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Jerrold Holdings Limited
Q1 2016/17 Results

Company Registration No. 02939389

Contents

Highlights

- **Increased interest receivable and similar income** Interest receivable and similar income for the quarter was £58.3m compared to £54.6m in the prior quarter (June 2016) and £49.0m in the prior year comparable quarter (September 2015). This increase primarily relates to interest earned on increased loan book levels.
- **Impairment maintained at very low levels and reducing** The net impairment charge to the income statement was £2.1m compared to a charge of £4.2m in the prior quarter (June 2016) and £3.2m in the prior year comparable quarter (September 2015). The decrease in impairment is due to an improvement in arrears and fewer shortfalls on the disposal of repossessed properties.
- **Continually high EBITDA** The Group continues to be consistently highly profitable, with EBITDA at £46.1m compared to £38.4m in the prior quarter (June 2016) and £38.1m in the prior year comparable quarter (September 2015). The increase of £7.7m compared to the prior quarter reflects the increase in interest income of £3.7m, a decrease in impairment losses of £2.1m and a decrease in administrative expenses by £1.9m. EBITDA margin was 77.6% for the current quarter compared to 68.9% for the prior quarter (June 2016) and 76.1% for the prior year comparable quarter (September 2015).
- **Increase in underlying profit before tax** Profit before tax has decreased by 33.9% to £13.1m compared to £19.9m in the prior quarter (June 2016) principally due to (i) increased interest income, lower impairment losses and a decrease in administrative costs as reported above and resulting in a £7.7m increase in EBITDA, less (ii) a non-recurring £14.5m increase in interest payable and similar charges in relation to the early refinancing of the senior secured notes (completed on 13 October 2016) which has led to an accelerated release of related debt issue costs and a call premium payable on early redemption net of the release of the remaining issue premium, resulting in an adjustment to the estimated effective interest rate of the senior secured notes which has been expensed to the income statement as a one off adjustment in September 2016.

  Adjusting for the non-recurring refinancing costs, underlying profit before tax for the quarter ended September 30, 2016 is £27.6m.
- **Continually high cash generation** The Group continues to be highly cash generative, with cash receipts in the quarter to September 30, 2016 of £225.5m compared to cash debt service of £23.5m; including a semi annual secured notes coupon of £14.6m and other cash expense payments of £18.7m. During the quarter, the group has issued £30m of Securitisation variable funding notes under the Charles Street program (total issued £790m at September 30, 2016), with the total issued under the Lakeside program as at September 30, 2016 at £200m and £29m drawn on its revolving credit facility. Following the refinancing of the senior secured notes in October 2016, the revolving credit facility was repaid.
- **Temporary decrease in lending volumes** Lending volumes decreased on the prior period given lower levels in July following the Brexit vote and seasonally lower auction activity in August, with the group advancing £227.4m of loans in the quarter to September 30, 2016, compared to £243.2m for the prior quarter (June 2016) and £238.5m in the prior year comparable quarter (September 2015). Lending volumes returned to increasing levels in October, with loan originations of £101.5m. Key underwriting metrics remained fairly consistent in the period, with the weighted average LTV of loans written in the quarter to September 30, 2016 being 54.5%, compared to 58.0% for the prior quarter (June 2016) and 56.4% for the prior year comparable quarter (September 2015).
- **Stable LTV of loan portfolio - Total Group** The indexed weighted average LTV of the loan portfolio for the total Group at September 30, 2016 is 52.9% compared to 52.6% for the prior quarter (June 2016) and 54.1% for the prior year comparable quarter (September 2015).
- **Improving LTV of loan portfolio - Borrower Group** The indexed weighted average LTV of the loan portfolio for the borrower Group at September 30, 2016 is 57.5%, compared to 58.4% for the prior quarter (June 2016) and 62.5% for the prior year comparable quarter (September 2015).

An Introduction to Jerrold Holdings

We are a specialist UK mortgage loan provider, established in 1974 and have successfully operated throughout our 42 year history. We focus on low loan to value lending and offer retail and commercial purpose mortgage loans to niche market segments underserved by mainstream lenders. Our loans include secured first and second lien loans, of which 79.3% are secured by residential properties, with the balance secured by commercial and semi-commercial properties, all within the United Kingdom. We specialize in offering individually underwritten loans to niche market segments, thereby minimizing competition from retail ("high street") banks and other lenders. We offer our loans through one consistent brand 'Together' and distribute them through brokers across the United Kingdom (which we refer to as the "broker network"), professional firms, auction houses and through our direct sales team. We originate and service all our mortgage loans directly.

As of September 30, 2016, 34.1% of our loan portfolio was classified as retail purpose, 61.7% of our loan portfolio was classified as commercial purpose and 4.2% of our loan portfolio was classified as development funding, calculated by value. We classify mortgages as retail purpose lending when the mortgage is regulated by the Financial Conduct Authority ("FCA") as well as certain loans written prior to the introduction of the relevant regulation which we consider would have been subject to regulation if underwritten as of the date of this quarterly report. Retail purpose loans include loans for purchasing a new home, making home improvements, debt consolidation and large personal purchases and since March 2016 also includes "consumer buy-to-let" loans ("CBTL") written post this date. We classify mortgages as "commercial purpose" where a loan is not defined as retail purpose. Commercial purpose loans include loans on which the proceeds of the loan or the property securing the loan is used for business purposes. Such loans could include; in order to lease a property ("buy to let" but excluding CBTL), raising capital against a property including for general business use or to renovate a property, or to bridge a transaction against a property. Commercial purpose loans are currently unregulated. Our classification of a mortgage as either retail or commercial purpose is unrelated to the collateral securing it.

Our underwriting process consists of a detailed and individualized credit affordability repayment assessment, as well as a security assessment which includes an independent valuation, which we believe provides us with a thorough understanding of each loan application. In the underwriting process, we primarily focus on affordability, being the ability of the loan applicant to make loan payments in line with agreed terms ("affordability"), the repayment strategy, where the loan will not be repaid from installments and security, being the adequacy of the property which will serve as security for the loan ("security"). To ensure strict compliance with our underwriting guidelines, we have in place mandate and authorization controls, a staff training and competency program and comprehensive quality assurance sampling procedures.

The LTV ratio is a ratio (reflected as a percentage) of the aggregate of (i) the principal amount of a mortgage loan, (ii) any higher ranking charge mortgage loans secured on the same property (iii) the accrued interest and fees thereon and (iv) net of any allowances for impairments compared to the latest appraised value of the property securing the loan. The LTV of our loan portfolio on a weighted average indexed basis as of September 30, 2016, was 52.9% and the LTV on a weighted average basis of new loans underwritten by us in the quarter ended September 30, 2016 was 54.5%. We have historically lent at low LTVs compared to other lenders, including in the period leading up to the 2007 financial crisis during which many other lenders extended loans with LTVs equal to or in excess of 95%. As of September 30, 2016, 93.2% of our total loan portfolio and 88.0% of the Borrower Group loan portfolio, calculated by value, consisted of loans with LTVs at origination equal to or less than 75%. This fundamental, long-standing principle of our group has provided us with significant protection in times of falling house prices and economic downturns, thereby minimizing our levels of provisions and losses.

Presentation of Financial and Other Information

Financial Statements

This quarterly report presents the unaudited interim condensed consolidated financial statements of Jerrold Holdings Limited as of and for the three months ended September 30, 2015 and 2016. The interim condensed consolidated financial statements of Jerrold Holdings have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union (EU), are unaudited and are derived from internal management reporting.

As at September 30, 2016 the company's non-securitised assets were subject to a fixed and floating charge in respect of £29m of bank borrowings and £300m of senior secured notes.

The only notable commitment, not recognized within our statements of financial position, is the operating lease we hold for our head office building.

