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Tatton Asset Management PLC
05 December 2017

5 December 2017

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FOR IMMEDIATE RELEASE

Tatton Asset Management plc ("Tatton" or the "Group")

Interim results for the six months ended 30 September 2017

Maiden results in-line with expectations, with strong period of organic growth; inaugural interim dividend announced

Tatton Asset Management plc (the "Group") (AIM: TAM), the on-platform discretionary fund management (DFM) and support services business for independent financial advisers (IFAs), today issues its maiden interim results for the six-month period ended 30 September 2017, following its Admission to Alternative Investment Market (AIM) in July 2017.

Financial Highlights

- Discretionary assets under management ("AUM") within Tatton Capital up 15% since March 2017 to £4.44 billion at 30 September 2017 and up 33% over twelve months (March 2017: £3.85 billion; 1H16: £3.33 billion), with the run rate averaging over £80million per month
- Group Revenue increased 31% to £7.3 million (1H16: £5.6 million)
- Adjusted EBIT[1] up 56% to £3.1 million (1H16: £2.0 million)
    - Adjusted EBIT[1] margin of 42.2% (1H16:35.4%)
    - Adjusted EPS[2] up 53% to 4.36 pence (1H16: 2.85 pence)
- Reported Profit Before Tax decreased to £0.54 million (1H16: £1.86 million), after charging exceptional initial public offering (IPO) costs of £1.6 million and share option costs of £0.9 million, the latter arising from the group structuring that took place in order to deliver the IPO
- Strong financial position, with net cash of £10.5 million (1H16: £0.1 million) and regulatory capital resources in significant surplus to requirements
- The Group is pleased to announce an inaugural interim dividend since its IPO of 2.2 pence per share

Business Highlights

- Successful IPO on AIM completed on 6 July 2017 raising £51.6 million, including £10m new money, followed by a strong period of organic growth, as the Group delivers against its strategic plan
- The Group has three operating subsidiaries: Tatton Capital Limited ("TCL"), Paradigm Partners Limited ("PPL") and Paradigm Mortgage Services LLP ("PMS")
- TCL has continued to expand, delivering strong organic growth in AUM and also a significant increase in the number of advisory firms utilising the on-platform discretionary portfolio service for their clients. The number of firms has increased to 286 as at 30 September 2017 (1H16: 207)

- TCL has also successfully taken over the previously outsourced investment management of the Tatton Oak fund range from August 2017 onwards
- Testament to the development and performance of TCL over the period, the business was pleased to win the prestigious ILP Moneyfacts award for "Best Discretionary Fund Manager" in period in September 2017, beating well known wealth managers
- PPL, the Group's compliance services business, continues to expand with member numbers increasing to 356 (1H16: 347) and revenues up 23% to £3.48 million (1H16: £2.82 million), driven by increases in Paradigm Wrap income
- PMS, the Group's mortgage and protection distribution business, has also performed strongly, with gross lending via its channels during the period of £2.99 billion (1H16: £2.35 billion), an increase of 27%. PMS now has 1,143 mortgage firms using its services (1H16: 1,016), a significant increase of 13% year-on-year.

Outlook and current trading:

Since 30 September 2017 the group continues to perform in line with management expectations, building upon the growth trends reported for the interim period

Footnotes:

1. Adjusted EBIT is defined as profit before tax after adding back net finance charges, exceptional items and IFRS2 share-based costs, being the Group's UK GAAP operating profit as adjusted by the items shown.

2. Adjusted EPS is defined as earnings per share, using earnings that have been adjusted to add back exceptional items and IFRS2 share-based costs (note 8).

Roger Cornick, Chairman, commented:

"I am pleased to report our maiden interim results following the successful IPO in July 2017, and to comment on the progress made by the Group in the months that have followed.

"All three divisions have delivered growth in revenues, as a result of which Adjusted EBIT, at £3.1 million for the six months ended 30 September 2017, have increased by 56% in comparison to the first half of the previous year.

"Discretionary funds under management, the number of advisory firms utilising the Group's compliance services, and gross lending through our mortgage and protection division, have all increased over the last six months.

Looking ahead, the encouraging level of engagement of our intermediary clients indicates a positive outlook, providing confidence for the next trading period and for our results for the year to March 2018."

Paul Hogarth, Chief Executive Officer, commented:

"The Group's IPO in July 2017 has been very well received by client firms supported by the Group. A key metric for our growth is discretionary funds under management, which I am delighted to report has risen by 33% over the last twelve months to £4.44 billion. We are seeing unprecedented demand for a low-cost DFM service to the mass affluent market place served by the IFA sector, which the Group is ideally placed to capitalise on. Our unparalleled offer is challenging the existing off-platform, traditional incumbents, by providing the mass-affluent with the kind of investment portfolio management usually the preserve of the very wealthy. This is a game changer and has set us on a firm path of growth."

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Notes to editors

Tatton Asset Management offers a range of services to Directly Authorised financial advisers in the UK, including on-platform only discretionary fund management, regulatory, compliance and business consulting services, and a whole of market mortgage provision. This is achieved through three operating divisions: Tatton Capital, Paradigm Partners and Paradigm Mortgage Services.

On 6 July 2017, the Group was admitted to the Alternative Investment Market (AIM) of the London Stock Exchange, raising £51.6 million in an institutional placing.

For more information, please visit: www.tattonassetmanagement.com

Analyst presentation

An analyst briefing is being held at 9.00am on 5 December 2017 at the offices of Powerscourt, 1 Tudor Street, London, EC4Y 0AH.

Interim Business Review

Overview

The Group is pleased to announce its first results since its IPO in July 2017, which raised £51.6 million and has significantly helped increase our profile in the marketplace. We work with a large number of financial intermediary firms, such as independent financial advisers (IFAs) and mortgage brokers, and since the IPO we have had very positive messages of support from many of these client firms.

During the period, we have seen strong growth across all divisions, and as noted during our recent IPO, the key driver of improved profitability is within the Group's on-platform discretionary fund management (DFM) business, Tatton Capital Limited (TCL). In TCL, total funds under management have increased by 33% to £4.44 billion compared with £3.33 billion at the end of the interim period in 2016, driven by increasing demand for a low-cost DFM service to the mass affluent served by IFA sector.

Paradigm Partners Limited (PPL), the Group's IFA compliance services business, continues to grow and client member firms are up 3% year-on-year to 356 at September 2017. PPL's wrap platform has seen assets grow by 14% over the year to £3.26 billion at the half year.

Paradigm Mortgage Services LLP (PMS), the Group's mortgage and protection distribution business, has seen excellent member growth, up 13% to 1,143 since the prior year. This has helped drive good levels of gross lending through PMS' channel at £2.99 billion for the six-month period, which is 27% higher than 1H16 and above market growth of 8%.

Results and Business Performance

Group revenues have increased by 31% to £7.3 million, compared with £5.6 million for the interim period in 2016. Adjusted EBIT has increased by 56% to £3.1 million (1H16: £2.0 million).

