VPC SPECIALTY LENDING INVESTMENTS PLC

HALF-YEAR FINANCIAL REPORT (UNAUDITED)

FOR THE SIX MONTH PERIOD TO 30 JUNE 2018

COMPANY NUMBER 9385218

VICTORY PARK

CAPITAL

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		(UNAUDITED) AS AT 30 JUNE 2018		(UNAUDITED) AS AT 30 JUNE 2017		(AUDITED) AS AT 31 DECEMBER 2017
Total Net Assets attributable to equity shareholders of the Parent Company (on a consolidated basis)	£	331,717,046	£	351,240,190	£	339,401,017
Net Asset Value per share		90.74p		93.04p		91.68p
Share price		79.00p		82.75p		78.00p
Discount to Net Asset Value		-12.94%		-11.06%		-14.92%
Total Shareholder Return (based on share price)[1]		6.41%		9.14%		7.30%
Total Net Asset Value Return[2]		4.27%		0.82%		3.07%
Revenue Return		5.51%		3.41%		8.23%
Dividends per Ordinary Share[3]		4.00p		3.20p		6.80p
Shares repurchased (in the period)		4,616,891		3,606,294		10,927,718

All of the performance measures above are defined on page 50. The Total Shareholder Return, Total Net Asset Value Return and Revenue Return are Alternative Performance Measures as disclosed on page 50.

[1]Based on a share price of 100p. Includes dividends paid during the year.
[2]Net of issue costs.
[3]Dividends declared and paid which relate to the period

VPC SPECIALTY LENDING INVESTMENTS PLC
CHAIRMAN'S STATEMENT

Dear Shareholder,

I am pleased to present the interim statement of VPC Specialty Lending Investments PLC ("VSL" or the "Company") for the six month period to 30 June 2018. During the period under review, the Company delivered a total income return of 5.51%, offset by a capital return of -1.24%, for a total return of 4.27%.

The total declared quarterly dividends for the first half of the year were 4.00 pence per share and were fully covered by the total revenue return generated during the period. The increase in the declared dividend for the first quarter to 2.00 pence per share was the third quarterly dividend increase in five quarters and will continue to represent the long-term dividend target for the Company going forward. The Company produced consistent and recurring income returns during the period, sourced from a diversified portfolio of senior secured floating rate balance sheet investments, which continue to offer attractive risk-adjusted returns.

Given the high income returns generated and increased dividend yield from the higher dividend, I continue to believe that the Company's shares are undervalued. The buyback programme, which was announced in December 2016, repurchased a total of 4,616,891 shares at an average price of 79.03p during the first half of the year. This programme will continue as it is accretive to shareholder value. In addition, Victory Park Capital Advisors, LLC (the "Investment Manager" or "VPC") has continued to commit 20% of its monthly management fee to the purchase of shares and had purchased a total of 1,713,826 shares as of the end of the period.

The period was marked by diverging economic statistics between the US and the UK, the two primary investment markets for the Company. With a majority of the investments concentrated in the US, the Company benefited from strong economic growth and continued reductions in unemployment figures. The effects of low unemployment, combined with the passage of tax reform, has created a positive environment for US consumers and indeed the Consumer Confidence Index reached its highest level since the turn of the century[1]. With this as a backdrop and bolstered by partnerships with best-in-class lending partners, the Company experienced strong returns and credit performance across the balance sheet portfolio.

Meanwhile in the UK, the overhang of the Brexit negotiations continued to mark a period of uncertainty and delayed business investment[2]. GDP growth was stagnant at 0.1% for the first quarter while unemployment finished the period slightly down at 4%. Despite continued employment gains, wage growth remained stubbornly low and actually decreased from the previous year[2]. The pound proved very volatile versus the dollar in the period, fluctuating primarily around the prospects of a no deal Brexit, reaching a high of 1.43 before sliding back and finishing the period at 1.31. The Company fully hedges its USD exposure back into GBP, so while income is not directly affected by this volatility, it does require the Company to hold excess cash for margin requirements.

Additionally, interest rates continued to diverge between the US and UK, with the Federal Reserve increasing rates twice during the period. The Company derives the vast majority of its income from floating rate credit facilities which continued to drive higher income figures during the period. As at 30 June 2018, the Company reported an unlevered weighted average yield on the balance sheet investments of 13.97% up from 13.29% as at 31 December 2017, primarily driven by the increase in LIBOR over the period. This rate increase was partially offset by increased cost of hedging affecting capital returns, but overall, higher rates have proven to be a positive driver for the Company.

With the recent strong performance of NAV returns, the Company is currently anticipating that it will begin accruing performance fees payable to the Investment Manager in the coming months. The payment of the performance fees is conditional on the Company achieving at least a 5.0% per annum total return. I do not expect that this will impact the Company's ability to meet its dividend target.

INVESTMENTS

The investment portfolio performed well during the period. In particular, the capital returns improved after dragging for an extended period. After a negative start to the year, primarily due to the implementation of IFRS 9, the Company finished the period with three consecutive months of positive capital returns, the beginning of what will hopefully prove to be a long-term trend. The positive capital returns in the later months resulted from the continued strong performance of the Company's equity portfolio, from both public and private investments. As mentioned in the Investment Manager's latest Quarterly Letter, the equity portfolio has been a strong point for the Company since inception and I am optimistic about this continuing into the coming years.

Revenue returns continued its strong performance during the first half of the year, driven by the continued performance of the balance sheet investments. For the period, gross revenue returns averaged 1.04% of NAV per month. On an annualised basis this level of returns equates to a yield of 12.44% of NAV. In addition, the trailing twelve-month dividend yield as at 30 June 2018 is 9.24%.

During the period, the Investment Manager announced the launch of a joint venture with the International Finance Corporation (IFC) to explore financial technology lending opportunities in emerging markets. I believe that the combination of the sector and product expertise of the Investment Manager, combined with the local market knowledge and resources from the IFC, will be beneficial to the Company over time as it provides access to high quality investment opportunities and adds portfolio diversification.

At period end the portfolio consisted of 26 balance sheet investments, 25 equity investments and the remainder of the marketplace loans and securitisations, the latter of which will continue to runoff as the underlying loans mature.

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[1] Source: Conference Board Consumer Confidence Index (August 2018)

[2] Source: Office for National Statistics (March 2018)

MARKET OUTLOOK

I believe the market outlook to be positive as the financial technology sector continues to grow market share within the broader financial markets, competing directly against banks and credit card companies for consumer and small business customers[3]. Across the whole sector, global financial technology investments increased significantly during the first half of the year, totalling $57.8 billion across 875 deals, up $38.1 billion invested in all of 2017[4]. This increasing deal flow bolsters the Company's investment strategy. I believe this represents investors' confidence in the specialty lending market, specifically the ability of the emerging financial technology ecosystem to continue to scale and deliver products and services that customers want and offers a superior customer experience in comparison to the incumbent players. Within this context, the Company will continue to partner with the best-in-class entrepreneurs and high-quality equity backers to help play a role in the industry's development, while offering strong risk-adjusted returns to its investors and shareholders.

Andrew Adcock
Chairman
27 September 2018

[3] Source: TransUnion: Fact versus Fiction: FinTech Lenders (November 2017)
[4] Source: KPMG Pulse of Fintech Report (July 2018)

SUMMARY

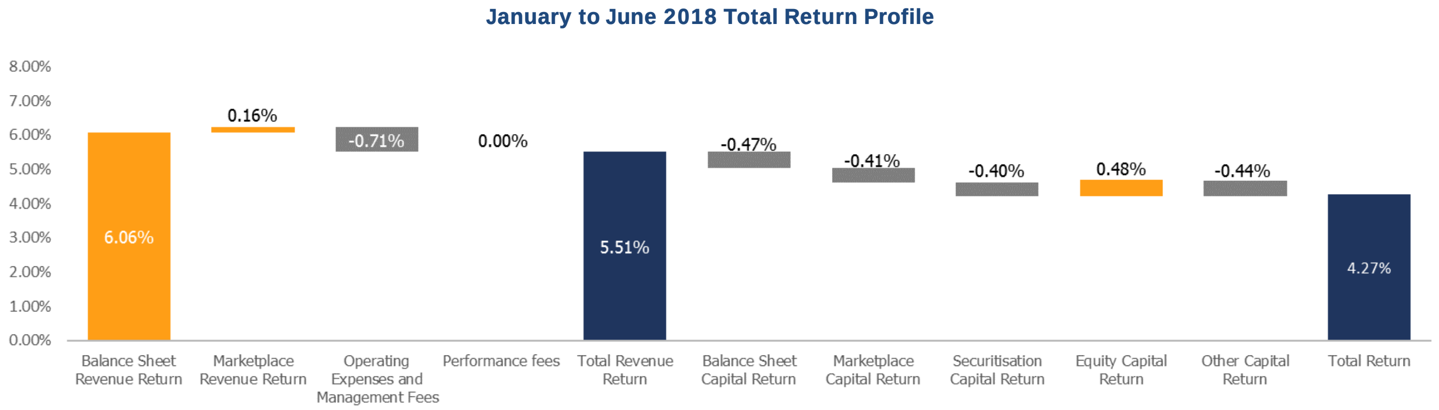
The Company experienced a strong first half of the year on the back of steady credit performance across its portfolio of balance sheet loans combined with strong equity returns from both private and public holdings. Net revenue returns were consistent throughout the period, averaging 0.92% per month despite some shifts in the underlying portfolio, demonstrating the depth of the investment pipeline and continued new deal flow. This level of recurring revenue allowed the Company to increase its dividend to 2.00 pence per share during the period, the third quarterly dividend raise in five quarters and a level which was fully covered by revenue returns. Going forward, we see this level as being the long-term target dividend for the Company.

The Company continues to reduce its exposure to marketplace loans and securitisation residuals. The exposure is currently 6% of NAV, which produced capital returns of -0.81% during the period, concentrated mostly in the first two months of the year. Going forward, we expect these positions to produce marginally positive returns as they continue to runoff over the next 12-18 months.

PERFORMANCE REVIEW

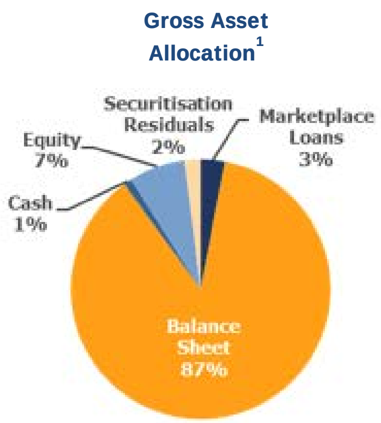
During the first half of 2018, the Company generated an NAV return of 4.27% for shareholders. Dividends declared for the period were 4.00 pence per share (compared to 3.20 pence per share for the first half of 2017). The NAV per share (Cum Income) at the end of the period was 90.74p compared to a share price of 79.00p at the end of June, implying a price to NAV discount of 12.94%.

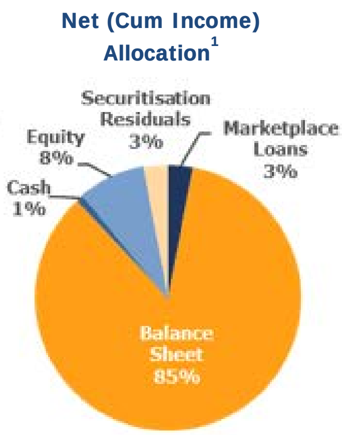
The Company generated gross income returns of 6.22% as a percentage of NAV during the period, expenses were -0.71% for a net revenue return of 5.51%. Capital returns contributed -1.24% including positive equity returns of 0.48%, for a net total return of 4.27%.

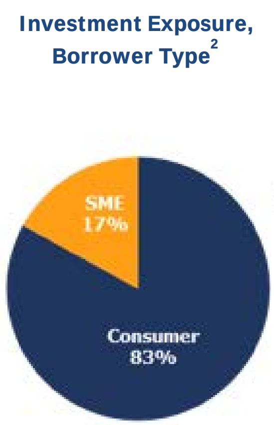


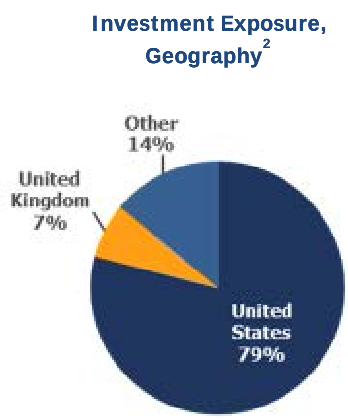
PORTFOLIO COMPOSITION

As at 30 June 2018, consumer exposure accounted for 83% of the invested portfolio, while small business exposure accounted for 17%. Investments in US portfolio companies accounted for 79% of the invested portfolio, and investments in UK portfolio companies accounted for 7%, with the remainder being European, Latin American and African exposure. Investments in the balance sheet portfolio accounted for 85% of NAV, compared to 79% of NAV as at 31 December 2017.









[1]Percentages calculated on a look-through basis to the Company's investee entities and SPVs.
[2]Calculations using gross asset exposure and not reduced for gearing. Excludes cash.

At the end of June, the Company had investments in 37 portfolio companies across the US, UK, Europe, Latin America and Africa. Of these, 26 were structured as balance sheet investments in portfolio companies that originate consumer and small business loans, up from 24 at the end of 2017. As part of these investments, the Company has equity exposure to 25 portfolio companies through equity securities or convertible notes.

IFRS 9

On 1 January 2018, the Company transitioned to IFRS 9 Financial Reporting which replaces IAS 39 Financial Instruments: Recognition and Measurement. We, as the Investment Manager, have fully implemented a program that focuses on the key areas of impact, including financial reporting, data, systems and processes. IFRS 9 changes the basis of recognition of impairment on financial assets from an incurred loss to an expected credit loss approach. This introduces a number of new concepts and changes to the approach to provisioning, compared to the previous methodology under IAS 39 as noted in the 2017 Annual Report.

Instead of restating the Company's 2017 financial returns, we made a one-time adjustment to account for IFRS 9 on 1 January 2018. Specifically, we adjusted January's NAV to account for the initial recognition of the Company's IFRS 9 reserve, which had an impact of -1.11% of NAV.

SUMMARY HIGHLIGHTS FOR THE FIRST HALF OF 2018

- January 2018: The Company took a one-time reserve adjustment of 0.59% for the newly implemented IFRS 9 accounting standard, largely consisting of a specific reserve related to our position in Borro Ltd. The Company disclosed that the impact of the initial recognition of IFRS 9 of 1.11% would be brought forward through capital as it impacts inception to date returns.
- February 2018: The Company received repayment from its balance sheet investment in Kreditech and made an initial balance sheet investment into Konfio Ltd., a technology enabled small business lender based in Mexico City and focused on the SMB market throughout Mexico.
- March 2018: The Company declared a dividend of 1.80 pence per share for the three-month period to 31 December 2017.
- March 2018: The Company received repayment of the vast majority of its balance sheet exposure to The Credit Junction, Inc. and made an initial balance sheet investment into Integra Credit Holdings LLC, a platform focused on near prime consumer lending.
- April 2018: The Company made an initial balance sheet investment into Caribbean Cliffs Capital Limited (BVI) (d/b/a "FastCash"), a provider of consumer instalment loans and small business loans to the underserved Caribbean market.
- May 2018: The Company declared a dividend of 2.00 pence per share for the three-month period to 31 March 2018.
- June 2018: The Company announced its third consecutive month of record setting returns since inception of the Company.

SUBSEQUENT EVENTS

- July 2018: The Company was repaid on its balance sheet investment to Wheels Financial Group, LLC, which comprised 5.11% of the Company's NAV as at 30 June 2018 and subsequently reinvested substantially all the proceeds into existing balance sheet investments.
- August 2018: The Company declared a dividend of 2.00 pence per share for the three-month period to 30 June 2018.
- September 2018: The Company was repaid on substantially all of its balance sheet investment to Community Choice Financial Inc. ("CCFI") which comprised 5.79% of the Company's NAV as at 31 August 2018. The early repayment of this investment came with a prepayment penalty fee in the form of publicly issued CCFI bonds with a face value of $5.3 million.
- September 2018: The Company received a partial paydown on its balance sheet investment in Curo Financial Technologies Corp. ("Curo") and received notice that the remaining balance sheet investment would be paid down in October 2018. The paydown in September and the remaining balance represents 1.47% and 1.40%, respectively, of the Company's NAV as at 31 August 2018. The early repayment of this investment also comes with a prepayment penalty fee, which will be recognised by the Company as it is received. The repayment of the investment in Curo will decrease the Company's look-through gearing ratio from 0.10x to 0.08x.