During the period, the Group made transactions with affiliated companies. Details of these transactions can be found in Note 13 of the financial statements in this report.

We have not included financial information prepared in accordance with FRS 102 or U.S. GAAP. IFRS differs in certain significant respects from FRS 102 and US GAAP. You should consult your own professional advisors for an understanding of the differences between IFRS, FRS 102 and US GAAP and how those differences could affect the financial information contained in this quarterly report.

Charles Street Asset Backed Conduit Securitization 1 Limited ("Charles Street ABS"), and Lakeside Asset Backed Securitization 1 Limited ("Lakeside ABS"), the bankruptcy-remote special purpose vehicles established for purposes of our Securitizations, are consolidated into our interim consolidated financial statements in accordance with IFRS. Mortgage loans sold to Charles Street ABS and Lakeside ABS are maintained on our consolidated statement of financial position as assets, within loans and advances to customers and the associated interest receivable credited to our income statement. The loan notes issued by Charles Street ABS and Lakeside ABS to certain lenders to finance their purchase of the loans and any interest and fees accrued but not yet paid in respect thereof, are maintained on our statement of financial position as liabilities due to creditors with interest and debt issuance costs expensed through our income statement.

Other Financial Information (Non-IFRS)

We have included in this quarterly report and related presentation, certain financial measures and ratios, including EBITDA, EBITDA margin and certain leverage and coverage ratios that are not presented in accordance with IFRS.

In this quarterly report and related presentation, references to "EBITDA" for the three months ended September 30, 2015 and 2016 for Jerrold Holdings, can be extracted from the unaudited consolidated interim financial statements of Jerrold Holdings, by taking profit on ordinary activities after taxation and adding back interest payable and similar charges, tax on profit on ordinary activities, depreciation, amortization and negative goodwill. EBITDA margin is calculated as EBITDA divided by the sum of interest receivable and similar income, fees and commissions received and other income.

We are not presenting EBITDA-based measures as measures of our results of operations. EBITDA-based measures have important limitations as an analytical tool, and you should not consider them in isolation or as substitutes for analysis of our results of operations. Our management believes that the presentation of EBITDA-based measures is helpful to investors, securities analysts and other parties to measure our operating performance and ability to service debt. Our EBITDA-based measures may not be comparable to similarly titled measures used by other companies.

EBITDA, EBITDA margin and certain leverage and coverage ratios are not measurements of financial performance under IFRS and should not be considered as alternatives to other indicators of our operating performance, cash flows or any other measure of performance derived in accordance with IFRS.

Terms Relating to Our Loan Analysis

With the exception of the application of certain limited forbearance measures, we do not reschedule our loans by capitalizing arrears. In this quarterly report and related presentation, arrears data is based on the original contractual position, using actual cash received to identify performing and non-performing arrears loans, and does not take into account either payment plans or agreed changes to payment dates.

Repossessed properties, Law of Property Act ("LPA") receivership in sale status and development loans are excluded from arrears numbers. LPA receiverships in rental status, which may return to being performing assets, are included in arrears numbers.

Repossessed properties are properties in respect of which a court order has been actioned by a charge holder to the security, or in respect of which the borrower has surrendered ownership of the property. An LPA receivership is typically used to exercise security over property that is used for commercial purposes, which enables us to sell the property ("sale status"), or divert income streams from properties directly to ourselves ("rental status") which may not lead to an eventual sale process if the borrower is able to recover his position.

Development loans are commercial purpose loans that we extend to finance the development of land or property primarily into residential units, with repayments typically being made out of the sale of property units. We underwrite relatively few new development loans each year and continue to support a small number of historical funding commitments already agreed or required to complete existing developments. Development loans are reported as a separate category of loans within this analysis.

In this quarterly report and related presentation, data referring to our loan portfolio analysis is in reference to our core operating subsidiaries: Blemain Finance Limited, Bridging Finance Limited, Cheshire Mortgage Corporation Limited, Lancashire Mortgage Corporation Limited, Auction Finance Limited and Harpmanor Limited, which represent 99.9% of our total loan book balances by value as of September 30, 2016. Data referring to our loan portfolio analysis is presented after allowances for impairments.

In this quarterly report and related presentation, a loan is considered performing (or a "performing loan") if it has (i) nil arrears or arrears less than or equal to one month's contractual installment or where no contractual installment is due (ii) "performing arrears loans," being loans with arrears greater than one month's but less than or equal to three months' contractual installments or where cash receipts collected in the prior three months are equal to or greater than 90% of the contractual installments due. The balance of loans are classified as (i) non-performing arrears loans, where such loans have arrears of greater than three months' contractual installments due and where receipts collected in the prior three months are less than 90% of contractual installments due, (ii) loans for which the security is subject to a repossession order or for which an LPA receiver has been appointed and is under sale status and (iii) development loans.

In this quarterly report and related presentation, the term "performing loans" refers to the aggregate of (i) the principal amount of performing loans outstanding, (ii) accrued interest and fees and (iii) net of any allowances for impairments, in respect of such loans, as of the date presented. The term "non-performing arrears loans" refers to the aggregate of (i) the principal amount of non-performing arrears loans outstanding, (ii) accrued interest and fees and (iii) net of any allowances for impairments, in respect of such loans, as of the date presented. Non-performing arrears loans do not take into account loans for which the security is subject to a repossession order or for which an LPA receiver has been appointed and is under sale status or development loans, all of which are reported as separate categories and are also calculated based on the principal amount plus accrued interest and fees net of any allowances for impairments, in respect of such loans. Our loan analysis excludes loans with carrying values of nil for which full provisions are in place. Our provisions analysis also excludes allowances for impairment in respect of loans for which the carrying value is nil after impairment.

In this quarterly report and related presentation, the term "total loan assets" refers to the total balance of loans provided to our customers as included within our statement of financial position, stated after provisions for impairments and fees and commissions spread over the behavioral life of the loan.

In this quarterly report and related presentation, the term "second lien loans" includes second lien loans and also subsequent lien loans. As of September 30, 2016 subsequent lien loans amounted to approximately £5.9 million after allowances for impairments, representing 0.3% of our loan portfolio.

The LTV ratio is a ratio (reflected as a percentage) of the aggregate of (i) the principal amount of a mortgage loan, (ii) any higher ranking charge mortgage loans secured on the same property, (iii) the accrued interest and fees thereon and (iv) net of allowances for impairments compared to the latest appraised value (the assessed value of real property in the opinion of a qualified appraiser, valuer or from an automated valuation model during the mortgage origination process or the reappraised valuation of the property if a later valuation has been undertaken) of the property securing the loan.