	Unaudited six months ended 30 Sept 2017 £'000	Unaudited six months ended 30 Sept 2016 £'000	Percentage change %	Unaudited** year ended 31 March 2017 £'000
Revenue	7,298	5,586	31%	11,864
Adjusted* EBIT	3,080	1,978	56%	4,510
Adjusted* margin	*42.2%*	*35.4%*	*6.8ppt*	*38.0%*
IFRS2 share options	(892)	(38)		(75)
Exceptional charges	(1,632)	(58)		(2,412)
Profit before tax	542	1,863	(71%)	1,987
Adjusted Earnings per share	4.36 pence	2.85 pence	53%	6.45 pence
Reported Earnings per share	0.21 pence	2.67 pence	(92%)	2.06 pence
Cash position	10,520	69		(10)

* **Adjusted EBIT is defined as profit before tax after adding back net finance charges, exceptional items and IFRS2 share-based costs. Adjusted Margin is Adjusted EBIT divided by Revenue.**

**** For the year ended 31 March 2017, while the underlying accounts of each subsidiary has been audited, the consolidated position since the IPO in July 2017 has not yet been audited.**

Revenue growth of 31% has had contributions from all three divisions, with significant growth in TCL and PPL. TCL growth derives from the large increase in average AUM in the period, while PPL's revenue growth results primarily from increased wrap platform assets and an increased retention of its wrap platform income following the IPO. TCL revenue has increased by over 48% year on year, while PPL and PMS are up 23% and 15% respectively.

The strong revenue and profit growth has driven an improvement in margin of 6.8 percentage points overall, driven predominantly by improvements in the TCL business. TCL now represents 38% of the Group's revenues, compared with 34% in the first half of FY17.

Exceptional costs were £1.63 million, reflecting the full cost of pre-IPO restructuring and the cost of the IPO itself. The Group also saw a large share-based IFRS2 non-cash charge of £0.9 million, again resulting predominantly from the pre-IPO restructuring. The exceptional charges will impact the overall effective tax charge of the Group, as it is estimated that £1.5 million of these costs in the period are disallowable for tax purposes.

Net cash resources at the period end amounted to £10.5 million (1H16: £0.1 million) and the Group had no net borrowings as at 30 September 2017 (1H16: £nil). The Group raised £10.0 million from the new share issue to institutional investors, before exceptional charges, as part of the IPO in July 2017.

Tatton Capital Limited ("TCL")

The TCL division has continued to deliver a strong performance over the period. Revenues have increased 48% to £2.8 million and Adjusted EBIT has increased by 303% to £1.3 million.

	Unaudited six months ended 30 Sept 2017 £'000	Unaudited six months ended 30 Sept 2016 £'000	Percentage change %	Unaudited** year ended 31 March 2017 £'000
Revenue	2,779	1,872	48.5%	4,317
Adjusted* EBIT	1,280	318	303%	1,222
Adjusted* margin	*46.1%*	*17.0%*	*29.1ppt*	*28.3%*
Exceptional and IFRS2 charges	(45)	(49)		(233)
Profit before tax	1,235	269	359%	989

*** Adjusted EBIT is defined as profit before tax after adding back net finance charges, exceptional items and IFRS2 share-based costs. Adjusted Margin is Adjusted EBIT divided by Revenue.**

**** For the year ended 31 March 2017, while the underlying accounts of each subsidiary has been audited, the consolidated position since the IPO in July 2017 has not yet been audited.**

The strong performance stems from an increase in the number of IFAs advising their clients to utilise the leading discretionary model portfolio service and the associated increase in AUM over the period:

	Six months ended 30 Sept 2017	Six months ended 30 Sept 2016	Percentage change %	Year ended 31 March 2017
Number of DFM client accounts at period end	44,065	35,338	24.7%	39,610
IFAs utilising DFM portfolios	286	207	38.2%	237
Opening AUM (£m)	3,853	2,652		2,652
Net new inflows (£m)	510	396	28.8%	731
Investment performance (£m)	78	278		470
Closing AUM (£m)	4,441	3,326	33.5%	3,853
Average AUM for the period (£m)	4,235	3,031	39.7%	3,323

As noted above, we have expanded the number of firms using TCL to 286 at September 2017, which together with our existing IFAs, has contributed to strong net inflows of over £80 million per month and a significant increase in the number of client accounts being managed, which is up almost 25% year on year. Of the 49 IFA firms joining TCL's DFM services in the period, 36 are completely new to the Group, reflecting the increased focus on generating new business from outside existing PPL relationships. Over 100 of the firms using the TCL DFM service are now from outside the wider Group relationships.

TCL's platform based investment portfolios generated positive returns over the period. They continued to track their asset allocation benchmark proxies closely, with full period returns in line for the lower risk portfolios and pleasing outperformance for portfolios with higher equity allocations. The average return generated across key portfolios since launch are shown below:

Compared with the benchmark asset allocation, TCL portfolios' bond allocations were positioned towards a lower maturity profile and, over the summer, with a slight equity underweight. While these risk adverse positions, in anticipation of an adverse market impact on the onset of monetary tightening, were not value adding, the US and UK currency underweights over most of the period proved beneficial, as did the overweight to the Eurozone and Japan. Equity dominated portfolios with an active fund selection additionally benefitted from outperformance of Tatton's fund selection compared to the benchmark proxy portfolios. The index tracking fund portfolio styles did slightly better in the two lowest risk profiles, as active bond managers once again struggled to outperform index tracking funds.

During the period, TCL's portfolio range became available on the Fidelity FundsNetwork platform, which takes to ten the total number of platforms on which advisers can recommend to clients the use of Tatton's discretionary model portfolio management service.

TCL's AIM Portfolio Service performed encouragingly well during the 6 months ending 30 September 2017, returning 17.1% on a gross basis. As a reference, over the same period the FTSE All Share Index and the FTSE AIM Index returned 3.6% and 8.8%, respectively, on a total return basis.

In August, we brought in-house the investment management mandate for the four multi-manager Tatton Oak funds, totalling £217 million as at 30 September 2017, which had previously been outsourced to an external provider since being acquired in 2013.

We were also very pleased to be awarded the prestigious ILP Moneyfacts award for "Best Discretionary Fund Manager" for the period to September 2017, beating well known wealth managers to win the award.

Paradigm Partners Limited ("PPL")

PPL has delivered strong results in the period, with revenues up significantly by over 23% year on year. Member firms utilising our compliance services increased from 347 in 2016 to 356 at September 2017. We also have a pipeline of firms in the process of joining and we are assisting firms with their FCA applications as part of our onboarding process.

Strong growth in revenues is derived primarily from improved wrap platform income following good growth in asset under influence (AUI) and also a change in the revenue sharing arrangement as a result of the IPO, which saw previously distributed pre-RDR rebates now retained within the business.

	Unaudited six months ended 30 Sept 2017 £'000	Unaudited six months ended 30 Sept 2016 £'000	Percentage change %	Unaudited** year ended 31 March 2017 £'000
Revenue	3,475	2,816	23.4%	5,753
Adjusted* EBIT	1,780	1,412	26.1%	2,883
Adjusted* margin	*51.2%*	*50.1%*	*1.1ppt*	*50.1%*

Exceptional and IFRS2 charges	(599)	(47)		(448)
Profit before tax	1,171	1,345	(12.9)%	2,402
No. of Members	356	347	2.5%	352
Paradigm Wrap AUI (£m)	3,256	2,863	13.7%	3,106

* **Adjusted EBIT is defined as profit before tax after adding back net finance charges, exceptional items and IFRS2 share-based costs. Adjusted Margin is Adjusted EBIT divided by Revenue.**

**** For the year ended 31 March 2017, while the underlying accounts of each subsidiary has been audited, the consolidated position since the IPO in July 2017 has not yet been audited.**

We have seen strong growth in the platform assets, AUI, on the Paradigm Wrap, which increased by 14% from £2.86 billion at September 2016 to £3.26 billion at September 2017.

