



INTERIM FINANCIAL REPORT  
30 September 2006



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# HIGHLIGHTS

## Summary Results

	HI 2006/7
Revenue	£13.01 million
Profit before Tax	£0.7 million
EBITDA	£1.03 million

## Highlights of the First Half

- Move into profit and significant improvement in financial results
- Strong revenue growth due to higher than expected income from management fees
- All group trading companies recording healthy flows of new business
- Number of SIPP's administered by Ashcourt increased by 25%
- Economies of scales being achieved

# CHAIRMAN'S STATEMENT

I am delighted to report to you the results of your company for the six months of trading from 1st April 2006 to 30th September 2006.

Our turnover for the six months to 30 September 2006 reached £13.01 million which generated a pre-tax profit of £700,000 and earnings before interest, tax, depreciation and amortisation (EBITDA) of £1,026,000. These figures now include a full 6 months contribution from all companies acquired in the last financial year and the results for Savoy and LAInvest since acquisition. This significant improvement in our financial results has come during a period of considerable external market volatility and internal change within our group of companies as a result of various integration programmes that we have put in place.

The move into profit has been driven by the successful acquisition strategy that has been adopted by your company, together with our determination to keep head office costs to a minimum and encourage each of the trading entities within the Syndicate Group to focus on the profitable development of their respective businesses.

Revenues over the first six months have been strong due to higher than expected income from management fees and within certain Group companies higher than expected dealing volumes. Indications are that these trends have continued into the second half of our financial year.

In many areas, the companies within Syndicate are working together to both provide a better range of services to offer to clients and also generate economies of scale within the Group. This can be illustrated by the arrangements that have been put in place for Ashcourt to execute some of its share dealing through Savoy's stock broking arm thus avoiding the costs of Ashcourt having to deal through third party stockbrokers. Additionally, the Ashcourt SIPP is being promoted within Ashcourt and Savoy in the light of changes to the Pensions Regulation. Over the last six months the number of SIPPs administered by Ashcourt Administration has grown by 25% from 125 to 156. This is an area we expect to grow significantly over the medium term.

I am pleased to report that we have today agreed to purchase PSD Robinson Gear Limited for a maximum consideration of £3 million. A total of £1.5 million has been paid on completion with the remaining £1.5 million payable depending upon the revenue generated by the acquired company over the next 24 months. This acquisition has been made by Ashcourt Holdings and the acquired business will be integrated into the Ashcourt Group. PSD Robinson Gear provides financial planning and pension services to a wide range of clients from offices in Manchester and Birmingham. The company currently administers 190 SIPPs and SSASs which will be merged with the Ashcourt SIPPs and SSASs.

The Group funds under management will increase by £150 million taking the total funds under management to almost £3 billion.

## CHAIRMAN'S STATEMENT

The rise in stock markets despite the correction over the summer months has continued to give investors confidence to return to equity investment as a way of saving for the future. All three of the Group trading companies, Ashcourt, Savoy and Rowan are recording healthy flows of new business. This is particularly true of Ashcourt and Rowan who have seen their new business inflows substantially exceed the levels of the same period last year. Within Savoy, particular emphasis has been placed on developing sources of new business from outside the United Kingdom. This initiative is continuing to generate results with a steady flow of new business being seen, particularly from professional introductions internationally.

The last six months have, in many respects, been a period of consolidation for your company, with a great deal of work being undertaken internally to develop the reporting lines and structures. This will ensure that the Group is managed in an economic way, whilst being able to have the resources to take advantage of opportunities that will develop in the industry. Much has been achieved but there is still more to do which we believe will continue to demonstrate the advantages of our business strategy and the quality of our management and staff.

A number of potential acquisitions remain under review and your Board is committed to the development of the company through both acquisition and organic growth. The ambition of your company has always been to build a broadly based investment management business, with the overriding principle of allowing the managers in the respective businesses to develop and expand. This is provided that the subsidiary companies conform to the business model and provide good returns not only to Syndicate, but also to the underlying clients of the Group's companies.

I remain optimistic for the outlook for the company over the second half of our financial year, as global equity markets generally appear to offer good value within an environment of modest economic growth, low inflation and relatively low interest rates.