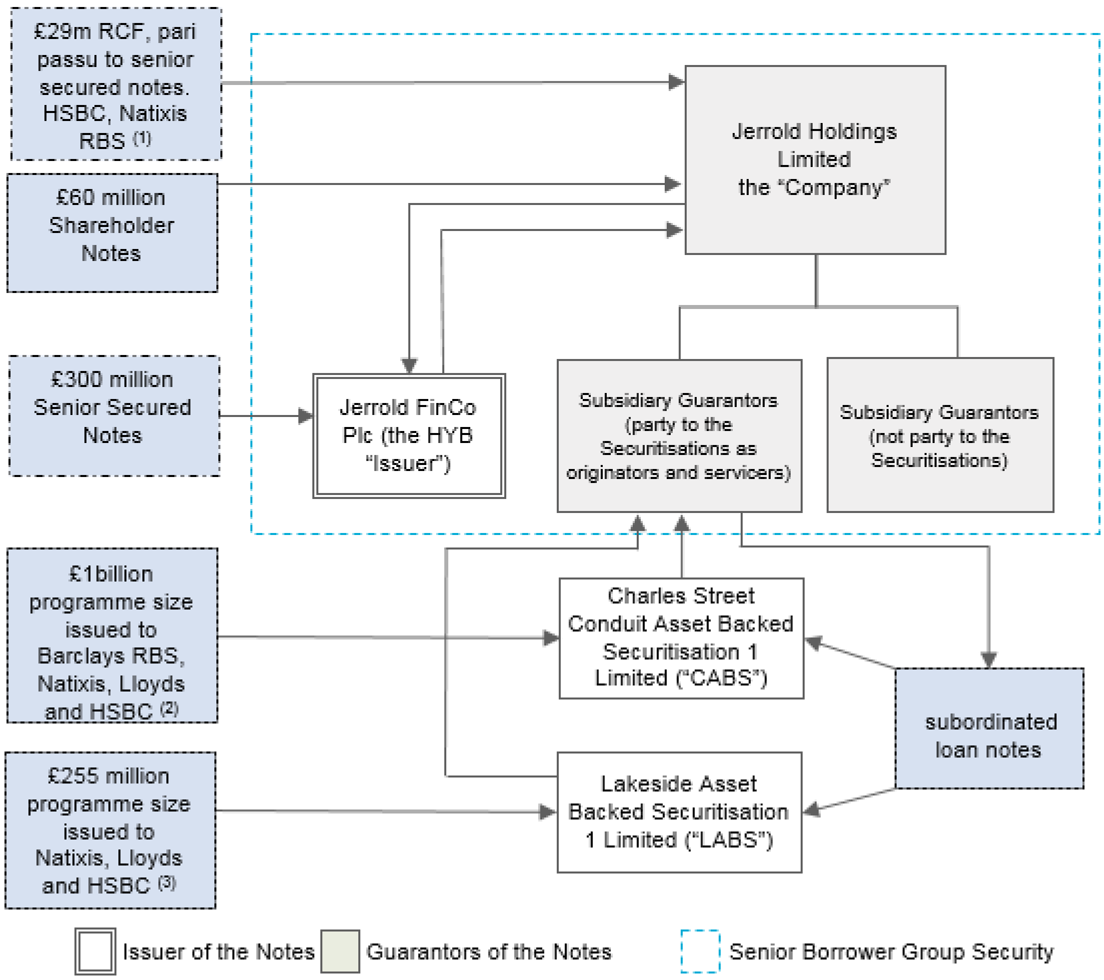
In this quarterly report and related presentation, the average LTV of our loan portfolio is calculated on a “weighted average basis,” pursuant to which LTV is calculated by multiplying each LTV by the respective loan amount and then dividing the sum of the weighted LTVs by the total amount of loans. The weighted average LTV of our loan portfolio is also presented on an “indexed basis,” pursuant to which the value of the properties securing our loans are reviewed quarterly and adjusted for movements in property prices since the latest appraised valuation in accordance with the relevant regional property indices.

Summary Corporate and Financing Structure

The diagram below provides a simplified overview of our corporate and financing structure on a consolidated basis as at September 30, 2016 and which does not take into account the refinancing of the senior secured notes in October 2016.

The diagram does not include all entities in our group nor does it show all our liabilities in our group.

Group Legal & Finance Structure as at 30 September 2016



(1) 30 September 2016 drawn balance was £29m
(2) 30 September 2016 £790m notes issued
(3) 30 September 2016 £200m notes issued

Key Performance Indicators

The following table summarizes key financial data and key performance indicators as of the dates and for the periods indicated.

(£ in thousands, except for percentages and ratios or unless otherwise noted)	Unaudited 3 months ended or as at September 30, 2016	Unaudited 3 months ended or as at September 30, 2015	3 months ended or as at June 30, 2016
Group			
Interest receivable and similar income	58,261	48,962	54,631
Fee and commission income	1,081	1,054	975
Other Income	38	32	33
	59,380	50,048	55,639
Impairment losses	(2,063)	(3,199)	(4,201)
EBITDA	46,072	38,079	38,355
EBITDA margin	77.6%	76.1%	68.9%
Profit before tax	13,126	22,408	19,863
Underlying profit before tax[1]	27,640		
Supplemental cash flow information:			
Cash receipts	225,506	184,486	231,657
New advances	(227,445)	(238,536)	(243,179)
LTV of loan portfolio (on a weighted average basis, based on LTV of loans at origination)	57.2%	57.6%	57.4%
LTV of loan portfolio (on a weighted average indexed basis)	52.9%	54.1%	52.6%
Borrower Group			
LTV of loan portfolio (on a weighted average basis, based on LTV of loans at origination)	60.1%	62.2%	60.9%
LTV of loan portfolio (on a weighted average indexed basis)	57.5%	62.5%	58.4%

For definitions please see sections: "Terms Relating to our Loan Analysis" and "Key definitions".

The key performance indicators above for three months ended September 30, 2016 and 2015 and June 30, 2016 have been derived from unaudited condensed consolidated interim financial statements and management information. In the opinion of management, such unaudited financial data reflect all adjustments necessary for a fair presentation of the results for those periods and have been prepared in accordance with IFRS. The financial information should be read in conjunction with the interim financial statements of Jerrold Holdings Limited as at September 30, 2016 and the financial statements of Jerrold Holdings Limited and the accounting policies describe therein as at June 30, 2016.

[1] Adjusted for the add back of £14.5m of non-recurring costs associated with the early refinancing of the senior secured notes

Operating and Financial Review

The section below provides a more detailed overview of performance in relation to a number of the key metrics that management use when assessing the performance of the business.

Continued focus on prudent underwriting policies, LTVs and traditional security

During the quarter to September 30, 2016 the group has continued to focus on prudent underwriting policies and LTVs, as well as traditional security such as residential housing stock, in providing its mortgage loans.

The group has continued to use affordability and repayment assessments to ensure our customers are able to service and repay their loans. This focus on affordability continues to correlate with a decline in vintage delinquency levels, with the number of loans experiencing arrears greater than three months contractual installments within 12 months of funding decreasing from 11.7% for loans funded in the year ended December 31, 2008, to 1.0% for loans funded in the year ended December 31, 2014. We expect that a continued focus on such policies will help us maintain lower delinquency levels.

An analysis of our loan portfolio as at September 30, 2016, June 30, 2016 and September 30, 2015 by arrears banding, for the group and borrower group is as follows:

	Group Loan Portfolio Arrears Analysis			**Borrower Group Loan Portfolio Arrears Analysis**		
	September 30, 2016	**September 30, 2015**	**June 30,2016**	**September 30, 2016**	**September 30, 2015**	**June 30, 2016**
Nil Arrears & Arrears ≤ 1 month	**85.3%**	**82.7%**	**84.6%**	**62.4%**	**61.5%**	**60.1%**
Performing Arrears						
1-3 months	3.5%	4.7%	3.9%	5.4%	6.0%	5.8%
3-6 months	0.7%	1.1%	1.0%	2.1%	2.5%	2.8%
>6 months	0.8%	1.2%	0.9%	2.5%	3.2%	2.6%
Total Performing Arrears	**5.0%**	**7.0%**	**5.8%**	**10.0%**	**11.7%**	**11.2%**
Non-Performing Arrears						
3-6 months	1.3%	1.1%	1.3%	3.4%	2.2%	3.2%
>6 months	1.5%	2.1%	1.6%	4.6%	5.7%	4.9%
Past due (term loans)	0.7%	0.8%	0.9%	2.1%	2.2%	2.6%
LPA Rent	0.2%	0.3%	0.2%	0.7%	0.4%	0.8%
Total Non-Performing Arrears	**3.7%**	**4.3%**	**4.0%**	**10.8%**	**10.4%**	**11.5%**
Development Loans	**4.2%**	**4.4%**	**4.2%**	**11.5%**	**11.6%**	**12.8%**
Repossessions	**1.7%**	**1.8%**	**1.4%**	**5.3%**	**4.7%**	**4.4%**
Total	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

We continue to target an average of origination LTVs of between 50% and 60% for new loans and continue to focus principally on residential security. The average LTV of new mortgage loans funded in the quarter to September 30, 2016 was 54.5%, compared to 58.0% in the quarter to June 30, 2016 (56.4% in the quarter to September 30, 2015).