Interaction with our member firms has been strong within the period. In June we hosted an event at the Grosvenor Hotel in London attended by over 300 IFAs and their top clients and in April we hosted six well-attended regular events around the country for IFA principals to update them on key developments in the sector, regulations and products. We have a full program of events throughout the year.

Our technical and compliance teams continue to provide leading advice to firms, with a particular focus over the period on forthcoming regulations relating to MIFID2, which continues to dominate the agenda.

Paradigm Mortgage Services LLP ("PMS")

We are pleased with the continued growth of our mortgage and protection distribution business, PMS. The number of firms utilising the services saw growth month-on-month, with firms using our mortgage channel increasing 13% from 1,012 in September 2016 to 1,143 as at September 2017. We have also seen exceptional growth in the number of firms now using "Paradigm Protect", our protection insurance portal, with registered firms up 29% from 341 in September 2016 to 439 in September 2017.

The strong fundamentals have increased mortgage lending through the PMS channel to £3.0 billion over the six months, up 27% from the equivalent prior year period and protection sales up 10% to written premia of £5.9m. Revenues for PMS are up 15% overall, with improved profitability resulting from the top line growth.

	Unaudited six months ended 30 Sept 2017 £'000	Unaudited six months ended 30 Sept 2016 £'000	Percentage change %	Unaudited** year ended 31 March 2017 £'000
Revenue	1,032	898	14.9%	1,794
Adjusted* EBIT	531	465	14.2%	828
Adjusted* margin	*51.5%*	*51.8%*	*(0.3)ppt*	
Exceptional and IFRS2 charges	-	-		(1,251)
Profit before tax	527	466	13.1%	(426)
Member firms	1,143	1,012	12.9%	1,069
Gross Lending	£2.99 bn	£2.36 bn	26.7%	£4.74 bn

*** Adjusted EBIT is defined as profit before tax after adding back net finance charges, exceptional items and IFRS2 share-based costs. Adjusted Margin is Adjusted EBIT divided by Revenue.**

**** For the year ended 31 March 2017, while the underlying accounts of each subsidiary has been audited, the consolidated position since the IPO in July 2017 has not yet been audited.**

While the housing market remains challenged on the supply side, with the number and selection of properties for sale remaining relatively subdued, market activity has been growing modestly throughout the year. The mix has shifted towards first-time buyers, away from cash and Buy-to-let (BTL) purchases. Although we note a quieter purchase market overall, this is more than compensated for in the intermediary space by the rise in both residential and BTL re-mortgage business and also the introduction of retention fees to intermediaries, which are now paid by the majority of lenders.

The prospect of interest rate rises may continue to prompt customers to reassess their current arrangements, particularly if the market continues to offer a range of competitive re-mortgage deals. The outlook for the mortgage market is supported by an estimated c£215bn in residential maturities due in 2018 and over £24bn in the BTL space, which typically generates greater margin for mortgage brokers.

Central costs

Central costs in the period were £2.39m (1H16: £0.22m), including exceptional charges and share based payments relating predominantly to the IPO in July 2017. Excluding exceptional and share based payments, the central costs for the period, which represent the leadership and support functions of the group, were £0.51m (1H16: £0.22m). The increase follows the investment in the board and associated PLC costs following the IPO.

Risks

The principle risks and uncertainties remain largely unchanged from the time of the Group's admission to AIM in July 2017. The following principal risk factors were noted in the admission document, all of which still apply, and a full list of all risk factors, including detailed descriptions, can be found in the admission document:

<u>Business and strategic risk</u>

- The Group, and the investment management industry as a whole, is sensitive to adverse economic, political and market forces that are beyond the Group's control
- The Group is exposed to risks related to the UK's termination of its membership of the European Union
- The Group may be adversely affected by the failure of a platform provider
- The Group may be adversely affected by the loss of strategic partners
- The Group may be affected by a mortgage market slowdown

<u>Operational risk</u>

- Systems failures and breaches of security could impact the Group's operations

- Tatton Capital Limited (TCL) is reliant on third parties to which it has outsourced certain functions
- Operational errors or a failure of systems and controls could have a material adverse effect on the TCL business

<u>Regulatory risk</u>

- TCL operates in a highly regulated industry and any non-compliance or a change in regulations in the jurisdictions in which it operates could have a material adverse effect on TCL
- Exposure to risks relating to future and anticipated regulation

A full assessment of all risks and uncertainties will be given in the annual report for the year ending 31 March 2018.

Strategy

The Group continues to focus on providing services to the directly authorised IFA sector and on the growing adviser wrap market, to provide cost-effective solutions to help bridge the advice-gap challenge for the mass affluent investor market.

The Group expects further organic opportunities from new relationships with advisory firms, in turn enhancing asset flows. It continues to invest in the sales and marketing capabilities of the business. The Group is also exploring further strategic partnership arrangements across the three divisions and will also consider relevant acquisition opportunities.

Dividends

The Board is pleased to recommend payment of an inaugural interim dividend of 2.2 pence per share (note 9). The dividend will be paid on 12 January 2018 to shareholders on the register at the close of business on 15 December 2017.

Roger Cornick
Non-Executive Chairman

Paul Hogarth
Chief Executive Officer

5 December 2017

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2017

		Six months ended 30 September 2017 (unaudited)	Six months ended 30 September 2016 (unaudited)	Year ended 31 March 2017 (unaudited)
Continuing Operations	**Note**	**£000**	**£000**	**£000**
Revenue..		7,298	5,586	11,864

Administrative expenses	*4*	(4,204)	(3,595)	(7,330)
IFRS2 share based payments	*10*	(892)	(38)	(75)
Share of results of joint venture	*13*	(14)	(13)	(24)
Exceptional charges	*6*	(1,632)	(58)	(2,412)
Operating profit		**556**	**1,882**	**2,023**
Exceptional charges	*6*	(1,632)	(58)	(2,412)
IFRS2 share based payments	*10*	(892)	(38)	(75)
Operating profit before exceptional items and share based payments		**3,080**	**1,978**	**4,510**
Net finance costs	*5*	(14)	(19)	(36)
Profit before tax		**542**	**1,863**	**1,987**
Tax	*7*	(426)	(368)	(834)
Profit and total comprehensive income for the year		**116**	**1,495**	**1,153**
Earnings per share (pence)				
Basic	*8*	0.21	2.67	2.06
Adjusted	*8*	4.36	2.85	6.45
Diluted	*8*	0.19	2.67	2.06

The accompanying notes form an integral part of these condensed consolidated financial statements. There has been no other comprehensive income.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS	**Note**	**As at 30 September**	**As at 30 September**	**As at 31 March**

