Together Financial Services Limited

Q2 2016/17 Results

Company Registration No. 02939389

Contents

Highlights

- **Increased interest receivable and similar income** Interest receivable and similar income for the current quarter (ending December 31, 2016) was £60.0m compared to £58.3m in the prior quarter (ending September 30, 2016) and £52.2m in the prior year comparable quarter (ending December 31,2015). This increase primarily relates to interest earned on increased loan book levels.
- **Impairment maintained at very low levels** The net impairment charge to the income statement was £2.4m compared to a charge of £2.1m in the prior quarter (ending September 30, 2016) and £2.7m in the prior year comparable quarter (ending December 31, 2015). The small increase in impairment is due to a number of historic loans being written off in the period.
- **Continually high EBITDA** The Group continues to be consistently highly profitable with increasing EBITDA on an underlying basis. Current quarter (ending December 31, 2016) EBITDA was £38.7m compared to £46.1m in the prior quarter (ending September 30, 2016) and £40.5m in the prior year comparable quarter (ending December 31, 2015). Underlying EBITDA (adjusting for £8.6m exceptional costs primarily in relation to the staff incentive scheme charge which crystalised on the completion of the acquisition of the minority interest investor shares by HN Moser and the Moser family Trust (the "Exit Transactions")) in the current quarter (ending December 31, 2016) was £47.2m. EBITDA margin was 63.3% for the current quarter compared to 77.6% for the prior quarter (ending September 30, 2016) and 75.9% for the prior year comparable quarter (ending December 31, 2015). Underlying EBITDA margin (excluding costs in relation to the Exit Transactions) in the current quarter was 77.3%.
- **Increase in profit before tax** Profit before tax has increased to £21.2m compared to £13.1m in the prior quarter (ending September 30, 2016) principally due a non-recurring £14.5m increase in interest payable and similar charges in relation to the early refinancing of the senior secured notes due 2018 included in the prior quarter (completed on October 13, 2016) with a further £0.3m included in the current quarter. In addition, the current quarter also included exceptional costs of £8.6m in relation to the Exit Transactions.

  Adjusting for the exceptional costs noted above, underlying profit before tax for the current quarter was £30.0m compared to £27.6m in the prior quarter.
- **Continually high cash generation** The Group continues to be highly cash generative, with cash receipts in the current quarter (ending December 31, 2016) of £255.6m compared to cash debt service of £35.8m and other cash expense payments of £15.7m. During the current quarter (ending December 31, 2016), the Group has issued £75m of Securitisation variable funding notes under the Charles Street program (total issued £865m at December 31, 2016), with the total issued under the Lakeside program as of December 31, 2016 at £200m. Following the refinancing of the £300m senior secured notes in October 2016 with a new £375m issuance, excess funds was used in part to repay the revolving credit facility of £29m.
- **Increase in lending volumes** Lending volumes increased on the prior quarter, with the Group advancing £326.1m of loans in the current quarter (ending December 31, 2016), compared to £227.8m for the prior quarter (ending September 30, 2016) and £248.9m in the prior year comparable quarter (ending December 31,2015). Key underwriting metrics remained fairly consistent in the period, with the weighted average LTV of loans written in the current quarter (ending December 31, 2016) being 54.4%, compared to 54.5% for the prior quarter (ending September 30, 2016) and 57.9% for the prior year comparable quarter (ending December 31,2015).
- **Stable LTV of loan portfolio - Total Group** The indexed weighted average LTV of the loan portfolio for the total Group at December 31, 2016 is 52.4% compared to 52.9% as of September 30, 2016 and 54.1% as of December 31, 2015.
- **Improving LTV of loan portfolio - Borrower Group** The indexed weighted average LTV of the loan portfolio for the borrower Group at December 31, 2016 is 56.9%, compared to 57.5% as of September 30, 2016 and 60.5% as of December 31, 2015.

An Introduction to Together Financial Services Limited

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 78.1% are secured by residential properties, with the balance secured by commercial and semi-commercial properties, all within the United Kingdom. We specialise in offering individually underwritten loans to niche market segments, thereby minimising 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 December 31, 2016, 33.8% of our loan portfolio was classified as retail purpose, 61.5% of our loan portfolio was classified as commercial purpose and 4.7% 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 individualised credit affordability and 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 authorisation controls, a staff training and competency program and 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 December 31, 2016, was 52.4% and the LTV on a weighted average basis of new loans underwritten by us in the quarter ended December 31, 2016 was 54.4%. 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 December 31, 2016, 93.6% of our total loan portfolio and 89.0% 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 Together Financial Services Limited (formerly Jerrold Holdings Limited) as of and for the three months ended December 31, 2015 and 2016 and for the six months ended December 31, 2015 and 2016. The interim condensed consolidated financial statements of Together Financial Services 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 of December 31, 2016 the Group's non-securitised assets were subject to a fixed and floating charge in respect of £29m of bank borrowings (£nil drawn) and £375m (fully drawn) of senior secured notes.

The only notable commitment, not recognised 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 Securitisation 1 Limited ("Charles Street ABS"), and Lakeside Asset Backed Securitisation 1 Limited ("Lakeside ABS"), the bankruptcy-remote special purpose vehicles established for purposes of our Securitisations, 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 December 31, 2015 and 2016 and for the six months ended December 31, 2015 and 2016 for Together Financial Services, can be extracted from the unaudited consolidated interim financial statements of Together Financial Services, by taking profit on ordinary activities after taxation and adding back interest payable and similar charges, tax on profit on ordinary activities, depreciation, amortisation 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 capitalising 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 their 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, Together Personal Finance Limited (formerly Cheshire Finance Limited), Together Commercial Finance Limited (formerly Lancashire Mortgage Corporation Limited), Auction Finance Limited and Harpmanor Limited, which represent 99.9% of our total loan book balances by value as of December 31, 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 December 31, 2016 subsequent lien loans amounted to approximately £5.3 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.

