Together Financial Services Limited

Q3 2016/17 Results

Company Registration No. 02939389

Contents

Highlights

- **Increased interest receivable and similar income** Interest receivable and similar income for the current quarter (March 2017) was £62.4m compared to £60.0m in the prior quarter (December 2016) and £55.0m in the prior year comparable quarter (March 2016). 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 £2.6m compared to a charge of £2.4m in the prior quarter (December 2016) and £3.7m in the prior year comparable quarter (March 2016).
- **Continually high EBITDA** The Group continues to be highly profitable with increasing EBITDA. Current quarter (March 2017) EBITDA was £48.8m compared to £38.7m (£47.2m on an underlying basis) in the prior quarter (December 2016) and £42.3m in the prior year comparable quarter (March 2016).
- **Increase in profit before tax** Profit before tax has increased to £29.7m compared to £20.9m in the prior quarter (December 2016) principally due to prior quarter including exceptional costs of £8.8m in relation to the Exit Transactions. The current quarter also included increased interest costs due to the issuance of senior secured notes described below.

  Adjusting for the exceptional costs noted above, underlying profit before tax for the prior quarter was £29.7m.
- **Continually high cash generation** The Group continues to be highly cash generative, with cash receipts in the current quarter of £231.1m compared to cash debt service of £18.9m and other cash expense payments of £29.1m which includes £5.7m of transaction fees on execution of new funding lines. During the quarter, the Group successfully issued £200m of senior secured notes due in 2024 and completed a new £90m credit facility (Delta Asset Backed Securitisation 1 Limited). The facility will run until January 2021 and support the Group's commercial lending activity.
- **Marginal reduction in lending volumes** Lending volumes decreased on the prior quarter partly due to lower levels in January (seasonal) and February (which had a shorter number of working days), with the Group advancing £306.7m of loans in the current quarter (March 2017), compared to £325.8m for the prior quarter (December 2016) and £280.6m in the prior year comparable quarter (March 2016). Lending volumes in April were £106.3m. Weighted average LTV of loans written in the current quarter (March 2017) remained in line with expectations at 58.2%, compared to 54.4% for the prior quarter (December 2016) and 56.3% for the prior year comparable quarter (March 2016).
- **Stable LTV of loan portfolio - Total Group** The indexed weighted average LTV of the loan portfolio for the total Group at March 31, 2017 is 53.1% compared to 52.4% as at December 31, 2016 and 52.5% as at March 31, 2016.
- **Stable LTV of loan portfolio - Borrower Group** The indexed weighted average LTV of the loan portfolio for the borrower Group at March 31, 2017 is 56.4%, compared to 56.9% as at December 31, 2016 and 58.6% as at March 31, 2016.

An Introduction to Together Financial Services Limited

We are a specialist UK mortgage loan provider, established in 1974 and have successfully operated throughout our 43 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 76.4% 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 March 31, 2017, 33.5% of our loan portfolio was classified as retail purpose, 61.6% of our loan portfolio was classified as commercial purpose and 4.9% 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 or a development loan. 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"), and 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 March 31, 2017, was 53.1% and the LTV on a weighted average basis of new loans underwritten by us in the quarter ended March 31, 2017 was 58.2%. 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 March 31, 2017, 93.9% of our total loan portfolio and 90.3% 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 consolidated financial statements of Together Financial Services Limited as of and for the three months ended March 31, 2016 and 2017 and for the nine months ended March 31, 2016 and 2017. The interim 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 at March 31, 2017 the Group's non-securitised assets were subject to a fixed and floating charge in respect of £29m of bank borrowings (£nil drawn) and £575m (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"), Lakeside Asset Backed Securitisation 1 Limited ("Lakeside ABS"), and Delta Asset Backed Securitisation 1 Limited ("Delta 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, Lakeside ABS and Delta 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, Lakeside ABS and Delta ABS to certain lenders, to finance the purchase of the loans and any interest and fees accrued on the loan notes 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.

The subordinated shareholder loans were presented at nominal face value in the prior quarter and have been reclassified this quarter as financial instruments and recognised at their fair values. As the instruments are interest-free rather than at market rates, their fair values differ from their nominal amounts and are estimated by discounting the related expected future cash flows. As market rates are not observable for these loans, management has derived discount rates by reference to other arm's length transactions with investors, making allowance for the tenor and seniority of the loans. The receipt of an interest-free loan is an economic benefit and, because this benefit has been provided by the Company's parent, it is initially credited to non-distributable reserves as a capital contribution. As the loan approaches maturity its amortised cost is charged to income with a corresponding transfer to reduce the related non-distributable reserve.

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 March 31, 2016 and 2017 and for the nine months ended March 31, 2016 and 2017 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, Together Commercial Finance Limited, Auction Finance Limited and Harpmanor Limited, which represent 99.9% of our total loan book balances by value as of March 31, 2017. 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 behavioural 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 March 31, 2017 subsequent lien loans amounted to approximately £9.9 m after allowances for impairments, representing 0.5% 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.

	Unaudited		Unaudited
	3 months ended or as at March 31,		3 months ended or as at December 31,
(£m, except for percentages and ratios or unless otherwise noted)	2017	2016	2016
Group			
Interest receivable and similar income	62.4	55.0	60.0
Fee and commission income	1.1	1.1	1.1
Other Income	-	-	-
	63.5	56.1	61.1
Movement in impairment	(2.6)	(3.7)	(2.4)
EBITDA	48.8	42.3	38.7
EBITDA margin	76.8%	75.3%	63.3%
Profit on ordinary activities before tax	29.7	24.6	20.9 (2)
Underlying profit before tax	29.7	24.6	29.7 (2)
Underlying EBITDA (1)	48.8	42.3	47.2
Underlying EBITDA margin	76.8%	75.3%	77.3%
Supplemental cash flow information:			
Cash receipts	231.1	233.6	255.6
New advances	(306.7)	(280.6)	(325.8)
LTV of loan portfolio (on a weighted average basis, based on LTV of loans at origination)	57.1%	57.4%	57.0%
LTV of loan portfolio (on a weighted average indexed basis)	53.1%	52.5%	52.4%
Borrower Group			
LTV of loan portfolio (on a weighted average basis, based on LTV of loans at origination)	58.8%	61.0%	59.1%
LTV of loan portfolio (on a weighted average indexed basis)	56.4%	58.6%	56.9%

(1) Underlying EBITDA adjusts for £8.8m 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.