		2017 (unaudited) £000	2016 (unaudited) £000	2017 (unaudited) £000
Non-current assets				
Goodwill	*12*	4,917	4,917	4,917
Property, plant and equipment	*11*	88	77	75
Investments in subsidiaries		-	-	-
Interests in joint venture	*13*	(46)	(20)	(31)
Total non-current assets		**4,960**	**4,973**	**4,961**
Current assets				
Trade and other receivables		2,037	4,753	3,048
Cash and bank balances		10,520	867	687
Total current assets		**12,557**	**5,620**	**3,735**
TOTAL ASSETS		**17,517**	**10,593**	**8,696**
LIABILITIES				
Current Liabilities				
Trade and other payables		3,704	2,379	4,165
Borrowings	*14*	-	797	697
Current tax liabilities		1,302	368	761
Total current liabilities		**5,007**	**3,544**	**5,623**
Non-current liabilities				
Deferred tax liabilities		-	-	-
Total non-current liabilities		**-**	**-**	**-**
TOTAL LIABILITIES		**5,007**	**3,544**	**5,623**
NET ASSETS		**12,510**	**7,049**	**3,073**
EQUITY				
Share capital	*15*	11,182	11,182	11,182
Share premium account	*15*	8,718	8,718	8,718
Retained earnings		(436)	-	-
Other reserve		2,014	4,261	2,134
Merger reserve		(8,968)	(17,012)	(18,960)
TOTAL EQUITY		**12,510**	**7,049**	**3,073**

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Note	Share capital £000	Share premium account £000	Retained earnings £000	Other reserve £000	Merger reserve £000	Total equity £000
Balance at 1 April 2016 (unaudited)..............................		**11,182**	**8,718**	**-**	**3,579**	**(17,112)**	**6,366**
Profit and total comprehensive income for the year...........		-	-	-	1,495	-	1,495
Dividends...	*9*	-	-	-	(850)	-	(850)
Share based payments……………………………….	*10*	-	-	-	38	-	38
Balance at 30 September 2016 (unaudited)..................		**11,182**	**8,718**	**-**	**4,261**	**(17,112)**	**7,049**
Profit and total comprehensive income for the year...........		-	-	-	(343)	-	(343)
Share based payments……………………………….	10	-	-	-	37	-	37
Dividends...	*9*	-	-	-	(1,822)	-	(1,822)
Adjustments relating to merger accounting..……….		-	-	-	-	(1,848)	(1,848)
Balance at 31 March 2017 (unaudited)..........................		**11,182**	**8,718**	**-**	**2,133**	**(18,960)**	**3,073**
Issue of share capital..	15	-	-	-	-	10,000	10,000
Profit and total comprehensive income for the year...........		-	-	(482)	598	-	116
Share based payments……………………………….	10	-	-	46	846	-	892
Dividends...	*9*	-	-	-	(1,563)	-	(1,563)
Adjustments relating to merger accounting..……….		-	-	-	-	(8)	(8)
Balance at 30 September (unaudited)...........................		**11,182**	**8,718**	**(436)**	**2,014**	**(8,968)**	**12,510**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the six months ended 30 September 2017

	Note	Six months ended 30 September 2017 (unaudited) £000	Six months ended 30 September 2016 (unaudited) £000	Year ended 31 March 2017 (unaudited) £000
Net cash from operating activities..	*16*	**1,034**	**1,874**	**3,624**
Investing activities				
Acquisition of subsidiary, net of cash acquired....................................		-	-	-

Acquisition of joint venture, net of cash acquired................................		14	13	24
Purchase of property, plant and equipment...	*11*	(37)	(31)	(51)
Net cash from investing activities………......................................		**(23)**	**(18)**	**(27)**
Financing activities				
Proceeds from the issue of shares..	*15*	10,000	-	-
Dividends paid..		(481)	(850)	(2,672)
Repayment of borrowings...	*14*	-	-	-
Net cash from financing activities...		**9,519**	**(850)**	**(2,672)**
Net (decrease)/increase in cash and cash equivalents................		**10,530**	**1,006**	**926**
Net cash/(overdraft) at beginning of period...		(10)	(936)	(936)
Net cash/(overdraft) at end of period..		**10,520**	**70**	**(10)**
Cash		**10,520**	**867**	**687**
Overdraft		**-**	**(797)**	**(697)**
Net cash		**10,520**	**70**	**(10)**

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the period ended 30 September 2017

1. GENERAL INFORMATION AND BASIS OF PREPARATION

General Information
Tatton Asset Management Plc (formerly Tatton Asset Management Limited) (the "Company") is incorporated in the United Kingdom under the Companies Act 2006. The address of the registered office is Paradigm House, Brooke Court, Lower Meadow Road, Wilmslow, SK9 3ND. The principal activities of the Operating Company together with the subsidiaries listed below (the Group) are set out in note 3. The Group is the combination of the below listed entities.

Basis of preparation and consolidation

Prior to the IPO of Tatton Asset Management PLC (TAM) on 7 July 2017, the group traded as separate entities. These financial statements are the first consolidated financial statements reported by the group. Previously the entities were under common control and all comparative information is consolidated using merger accounting (see below).

The Condensed Consolidated Financial Statements have been prepared for the Group which comprises the following entities, which were brought together just prior to the IPO of the Group on 7 July 2017:

- Tatton Asset Management Plc (formerly Tatton Asset Management Limited);
- Nadal Newco Limited;
- Paradigm Partners Limited;
- Paradigm Mortgage Services LLP;
- Tatton Capital Group Limited;
- Tatton Capital Limited;
- Tatton Investment Management Limited;
- Tatton Oak Limited; and
- Tatton Onshore Tax Strategies Limited.

Within the interim financial statements, the accounting policies and methods of computation that are followed can be found in the Admission document within note 2 of the Historical Financial Information (HFI). All transitional adjustments from FRS 102 to IFRS have been detailed within note 33 of the HFI in the Admission document.

The Directors to not consider the business to be a seasonal business.

International Financial Reporting Standards

The Group's condensed consolidated interim financial statements are prepared and presented in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union. They have been prepared on a going concern basis with reference to the accounting policies and methods of computation adopted by the Group on its IPO and conversion to IFRS accounting standards.

The information relating to the six months ended 30 September 2017 and six months ended 30 September 2016 is unaudited and does not constitute statutory financial statements within the meaning of section 434 of the Companies Act 2006. The results of the companies making up the group for the period ended 31 March 2017 have been audited and accounts delivered to the Registrar of Companies. The audit reports were unqualified and did not draw attention to any matters by way of emphasis. They contained no statement under section 498(2) or (3) of the Companies Act 2006.

2. SIGNIFICANT ACCOUNTING POLICIES

Adoption of new and revised IFRSs in issue but not yet effective

At the date of the interim report, the Group has not applied the following new and revised IFRSs that have been issued but are not yet effective and in some cases, had not yet been adopted by the EU:

IFRS 9	*Financial Instruments*
IFRS 15	*Revenue from Contracts with Customers*
IFRS 16	*Leases*
IFRS 2 (amendments)	*Classification and Measurement of Share-based Payment Transactions*
IAS 7 (amendments)	*Disclosure Initiative*
IAS 12 (amendments)	*Recognition of Deferred Tax Assets for Unrealised Losses*
IFRS 10 and IAS 28 (amendments)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Group in future periods, however IFRS 15 may have an impact on how revenue is measured and disclosed within the financial statements. The Directors are in the process of reviewing IFRS 15 in detail and considering its implications. Beyond this, it is not practicable to provide a reasonable estimate of the effect of these standards until the detailed review has been completed.

