LENDINVEST LIMITED

Interim unaudited consolidated report for the 6 month period ended 30 September 2017

Company registration number: 08146929

Contents

Officers and professional advisors

Directors	Christian Faes Ian Thomas Mattias Ljungman
Secretary	Christian Faes
Company number	08146929
Registered office	8 Mortimer Street, London, W1T 3JJ
Auditors	BDO LLP
Bankers	Barclays Bank PLC

Directors report

Performance in the period

The unaudited condensed interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the financial statements and other financial data included in the Base Prospectus issued for the Euro Medium Term Note Programme on 19 July 2017.

The LendInvest Ltd Group comprises the results of the LendInvest Ltd (the "Company") and its subsidiaries (together referred to as the "Group"). The Group's results have been prepared in accordance with IAS 34 as adopted by the European Union. Certain financial measures disclosed in this report do not have a standardised meaning prescribed by IFRS and may therefore not be comparable to similar measures presented by other issuers. These measures are deemed to be Alternative Performance Measures ("APM"). Where appropriate, certain aspects of our results are presented to reflect the Board's view of the Group's underlying performance without distortions caused by non-recurring items that are not reflective of the Group's ongoing business. These aspects are referred to as "underlying results" for the purposes of the Interim Report. Underlying results should be considered in addition to, and not as a substitute for, the Group's results and the Group's presentation of underlying results should not be construed as an indication that future results will be unaffected by non-recurring items. In order to ensure equal prominence of both results and underlying results, we detail below a comparison of the results to the underlying results.

The Group operates solely within the UK property market. During the period under review there have been market and economic developments which have or could impact the group. Brexit (the UK's decision to leave the European Union), tax changes relating to property purchasing and investing, changes in the regulatory landscape for investments as well as mortgages and macro-economic movements in the UK's outlook on interest rates all have potential to impact the Group. Management remain optimistic about the future of the business, and also see the potential for opportunities to arise within this market.

The Group experienced a period of rapid growth and on a consolidated basis generated a profit from operations for each of its previous IFRS reported financial years, 2014-15, 2015-16 and 2016-17. For the year ended 31 March 2016, the Group recorded revenue rose to £18.7 million and profit from operations of £3.4 million. For the year ended 31 March 2017, Group revenue increased by 18% to £22.1 million and profit from operations decreased to £0.1 million as a result of significant investment in brand awareness, funding capacity and technology.

In the six month period to 30 September 2017, the Group generated revenue of £15.0million, an increase of 45% on the 2016 equivalent period of £10.3 million. Gross profit increased from £6.0 million to £7.9 million, an increase of 31%. Overheads for the business reduced by 3%, from £7.1 million to £6.9 million. For the period to 30 September 2017 the Group's profit from operations totalled £1.1 million, compared to a loss from operations in the period to 30 September 2016 of £1.0 million.

Underlying Profit from Operations, which adjusts reported IFRS results for non-recurring costs or revenues which are non-recurring in nature, is an APM and is shown below.

The significant underlying adjustments between Profit from Operations and Underlying Profit from Operations are consistent with those used in the LendInvest Ltd 2017 Annual Report.

	Period ended 30 September 2017 £m	**Period ended 30 September 2016 £m**
	(Unaudited)	(Unaudited)

Profit/ (loss) from operations	1.1	(1.0)
Adjustments to underlying profit/ (loss)	0.4	1.9
Underlying profit/ (loss) from operations	**1.5**	**0.9**

The improvement in both Profit from Operations and Underlying Profit from Operations reflects investment in 2016 by the Group in the business. In particular, technology, sales and marketing capabilities were significantly expanded to prepare the Group for future growth. This cost was principally people and third party advertising costs, which the Group did not capitalise within fixed assets, but expensed as incurred. While our loan origination volumes grew in the period to 30 September 2017, this growth has been at a lower rate than historically achieved, and reflects the ramping up of our UK geographical expansion and hiring of additional sales resource. The impact of these investments has improved profitability in the 2017-18 financial year to date.

As an online property lending and investing business, the principal risks and uncertainties of the business arise from the general economic environment and from the property market. As we noted in our 2017 Annual Report, we have been operating in a favourable economic climate and property market. While the economic climate has remained stable, the property market has selectively seen challenges. To date, however we have not seen any material impact on our business.