(2) PBT has been adjusted to reflect the reclassification of subordinated shareholder loans – refer to note 17 of the financial statements

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

The key performance indicators above for three months ended March 31, 2017 and 2016 and December 31, 2016 have been derived from unaudited 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 at March 31, 2017 and the financial statements of Together Financial Services Limited and the accounting policies describe therein as at 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 March 31, 2017 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. The number of loans experiencing arrears greater than three months contractual installments within 12 months of funding is at 0.7% for loans funded in the year ended March 31, 2016. We expect that a continued focus on such policies will help us maintain delinquency rates at these levels.

An analysis of our loan portfolio as at March 31, 2017, December 31, 2016 and March 31, 2016 by arrears banding, for the Group and borrower group is as follows:

	Group Loan Portfolio Arrears Analysis		Borrower Group Loan Portfolio Arrears Analysis	
	March 31, 2017	**March 31, 2016**	**March 31, 2017**	**March 31, 2016**
Nil Arrears & Arrears ≤ 1 month.	**85.9%**	**84.1%**	**70.6%**	**59.0%**
Performing Arrears				
1-3 months	3.3%	4.3%	4.2%	6.4%
3-6 months	0.6%	0.8%	1.3%	2.3%
>6 months	0.7%	0.9%	1.7%	2.7%
Total Performing Arrears	**4.6%**	**6.0%**	**7.2%**	**11.4%**
Non-Performing Arrears				
3-6 months	1.2%	1.7%	2.4%	4.2%
>6 months	1.1%	1.7%	2.6%	5.2%
Past due (term loans)	0.7%	1.1%	1.7%	3.4%
Total Non-Performing Arrears.	**3.0%**	**4.5%**	**6.7%**	**12.8%**
Development Loans	**4.9%**	**4.0%**	**11.7%**	**12.4%**
Repossessions	**1.6%**	**1.4%**	**3.8%**	**4.4%**
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 March 31, 2017 was 58.2%, compared to 54.4% in the quarter to December 31, 2016 (56.3% in the quarter to March 31, 2016).

An analysis of our loan portfolio as at March 31, 2017, 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%	1,331.0	39.0	21.8	7.6	1,399.4
>60% <=85%	589.5	20.1	38.3	17.4	665.3
>85% <=100%	9.3	4.6	44.1	9.0	67.0
>100%	3.0	0.4	-	-	3.4
Total	1,932.8	64.1	104.2	34.0	2,135.1

Borrower Group Loan Portfolio Indexed LTV Analysis £m	Performing Loans	Non - Performing Loans	Development Loans	Repossessions	Total Loan Portfolio
<=60%	450.2	35.7	21.8	7.6	515.3
>60% <=85%	231.0	18.7	38.2	17.4	305.3
>85% <=100%	8.1	4.6	44.1	9.0	65.8
>100%	2.7	0.4	-	-	3.1
Total	692.0	59.4	104.1	34.0	889.5

Group Loan Portfolio Origination LTV Analysis £m	Performing Loans	Non - Performing Loans	Development Loans	Repossessions	Total Loan Portfolio
<=60%	1,069.0	30.4	56.1	18.0	1,173.5
>60%<=85%	850.8	28.9	34.2	12.7	926.6
>85%<=100%	7.5	1.2	12.2	2.9	23.8
>100%	5.5	3.6	1.7	0.4	11.2
Total	1,932.8	64.1	104.2	34.0	2,135.1

Borrower Group Loan Portfolio Origination LTV Analysis £m	Performing Loans	Non - Performing Loans	Development Loans	Repossessions	Total Loan Portfolio
<=60%	370.4	28.0	56.0	18.0	472.4
>60%<=85%	309.5	26.6	34.2	12.7	383.0
>85%<=100%	6.6	1.2	12.2	2.9	22.9
>100%	5.5	3.6	1.7	0.4	11.2
Total	692.0	59.4	104.1	34.0	889.5

The indexed weighted average LTV of the loan portfolio for the total group at March 31, 2017 is 53.1% compared to the prior quarter of 52.4% (December 2016) and the prior year comparable quarter of 52.5% (March 2016).

The indexed weighted average LTV of the loan portfolio for the borrower group at March 31, 2017 is 56.4% compared to the prior quarter of 56.9% (December 2016) and the prior year comparable quarter of 58.6% (March 2016).

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 March 31, 2017 33.5% of our loan portfolio was classified as retail purpose, 61.6% of our loan portfolio was classified as commercial purpose and 4.9% of our loan portfolio was classified as development funding, calculated by value. At March 31, 2016, 34.0% of our loan portfolio was classified as retail purpose, 62.0% of our loan portfolio was classified as commercial purpose and 4.0% 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 76.4% as at March 31, 2017, when compared to 78.1% as at December 31, 2016 (79.9% as at March 31, 2016).

The proportion of our loan portfolio secured on first charges has increased to 60.8% as at March 31, 2017, compared to 59.1% as at December 31, 2016 (58.4% as at March 31, 2016).

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 March 31, 2017, including further advances, we have funded an average of £102.2m per month compared with £108.6m in the quarter to December 31, 2016 (£93.6m per month in the quarter to March 31, 2016).

Our total loan portfolio stands at £2,135.1m as at March 31, 2017, compared to £1,988.6m as at December 31, 2016 (£1,743.1m as at March 31, 2016), 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 3.9% to £63.5m for the current quarter compared to £61.1m in the prior quarter (December 2016) and £56.1 in the prior year comparable quarter (March 2016). This increase primarily relates to higher interest and loan set up income (recognised at an effective interest rate) earned due to growth in the size of the loan book.