VPC SPECIALTY LENDING INVESTMENTS PLC
INVESTMENT MANAGER'S REPORT continued

RISKS AND UNCERTAINTIES

Although there are several risks and uncertainties, the two that we would highlight as most significant include:

- Continued interest rate increases: Reflecting the strong underlying fundamentals of the US economy, the Federal Reserve has continued to raise its target interest rates, with two more increases during the period. While the Company's portfolio consists primarily of floating rate credit facilities, increased interest rates could negatively affect the profitability of the platforms and the underlying borrowers, potentially leading to increased defaults.
- Increased refinancing activity: During the first half of the year, the Company experienced increased refinancing activity, which resulted in repayments on three of its balance sheet investments. While the Company retains a right of first refusal ("ROFR") to match the credit facility terms offered by any third-party, the market pricing and underlying risk for these deals were not in line with the Company's investment objectives. Therefore, the Company did not exercise its ROFRs. VPC has a significant pipeline of undrawn capacity as well as new deal flow, so VPC was able to quickly reinvest the liquidity generated by these refinancings. However, the increasingly competitive environment might affect the ability to quickly reinvest capital if this trend continues over the long-term.

OUTLOOK

During the first half of 2018, VPC delivered strong risk adjusted returns while maintaining credit discipline and using low leverage. We saw strong credit performance across the portfolio as our portfolio companies continued to execute on their growth strategies. The Company's outlook remains strong as we feel our portfolio is made up of best-in-class talent and broadly diversified by end users and underlying credit exposure.

Economic performance in the US continued to improve as the 2017 tax cuts increased optimism among businesses and consumers. Unemployment remains low and consumer balance sheets remains strong as Debt-to-Income ratios have continued to gradually decline since the financial crisis of 2008[3].

VPC remains optimistic about our ability to deliver strong income returns for the Company and its shareholders over the long-term. We believe our portfolio of low leverage and short duration senior secured balance sheet loans offers strong returns relative to other areas of the credit markets, while carrying lower levels of overall risk.

Victory Park Capital Advisors, LLC
Investment Manager
27 September 2018

[3] Source: NIFB August 2018 Report: Small Business Optimism Index (August 2018)

VPC SPECIALTY LENDING INVESTMENTS PLC
RESPONSIBILITY STATEMENT OF THE DIRECTORS
FOR THE SIX MONTH PERIOD TO 30 JUNE 2018

The Directors acknowledge responsibility for the Half-Year Financial Report and confirm that to the best of their knowledge:

(a) the consolidated set of financial statements have been prepared in accordance with IAS 34 as adopted by the European Union and give a true and fair view of the assets, liabilities, financial position and profit for the period of the Group as required by the Disclosure Guidance and Transparency Rules ("DTR") 4.2.4 R;

(b) the Interim Management Report (including the Chairman's Statement and the Investment Manager's Report) includes a fair review of the information required by DTR 4.2.7 R (indication of important events that have occurred during the six month period to 30 June 2018 and their impact on the set of consolidated financial statements and a description of the principal risks and uncertainties for the remaining six months of the financial year); and

(c) the Half-Year Financial Report includes a fair review of the information concerning related party transactions as required by DTR 4.2.8 R.

Signed on behalf of the Board by:

Andrew Adcock
Chairman
27 September 2018

CAUTIONARY STATEMENT

This Interim Management Report has been prepared solely to provide additional information to Shareholders to assess the strategies of VPC Specialty Lending Investments PLC (the "Company") with its subsidiaries (together "the Group"). The Interim Management Report should not be relied on by any other party or for any other purpose.

The Interim Management Report contains certain forward looking statements. These statements are made by the Directors in good faith based on the information available to them up to the time of their approval of the Half-Year Financial Report but such statements should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying any such forward-looking information.

ACTIVITIES

The activities of the Group are described in the Chairman's Statement and in the Investment Manager's Report. Refer to the Chairman's Statement on pages 4 and 5 and the Investment Manager's Report on pages 6 through 8 of the Half-Year Financial Report. Further refer to Note 1 to the consolidated financial statements.

STRATEGY AND INVESTMENT OBJECTIVES

The important events that have occurred during the period under review and the key factors influencing the consolidated financial statements are described in the Chairman's Statement and in the Investment Manager's Report.

Refer to the Chairman's Statement on pages 4 and 5 and the Investment Manager's Report on pages 6 through 8 of the Half-Year Financial Report.

GOING CONCERN

As stated in Note 2 to the consolidated financial statements, the Directors are satisfied that the Group has sufficient resources to continue in operation for the foreseeable future, a period not less than 12 months from the date of the Half-Year Financial Report. Accordingly, they continue to adopt the going concern basis in preparing the consolidated financial statements.

RISKS AND UNCERTAINTIES

There are a number of potential risks and uncertainties which could have a material impact on the Group's performance over the remaining six months of the financial period and could cause actual results to differ materially from expected and historical results. Refer to the Investment Manager's Report on pages 6 through 8 of the Half-Year Financial Report as well as Note 5 to the consolidated financial statements for the potential risks and uncertainties. The principal risks and uncertainties are consistent with those disclosed in the annual report for the year ended 31 December 2017 which can be found on the Company's website.

FINANCIAL PERFORMANCE

The financial and operational highlights of the Group can be found on page 3 of the Half-Year Financial Report.

RELATED PARTY TRANSACTIONS

Related party transactions are disclosed in Note 13 to the consolidated financial statements.

FINANCIAL STATEMENTS

VPC SPECIALTY LENDING INVESTMENTS PLC
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018

	NOTE	(UNAUDITED) 30 JUNE 2018 £	(UNAUDITED) 30 JUNE 2017 £	(AUDITED) 31 DECEMBER 2017 £
Non-current assets				
Loans at amortised cost	3,7	317,932,665	377,814,156	306,446,357
Investment assets designated as held at fair value through profit or loss	3	57,617,259	60,486,000	59,583,265
Total non-current assets		375,549,924	438,300,156	366,029,622
Current assets				
Cash and cash equivalents		3,624,359	31,144,135	18,353,574
Cash posted as collateral		6,693,841	7,356,550	4,427,301
Derivative financial assets		-	681,996	3,297,847
Interest receivable		2,922,707	4,904,920	3,576,027
Dividend and distribution receivable		547,020	453,959	530,826
Other assets and prepaid expenses		384,379	2,010,679	798,169
Total current assets		14,172,306	46,552,239	30,983,744
Total assets		389,722,230	484,852,395	397,013,366
Non-current liabilities				
Notes payable	6	45,197,631	96,424,531	44,298,421
Total non-current liabilities		45,197,631	96,424,531	44,298,421
Current liabilities				
Management fee payable	8	185,499	892,159	420,339
Performance fee payable	8	-	844,771	-
Securities sold under agreement to repurchase		5,463,386	9,285,358	8,941,557
Derivative financial liabilities		5,186,245	-	-
Unsettled share buyback payable		-	1,155	194,682
Deferred income		660,143	1,101,314	776,514
Other liabilities and accrued expenses	8	1,021,018	5,180,057	2,138,315
Total current liabilities		12,516,291	17,304,814	12,471,407
Total liabilities		57,713,922	113,729,345	56,769,828
Total assets less total liabilities		332,008,308	371,123,050	340,243,538

See notes to the consolidated financial statements

VPC SPECIALTY LENDING INVESTMENTS PLC
CONSOLIDATED STATEMENT OF FINANCIAL POSITION continued
AS AT 30 JUNE 2018

	NOTE	(UNAUDITED) 30 JUNE 2018 £	(UNAUDITED) 30 JUNE 2017 £	(AUDITED) 31 DECEMBER 2017 £
Capital and reserves				
Called-up share capital	11	20,300,000	20,300,000	20,300,000
Share premium account		161,040,000	161,040,000	161,040,000
Other distributable reserve		176,087,545	185,557,710	179,761,790
Capital reserve		(43,685,832)	(25,683,514)	(35,643,747)
Revenue reserve		16,713,124	8,968,882	12,661,243
Currency translation reserve		1,262,209	1,057,112	1,281,731
Total equity attributable to equity shareholders of the Parent Company		331,717,046	351,240,190	339,401,017
Non-controlling interests	15	291,262	19,882,860	842,521
Total equity		332,008,308	371,123,050	340,243,538
Net Asset Value per Ordinary Share	10	90.74p	93.04p	91.68p

These consolidated financial statements of VPC Specialty Lending Investments PLC registered number 9385218 were approved and authorised for issue by the Board of Directors on 27 September 2018.

Signed on behalf of the Board by:

Andrew Adcock
Chairman of the Board
27 September 2018

See notes to the consolidated financial statements

VPC SPECIALTY LENDING INVESTMENTS PLC
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTH PERIOD 30 JUNE 2018

	NOTE	(UNAUDITED) REVENUE £	(UNAUDITED) CAPITAL £	(UNAUDITED) TOTAL £
Revenue				
Net gain (loss) on investments	4	-	333,221	333,221
Foreign exchange gain (loss)		-	(1,741,549)	(1,741,549)
Income	4	22,435,698	(580,634)	21,855,064
Total return		22,435,698	(1,988,962)	20,446,736
Expenses				
Management fee	8	1,716,611	55,466	1,772,077
Performance fee	8	-	-	-
Credit impairment losses	7	-	1,829,727	1,829,727
Other expenses	8	1,118,706	213,913	1,332,619
Total operating expenses		2,835,317	2,099,106	4,934,423
Finance costs		1,590,696	45,446	1,636,142
Total finance costs		1,590,696	45,446	1,636,142
Net return on ordinary activities before taxation		18,009,685	(4,133,514)	13,876,171
Taxation on ordinary activities		-	-	-
Net return on ordinary activities after taxation		18,009,685	(4,133,514)	13,876,171
Attributable to:				
Equity shareholders		18,009,685	(4,331,457)	13,678,228
Non-controlling interests	15	-	197,943	197,943
Return per Ordinary Share (basic and diluted)		4.93p	-1.18p	3.75p
Other comprehensive income				
Currency translation differences		-	6,037	6,037
Total comprehensive income		18,009,685	(4,127,477)	13,882,208
Attributable to:				
Equity shareholders		18,009,685	(4,350,979)	13,658,706
Non-controlling interests	15	-	223,502	223,502

The total column of this statement represents the Group's statement of comprehensive income, prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union. The supplementary revenue and capital columns are both prepared under guidance published by the Association of Investment Companies ("AIC"). All items in the above Statement derive from continuing operations.

See notes to the consolidated financial statements

VPC SPECIALTY LENDING INVESTMENTS PLC

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME continued

FOR THE SIX MONTH PERIOD 30 JUNE 2017

	NOTE	(UNAUDITED) REVENUE £	(UNAUDITED) CAPITAL £	(UNAUDITED) TOTAL £
Revenue				
Net gain (loss) on investments	4	-	(5,238,605)	(5,238,605)
Foreign exchange gain (loss)		-	(173,136)	(173,136)
Income	4	17,049,821	18,764,329	35,814,150
Total return		17,049,821	13,352,588	30,402,409
Expenses				
Management fee	8	1,727,222	771,766	2,498,988
Performance fee	8	844,773	-	844,773
Impairment charge	7	-	17,127,255	17,127,255
Other expenses	8	1,148,655	2,837,405	3,986,060
Total operating expenses		3,720,650	20,736,426	24,457,076
Finance costs		1,341,498	3,407,609	4,749,107
Total finance costs		1,341,498	3,407,609	4,749,107
Net return on ordinary activities before taxation		11,987,673	(10,791,447)	1,196,226
Taxation on ordinary activities		-	-	-
Net return on ordinary activities after taxation		11,987,673	(10,791,447)	1,196,226
Attributable to:				
Equity shareholders		11,987,673	(9,588,113)	2,399,560
Non-controlling interests	15	-	(1,203,334)	(1,203,334)
Return per Ordinary Share (basic and diluted)		3.18p	-2.54p	0.64p
Other comprehensive income				
Currency translation differences		-	(1,939,669)	(1,939,669)
Total comprehensive income		11,987,673	(12,731,116)	(743,443)
Attributable to:				
Equity shareholders		11,987,673	(9,608,592)	2,379,081
Non-controlling interests	15	-	(3,122,524)	(3,122,524)

The total column of this statement represents the Group's statement of comprehensive income, prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union. The supplementary revenue and capital columns are both prepared under guidance published by the Association of Investment Companies ("AIC"). All items in the above Statement derive from continuing operations.

See notes to the consolidated financial statements

VPC SPECIALTY LENDING INVESTMENTS PLC

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME continued

FOR THE YEAR ENDED 31 DECEMBER 2017

	NOTE	(AUDITED) REVENUE £	(AUDITED) CAPITAL £	(AUDITED) TOTAL £
Revenue				
Net gain (loss) on investments	4	-	(18,623,131)	(18,623,131)
Foreign exchange gain (loss)		-	(2,201,214)	(2,201,214)
Income	4	37,924,841	23,695,267	61,620,108
Total return		37,924,841	2,870,922	40,795,763
Expenses				
Management fee	8	3,445,583	1,122,733	4,568,316
Performance fee	8	844,773	-	844,773
Impairment charge	7	-	15,462,723	15,462,723
Other expenses	8	2,085,488	3,556,054	5,641,542
Total operating expenses		6,375,844	20,141,510	26,517,354
Finance costs		2,819,035	4,889,470	7,708,505
Total finance costs		2,819,035	4,889,470	7,708,505
Net return on ordinary activities before taxation		28,729,962	(22,160,058)	6,569,904
Taxation on ordinary activities		-	-	-
Net return on ordinary activities after taxation		28,729,962	(22,160,058)	6,569,904
Attributable to:				
Equity shareholders		28,729,962	(19,548,346)	9,181,616
Non-controlling interests	15	-	(2,611,712)	(2,611,712)
Return per Ordinary Share (basic and diluted)		7.76p	-5.28p	2.48p
Other comprehensive income				
Currency translation differences		-	(2,852,356)	(2,852,356)
Total comprehensive income		28,729,962	(25,012,414)	3,717,548
Attributable to:				
Equity shareholders		28,729,962	(19,344,206)	9,385,756
Non-controlling interests	15	-	(5,668,208)	(5,668,208)

The total column of this statement represents the Group's statement of comprehensive income, prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union. The supplementary revenue and capital columns are both prepared under guidance published by the Association of Investment Companies ("AIC"). All items in the above Statement derive from continuing operations.

See notes to the consolidated financial statements

VPC SPECIALTY LENDING INVESTMENTS PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTH PERIOD TO 30 JUNE 2018

	(UNAUDITED) CALLED UP SHARE CAPITAL £	(UNAUDITED) SHARE PREMIUM ACCOUNT £	(UNAUDITED) OTHER DISTRIBUTABLE RESERVE £	(UNAUDITED) CAPITAL RESERVE £	(UNAUDITED) REVENUE RESERVE £	(UNAUDITED) CURRENCY TRANSLATION RESERVE £	(UNAUDITED) TOTAL SHAREHOLDERS' EQUITY £	(UNAUDITED) NON-CONTROLLING INTERESTS £	(UNAUDITED) TOTAL EQUITY £
Opening balance at 1 January 2018	20,300,000	161,040,000	179,761,790	(35,643,747)	12,661,243	1,281,731	339,401,017	842,521	340,243,538
Changes on initial application of IFRS 9 (See Note 2)	-	-	-	(3,710,628)	-	-	(3,710,628)	(62,402)	(3,773,030)
Restated balance at 1 January 2018	20,300,000	161,040,000	179,761,790	(39,354,375)	12,661,243	1,281,731	335,690,389	780,119	336,470,508
Amounts paid on buyback of Ordinary Shares	-	-	(3,674,245)	-	-	-	(3,674,245)	-	(3,674,245)
Contributions by non-controlling interests	-	-	-	-	-	-	-	-	-
Distributions to non-controlling interests	-	-	-	-	-	-	-	(712,359)	(712,359)
Return on ordinary activities after taxation	-	-	-	(4,331,457)	18,009,685	-	13,678,228	197,943	13,876,171
Dividends declared and paid	-	-	-	-	(13,957,804)	-	(13,957,804)	-	(13,957,804)
Other comprehensive income									
Currency translation differences	-	-	-	-	-	(19,522)	(19,522)	25,559	6,037
Closing balance at 30 June 2018	20,300,000	161,040,000	176,087,545	(43,685,832)	16,713,124	1,262,209	331,717,046	291,262	332,008,308

The other distributable reserve and Revenue reserve represent the distributable reserves of the Group.

