decreases in its revenue or Adjusted EBIT to eliminate the effect of changes in currency values. When trend information is expressed herein "in constant currencies", the comparative results are derived by re-calculating non GBP denominated revenue and/or expenses using the average exchange rates of the comparable period in the current year, excluding gains or losses on derivative financial instruments . The applicable rates are as follows:

	H1 2017 Average	H1 2016 Average
USD	1.2586	1.4336
Euro	1.1626	1.2846
AusD	1.6695	1.9556
SEK	11.1587	11.9509
NZD	1.7789	2.1179

ODS

Ongoing development and services, which is one of the Alfa revenue segments.

Operating Cash Conversion

Operating Cash Conversion is calculated as cash from operations less gains and losses on settlement of derivative instruments and margin calls, less capital expenditures, as a percentage of Adjusted EBIT. Operating cash flow is calculated as follows:

Unaudited	**H1 2017 £'000s**	**H1 2016 £'000s**
Cash generated from operations	**13,746**	23,728
Settlement of derivative financial instruments and margin calls	**(2,118)**	(266)
Capital expenditure	**(272)**	(36)
Operating Cash flow generated	**11,356**	23,426

Underlying revenues

Revenue excluding unrealised gains or losses on derivative instruments.

Clarity in complexity

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