An analysis of our loan portfolio as at September 30, 2016, by indexed and origination LTV banding, for the group and borrower group is as follows:

Group Loan Portfolio Indexed LTV Analysis £m	**Performing Loans**	**Non - Performing Loans**	**Development Loans**	**Repossessions**	**Total Loan Portfolio**
<=60%	1,186.6	35.5	15.1	10.4	1,247.6
>60% <=85%	481.7	22.1	29.6	13.2	546.6
>85% <=100%	10.4	10.3	33.2	7.5	61.4
>100%	2.1	0.7	1.2	0.5	4.5
Total	1,680.8	68.7	79.1	31.6	1,860.1

Borrower Group Loan Portfolio Indexed LTV Analysis £m	**Performing Loans**	**Non - Performing Loans**	**Development Loans**	**Repossessions**	**Total Loan Portfolio**
<=60%	283.4	30.9	8.3	10.4	333.0
>60% <=85%	134.0	21.8	25.9	13.2	194.9
>85% <=100%	8.2	10.3	32.3	7.4	58.2
>100%	1.9	0.7	1.2	0.5	4.3
Total	427.5	63.7	67.7	31.5	590.4

Group Loan Portfolio Origination LTV Analysis £m	**Performing Loans**	**Non - Performing Loans**	**Development Loans**	**Repossessions**	**Total Loan Portfolio**
<=60%	939.1	29.5	38.4	14.9	1,021.6
>60%<=85%	730.0	35.3	24.0	13.2	802.5
>85%<=100%	6.5	2.1	10.4	2.9	21.9
>100%	5.2	1.8	6.3	0.6	14.1
Total	1680.8	68.7	79.1	31.6	1,860.1

Borrower Group Loan Portfolio Origination LTV Analysis £m	**Performing Loans**	**Non - Performing Loans**	**Development Loans**	**Repossessions**	**Total Loan Portfolio**
<=60%	235.1	26.3	29.6	14.8	305.9
>60%<=85%	182.2	33.4	21.4	13.2	250.2
>85%<=100%	4.8	2.1	10.4	2.9	20.2
>100%	5.4	1.9	6.3	0.6	14.1
Total	427.5	63.7	67.7	31.5	590.4

The indexed weighted average LTV of the loan portfolio for the total group at September 30, 2016 is 52.9% compared to the prior quarter of 52.6% (June 2016) and the prior year comparable quarter of 54.1% (September 2015).

The indexed weighted average LTV of the loan portfolio for the borrower group at September 30, 2016 is 57.5% compared to the prior quarter of 58.4% (June 2016) and the prior year comparable quarter of 62.5% (September 2015).

Maintenance of loan portfolio mix and continued differentiation of our offerings

We aim to maintain a diversified loan portfolio mix between retail purpose and commercial purpose lending and security types over the medium term.
As at September 30, 2016 34.1% of our loan portfolio was classified as retail purpose, 61.7% of our loan portfolio was classified as commercial purpose and 4.2% of our loan portfolio was classified as development funding, calculated by value. At September 30, 2015 36.7% of our loan portfolio was classified as retail purpose, 58.9% of our loan portfolio was classified as commercial purpose and 4.4% of our loan portfolio was classified as development funding.

The proportion of our loan portfolio secured by residential security by value has decreased slightly to 79.5% as at September 30, 2016, when compared to 80.8% as at June 30, 2016 (80.0% as at September 30, 2015).

The proportion of our loan portfolio secured on first charges has increased to 58.9% as at September 30, 2016, compared to 58.6% as at June 30, 2016 (55.5% as at September 30, 2015).
The increase in commercial purpose and first charge lien loans reflects the recent higher proportion of bridging loans in our business mix.

Controlled growth of our loan portfolio.

We have continued to grow our loan portfolio using our well established distribution channels across the United Kingdom. We continue to focus on niche markets where we can offer products by identifying customer groups that are underserved by mainstream lenders.

In the quarter to September 30, 2016, including further advances, we have funded an average of £75.8m per month compared with £81.1m in the quarter to June 30, 2016 (£79.5m per month in the quarter to September 30, 2015). New business levels in the quarter to September 30, 2016 decreased when compared to June 30, 2016 partly due to the combination of, firstly the vote to leave the EU in June 2016 creating some economic and, initially, political uncertainty which had the effect of reducing loan completions particularly in July 2016 and secondly the seasonal reduction in Auction activity during the month of August. New business levels returned to increasing levels in October, with loan originations of £101.5m.

Our total loan portfolio stands at £1,855.3m as at September 30, 2016, compared to £1,800.7m as at June 30, 2016 (£1,521.5m as at September 30, 2015), representing less than 1.0% of the total mortgage market.

We intend to continue to grow our loan portfolio in a controlled manner, ensuring the quality of new loans is of an acceptable standard.

Financial Review

Income has increased 6.8% to £59.4m for the current quarter compared to £55.6m in the prior quarter (June 2016) and £50.0m in the prior year comparable quarter (September 2015). This increase primarily relates to higher interest and loan set up income (recognised using the effective interest rate) earned due to growth in the size of the loan book.

The net impairment charge to the Income Statement was £2.1m in the current quarter compared to a charge of £4.2m for the prior quarter (June 2016) and £3.2m for the prior year comparable quarter (September 2015). The decrease in impairment is due to an improvement in arrears and fewer shortfalls on the disposal of repossessed properties.

The group continues to be consistently highly profitable, with EBITDA at £46.1m up 20.1% from £38.4m for the prior quarter (June 2016) and up 21.0% from £38.1m for the prior year comparable quarter (September 2015). EBITDA margin for the current period is 77.6% compared to 68.9% in the prior quarter (June 2016) and 76.1% for the prior year comparable quarter (September 2015).

Profit before tax has decreased by 33.9% to £13.1m compared to £19.9m in the prior quarter (June 2016) principally due to (i) increased interest income, lower impairment losses and a decrease in administrative costs as reported above, and (ii) a non-recurring £14.5m increase in interest payable and similar charges in relation to the early refinancing of the senior secured notes (completed on 13 October 2016) which has led to an accelerated release of related debt issue costs and a call premium payable on early redemption net of the release of the remaining issue premium, resulting in an adjustment to the estimated effective interest rate of the senior secured notes which has been expensed to the income statement as a one off adjustment in September 2016.

Adjusting for the non-recurring refinancing costs underlying profit before tax for the quarter ended September 30, 2016 is £27.6m.

The group continues to be highly cash generative, with cash receipts in the current quarter of 225.5m compared to cash debt service of £23.5m; including a 6 monthly bond coupon of £14.6m and other cash expense payments of £18.7m. During the quarter, the group has issued £30m of Securitisation variable funding notes under the Charles Street program (total issued £790m at September 30, 2016). The total drawn on its revolving credit facility is £29.0m at September 30, 2016 and the total issued under the Lakeside program is £200m at September 30, 2016. Following the refinancing of the senior secured notes in October 2016, the revolving credit facility was repaid.