Key Performance Indicators

The following table summarises 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 of December 31,		Unaudited 3 months ended or as of September 30,
	2016	2015	2016
Group			
Interest receivable and similar income	60,028	52,244	58,261
Fee and commission income	1,023	1,045	1,081
Other Income	30	34	38
	61,081	53,323	59,380
Movement in bad debt provisions	(2,381)	(2,696)	(2,063)
EBITDA	38,653	40,497	46,072
EBITDA margin	63.3%	75.9%	77.6%
Profit on ordinary activities before tax	21,226	23,415	13,126
Underlying profit before tax	30,041	23,415	27,640
Underlying EBITDA (1)	47,227	40,497	46,072
Underlying EBITDA margin	77.3%	75.9%	77.6%
Supplemental cash flow information:			
Cash receipts	255,645	186,218	229,528
New advances	(325,838)	(248,949)	(227,445)
LTV of loan portfolio (on a weighted average basis, based on LTV of loans at origination)	57.0%	57.5%	57.2%
LTV of loan portfolio (on a weighted average indexed basis)	52.4%	54.1%	52.9%
Borrower Group			
LTV of loan portfolio (on a weighted average basis, based on LTV of loans at origination)	59.1%	61.8%	60.1%
LTV of loan portfolio (on a weighted average indexed basis)	56.9%	60.5%	57.5%

(1) Underlying EBITDA adjusts for £8.6m exceptional costs in relation to the "Exit Transactions" which primarily relate to the staff incentive scheme charge which crystalised on the completion of the acquisition of the minority interest investor shares by HN Moser and the Moser Family Trust.

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

The key performance indicators above for three months ended December 31, 2016 and 2015 and September 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 Together Financial Services Limited as of December 31, 2016 and the financial statements of Together Financial Services Limited and the accounting policies describe therein as of June 30, 2016.

Operating 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 December 31, 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 4.4% for loans funded in the year ended December 31, 2009, to 0.7% for loans funded in the year ended December 31, 2015. We expect that a continued focus on such policies will help us maintain lower delinquency levels.

An analysis of our loan portfolio as of December 31, 2016, September 30, 2016 and December 31, 2015 by arrears banding, for the Group and borrower group is as follows:

	Group Loan Portfolio Arrears Analysis		Borrower Group Loan Portfolio Arrears Analysis	
	December 31, 2016	**December 31, 2015**	**December 31, 2016**	**December 31, 2015**
Nil Arrears & Arrears ≤ 1 month.	**85.1%**	**83.5%**	**60.8%**	**60.6%**
Performing Arrears				
1-3 months	4.1%	4.7%	6.5%	6.6%
3-6 months	0.8%	1.0%	2.5%	2.3%
>6 months	0.7%	1.0%	2.3%	2.8%
Total Performing Arrears	**5.6%**	**6.7%**	**11.3%**	**11.7%**
Non-Performing Arrears				
3-6 months	0.9%	1.3%	2.0%	2.7%
>6 months	1.3%	1.9%	4.2%	5.6%
Past due (term loans)	0.7%	0.8%	2.0%	2.4%
Total Non-Performing Arrears.	**2.9%**	**4.0%**	**8.2%**	**10.7%**
Development Loans	**4.7%**	**4.2%**	**14.1%**	**12.3%**
Repossessions	**1.7%**	**1.6%**	**5.6%**	**4.7%**
Total	**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 December 31, 2016 was 54.4%, compared to 54.5% in the quarter to September 30, 2016 (57.9% in the quarter to December 31, 2015).

An analysis of our loan portfolio as of December 31, 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%	1,294.6	33.5	22.9	13.7	1,364.7
>60% <=85%	495.5	18.7	30.3	13.6	558.1
>85% <=100%	13.3	5.7	39.5	6.5	65.0
>100%	4.1	0.6	1.4	0.7	6.8
Total	1,807.5	58.5	94.1	34.5	1,994.6

Borrower Group Loan Portfolio Indexed LTV Analysis £m	Performing Loans	Non - Performing Loans	Development Loans	Repossessions	Total Loan Portfolio
<=60%	303.0	28.5	19.8	13.7	365.0
>60% <=85%	128.4	17.7	26.7	13.8	186.6
>85% <=100%	10.9	5.7	39.5	6.5	62.6
>100%	3.8	0.4	1.2	0.5	5.9
Total	446.1	52.3	87.2	34.5	620.1

Group Loan Portfolio Origination LTV Analysis £m	Performing Loans	Non - Performing Loans	Development Loans	Repossessions	Total Loan Portfolio
<=60%	1,004.5	28.5	45.5	17.0	1,095.5
>60%<=85%	789.0	26.3	32.5	14.0	861.8
>85%<=100%	6.8	1.7	9.9	2.9	21.3
>100%	7.2	1.8	6.3	0.7	16.0
Total	1807.5	58.3	94.2	34.6	1,994.6

Borrower Group Loan Portfolio Origination LTV Analysis £m	Performing Loans	Non - Performing Loans	Development Loans	Repossessions	Total Loan Portfolio
<=60%	249.7	24.9	40.5	16.9	332.0
>60%<=85%	184.8	24.0	30.8	14.0	253.6
>85%<=100%	5.2	1.7	9.9	2.9	19.7
>100%	6.0	1.8	6.3	0.7	14.8
Total	445.7	52.4	87.5	34.5	620.1

The indexed weighted average LTV of the loan portfolio for the total group at December 31, 2016 is 52.4% compared to the prior quarter of 52.9% (September 2016) and the prior year comparable quarter of 54.1% (December 2015).

The indexed weighted average LTV of the loan portfolio for the borrower group at December 31, 2016 is 56.9% compared to the prior quarter of 57.5% (September 2016) and the prior year comparable quarter of 60.5% (December 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 of December 31, 2016 33.8% of our loan portfolio was classified as retail purpose, 61.5% of our loan portfolio was classified as commercial purpose and 4.7% of our loan portfolio was classified as development funding, calculated by value. At December 31, 2015, 35.1% of our loan portfolio was classified as retail purpose, 60.7% of our loan portfolio was classified as commercial purpose and 4.2% 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 78.1% as of December 31, 2016, when compared to 79.5% as of September 30, 2016 (80.0% as of December 31, 2015).