Merger accounting

In connection with the admission to AIM, the Group undertook a reorganisation of its corporate structure, which resulted in the Company becoming the ultimate holding party of the Group.

The accounting treatment for group reorganisations of entities under common control is scoped out of IFRS3. Accordingly, as required under IAS8 Accounting Policies, Changes in Accounting Estimates and Errors the Group has referred to current UK GAAP to assist its judgement in identifying a suitable accounting policy. The introduction of the new holding company constitutes a Group reconstruction and has been accounted for using merger accounting principles. Therefore, the consolidated financial statements are presented as if Tatton Asset Management plc has always been the holding company for the Group and the share capital issued on this date treated as if issued in the earliest year presented.

The use of merger accounting principles has resulted in a balance on Group capital and reserves which has been classified as a merger reserve and included in the Group's shareholders' funds. The consolidated financial statements include the results of the Company and all its subsidiary undertakings made up to the same accounting date.

The Company has recognised the value of its investments in Paradigm Partners Limited, Paradigm Mortgage Services LLP and Tatton Capital Group Limited at fair-value based upon the initial share placing price on admission to AIM. This is a Level 2 valuation within the fair-value hierarchy. IFRS7 requires disclosure of fair value measurements of derivative financial instruments by level of the following fair value hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2); and
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

As permitted by 5612 of the Companies Act 2006 the amount attributable to share premium has been transferred to the merger reserve. The investment in the Company is recorded at fair-value.

Going Concern

The Directors are satisfied that the Group has sufficient resources to continue in operation for the foreseeable future, a period of not less than twelve months from the date of this report. Accordingly, they continue to adopt the going concern basis in preparing the condensed financial statements.

3. OPERATING SEGMENTS

All of the Operating Group's revenue during the periods from 1 April 2016 to 30 September 2017 was derived from continuing operations. An analysis of the Operating Group's operations is as follows:

Services from which reportable segments derive their revenues
Information reported to the Board of Directors as the Chief Operating Decision Maker ("CODM") for the purposes of resource allocation and assessment of segmental performance is focussed on the type of revenue. The principal types of revenue are the provision of compliance and support services to independent financial advisors ("Paradigm Partners"), the provision of mortgage advisor support services ("Paradigm Mortgage Services") and the marketing and promotion of Tatton Oak funds and discretionary fund management ("Tatton").

The Group's reportable segments under IFRS8 are therefore Paradigm Partners, Paradigm Mortgage Services, Tatton and "Central" which contains the Operating Group's central overhead costs.

The principal activity of Tatton is that of Discretionary Fund Management ("DFM") of investments on-platform.
The principal activity of Paradigm Partners is that of provision of support services to Independent Financial Advisors ("IFAs").
The principal activity of Paradigm Mortgage Services is that of a mortgage and protection distributor.

The following is an analysis of the Group's revenue and results by reportable segment:

Six months ended 30 September 2017	**Paradigm Partners £000**	**Paradigm Mortgage Services £000**	**Tatton £000**	**Central £000**	**Group £000**
Revenue..	**3,475**	**1,032**	**2,779**	**12**	**7,298**
Administrative expenses..	(1,681)	(501)	(1,499)	(523)	(4,204)
IFRS2 share based payments……………………………………….	(845)	-	-	(47)	(892)
Share of results of joint venture...	(14)	-	-	-	(14)
Exceptional (charges)/income……………………………………...	246	-	(45)	(1,833)	(1,632)
Operating profit...	**1,181**	**531**	**1,235**	**(2,391)**	**556**
Exceptional (charges)/income……………………………………...	246	-	(45)	(1,833)	(1,632)
IFRS2 share based payments……………………………………….	(845)	-	-	(47)	(892)
Operating profit before exceptional items and share based payments	**1,780**	**531**	**1,280**	**(511)**	**3,080**
Finance costs...	(10)	(4)	-	-	(14)
Profit before tax...	**1,171**	**527**	**1,235**	**(2,391)**	**542**

Six months ended 30 September 2016	**Paradigm Partners £000**	**Paradigm Mortgage Services £000**	**Tatton £000**	**Central £000**	**Group £000**
Revenue..	**2,816**	**898**	**1,872**	**-**	**5,586**
Administrative expenses..	(1,391)	(433)	(1,554)	(217)	(3,595)
IFRS2 share based payments……………………………………….	(38)	-	-	-	(38)
Share of results of joint venture...	(13)	-	-	-	(13)
Exceptional charges…………………………………………………...	(9)	-	(49)	-	(58)
Operating profit...	**1,365**	**465**	**269**	**(217)**	**1,882**
Exceptional charges…………………………………………………...	(9)	-	(49)	-	(58)
IFRS2 share based payments……………………………………….	(38)	-	-	-	(38)
Operating profit before exceptional items and share based payments	**1,412**	**465**	**318**	**(217)**	**1,978**
Finance costs...	(20)	1	-	-	(19)
Profit before tax...	**1,345**	**466**	**269**	**(217)**	**1,863**

Year ended 31 March 2017	**Paradigm Partners £000**	**Paradigm Mortgage Services £000**	**Tatton £000**	**Central £000**	**Group £000**

Revenue..	**5,753**	**1,794**	**4,317**	**-**	**11,864**
Administrative expenses...	(2,846)	(966)	(3,095)	(423)	(8,107)
IFRS2 share based payments…………………………………….	(75)	-	-	-	(75)
Share of results of joint venture..	(24)	-	-	-	(24)
Exceptional charges……………………………………………..	(373)	(1,251)	(233)	(555)	(2,412)
Operating profit...	**2,435**	**(423)**	**989**	**(978)**	**2,023**
Exceptional charges...	(373)	(1,251)	(233)	(555)	(2,412)
IFRS2 share based payments…………………………………….	(75)	-	-	-	(75)
Operating profit before exceptional items and share based payments	**2,883**	**828**	**1,222**	**(423)**	**4,510**
Finance costs...	(33)	(3)	-	-	(36)
Profit before tax..	**2,402**	**(426)**	**989**	**(978)**	**1,987**

4. PROFIT FOR THE PERIOD

	Note	Six months ended 30 September 2017 (unaudited) £000	Six months ended 30 September 2016 (unaudited) £000	Year ended 31 March 2017 (unaudited) £000
Continuing operations				
Depreciation of property, plant and equipment.................................		24	22	43
Operating lease charges - plant, machinery & vehicles.......................		4	5	11
Operating lease charges - land and buildings.......................................		96	96	179
Exceptional and non-recurring (income) / costs……….………….........	*6*	2,524	96	2,487

5. FINANCE COSTS

	Six months ended 30 September 2017 (unaudited) £000	Six months ended 30 September 2016 (unaudited) £000	Year ended 31 March 2017 (unaudited) £000
Bank interest income..	2	1	2
Bank charges...	(16)	(20)	(38)
Total finance costs (net)..	(14)	(19)	(36)

6. EXCEPTIONAL AND NON- RECURRING (INCOME) / COSTS

	Six months ended 30 September 2017 (unaudited) £000	Six months ended 30 September 2016 (unaudited) £000	Year ended 31 March 2017 (unaudited) £000
(i) One-off costs relating to corporate transactions............................	-	9	9
(ii) Product launch costs...	-	49	143
(iii) Release of unused deferred income provision................................	(250)	-	-

(iv) IPO costs..	1,882	-	625
(v) Provisions against related entity loans..	-	-	1,635
Total exceptional costs..	1,632	58	2,412
Share based payments	892	38	75
Total exceptional costs and share based payments	2,524	96	2,487

Exceptional and non-recurring items included within administrative expenses reflect costs and income that do not relate to the Group's normal business operations and that are considered material (individually or in aggregate if of a similar type) due to their size or frequency.