David Pinckney  
Chairman of the Board  
5th December 2006

# INDEPENDENT REVIEW REPORT TO SYNDICATE ASSET MANAGEMENT PLC

## Introduction

We have been instructed by the company to review the financial information for the six months ended 30 September 2006 which comprises the consolidated income statement, the consolidated statement of recognised income and expense, the consolidated balance sheet, the consolidated cash flow statement, and related notes I to II. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

This report is made solely to the company, in accordance with Bulletin 1999/4 issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the company those matters we are required to state to them in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our review work, for this report, or for the conclusions we have formed.

## Directors' responsibilities

The interim report, including the financial information contained therein, is the responsibility of, and has been approved by, the directors. The directors are also responsible for ensuring that the accounting policies and presentation applied to the interim figures are consistent with those applied in preparing the preceding annual accounts except where any changes, and the reasons for them, are disclosed.

## Review work performed

We conducted our review in accordance with the guidance contained in Bulletin 1999/4 issued by the Auditing Practices Board for use in the United Kingdom. A review consists principally of making enquiries of group management and applying analytical procedures to the financial information and underlying financial data and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with International Standards on Auditing (UK and Ireland) and therefore provides a lower level of assurance than an audit. Accordingly, we do not express an audit opinion on the financial information.

This is the first year that we have been requested by the company to review the results for the interim period. As a result we have not reviewed the comparative information for the period to 30 September 2005.

## Review conclusion

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 30 September 2006.

**Deloitte & Touche LLP**  
Chartered Accountants  
London, 5th December 2006

# CONSOLIDATED INCOME STATEMENT

Six months ended 30 September 2006

	Note	Six months ended 30 September 2006 (unaudited) £'000s	Six months ended 30 September 2005 (unaudited) £'000s	Period ended 31 March 2006 (audited) £'000s
<b>Continuing operations</b>				
Revenue		13,011	-	5,088
Cost of sales		(4,907)	-	(2,695)
<b>Gross profit</b>		<b>8,104</b>	<b>-</b>	<b>2,393</b>
Administrative expenses		(7,497)	(1,219)	(3,940)
Initial market research and aborted acquisition costs		-	(763)	(763)
AIM admission expenses		-	(191)	(191)
Other administrative expenses	4	(7,497)	(265)	(2,986)
<b>Profit/(loss) from operations</b>		<b>607</b>	<b>(1,219)</b>	<b>(1,547)</b>
Investment income		182	20	546
Finance costs		(89)	-	(56)
<b>Profit/(loss) before tax</b>		<b>700</b>	<b>(1,199)</b>	<b>(1,057)</b>
Profit/(loss) before initial market research and aborted acquisition costs and AIM admission expenses		700	(245)	(103)
Initial market research and aborted acquisition costs		-	(763)	(763)
AIM admission expenses		-	(191)	(191)
Taxation	5	(227)	-	41
<b>Profit/(loss) for the period from continuing operations and attributable to the equity holders of the parent</b>		<b>473</b>	<b>(1,199)</b>	<b>(1,016)</b>
<b>Earnings/(loss) per share</b>				
Basic	6	0.41p	(4.38)p	(1.48)p
Diluted	6	0.40p	(4.38)p	(1.48)p

# CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE

Six months ended 30 September 2006

	Six months ended 30 September 2006 (unaudited) £'000s	Six months ended 30 September 2005 (unaudited) £'000s	Period ended 31 March 2006 (audited) £'000s
Net income recognised directly in equity	-	-	-
Profit/(loss) for the period	473	(1,199)	(1,016)
<b>Total recognised income and expense for the period attributable to equity holders of the parent</b>	<b>473</b>	<b>(1,199)</b>	<b>(1,016)</b>