The proportion of our loan portfolio secured on first charges has increased to 59.1% as of December 31, 2016, compared to 58.9% as of September 30, 2016 (57.0% as of December 31, 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 December 31, 2016, including further advances, we have funded an average of £108.6m per month compared with £75.8m in the quarter to September 30, 2016 (£83.1m per month in the quarter to December 31, 2015).

Our total loan portfolio stands at £1,988.6m as of December 31, 2016, compared to £1,855.3m as of September 30, 2016 (£1,637.4m as of December 31, 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 2.9% to £61.1m for the current quarter compared to £59.4m in the prior quarter (ending September 30, 2016) and £52.2m in the prior year comparable quarter (ending December 31, 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 £2.4m in the current quarter compared to a charge of £2.1m for the prior quarter (ending September 30, 2016) and £2.7m for the prior year comparable quarter (ending December 31,2015). The increase in impairment is due to a number of historic loans being written off in the period.

The Group continues to be consistently highly profitable, with increasing underlying EBITDA. Current quarter EBITDA at £38.7m compared to £46.1m in the prior quarter (ending September 30, 2016) and £40.5m in the prior year comparable quarter (ending December 31, 2015). Underlying EBITDA (adjusting for exceptional costs in relation to the Exit Transactions) in the current quarter was £47.2m. EBITDA margin was 63.3% for the current quarter compared to 77.6% for the prior quarter (ending September 30, 2016) and 75.9% for the prior year comparable quarter (ending December 31,2015). Underlying EBITDA margin (excluding £8.4m costs in relation to the staff incentive scheme which crystalised as part of the Exit Transactions) in the current quarter was 77.3%.

Profit before tax has increased to £21.2m in the current quarter (ending December 31, 2016) compared to £13.1m in the prior quarter (ending September 30, 2016) principally due to the prior quarter (ending September 30, 2016) including 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 October 13, 2016) and a further £0.3m included in the current quarter. In addition the current quarter also included exceptional costs of £8.6m in relation to the Exit Transactions.

Adjusting for the exceptional costs noted above, underlying profit before tax for the current quarter was £30.0m compared to £27.6m in the prior quarter.

The Group continues to be highly cash generative, with cash receipts in the current quarter of £256.4m compared to cash debt service of £35.8m and other cash expense payments of £15.7m. During the current quarter (ending December 31, 2016) the Group has issued £75m of Securitisation variable funding notes under the Charles Street program (total issued £865m at December 31, 2016), with the total issued under the Lakeside program as of December 31, 2016 at £200m. Following the refinancing of the £300m senior secured notes in October 2016 with a new £375m issuance, the excess funds were used in part to repay the revolving credit facility of £29m.

Recent Developments

Governance and changes to senior management

Renaming

Together Financial Services Limited was previously registered under the name Jerrold Holdings Limited. It was renamed on January 9, 2017. The registration number of Together Financial Services Limited is 02939389.

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 Together Financial Services 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.

Refinancing

On October 13, 2016, Jerrold FinCo plc (a subsidiary of Together Financial Services 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 the repayment of the drawings under the £29m revolving credit facility to nil.

New securitisation programme

On January 26, 2017, the Company successfully entered into a new £90m securitisation facility (Delta Asset Backed Securitisation Limited) (the "DABS Securitisation") related to a new securitisation vehicle, Delta Asset Backed Securitisation 1 Limited ("Delta ABS"), which is primarily focused on the securitisation of certain of our bridging loans. The facility will run until January 2021 and support the Group's commercial lending activity.

Pursuant to the DABS Securitisation, we sell on a random basis certain of our eligible mortgage loans to Delta ABS, the bankruptcy-remote special purpose vehicle established for purposes of the DABS Securitisation, pursuant to the Delta ABS Mortgage Sale Agreement. Loan Originators, who are subsidiaries of the Company within the Borrower Group, sell all rights, title and full interest on certain loans on a continuous basis. Delta ABS finances these purchases from borrowings funded through drawings under the Delta ABS Facility Agreement (consisting of a term loan of £55.0 million (which must be drawn at all times) and a revolving loan of £35.0 million), with the balance of any funding requirements provided through the issuance of subordinated subscription notes by Delta ABS to a loan originator within the Borrower Group through the Delta ABS Subordinated Note Subscription Agreement. The subsidiaries that originated the loans also service the loans on behalf of Delta ABS pursuant to the Delta ABS Servicing Deed. The amounts received from the servicing and redemption by borrowers of the loans that Delta ABS has purchased from us are pooled into "collection accounts" of the servicer and, on a daily basis, are transferred to an account in the name of Delta ABS. On a monthly basis, Delta ABS, pursuant to the priority of payments provided in the Delta ABS Cash Administration Agreement, pays interests or fees due to its creditors with the balance of any interest receipts being repaid to the originators as deferred consideration.

Trading Update

We originated £90.0 million of loans in January 2017, compared to a monthly average of £108.6 million for the months of October, November and December 2016 and a monthly average of £75.8 million for the months of July, August and September 2016, taking into consideration the expected reduction in origination in January due to the seasonal reduction in property transactions completed, in particular, at the beginning of the month. We originated a monthly average of £92.2 million of loans for the six months ended December 31, 2016 compared to a monthly average of £81.3 million for the six months ended December 31, 2015.

After December 31, 2016, we drew a net additional £55.0 million under the Conduit Securitisations to support initial and future lending, which includes an additional £55.0 million under the new DABS Securitisation, an additional £20.0 million under the CABS Securitisation and a £20.0 million reduction in the drawn amount under the LABS Securitisation.