(i) Legal and other one-off costs incurred in connection with the following corporate transactions are shown as part of exceptional and non-recurring items within administrative expenses in the Combined Income Statement:

- The acquisition of a shareholding in Adviser Cloud Limited in December 2015.

(ii) In December 2015, Tatton launched a series of funds as part of its discretionary funds management service. The costs directly associated with the launch of the funds including external consultancy costs and additional charges incurred during the launch period in 2016 are shown as part of exceptional and non-recurring items within administrative expenses in the Combined Income Statement.

(iii) In July 2017, amounts due to IFAs amounting to £250,000, which had originally been provided for as a deduction from revenue prior to 1 April 2016, were released in the Combined Income Statement as they were no longer required.

(iv) Various legal and professional costs incurred in relation to the IPO of the Group in July 2017 are shown as part of exceptional and non-recurring items within administrative expenses in the Combined Income Statement.

(v) At 31 March 2017, Paradigm Mortgage Services LLP made full provision of £1,251,000 against the recoverability of amounts due from Jargon Free Benefits LLP, an entity controlled by Paul Hogarth. Also, as at 31 March 2017, Paradigm Partners Limited made full provision of £350,000 against the recoverability of amounts due from Amber Financial Investments Limited, an entity controlled by Paul Hogarth.

7. TAX

	Six months ended 30 September 2017 (unaudited) £000	Six months ended 30 September 2016 (unaudited) £000	Year ended 31 March 2017 (unaudited) £000
Corporation tax:			
Current period..	426	368	834
Total tax expense...	426	368	834

Corporation tax is calculated at 19 per cent for 2017 (2016: 20%) of the estimated taxable profit for the year.

The charge for the year can be reconciled to the profit in the income statement as follows:

	Six months ended 30 September 2017 (unaudited) £000	Six months ended 30 September 2016 (unaudited) £000	Year ended 31 March 2017 (unaudited) £000
Profit before taxation:	**542**	**1,863**	**1,987**
Tax at UK corporation tax rate of 19% (2016: 20%).........................	103	373	397

Tax effect of expenses that are not deductible....................................	321	38	506
Capital allowances in excess of depreciation.......................................	-	(1)	(2)
LLP members of group not subject to corporation tax........................	-	(44)	(67)
Other adjustments..	2	2	-
Tax expense for the year..	**426**	**368**	**834**

8. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share is based on the following:

Number of Shares	**Six months ended 30 September 2017 (unaudited) Number**	**Six months ended 30 September 2016 (unaudited) Number**	**Year ended 31 March 2017 (unaudited) Number**
Basic			
Weighted average number of shares in issue in the period (note 15)	55,907,513	55,907,513	55,907,513
Diluted			
Effect of weighted average number of options outstanding for the period	4,394,259	-	-
Diluted weighted average number of shares and options for the period	60,301,772	55,907,513	55,907,513

	Six months ended 30 September 2017 (unaudited) £000	**Six months ended 30 September 2016 (unaudited) £000**	**Year ended 31 March 2017 (unaudited) £000**
Earnings attributable to ordinary shareholders			
Basic and diluted profit for the period	116	1,495	1,153
Share based payments - IFRS2 option charges	892	38	75
Exceptional costs - see note 6	1,632	58	2,412
Tax impact of adjustments	(201)	-	(35)
Adjusted basic and diluted profits for the period and attributable earnings	2,439	1,591	3,605
Earnings per share (pence)			
Basic	0.21	2.67	2.06
Diluted	0.19	2.67	2.06
Adjusted earnings per share (pence)			
Basic	4.36	2.85	6.45
Diluted	4.04	2.85	6.45

9. DIVIDENDS

	Six months ended 30 September 2017 (unaudited) £000	**Six months ended 30 September 2016 (unaudited) £000**	**Year ended 31 March 2017 (unaudited) £000**
Amounts recognised as distributions to TAM shareholders in the period	-	-	-
Amounts paid to shareholders relating to pre-IPO period	1,563	850	2,672

Total dividends paid in the period	1,563	850	2,672

All dividends above relate to the period prior to the IPO of the group, which occurred on 7 July 2017. Included in the dividend for the period to 30 September 2017 is a non-cash element of £1,083,000, which relates to the clearing of earlier related party debtors arising in periods prior to the IPO. Dividends relate to ordinary shares.

An interim dividend of 2.2p per share was declared by the Board on 4 December 2017 and has not been included as a liability as at 30 September 2017. This interim dividend will be paid on 12 January 2018 to shareholders on the register at close of business on 15 December 2017 with an ex-dividend date of 14 December 2017.

10. SHARE BASED PAYMENTS

During the period under review, a number of share based payment schemes and share options schemes have been utilised by the company, all but two of which ceased as a result of the IPO in July 2017. The remaining live schemes are described under "(a) Current Schemes", below, while those schemes ceasing as a result of the IPO are described under "(b) Schemes Closed prior to the IPO of Tatton Asset Management PLC", below.

(a) Current Schemes

(i) Tatton Asset Management PLC EMI Scheme ("TAM EMI Scheme")

On 7 July 2017 the Group launched an EMI share option scheme relating to shares in Tatton Asset Management plc to enable senior management to participate in the equity of the Company. A total of 3,022,733 options with a weighted average exercise price of £1.83 were granted during the period, each exercisable in July 2020. No options were forfeited or exercised or expired in the period. A total of 3,022,733 options remain outstanding at 30 September 2017, none of which are currently exercisable.

The options vest in July 2020 provided certain performance conditions and targets, set prior to grant, have been met. If the performance conditions are not met, the options lapse.

Within the accounts of the Company, the fair value at grant date is estimated using the Black Scholes methodology for 50% of the options and using the Monte Carlo modelling methodology for the remaining 50% of the options. Key valuation assumptions and the costs recognised in the accounts during the period are noted in (c) and (d) below respectively.

Six months ended 30 September 2017 (Unaudited)	**Number of share options granted (number)**	**Weighted average price (£)**
Outstanding at 1 April 2017	-	-
Granted during the period	3,022,733	1.83
Forfeited during the period	-	-
Exercised during the period	-	-
Outstanding at 30 September 2017	3,022,733	1.83
Exercisable at 30 September 2017	-	1.83
Six months ended 30 September 2016 (Unaudited)		
Outstanding at 1 April 2016	-	-
Granted during the period	-	-
Forfeited during the period	-	-
Exercised during the period	-	-
Outstanding at 30 September 2016	-	-
Exercisable at 30 September 2016	-	-

(ii) Tatton Asset Management PLC Sharesave Scheme ("TAM Sharesave Scheme")

On 7 July 2017 the Group launched an all employee sharesave scheme for options over shares in Tatton Asset Management plc, administered by Yorkshire Building Society. Employees are able to save between £10 and £500 per month over a three-year life of the scheme to August 2020 at which point they each have the option to either acquire shares in the Company, or receive the cash saved.