# CONSOLIDATED BALANCE SHEET

## 30 September 2006

Note	30 September 2006 (unaudited) £'000s	30 September 2005 (unaudited) £'000s	31 March 2006 (audited) £'000s
<b>Non-current assets</b>			
	39,844	-	21,727
	3,817	-	3,320
	1,095	-	443
	197	-	69
	44,953	-	25,559
<b>Current assets</b>			
	5,661	1,756	3,120
	5,706	30,515	24,522
	100	-	-
	-	-	148
	11,467	32,271	27,790
<b>Total assets</b>	<b>56,420</b>	<b>32,271</b>	<b>53,349</b>
<b>Current liabilities</b>			
	(5,584)	(507)	(4,732)
	(6)	-	(16)
	(1,224)	-	(419)
	(989)	-	(298)
	(7,803)	(507)	(5,465)
<b>Non-current liabilities</b>			
	(501)	-	(996)
	(1,150)	-	(1,000)
	(24)	-	(26)
	(1,065)	-	(458)
	(2,740)	-	(2,480)
<b>Total liabilities</b>	<b>(10,543)</b>	<b>(507)</b>	<b>(7,945)</b>
<b>Net assets</b>	<b>45,877</b>	<b>31,764</b>	<b>45,404</b>
<b>Equity</b>			
	234	186	234
	45,808	32,399	45,808
	378	378	378
	(543)	(1,199)	(1,016)
<b>Equity attributable to equity holders of the parent</b>	<b>8</b>	<b>31,764</b>	<b>45,404</b>

# CONSOLIDATED CASH FLOW STATEMENT

## Six months ended 30 September 2006

	Note	Six months ended 30 September 2006 (unaudited) £'000s	Six months ended 30 September 2005 (unaudited) £'000s	Period ended 31 March 2006 (audited) £'000s
Net cash outflow from operating activities	9	(378)	(2,070)	(182)
<b>Investing activities</b>				
Acquisition of subsidiaries		(18,212)	-	(21,174)
Purchases of property, plant and equipment		(190)	-	(85)
Net sales/(purchases) of available for sale investments		18	-	(10)
Proceeds from disposal of assets held for sale		98	-	-
<b>Net cash used in investing activities</b>		<b>(18,286)</b>	<b>-</b>	<b>(21,269)</b>
<b>Financing activities</b>				
Net proceeds of share issues		-	32,585	46,042
Repayments of obligations under finance leases		(12)	-	(9)
Repayments of loans and payments of deferred consideration		(140)	-	(60)
<b>Net cash (used in)/from financing activities</b>		<b>(152)</b>	<b>32,585</b>	<b>45,973</b>
Net increase/(decrease) in cash and cash equivalents		(18,816)	30,515	24,522
Cash and cash equivalents at beginning of period		24,522	-	-
Cash and cash equivalents at end of period		5,706	30,515	24,522

# NOTES TO THE INTERIM FINANCIAL REPORT

Six months ended 30 September 2006

## 1. General information

The information for the year ended 31 March 2006 does not constitute statutory accounts as defined in section 240 of the Companies Act 1985. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The auditors' report on those accounts was not qualified and did not contain statements under section 237(2) or (3) of the Companies Act 1985.

## 2. Accounting policies

The interim financial report has been prepared using accounting policies consistent with International Financial Reporting Standards adopted by the EU (IFRSs).

The same accounting policies and methods of computation are followed in the interim financial report as published by the company in its audited financial statements to 31 March 2006, which are available on the company's website at [www.syndicateplc.com](http://www.syndicateplc.com).

## 3. Restatement of results to 30 September 2005

On preparing the statutory accounts to 31 March 2006, the directors reconsidered the costs incurred in connection with the admission to AIM, share raising and acquisitions and as a result reclassified certain costs that had been charged to the share premium account in the previously reported interim announcement for the period to 30 September 2005. The 30 September 2005 comparative figures have therefore been restated and the impact on the previously reported results for the period was an increase in net assets of £1,443,000 and an increase in the loss after tax of £925,000 as follows:

	Share capital £'000s	Share premium account £'000s	Other equity reserves £'000s	Profit and loss account £'000s	Total £'000s
Originally reported at					
30 September 2005	186	30,409	-	(274)	30,321
AIM costs previously capitalised	-	763	-	(763)	-
Market research and aborted acquisition costs previously capitalised	-	191	-	(191)	-
Issue of warrants	-	-	378	-	378
Prepaid acquisition costs	-	1,036	-	29	1,065
Restated at 30 September 2005	186	32,399	378	(1,199)	31,764

#### 4. Other administrative expenses

In the financial statements to 31 March 2006 it was reported that the company would support the decision of the Savoy board to make available up to £1.8 million, including employer's national insurance, to fund performance related incentive payments to employees which vest over a period of four years. This cost is being charged to profit and loss over the vesting period. During the period ended 30 September 2006 an amount of £718,000 was paid under this arrangement of which £255,000 has been included in other administrative expenses with the balance of £463,000 to be charged to later periods.

Other administrative expenses include depreciation of £210,000 and amortisation of non-goodwill intangible assets of £209,000.