Shareholder update

Equistone Partners and Standard Life Investments (the "Funds") exited their investment in Together Financial Services Limited on November 2, 2016. All the voting rights of Together Financial Services 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 the D.L. Moser 1995 Familly Settlement No 1 Trust. 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 Vendor 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 Together Financial Services Limited, £17m was repaid and £43m was novated to Redhill Famco Limited, resulting in such amounts being replaced in Together Financial Services Limited with £60m intercompany balances due to Bracken Midco 2 Limited. In addition, further intercompany loans of £8.1m were provided to Together Financial Services Limited by Bracken Midco2 Limited to fund payments made under a management incentive scheme and certain other expenses which crystalised on completion of the Exit Transactions.

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 individualised 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 Securitisation 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

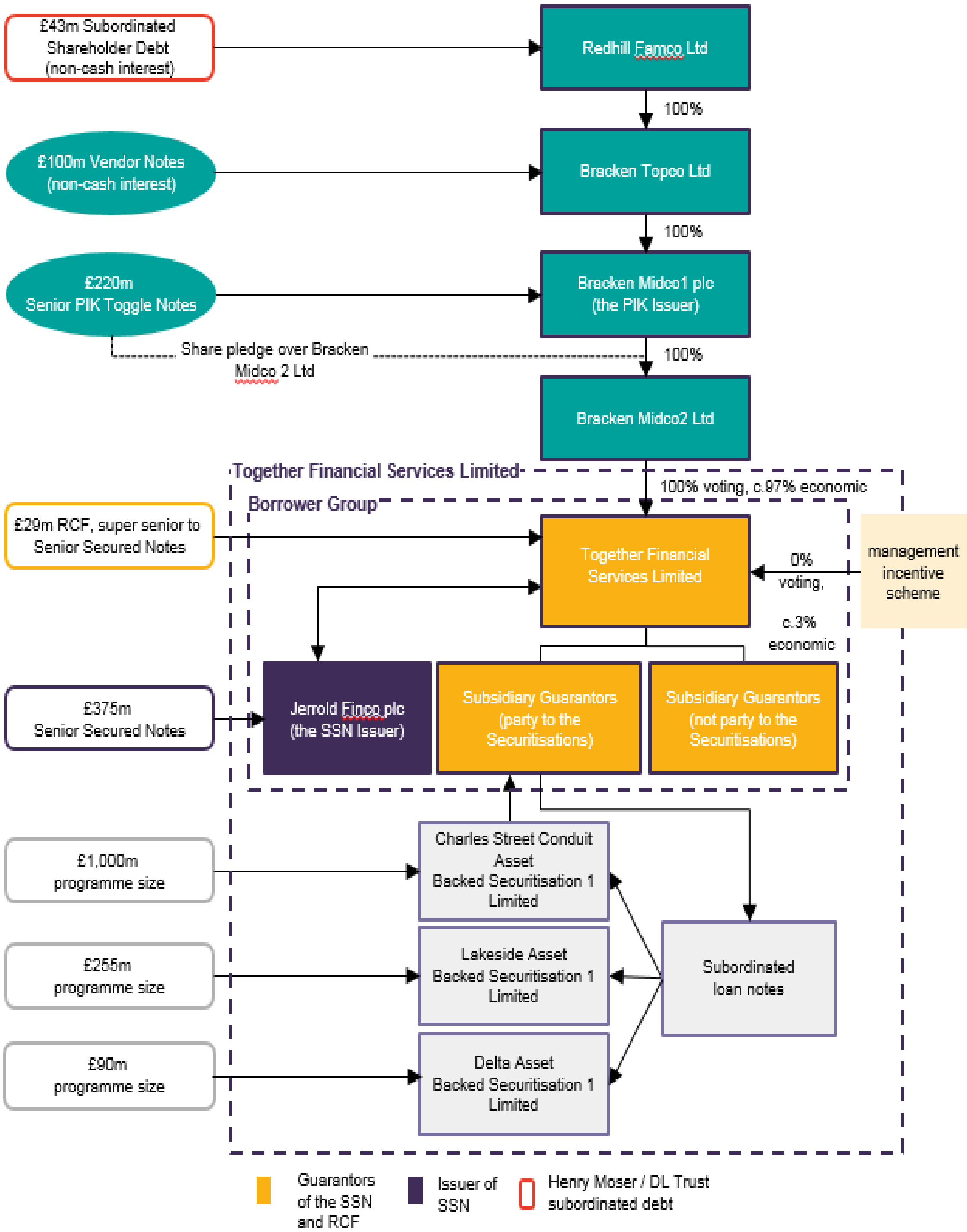
Our operations are affected by a number of laws and regulations. Our residential mortgage business and our pilot motor finance business are regulated by the FCA. Both Blemain Finance Limited and Spot Finance Limited entities were successful in their applications for full authorisation, with Blemain Finance 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 Together Financial Services as of 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.

Summary Corporate and Financing Structure

The diagram below provides a simplified overview of our corporate and financing structure on a consolidated basis as of January 31, 2017.

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



Summary Results and Financial Position of Bracken Midco1 plc

The tables below set out the consolidated results and financial position of Bracken Midco1 plc, the issuer of £220m Senior PIK Toggle Notes, compared to the consolidated results and financial position of Together Financial Services Limited, for and as of the three months ended December 31, 2016.

	Three months ended December 31, 2016		
	Together Financial Services Ltd £'000	**Adjustments £'000**	**Bracken Midco1 plc £'000**
Profit before tax	**21,226**	**(4,542)** (1)	**16,684**

	As of December 31, 2016		
	Together Financial Services Ltd £'000	**Adjustments £'000**	**Bracken Midco1 plc £'000**
Non-current assets	14,856	-	14,856
Current assets (excluding cash and cash equivalents)	1,992,833	30(2)	1,992,863
Cash and cash equivalents	7,169	2,173(3)	9,342
Total assets	2,014,858	2,203	2,017,061
Current liabilities (excluding borrowings)	(46,661)	(5,725)(4)	(52,386)
Loan notes	(997,100)	-	(997,100)
Senior Secured notes	(375,000)	-	(375,000)
Senior PIK Toggle Notes	-	(220,000)(5)	(220,000)
Obligations under finance leases	(411)	-	(411)
Debt issue costs	16,390	6,675(6)	23,065
Borrowings (excluding subordinated shareholder funding)	(1,356,121)	(213,325)	(1,569,446)
Net assets (excluding subordinated shareholder funding)	**612,076**	**(216,847)**	**395,229**
Subordinated shareholder funding	68,125	74,875	143,000(7)
Shareholders' equity	543,951	(291,722)	252,229
Total shareholders' funds	**612,076**	**(216,847)**	**395,229**

(1) Represents interest payable and similar charges in respect of the Senior PIK Toggle Notes and other costs expensed as part of the Exit Transactions.