Over the life of the Sharesave scheme it is estimated that, based on current saving rates, 253,376 share options will be exercisable at an exercise price of £1.70. No options have been exercised, forfeited or expired in the period.

Within the accounts of the Company, the fair value at grant date is estimated using the Black Scholes methodology for 100% of the options. Key valuation assumptions and the costs recognised in the accounts during the period are noted in (c) and (d) below respectively.

Six months ended 30 September 2017 (Unaudited)	**Number of share options granted (number)**	**Weighted average price (£)**
Outstanding at 1 April 2017	-	-
Granted during the period	14,076	1.70
Forfeited during the period	-	-

Exercised during the period	-	-
Outstanding at 30 September 2017	14,076	1.70
Exercisable at 30 September 2017	-	-
Six months ended 30 September 2016 (Unaudited)		
Outstanding at 1 April 2016	-	-
Granted during the period	-	-
Forfeited during the period	-	-
Exercised during the period	-	-
Outstanding at 30 September 2016	-	-
Exercisable at 30 September 2016	-	-

(b) Schemes Closed prior to the IPO of Tatton Asset Management PLC

As a direct result of the corporate restructure that culminated in the IPO of Tatton Asset Management PLC in July 2017, the following share based schemes were finalised and options exercised where relevant:

(i) Tatton Capital Group Limited EMI Scheme ("TCGL EMI Scheme")

In October 2015, Tatton Capital Group Limited (TCGL), a subsidiary of the Company, launched an EMI share option scheme to enable senior management to participate in the equity of TCGL. A total of 1,580 options over F shares in TCGL with a weighted average exercise price of £1 were granted in October 2015, each exercisable upon sale of the company. Upon acquisition of TCGL during the restructuring ahead of the IPO in July 2017, all 1,580 options were exercised, and none remain outstanding.

Within the accounts of the Company, the fair value at grant date was estimated using the Black Scholes methodology for 100% of the options. Key valuation assumptions and the costs recognised in the accounts during the period are noted in (c) and (d) below respectively.

Six months ended 30 September 2017 (Unaudited)	**Number of share options granted (number)**	**Weighted average price (£)**
Outstanding at 1 April 2017	1,580	1.00
Granted during the period	-	-
Forfeited during the period	-	-
Exercised during the period	(1,580)	1.00
Outstanding at 30 September 2017	-	-
Exercisable at 30 September 2017	-	-
Six months ended 30 September 2016 (Unaudited)		
Outstanding at 1 April 2016	1,580	1.00
Granted during the period	-	-
Forfeited during the period	-	-
Exercised during the period	-	-
Outstanding at 30 September 2016	1,580	1.00
Exercisable at 30 September 2016	-	-

(ii) Paradigm Partners Limited Employee Shareholder Scheme ("PPL ESS")

In March 2016, Paradigm Partners Limited (PPL) issued employee shareholder status shares to enable senior management to participate in the equity of that business. A total of 14,350 C shares in PPL, with a weighted average exercise price of £0.01 were granted in March 2016, each exercisable upon sale of the company. Upon acquisition of PPL during the restructuring ahead of the IPO in July 2017, all 14,350 shares were sold, and none remain outstanding.

Within the accounts of the Company, the fair value at grant date was estimated using the Black Scholes methodology for 100% of the shares, which for accounting purposes were treated as options under IFRS2. Key valuation assumptions and the costs recognised in the accounts during the period are noted in (c) and (d) below respectively.

(iii) Paradigm Partners Limited D Share Options ("PPL D Options")

In June 2017, Paradigm Partners Limited (PPL) issued to certain senior management options to acquired 2,500 D shares in Tatton Capital Group Limited (TCGL) to enable them to participate in the equity of that business. A total of 2,500 options over D shares in TCGL, with a weighted average exercise price of £1 were granted in June 2017, each exercisable upon sale of the company. Upon acquisition of PPL and TCGL during the restructuring ahead of the IPO in July 2017, all 2,500 options were exercised, and none remain outstanding.

Within the accounts of the Company, the fair value at grant date was estimated using the actual price paid for the shares of £826,728.

Six months ended 30 September 2017 (Unaudited)	**Number of share options granted (number)**	**Weighted average price (£)**
Outstanding at 1 April 2017	-	-
Granted during the period	2,500	1.00
Forfeited during the period	-	-

Exercised during the period	(2,500)	1.00
Outstanding at 30 September 2017	-	-
Exercisable at 30 September 2017	-	-
Six months ended 30 September 2016 (Unaudited)		
Outstanding at 1 April 2016	-	-
Granted during the period	-	-
Forfeited during the period	-	-
Exercised during the period	-	-
Outstanding at 30 September 2016	-	-
Exercisable at 30 September 2016	-	-

(c) Valuation Assumptions

Assumptions used in the option valuation models to determine the fair value of options at the date of grant were as follows:

	TAM EMI Scheme	TAM Sharesave Scheme	TCGL EMI Scheme	PPL ESS
Share price at grant (£)	1.89	1.89	1.56	55
Exercise price (£)	1.89	1.70	0	55
Expected volatility (%)	26	26	10	26
Expected life (years)	6.5	3.25	1.75	1.25
Risk free rate (%)	0.41	0.66	0.92	0.6
Expected dividend yield (%)	4.5	4.5	0	0

(d) IFRS2 Share based option costs

	Six months ended 30 September 2017 (unaudited) £000	Six months ended 30 September 2016 (unaudited) £000	Year ended 31 March 2017 (unaudited) £000
TAM EMI Scheme	42	-	-
TAM Sharesave Scheme	4	-	-
TCGL EMI Scheme	-	-	-
PPL ESS	19	38	75
PPL D Options	827	-	-
	892	38	75

11. PROPERTY, PLANT AND EQUIPMENT

	Computer, office equipment and motor £000	Fixtures and fittings £000	Total £000
Cost			
Balance at 1 April 2016	303	214	517
Additions	31	-	31
Balance at 30 September 2016	**334**	**214**	**548**
Additions	19	-	19
Balance at 31 March 2017	**353**	**214**	**567**
Additions	37	-	37
Balance at 30 September 2017	**390**	**214**	**604**
Accumulated depreciation and impairment			
Balance at 1 April 2016	(235)	(214)	(449)
Charge for the period	(22)	-	(22)
Balance at 30 September 2016	**(257)**	**(214)**	**(471)**
Charge for the period	(21)	-	(21)
Balance at 31 March 2017	**(278)**	**(214)**	**(492)**
Charge for the period	(24)	-	(24)

Balance at 30 September 2017	**(302)**	**(214)**	**(516)**
Carrying amount			
As at 30 September 2017	**88**	**-**	**88**
As at 31 March 2017	**75**	**-**	**75**
As at 30 September 2016	**77**	**-**	**77**

12. GOODWILL

	Goodwill £000
Cost	
Balance at 1 April 2016	**4,917**
Adjustment for provisional fair value of consideration	-
Balance at 30 September 2016	**4,917**
Adjustment for provisional fair value of consideration	-
Balance at 31 March 2017	**4,917**
Adjustment for provisional fair value of consideration	-
Balance at 30 September 2017	**4,917**
Carrying amount	
As at 30 September 2017	**4,917**
As at 30 September 2016	**4,917**
As at 31 March 2017	**4,917**

The goodwill of £4.9 million relates to £2.9m arising from the acquisition in 2014 of an interest in Tatton Oak Limited by Tatton Capital Limited consists of the future synergies and forecast profits of the Tatton Oak business and £2.0m arising from the acquisition in 2017 of an interest in Tatton Capital Group Limited. None of the goodwill is expected to be deductible for income tax purposes.