LendInvest Secured Income PLC

During the period to 30 September 2017, a subsidiary of LendInvest Limited, LendInvest Secured Income PLC commenced trading and issued a prospectus dated 19 July 2017 offering fixed rate secured loan notes to be listed on the London Stock Exchange's Order Book for Retail Bonds (ORB) market and guaranteed by LendInvest Ltd. £50 million of bonds were issued and listed on 10 August 2017.

Key Performance Indicators (KPIs)

	6 month period ended 30 September 2017	6 month period ended 30 September 2016
	(Unaudited)	(Unaudited)
Platform investor funds (£m)	96.6	107.5
Lifetime loan originations (£m)	1,220.9	776.1
Amounts of loans outstanding (£m)	367.3	268.7
Proportion of AUM “off balance sheet” (%)	67.3	65.5
Total loan losses (annualised %)	0.3	0.3
Profit from operations (£m)	1.1	(1.0)
Underlying profit from operations (£m)	1.5	0.9

KPI definitions are as used in the LendInvest Ltd 2017 Annual Report.

Events after the period end date

In October 2017 the Group launched a Buy-To-Let product range, backed by funding from Citibank.

In October 2017 the LendInvest Income Fund LP, an investment fund and a related party of the Group that purchases loans from the Group, announced that it was voluntarily winding down and returning capital to investors over the next year, following the August 2017 launch of our Retail Bond.

Responsibility statement of the directors in respect of the interim condensed consolidated financial statements for the 6 month period ended 30 September 2017

We confirm that to the best of our knowledge:

- the condensed set of financial statements has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU

- the interim management report includes a fair review of the information required by:

  a) DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and

  b) DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so

Signed on behalf of the board:

Ian Thomas
Director
12 December 2017

Independent Review Report

Introduction

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2017 which comprises the condensed consolidated interim statement of profit or loss and other comprehensive income, the condensed consolidated interim statement of financial position, the condensed consolidated interim statement of changes in equity, the condensed consolidated interim statement of cash flows and the related explanatory notes.

We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Directors' responsibilities

The half-yearly financial report is the responsibility of and has been approved by the directors. The directors are responsible for preparing the half-yearly financial report in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, ''Interim Financial Reporting'', as adopted by the European Union.

Our responsibility

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Our report has been prepared in accordance with the terms of our engagement to assist the company and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of our terms of engagement or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, ''Review of Interim Financial Information Performed by the Independent Auditor of the Entity'', issued by the Financial Reporting Council for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2017 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union.

BDO LLP
Chartered Accountants and Registered Auditors
London
United Kingdom
12 December 2017

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Condensed Consolidated Interim Statement of Profit and Loss and Other Comprehensive Income for the 6 month period ended 30 September 2017

	Note	6 month period ended 30 September 2017 £'000	6 month period ended 30 September 2016 £'000
		(Unaudited)	(Unaudited)
Revenue	5	14,966	10,290
Cost of sales		(7,056)	(4,241)
Gross profit		**7,910**	**6,049**
Administrative expenses		(6,858)	(7,064)
Profit/(loss) from operations	6	**1,052**	**(1,015)**
Finance income		12	9
Finance (expense)		-	(632)
Profit/(loss) before tax		**1,064**	**(1,638)**
Tax (charge)	8	(135)	(73)
Profit/(loss) for the period		**929**	**(1,711)**
Other comprehensive income:			
There were no items that will or may be reclassified to profit or loss		-	-
Other comprehensive income for the period, net of tax		-	-
Total comprehensive income/(loss) for the period		**929**	**(1,711)**

All amounts relate to continuing activities and to owners of the Group.

Condensed Consolidated Interim Statement of Financial Position as at 30 September 2017

	Note	As at 30 September 2017 £'000	As at 31 March 2017 £'000
Assets		(Unaudited)	(Restated)
Cash and cash equivalents		49,947	12,714
Trade and other receivables	9	4,736	4,565
Loans and advances	10	119,348	93,876
Property, plant and equipment	11	983	1,034
Intangible assets	12	377	-
Deferred taxation	8	-	37
Total assets		**175,391**	**112,226**
Liabilities			
Trade and other payables	13	16,891	9,729
Interest bearing liabilities	14	149,081	94,120
Deferred taxation	8	97	-
Total liabilities		**166,069**	**103,849**
Net Assets		**9,322**	**8,377**
Equity			
Employee share reserve		66	50
Share capital	16	-	-
Share premium	16	6,441	6,441
Retained earnings		2,815	1,886
Total Equity		**9,322**	**8,377**

These financial statements of LendInvest Limited, with registered number 08146929, were approved by the Board of Directors and authorised for issue on 12 December 2017.
Signed on behalf of the Board of Directors by:

I Thomas
Director

Condensed Consolidated Interim Statement of Changes in Equity for the 6 month period ended 30 September 2017

	Share capital	Share premium	Share based	Retained	Total

	£'000	£'000	payment reserve £'000	earnings £'000	£'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Balance as at 31 March 2016	**-**	**6,414**	**27**	**2,963**	**9,404**
Loss for the period	-	-	-	(1,711)	(1,711)
Recognition of Employee Share Schemes	-	-	6	-	6
Balance as at 30 September 2016	**-**	**6,414**	**33**	**1,252**	**7,699**
Profit for the period	**-**	**-**	**-**	651	651
Share of LLP profits	**-**	-	-	(17)	(17)
Recognition of Employee Share Schemes	**-**	27	17	-	44
Balance as at 31 March 2017	**-**	**6,441**	**50**	**1,886**	**8,377**
Profit for the period	-	-	-	929	929
Recognition of Employee Share Schemes	-	-	16	-	16
Balance as at 30 September 2017	-	**6,441**	**66**	**2,815**	**9,322**

Condensed Consolidated Interim Statement of Cash Flows for the period ended 30 September 2017

	Note	6 month period ended 30 September 2017	6 month period ended 30 September 2016
Cash flows from operating activities		(Unaudited)	(Unaudited)
Profit/ (loss) before taxation for the period		1,064	(1,638)
Adjusted for:			
Depreciation of property, plant and equipment	6	121	161
Amortisation of intangible fixed assets	6	22	-
Enterprise Management Incentive scheme/ share option scheme	7	16	6
Finance (income)		(12)	(9)
Income tax (expense)	8	(135)	(73)
Change in working capital			
(Increase) in gross loans and advances		(25,472)	(499)
Decrease/(increase) in trade and other receivables		(134)	632
Increase in trade and other payables		7,259	1,372
Increase in interest bearing liabilities		54,961	6,107
Cash generated from operations		**37,690**	**6,059**
Cash flow from investing activities			
(Purchase) of property, plant and equipment	11	(70)	(156)
Capitalisation of internally developed software	12	(399)	-
Interest received		12	9
Net cash from investing activities		**(457)**	**(147)**
Net cash from financing activities		-	-
Net increase in cash and cash equivalents		**37,233**	**5,912**
Cash and cash equivalents at beginning of the period		12,714	17,447
Cash and cash equivalents at end of the period		**49,947**	**23,359**

Notes to the Financial Statements

1. Basis of preparation

1.1 General information

LendInvest Limited is a private company incorporated on 17 July 2012 in the United Kingdom under the Companies Act. The address of its registered office is given on page 3.

These interim condensed consolidated financial statements of LendInvest Ltd, for the six month period ended 30 September 2017, comprise the results of the Company and its subsidiaries (together referred to as the Group) (collectively "these financial statements"). These financial statements have been approved for issue by the Board of Directors on 12 December 2017.

1.2 Basis of accounting

These financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting" and have been prepared on a historical cost basis. As required by the Disclosure and Transparency Rules of the Financial Conduct Authority, these financial statements have been prepared applying the accounting policies and presentation that were applied in the preparation of the Group's published financial statements for the year ended 31 March 2017.

The comparative figures for the period ended 30 September 2016 have not been audited and are not the Group's statutory accounts for that period. The Group statutory accounts for the year ended 31 March 2017 have been reported on by its auditor and delivered to the Registrar of Companies. The report of the auditor on those statutory accounts (i) was unqualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under Section 498(2) or (3) of the Companies Act 2006.

These financial statements have been drawn up in accordance with the Companies Act 2006.

1.3 Accounting policies

The accounting policies and methods of computation are consistent with those set out in the Annual Report 2017.

1.4 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which they operate (their "functional currency") and are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the reporting date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognised immediately in profit or loss. These financial statements are presented in pounds sterling, which is the Company's functional currency.

1.5 Intangible fixed assets

Where they meet the criteria of IAS 38, internally developed expenditure is capitalised as an intangible fixed asset and is amortised on a straight line basis over its useful economic life once the asset is available for use.

1.6 Going concern

The Group's business activities together with the factors likely to affect its future development and position are set out on pages 4 to 6 of these financial statements. It is on this basis that the directors have continued to prepare the accounts on the going concern basis.

1.7 Basis of consolidation

Subsidiary companies and other controlled entities
These financial statements incorporate the financial statements of the Company and entities controlled by the Company. Where the Company has control over an investee, it is classified as a subsidiary. The Company controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control. Intra-Group transactions, balances and unrealised gains or losses are eliminated on consolidation.