(2) Represents intercompany balances due from the parent company, Bracken Topco Limited.

(3) Represents cash and cash equivalents held within Bracken Midco1 plc and Bracken Midco2 Limited.

(4) Represents intercompany balances due from the parent company, Bracken Topco Limited.

(5) Represents the additional borrowings in the form of £220.0m Senior PIK Toggle Notes issued as part of the Exit Transactions.

(6) Represents unamortised debt issue costs associated with the issuance of the Senior PIK Toggle Notes.

(7) Represents £143.0m of shareholder funding owed to Bracken Topco Limited by Bracken Midco 1 plc.

For the three months ended December 31, 2016, interest payable and similar charges for Bracken Midco1 plc was, on a consolidated basis, £21,072,000 of which £4,166,000 relates to the interest payable and similar charges in relation to the Senior PIK Toggle Notes.

Unaudited Consolidated Interim Financial Statements

The unaudited consolidated interim financial statements below show the financial performance for the three month period to and as of December 31, 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 December 31 and six months to December 31; and
- Consolidated Statement of Financial Position has comparatives as of December 31, 2015 and June 30, 2016.
- Consolidated Statement of Changes in Equity has a comparative of the six months to December 31, 2015.

Unaudited consolidated statement of comprehensive income
Three months ended December 31, 2016

All amounts are stated in £'000

Income Statement

		Three months ended		Six months ended	
	Note	**31 Dec 16**	**31 Dec 15**	**31 Dec 16**	**31 Dec 15**
Interest receivable and similar income		60,028	52,244	118,288	101,206
Interest payable and similar charges	3	(16,906)	(16,756)	(49,376)	(32,136)
NET INTEREST INCOME		43,122	35,488	68,912	69,070
Fee and commission income		1,023	1,045	2,103	2,099
Fee and commission expense		(427)	(388)	(902)	(764)
Other income		30	34	69	66
OPERATING INCOME		43,748	36,179	70,182	70,471
Administrative expenses		(20,141)	(10,068)	(31,387)	(18,752)
OPERATING PROFIT		23,607	26,111	38,795	51,719
Impairment losses		(2,381)	(2,696)	(4,444)	(5,895)
PROFIT BEFORE TAXATION		21,226	23,415	34,351	45,824
Income tax	4	(4,245)	(4,704)	(6,870)	(9,200)
PROFIT AFTER TAXATION		16,981	18,711	27,481	36,624

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

There is no other comprehensive income in the periods.

Unaudited consolidated statement of financial position
As of December 31, 2016

All amounts are stated in £'000

	Note	31 Dec 16	31 Dec 15	30 Jun 16
NON-CURRENT ASSETS				
Property, plant and equipment	5	4,310	4,318	4,529
Intangible assets	5	4,446	1,746	3,229
Investment property		45	45	45
Investments		123	122	123
Deferred tax asset	6	5,932	1,696	6,109
		14,856	7,927	14,035
CURRENT ASSETS				
Inventories		840	840	840
Loans and advances to customers	7	1,988,588	1,638,354	1,800,673
Trade and other receivables	8	3,405	1,764	2,312
Cash and cash equivalents		7,169	5,267	546
		2,000,002	1,646,225	1,804,371
TOTAL ASSETS		2,014,858	1,654,152	1,818,406
CURRENT LIABILITIES				
Trade and other payables	9	(36,273)	(30,302)	(31,806)
Current tax liabilities		(10,388)	(7,351)	(12,277)
Borrowings	10	(36)	(156)	(195)
		(46,697)	(37,809)	(44,278)
NON-CURRENT LIABILITIES				
Borrowings	10	(1,424,210)	(1,137,730)	(1,259,201)
TOTAL LIABILITIES		(1,470,907)	(1,175,539)	(1,303,479)
NET ASSETS		543,951	478,613	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		1,300	1,300	1,300
Non-distributable reserve		1,560	-	1,170
Retained earnings		523,430	459,652	494,796
TOTAL EQUITY		543,951	478,613	514,927

Unaudited consolidated statement of changes in equity

All amounts are stated in £'000

Six months ended December 31, 2016

	Called up share capital	Share premium	Merger reserve	Capital redemption reserve	Non-distributable reserves	Retained earnings	Total
At beginning of period	9,779	17,527	(9,645)	1,300	1,170	494,796	514,927
Retained profit for the financial period	-	-	-	-	-	27,481	27,481
Share based payments	-	-	-	-	390	1,153	1,543
At end of period	9,779	17,527	(9,645)	1,300	1,560	523,430	543,951

Six months ended December 31, 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	-	-	-	-	36,624	36,624
At end of period	9,779	17,527	(9,645)	1,300	459,652	478,613

Unaudited consolidated statement of cash flows
Three months ended December 31, 2016