The net impairment charge to the Income Statement was £2.6m in the current quarter compared to a charge of £2.4m for the prior quarter (December 2016) and £3.7m for the prior year comparable quarter (March 2016).

The Group continues to be highly profitable, with increasing underlying EBITDA. Current quarter EBITDA at £48.8m compared to £38.7m in the prior quarter (December 2016) and £42.3m in the prior year comparable quarter (March 2016). EBITDA margin was 76.8% for the current quarter compared to 63.3% for the prior quarter (December 2016) and 75.3% for the prior year comparable quarter (March 2016).

Profit before tax has increased to £29.7m in the current quarter (March 2017) compared to £20.9m in the prior quarter (December 2016) principally due to the prior quarter (December 2016) including exceptional costs of £8.8m in relation to the Exit Transactions.

Adjusting for the exceptional costs noted above, underlying EBITDA, EBITDA margin and profit before tax for the prior quarter was £47.2m, 77.3% and £29.7m respectively.

The Group continues to be highly cash generative, with cash receipts in the current quarter of £231.1m compared to cash debt service of £18.9m and other cash expense payments of £29.1m which includes £5.7m of transaction fees on execution of new funding lines. During the quarter, the Group successfully issued £200m of senior secured notes due in 2024 and completed a new £90m credit facility (Delta Asset Backed Securitisation 1 Limited). The facility will run until January 2021 and support the Group's commercial lending activity.

Recent Developments

Financing

On 22 February 2017, Jerrold FinCo plc (a subsidiary of Together Financial Services Limited) successfully issued £200m of senior secured notes due in 2024.

New securitisation programme

On January 26, 2017, the Company successfully entered into a new £90m securitisation facility (Delta Asset Backed Securitisation 1 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 £106.3 million of loans in April 2017, compared to a monthly average of £102.4 million for the months of January, February and March 2017.

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 Family 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.

Senior PIK Toggle Note interest payment

In order to satisfy the first cash interest payment due on the £220m Senior PIK Toggle Notes, amounting to £12.4m and payable by Bracken Midco 1 plc by May 15, 2017, an interim dividend of £12.5m was declared by Together Financial Services Limited on May 9, 2017 and subsequently paid to Bracken Midco 2 Limited.

Bracken Midco 2 limited in turn declared and paid an interim dividend of £12.4m to Bracken Midco 1 plc, following which Bracken Midco 1 plc made the interest payment in accordance with its requirements.

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 remained stable over recent years with low unemployment rates and property prices steadily increasing. The vote to leave the EU in June 2016 and the triggering of Article 50 in March 2017 has created some economic uncertainty although we believe it is too early to identify the implications of our Exit from the EU 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 shareholder subordinated loans 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

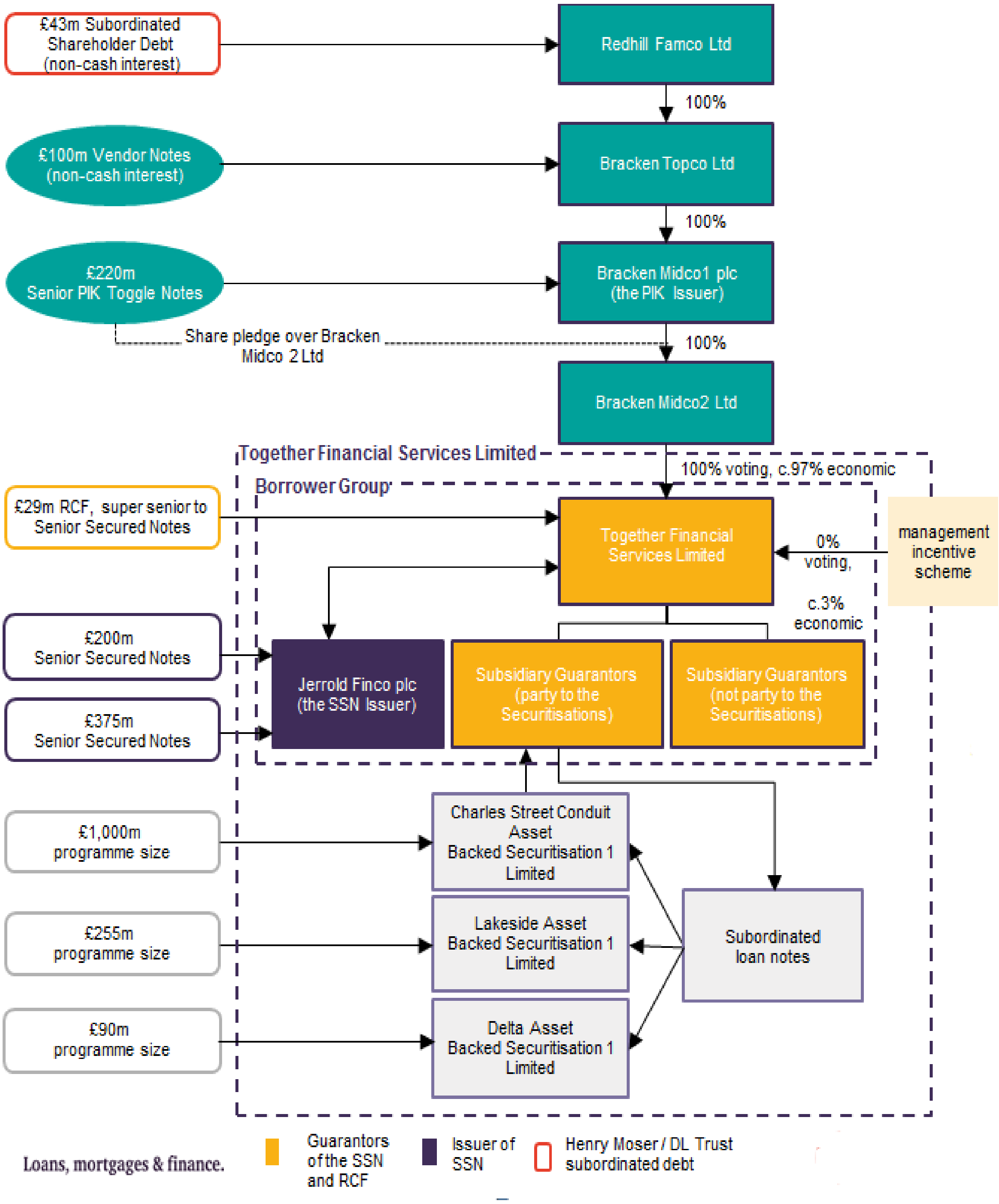
The Group has certain subsidiaries which are authorised and regulated by the FCA in addition to subsidiaries which undertake lending which is not regulated.