See notes to the consolidated financial statements

VPC SPECIALTY LENDING INVESTMENTS PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY continued

FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2017

	(UNAUDITED) CALLED UP SHARE CAPITAL £	(UNAUDITED) SHARE PREMIUM ACCOUNT £	(UNAUDITED) OTHER DISTRIBUTABLE RESERVE £	(UNAUDITED) CAPITAL RESERVE £	(UNAUDITED) REVENUE RESERVE £	(UNAUDITED) CURRENCY TRANSLATION RESERVE £	(UNAUDITED) TOTAL SHAREHOLDERS' EQUITY £	(UNAUDITED) NON-CONTROLLING INTERESTS £	(UNAUDITED) TOTAL EQUITY £
Opening balance at 1 January 2017	20,300,000	161,040,000	188,394,286	(16,095,401)	8,340,831	1,077,591	363,057,307	34,910,616	397,967,923
Amounts paid on buyback of Ordinary Shares	-	-	(2,836,576)	-	-	-	(2,836,576)	-	(2,836,576)
Contributions by non-controlling interests	-	-	-	-	-	-	-	-	-
Distributions to non-controlling interests	-	-	-	-	-	-	-	(11,905,232)	(11,905,232)
Return on ordinary activities after taxation	-	-	-	(9,588,113)	11,987,673	-	2,399,560	(1,203,334)	1,196,226
Dividends declared and paid	-	-	-	-	(11,359,622)	-	(11,359,622)	-	(11,359,622)
Other comprehensive income									
Currency translation differences	-	-	-	-	-	(20,479)	(20,479)	(1,919,190)	(1,939,669)
Closing balance at 30 June 2017	20,300,000	161,040,000	185,557,710	(25,683,514)	8,968,882	1,057,112	351,240,190	19,882,860	371,123,050

The other distributable reserve and Revenue reserve represent the distributable reserves of the Group.

See notes to the consolidated financial statements

VPC SPECIALTY LENDING INVESTMENTS PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY continued

FOR THE YEAR ENDED 31 DECEMBER 2017

	(AUDITED) CALLED UP SHARE CAPITAL £	(AUDITED) SHARE PREMIUM ACCOUNT £	(AUDITED) OTHER DISTRIBUTABLE RESERVE £	(AUDITED) CAPITAL RESERVE £	(AUDITED) REVENUE RESERVE £	(AUDITED) CURRENCY TRANSLATION RESERVE £	(AUDITED) TOTAL SHAREHOLDERS' EQUITY £	(AUDITED) NON-CONTROLLING INTERESTS £	(AUDITED) TOTAL EQUITY £
Opening balance at 1 January 2017	20,300,000	161,040,000	188,394,286	(16,095,401)	8,340,831	1,077,591	363,057,307	34,910,616	397,967,923
Amounts paid on buyback of Ordinary Shares	-	-	(8,632,496)	-	-	-	(8,632,496)	-	(8,632,496)
Contributions by non-controlling interests	-	-	-	-	-	-	-	-	-
Distributions to non-controlling interests	-	-	-	-	-	-	-	(28,399,887)	(28,399,887)
Return on ordinary activities after taxation	-	-	-	(19,548,346)	28,729,962	-	9,181,616	(2,611,712)	6,569,904
Dividends declared and paid	-	-	-	-	(24,409,550)	-	(24,409,550)	-	(24,409,550)
Other comprehensive income									
Currency translation differences	-	-	-	-	-	204,140	204,140	(3,056,496)	(2,852,356)
Closing balance at 31 December 2017	20,300,000	161,040,000	179,761,790	(35,643,747)	12,661,243	1,281,731	339,401,017	842,521	340,243,538

The other distributable reserve and Revenue reserve represent the distributable reserves of the Group.

See notes to the consolidated financial statements

VPC SPECIALTY LENDING INVESTMENTS PLC
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTH PERIOD TO 30 JUNE 2018

	(UNAUDITED) 30 JUNE 2018 £	(UNAUDITED) 30 JUNE 2017 £	(AUDITED) 31 DECEMBER 2017 £
Cash flows from operating activities:			
Total comprehensive income	13,882,208	(743,443)	3,717,548
Adjustments for:			
- Interest income	(18,337,535)	(34,261,725)	(58,070,136)
- Dividend and distribution income	(1,138,556)	(1,137,619)	(2,173,830)
- Finance costs	1,636,142	4,749,107	7,708,505
- Exchange (gains) losses	(6,037)	1,939,669	2,852,356
Total	(3,963,778)	(29,454,011)	(45,965,557)
Unrealised (appreciation) depreciation on investment assets designated as held at fair value through profit or loss	(1,462,877)	4,562,884	11,670,257
Unrealised (appreciation) depreciation on derivative financial assets	3,297,847	(6,932,184)	(3,297,847)
Unrealised appreciation (depreciation) on derivative financial liabilities	5,186,245	(681,996)	(6,932,184)
Decrease in other assets and prepaid expenses	413,790	933,673	2,146,183
Increase (decrease) in management fee payable	(234,840)	51,033	(420,787)
Increase (decrease) in performance fee payable	-	385,361	(459,410)
Increase (decrease) in unsettled share buyback payable	-	(1,165,711)	-
Decrease in dividend withholding tax payable	-	(1,018,889)	(1,018,889)
Increase (decrease) in deferred income	(116,371)	327,805	3,005
Increase (decrease) in accrued expenses and other liabilities	(1,135,434)	1,949,188	(1,038,942)
Impairment of loans	1,829,727	17,127,255	15,462,723
Net cash inflow (outflow) from operating activities	3,814,309	(13,915,592)	(29,851,448)
Cash flows from investing activities:			
Interest received	18,990,855	34,697,021	59,834,325
Dividends received	1,122,362	1,490,989	2,450,333
Purchase of investment assets designated as held at fair value through profit or loss	(3,663,164)	(3,411,763)	(22,767,340)
Sale of investment assets designated as held at fair value through profit or loss	7,092,047	-	13,150,939
Purchase of loans	(60,167,948)	(121,523,822)	(192,846,433)
Redemption or sale of loans	43,078,883	196,538,930	340,893,872
Cash posted as collateral	(2,266,540)	3,349,860	6,279,109
Net cash inflow (outflow) from investing activities	4,186,495	111,141,215	206,994,805

See notes to the consolidated financial statements

VPC SPECIALTY LENDING INVESTMENTS PLC

CONSOLIDATED STATEMENT OF CASH FLOWS continued

FOR THE SIX MONTH PERIOD TO 30 JUNE 2018

	(UNAUDITED) 30 JUNE 2018 £	(UNAUDITED) 30 JUNE 2017 £	(AUDITED) 31 DECEMBER 2017 £
Cash flows from financing activities:			
Dividends distributed	(13,957,804)	(11,359,622)	(24,409,550)
Treasury shares repurchased	(3,868,927)	(2,836,576)	(9,604,680)
Distributions to non-controlling interests	(712,359)	(11,905,232)	(28,399,887)
Decrease in amounts payable under agreements to repurchase	(3,478,171)	(525,714)	(869,515)
Increase (decrease) in note payable	899,210	(89,444,180)	(141,570,290)
Finance costs paid	(1,618,005)	(4,373,122)	(7,386,132)
Net cash inflow (outflow) from financing activities	(22,736,056)	(120,444,446)	(212,240,054)
Net change in cash and cash equivalents	(14,735,252)	(23,218,823)	(35,096,697)
Exchange gains (losses) on cash and cash equivalents	6,037	(1,939,669)	(2,852,356)
Cash and cash equivalents at the beginning of the period	18,353,574	56,302,627	56,302,627
Cash and cash equivalents at the end of the period	3,624,359	31,144,135	18,353,574

See notes to the consolidated financial statements

1. GENERAL INFORMATION

The investment objective of VPC Specialty Lending Investments PLC (the "Parent Company") with its subsidiaries (together "the Group") is to generate an attractive total return for shareholders consisting of distributable income and capital growth through investments in specialty lending opportunities. The Parent Company was incorporated in England and Wales on 12 January 2015 with registered number 9385218. The Parent Company commenced its operations on 17 March 2015 and intends to carry on business as an investment trust within the meaning of Chapter 4 of Part 24 of the Corporation Tax Act 2010.

The Group's investment manager is Victory Park Capital Advisors, LLC (the "Investment Manager"), a US Securities and Exchange Commission registered investment adviser. The Investment Manager also acts as the Alternative Investment Fund Manager of the Group under the Alternative Investment Fund Managers Directive ("AIFMD"). The Parent Company is defined as an Alternative Investment Fund and is subject to the relevant articles of the AIFMD.

The Group will invest directly or indirectly into available opportunities, including by making investments in, or acquiring interests held by, third party funds (including those managed by the Investment Manager or its affiliates). Direct investments may include consumer loans, SME loans, advances against corporate trade receivables and/or purchases of corporate trade receivables ("Debt Instruments") originated by platforms which engage with and directly lend to borrowers ("Portfolio Companies"). Such Debt Instruments may be subordinated in nature, or may be second lien, mezzanine or unsecured loans. Indirect investments may include investments in Portfolio Companies (or in structures set up by Portfolio Companies) through the provision of credit facilities ("Credit Facilities"), equity or other instruments. Additionally, the Group's investments in Debt Instruments and Credit Facilities may be made through subsidiaries of the Company or through partnerships or other structures. The Group may also invest in other specialty lending related opportunities through any combination of debt facilities, equity or other instruments.

As at 30 June 2018 the Company had total issued equity in the form of 382,615,665 Ordinary Shares (31 December 2017: 382,615,665; 30 June 2017: 382,615,665) of which 365,571,056 were outstanding (31 December 2017: 370,187,947; 30 June 2017: 377,509,371) and 17,044,609 were held as treasury shares (31 December 2017: 12,427,718; 30 June 2017: 5,106,294). These shares are listed on the Premium listing segment of the Official List of the UK Listing Authority and trade on the London Stock Exchange's main market for listed securities.

Northern Trust Hedge Fund Services LLC (the "Administrator") has been appointed as the administrator of the Group. The Administrator is responsible for the Group's general administrative functions, such as the calculation and publication of the Net Asset Value ("NAV") and maintenance of the Group's accounting records.

For any terms not herein defined, refer to Part X of the IPO Prospectus. The Parent Company's IPO Prospectus dated 26 February 2015 is available on the Parent Company's website, www.vpcspecialtylending.com. The audited financial statement information contained within the consolidated financial statements are also available on the Parent Company's website.

2. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies followed by the Group are set out below:

Changes in accounting policies

The Group has adopted IFRS 9 as issued by the IASB in July 2014 with a date of transition of 1 January 2018, which resulted in changes in accounting policies and adjustments to the amounts previously recognised in the financial statements. The Group did not early adopt any of IFRS 9 in previous periods.

As permitted by the transitional provisions of IFRS 9, the Group elected not to restate comparative figures. Any adjustments to the carrying amounts of financial assets and liabilities at the date of transition were recognised in the opening retained earnings and other reserves of the current period. The Group has also elected to continue to apply the hedge accounting requirements of IAS 30 on adoption of IFRS 9.

Consequently, for notes disclosures, the consequential amendments to IFRS 7 disclosures have also only been applied to the current period. The comparative period notes disclosures repeat those disclosures made in the prior year.

Adoption of IFRS 9 has resulted in changes in our accounting policies for recognition, classification and measurement of financial assets and financial liabilities and impairment of financial assets. IFRS 9 also significantly amends other standards dealing with financial instruments such as IFRS 7 'Financial Instruments: Disclosures'.

Set out below are disclosures relating to the impact of the adoption of IFRS 9 on the Group. Further details of the specific IFRS 9 accounting policies applied in the current period (as well as the previous IAS 39 accounting policies applied in the comparative period) are described in more detail below.

Classification and measurement of financial instruments

The Group has applied IFRS 9 which includes three principal classification categories for financial assets which must be designated at initial recognition. Financial assets are measured at fair value through profit or loss ("FVTPL"), fair value through other comprehensive income ("FVOCI") or amortised cost based on the nature of the cash flows of the assets and an entity's business model. These categories replace the existing IAS 39 classifications of fair value through profit and loss ("FVTPL"), available for sale ("AFS"), loans and receivables, and held-to-maturity.

For financial liabilities, most of the pre-existing requirements for classification and measurement previously included in IAS 39 were carried forward unchanged into IFRS 9.

The measurement category and the carrying amount of financial assets and liabilities in accordance with IAS 39 and IFRS 9 at 1 January 2018 are compared as follows:

	IAS 39 MEASUREMENT CATEGORY	IAS 39 CARRYING AMOUNT	IFRS 9 MEASUREMENT CATEGORY	IFRS 9 CARRYING AMOUNT
Financial Assets				
Loans at amortised cost	Amortised cost (Held-to-maturity)	306,446,357	Amortised Cost	302,673,327
Investment assets designated as held at fair value through profit or loss	FVPL (Held for trading)	59,583,265	FVTPL	59,583,265
Cash and cash equivalents	Amortised cost (Loans and receivables)	18,353,574	Amortised Cost	18,353,574
Cash posted as collateral	Amortised cost (Loans and receivables)	4,427,301	Amortised Cost	4,427,301
Derivative financial assets	FVPL (Held for trading)	3,297,847	FVTPL	3,297,847
Interest receivable	Amortised cost (Loans and receivables)	3,576,027	Amortised Cost	3,576,027
Dividend and distribution receivable	Amortised cost (Loans and receivables)	530,826	Amortised Cost	530,826
Other assets and prepaid expenses	Amortised cost (Loans and receivables)	798,169	Amortised Cost	798,169
Total assets		397,013,366		393,240,336

The introduction of IFRS 9 has had no impact on the classification of financial instruments with no portfolios carried previously at amortised cost failing the cashflow or business model tests. Movements in carrying values are driven by changes in impairment policy.

There were no changes to the classification and measurement of financial liabilities.

Reconciliation of statement of financial position balances from IAS 39 to IFRS 9

The total remeasurement of £3,733,030 was recognised in opening reserves at 1 January 2018. The remeasurement relates to the changes due to the new expected credit loss model.

The incurred loss model under IAS 39 is replaced with a new expected loss model. Impairment provisions are driven by changes in credit risk of instruments, with a provision for lifetime expected credit losses recognised where the risk of default of an instrument has increased significantly since initial recognition. Risk of default and expected credit losses must incorporate forward-looking and macroeconomic information.

The following table reconciles the Group’s carrying amounts of financial assets at amortised cost, from their previous measurement category in accordance with IAS 39 to their new measurement categories upon transition to IFRS 9 on 1 January 2018:

	31 DECEMBER 2017 IAS 39 CARRYING AMOUNT £	RECLASSIFICATION £	REMEASUREMENTS £	1 JANUARY 2018 IFRS 9 CARRYING AMOUNT £
Loans at amortised cost				
Opening balance under IAS 39	308,789,378	-	-	308,789,378
Reclassification	-	-	-	-
ECL or equivalent	(2,343,021)	-	(3,773,030)	(6,116,051)
Closing balance under IFRS 9				302,673,327

The total remeasurement loss of £3,773,030 was recognised in opening reserves at 1 January 2018. There were no changes due to reclassification.

Reconciliation of impairment allowance balance from IAS 39 to IFRS 9

The new requirements of IFRS 9 have been applied by adjusting the Statement of Financial Position on 1 January 2018, the date of initial application. The Company has taken advantage of the exemption allowing it not to restate comparative information for prior periods with respect to financial information.

Under IFRS 9, no impairment loss is recognised on equity investments. IFRS 9 requires a loss allowance to be recognised at an amount equal to either 12 month expected credit loss (“ECL”), or lifetime ECL. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of the financial instrument, whereas 12-month ECLs are the portion of the ECL that result from default events that are possible within 12 months after the reporting date.

Under IFRS 9, credit loss allowances will be measured on each reporting date according with a three-stage ECL impairment model:

Stage 1 – from initial recognition of a financial asset to the date on which the asset has experienced a significant increase in credit risk relative to its initial recognition, a loss allowance is recognised equal to the credit losses expected to result from defaults occurring over the next 12 months.

Stage 2 – Following a significant increase in credit risk relative to the initial recognition of the financial asset, a loss allowance is recognised equal to the credit losses expected over the remaining lifetime of the asset.

Stage 3 – When a financial asset is considered to be credit-impaired, a loss allowance equal to full lifetime expected credit losses will be recognised. Interest revenue is calculated based on the carrying amount of the asset, net of the loss allowance, rather than on its gross carrying amount.

Under IFRS 9, the population of financial assets and corresponding allowances disclosed as Stage 3 will not necessarily correspond to the amounts of financial assets currently disclosed as impaired in accordance with IAS 39. Consistent with IAS 39, loans are written off when there is no realistic probability of recovery.

Given that all financial assets within the scope of the IFRS 9 impairment model will be assessed for at least 12-months of expected credit losses, and the population of financial assets to which full lifetime expected credit losses applies is larger than the population of impaired loans for which there is objective evidence of impairment in accordance with IAS 39, loss allowances will be higher under IFRS 9 relative to IAS 39.

Changes in the required credit loss allowance, including the impact of movements between Stage 1 and Stage 2, will be recorded in the Consolidated Statement of Comprehensive Income. The impact of moving between 12 months and lifetime expected credit losses and the application of forward looking information, means provisions may be more volatile under IFRS 9 than IAS 39.