All amounts are stated in £'000

	Note	Three months ended 31 Dec 16	Three months ended 31 Dec 15	Six months ended 31 Dec 16	Six months ended 31 Dec 15
CASH OUTFLOW FROM OPERATING ACTIVITIES					
Cash outflow from operations	12	(87,178)	(77,286)	(96,052)	(138,870)
Taxation		(3,531)	(4,146)	(8,582)	(7,896)
Servicing of finance		(30,453)	(7,051)	(50,646)	(31,273)
Net cash outflow from operating activities		(121,162)	(88,483)	(155,280)	(178,039)
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment		(225)	(244)	(353)	(677)
Purchase of intangible assets		(757)	(289)	(1,652)	(876)
Proceeds on disposal of property, plant and equipment		9	79	9	92
Net cash outflow from investing activities		(973)	(454)	(1,996)	(1,461)
CASHFLOWS FROM FINANCING ACTIVITIES					
(Repayment)/drawdown of syndicate loan		(29,000)	10,000	(29,000)	10,000
Drawdown of facilities		71,034	86,589	108,633	171,995
Repayment of senior secured notes		(300,000)	-	(300,000)	-
Proceeds from issuance of new senior secured notes		375,000	-	375,000	-
Proceeds from subordinated shareholder funding		8,125	-	8,125	-
Proceeds from employee benefit trust		1,153	-	1,153	-
Capital element of finance lease payments		43	48	(12)	-
Net cash inflow from financing activities		126,355	96,637	163,899	181,995
Net increase in cash and cash equivalents		4,220	7,700	6,623	2,495
Cash and cash equivalents at beginning of period		2,949	(2,433)	546	2,772
CASH AND CASH EQUIVALENTS AT END OF PERIOD		7,169	5,267	7,169	5,267

Notes to the financial statements

All amounts are stated in £'000

1. REPORTING ENTITY

Together Financial Services Limited (the Company), formerly known as Jerrold Holdings Limited 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 Together Financial Services 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 ("EU"). 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 June 30, 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. They have all been applied consistently throughout the current period and the preceding period with the exception of income taxes which are based on management's estimate of the effective annual tax expected for the full financial year. A number of new or amended standards or interpretations became applicable in the current reporting period. However, the Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

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		**Six months ended**	
	31 Dec 16	**31 Dec 15**	**31 Dec 16 £'000**	**31 Dec 15 £'000**
Interest payable and similar charges				
On borrowings	16,891	16,734	49,351	32,095
Other interest	15	22	25	41
	16,906	16,756	49,376	32,136

On October 13, 2016, Jerrold FinCo plc (a subsidiary of Together Financial Services Limited) successfully issued £375m 6¼% senior secured notes due in 2021, refinancing the £300m 9¾% senior secured notes due in 2018. This resulted in a net charge of £14.5m and £0.3m which was included within interest payable on borrowings during the three months ended September 30, 2016 and the three months ended December 31, 2016 respectively (£14.8m during the six months to December 2016), relating specifically to an early repayment penalty and the accelerated release of debt purchase costs net of the release of the debt issue premium.

Notes to the financial statements (continued)

All amounts are stated in £'000

4. TAX ON PROFIT

	Three months ended 31 Dec 16	Three months ended 31 Dec 15	Six months ended 31 Dec 16	Six months ended 31 Dec 15
Current tax				
Corporation tax	4,510	3,795	6,693	7,381
Total current tax	4,510	3,795	6,693	7,381
Deferred tax				
Origination and reversal of temporary differences	(265)	909	177	1,819
Total deferred tax (see note 6)	(265)	909	177	1,819
Total tax on profit	4,245	4,704	6,870	9,200

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 Dec-16	Three months ended Dec-15	Six months ended Dec-16	Six months ended Dec-15
Profit before tax	21,226	23,415	34,351	45,824
Tax on profit at standard UK corporation tax rate of 20.00%	4,245	4,683	6,870	9,165
Effects of:				
Expenses not deductible for tax purposes	1,029	38	1,067	70
Income not taxable	(38)	(17)	(76)	(35)
Group relief	(991)	-	(991)	-
Group tax charge for period	4,245	4,704	6,870	9,200

5. PROPERTY PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

As of December 31, 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	195	158	353	1,652	2,005
Disposals	(31)	(23)	(54)	-	(54)
At end of period	6,016	1,386	7,402	5,372	12,774
Depreciation and amortisation					
At beginning of period	2,129	445	2,574	491	3,065
Charge for the period	461	100	561	435	996
Disposals	(31)	(12)	(43)	-	(43)
At end of period	2,559	533	3,092	926	4,018
Net book value					
At end of period	3,457	853	4,310	4,446	8,756
At June 30, 2016	3,723	806	4,529	3,229	7,758

The increase in capitalisation of intangible assets is as a result of ongoing investment in IT software development.

Notes to the financial statements (continued)

All amounts are stated in £'000

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

As of December 31, 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	471	149	620	876	1,496
Disposals	(250)	(115)	(365)	-	(365)
At end of period	5,513	1,062	6,575	1,969	8,544
Depreciation and amortisation					
At beginning of period	1,723	392	2,115	68	2,183
Charge for the period	379	84	463	155	618
Disposals	(250)	(71)	(321)	-	(321)
At end of period	1,852	405	2,257	223	2,480
Net book value					
At end of period	3,661	657	4,318	1,746	6,064
At June 30, 2015	3,569	636	4,205	1,025	5,230

As of June 30, 2016

	Property, plant and equipment				
	Fixtures, fittings and equipment	Motor vehicles	Total	Intangible assets	Total
Cost					
At beginning of year	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 year	5,852	1,251	7,103	3,720	10,823
Depreciation and amortisation					
At beginning of year	1,723	392	2,115	68	2,183
Charge for the year	772	184	956	423	1,379
Disposals	(366)	(131)	(497)	-	(497)
At end of year	2,129	445	2,574	491	3,065
Net book value					
At end of year	3,723	806	4,529	3,229	7,758
At June 30, 2015	3,569	636	4,205	1,025	5,230

6. DEFERRED TAX ASSET

	31 Dec 16	31 Dec 15	30 Jun 16
At beginning of period	6,109	3,515	3,515
(Charge)/credit to income statement	(177)	(1,819)	2,441
Adjustment in respect of prior year	-	-	153
At end of period	5,932	1,696	6,109

The deferred tax asset consisted of the following:

Accelerated capital allowances	(279)	(223)	(279)
Short-term timing differences	6,211	1,919	6,388
	5,932	1,696	6,109

Notes to the financial statements (continued)

All amounts are stated in £'000

7. LOANS AND ADVANCES TO CUSTOMERS

	31 Dec 16	31 Dec 15	30 Jun 16
Gross loans and advances	2,053,994	1,706,573	1,869,519
Less: allowances for impairment on loans and advances	(65,406)	(68,219)	(68,846)
	1,988,588	1,638,354	1,800,673

Loans and advances to customers include an amount of £320,000 (December 2015: £140,000) loaned to August Blake Developments Limited, £1,900,000 (December 2015: £2,200,000) loaned to Sunnywood Estates Limited, and £7,100,000 (December 2015: £6,700,000) loaned to Edgworth Developments Limited, companies in which HN Moser is a director and shareholder. These loans are on a commercial basis secured on certain assets of these companies.