Recent Developments

Governance and changes to senior management

Retail Board

Colin Kersley has stepped down as Non-executive director of the Retail Board and Chair of the Retail Audit Risk and Compliance Committee. Mr. Kersley intends to take a new position on a Board of a financial services entity. The Jerrold Holdings Nominations Committee believed that this may have presented a conflict of interest leading to Mr Kersley tendering his resignation which has been accepted.

Ron Baxter, non-executive director, will chair the Retail Audit Risk and Compliance Committee on an interim basis.

New committed funding

On 13 October 2016, Jerrold FinCo plc (a subsidiary of Jerrold Holdings Limited) successfully issued £375m 6.25% senior secured notes due in 2021, refinancing the £300m 9.75% senior secured notes due in 2018 as well as repaying down the £29m revolving credit facility.

Shareholder update

Equistone Partners and Standard Life Investments (The “Funds”) exited their investment in Jerrold Holdings Limited on November 2, 2016. all the voting rights of Jerrold Holdings Limited were acquired by Bracken Midco2 Limited, a company whose ultimate parent is Redhill Famco Limited. Redhill Famco Limited is wholly controlled by HN Moser and members of his family. To support the Exit £220m of Senior PIK Toggle Notes were issued at Bracken Midco 1 plc, a direct parent of Bracken Midco 2 Limited and £100m of PIK Notes were issued to the Funds and owed by Bracken Topco Limited, the direct parent of Bracken Midco 1 plc and direct subsidiary of Redhill FamCo Limited. As part of the Exit, of the £60m of Shareholder Loan Notes previously issued by Jerrold Holdings Limited, £17m was repaid and £43m was novated to Redhill Famco Limited, resulting in such amounts being replaced in Jerrold Holdings Limited with intercompany balances due to Bracken Midco 2 Limited.

As a consequence, from November 2, 2016 the Company has been a member of a group headed by Redhill Famco Limited, whose principal place of business is Lake View, Lakeside, Cheadle, Cheshire, United Kingdom, SK8 3GW.

Significant Factors Which May Affect Results of Operations

Loan Assets Performance

The performance of our total loan assets depends on our ability to collect each expected loan installment, including interest and principal payments, on a timely basis. This in turn, depends in part on, the strength of our underwriting process to ensure the affordability of the loan installments and to assess the sustainability of such payments based upon known factors at the time of origination, an assessment of the repayment strategy, and the marketability and value of the underlying security. Our underwriting criteria, processes, controls and systems have been developed and refined using many years of experience. For each loan application, a detailed individualized assessment is made of the customer including, among other checks, an assessment of the financial position of the customer to ensure that the loan is both affordable and sustainable, an assessment of the repayment strategy and an assessment of the underlying security and its valuation. In addition, the performance of our total loan assets is impacted by our continued investment in our collections infrastructure, which impacts our ability to collect expected loan installments.

Macroeconomic Conditions

Our business is impacted by general business and economic conditions in the United Kingdom.

In order to mitigate the impact of adverse economic conditions we underwrite each loan application in detail undertaking affordability, repayment and property valuation assessments. We lend conservatively against property valuations to protect our security position should property prices move adversely.

In an economic downturn, customers may be less able to pay their debts as a result of a reduction in income, which could impact our levels of arrears. In such a downturn, customers are also less likely to redeem their mortgage loans, as a result of banks and other lenders having reduced levels of liquidity with which customers can refinance their mortgages, lenders tightening their lending criteria and customers being less likely to meet lending criteria. Redemption levels impact the levels of new business we are able to originate and thus the amount that we earn in upfront fees and pay in commissions. Our operational results are also affected by changes in prevailing interest rates in the UK. An increase in these interest rates increases the cost of servicing some of our borrowings. Although our total loan assets consists primarily of variable rate mortgage loans and we have the right to increase pricing if our own funding costs increase, our level of arrears and ultimately cash flows may be adversely affected if we increase the pricing of our customers' mortgages in relation to any potential increases in our funding costs. An increase in interest rates can also adversely affect loan origination volumes, as loans become less attractive to customers. Conversely low and stable interest rates may increase origination volumes as loans are more affordable.

Economic conditions within the UK have improved since the financial crisis, with interest rates remaining stable and low, unemployment rates falling and property prices steadily increasing. The vote to leave the EU in June 2016 created some economic and, initially, political uncertainty with suggestions that it would lead to adverse economic conditions. Stock markets reacted negatively at first with significant falls albeit that these have since reversed. We believe it is too early to identify the full implications of the Brexit vote as this will depend on the success of the forthcoming negotiations to determine the terms of the UK's future relationship with the EU.

Uncertain and adverse economic conditions may make it more difficult to raise external funding. To mitigate this risk the Group has a preference to raise debt with longer maturity periods, to refinance and extend existing facilities on a regular basis ahead of maturity dates and to ensure that sufficient facility headroom exists to support our planned growth objectives. Whilst uncertain and adverse economic conditions may present challenges, such conditions may also present opportunities for specialist lenders and reduce competition.

Property Market

Our business is impacted by levels of activity in the property market as well as property prices, both of which are influenced by, among other things, general business and economic conditions. Growing levels of activity in the property market (independent of property prices) are likely to increase demand for our mortgage loans, and, conversely, lower levels of activity are likely to reduce demand. Property prices also impact the LTV of our loans. As property prices increase, the amount of equity that mortgage borrowers hold in their home increases, and as property prices decrease, equity levels also decrease. Increased levels of equity provide borrowers with greater financial flexibility, which they may use to refinance or borrow additional amounts, which results in increased redemption and new business levels whereas reduced levels of equity restrict borrowers flexibility to obtain additional borrowings and is also likely to reduce redemption rates as the lower levels of equity may be insufficient to meet other lenders lending criteria.

Competition

Competition levels could impact the acquisition cost of obtaining business along with the interest rates and fees that we can charge for our mortgage loans.

Funding

We fund our total loan assets from cash provided by operations, shareholder reserves, the Shareholder Loan Notes (replaced with intercompany debt on the November 2, 2016), our issued Capital Market instrument, a revolving Syndicated loan Facility and through our Securitization facilities. The volume of loans we are able to originate is limited, in part, by the amount and terms of funding available to us along with the level of our capital reserves.

Regulatory Considerations

Our operations are affected by a number of laws and regulations. Our residential mortgage business and our pilot motor finance business are regulated by the FCA. Both Blemain Finance Limited and Spot Finance Limited entities were successful in their applications for full authorisation, with Blemain Finance receiving full authorisation to administer mortgage contracts from the FCA in March 2016 and Spot Finance receiving full authorisation in October 2016. We also have to comply with the relevant UK and EU regulations including anti-money laundering regulations and the Data Protection Act 1998.

We have invested, and continue to invest in a 'three lines of defence' governance model, described in more detail in the Risk report within the audited Consolidated Financial Statements of Jerrold Holdings as at June 30, 2016, and in the continuous development of our enterprise risk management framework. We have an experienced team of professionals, executives and non-executives, who along with third party regulatory specialist advisers, provide oversight and support to the Group to ensure that we continue to meet regulatory and legal standards.

Unaudited Consolidated Interim Financial Statements

The unaudited consolidated interim financial statements below show the financial performance for the three month period to and as at September 30, 2016.

Comparatives for these financial results included in the interim financial statements are as follows:

- Consolidated Income Statement and Consolidated Cash Flow Statement have comparatives of three months to September 30; and

- Consolidated Statement of Financial Position has comparatives as at September 30, 2015 and June 30, 2016.
- Consolidated Statement of Changes in Equity has a comparative of the three months to September 30, 2015.