The following tables reconcile the prior period's closing impairment allowance measured in accordance with the IAS 39 incurred loss model to the new ECL allowance measured in accordance with the IFRS 9 expected loss model at 1 January 2018.

ECL allowance measured in accordance with IFRS 9 as at 1 January 2018:

INTERNAL GRADE	UNSECURED UNITED STATES	SECURED UNITED STATES	UNSECURED OTHER	SECURED OTHER	IFRS 9 TOTAL IMPAIRMENT OF LOANS RESERVED AGAINST
A - 1	-	-	-	-	-
A - 2	760,741	19,224	-	661,604	1,441,569
B	179,272	977,688	-	3,083,442	4,240,402
C	49,532	54,578	-	329,970	434,080
Totals	**989,545**	**1,051,490**	**-**	**4,075,016**	**6,116,051**

Impairment allowance measured in accordance with IAS 39 as at 31 December 2017:

INTERNAL GRADE	UNSECURED UNITED STATES	SECURED UNITED STATES	UNSECURED OTHER	SECURED OTHER	IAS 39 TOTAL IMPAIRMENT OF LOANS RESERVED AGAINST
A - 1	-	-	-	-	-
A - 2	61,786	18,726	-	419,819	500,331
B	97,254	154,981	-	1,276,351	1,528,586
C	14,612	53,164	-	246,328	314,104
Totals	**173,652**	**226,871**	**-**	**1,942,498**	**2,343,021**

INTERNAL GRADE	DEFINITION
A - 1	Balance sheet loans structured with credit enhancement and strong operating liquidity positions
A - 2	High credit quality borrowers or balance sheet loans structured with credit enhancement
B	High credit quality borrowers with some indicators of credit risk or balance sheet loans with limited structural credit enhancement
C	Borrowers with elevated levels of credit risk

Basis of preparation

The consolidated financial statements present the financial performance of the Group for the six month period to 30 June 2018. These statements have been prepared in accordance with the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority and International Accounting Standard ("IAS") 34, Interim Financial Reporting, as adopted by the European Union.

The consolidated financial statements for the period ended 30 June 2018 have not been audited or reviewed by the Group's auditors and do not constitute statutory financial statements as defined in Section 434 of the Companies Act 2006. They do not include all financial information required for full annual financial statements. The consolidated financial statements and the comparative financial statements have been prepared using the accounting policies adopted in the audited financial statements for the year ended 31 December 2017.

The consolidated financial statements have been prepared on a going concern basis under the historical cost convention, as modified by the valuation of investments and derivative financial instruments at fair value. Having assessed the principal risks, the directors considered it appropriate to adopt the going concern basis of accounting in preparing the consolidated financial statements. The principal accounting policies adopted are set out below.

Where presentational guidance set out in the Statement of Recommended Practice ("SORP") for investment trusts issued by the Association of Investment Companies ("AIC") in November 2014 is consistent with the requirements of IFRS, the Directors have sought to prepare the financial statements on a basis compliant with the recommendations of the SORP.

The Group's presentational currency is Pound Sterling (£). Pound Sterling is also the functional currency because it is the currency of the Parent Company's share capital and the currency which is most relevant to the majority of the Parent Company's Shareholders. The Group enters into forward currency Pound Sterling hedges where operating activity is transacted in a currency other than the functional currency.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Parent Company and its subsidiaries. Control is achieved where the Parent Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities. The Parent Company controls an entity when the Parent Company is exposed to, or has rights to, variable returns from its investment and has the ability to affect those returns through its power over the entity. All intra-group transactions, balances, income and expenses are eliminated in consolidation. The accounting policies of the subsidiaries have been applied on a consistent basis to ensure consistency with the policies adopted by the Parent Company.

Subsidiaries of the Parent Company, where applicable, have been consolidated on a line by line basis as the Parent Company does not meet the definition of an investment entity under IFRS 10 because it does not measure and evaluate the performance of all of its investments on the fair value basis of accounting. The period ends for the subsidiaries are consistent with the Company.

Presentation of Consolidated Statement of Comprehensive Income

In order to better reflect the activities of an investment trust company and in accordance with the guidance set out by the AIC, supplementary information which analyses the Consolidated Statement of Comprehensive Income between items of revenue and capital nature has been presented alongside the Consolidated Statement of Comprehensive Income.

Financial assets and financial liabilities

The Group classifies its financial assets and financial liabilities in one of the following categories below. The classification depends on the purpose for which the financial assets and liabilities were acquired. The classification of financial assets and liabilities are determined at initial recognition.

IFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics. IFRS 9 introduces a principal-based approach and applies one classification approach for all types of financial assets. For Debt Instruments, two criteria are used to determine how financial assets should be classified and measured:

- The entity's business model (i.e. how an entity manages its financial assets in order to generate cash flows by collecting contractual cash flows, selling financial assets or both); and
- The contractual cash flow characteristics of the financial asset (i.e. whether the contractual cash flows are solely payments of principal and interest).

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured as described further in this note.

A financial asset is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Movements in the carrying amount are taken through the Other Comprehensive Income ("OCI"), except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses on the investments amortised cost which is recognised in the Consolidated Statement of Comprehensive Income. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to the Consolidated Statement of Comprehensive Income and recognised in Income. Interest income from these financial assets in included in Income using the EIRM.

Equity instruments are measured at FVTPL, unless they are not held for trading purposes, in which case an irrevocable election can be made on initial recognition to measure them at FVOCI with no subsequent reclassification to the Consolidated Statement of Comprehensive Income. This election is made on an investment by investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. All equity positions are measured at FVTPL. Financial assets measured at FVTPL are recognised in the balance sheet at their fair value. Fair value gains and losses together with interest coupons and dividend income are recognised in the income statement within net trading income in the period in which they occur. The fair values of assets and liabilities traded in active markets are based on current bid and offer prices respectively. If the market is not active the Group establishes a fair value by using valuation techniques. In addition, on initial recognition the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

For financial liabilities, most of the pre-existing requirements for classification and measurement previously included in IAS 39 were carried forward unchanged into IFRS 9.

Business model assessment

The Group will assess the objective of the business model in which a financial asset is held at a portfolio level in order to generate cash flows because this best reflects the way the business is managed, and information is provided to the Investment Manager. That is, whether the Group's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these are applicable, then the financial assets are classified as part of the other business model and measured at FVTPL.

The information that will be considered by the Group in determining the business model includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice, including whether the strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of assets;
- Past experience on how the cash flows for these assets were collected;
- How the performance of the portfolio is evaluated and reported to the Investment Manager;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed; and
- The frequency, volume and timing of sales in prior periods, the reasons for such sales and expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Investment Manager's stated objective for managing the financial assets is achieved and how cash flows are realised.

Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, "principal" is defined as the fair value of the financial asset on initial recognition. "Interest" is defined as consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a reasonable profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the contractual terms of the instrument will be considered to see if the contractual cash flows are consistent with a basic lending arrangement. In making the assessment, the following features will be considered:

- Contingent events that would change the amount and timing of cash flows;
- Prepayment and extension terms;
- Terms that limit the Company's claim to cash flows from specified assets e.g. non-recourse asset arrangements; and
- Features that modify consideration for the time value of money, e.g. periodic reset of interest rates

The Group reclassifies debt investments when and only when its business model for managing those assets changes. The reclassification that has taken place forms the start of the first reporting period following the change. Such changes are expected to be very infrequent.

Expected Credit loss allowance for financial assets measured at amortised cost

IFRS 9 changes the basis of recognition of impairment on financial assets from an incurred loss to an expected credit loss (ECL) approach for amortised cost and FVOCI financial assets. This introduces a number of new concepts and changes to the approach to provisioning compared with the current methodology under IAS 39.

The Credit impairment losses in the income statement includes the change in expected credit losses which are recognised for loans and advances to customers, other financial assets held at amortised cost and certain loan commitments.

At initial recognition, allowance is made for expected credit losses resulting from default events that are possible within the next 12 months (12-month expected credit losses). In the event of a significant increase in credit risk, allowance (or provision) is made for expected credit losses resulting from all possible default events over the expected life of the financial instrument (lifetime expected credit losses). Financial assets where 12-month expected credit losses are recognised are considered to be Stage 1; financial assets which are considered to have experienced a significant increase in credit risk are in Stage 2; and financial assets which have defaulted or are otherwise considered to be credit impaired are allocated to Stage 3.

The measurement of expected credit losses will primarily be based on the product of the instrument's probability of default ("PD"), loss given default ("LGD"), and exposure at default ("EAD"), taking into account the value of any collateral held or other mitigants of loss and including the impact of discounting using the effective interest rate ("EIR").

- The PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months ("12M PD"), or over the remaining lifetime ("Lifetime PD") of the obligation.
- EAD is based on the amounts the Group expects to be owed at the time of default, over the next 12 months ("12M EAD") or over the remaining lifetime ("Lifetime EAD"). For example, for a revolving commitment, the Group includes the current drawn balance plus any further amount that is expected to be drawn up to the current contractual limit by the time of default, should it occur.
- LGD represents the Group's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of exposure at the time of default. LGD is calculated on a 12-month or lifetime basis, where 12-month LGD is the percentage of loss expected to be made if the default occurs in the next 12 months and Lifetime LGD is the percentage of loss expected to be made if the default occurs over the remaining expected lifetime of the loan.

The estimated credit loss ("ECL") is determined by projecting the PD, LGD, and EAD for each future month and for each individual exposure. Movements between Stage 1 and Stage 2 are based on whether an instrument's credit risk as at the reporting date has increased significantly relative to the date it was initially recognised. Where the credit risk subsequently improves such that it no longer represents a significant increase in credit risk since origination, the asset is transferred back to Stage 1. Unless identified at an earlier stage, the credit risk of financial assets is deemed to have increased significantly when more than 30 days past due.

In addition, the Group considers a financial instrument to have experienced a significant increase in credit risk when one of the following have occurred:

- Significant increase in credit spread;
- Significant adverse changes in business, financial and/or economic conditions in which the borrower operates;
- Actual or expected forbearance or restructuring;
- Actual or expected significant adverse change in operating results of the borrower;
- Significant change in collateral value which is expected to increase the risk of default; or
- Early signs of cashflow or liquidity problems.

Movements between Stage 2 and Stage 3 are based on whether financial assets are credit-impaired as at the reporting date. The determination of credit-impairment under IFRS 9 will be similar to the individual assessment of financial assets for objective evidence of impairment under IAS 39. Assets can move in both directions through the stages of the impairment model.

The criteria for determining whether credit risk has increased significantly will vary by portfolio and will include a backstop based on delinquency. IFRS 9 contains a rebuttable presumption that default occurs no later than when a payment is 90 days past due. If a loan is delinquent for more than 90 days or has four missed payments, the Group reserves at least 85% of the balance of the delinquent loan.

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.

Under IFRS 9, when determining whether the credit risk (i.e. the risk of default) on a financial instrument has increased significantly since initial recognition, reasonable and supportable information that is relevant and available without undue cost or effort, including both quantitative and qualitative information and analysis based on historical experience, credit assessment and forward-looking information is used.

The measurement of expected credit losses for each stage and the assessment of significant increases in credit risk must consider information about past events and current conditions as well as reasonable and supportable forward-looking information. A "base case" view of the future direction of relevant economic variables and a representative range of other possible forecasts scenarios. The process will involve developing two or more additional economic scenarios and considering the relative probabilities of each outcome. The base case will represent a most likely outcome and be aligned with information used for other purposes, such as strategic planning and budgeting. The number of scenarios used and their attributes are reassessed at each reporting date by investment. The scenario weightings are determined by a combination of statistical analysis and expert credit judgement, taking account of the range of possible outcomes each chosen scenario is representative of.

The estimation and application of forward-looking information requires significant judgement. PD, LGD and EAD inputs used to estimate Stage 1 and Stage 2 credit loss allowances, are modelled based on the macroeconomic variables (or changes in macroeconomic variables) that are most closely correlated with credit losses in the relevant portfolio. As with any economic forecasts, the projections and likelihoods of occurrence are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different to those projected. The Group considers these forecasts to represent its best estimate of the possible outcomes and has analysed the non-linearities and asymmetries within the Group's different portfolios to establish that the chosen scenarios are appropriately representative of the range of possible scenarios.

Other forward-looking considerations not otherwise incorporated within the above scenarios, such as the impact of any regulatory, legislative or political changes, have also been considered, but are not deemed to have a material impact and therefore no adjustment has been made to the ECL for such factors. This is reviewed and monitored for appropriateness on a quarterly basis.

Collateral and other credit enhancements

The Group employs a range of policies to mitigate credit risk. The most common of these is accepting collateral for funds advanced. The Group has internal policies of the acceptability of specific classes of collateral or credit risk mitigation.

Modification of financial assets

The Group sometimes modifies the terms or loans provided to customers due to commercial renegotiations, or for distressed loans, with a view to maximising recovery.

Such restructuring activities include extended payment term arrangements, payment holidays and payment forgiveness. Restructuring policies and practice are based on indicators or criteria which, in the judgement of management, indicate that payment will most likely continue. These policies are kept under continuous review.

The risk of default of such assets after modification is assessed at the reporting date and compared with the risk under the original terms at initial recognition, when the modification is not substantial and so does not result in derecognition of the original assets. The Group monitors the subsequent performance of modified assets. The Group may determine that the credit risk has significantly improved after restructuring, so that the assets are moved from Stage 3 or Stage 2.

Modification of loans

The Group sometimes renegotiates or otherwise modifies the contractual cash flows of loans to customers. When this happens, the Group assesses whether or not the new terms are substantially different to the original terms. The Group does this by considering, among others, the following factors:

- If the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flows to amounts the borrower is expected to be able to pay;
- Whether any substantial new terms are introduced, such as a profit share/equity-based return that substantially affects the risk profile of the loan;
- Significant extension of the loan term when the borrower is not in financial difficulty;
- Significant change in the interest rate;
- Change in the currency the loan is denominated in; and
- Insertion of collateral, other security or credit enhancements that significantly affect the credit risk associated with the loan.

If the terms are substantially different, the Group derecognises the original financial asset and recognises a new asset at fair value and recalculates a new effective interest rate for the asset. The date of renegotiation is consequently considered to be the date of initial recognition for impairment calculation purposes, including for the purpose of determining whether a significant increase in credit risk has occurred. However, the Group also assesses whether the new financial asset recognised is deemed to be credit-impaired at initial recognition, especially in circumstances where the renegotiation was driven by the debtor being unable to make the originally agreed payments. Differences in the carrying amounts are also recognised in the Consolidated Statement of Comprehensive Income as a gain or loss on derecognition.

If the terms are not substantially different, the renegotiation or modification does not result in derecognition, and the Group recalculates the gross carrying amount based on the revised cash flows of the financial asset and recognises a modification gain or loss in the Consolidated Statement of Comprehensive Income. The new gross carrying amount is recalculated by discounting the modified cash flows at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets).

Derecognition other than a modification

Financial assets, or a portion thereof, are derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either (i) the Group transfers substantially all the risks and rewards of ownership, or (ii) the Group neither transfers nor retains substantially all the risks and rewards of ownership and the Group has not retained control.

The Group enters into transactions where it retains the contractual rights to receive cash flows from assets but assumes a contractual obligation to pay those cash flows to other entities and transfers substantially all of the risks and rewards. These transactions are accounted for as ‘pass through’ transfers that result in derecognition if the Group:

- Has no obligation to make payments unless it collects equivalent amounts from the assets;
- Is prohibited from selling or pledging the assets; and
- Has an obligation to remit any cash it collects from the assets without material delay.

Collateral furnished by the Group under standard repurchase agreements and securities lending and borrowing transactions are not derecognised because the Group retains substantially all the risks and rewards on the basis of the predetermined repurchase price, and the criteria for derecognition are therefore not met.

Financial assets and financial liabilities designated as held at fair value through profit or loss

This category consists of forward foreign exchange contracts and investments in funds.

Assets and liabilities in this category are measured at FVTPL. The fair values of derivative instruments are estimated using discounted cash flow models using yield curves that are based on observable market data or are based on valuations obtained from counterparties.

Investments in funds are carried at FVTPL and designated as such at inception. This is determined using the NAV for the units at the balance sheet date.

Common equity, preferred stock and warrants are valued using a variety of techniques. These techniques include market comparables, discounted cash flows, yield analysis, the Black Scholes Model and transaction prices.

Gains and losses arising from the changes in the fair values are recognised in the Consolidated Statement of Comprehensive Income.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans are recognised when the funds are advanced to borrowers. Loans and receivables are carried at amortised cost using the effective interest rate method less provisions for impairment.

Purchases and sales of financial assets

Purchases and sales of financial assets are accounted for at trade date. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Financial liabilities

Borrowings, deposits, debt securities in issue and subordinated liabilities, if any, are recognised initially at fair value, being the issue proceeds net of premiums, discounts and transaction costs incurred.