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 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.

Summary Corporate and Financing Structure

The diagram below provides a simplified overview of our corporate and financing structure on a consolidated basis as at March 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 at of the three months ended March 31, 2017.

	Three months ended March 31, 2017		
	Together Financial Services Ltd £m	**Adjustments £m**	**Bracken Midco1 plc £m**
Profit before tax	**29.7**	**(7.8)** (1)	**21.9**

	As at March 31, 2017		
	Together Financial Services Ltd £m	**Adjustments £m**	**Bracken Midco1 plc £m**
Non-current assets	15.2	-	15.2
Current assets (excluding cash and cash equivalents)	2,133.3	-	2,133.3
Cash and cash equivalents	-	0.9(2)	0.9
Total assets	**2,148.5**	**0.9**	**2,149.4**
Current liabilities (excluding borrowings)	**(40.6)**	**(11.4)** (3)	**(52.0)**
Loan notes	(913.2)	-	(913.2)
Senior secured notes	(575.0)	-	(575.0)
Senior PIK toggle notes	-	(220.0) (4)	(220.0)
Obligations under finance leases	(0.5)	-	(0.5)
Bank overdraft	(0.9)	0.9	-
Debt issue costs	20.2	6.0(5)	26.2
Borrowings (excluding subordinated shareholder funding)	**(1,469.4)**	**(213.1)**	**(1,682.5)**
Net assets (excluding subordinated shareholder funding)	**638.5**	**(223.6)**	**414.9**
Subordinated shareholder funding	22.8	41.4	64.2(6)
Shareholders' equity	615.7	(265.0)	350.7
Total shareholders' funds	**638.5**	**(223.6)**	**414.9**

(1) Principally represents interest payable and similar charges in respect of the Senior PIK Toggle Notes as well as the fair value unwind in respect of intercompany loans.

(2) Represents cash and cash equivalents held within Bracken Midco1 plc and Bracken Midco2 Limited, net of Bank overdraft of Together Financial Services Limited which is reclassified from liabilities on consolidation.

(3) Includes interest accrued on the Senior PIK Toggle Notes and outstanding amounts payable in connection with the Exit Transactions.

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

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

(6) Represents shareholder funding owed to Bracken Topco Limited by Bracken Midco 1 plc presented at fair value.

For the three months ended March 31, 2017, interest payable and similar charges for Bracken Midco1 plc was, on a consolidated basis £26.2m compared to £18.4m for Together Financial Services Limited. The £7.8m variance comprises £6.6m of interest payable and debt issue amortisation on the Senior PIK Toggle Notes, £1.6m being the unwind of the fair value adjustment in respect of intercompany loan amounts owed to Bracken Topco Limited, and the elimination on consolidation of £0.4m of fair value unwind at Together Financial Services Limited on intercompany loans owed to Bracken Midco2 Limited.

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 March 31, 2017.

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 March 31 and nine months to March 31; and
- Consolidated Statement of Financial Position has comparatives as at March 31, 2016 and June 30, 2016.
- Consolidated Statement of Changes in Equity has a comparative of the nine months to March 31, 2016.

Unaudited consolidated statement of comprehensive income
Three months ended March 31, 2017

All amounts are stated in £m

Income Statement

	Note	Three months ended 31 March 2017	Three months ended 31 March 2016	Nine months ended 31 March 2017	Nine months ended 31 March 2016
Interest receivable and similar income		62.4	55.0	180.7	156.2
Interest payable and similar charges	3	(18.4)	(17.3)	(68.1)	(49.5)
NET INTEREST INCOME		44.0	37.7	112.6	106.7
Fee and commission income		1.1	1.1	3.2	3.2
Fee and commission expense		(0.6)	(0.5)	(1.5)	(1.2)
Other income		-	-	0.1	0.1
OPERATING INCOME		44.5	38.3	114.4	108.8
Administrative expenses		(12.2)	(10.0)	(43.3)	(28.8)
OPERATING PROFIT		32.3	28.3	71.1	80.0
Impairment losses		(2.6)	(3.7)	(7.0)	(9.5)
PROFIT BEFORE TAXATION		29.7	24.6	64.1	70.5
Income tax	4	(4.2)	(4.9)	(11.1)	(14.2)
PROFIT AFTER TAXATION		25.5	19.7	53.0	56.3

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 at March 31, 2017

All amounts are stated in £m

	Note	31 March 2017	31 March 2016	30 June 2016
NON-CURRENT ASSETS				
Property, plant and equipment	5	4.4	4.3	4.5
Intangible assets	5	4.7	2.5	3.2
Investments		0.2	0.2	0.2
Deferred tax asset	6	5.9	0.8	6.1
		15.2	7.8	14.0
CURRENT ASSETS				
Inventories		0.8	0.9	0.9
Loans and advances to customers	7	2,129.2	1,740.0	1,800.7
Trade and other receivables	8	3.3	2.5	2.3
Cash and cash equivalents		-	19.0	0.5
		2,133.3	1,762.4	1,804.4
TOTAL ASSETS		2,148.5	1,770.2	1,818.4
CURRENT LIABILITIES				
Trade and other payables	9	(30.5)	(23.5)	(31.9)
Current tax liabilities		(10.3)	(7.1)	(12.2)
Borrowings	10	(1.0)	(0.1)	(0.2)
		(41.8)	(30.7)	(44.3)
NON-CURRENT LIABILITIES				
Borrowings	10	(1,491.0)	(1,241.2)	(1,259.1)
TOTAL LIABILITIES		(1,532.8)	(1,271.9)	(1,303.4)
NET ASSETS		615.7	498.3	515.0
EQUITY				
Share capital	11	9.8	9.8	9.8
Share premium account		17.5	17.5	17.5
Merger reserve		(9.6)	(9.6)	(9.6)
Capital redemption reserve		1.3	1.3	1.3
Subordinated shareholder funding reserve	17	45.4	-	-
Non-distributable reserve		1.6	-	1.2
Retained earnings		549.7	479.3	494.8
TOTAL EQUITY		615.7	498.3	515.0