Unaudited consolidated statement of comprehensive income
Three months ended 30 September 2016

All amounts are stated in £'000

Income statement

	Note	Three months ended 30 Sep 16	Three months ended 30 Sep 15
Interest receivable and similar income		58,261	48,962
Interest payable and similar charges	3	(32,470)	(15,379)
NET INTEREST INCOME		25,791	33,583
Fee and commission income		1,081	1,054
Fee and commission expense		(475)	(377)
Other income		38	32
OPERATING INCOME		26,435	34,292
Administrative expenses		(11,246)	(8,685)
OPERATING PROFIT		15,189	25,607
Impairment losses		(2,063)	(3,199)
PROFIT BEFORE TAXATION		13,126	22,408
Income tax	4	(2,625)	(4,496)
PROFIT AFTER TAXATION		10,501	17,912

The results for the current and comparative periods relate entirely to continuing operations.

There is no other comprehensive income in either period.

Unaudited consolidated statement of financial position

All amounts are stated in £'000

As at 30 September 2016

	Note	30 Sep 16	30 Sep 15	Audited 30 Jun 16
NON-CURRENT ASSETS				
Property, plant and equipment	5	4,380	4,390	4,529
Intangible assets	5	3,925	1,549	3,229
Investment property		45	45	45
Investments		123	123	123
Deferred tax asset	6	5,667	2,605	6,109
		14,140	8,712	14,035
CURRENT ASSETS				
Inventories		840	840	840
Loans and advances to customers	7	1,855,297	1,521,493	1,800,673
Trade and other receivables	8	2,160	1,731	2,312
Cash and cash equivalents		2,949	-	546
		1,861,246	1,524,064	1,804,371
TOTAL ASSETS		1,875,386	1,532,776	1,818,406
CURRENT LIABILITIES				
Trade and other payables	9	(23,324)	(22,642)	(31,806)
Current tax liabilities		(9,408)	(7,702)	(12,277)
Borrowings	10	(343,830)	(2,576)	(195)
		(376,562)	(32,920)	(44,278)
NON-CURRENT LIABILITIES				
Borrowings	10	(973,103)	(1,039,955)	(1,259,201)
TOTAL LIABILITIES		(1,349,665)	(1,072,875)	(1,303,479)
NET ASSETS		525,721	459,901	514,927
EQUITY				
Share capital	11	9,779	9,779	9,779
Share premium account		17,527	17,527	17,527
Merger reserve		(9,645)	(9,645)	(9,645)
Capital redemption reserve		2,763	1,300	2,470
Retained earnings		505,531	440,940	494,796
TOTAL EQUITY		525,721	459,901	514,927

Unaudited consolidated statement of changes in equity

All amounts are stated in £'000

As at 30 September 2016

	Called up share capital	Share premium	Merger reserve	Capital redemption reserve	Retained earnings	Total
At beginning of period	9,779	17,527	(9,645)	2,470	494,796	514,927
Retained profit for the financial period	-	-	-	-	10,501	10,501
Share based payments				293	-	293
At end of period	9,779	17,527	(9,645)	2,763	505,297	525,721

As at 30 September 2015

	Called up share capital	Share premium	Merger reserve	Capital redemption reserve	Retained earnings	Total
At beginning of period	9,779	17,527	(9,645)	1,300	423,028	441,989
Retained profit for the financial period	-	-	-	-	17,912	17,912
At end of period	9,779	17,527	(9,645)	1,300	440,940	459,901

Unaudited consolidated statement of cash flows
Three months ended 30 September 2016

All amounts are stated in £'000

	Note	Three months ended 30 Sep 16	30 Sep 15
CASH OUTFLOW FROM OPERATING ACTIVITIES			
Cash outflow from operations	12	(8,874)	(60,973)
Taxation		(5,051)	(3,750)
Servicing of finance		(20,193)	(22,853)
Net cash outflow from operating activities		(34,118)	(87,576)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(128)	(433)
Purchase of intangible assets		(895)	(587)
Proceeds on disposal of property, plant and equipment		-	12
Net cash outflow from investing activities		(1,023)	(1,008)
CASHFLOWS FROM FINANCING ACTIVITIES			
Drawdown of facilities		37,599	83,427
Capital element of finance lease payments		(55)	(48)
Net cash inflow from financing activities		37,544	83,379
Net increase/(decrease) in cash and cash equivalents		2,403	(5,205)
Cash and cash equivalents at beginning of period		546	2,772
CASH AND CASH EQUIVALENTS AT END OF PERIOD		2,949	(2,433)

All amounts are stated in £'000

1. REPORTING ENTITY

Jerrold Holdings Limited (the Company) is incorporated and domiciled in the UK. The registered address of the company is Lake View, Lakeside, Cheadle, Cheshire, SK8 3GW. The consolidated financial statements comprise Jerrold Holdings Limited and its subsidiaries (the Group). The Group is primarily involved in financial services.

2. ACCOUNTING POLICIES

Basis of preparation

The condensed consolidated set of financial statements have been prepared in accordance with the International Accounting Standard (IAS) 34: *Interim Financial Reporting*, as adopted by the European Union. They do not include all the information required by International Financial Reporting Standards ("IFRS) in full annual financial statements and should be read in conjunction with the Annual Report & Accounts for the year ended 30 June 2016 which were prepared in accordance with IFRS as adopted by the EU.

Accounting policies and judgments

The accounting policies, presentation and methods of computation are consistent with those applied by the Group in its latest audited annual financial statements.

Going concern

The directors have assessed, in the light of current and anticipated economic conditions, the Group's ability to continue as a going concern. The directors confirm they are satisfied that the Company and the Group have adequate resources to continue in business for the foreseeable future. For this reason, they continue to adopt the going-concern basis for preparing accounts.

3. INTEREST PAYABLE AND SIMILAR CHARGES

	Three months ended	
	30 Sep 16	**30 Sep 15**
On borrowings	27,255	13,246
Amortisation of debt issue costs	5,205	2,115
Other interest	10	18
	32,470	15,379

Interest payable on borrowings includes £11.5m and amortization of debt issue costs includes £3.0m, both non-recurring and as a result of refinancing the £300m senior secured notes on 13 October 2016. The notes were due to mature in September 2018 and the early refinancing has led to an accelerated release of their related debt issue costs and a call premium payable on early redemption net of the release of the remaining issue premium, resulting in an adjustment to the estimated effective interest rate (EIR) of the senior secured notes which has been expensed to the income statement in September 2016.

All amounts are stated in £'000

4. TAX ON PROFIT

	Three months ended 30 Sep 16	Three months ended 30 Sep 15
Current tax		
Corporation tax	2,183	3,586
Total current tax	2,183	3,586
Deferred tax		
Origination and reversal of temporary differences	442	910
Total deferred tax	442	910
Total tax on profit	2,625	4,496

The differences between the total tax on profit shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax are as follows:

	Three months ended 30 Sep 16	Three months ended 30 Sep 15
Profit before tax	13,125	22,408
Tax on profit at standard UK corporation tax rate of 20.00%	2,625	4,482
Effects of:		
Expenses not deductible for tax purposes	-	32
Income not taxable	-	(18)
Group tax charge for period	2,625	4,496

All amounts are stated in £'000

5. PROPERTY PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

As at 30 September 2016

	Property, plant and equipment				
	Fixtures, fittings and equipment	**Motor vehicles**	**Total**	**Intangible assets**	**Total**
Cost					
At beginning of period	5,852	1,251	7,103	3,720	10,823
Additions	128	-	128	895	1,023
Disposals	(21)	-	(21)	-	(21)
At end of period	5,959	1,251	7,210	4,615	11,825
Depreciation					
At beginning of period	2,129	445	2,574	491	3,065
Charge for the period	227	50	277	199	476
Disposals	(21)	-	(21)	-	(21)
At end of period	2,335	495	2,830	690	3,520
Net book value					
At end of period	3,624	756	4,380	3,925	8,305
At beginning of period	3,723	806	4,529	3,229	7,758