All borrowings are subsequently measured at amortised cost using the effective interest rate method. Amortised cost is adjusted for the amortisation of any premiums, discounts and transaction costs. The amortisation is recognised in interest expense and similar charges using the effective interest rate method.

Financial liabilities are derecognised when the obligation is discharged, cancelled or has expired.

Derivatives

Derivatives are entered into to reduce exposures to fluctuations in interest rates, exchange rates, market indices and credit risks and are not used for speculative purposes.

Derivatives are carried at fair value with movements in fair values recorded in the Consolidated Statement of Comprehensive Income. Derivative financial instruments are valued using discounted cash flow models using yield curves that are based on observable market data or are based on valuations obtained from counterparties.

Gains and losses arising from derivative instruments are credited or charged to the Consolidated Statement of Comprehensive Income. Gains and losses of a revenue nature are reflected in the revenue column and gains and losses of a capital nature are reflected in the capital column. Gains and losses on forward foreign exchange contracts are reflected in Foreign exchange gain (loss) in the Consolidated Statement of Comprehensive Income.

All derivatives are classified as assets where the fair value is positive and liabilities where the fair value is negative. Where there is the legal ability and intention to settle net, then the derivative is classified as a net asset or liability, as appropriate.

Securities sold under agreement to repurchase

The Group entered into an agreement with a third party to sell its ownership of an equity security under an agreement to repurchase the equity security from the third party at a future date. The Group is entitled to receive an amount equal to all income paid or distributed in respect of the equity security to the full extent it would be so entitled if the equity security had not been sold to the third party. The Group is obligated to pay the third party monthly interest.

The underlying value of the repurchase agreement is valued under the sole discretion of the third party. Reductions in the value of the repurchase agreement could require the Group to make margin calls up to the value of the repurchase agreement purchase price. No margin was called during the period. The agreement matures on 31 December 2018 but can be extended for an additional three-month period under the discretion of the Group.

Securities sold under agreements to repurchase are valued based on the maximum of their purchase price or the current broker bid price on the sold security.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the Consolidated Statement of Financial Position if, and only if, there is currently enforceable legal right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise an asset and settle the liability simultaneously.

Investments in funds

Investments in funds are measured at FVTPL.

Equity securities

Equity securities are measured at FVTPL. These securities are considered either Level 1 or Level 3 investments. Further details of the valuation of equity securities are included in Note 3.

Income

For financial instruments measured at amortised cost, the effective interest rate method is used to measure the carrying value of a financial asset or liability and to allocate associated interest income or expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments or receipts over the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability.

In calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instrument but does not consider expected credit losses. The calculation includes all fees received and paid, costs borne that are an integral part of the effective interest rate and all other premiums or discounts above or below market rates.

Dividend income from investments is taken to the revenue account on an ex-dividend basis. Bank interest and other income receivable is accounted for on an effective interest basis.

Distributions from investments in funds are accounted for on an accrual basis as of the date the Group is entitled to the distribution. The income is treated as revenue return provided that the underlying assets of the investments comprise solely income generating loans, or investments in lending platforms which themselves generate net interest income.

In the instance where the retained earnings of the Parent Company’s investment in a subsidiary are negative, all income from that investment is allocated to the capital reserve for both the Group and the Parent Company.

Expenses and finance costs

Expenses and finance costs not directly attributable to generating a financial instrument are recognised as services are received, or on the performance of a significant act which means the Group has become contractually obligated to settle those amounts.

The Group currently charges all expenses and finance costs, including investment management fees and performance fees, to either revenue or capital based on the retained earnings of the investment that generates the fees from the prospective of the Parent Company. All operating expenses of the Parent Company are charged to revenue as the current expectation is that the majority of the Group and Parent Company’s return will be generated through revenue rather than capital gains on investments.

At 30 June 2018, management fees of £55,466 (31 December 2017: £1,122,733; 30 June 2017: £771,766) have been charged to the capital return of the Group. No management or performance fees were charged to capital at the Parent Company. Refer to Note 8 for further details of the management and performance fees.

All expenses are accounted for on an accruals basis.

Dividends payable to Shareholders

Dividends payable to Shareholders are recognised in the Consolidated Statement of Changes in Equity when they are paid, or have been approved by Shareholders in the case of a final dividend and become a liability to the Parent Company.

Taxation

The tax currently payable is based on the taxable profit for the year. Taxable profit differs from net profit as reported in the Consolidated Statement of Comprehensive Income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group’s liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the Consolidated Statement of Financial Position date.

In line with the recommendations of SORP for investment trusts issued by the AIC, the allocation method used to calculate tax relief on expenses presented against capital returns in the supplementary information in the Consolidated Statement of Comprehensive Income is the “marginal basis”.

Under this basis, if taxable income is capable of being offset entirely by expenses presented in the revenue return column of the Consolidated Statement of Comprehensive Income, then no tax relief is transferred to the capital return column.

Investment trusts which have approval as such under section 1158 of the Corporation Taxes Act 2010 are not liable for taxation on capital gains.

Other receivables

Other receivables do not carry interest and are short-term in nature and are accordingly recognised at fair value as reduced by appropriate allowances for estimated irrecoverable amounts.

Cash and cash equivalents

Cash comprises of cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments with a maturity of 90 days or less that readily convertible to known amounts of cash.

Accrued income

The Group and Parent Company defer draw fees received from investments and the deferred fees amortise into income on a straight-line basis over the life of the loan, which approximates the effective interest rate method.

Current Liabilities

Current liabilities, other than derivatives, are not interest-bearing and are stated at their nominal values. Due to their short term nature this is determined to be equivalent to their fair value.

Shares

The Ordinary Shares (the "Shares") are classified as equity. The costs of issuing or acquiring equity are recognised in equity (net of any related income tax benefit), as a reduction of equity on the condition that these are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

The costs of an equity transaction that is abandoned are recognised as an expense. Those costs might include registration and other regulatory fees, amounts paid to legal, accounting and other professional advisers, printing costs and stamp duties.

The Group's equity NAV per unit is calculated by dividing the equity – net assets attributable to the holder of Shares by the total number of outstanding shares.

Treasury Shares have no entitlements to vote are held by the Parent Company.

Foreign exchange

Transactions in foreign currencies are translated into Pound Sterling at the rate of exchange ruling on the date of each transaction. Monetary assets, liabilities and equity investments in foreign currencies at the Consolidated Statement of Financial Position date are translated into Pound Sterling at the rates of exchange ruling on that date. Profits or losses on exchange, together with differences arising on the translation of foreign currency assets or liabilities, are taken to the capital return column of the Consolidated Statement of Comprehensive Income. Foreign exchange gains and losses arising on investment assets including loans are included within Net gain / (loss) on investments within the capital return column of the Consolidated Statement of Comprehensive Income.

The assets and liabilities of the Group's foreign operations are translated using the exchange rates prevailing at the reporting date. Income and expense items are translated using the average exchange rates during the period. Exchange differences arising from the translation of foreign operations are taken directly as currency translation differences through the Consolidated Statement of Comprehensive Income.

Capital reserves

Capital reserve – arising on investments sold includes:

- Gains/losses on disposal of investments and the related foreign exchange differences;
- Exchange differences on currency balances;
- Cost of own shares bought back; and
- Other capital charges and credits charged to this account in accordance with the accounting policies above.

Capital reserve – arising on investments held includes:

- Increases and decreases in the valuation of investments held at the period end; and
- Investments in subsidiaries by the Parent Company where retained earnings is negative.

In the instance where the retained earnings of the Parent Company's investment in a subsidiary are negative, all income and expenses from that investment are allocated to the capital reserve for both the Group and the Parent Company.

All of the above are accounted for in the Consolidated Statement of Comprehensive Income except the cost of own shares bought back, if applicable, which would be accounted for in the Consolidated Statement of Changes in Equity.

Segmental reporting

The chief operating decision maker is the Board of Directors. The Directors are of the opinion that the Group is engaged in a single segment of business, being the investment of the Group's capital in financial assets comprising consumer loans, SME loans, corporate trade receivables and/or advances thereon. The Board focuses on the overall return from these assets irrespective of the structure through which the investment is made.

Critical accounting estimates

The preparation of financial statements in conformity with IFRS adopted in the EU requires the Company to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Although these estimates are based on the Directors' best knowledge of the amount, actual results may differ ultimately from those estimates.

The areas requiring a higher degree of judgement or complexity and areas where assumptions and estimates are significant to the financial statements, are in relation to effective interest rate, expected credit losses and investments at fair value through profit or loss. These are detailed below below.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Measurement of the expected credit loss allowance

The calculation of the Group's ECL allowances and provisions against loan commitments and guarantees under IFRS 9 is highly complex and involves the use of significant judgement and estimation. This includes the formulation and incorporation of multiple forward-looking economic conditions into ECL to meet the measurement objective of IFRS 9. The most significant are set out below.

The lifetime of an exposure

To derive the PDs necessary to calculate the ECL allowance it is necessary to estimate the expected life of each financial instrument. A range of approaches has been adopted across different product groupings including the full contractual life and taking into account behavioural factors such as early repayments and refinancing. The Group has defined the lifetime for each product by analysing the time taken for all losses to be observed and for a material proportion of the assets to fully resolve through either closure or write-off.

Significant increase in credit risk

Performing assets are classified as either Stage 1 or Stage 2. An ECL allowance equivalent to 12 months expected losses is established against assets in Stage 1; assets classified as Stage 2 carry an ECL allowance equivalent to lifetime expected losses. Assets are transferred from Stage 1 to Stage 2 when there has been a significant increase in credit risk ("SICR") since initial recognition. The Group uses a quantitative test together with qualitative indicators and a backstop of 30 days past due for determining whether there has been a SICR. The setting of precise trigger points combined with risk indicators requires judgement. The use of different trigger points may have a material impact upon the size of the ECL allowance.

Forward looking information

The measurement of expected credit losses is required to reflect an unbiased probability-weighted range of possible future outcomes. In order to do this the Group uses a model to project a number of key variables to generate future economic scenarios. These are ranked according to severity of loss and two economic scenarios have been selected to represent an unbiased and full loss distribution. They represent a most likely outcome (the base case scenario) and the downside scenario. These scenarios are used to produce a weighted average PD for each product grouping which is used to determine stage allocation and calculate the related ECL allowance. This weighting scheme is deemed appropriate for the computation of unbiased ECL. Key scenario assumptions are set using the average of forecasts from external economists, helping to ensure the IFRS 9 scenarios are unbiased and maximise the use of independent information. Using externally available forecast distributions helps ensure independence in scenario construction. While key economic variables are set with reference to external distributional forecasts, we also align the overall narrative of the scenarios to the macroeconomic risks faced by the Group.

Valuation of unquoted investments

The valuation of unquoted investments and investments for which there is an inactive market is a key area of judgement and may cause material adjustment to the carrying value of those assets and liabilities. The unquoted equity assets are valued on periodic basis using techniques including a market approach, costs approach and/or income approach. The valuation process is collaborative, involving the finance and investment functions within the Investment Manager with the final valuations being reviewed by the Board's Audit and Valuation Committee. The specific techniques used typically include earnings multiples, discounted cash flow analysis, the value of recent transactions, and, where appropriate, industry rules of thumb. The valuations often reflect a synthesis of a number of different approaches in determining the final fair value estimate. The individual approach for each investment will vary depending on relevant factors that a market participant would take into account in pricing the asset. Changes in fair value of all investments held at fair value are recognised in the Consolidated Statement of Comprehensive Income as a capital item. On disposal, realised gains and losses are also recognised in the Consolidated Statement of Comprehensive Income as a capital item. Transaction costs are included within gains or losses on investments held at fair value, although any related interest income, dividend income and finance costs are disclosed separately in the Consolidated Financial Statements.

Critical accounting judgements

Judgement is required to determine whether the Parent Company exercises control over its investee entities and whether they should be consolidated. Control is achieved where the Parent Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities. The Parent Company controls an investee entity when the Parent Company is exposed to, or has rights to, variable returns from its investment and has the ability to affect those returns through its power over the entity. At each reporting date an assessment is undertaken of investee entities to determine control. In the intervening period assessments are undertaken where circumstances change that may give rise to a change in the control assessment. These include when an investment is made into a new entity, or an amendment to existing entity documentation or processes. When assessing whether the Parent Company has the power to affect its variable returns, and therefore control investee entities, an assessment is undertaken of the Parent Company's ability to influence the relevant activities of the investee entity. These activities include considering the ability to appoint or remove key management or the manager, which party has decision making powers over the entity and whether the manager of an entity is acting as principal or agent. The assessment undertaken for entities considers the Parent Company's level of investment into the entity and its intended long-term holding in the entity and there may be instances where the Parent Company owns less than 51% of an investee entity but that entity it consolidated. Further details of the Parent Company's subsidiaries are included in Note 14.

Accounting standards issued but not yet effective

At the date of this document, there were no standards in issue but not yet effective.

3. FAIR VALUE MEASUREMENT

Financial instruments measured and reported at fair value are classified and disclosed in one of the following fair value hierarchy levels based on the significance of the inputs used in measuring its fair value:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets and liabilities;

Level 2 – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and

Level 3 – Pricing inputs for the asset or liability that are not based on observable market data (unobservable inputs).

An investment is always categorised as Level 1, 2 or 3 in its entirety. In certain cases, the fair value measurement for an investment may use a number of different inputs that fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The assessment of the significance of a particular input to the fair value measurement requires judgment and is specific to the investment.

Valuation of investments in funds

The Group's investments in funds are subject to the terms and conditions of the respective fund's offering documentation. The investments in funds are primarily valued based on the latest available financial information. The Investment Manager reviews the details of the reported information obtained from the funds and considers: (i) the valuation of the fund's underlying investments; (ii) the value date of the NAV provided; (iii) cash flows (calls/distributions) since the latest value date; and (iv) the basis of accounting and, in instances where the basis of accounting is other than fair value, fair valuation information provided by the funds. If necessary, adjustments to the NAV are made to the funds to obtain the best estimate of fair value. The funds in which the Group invests are close-ended and unquoted. The NAV is provided to investors only and is not made publicly available.

Valuation of equity securities

Fair value is determined based on the Group's valuation methodology, which is either determined using market comparables, discounted cash flow models, recent transactions or the Black Scholes pricing model.

In using a valuation methodology based on the discounting of forecasted cash flows of the Portfolio Company, significant judgment is required in the development of an appropriate discount rate to be applied to the forecasted cash flows. The assumptions incorporated in the valuation methodologies used to estimate the enterprise value consists primarily of unobservable Level 3 inputs, including management assumptions based on judgment. For example, from time to time, a Portfolio Company has exposure to potential or actual litigation. In evaluating the impact on the valuation for such items, the amount that a market participant would consider in estimating fair value is considered. These estimates are highly subjective, based on the Group's assessment of the potential outcome(s) and the related impact on the fair value of such potential outcome(s). A change in these assumptions could have a material impact on the determination of fair value.

In using a valuation methodology based on comparable public companies or sales of private or public comparable companies, significant judgment is required in the application of discounts or premiums to the prices of comparable companies for factors such as size, marketability and relative performance.

Under the yield analysis approach, expected future cash flows are discounted back using a discount rate. The discount rate used incorporates market based yields for similar credits to the public market and the underlying risk of the individual credit.

Options and warrants to purchase or sell shares of privately held companies are valued based on the estimated market value of the underlying common shares using the Black Scholes pricing model, which may be adjusted to reflect the associated risks. Options and warrants to purchase or sell shares of privately held companies that are significantly out of the money may be valued at the fixed option or warrant price.

Fair value disclosures

The following table analyses the fair value hierarchy of the Group's assets and liabilities measured at fair value at 30 June 2018:

Investment assets designated as held at fair value	(UNAUDITED) TOTAL £	(UNAUDITED) LEVEL 1 £	(UNAUDITED) LEVEL 2 £	(UNAUDITED) LEVEL 3 £
Investments in funds	26,634,181	-	-	26,634,181
Equity securities	30,983,078	6,491,410	-	24,491,668
Total	57,617,259	6,491,410	-	51,125,849

Derivative financial liabilities	(UNAUDITED) TOTAL £	(UNAUDITED) LEVEL 1 £	(UNAUDITED) LEVEL 2 £	(UNAUDITED) LEVEL 3 £
Forward foreign exchange contracts	5,186,245	-	5,186,245	-
Total	5,186,245	-	5,186,245	-

There were no movements between Level 1 and Level 2 fair value measurements during the period ended 30 June 2018 and no transfers into and out of Level 3 fair value measurements for the Group.