Impairment loss and subsequent reversal

Goodwill is subject to an annual impairment review based on an assessment of the recoverable amount from future trading. Where, in the opinion of the Directors, the recoverable amount from future trading does not support the carrying value of the goodwill relating to a subsidiary company an impairment charge is made. Such impairment is charged to the Combined Statement of Comprehensive Income.

Impairment testing

For the purpose of impairment testing, goodwill is allocated to the Group's operating companies which represents the lowest level within the Group at which the goodwill is monitored for internal management accounts purposes.

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units (CGUs) or group of units that are expected to benefit from that business combination. The Directors test goodwill annually for impairment, or more frequently if there are indicators that goodwill might be impaired. The Directors have considered the carrying value of goodwill at 30 September 2017 and do not consider that it is impaired.

13. INVESTMENT IN JOINT VENTURES

The Operating Group, as at the date of this admission document, holds investments in the following joint venture:

Joint venture	Business Activity	Country of Incorporation	Voting power (%) 30 September 2017
Adviser Cloud Limited	Software company	England & Wales	**50%**

	As at 30 September 2017 (unaudited) £000	As at 30 September 2016 (unaudited) £000	As at 31 March 2017 (unaudited) £000
Carrying value			
At beginning of period..	**(31)**	**(7)**	**(7)**
Share of retained (loss) for the period..	(14)	(13)	(24)
At end of period...	**(45)**	**(20)**	**(31)**

The historical cost of the joint venture was £1, when it was acquired in December 2015, and has not changed since.

14. BORROWINGS

	As at 30 September 2017 (unaudited) £000	As at 30 September 2016 (unaudited) £000	As at 31 March 2017 (unaudited) £000
Borrowing at amortised cost - current			
Bank overdrafts..	-	797	697
	-	**797**	**697**
Borrowing at amortised cost - non-current			
Other loans...	-	-	-
Total liabilities..	**-**	**797**	**697**

Bank overdrafts are repayable on demand. The bank overdrafts are secured by a fixed and floating charge over all property and assets present and future including goodwill, book debts, uncalled capital, buildings, fixtures, fixed plant and machinery.

The average effective interest rate on bank overdrafts approximates 2.95 per cent per annum (1H17: 3.12 per cent; FY17: 3.03 per cent).

15. SHARE CAPITAL

	As at 30 September 2017 (unaudited) Number	As at 30 September 2016 (unaudited) Number	As at 31 March 2017 (unaudited) Number
Authorised, issued and fully paid			
£0.20 Ordinary shares - Tatton Asset Management PLC....................	55,907,513	55,907,513	55,907,513
	55,907,513	55,907,513	55,907,513

	As at 30 September 2017 (unaudited) £000	As at 30 September 2016 (unaudited) £000	As at 31 March 2017 (audited) £000
Authorised, issued and fully paid			
£0.20 Ordinary shares - Tatton Asset Management PLC....................	11,182	11,182	11,182
	11,182	11,182	11,182

Each share in Tatton Asset Management PLC carries 1 vote and the right to a dividend. Of the shares in issue, 49,497, 257 were issued in June 2017 prior to the IPO in order to acquire the three trading divisions and the remaining 6,410,256 were issued at the IPO in July 2017.

As noted above, the 55,907,513 Ordinary shares were issued in the current period. See note 1 for an explanation of merger accounting treatment relating to earlier periods.

16. NOTES TO THE COMBINED STATEMENT OF CASH FLOWS

	Six months ended 30 September 2017 (unaudited)	Six months ended 30 September 2016 (unaudited)	Year ended 31 March 2017 (unaudited)
Cash flow from operating activities	**£000**	**£000**	**£000**
Profit for the period before tax..	542	1,863	1,987
Depreciation of property, plant and equipment.................................	24	22	43
Finance costs..	14	19	36
Share based payments………………………………………………….........	892	38	75
Operating cash flow before movements in working capital	**1,472**	**1,942**	**2,141**
(Increase)/decrease in receivables...	(71)	(234)	1,470
(Decrease)/increase in payables..	(353)	185	180
Cash generated from continuing operations	**1,048**	**1,893**	**3,791**
Interest paid...	(14)	(19)	(36)
Corporation tax paid..	-	-	(131)
Net cash generated from operating activities.............................	**1,034**	**1,874**	**3,624**

17. EVENTS AFTER THE STATEMENT OF FINANCIAL POSITION DATE

There were no disclosable events occurring after the balance sheet date.

18. RELATED PARTY TRANSACTIONS

Balances and transactions within the Group have been eliminated on consolidation and are not disclosed in this note. Transactions between the Group and its associates and other related parties are disclosed below. During the period, Group companies entered into transactions with related parties who were not members of the Group as follows:

	As at 30 September 2017 (unaudited)	As at 30 September 2016 (unaudited)	As at 31 March 2017 (unaudited)
	£000	**£000**	**£000**
Related entity balances receivable/(payable)			
Amounts owed from Jargon Free Benefits LLP...................................	-	1,170	-
Amounts owed from/(to) Amber Financial Investments Limited.........	21	(435)	-
Amounts owed (to) Paradigm Investment Management LLP..............	(1,282)	(1,861)	(1,456)
Amounts owed from Adviser Cloud Limited..	94	44	66
Amounts owed from Paradigm Management Partners LLP.................	1	2,635	-
Amounts owed from Perspective Financial Group Limited..................	433	460	467
Total..	**(733)**	**1,278**	**(923)**
Transactions with related entities			
Fees paid to Perspective Financial Group Limited...............................	617	475	1,002
Fees and recharges earned from Perspective Financial Group Limited.	199	125	298

Directors and partners balances receivable/(payable)			
Amounts owed from/(to) Paul Hogarth...	35	752	476
Amounts owed from/(to) Noel Stubley..	-	3	3
Amounts owed from Robert Hunt	-	-	(125)
Amounts owed from Lothar Mentel..	3	3	3

Jargon Free Benefits LLP, Amber Financial Investments Limited, Paradigm Investment Management LLP, Perspective Financial Group Limited and Paradigm Management Partners LLP are all entities under the common control of Paul Hogarth.

Adviser Cloud Limited is a joint venture, in which the Group holds a 50% interest.

Paul Hogarth, Noel Stubley, Robert Hunt and Lothar Mentel are all either directors or designated members of some or all of the entities during the periods.

Balances owed carry no fixed repayment terms, no security and no rate of interest.