Unaudited consolidated statement of changes in equity

All amounts are stated in £m

Nine months ended March 31, 2017

	Called- up share capital	Share premium	Merger reserve	Capital redemption reserve	Subordinated shareholder funding reserve	Non-distributable reserves	Retained earnings	Total
At beginning of period	9.8	17.5	(9.6)	1.3	-	1.2	494.8	515.0
Retained profit for the financial period	-	-	-	-	-	-	53.0	53.0
Capital contribution (note 17)	-	-	-	-	46.1	-	-	46.1
Share based payments	-	-	-	-	-	0.4	1.2	1.6
Transfer between reserves	-	-	-	-	(0.7)	-	0.7	-
At end of period	9.8	17.5	(9.6)	1.3	45.4	1.6	549.7	615.7

Nine months ended March 31, 2016

	Called up share capital	Share premium	Merger reserve	Capital redemption reserve	Retained earnings	Total
At beginning of period	9.8	17.5	(9.6)	1.3	423.0	442.0
Retained profit for the financial period	-	-	-	-	56.3	56.3
At end of period	9.8	17.5	(9.6)	1.3	479.3	498.3

Unaudited consolidated statement of cash flows
Three months ended March 31, 2017

All amounts are stated in £m

	Note	Three months ended 31 March 2017	Three months ended 31 March 2016	Nine months ended 31 March 2017	Nine months ended 31 March 2016
CASH OUTFLOW FROM OPERATING ACTIVITIES					
Cash outflow from operations	12	(94.5)	(60.4)	(190.6)	(199.3)
Taxation		(4.1)	(4.2)	(12.6)	(12.1)
Servicing of finance		(25.2)	(29.6)	(75.8)	(60.9)
Net cash outflow from operating activities		(123.8)	(94.2)	(279.0)	(272.3)
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment		(0.3)	(0.3)	(0.8)	(0.8)
Purchase of intangible assets		(0.6)	(0.9)	(2.2)	(1.8)
Proceeds on disposal of property, plant and equipment		-	-	0.1	-
Net cash outflow from investing activities		(0.9)	(1.2)	(2.9)	(2.6)
CASHFLOWS FROM FINANCING ACTIVITIES					
Repayment of syndicate loan		-	-	(29.0)	-
(Repayment)/drawdown of facilities		(83.5)	109.1	25.1	291.1
Repayment of senior secured notes		-	-	(300.0)	-
Proceeds from issuance of new senior secured notes		200.0	-	575.0	-
Proceeds from subordinated shareholder funding		-	-	8.1	-
Proceeds from employee benefit trust		-	-	1.2	-
Capital element of finance lease payments		0.1	-	0.1	-
Net cash inflow from financing activities		116.6	109.1	280.5	291.1
Net (decrease)/increase in cash and cash equivalents		(8.1)	13.7	(1.4)	16.2
Cash and cash equivalents at beginning of period		7.2	5.3	0.5	2.8
CASH AND CASH EQUIVALENTS AT END OF PERIOD		(0.9)	19.0	(0.9)	19.0

Notes to the financial statements

All amounts are stated in £m

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.

The subordinated shareholder loans were presented at nominal face value in the prior quarter and have been reclassified this quarter as financial instruments and recognised at their fair values. As the instruments are interest-free rather than at market rates, their fair values differ from their nominal amounts and are estimated by discounting the related expected future cash flows. As market rates are not observable for these loans, management has derived discount rates by reference to other arm's length transactions with investors, making allowance for the tenor and seniority of the loans. The receipt of an interest-free loan is an economic benefit and, because this benefit has been provided by the Company's parent, it is initially credited to non-distributable reserves as a capital contribution. As the loan approaches maturity its amortised cost is charged to income with a corresponding transfer to reduce the related non-distributable reserve.

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		Nine months ended	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
On borrowings	(18.4)	(17.3)	(68.1)	(49.5)

Interest payable for the nine months to 31 March 2017 includes a charge of £14.8m arising on the October 2016 refinancing of the 2018 senior secured notes, as set out in more detail in note 10.

Notes to the financial statements (continued)

All amounts are stated in £m

4. TAX ON PROFIT

	Three months ended		Nine months ended	
	31 March 2017	**31 March 2016**	**31 March 2017**	**31 March 2016**
Current tax				
Corporation tax	4.1	4.0	10.8	11.4
Total current tax	4.1	4.0	10.8	11.4
Deferred tax				
Origination and reversal of temporary differences	0.1	0.9	0.3	2.8
Total deferred tax	0.1	0.9	0.3	2.8
Total tax on profit	4.2	4.9	11.1	14.2

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		Nine months ended	
	31 March 2017	**31 March 2016**	**31 March 2017**	**31 March 2016**
Profit before tax	29.7	24.6	64.1	70.5
Tax on profit at standard UK corporation tax rate of 20.00%/(2016: 20.00%)	5.9	4.9	12.8	14.1
Effects of:				
Expenses not deductible for tax purposes	0.1	-	1.2	0.1
Income not taxable	-	-	(0.1)	-
Group relief	(1.7)	-	(2.7)	-
Adjustment in respect of previous periods	(0.1)	-	(0.1)	-
Group tax charge for period	4.2	4.9	11.1	14.2