The following table analyses the fair value hierarchy of the Group's assets and liabilities measured at fair value at 30 June 2017:

Investment assets designated as held at fair value	(UNAUDITED) TOTAL £	(UNAUDITED) LEVEL 1 £	(UNAUDITED) LEVEL 2 £	(UNAUDITED) LEVEL 3 £
Investments in funds	24,564,955	-	-	24,564,955
Equity securities	35,921,045	6,157,363	1,766,713	27,996,969
Total	60,486,000	6,157,363	1,766,713	52,561,924

Derivative financial assets	(UNAUDITED) TOTAL £	(UNAUDITED) LEVEL 1 £	(UNAUDITED) LEVEL 2 £	(UNAUDITED) LEVEL 3 £
Forward foreign exchange contracts	681,996	-	681,996	-
Total	681,996	-	681,996	-

The following table analyses the fair value hierarchy of the Group's assets and liabilities measured at fair value at 31 December 2017:

Investment assets designated as held at fair value	(AUDITED) TOTAL £	(AUDITED) LEVEL 1 £	(AUDITED) LEVEL 2 £	(AUDITED) LEVEL 3 £
Investments in funds	26,962,134	-	-	26,962,134
Equity securities	32,621,131	6,648,612	-	25,972,519
Total	59,583,265	6,648,612	-	52,934,653

Derivative financial assets	(AUDITED) TOTAL £	(AUDITED) LEVEL 1 £	(AUDITED) LEVEL 2 £	(AUDITED) LEVEL 3 £
Forward foreign exchange contracts	3,297,847	-	3,297,847	-
Total	3,297,847	-	3,297,847	-

The following table presents the movement in Level 3 positions for the period for the Group at 30 June 2018:

	(UNAUDITED) INVESTMENTS IN FUNDS £	(UNAUDITED) EQUITY SECURITIES £
Beginning balance, 1 January 2018	26,962,134	25,972,519
Purchases	1,193,752	2,150,361
Sales	(1,883,651)	(3,124,868)
Transfers in (out)	-	-
Net change in unrealised foreign exchange gains (losses)	741,281	657,582
Net change in unrealised gains (losses)	(379,335)	(1,163,926)
Ending balance, 30 June 2018	26,634,181	24,491,668

The net change in unrealised gains is recognised within gains on investments in the Consolidated Statement of Comprehensive Income.

Quantitative information regarding the unobservable inputs for Level 3 positions is given below:

DESCRIPTION	(UNAUDITED) FAIR VALUE AT 30 JUNE 2018 £	VALUATION TECHNIQUE	UNOBSERVABLE INPUT	RANGE
Investments in funds	26,634,181	Net Asset Value	N/A	N/A
Equity securities	13,267,855	Market Comparables	Price per Share from Recent Transactions	US$0.30 - CHF 730.40
Equity securities	7,160,607	Discounted Cash Flows	Discount Rate Projected Cumulative Losses	13.00% - 40.00% 30.41% - 31.07%
Equity securities	3,805,645	Yield Analysis	Market Yield	13.5% - 16.3%
Equity securities	257,561	Black Scholes Model	Risk Free Rate Volatility Strike Price Current Price	2.79% 35.00% €1,275.82 €1,275.82

The investments in funds consist of investments in Larkdale III, L.P. and VPC Offshore Unleveraged Private Debt Fund, L.P. These are valued based on the NAV as calculated at the balance sheet date. No adjustments have been deemed necessary to the NAV as it reflects the fair value of the underlying investments, as such no specific unobservable inputs have been identified. The NAVs are sensitive to movements in interest rates due to the funds' underlying investment in loans.

If the price per share from recent transactions of the equity securities valued based on market comparables increased / decreased by five per cent. it would have resulted in an increase / decrease to the total value of those equity securities of £506,566 which would affect the Net gain (loss) on investments within the capital return column of the Consolidated Statement of Comprehensive Income.

If the discount rate of the equity securities valued based on discounted cash flows increased / decreased by two per cent. it would have resulted in an increase / decrease to the total value of those equity securities of £132,794 which would affect the Net gain (loss) on investments within the capital return column of the Consolidated Statement of Comprehensive Income.

If the projected cumulative losses of the equity securities valued based on discounted cash flows increase / decreased by one per cent. it would have resulted in an decrease / increase to the total value of those equity securities of £92,859 which would affect the Net gain (loss) on investments within the capital return column of the Consolidated Statement of Comprehensive Income.

If the price of all the investment assets held at period end, including individually those mentioned above, had increased / decreased by five per cent. it would have resulted in an increase / decrease in the total value the funds and equity securities of £2,556,292 which would affect the Net gain (loss) on investments within the capital return column of the Consolidated Statement of Comprehensive Income.

Assets and liabilities not carried at fair value but for which fair value is disclosed

The following table presents the fair value of the Group's assets and liabilities not measured at fair value through profit and loss at 30 June 2018 but for which fair value is disclosed. The carrying value has been used where it is a reasonable approximation of fair value:

	(UNAUDITED) TOTAL £	(UNAUDITED) LEVEL 1 £	(UNAUDITED) LEVEL 2 £	(UNAUDITED) LEVEL 3 £
Assets				
Loans	318,064,506	-	-	318,064,506
Cash and cash equivalents	3,624,359	3,624,359	-	-
Cash posted as collateral	6,693,841	6,693,841	-	-
Interest receivable	2,922,707	-	2,922,707	-
Dividend receivable	547,020	-	547,020	-
Other assets and prepaid expenses	384,379	-	384,379	-
Total	332,236,812	10,318,200	3,854,106	318,064,506

	(UNAUDITED) TOTAL £	(UNAUDITED) LEVEL 1 £	(UNAUDITED) LEVEL 2 £	(UNAUDITED) LEVEL 3 £
Liabilities				
Notes payable	45,197,631	-	-	45,197,631
Management fee payable	185,499	-	185,499	-
Performance fee payable	-	-	-	-
Unsettled share buyback payable	-	-	-	-
Accrued deferred income	660,143	-	660,143	-
Other liabilities and accrued expenses	1,021,018	-	1,021,018	-
Total	47,064,291	-	1,866,660	45,197,631

The following table presents the fair value of the Group's assets and liabilities not measured at fair value through profit and loss at 30 June 2017 but for which fair value is disclosed. The carrying value has been used where it is a reasonable approximation of fair value:

	(UNAUDITED) TOTAL £	(UNAUDITED) LEVEL 1 £	(UNAUDITED) LEVEL 2 £	(UNAUDITED) LEVEL 3 £
Assets				
Loans	379,354,771	-	-	379,354,771
Cash and cash equivalents	31,144,135	31,144,135	-	-
Cash posted as collateral	7,356,550	7,356,550	-	-
Interest receivable	4,904,920	-	4,904,920	-
Dividend receivable	453,959	-	453,959	-
Other assets and prepaid expenses	2,010,679	-	2,010,679	-
Total	425,225,014	38,500,685	7,369,558	379,354,771

	(UNAUDITED) TOTAL £	(UNAUDITED) LEVEL 1 £	(UNAUDITED) LEVEL 2 £	(UNAUDITED) LEVEL 3 £
Liabilities				
Notes payable	96,424,531	-	-	96,424,531
Management fee payable	892,159	-	892,159	-
Performance fee payable	844,771	-	844,771	-
Unsettled share buyback payable	1,155	-	1,155	-
Accrued deferred income	1,101,314	-	1,101,314	-
Other liabilities and accrued expenses	5,180,056	-	5,180,056	-
Total	104,443,986	-	8,019,455	96,424,531

The following table presents the fair value of the Group's assets and liabilities not measured at fair value through profit and loss at 31 December 2017 but for which fair value is disclosed. The carrying value has been used where it is a reasonable approximation of fair value:

	(AUDITED) TOTAL £	(AUDITED) LEVEL 1 £	(AUDITED) LEVEL 2 £	(AUDITED) LEVEL 3 £
Assets				
Loans	306,307,203	-	-	306,307,203
Cash and cash equivalents	18,353,574	18,353,574	-	-
Cash posted as collateral	4,427,301	4,427,301	-	-
Interest receivable	3,576,027	-	3,576,027	-
Dividend receivable	530,826	-	530,826	-
Other assets and prepaid expenses	798,169	-	798,169	-
Total	333,993,100	22,780,875	4,905,022	306,307,203

	(AUDITED) TOTAL £	(AUDITED) LEVEL 1 £	(AUDITED) LEVEL 2 £	(AUDITED) LEVEL 3 £
Liabilities				
Notes payable	44,298,421	-	-	44,298,421
Management fee payable	420,339	-	420,339	-
Performance fee payable	-	-	-	-
Unsettled share buyback payable	194,682	-	194,682	-
Deferred income	776,514	-	776,514	-
Other liabilities and accrued expenses	2,138,315	-	2,138,315	-
Total	47,828,271	-	3,529,850	44,298,421

4. INCOME AND GAINS ON INVESTMENTS AND LOANS

	(UNAUDITED) 30 JUNE 2018 £	(UNAUDITED) 30 JUNE 2017 £	(AUDITED) 31 DECEMBER 2017 £
Income			
Interest income	18,337,535	34,261,725	58,070,136
Distributable income from investments in funds	1,071,183	1,060,496	2,030,615
Dividend income	67,373	77,123	143,215
Other income	2,378,973	414,806	1,376,142
Total	21,855,064	35,814,150	61,620,108

	(UNAUDITED) 30 JUNE 2018 £	(UNAUDITED) 30 JUNE 2017 £	(AUDITED) 31 DECEMBER 2017 £
Net gains (losses) on investments			
Realised loss on sale of investments	-	(675,721)	(11,992,291)
Realised gain on sale of investments	1,504,721	-	1,875,039
Unrealised gain (loss) on investment in funds	28,802	169,734	246,939
Unrealised loss on equity securities	(1,200,302)	(4,732,618)	(8,752,818)
Total	333,221	(5,238,605)	(18,623,131)

5. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS

Introduction

Risk is inherent in the Group's activities but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The Group is exposed to market risk (which includes currency risk, interest rate risk and other price risk), credit risk and liquidity risk arising from the financial instruments held by the Group.

Risk management structure

The Directors are ultimately responsible for identifying and controlling risks. Day to day management of the risk arising from the financial instruments held by the Group has been delegated to Victory Park Capital Advisors, LLC as Investment Manager to the Parent Company and the Group.

The Investment Manager regularly reviews the investment portfolio and industry developments to ensure that any events which impact the Group are identified and considered. This also ensures that any risks affecting the investment portfolio are identified and mitigated to the fullest extent possible.

The Group has no employees and the Directors have all been appointed on a Non-Executive basis. Whilst the Group has taken all reasonable steps to establish and maintain adequate procedures, systems and controls to enable it to comply with its obligations, the Group is reliant upon the performance of third party service providers for its executive function. In particular, the Investment Manager, the Custodian, the Administrator and the Registrar will be performing services which are integral to the operation of the Group. Failure by any service provider to carry out its obligations to the Group in accordance with the terms of its appointment could have a materially detrimental impact on the operation of the Group.

The principal risks and uncertainties that could have a material impact on the Group's performance have not changed from those set out in detail on pages 23 to 26 of the Annual Report for the year ended 31 December 2017.

In seeking to implement the investment objectives of the Parent Company while limiting risk, the Parent Company and the Group are subject to the investment limits restrictions set out in the Credit Risk section of this note.

Market risk (incorporating price, interest rate risk and currency)

Market risk is the risk of loss arising from movements in observable market variables such as foreign exchange rates, equity prices and interest rates. The Group is exposed to market risk primarily through its Financial Instruments.

Market price risk

The Group is exposed to price risk arising from the investments held by the Group for which prices in the future are uncertain. The investment in funds are exposed to market price risk. Refer to Note 3 for further details on the sensitivity of the Group's Level 3 investments to price risk.

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments.

While the Group is exposed to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows, the downside exposure of the Group is limited at 30 June 2018 due to the fixed rate nature of the investments or interest rate floors that are in place on most of the Group's variable interest rate loans.

The Group does not intend to hedge interest rate risk on a regular basis. However, where it enters floating rate liabilities against fixed-rate loans, it may at its sole discretion seek to hedge out the interest rate exposure, taking into consideration amongst other things the cost of hedging and the general interest rate environment.

Currency risk

Currency risk is the risk that the value of net assets will fluctuate due to changes in foreign exchange rates. Relevant risk variables are generally movements in the exchange rates of non-functional currencies in which the Group holds financial assets and liabilities.

The assets of the Group as at 30 June 2018 are invested in assets which are denominated in US Dollars, Euros, Pound Sterling and other currencies. Accordingly, the value of such assets may be affected favourably or unfavourably by fluctuations in currency rates. The Group hedges currency exposure between Pound Sterling and any other currency in which the Group's assets may be denominated, in particular US Dollars, Australian Dollars and Euros.

Micro and Small Cap Company Investing Risk

The Group will generally invest with companies that are small, not widely known and not widely held. Small companies tend to be more vulnerable to adverse developments than larger companies and may have little or no track records. Small companies may have limited product lines, markets, or financial resources, and may depend on less seasoned management. Their securities may trade infrequently and in limited volumes. It may take a relatively long period of time to accumulate an investment in a particular issue in order to minimise the effect of purchases on market price. Similarly, it could be difficult to dispose of such investments on a timely basis without adversely affecting market prices. As a result, the prices of these securities may fluctuate more than the prices of larger, more widely traded companies. Also, there may be less publicly available information about small companies or less market interest in their securities compared to larger companies, and it may take longer for the prices of these securities to reflect the full value of their issuers' earnings potential or assets.

Leverage and Borrowing Risk

Whilst the use of borrowings by the Group should enhance the net asset value of an investment when the value of an investment's underlying assets is rising, it will, however, have the opposite effect where the underlying asset value is falling. In addition, in the event that an investment's income falls for whatever reason, the use of borrowings will increase the impact of such a fall on the net revenue of the Group's investment and accordingly will have an adverse effect on the ability of the investment to make distributions to the Group.

Concentration of foreign currency exposure

The Investment Manager monitors the fluctuations in foreign currency exchange rates and may use forward foreign exchange contracts to hedge the currency exposure of the Parent Company and Group's non GBP denominated investments. The Investment Manager re-examines the currency exposure on a regular basis in each currency and manages the Parent Company's currency exposure in accordance with market expectations.

Liquidity risk

Liquidity risk is defined as the risk that the Group may not be able to settle or meet its obligations on time or at a reasonable price. Ordinary Shares are not redeemable at the holder's option.

The maturities of the non-current financial liabilities are disclosed in Note 6.

Current financial liabilities consisting of fees payable, accrued expenses and other liabilities are all due within three months.

The Investment Manager manages the Group's liquidity risk by investing primarily in a diverse portfolio of assets. At 30 June 2018, the Group has investments in 37 Portfolio Companies. At 30 June 2018, 1% of the loans have a stated maturity date of less than a year. The Group has no loans with a maturity date of more than five years.

The Group and Parent Company continuously monitor for fluctuation in currency rates. The Parent Company performs stress tests and liquidity projections to determine how much cash should be held back to meet potential future to obligations to settle margin calls arising from foreign exchange hedging.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The Group's credit risks arise principally through exposures to loans acquired by the Group, which are subject to risk of borrower default. The ability of the Group to earn revenue is completely dependent upon payments being made by the borrower of the loan acquired by the Group through a Portfolio Company. The Group (as a lender member) will receive payments under any loans it acquires through a Portfolio Company only if the corresponding borrower through that Portfolio Company (borrower member) makes payments on the loan.

Consumer loans are unsecured obligations of borrower members. They are not secured by any collateral, not guaranteed or insured by any third party and not backed by any governmental authority in any way.

The Group will invest across various Portfolio Companies, asset classes, geographies (primarily United States and Europe) and credit bands in order to ensure diversification and to seek to mitigate concentration risks.

Under the Balance Sheet Model, the Group provides a floating rate Credit Facility to the Portfolio Company via a Special-Purpose Vehicle ("SPV"), which retains Debt Instruments that are originated by the Portfolio Company. The debt financing is typically arranged in the form of a senior secured facility and the Portfolio Company injects junior capital in the SPV, which provides significant first loss protection to the Company and excess spread, which provides downside protection versus marketplace loans.

There are no loans past due which are not impaired.

Portfolio Company restrictions

The Group does not intend to invest more than 20% of its Gross Assets in Debt Instruments (net of any gearing ring-fenced within any special purpose vehicle which would be without recourse to the Group), originated by, and/or Credit Facilities and equity instruments in, any single Portfolio Company, calculated at the time of investment. All such aggregate exposure to any single Portfolio Company (including investments via a special purpose vehicle) will always be subject to an absolute maximum, calculated at the time of investment, of 25% of the Group's Gross Assets.

Asset class restrictions

The Group does not intend to acquire Debt Instruments for a term longer than five years. The Group will not invest more than 20% of its Gross Assets, at the time of investment, via any single investment fund investing in Debt Instruments and Credit Facilities. In any event, the Group will not invest, in aggregate, more than 60% of its Gross Assets, at the time of investment, in investment funds that invest in Debt Instruments and Credit Facilities.