As at 30 September 2015

	Property, plant and equipment				
	Fixtures, fittings and equipment	**Motor vehicles**	**Total**	**Intangible assets**	**Total**
Cost					
At beginning of period	5,292	1,028	6,320	1,093	7,413
Additions	357	76	433	587	1,020
Disposals	-	(33)	(33)	-	(33)
At end of period	5,649	1,071	6,720	1,680	8,400
Depreciation					
At beginning of period	1,723	392	2,115	68	2,183
Charge for the period	189	40	229	63	292
Disposals	-	(14)	(14)	-	(14)
At end of period	1,912	418	2,330	131	2,461
Net book value					
At end of period	3,737	653	4,390	1,549	5,939
At beginning of period	3,569	636	4,205	1,025	5,230

5. PROPERTY PLANT AND EQUIPMENT AND INTANGIBLE ASSETS (continued)

As at 30 June 2016

	Property, plant and equipment				
	Fixtures, fittings and equipment	**Motor vehicles**	**Total**	**Intangible assets**	**Total £'000**
Cost					
At beginning of period	5,292	1,028	6,320	1,093	7,413
Additions	926	437	1,363	2,627	3,990
Disposals	(366)	(214)	(580)	-	(580)
At end of period	5,852	1,251	7,103	3,720	10,823
Depreciation					
At beginning of period	1,723	392	2,115	68	2,183
Charge for the period	772	184	956	423	1,379
Disposals	(366)	(131)	(497)	-	(497)
At end of period	2,129	445	2,574	491	3,065
Net book value					
At end of period	3,723	806	4,529	3,229	7,758
At beginning of period	3,569	636	4,205	1,025	5,230

6. DEFERRED TAX ASSET

	30 Sep 16	**30 Sep 15**	**30 Jun 16**
At beginning of period	6,109	3,515	3,515
(Charge)/credit to income statement	(442)	(910)	2,441
Adjustment in respect of prior year	-	-	153
At end of period	5,667	2,605	6,109

The deferred tax asset consisted of the following:

Short-term timing differences	5,946	2,828	6,388
	5,667	2,605	6,109

7. LOANS AND ADVANCES TO CUSTOMERS

	30 Sep 16	**30 Sep 15**	**30 Jun 16**
Gross loans and advances	1,921,561	1,590,689	1,869,519
Less: allowances for impairment on loans and advances	(66,264)	(69,196)	(68,846)
	1,855,297	1,521,493	1,800,673

All amounts are stated in £'000

8. TRADE RECEIVABLES

	30 Sep 16	30 Sep 15	30 Jun 16
Amounts owed by related parties	35	27	76
Other debtors	63	99	80
Prepayments and accrued income	2,062	1,605	2,156
	2,160	1,731	2,312

Amounts owed by related parties are in respect of Centrestand Limited, Charles Street Commercial Investments Limited, and Sterling Property Co. Limited, companies in which HN Moser is a director and shareholder (see note 13).

9. TRADE AND OTHER PAYABLES

	30 Sep 16	30 Sep 15	30 Jun 16
Amounts owed to related parties	153	35	1
Trade creditors	1,089	1,216	1,261
Other creditors	2,636	2,874	2,294
Other taxation and social security	710	490	609
Accruals and deferred income	18,736	18,027	27,641
	23,324	22,642	31,806

Amounts owed to related parties are in respect of Common Sense Lending Limited and Charles Street Commercial Investments Limited, companies in which HN Moser is a director and shareholder (see note 13).

10. BORROWINGS

	30 Sep 16	30 Sep 15	30 Jun 16
Bank overdrafts	-	2,433	-
Bank loans	29,000	-	29,000
Loan notes	925,852	690,829	884,040
Shareholder notes	60,000	60,000	60,000
Senior secured notes	315,063	307,035	304,427
Obligations under finance leases	368	270	422
	1,330,283	1,060,567	1,277,889
Debt issue costs	(13,350)	(18,036)	(18,493)
Total borrowings	1,316,933	1,042,531	1,259,396
Of which:			
Amount due for settlement within 12 months	343,830	2,576	195
Amount due for settlement after 12 months	973,103	1,039,955	1,259,201
	1,316,933	1,042,531	1,259,396

All amounts are stated in £'000

10. BORROWINGS (continued)

Debt issue costs consist of the prepaid fees in relation to the bank loan, loan notes and the senior secured notes which are being amortised over the expected duration or term of the facility or notes as appropriate.

The loan notes are provided through two revolving securitisation vehicles, Charles Street Conduit Asset Backed Securitisation 1 Limited (Charles Street ABS) established in 2007 and Lakeside Asset Backed Securitisation 1 Limited (Lakeside ABS). Each of the facilities is secured on specific loan assets. On 13 August 2015 the Company successfully completed a new £255m revolving securitisation programme, known as Lakeside ABS. The facility will run until August 2018 and will support the Group's commercial lending activity. On 7 March 2016, the Charles Street ABS facility ratings were re-confirmed as Aa2 by Moody's and AA by DBRS. The facility was further increased on 7 March 2016 from £675m to £1bn and the term extended to January 2021.

Of the shareholder notes, £40m is due to 'DL Moser Family Settlement Trust', £8m is due to HN Moser, £9.9m is due to Equistone Partners and £2.1m is due to Standard Life Investments. These parties are all related to the Group by way of shareholdings in Jerrold Holdings Limited. All amounts are repayable on 15 September 2021. Interest is charged at a rate of 3% above base rate per annum. See note 16 for restructuring and resulting in the £29m of bank loans being repaid.

On 13 October 2016, Jerrold FinCo plc (a subsidiary of Jerrold Holdings Limited) successfully issued £375m 6.25% senior secured notes due in 2021, refinancing the £300m 9.75% senior secured notes due in 2018.

As at 30 September 2016

Maturity analysis	<1 year	1-2 years	2-5 years	>5 years	Total
Bank loans	29,000	-	-	-	29,000
Loan notes	-	179,316	746,536	-	925,852
Shareholder notes	-	-	60,000	-	60,000
Senior secured notes	315,063	-	-	-	315,063
Finance leases	186	182	-	-	368
Debt issue costs	(419)	(1,567)	(11,364)	-	(13,350)
	343,830	177,931	795,172	-	1,316,933

As at 30 September 2015

Maturity analysis	<1 year	1-2 years	2-5 years	>5 years	Total
Borrowings	2,433	-	-	-	2,433
Bank loans	-	-	-	-	-
Loan notes	-	-	690,829	-	690,829
Shareholder notes	-	-	-	60,000	60,000
Senior secured notes	-	-	307,035	-	307,035
Finance leases	143	90	37	-	270
Debt issue costs	-	-	(18,036)	-	(18,036)
	2,576	90	979,865	60,000	1,042,531

All amounts are stated in £'000

10. BORROWINGS (continued)

As at 30 June 2016

Maturity analysis	<1 year	1-2 years	2-5 years	>5 years	Total
Bank loans	-	29,000	-	-	29,000
Loan notes	-	-	884,040	-	884,040
Shareholder notes	-	-	-	60,000	60,000
Senior secured notes	-	-	304,427	-	304,427
Finance leases	195	159	68	-	422
Debt issue costs	-	-	(18,493)	-	(18,493)
	195	29,159	1,170,042	60,000	1,259,396