All amounts are stated in £m

5. PROPERTY PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

As at 31 March 2017

	Property, plant and equipment				
	Fixtures, fittings and equipment	**Motor vehicles**	**Total**	**Intangible assets**	**Total**
Cost					
At beginning of period	5.9	1.3	7.2	3.7	10.9
Additions	0.5	0.3	0.8	2.2	3.0
Disposals	(0.1)	(0.1)	(0.2)	-	(0.2)
At end of period	6.3	1.5	7.8	5.9	13.7
Depreciation and amortisation					
At beginning of period	2.2	0.4	2.6	0.5	3.1
Charge for the period	0.7	0.2	0.9	0.7	1.6
Disposals	-	(0.1)	(0.1)	-	(0.1)
At end of period	2.9	0.5	3.4	1.2	4.6
Net book value					
At end of period	3.4	1.0	4.4	4.7	9.1
At beginning of period	3.7	0.9	4.6	3.2	7.8

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

As at 31 March 2016

	Property, plant and equipment				
Group	**Fixtures, fittings and equipment**	**Motor vehicles**	**Total**	**Intangible assets**	**Total**
Cost					
At beginning of period	5.3	1.0	6.3	1.1	7.4
Additions	0.6	0.2	0.8	1.8	2.6
Disposals	(0.3)	(0.1)	(0.4)	-	(0.4)
At end of period	5.6	1.1	6.7	2.9	9.6
Depreciation and amortisation					
At beginning of period	1.7	0.4	2.1	0.1	2.2
Charge for the period	0.6	0.1	0.7	0.3	1.0
Disposals	(0.3)	(0.1)	(0.4)	-	(0.4)
At end of period	2.0	0.4	2.4	0.4	2.8
Net book value					
At end of period	3.6	0.7	4.3	2.5	6.8
At beginning of period	3.6	0.6	4.2	1.0	5.2

All amounts are stated in £m

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
Cost					
At beginning of period	5.3	1.0	6.3	1.1	7.4
Additions	0.9	0.4	1.3	2.6	3.9
Disposals	(0.4)	(0.1)	(0.5)	-	(0.5)
At end of period	5.8	1.3	7.1	3.7	10.8
Depreciation and amortisation					
At beginning of period	1.7	0.4	2.1	0.1	2.2
Charge for the period	0.8	0.2	1.0	0.4	1.4
Disposals	(0.4)	(0.1)	(0.5)	-	(0.5)
At end of period	2.1	0.5	2.6	0.5	3.1
Net book value					
At end of period	3.7	0.8	4.5	3.2	7.7
At beginning of period	3.6	0.6	4.2	1.0	5.2

6. DEFERRED TAX ASSET

	31 March 2017	31 March 2016	30 June 2016
At beginning of period	6.1	3.5	3.5
(Charge)/credit to income statement	(0.3)	(2.8)	2.4
Adjustment in respect of prior year	0.1	0.1	0.2
At end of period	5.9	0.8	6.1

The deferred tax asset consisted of the following:

Accelerated capital allowances	(0.2)	(0.2)	(0.3)
Short-term timing differences	6.1	1.0	6.4
	5.9	0.8	6.1

7. LOANS AND ADVANCES TO CUSTOMERS

	31 March 2017	31 March 2016	30 June 2016
Gross loans and advances	2,193.8	1,806.5	1,869.5
Less: allowances for impairment on loans and advances	(64.6)	(66.5)	(68.8)
	2,129.2	1,740.0	1,800.7

Loans and advances to customers include a total of £9.7m (March 2016: £9.1m) loaned to August Blake Developments Limited, Sunnywood Estates Limited, and Edgworth Developments Limited, companies in which HN Moser is a director and shareholder.

Notes to the financial statements (continued)
All amounts are stated in £m

8. TRADE AND OTHER RECEIVABLES

	31 March 2017	31 March 2016	30 June 2016
Amounts owed by related parties	0.6	-	0.1
Other debtors	0.5	0.1	-
Prepayments and accrued income	2.2	2.4	2.2
	3.3	2.5	2.3

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

9. TRADE AND OTHER PAYABLES

	31 March 2017	31 March 2016	30 June 2016
Amounts owed to related parties	-	0.8	-
Trade creditors	1.4	1.0	1.3
Other creditors	3.1	2.6	2.4
Other taxation and social security	0.7	0.5	0.6
Accruals and deferred income	25.3	18.6	27.6
	30.5	23.5	31.9

Amounts owed to related parties are in respect of Charles Street Commercial Investments Limited, a company 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 June 2018; the full amount of £8.4m has been expensed to the income statement in the period.

10. BORROWINGS

	31 March 2017	31 March 2016	30 June 2016
Bank overdrafts	0.9	-	-
Bank loans	-	29.0	29.0
Loan notes	913.2	867.5	884.0
Shareholder notes	-	60.0	60.0
Subordinated shareholder loans	68.1	-	-
Senior secured notes	575.0	305.3	304.4
Obligations under finance leases	0.4	0.3	0.4
	1,557.6	1,262.1	1,277.8
Subordinated shareholder funding reserve (see note 17)	(45.4)	-	-
Debt issue costs	(20.2)	(20.8)	(18.5)
Total borrowings	1,492.0	1,241.3	1,259.3
Of which:			
Amount due for settlement within 12 months	1.0	0.1	0.2
Amount due for settlement after 12 months	1,491.0	1,241.2	1,259.1
	1,492.0	1,241.3	1,259.3

All amounts are stated in £m

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.

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 via the new intermediate holding companies to Redhill Famco Limited. Together Financial Services Limited replaced this funding with interest-free subordinated shareholder loans totalling £60m due to Bracken Midco2 Limited, which comprised a £43.0m loan with a maturity date of 2 November 2036 and £17m with a maturity of 2 November 2022. In addition a further interest-free subordinated shareholder loan of £8.1m with a maturity of 2 November 2022 was provided to Together Financial Services Limited by Bracken Midco2 Limited to fund payments made under a management incentive scheme and certain other expenses which crystallised on completion of the Exit Transactions. On 22 February 2017 the loans with a maturity date of 2 November 2022 totalling £22.1m had their maturity dates extended to 30 September 2024.