The Group will not invest more than 10% of its Gross Assets, at the time of investment, in other listed closed-ended investment funds, whether managed by the Investment Manager or not, except that this restriction shall not apply to investments in listed closed-ended investment funds which themselves have stated investment policies to invest no more than 15% of their gross assets in other listed closed-ended investment funds.

The following restrictions apply, in each case at the time of investment by the Group, to both Debt Instruments acquired by the Group via wholly-owned special purpose vehicles or partially-owned special purpose vehicles on a proportionate basis under the Marketplace Model, as well as on a look-through basis under the Balance Sheet Model and to any Debt Instruments held by another investment fund in which the Group invests:

- No single consumer loan acquired by the Group shall exceed 0.25% of its Gross Assets.
- No single SME loan acquired by the Group shall exceed 5.0% of its Gross Assets. For the avoidance of doubt, Credit Facilities entered into directly with Platforms are not considered SME loans.
- No single trade receivable asset acquired by the Group shall exceed 5.0% of its Gross Assets.

Other restrictions

The Group's un-invested or surplus capital or assets may be invested in Cash Instruments for cash management purposes and with a view to enhancing returns to Shareholders or mitigating credit exposure.

6. NOTE PAYABLE

The Group entered into contractual obligations with third parties to structurally subordinate a portion of the principal directly attributable to existing investments. The cash flows received by the Group from the underlying investments are used to pay the lender principal, interest, and draw fees based upon the stated terms of the Credit Facility. Unless due to a fraudulent act, as defined by the Credit Facilities, none of the Group's other investment assets can be used to satisfy the obligations of the Credit Facilities in the event that those obligations cannot be met by the subsidiaries. Each subsidiary with a Credit Facility is a bankruptcy remote entity.

The table below provides details of the outstanding debt of the Group at 30 June 2018:

30 JUNE 2018	INTEREST RATE	OUTSTANDING PRINCIPAL £	MATURITY
Credit Facility 08-2016	3.00%	1,654,001	15 December 2025

The Group entered into contractual obligations with a third party to structurally subordinate a portion of principal directly attributable to an existing loan facility. The Group is obligated to pay a commitment fee and interest to the third party on the obligation as interest is paid on the underlying loan facility. In the event of a default on the loan facility, the third party has first-out participation rights on the accrued and unpaid interest as well as the principal balance of the note.

The table below provides details of the outstanding first-out participation liabilities of the Group at 30 June 2018:

30 JUNE 2018	OUTSTANDING PRINCIPAL £	MATURITY
First-Out Participation 06-2015	10,633,862	13 June 2021
First-Out Participation 03-2016	16,940,524	3 March 2019
First-Out Participation 12-2016	8,427,960	17 November 2021
First-Out Participation 03-2017	7,541,284	30 January 2021

The table below provides the movement of the notes payable for the period ended 30 June 2018 for the Group:

	NOTES PAYABLE £
Beginning balance, 1 January 2018	44,298,421
Purchases	6,514,019
Sales	(5,842,598)
Net change in unrealised foreign exchange gains (losses)	227,789
Ending balance, 30 June 2018	45,197,631

7. IMPAIRMENT OF FINANCIAL ASSETS AT AMORTISED COST

The table below provides details of the investments at amortised cost held by the Group for the period ended 30 June 2018 under IFRS 9:

	COST BEFORE ECL £	ECL £	LOANS WRITTEN-OFF £	CARRYING VALUE £
Loans at amortised cost	326,718,704	7,890,376	895,663	317,932,665
Total	326,718,704	7,890,376	895,663	317,932,665

The table below provides details of the investments at amortised cost held by the Group restated as at 1 January 2018 under IFRS 9:

	COST BEFORE ECL £	ECL £	LOANS WRITTEN-OFF £	CARRYING VALUE £
Loans at amortised cost	335,077,673	6,116,051	26,288,295	302,673,327
Total	335,077,673	6,116,051	26,288,295	302,673,327

The table below provides details of the investments at amortised cost held by the Group for the period ended 30 June 2017 under IAS 39:

	COST BEFORE IMPAIRMENT £	LOAN LOSS RESERVE £	LOANS WRITTEN-OFF £	CARRYING VALUE £
Loans at amortised cost	407,188,123	10,388,436	18,985,531	377,814,156
Total	407,188,123	10,388,436	18,985,531	377,814,156

The table below provides details of the investments at amortised cost held by the Group for the year ended 31 December 2017 under IAS 39:

	COST BEFORE IMPAIRMENT £	LOAN LOSS RESERVE £	LOANS WRITTEN-OFF £	CARRYING VALUE £
Loans at amortised cost	335,077,673	2,343,021	26,288,295	306,446,357
Total	335,077,673	2,343,021	26,288,295	306,446,357

The Parent Company does not hold any loans.

Credit impairment losses

The credit impairment losses of the Group as at 30 June 2018 comprises of the following under IFRS 9:

	CREDIT IMPAIRMENT LOSSES 30 JUNE 2018 £
Loans written off	895,663
Change in expected credit losses or equivalent	1,774,325
Currency translation on expected credit losses or equivalent	(840,261)
Credit impairment losses	1,829,727

The impairment charge of the Group as at 30 June 2017 comprises of the following under IAS 39:

	IMPAIRMENT CHARGE 30 JUNE 2017 £
Loans written off	18,985,531
Change in loan loss reserve	(2,411,258)
Currency translation	552,982
Impairment charge	17,127,255

The impairment charge of the Group as at 31 December 2017 comprises of the following under IAS 39:

	IMPAIRMENT CHARGE 31 DECEMBER 2017 £
Loans written off	26,288,295
Change in loan loss reserve	(10,456,673)
Currency translation	(368,899)
Impairment charge	15,462,723

The change in loan loss reserve as at 31 December 2017 compared to 30 June 2017 is driving the decrease in the total impairment charges when comparing the periods. This is mainly driven by the sale of certain marketplace loan portfolios during the second half of 2017 as loan loss reserves were released when the loans were sold by the Group.

Impairment of loans written off

Impairment charges of loans written off of £895,663 (31 December 2017: £26,288,295; 30 June 2017: £18,985,531) have been recorded in the Group's Consolidated Statement of Financial Position and are included in credit impairment losses on the Consolidated Statement of Comprehensive Income.

Impairment of loans reserved against

As at 30 June 2018, the Group has created a reserve provision on the outstanding principal of the Group's loans of £7,890,376 (31 December 2017: £2,343,021; 30 June 2017: £10,388,436), which have been recorded in the Group's Consolidated Statement of Financial Position and are included in credit impairment losses on the Consolidated Statement of Comprehensive Income. The majority of the loans reserved against by the Group would be classified as secured other when being assessed for the credit quality of loans.

The impairment of loans reserved against comprises the following:

	30 JUNE 2018 £
Beginning balance 1 January 2018	2,343,021
IFRS 9 adjustment to balance as at 1 January 2018	3,773,030
Change in expected credit losses or equivalent	1,774,325
Ending balance 30 June 2018	7,890,376

Below is a breakout of the impairment of loans reserved against by stage of the ECL model as at 30 June 2018:

	30 JUNE 2018 £
Stage 1	1,854,542
Stage 2	3,576,180
Stage 3	2,459,654
Expected credit losses	7,890,376

Below is a breakout of the impairment of loans reserved against by stage of the ECL model as at 1 January 2018:

	1 JANUARY 2018 £
Stage 1	1,928,974
Stage 2	1,546,298
Stage 3	2,640,779
Expected credit losses	6,116,051

Below is a breakout of the carrying value of loans by stage of the ECL model as at 30 June 2018:

	30 JUNE 2018 £
Stage 1	298,141,701
Stage 2	18,926,648
Stage 3	864,316
Loans at amortised cost	317,932,665

Below is a breakout of the carrying value of loans by stage of the ECL model as at 1 January 2018:

	1 JANUARY 2018 £
Stage 1	275,690,963
Stage 2	25,971,928
Stage 3	1,010,436
Loans at amortised cost	302,673,327

8. FEES AND EXPENSES

Under the terms of the Management Agreement, the Investment Manager is entitled to a management fee and a performance fee together with reimbursement of reasonable expenses incurred by it in the performance of its duties.

Investment management fees

The management fee is payable in Pound Sterling monthly in arrears and is at the rate of 1/12 of 1.0% per month of NAV (the “Management Fee”). For the period from Admission until the date on which 90% of the net proceeds of the Issue have been invested or committed for investment (other than in Cash Instruments), the value attributable to any Cash Instruments of the Group held for investment purposes will be excluded from the calculation of NAV for the purposes of determining the Management Fee.

The Investment Manager shall not charge a management fee twice. Accordingly, if at any time the Group invests in or through any other investment fund or special purpose vehicle and a management fee or advisory fee is charged to such investment fund or special purpose vehicle by the Investment Manager or any of its affiliates, the Investment Manger agrees to either (at the option of the Investment Manager): (i) waive such management fee or advisory fee due to the Investment Manager or any of its affiliates in respect of such investment fund or special purpose vehicle, other than the fees charged by the Investment Manager under the Management Agreement; or (ii) charge the relevant fee to the relevant investment fund or special purpose vehicle, subject to the cap set out in the paragraph below, and ensure that the value of such investment shall be excluded from the calculation of the NAV for the purposes of determining the Management Fee payable pursuant to the above. The management fee expense of the Group for the period is £1,772,077 (31 December 2017: £4,568,316; 30 June 2017: £2,498,988).

Notwithstanding the above, where such investment fund or special purpose vehicle employs leverage from third parties and the Investment Manager or any of its affiliates is entitled to charge it a fee based on gross assets in respect of such investment, the Investment Manager may not charge a fee greater than 1.0% per annum of gross assets in respect of any investment made by the Parent Company or any member of the Group.

Performance fees

The performance fee is calculated by reference to the movements in the Adjusted Net Asset Value since the end of the Calculation Period in respect of which a performance fee was last earned or Admission if no performance fee has yet been earned. With effect from 1 May 2017, the payment of any performance fees to the Investment Manager will be conditional on the Company achieving at least a 5.0% per annum total return for shareholders relative to a 30 April 2017 High Water Mark.

A performance fee was calculated in respect of the period starting on 1 January 2017 to 30 April 2017. Going forward, the performance fee will be calculated starting from 1 May 2017 to 31 December 2017, and, thereafter, in respect of each 12 month period starting on 1 January and ending on 31 December in each calendar year (a “Calculation Period”) and provided further that if at the end of what would otherwise be a Calculation Period no performance fee has been earned in respect of that period, the Calculation Period shall carry on for the next 12 month period and shall be deemed to be the same Calculation Period and this process shall continue until a performance fee is next earned at the end of the relevant period.

For the period from 1 January 2017 to 30 April 2017, the performance fee will be a sum equal to 15% of such amount (if positive) and will only be payable if the Adjusted Net Asset Value at the end of a Calculation Period exceeds the High Water Mark. The performance fee shall be payable to the Investment Manager in arrears within 30 calendar days of the end of the relevant Calculation Period.

For the period from 1 January to 30 April 2017, “Adjusted Net Asset Value” for this calculation means the NAV adjusted for: (i) any increases or decreases in NAV arising from issues or repurchases of Ordinary Shares during the relevant Calculation Period; (ii) adding back the aggregate amount of any dividends or distributions (for which no adjustment has already been made under (i)) made by the Parent Company at any time during the relevant Calculation Period; and (iii) before deduction for any accrued performance fees.

For the Calculation Period beginning 1 May 2017, the performance fee will be equal to the lower of (i) in each case as at the end of the Calculation Period, an amount equal to (a) Adjusted Net Asset Value minus the Adjusted Hurdle Value, minus (b) the aggregate of all Performance Fees paid to the Manager in respect of all previous Calculation Periods; and (ii) the amount by which (a) 15 per cent. of the total increase in the Adjusted Net Asset Value since the Net Asset Value as at 30 April 2017 (being the aggregate of the increase in the Adjusted Net Asset Value in the relevant Calculation Period and in each previous Calculation Period) exceeds (b) the aggregate of all Performance Fees paid to the Manager in respect of all previous Calculation Periods. In the foregoing calculation, the Adjusted Net Asset Value will be adjusted for any increases or decreases in the Net Asset Value attributable to the issue or repurchase of any Ordinary Shares in order to calculate the total increase in the Net Asset Value attributable to the performance of the Company.

"Adjusted Net Asset Value" for the Calculation Period beginning 1 May 2017 means the Net Asset Value plus (a) the aggregate amount of any dividends paid or distributions made in respect of any Ordinary Shares and (b) the aggregate amount of any dividends or distributions accrued but unpaid in respect of any Ordinary Shares, plus the amount of any Performance Fees both paid and accrued but unpaid, in each case after the Effective Date and without duplication. "Adjusted Hurdle Value" means the Net Asset Value as at 30 April 2017 adjusted for any increases or decreases in the Net Asset Value attributable to the issue or repurchase of any Ordinary Shares increasing at an uncompounded rate equal to the Hurdle. The “Hurdle” means a 5% per annum total return for shareholders.

The Investment Manager shall not charge a performance fee twice. Accordingly, if at any time the Group invests in or through any other investment fund, special purpose vehicle or managed account arrangement and a performance fee or carried interest is charged to such investment fund, special purpose vehicle or managed account arrangement by the Investment Manager or any of its affiliates, the Investment Manager agrees to (and shall procure that all of its relevant affiliates shall) either (at the option of the Investment Manager): (i) waive such performance fee or carried interest suffered by the Group by virtue of the Investment Manager’s (or such relevant affiliate’s/affiliates’) management of (or advisory role in respect of) such investment fund, special purpose vehicle or managed account, other than the fees charged by the Investment Manager under the Management Agreement; or (ii) calculate the performance fee as above, except that in making such calculation the NAV (as of the date of the High Water Mark) and the Adjusted NAV (as of the NAV calculation date) shall not include the value of any assets invested in any other investment fund, special purpose vehicle or managed account arrangement that is charged a performance fee or carried interest by the Investment Manager or any of its affiliates (and such performance fee or carried interest is not waived with respect to the Group). The performance fee expense of the Group for the period is £Nil (31 December 2017: £844,773; 30 June 2017: £844,773).

9. NET ASSET VALUE PER SHARE

	(UNAUDITED) AS AT 30 JUNE 2018 £	(UNAUDITED) AS AT 30 JUNE 2017 £	(AUDITED) AS AT 31 DECEMBER 2017 £
Ordinary Shares			
Net assets	331,717,046	351,240,190	339,401,017
Shares in issue	365,571,056	377,509,371	370,187,947
Net asset value per Ordinary Share	90.74p	93.04p	91.68p

10. RETURN PER ORDINARY SHARE

Basic earnings per share is calculate using the number of Shares held at year end, excluding the number of Shares purchased by the Parent Company and held as Treasury Shares.

	(UNAUDITED) AS AT 30 JUNE 2018 £	(UNAUDITED) AS AT 30 JUNE 2017 £	(AUDITED) AS AT 31 DECEMBER 2017 £
Profit for the year	13,678,228	2,399,560	9,181,616
Number of Shares held at year end	365,571,056	377,509,371	370,187,947
Earnings per Share (basic and diluted)	3.74p	0.64p	2.48p

The Parent Company has not issued any shares or other instruments that are considered to have dilutive potential.

11. SHAREHOLDERS' CAPITAL

Set out below is the issued share capital of the Company as at 30 June 2018:

	NOMINAL VALUE £	NUMBER OF SHARES
Ordinary Shares	0.01	365,571,056

Set out below is the issued share capital of the Company as at 30 June 2017:

	NOMINAL VALUE £	NUMBER OF SHARES
Ordinary Shares	0.01	377,509,371

Set out below is the issued share capital of the Company as at 31 December 2017:

	NOMINAL VALUE £	NUMBER OF SHARES
Ordinary Shares	0.01	370,187,947

Rights attaching to the Ordinary Shares

The holders of the Shares are entitled to receive, and to participate in, any dividends declared in relation to the Shares. The holders of the Shares shall be entitled to all of the Parent Company's remaining net assets after taking into account any net assets attributable to other share classes in issue. The Shares shall carry the right to receive notice of, attend and vote at general meetings of the Parent Company. The consent of the holders of the Shares will be required for the variation of any rights attached to the Shares. The net return per Share is calculated by dividing the net return on ordinary activities after taxation by the number of shares in issue related to each share class.

Voting rights

Subject to any rights or restrictions attached to any shares, on a show of hands every shareholder present in person has one vote and every proxy present who has been duly appointed by a shareholder entitled to vote has one vote, and on a poll every shareholder (whether present in person or by proxy) has one vote for every share of which he is the holder. A shareholder entitled to more than one vote need not, if he votes, use all his votes or cast all the votes he uses the same way. In the case of joint holders, the vote of the senior who tenders a vote shall be accepted to the exclusion of the vote of the other joint holders, and seniority shall be determined by the order in which the names of the holders stand in the Register.