#### 5. Tax

	Six months ended 30 September 2006 (unaudited)	Six months ended 30 September 2005 (unaudited)	Period ended 31 March 2006 (audited)
Current tax:			
UK corporation tax	(290)	-	-
Deferred tax:			
Current year	63	-	41
	(227)	-	41

Corporation tax for the interim period is charged at 30% (2005: 30%), representing the best estimate of the weighted average annual corporation tax rate expected for the full financial year.

#### 6. Earnings/(loss) per share

The calculation of the basic and diluted earnings/(loss) per share is based on the following data:

	Six months ended 30 September 2006 (unaudited) £'000s	Six months ended 30 September 2005 (unaudited) £'000s	Period ended 31 March 2006 (audited) £'000s
<b>Earnings</b>			
Earnings/(loss) for the purposes of basic earnings per share being net profit/(loss) attributable to equity holders of the parent	473	(1,199)	(1,016)

## NOTES TO THE INTERIM FINANCIAL REPORT

Six months ended 30 September 2006

## 6. Earnings/(loss) per share continued

	2006 Number	2005 Number	2006 Number
<b>Number of shares</b>			
Weighted average number of ordinary shares for the purposes of basic earnings per share	117,064,515	27,354,955	68,687,497
Effect of dilutive potential ordinary shares:			
Warrants	933,000	-	-
Weighted average number of ordinary shares for the purposes of diluted earnings per share	117,997,515	27,354,955	68,687,497

For the periods to 30 September 2005 and 31 March 2006, the potential ordinary shares under the warrants issued on 23 September 2005 would have the effect of reducing the reported losses and therefore were anti-dilutive.

## 7. Acquisition of subsidiaries

During the period the Company acquired the entire issued share capital of Savoy Asset Management plc ("Savoy") and LAinvest Limited ("LAinvest"). Each company acquired is a company, or the parent company of a group of companies, involved in the wealth management sector. The effect of each acquisition using the purchase method of accounting is set out below. The initial accounting has been determined only provisionally pending full review and examination of key assumptions and estimates underlying fair value adjustments. In addition the company incurred further directly attributable costs of £70,000 in connection with finalising the acquisitions completed in the period to 31 March 2006.

## (a) Acquisition of Savoy Asset Management plc

On 10 April 2006 Syndicate completed the acquisition of Savoy Asset Management plc for cash consideration of £19,256,000 plus expenses of £705,000. Savoy's business comprises the provision of investment advisory and fund management services. This transaction has been accounted for by the purchase method of accounting.

## 7. Acquisition of subsidiaries

## (a) Acquisition of Savoy Asset Management plc continued

	Book value £'000s	Fair value adjustments £'000s	Fair value £'000s
Net assets acquired:			
Client relationships	-	546	546
Property, plant and equipment	672	-	672
Available for sale investments	146	-	146
Fair value through profit and loss investments	100	-	100
Trade and other receivables	3,159	-	3,159
Cash and cash equivalents	2,806	-	2,806
Trade and other payables	(3,301)	-	(3,301)
Deferred tax on acquired intangibles	-	(164)	(164)
Provisions	(611)	-	(611)
	2,971	382	3,353
<b>Goodwill</b>			<b>16,608</b>
Total consideration			19,961
Satisfied by:			
Cash			19,256
Directly attributable costs			705
			19,961
Net cash outflow arising on acquisition			
Cash consideration			19,961
Cash and cash equivalents acquired			(2,806)
			17,155

Provisions include an amount of £462,000 at the acquisition date representing the directors' estimate of deferred and contingent consideration payable by Savoy in respect of an earlier acquisition discounted at 5%. The turnover and loss after tax contributed by Savoy in the period since acquisition were £5.2 million and £12,000 respectively.

## (b) Acquisition of LAinvest Limited

On 28 April 2006 the company's wholly owned subsidiary Ashcourt Holdings Limited completed the acquisition of LAinvest Limited for cash and deferred contingent consideration estimated at £1,434,000 plus expenses of £64,000. LAinvest's business comprises the provision of investment advisory and fund management services. This transaction has been accounted for by the purchase method of accounting.