8. TRADE AND OTHER RECEIVABLES

	31 Dec 16	31 Dec 15	30 Jun 16
Amounts owed by related parties	336	97	76
Other debtors	598	67	80
Prepayments and accrued income	2,471	1,600	2,156
	3,405	1,764	2,312

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

9. TRADE AND OTHER PAYABLES

	31 Dec 16	31 Dec 15	30 Jun 16
Amounts owed to related parties	-	65	1
Trade creditors	2,975	1,013	1,261
Other creditors	3,565	3,229	2,294
Other taxation and social security	2,829	540	609
Accruals and deferred income	26,904	25,455	27,641
	36,273	30,302	31,806

Amounts owed to 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). Amounts owed to 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). Included in accruals and deferred income is £4.2m relating to the deferred proportion (50%) of the Staff Incentive Plan which is payable in 18 months, the full amount of £8.4m (50% paid in the period) has been expensed to the Income Statement in the period.

10. BORROWINGS

	31 Dec 16	31 Dec 15	30 Jun 16
Bank loans	-	10,000	29,000
Loan notes	997,100	777,419	884,040
Shareholder notes	-	60,000	60,000
Subordinated shareholder funding	68,125		
Senior secured notes	375,000	306,179	304,427
Obligations under finance leases	411	318	422
	1,440,636	1,153,916	1,277,889
Debt issue costs	(16,390)	(16,030)	(18,493)
Total borrowings	1,424,246	1,137,886	1,259,396

Of which:

Notes to the financial statements (continued)

All amounts are stated in £'000

	31 Dec 16	31 Dec 15	30 Jun 16
Amount due for settlement within 12 months	36	156	195
Amount due for settlement after 12 months	1,424,210	1,137,730	1,259,201
	1,424,246	1,137,886	1,259,396

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.

As part of the Exit Transactions, where HN Moser and the D.L Moser 1995 Family Settlement No1 Trust acquired the equity interest of funds managed by Equistone Partners Europe and Standard Life Investments in the Company, of the £60m of Shareholder Loan Notes previously issued by Together Financial Services Limited, £17m was repaid and £43m was novated through a series of transactions to Redhill Famco Limited due 2036, resulting in such amounts being replaced in Together Financial Services Limited with £60m of intercompany loans due to Bracken Midco2 Limited. In addition further intercompany loans of £8.1m were provided to Together Financial Services Limited by Bracken Midco2 Limited to fund payments made under a management incentive scheme and certain other expenses which crystalised on completion of the Exit Transactions.

On October 13, 2016, Jerrold FinCo plc (a subsidiary of Together Financial Services Limited) successfully issued £375m 6¼% senior secured notes due in 2021, refinancing the £300m 9¾% senior secured notes due in 2018. This resulted in a net charge of £14.8m which was recognised in the income statement during the six months ended December 13, 2016, relating specifically to an early repayment penalty and the accelerated release of debt purchase costs net of the release of the debt issue premium.

During the six months ended December 31, 2016, the Company has drawn a further £105m of loan notes through the revolving securitisation vehicle Charles Street Conduit Asset Backed Securitisation 1 Limited. The loan notes were used to underwrite new loans and for general corporate purpose.

As of December 31, 2016

Maturity analysis	<1 year	1-2 years	2-5 years	>5 years	Total
Loan notes	-	175,141	821,959	-	997,100
Shareholder notes	-	-	-	-	-
Subordinated shareholder funding	-	-	-	68,125	68,125
Senior secured notes	-	-	375,000	-	375,000
Finance leases	207	204	-	-	411
Debt issue costs	(171)	(1,096)	(15,123)	-	(16,390)
	36	174,249	1,181,836	68,125	1,424,246

As of December 31, 2015

Maturity analysis	<1 year	1-2 years	2-5 years	>5 years	Total
Bank loans	-	10,000	-	-	10,000
Loan notes	-	-	777,419	-	777,419
Shareholder notes	-	-	-	60,000	60,000
Senior secured notes	-	-	306,179	-	306,179
Finance leases	156	114	48	-	318
Debt issue costs	-	(289)	(15,741)	-	(16,030)
	156	9,825	1,067,905	60,000	1,137,886

All amounts are stated in £'000

As of June 30, 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

	31 Dec 16	**31 Dec 15**	**30 Jun 16**
Authorised			
2,744,974 B1 ordinary shares of 49.9 pence each	-	1,370	1,370
6,404,938 B2 ordinary shares of 49.9 pence each	-	3,196	3,196
9,149,912 B ordinary shares of 49.9 pence each	4,566	-	-
154,690 C1 ordinary shares of 1 penny each	-	1	1
696,049 C2 ordinary shares of 1 penny each	-	7	7
64,250 C3 ordinary shares of 1 penny each	-	1	1
921,501 C ordinary shares of 1 penny each	9	-	-
70,000/100,000/100,000 D ordinary shares of 1 penny each	1	1	1
10,000 E ordinary shares of 1 penny each	-	-	-
10,405,653 A ordinary shares of 50 pence each	5,203	-	-
10,850,092 A preferred ordinary shares of 50 pence each	-	5,425	5,425
	9,779	10,001	10,001
Issued, allotted and fully paid			
2,744,974 B1 ordinary shares of 49.9 pence each	-	1,370	1,370
6,404,938 B2 ordinary shares of 49.9 pence each	-	3,196	3,196
9,149,912 B ordinary shares of 49.9 pence each	4,566	-	-
131,202 C1 ordinary shares of 1 penny each	-	1	1
696,049 C2 ordinary shares of 1 penny each	-	7	7
64,250 C3 ordinary shares of 1 penny each	-	1	1
921,501 C ordinary shares of 1 penny each	9	-	-
70,000/100,000/100,000 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