On 13 October 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 nine months ended 31 March 2017, relating specifically to an early repayment penalty and the accelerated release of debt purchase costs net of the release of the debt issue premium.

On 26 January 2017, the Company successfully completed a new £90m credit facility (Delta Asset Backed Securitisation 1 Limited). The facility will run until January 2021 and support the Group's commercial lending activity.

On 22 February 2017, Jerrold FinCo plc (a subsidiary of Together Financial Services Limited) successfully issued £200m of senior secured notes due in 2024.

During the nine months ended 31 March 2017, the Company has used part of the proceeds of the senior secured note issuances to repay £45m of loan notes through the revolving securitisation vehicles Charles Street Conduit Asset Backed Securitisation 1 Limited and Lakeside Asset Backed Securitisation 1 Limited and £29m of bank borrowings.

The reclassification to the subordinated shareholder funding reserve represents the reclassification of intragroup borrowings, to reflect the element representing a deemed capital contribution from the Company's parent entity, when stated at fair value on initial recognition (note 17).

As at 31 March 2017

Maturity analysis	<1 year	1-2 years	2-5 years	>5 years	Total
Bank overdrafts	0.9	-	-	-	0.9
Loan notes	-	155.3	757.9	-	913.2
Subordinated shareholder funding	-	-	-	68.1	68.1
Senior secured notes	-	-	375.0	200.0	575.0
Finance leases	0.2	0.2	-	-	0.4
	1.1	155.5	1,132.9	268.1	1,557.6
Debt issue costs	(0.1)	(0.7)	(16.0)	(3.4)	(20.2)
Subordinated shareholder funding reserve (see note 17)	-	-	-	(45.4)	(45.4)
	1.0	154.8	1,116.9	219.3	1,492.0

Notes to the financial statements (continued)

All amounts are stated in £m

10. BORROWINGS (continued)

As at 31 March 2016

Maturity analysis	**<1 year**	**1-2 years**	**2-5 years**	**>5 years**	**Total**
Bank loans	-	29.0	-	-	29.0
Loan notes	-	-	867.5	-	867.5
Shareholder notes	-	-	-	60.0	60.0
Senior secured notes	-	-	305.3	-	305.3
Finance leases	0.2	0.1	-	-	0.3
	0.2	29.1	1,172.8	60.0	1,262.1
Debt issue costs	-	-	(20.8)	-	(20.8)
	0.2	29.1	1,152.0	60.0	1,241.3

As at June 30, 2016

Maturity analysis	**<1 year**	**1-2 years**	**2-5 years**	**>5 years**	**Total**
Bank loans	-	29.0	-	-	29.0
Loan notes	-	-	884.0	-	884.0
Shareholder notes	-	-	-	60.0	60.0
Senior secured notes		-	304.4	-	304.4
Finance leases	0.2	0.1	0.1	-	0.4
	0.2	29.1	1,188.5	60.0	1,277.8
Debt issue costs	-	-	(18.5)	-	(18.5)
	0.2	29.1	1,170.0	60.0	1,259.3

Notes to the financial statements (continued)

All amounts are stated in £m

11. SHARE CAPITAL

	31 March 2017	31 March 2016	30 June 2016
Authorised			
2,744,974 B1 ordinary shares of 49.9 pence each	-	1.4	1.4
6,404,938 B2 ordinary shares of 49.9 pence each	-	3.2	3.2
9,149,912 B ordinary shares of 49.9 pence each	4.6	-	-
154,690 C1 ordinary shares of 1 penny each	-	-	-
696,049 C2 ordinary shares of 1 penny each	-	-	-
64,250 C3 ordinary shares of 1 penny each	-	-	-
921,501 C ordinary shares of 1 penny each	-	-	-
70,000/100,000/100,000 D ordinary shares of 1 penny each	-	-	-
10,000 E ordinary shares of 1 penny each	-	-	-
10,405,653 A ordinary shares of 50 pence each	5.2	-	-
10,850,092 A preferred ordinary shares of 50 pence each	-	5.4	5.4
	9.8	10.0	10.0
Issued, allotted and fully paid			
2,744,974 B1 ordinary shares of 49.9 pence each	-	1.4	1.4
6,404,938 B2 ordinary shares of 49.9 pence each	-	3.2	3.2
9,149,912 B ordinary shares of 49.9 pence each	4.6	-	-
131,202 C1 ordinary shares of 1 penny each	-	-	-
696,049 C2 ordinary shares of 1 penny each	-	-	-
64,250 C3 ordinary shares of 1 penny each	-	-	-
921,501 C ordinary shares of 1 penny each	-	-	-
70,000/100,000/100,000 D ordinary shares of 1 penny each	-	-	-
13 A deferred ordinary shares of 50 pence each	-	-	-
10,405,653 A preferred ordinary shares of 50 pence each	5.2	5.2	5.2
	9.8	9.8	9.8

On 2 November 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.

All amounts are stated in £m

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

	Three months ended		Nine months ended	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
Profit after tax	25.5	19.7	53.0	56.3
Adjustments for:				
Taxation	4.2	4.9	11.1	14.2
Depreciation and amortisation	0.6	0.4	1.6	1.0
Share-based payments	-	-	0.4	-
Interest expense	18.4	17.3	68.1	49.5
	48.7	42.3	134.2	121.0
Increase in loan book	(140.6)	(101.6)	(328.5)	(316.5)
Decrease/(increase) in prepayments	0.3	(0.8)	-	(0.2)
Increase in other debtors and amounts owed by related parties	(0.1)	-	(1.0)	-
Increase/ (decrease) in accruals	1.5	(0.3)	3.8	(3.0)
(Decrease)/increase in trade creditors	(1.6)	-	0.1	(0.5)
(Decrease)/increase in other creditors, amounts owed to related parties and taxation and social security	(2.7)	-	0.8	(0.1)
	(143.2)	(102.7)	(324.8)	(320.3)
Cash outflow from operations	(94.5)	(60.4)	(190.6)	(199.3)

13. RELATED PARTY TRANSACTIONS

Relationships

The Company has the following related parties:

a) Controlling party

During the year, HN Moser, a director of Together Financial Services Limited, and the DL Moser 1995 Family Settlement No1 Trust (together the Moser Shareholders) indirectly acquired the equity interest in the Company of funds managed by Equistone Partners Europe and Standard Life Investments (the Exit Transactions). The Exit Transactions resulted in a series of holding companies being incorporated above the Company: all the voting shares of Together Financial Services Limited were acquired by Bracken Midco2 Limited, a company whose ultimate parent is Redhill Famco Limited, which is wholly controlled by the Moser Shareholders. As a result the Moser Shareholders indirectly own 100% of the Company's share capital.