No shareholder shall have any right to vote at any general meeting or at any separate meeting of the holders of any class of shares, either in person or by proxy, in respect of any share held by him unless all amounts presently payable by him in respect of that share have been paid.

Variation of Rights & Distribution on Winding Up

Subject to the provisions of the Act as amended and every other statute for the time being in force concerning companies and affecting the Parent Company (the "Statutes"), if at any time the share capital of the Parent Company is divided into different classes of shares, the rights attached to any class may be varied either with the consent in writing of the holders of three-quarters in nominal value of the issued shares of that class or with the sanction of an extraordinary resolution passed at a separate meeting of the holders of the shares of that class (but not otherwise) and may be so varied either whilst the Parent Company is a going concern or during or in contemplation of a winding-up.

At every such separate general meeting the necessary quorum shall be at least two persons holding or representing by proxy at least one-third in nominal value of the issued shares of the class in question (but at any adjourned meeting any holder of shares of the class present in person or by proxy shall be a quorum), any holder of shares of the class present in person or by proxy may demand a poll and every such holder shall on a poll have one vote for every share of the class held by him. Where the rights of some only of the shares of any class are to be varied, the foregoing provisions apply as if each group of shares of the class differently treated formed a separate class whose rights are to be varied.

The Parent Company has no fixed life but, pursuant to the Articles, an ordinary resolution for the continuation of the Parent Company will be proposed at the annual general meeting of the Parent Company to be held in 2020 and, if passed, every five years thereafter. Upon any such resolution not being passed, proposals will be put forward within three months after the date of the resolution to the effect that the Parent Company be wound up, liquidated, reconstructed or unitised.

If the Parent Company is wound up, the liquidator may divide among the shareholders in specie the whole or any part of the assets of the Parent Company and for that purpose may value any assets and determine how the division shall be carried out as between the shareholders or different classes of shareholders.

The table below shows the movement in shares during the period through 30 June 2018:

FOR THE PERIOD FROM 1 JANUARY 2018 TO 30 JUNE 2018	SHARES IN ISSUE AT THE BEGINNING OF THE PERIOD	CONVERSION OF C SHARES	SHARES REPURCHASED	SHARES IN ISSUE AT THE END OF THE PERIOD
Ordinary Shares	370,187,947	-	(4,616,891)	365,571,056

The table below shows the movement in shares during the period through 30 June 2017:

FOR THE PERIOD FROM 1 JANUARY 2017 TO 30 JUNE 2017	SHARES IN ISSUE AT THE BEGINNING OF THE PERIOD	CONVERSION OF C SHARES	SHARES REPURCHASED	SHARES IN ISSUE AT THE END OF THE PERIOD
Ordinary Shares	381,115,665	-	(3,606,294)	377,509,371

The table below shows the movement in shares during the period through 31 December 2017:

FOR THE PERIOD FROM 1 JANUARY 2017 TO 31 DECEMBER 2017	SHARES IN ISSUE AT THE BEGINNING OF THE PERIOD	CONVERSION OF C SHARES	SHARES REPURCHASED	SHARES IN ISSUE AT THE END OF THE PERIOD
Ordinary Shares	381,115,665	-	(10,927,718)	370,187,947

Share buyback programme

During the period, the Company continued to repurchase shares through the share buyback programme. All shares bought back are held in treasury as at 30 June 2018.

Details of the programme are as follows:

MONTH OF PURCHASE	ORDINARY SHARES PURCHASED	AVERAGE PRICE PER SHARE	LOWEST PRICE PER SHARE	HIGHEST PRICE PER SHARE	TOTAL TREASURY SHARES
January 2018	250,000	80.00p	80.00p	80.00p	12,677,718
February 2018	1,750,000	79.43p	78.00p	80.00p	14,427,718
March 2018	-	0.00p	0.00p	0.00p	14,427,718
April 2018	1,623,745	77.91p	77.00p	78.00p	16,051,463
May 2018	993,146	79.91p	78.00p	80.00p	17,044,609
June 2018	-	0.00p	0.00p	0.00p	17,044,609

Other distributable reserve

During 2018, the cost of the buyback of ordinary shares as detailed above was funded by the other distributable reserve of £3,674,245. The closing balance in the other distributable reserve has been reduced to £176,087,545.

12. DIVIDENDS PER SHARE

The following table summarises the amounts recognised as distributions to equity shareholders in the period:

	(UNAUDITED) 30 JUNE 2018 £	(UNAUDITED) 30 JUNE 2017 £	(AUDITED) 31 DECEMBER 2017 £
2016 interim dividend of 1.50 pence per Ordinary Share paid on 7 April 2017	-	5,692,140	5,692,140
2017 interim dividend of 1.50 pence per Ordinary Share paid on 22 June 2017	-	5,667,482	5,667,482
2017 interim dividend of 1.70 pence per Ordinary Share paid on 21 September 2017	-	-	6,367,798
2017 interim dividend of 1.80 pence per Ordinary Share paid on 24 November 2017	-	-	6,682,130
2017 interim dividend of 1.80 pence per Ordinary Share paid on 5 April 2018	6,627,383	-	-
2018 interim dividend of 2.00 pence per Ordinary Share paid on 28 June 2018	7,330,421	-	-
Total	13,957,804	11,359,622	24,409,550

An interim dividend of 2.00 pence per Ordinary Share was declared by the Board on 22 August 2018 in respect of the period to 30 June 2018, was paid to shareholders on 20 September 2018. The interim dividend has not been included as a liability in these accounts in accordance with International Accounting Standard 10: Events After the Balance Sheet Date.

13. RELATED PARTY TRANSACTIONS

Each of the Directors is entitled to receive a fee from the Parent Company at such rate as may be determined in accordance with the Articles. Save for the Chairman of the Board, the fees are £30,000 for each Director per annum. The Chairman's fee is £50,000 per annum. The chairman of the Audit and Valuation Committee may also receive additional fees for acting as the chairmen of such a committee. The current fee for serving as the chairman of the Audit and Valuation Committee is £5,000 per annum.

All of the Directors are also entitled to be paid all reasonable expenses properly incurred by them in attending general meetings, board or committee meetings or otherwise in connection with the performance of their duties. The Board may determine that additional remuneration may be paid, from time to time, to any one or more Directors in the event such Director or Directors are requested by the Board to perform extra or special services on behalf of the Parent Company. Mr. Richard Levy is a non-executive Director of the Parent Company and is not a member of any of the existing Board committees.

As at 30 June 2018, the Directors' interests in the Parent Company's Shares were as follows:

		(UNAUDITED) 30 JUNE 2018	(UNAUDITED) 30 JUNE 2017	(AUDITED) 31 DECEMBER 2017
Andrew Adcock	Ordinary Shares	50,000	50,000	50,000
Kevin Ingram	Ordinary Shares	34,968	34,968	34,968
Richard Levy	Ordinary Shares	1,300,000	800,000	1,300,000
Elizabeth Passey	Ordinary Shares	10,000	10,000	10,000
Clive Peggram	Ordinary Shares	194,740	194,740	194,740

As at 30 June 2018, Richard Levy's beneficial interests included 1,645,232 (31 December 2017: 1,364,896; 30 June 2017: 780,642) Ordinary Shares held by Victory Park Capital Advisors LLC, deemed a person closely associated with Richard Levy under the EU Market Abuse Regulation (MAR). From 1 July 2017 to 27 September 2018, Victory Park Capital Advisors LLC have purchased a further 133,984 Ordinary Shares. Victory Park Capital Advisors LLC continued purchasing shares of the Company with 20% of the Investment Manager's monthly management fee and the shares were purchased at the prevailing market price.

Investment management fees for the period ended 30 June 2018 are payable by the Parent Company to the Investment Manager and these are presented on the Consolidated Statement of Comprehensive Income. Details of investment management fees and performance fees payable during the period are disclosed in Note 8.

As at 30 June 2018, Partners and Principals of the Investment Manager held Ordinary Shares 1,885,000 (31 December 2017: 1,885,000; 30 June 2017: 1,385,000) in the Parent Company.

The Group has invested in VPC Offshore Unleveraged Private Debt Fund Feeder, L.P. The Investment Manager of the Parent Company also acts as manager to VPC Offshore Unleveraged Private Debt Fund Feeder, L.P. The principal activity of VPC Offshore Unleveraged Private Debt Fund Feeder, L.P.

is to invest in alternative finance investments and related instruments with a view to achieving the Parent Company's investment objective. As at 30 June 2018 the Group owned 26 per cent. of VPC Offshore Unleveraged Private Debt Fund Feeder, L.P. (31 December 2017: 26 per cent.; 30 June 2017: 26 per cent.) and the value of the Group's investment in VPC Offshore Unleveraged Private Debt Fund Feeder, L.P. was £23,842,629 (31 December 2017: £23,845,238; 30 June 2017: £21,026,449).

The Group has invested in Larkdale III, L.P. The Investment Manager of the Parent Company also acts as manager to Larkdale III, L.P. As at 30 June 2018, the Group owned 52 per cent. of Larkdale III, L.P. (31 December 2017: 52 per cent.; 30 June 2017: 52 per cent.) and the value of the Group's investment in Larkdale III, L.P. was £2,971,552 (31 December 2017: £3,116,896; 30 June 2017: £3,538,506).

The Investment Manager may pay directly various expenses that are attributable to the Group. These expenses are allocated to and reimbursed by the Group to the Investment Manager as outlined in the Management Agreement. Any excess expense previously allocated to and paid by the Group to the Investment Manager will be reimbursed to the Group by the Investment Manager. At 30 June 2018, £Nil was due to the Investment Manager (31 December 2017: £41,686; 30 June 2017: £15,139), and is included in the Accrued expenses and other liabilities balance on the Consolidated Statement of Financial Position.

14. SUBSIDIARIES

NAME	PRINCIPAL ACTIVITY	COUNTRY OF INCORPORATION	NATURE OF INVESTMENT	(UNAUDITED) 30 JUNE 2018 PERCENTAGE OWNERSHIP	(UNAUDITED) 30 JUNE 2017 PERCENTAGE OWNERSHIP	(AUDITED) 31 DECEMBER 2017 PERCENTAGE OWNERSHIP
VPC Specialty Lending Investments Intermediate, L.P.	Investment vehicle	USA	Limited partner interest	Sole limited partner	Sole limited partner	Sole limited partner
VPC Specialty Lending Investments Intermediate GP, LLC	General partner	USA	Membership interest	Sole member	Sole member	Sole member
LIAB, L.P.	Investment vehicle	UK	Limited partner interest	Sole limited partner	Sole limited partner	Sole limited partner
LIAB GP, LLC	General partner	UK	Membership interest	Sole member	Sole member	Sole member
Fore London, L.P.	Investment vehicle	UK	Limited partner interest	Sole limited partner	Sole limited partner	Sole limited partner
Fore London GP, LLC	General partner	UK	Membership interest	Sole member	Sole member	Sole member
SVTW, L.P.	Investment vehicle	USA	Limited partner interest	99%	99%	99%
SVTW GP, LLC	General partner	USA	Membership interest	99%	99%	99%
Duxbury Court I, L.P.	Investment vehicle	USA	Limited partner interest	95%	94%	95%
Duxbury Court I GP, LLC	General partner	USA	Membership interest	95%	94%	95%
Drexel I, L.P.	Investment vehicle	USA	Limited partner interest	52%	53%	52%
Drexel I GP, LLC	General partner	USA	Membership interest	52%	53%	52%
Larkdale I, L.P.	Investment vehicle	USA	Limited partner interest	61%	61%	61%
Larkdale I GP, LLC	General partner	USA	Membership interest	61%	61%	61%
Larkdale II, L.P.	Investment vehicle	USA	Limited partner interest	N/A	50%	N/A
Larkdale II GP, LLC	General partner	USA	Membership interest	N/A	50%	N/A
Larkdale IV, L.P.	Investment vehicle	USA	Limited partner interest	N/A	61%	N/A
Larkdale IV GP, LLC	General partner	USA	Membership interest	N/A	61%	N/A

15. NON-CONTROLLING INTERESTS

The non-controlling interests arises from investments in limited partnerships considered to be controlled subsidiaries into which there are other investors. The value of the non-controlling interests at 30 June 2018 represents the portion of the NAV of the controlled subsidiaries attributable to the other investors. As at 30 June 2018, the portion of the NAV attributable to non-controlling interests investments totalled £291,262 (31 December 2017: £842,521; 30 June 2017: £19,882,861). In the Consolidated Statement of Comprehensive Income, the amount attributable to non-controlling interests represents the increase in the fair value of the investment in the period.

16. SUBSEQUENT EVENTS AFTER THE REPORTING PERIOD

The Company declared a dividend of 2.00 pence per Ordinary Share for the three-month period ending 30 June 2018 and paid the dividend on 20 September 2018.

From 1 July 2018 to 27 September 2018, the Company had repurchased an additional 700,000 Ordinary Shares at an average price of 80.26 pence per Ordinary Share under the share buyback programme.

The Group was refinanced from its balance sheet investment to Community Choice Financial, Inc. and partially repaid from its balance sheet investment in Curo Financial Technologies Corp.

There were no other significant events subsequent to the period end.

SHAREHOLDER INFORMATION

GLOSSARY OF TERMS

Gross Returns – Represents the return on shareholder's funds per share on investments of the Company before operating and other expenses of the Company.

Look-Through Gearing Ratio – The aggregate gearing of the Company and any investee entity (on a look through basis, including borrowing through securitisations using SPVs) which shall not exceed 1.50 times its NAV.

NAV (Cum Income) or NAV or Net Asset Value – The value of assets of the Company less liabilities determined in accordance with the accounting principles adopted by the Company.

NAV (Cum Income) Return – The theoretical total return on shareholders' funds per share reflecting the change in NAV assuming that dividends paid to shareholders were reinvested at NAV at the time dividend was announced.

NAV (Ex Income) – The NAV of the Company, including current year capital returns and excluding current year revenue returns and unadjusted for dividends relating to revenue returns.

NAV per Share (Cum Income) – The NAV (Cum Income) divided by the number of shares in issue.

NAV per Share (Ex Income) – The NAV (Ex Income) divided by the number of shares in issue.

Premium/(Discount) to NAV (Cum Income) – The amount by which the share price of the Company is either higher (at a premium) or lower (at a discount) than the NAV per Share (Cum Income), expressed as a percentage of the NAV per share.

Return per Ordinary Share (basic and diluted) – Net return on ordinary activities after taxation attributable to Equity shareholders divided by the number of shares in issue.

Revenue Return – Represents the difference between the NAV (Cum Income) Return and the NAV (Ex Income) Return as defined above.

Share Price – Closing share price at month end (excluding dividends reinvested).

THE USE OF ALTERNATIVE PERFORMANCE MEASURES ("APMs")

The Group uses the following APMs to present a measure of profitability which is aligned with the requirements of our investors and potential investors, to draw out meaningful subtotals of revenues and earnings and to provide additional information not required for disclosure under accounting standards to assist users of the accounts in gauging the profit levels of the Group. All APMs relate to past performance:

- NAV (Cum Income) Return;
- Revenue Return;
- NAV (Ex Income) Return;
- Dividend yield on average Ordinary Share NAV;
- Total Shareholder Return (based on share price);
- Twelve month trailing current dividend yield;
- Return per Ordinary Share (basic and diluted);
- Total Shareholder Return (based on share price); and
- Unlevered weighted average yield on balance sheet investments.

CONTACT DETAILS OF THE ADVISORS

Directors	Andrew Adcock (Chairman) Kevin Ingram Richard Levy Elizabeth Passey Clive Peggram *all of the registered office below*
Registered Office	6th Floor, 65 Gresham Street London EC2V 7NQ United Kingdom
Company Number	9385218
Website Address	https://vpcspecialtylending.com
Corporate Brokers	Jefferies International Limited Vintners Place 68 Upper Thames Street London EC4V 3BJ United Kingdom
Investment Manager and AIFM	Victory Park Capital Advisors, LLC 150 North Riverside Plaza Suite 5200 Chicago IL 60606 United States
Company Secretary	Link Company Matters Limited Beaufort House 51 New North Road Exeter Devon EX4 4EP United Kingdom
Administrator	Northern Trust Hedge Fund Services LLC 50 South LaSalle Street Chicago Illinois 60603 United States
Registrar	Link Market Services The Registry 34 Beckenham Road Beckenham Kent BR3 4TU United Kingdom
Custodians	Merrill Lynch, Pierce, Fenner & Smith Incorporated 101 California Street San Francisco CA 94111 United States Millennium Trust Company 2001 Spring Road Oak Brook IL 60723 United States
English Legal Adviser to the Company	Stephenson Harwood LLP 1 Finsbury Circus London EC2M 7SH United Kingdom
Independent Auditors	PricewaterhouseCoopers LLP 7 More London Riverside London SE1 2RT United Kingdom