On November 2, 2016, as part of the Exit Transactions, Bracken Midco2 Limited purchased 26,805 and 3,195 D shares from senior management and an employee benefit trust respectively (upon which such transferring D Ordinary shares automatically converted into C ordinary shares). Following the exit of the funds, the share capital structure was also simplified with the consolidation of the B1 and B2 Ordinary shares into a single B class and the consolidation of the C1, C2 and C3 Ordinary shares into a single C class. In addition the A deferred ordinary shares of 0.1 pence were bought back and cancelled.

Notes to the financial statements (continued)

All amounts are stated in £'000

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

	Three months ended		Six months ended	
	31 Dec 16	**31 Dec 15**	**31 Dec 16**	**31 Dec 15**
Profit after tax	16,981	18,711	27,481	36,624
Adjustments for:				
Taxation	4,245	4,704	6,870	9,200
Depreciation	521	326	996	618
Loss on sale of investments	1	4	1	10
Share based payments	98	-	390	-
Interest expense	16,906	16,756	49,376	32,136
	38,752	40,501	85,114	78,588
Increase in loan book	(133,291)	(116,861)	(187,915)	(214,831)
(Increase)/decrease in prepayments	(409)	5	(315)	557
Increase in other debtors and amounts owed by related parties	(835)	(36)	(778)	(24)
Increase/ (decrease) in accruals	3,825	(1,126)	2,636	(2,772)
Increase/(decrease) in trade creditors	1,886	(203)	1,714	(313)
Increase/(decrease) in other creditors, amounts owed to related parties and taxation and social security	2,894	434	3,490	(75)
	(125,930)	(117,787)	(181,166)	(217,458)
Cash outflow from operations	(87,178)	(77,286)	(96,052)	(138,870)

13. RELATED PARTY TRANSACTIONS

Balances due to the Group	**31-Dec-16**	**31-Dec-15**	**30-Jun-16**
August Blake Developments Limited	3	-	-
Centrestand Limited	15	-	22
Charles Street Commercial Investments Ltd	54	57	36
Edgworth Developments Limited	239	-	-
Sterling Property Co. Limited	17	-	17
Sunnywood Estates Limited	8	-	-
	336	97	76

Balances due from the Group	**31-Dec-16**	**31-Dec-15**	**30-Jun-16**
Centrestand Limited	-	8	-
Sterling Property Co. Limited	-	17	-
	-	65	1

All amounts are stated in £'000

13. RELATED PARTY TRANSACTIONS (continued)

Included within borrowings are related party transactions of £68.1m due to Bracken Midco2 which are being treated as subordinated shareholder funding.

Group transactions with related parties during the period were:

	Three months ended		Six months ended	
	31-Dec-16	**31-Dec-15**	**31-Dec-16**	**31-Dec-15**
August Blake Developments Limited				
Amounts (received)/paid by the Group relating to August Blake Developments Limited	3	-	3	-
Bracken House Properties LLP				
Operating lease costs – land and buildings due to Bracken House Properties LLP	261	261	523	523
Insurance costs due to Bracken House Properties LLP	7	7	13	13
Payments from the Group to Bracken House Properties LLP	(267)	(267)	(534)	(267)
Centrestand Limited				
Amounts (received)/paid by the Group relating to Centrestand Limited	(3)	(3)	(7)	(6)
Charles Street Commercial Investments Limited				
Amounts (received)/paid by the Group relating to Charles Street Commercial Investments Limited	207	(28)	(18)	(29)
Common Sense Lending Limited				
Write back of amounts owed to Common Sense Lending Limited	-	7	-	7
Sterling Property Co. Limited				
Property management fees paid by the Group to Sterling Property Co. Limited	-	-	-	(3)

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.

There are loans and advances to customers to August Blake Developments Limited, Sunnywood Estates Limited and Edgworth Developments Limited, as disclosed in note 7. There has been no significant movement in the period.

14. CONTINGENT LIABILITIES

As of December 31, 2016 the Company's assets were subject to a fixed and floating charge in respect of £29m (£nil drawn) of bank borrowings of the group (2015: £10m) and £375m (fully drawn) 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 by senior management are conditional on sale of shares held by other shareholders amounting to 25% or more of the Company's share capital on a cumulative basis. 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 purchase of the share capital of Together Financial Services Limited by Bracken Midco2 Limited on November 2, 2016 triggered the ability to dispose of a proportion of the D shares and as such resulting in the vesting of a proportion of this share scheme and the sale of all the vested shares. As such the full fair value of £1.56m has now been recognised to the statement of comprehensive income to the extent not previously recognised. The charge relating to the remainder of D shares has not been recognised as the event, upon which the shares vesting is contingent on, is not considered to be foreseeable by Management at this time.

16. CONTROLLING PARTY

During the six months ended December 31, 2016, HN Moser, a director of Together Financial Services Limited, and the D.L Moser 1995 Family Settlement No1 Trust (together the "Moser Shareholders") indirectly acquired the equity interest of funds managed by Equistone Partners Europe and Standard Life Investments in the Company (the "Exit Transactions"). In connection with the Exit Transactions a series of holding companies was incorporated above the Company resulting in the Moser Shareholders indirectly owning 100% of the share capital of the Company.

In connection with the Exit Transactions, all the voting shares of Together Financial Services Limited were acquired by Bracken Midco2 Limited, a company whose ultimate parent is Redhill Famco Limited. Redhill Famco Limited is wholly controlled by the Moser Shareholders.

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

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