Besides the companies owned by Redhill Famco Limited, other entities owned by the Moser Shareholders are deemed to be related parties and during the year transacted with the Company's subsidiaries as follows:

Entity	Nature of transactions
Bracken House Properties LLP	The Group pays operating lease and insurance costs to Bracken House Properties LLP for its provision of the Group's head office property.
Centrestand Limited	The Group collects rents and pays service charges and costs on behalf of Centrestand Limited.
Charles Street Commercial Investments Limited	The Group refers borrowers outside its lending criteria to Charles Street Commercial Investments Limited (CSCIL) in return for introduction fees. The Group performs underwriting, arrears-management and administration activities on behalf of CSCIL.
Sterling Property Co. Limited	Sterling Property Co. Limited provides property management services for properties repossessed or placed into LPA receivership by the Group.
August Blake Developments Limited Edgworth Developments Limited Sunnywood Estates Limited	The Group provides loans on a commercial basis secured on certain assets of these companies.

13. RELATED PARTY TRANSACTIONS (continued)

b) Parent companies

During the year the Group transacted with the following parent companies owned by the Moser Shareholders:

Entity	Nature of transactions
Bracken Midco2 Limited	The Company received subordinated funding and a deemed capital contribution from Bracken Midco2 Limited as part of the Exit Transactions. The subordinated shareholder loans are interest-free and for fixed terms, as set out in Note 10.

c) Subsidiaries

The Company utilises its bank facilities, its subordinated shareholder loans and senior secured notes raised by a subsidiary company, to provide treasury funding to its lending subsidiaries. All interest is recharged at cost. All amounts are repayable on demand.

d) Key management personnel

Key management personnel comprise directors of the Group. No other transactions occurred other than remuneration in the ordinary course of business and the disposal of D shares disclosed in note 15.

All amounts are stated in £m

13. RELATED PARTY TRANSACTIONS (continued)

Transactions

The Group had the following transactions with related parties during the period:

	March 2017		March 2016	
	Charge to income or equity	**Paid**	**Charge to income or equity**	**Paid**
Lease and insurance costs	0.8	0.8	0.8	0.5
Accounts payable transactions	-	0.1	-	0.1
Transfer of loan to related party	-	-	-	2.7
Collections received on behalf of related parties	-	-	-	(2.0)
Related parties of the Moser Shareholders	**0.8**	**0.9**	**0.8**	**1.3**

	March 2017		March 2016	
	Charge/ (credit) to income or equity	**Paid**	**Charge/ (credit to income or equity**	**Paid**
Interest expense	0.7	-	-	-
Receipt of funding and capital	(46.1)	-	-	-
Parent companies	**(45.4)**	**-**	**-**	**-**
Total related parties	**(44.6)**	**0.9**	**0.8**	**1.3**

14. CONTINGENT LIABILITIES

As at 31 March 2017 the Company's assets were subject to a fixed and floating charge in respect of £nil of bank borrowings of the Group (31 March 2016: £29m) and £575m in respect of senior secured notes (March 2016: £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 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 2 November 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 in the statement of comprehensive income to the extent not previously recognised. The charge relating to the remainder of the 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.

All amounts are stated in £m

16. FINANCIAL INSTRUMENTS AND FAIR VALUES

All the group's financial assets and liabilities are held at amortised cost. The table below summarises the carrying value, excluding deferred income and the fair value of financial assets as at the year end:

	31 March 2017		31 March 2016		30 June 2016	
	Carrying value	**Fair value**	**Carrying value**	**Fair value**	**Carrying value**	**Fair value**
Financial assets						
Cash at bank and in hand	-	-	19.0	19.0	0.5	0.5
Amounts owed by related parties	0.6	0.6	-	-	0.1	0.1
Other debtors	0.5	0.5	0.1	0.1	-	-
Loans and advances to customers	2,129.2	2,163.1	1,740.0	1,835.3	1,800.7	1,873.9
	2,130.3	2,164.2	1,759.1	1,854.4	1,801.3	1,874.5
Financial liabilities						
Borrowings	1,492.0	1,563.2	1,241.3	1,286.3	1,259.3	1,333.2
Trade creditors	1.4	1.4	1.0	1.0	1.3	1.3
Other creditors	3.1	3.1	2.6	2.6	2.4	2.4
	1,496.5	1,567.7	1,244.9	1,289.9	1,263.0	1,336.9

All amounts are stated in £m

17. RECLASSIFICATION

The subordinated shareholder loans were presented at nominal face value in the prior quarter and have been reclassified this quarter as financial instruments and recognised at their fair values with interest charged on an amortised cost basis. The difference between the nominal value and the fair value is deemed to be a capital contribution and represents a non-distributable reserve. As the loan approaches maturity its amortised cost is charged to income with a corresponding transfer to reduce the related non-distributable reserve. In the interim financial statement for the period ended 31 December 2016, this loan had not been allocated between these separate components. The impact of the revised presentation is highlighted below.

	As reclassified	Adjustment	As reported at 31 December 2016
Statement of financial position			
Borrowings – subordinated shareholder funding	24.4	(43.7)	68.1
Equity- subordinated shareholder funding reserve	43.7	43.7	-
Statement of changes in equity			
Deemed capital contribution	46.1	46.1	-
Transfer between reserves - from subordinated shareholder funding reserve to retained earnings	(0.3)	(0.3)	-
Statement of comprehensive income – income statement			
Interest payable and similar charges	49.7	0.3	49.4

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

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