11. SHARE CAPITAL

	30 Sep 16	30 Sep 15	30 Jun 16
Authorised			
2,744,974 B1 ordinary shares of 49.9 pence each	1,370	1,370	1,370
6,404,938 B2 ordinary shares of 49.9 pence each	3,196	3,196	3,196
154,690 C1 ordinary shares of 1 penny each	1	1	1
696,049 C2 ordinary shares of 1 penny each	7	7	7
64,250 C3 ordinary shares of 1 penny each	1	1	1
100,000 D ordinary shares of 1 penny each	1	1	1
10,000 E ordinary shares of 1 penny each	-	-	-
22 A deferred ordinary shares of 0.1 pence each	-	-	-
10,850,092 A preferred ordinary shares of 50 pence each	5,425	5,425	5,425
	10,001	10,001	10,001
Issued, allotted and fully paid			
2,744,974 B1 ordinary shares of 49.9 pence each	1,370	1,370	1,370
6,404,938 B2 ordinary shares of 49.9 pence each	3,196	3,196	3,196
131,202 C1 ordinary shares of 1 penny each	1	1	1
696,049 C2 ordinary shares of 1 penny each	7	7	7
64,250 C3 ordinary shares of 1 penny each	1	1	1
100,000 D ordinary shares of 1 penny each	1	1	1
13 A deferred ordinary shares of 50 pence each	-	-	-
10,405,653 A preferred ordinary shares of 50 pence each	5,203	5,203	5,203
	9,779	9,779	9,779

All amounts are stated in £'000

12. RECONCILIATION OF PROFIT AFTER TAX TO NET CASH OUTFLOW FROM OPERATIONS

	Three months ended 30 Sep 16	Three months ended 30 Sep 15
Profit after tax	10,501	17,912
Adjustments for:		
Taxation	2,625	4,496
Depreciation	476	292
Loss on sale of investments	-	6
Interest expense	32,470	15,379
Share based payments	293	-
	46,365	38,085
Increase in loan book	(54,624)	(97,970)
Decrease in prepayments	94	552
Decrease in other debtors and amounts owed by related parties	58	76
Decrease in accruals	(1,189)	(1,034)
Decrease in trade creditors	(173)	(110)
Increase/(decrease) in other creditors, amounts owed to related parties and taxation and social security	595	(572)
	(55,239)	(99,058)
Cash outflow from operations	(8,874)	(60,973)

13. RELATED PARTY TRANSACTIONS

Balances due to the Group	**30 Sep 16**	**30 Sep 15**	**30 Jun 16**
Centrestand Limited	18	11	22
Charles Street Commercial Investments Limited	-	-	37
Sterling Property Co. Limited	17	16	17
	35	27	76

Balances due from the Group	**30 Sep 16**	**30 Sep 15**	**30 Jun 16**
Common Sense Lending Limited	-	7	-
Charles Street Commercial Investments Limited	153	28	1
	153	35	1

Balances due to the Group	**30 Sep 16**	**30 Sep 15**	**30 Jun 16**
Centrestand Limited	18	11	22
Charles Street Commercial Investments Limited	-	-	37
Sterling Property Co. Limited	17	16	17
	35	27	76

All amounts are stated in £'000

13. RELATED PARTY TRANSACTIONS (continued)

Group transactions with related parties during the period were:

	Three months ended	
	30 Sep 16	**30 Sep 15**
Bracken House Properties LLP		
Operating lease costs – land and buildings due to Bracken House Properties LLP	261	261
Insurance costs due to Bracken House Properties LLP	7	7
Payments from the Group to Bracken House Properties LLP	(268)	-
Charles Street Commercial Investments Limited		
Amounts received by the Group relating to Charles Street Commercial Investments Limited	(189)	(1)
Centrestand Limited		
Net service costs and rents received on behalf of Centrestand Limited	(4)	(3)
Sterling Property Co. Limited		
Property management fees paid by the Group to Sterling Property Co. Limited	-	(4)
	(193)	260

Sterling Property Co. Limited provides property management services for properties repossessed or placed into LPA receivership by the Group.

Operating lease costs and insurance costs are paid to Bracken House Properties LLP on a prepaid basis.

14. CONTINGENT LIABILITIES

As at 30 September 2016 the company's assets were subject to a fixed and floating charge in respect of £29m of bank borrowings of the group (2015: £29m) and £300m in respect of senior secured notes (2015: £300m).

15. SHARE-BASED PAYMENTS

The ability to dispose of D shares issued to senior management and execute options over E shares are conditional on sale of shares held by other shareholders amounting to 25% or more of the Company's share capital. The value of these shares is dependent upon the amount of share capital sold and the value of the Company at the time. Such awards are treated as equity settled by virtue of where the obligation rests on such awards being realised.

The fair value of the D share and E share options, which due to their nature are treated as a single instrument, has been derived using a Black Scholes model. In ascertaining the fair value, certain assumptions have been made as to the estimated timing of when such shares and options are likely to realise, with the fair value being charged to the statement of comprehensive income over the expected vesting period, which was reassessed on 30 September 2016.

In deriving the fair value a risk free rate of 0.48% has been applied with assumed volatility of 25%. The risk free rate of return has been calculated by reference to the Treasury coupon yield achievable at the time of granting the awards which has a maturity date close to that of the expected life of the awards. The expected volatility has been calculated by reference to the average experienced volatility of a selected peer set of listed companies, based upon the annualised standard deviation of daily share price movements over a period corresponding with the expected life of the awards.

Whilst the Company is the issuer of the awards the benefit arises in Blemain Finance Limited (BFL), a subsidiary of Jerrold Holdings. As such the charge is applied to the income statement of BFL, whose results are consolidated into the Jerrold Holdings consolidated income statement. During the current period, £293k was recognised to the income statement (2015: £nil) with £1.17m recognised to the income statement for the year ended 30 June 2016.

16. SUBSEQUENT EVENTS

On 13 October 2016, Jerrold FinCo plc (a subsidiary of Jerrold Holdings Limited) successfully issued £375m 6.25% senior secured notes due in 2021, refinancing the £300m 9.75% senior secured notes due in 2018.

Equistone Partners and Standard Life Investments (the "Funds") have been supportive partners of Jerrold Holdings since they made their minority investment in 2006. In line with the typical tenure and nature of such investments and given the continued strong performance of the Group, the Funds had approached Jerrold Holdings and its shareholders to seek their assistance in exiting their investment (the "Exit").

Following a full review, a preferred option was identified and executed on 2nd November 2016 which entailed HN Moser and members of his family indirectly acquiring the interests of the Funds, increasing their interest in Jerrold Holdings Limited to a 100% interest, other than a continuing small non-voting shareholding interest held by other members of the senior management team.

In connection with the Exit, all the voting rights of Jerrold Holdings Limited were acquired by Bracken Midco2 Limited, a company whose ultimate parent is Redhill Famco Limited. Redhill Famco Limited is wholly controlled by HN Moser and members of his family. To support the Exit £220m of Senior PIK Toggle Notes were issued at Bracken Midco 1 plc, a direct parent of Bracken Midco 2 Limited and £100m of PIK Notes were issued to the Funds and owed by Bracken Topco Limited, the direct parent of Bracken Midco 1 plc and direct subsidiary of Redhill FamCo Limited. As part of the Exit, of the £60m of Shareholder Loan Notes previously issued by Jerrold Holdings Limited, £17m was repaid and £43m was novated to Redhill Famco Limited, resulting in such amounts being replaced in Jerrold Holdings Limited with intercompany balances due to Bracken Midco 2 Limited.

As a consequence, from November 2, 2016 the Company has been a member of a group headed by Redhill Famco Limited, whose principal place of business is Lake View, Lakeside, Cheadle, Cheshire, United Kingdom, SK8 3GW.

17. CONTROLLING PARTY

HN Moser, a director of Jerrold Holdings Limited, and members of his close family, controlled the Company as a result of controlling directly or indirectly 100% of the voting rights of Jerrold Holdings Limited.

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Details of future results will be made available on the Jerrold Holdings investor website:

http://www.togethermoney.com/investors.aspx