## NOTES TO THE INTERIM FINANCIAL REPORT

Six months ended 30 September 2006

## 7. Acquisition of subsidiaries

## (b) Acquisition of LAinvest Limited continued

	Book value £'000s	Fair value adjustments £'000s	Fair value £'000s
Net assets acquired:			
Client relationships	-	160	160
Trade and other receivables	163	-	163
Cash and cash equivalents	455	-	455
Trade and other payables	(221)	-	(221)
Other loans	(350)	-	(350)
Preference shares	(100)	-	(100)
Deferred tax on acquired intangibles	-	(48)	(48)
	(53)	112	59
<b>Goodwill</b>			<b>1,439</b>
Total consideration			1,498
Satisfied by:			
Cash			724
Deferred contingent consideration			710
Directly attributable costs			64
			1,498
Net cash outflow arising on acquisition			
Cash consideration			788
Cash and cash equivalents acquired			(455)
			333

The deferred consideration is payable on the first and second anniversaries of the acquisition and contingent on the level of funds under management at those dates arising from the acquisition. It has been estimated by the directors to be £710,000 at the acquisition date using a discount rate of 5%. The operations of LAinvest have been fully integrated within Ashcourt and therefore records of turnover and results are not separately maintained. The directors estimate that the turnover from clients arising from the acquisition of LAinvest to be £320,000. It has not been practicable to estimate a separate trading result.

## 8. Reconciliation of shareholders' funds

	Share Capital £'000s	Share Premium £'000s	Equity Reserve £'000s	Retained Earnings £'000s	Total £'000s
At 30 March 2005	-	-	-	-	-
Issue of ordinary shares	186	33,496	-	-	33,682
Costs of share issues	-	(1,097)	-	-	(1,097)
Issue of warrants	-	-	378	-	378
Loss for the period	-	-	-	(1,199)	(1,199)
At 30 September 2005	186	32,399	378	(1,199)	31,764
Issue of ordinary shares	48	14,452	-	-	14,500
Costs of share issue	-	(1,043)	-	-	(1,043)
Profit for the period	-	-	-	183	183
At 31 March 2006	234	45,808	378	(1,016)	45,404
Profit for the period	-	-	-	473	473
At 30 September 2006	234	45,808	378	(543)	45,877

## 9. Notes to the cash flow statement

	Six months ended 30 September 2006 (unaudited) £'000s	Six months ended 30 September 2005 (unaudited) £'000s	Period ended 31 March 2006 (audited) £'000s
Profit from operations	607	(1,219)	(1,547)
Adjustments for:			
Depreciation of property, plant and equipment	210	-	93
Amortisation of intangible assets	209	-	136
Decrease in provisions	(53)	-	-
Operating cash flows before movements in working capital	973	(1,219)	(1,318)
Decrease/(increase) in receivables	384	(1,378)	31
Increase/(decrease) in payables	(1,854)	507	594
Cash used by operations	(497)	(2,090)	(693)
Interest received	182	20	546
Interest paid	(63)	-	(35)
Net cash from operating activities	(378)	(2,070)	(182)

Cash and cash equivalents (which are presented as a single class of assets on the face of the balance sheet) comprise cash at bank and other short-term highly liquid investments with a maturity of three months or less.

# NOTES TO THE INTERIM FINANCIAL REPORT

Six months ended 30 September 2006

## 10. Related party transactions

During the period the company paid a total of £36,223 to Combined Management Services Limited ("CMS"), of which Jonathan Freeman is a Director and has a 50% interest, for the provision of administrative services. The provision of these services ceased on 31 October 2006. The balance owing to "CMS" at 30th September was £nil.

During the period Ashcourt Holdings Limited, a wholly owned subsidiary of the company, paid £2,934 for the provision of disaster recovery services to Thirty Acre Stables ("TAS") in which John Morton has a 50% interest. The balance due to "TAS" at 30 September was £489.

## 11. Events after the balance sheet date

On 4 December 2006 Syndicate completed the acquisition of 100% of PSD Robinson Gear (Investment Planning) Limited ("PSDRG"), through its wholly owned subsidiary Ashcourt Holdings Limited. PSDRG's business comprises the provision of investment and pension advisory services. There was an initial cash consideration of £1,500,000 plus up to a maximum additional consideration of £1,500,000, deferred over two years and subject to the levels of turnover generated by the acquired business. The acquisition balance sheet has not yet been finalised. Full details of the acquisition balance sheet and the related costs will be disclosed in the full financial statements for the year to 31 March 2007.



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