Business combinations
The consolidation that occurred in July 2015 is of a combination of entities under common control. Business combinations under common control are excluded from the scope of IFRS 3 and accordingly merger accounting was applied to the consolidation. Subsidiaries were consolidated from inception of the respective subsidiaries and the acquisition method of consolidation was not applied. A business combination involving entities or businesses under common control is a business combination in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory.

1.8 Critical accounting estimates and judgements

The preparation of these financial statements in accordance with IAS 34 requires the use of estimates. It also requires management to exercise judgement in applying the accounting policies. The judgements and assumptions that are considered to be the most important to the portrayal of the Group's financial condition are those relating to loan impairment provisions, deferred tax and revenue and interest recognition.

1.9 Changes in prior period figures

Previously the Group accounted for fees and costs paid in advance for funding lines as prepayments. During the period the Group listed a Retail Bond on the London Stock Exchange through a wholly owned subsidiary, LendInvest Secured Income plc. As a result, the Group has significantly increased the level of fees and costs paid in advance and has accordingly decided to account for these as a debit against each funding line liability rather than a prepayment. In addition, the Group has amended the March 2017 comparative period split of current liabilities between interest bearing liabilities and trade creditors and between loans and advances and trade creditors. See notes 9,10,12 & 13.

2. Changes in accounting policies and disclosures

New standards and amendments

There have been no new standards having a material impact on the financial statements for the year. The following standards and amendments to existing standards have been published, but in some cases, not yet adopted by the EU. They are mandatory from the financial period beginning on or after the effective dates shown below but are not currently relevant to the Group (although they may affect the accounting for future transactions and events). The Group's assessment of the impact of these new standards and interpretations is set out below.

IFRS 9 – Financial instruments

IFRS 9 Financial Instruments issued on 24 July 2014 is the IASB's replacement of IAS 39 Financial Instruments: Recognition and Measurement. The standard includes requirements for recognition and measurement, impairment, de-recognition and general hedge accounting. The key changes relate to:
- Financial assets: Financial assets will be held at either fair value or amortised cost, except for equity investments not held for trading and certain debt instruments, which may be held at fair value through other comprehensive income;

- Financial liabilities: Gains and losses arising from changes in own credit on non-derivative financial liabilities designated at fair value through profit or loss will be excluded from the income statement and instead taken to other comprehensive income;
- Impairment: Credit losses expected at the balance sheet date (rather than only losses incurred in the year) on loans, debt securities and loan commitments not held at fair value through profit or loss will be reflected in impairment allowances; and
- Hedge accounting: Hedge accounting will be more closely aligned with financial risk management.

Adoption is not mandatory until periods beginning on or after 1 January 2018. The directors have undertaken work to develop the Group's approach to implementation. IFRS 9 adoption will result in impairment being recognised earlier than is the case under IAS 39 because it requires expected losses to be recognised before the loss event arises. Measurement will involve increased complexity and judgement including estimation of probabilities of default, loss given default, a range of unbiased future economic scenarios, estimation of exposure at default and assessing increase in credit risk. The directors are also currently considering the impact of IFRS 9 on Group's risk appetite and stress testing assumptions. At present it is not practical to disclose reliable financial impact estimates until the implementation programme is further advanced, but the Directors' of the Group anticipate that IFRS 9's impact on the Group will be in line with the industry, and considerably less significant compared to traditional lending institutions.

IFRS 15 – Revenue from contracts with customers

IFRS 15 Revenue will replace IAS 18 Revenue and IAS 11 Construction Contracts. It applies to all contracts with customers except leases, financial instruments and insurance contracts. IFRS 15 establishes the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer. Adoption is not mandatory until periods beginning on or after 1 January 2018. The directors of the Group do not anticipate that the application of this standard will have a material impact on the Group's financial statements.

IFRS 16 - Leases

IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor'). All leases result in a company (the lessee) obtaining the right to use an asset at the start of the lease and, if lease payments are made over time, also obtaining financing. Accordingly, IFRS 16 eliminates the classification of leases as either operating leases or finance leases as is required by IAS 17 and, instead, introduces a single lessee accounting model. Applying that model, a lessee is required to recognise: a) assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value; and b) depreciation of lease assets separately from interest on lease liabilities in the income statement. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. Adoption is not mandatory until periods beginning on or after 1 January 2019. IFRS 16 replaces the previous leases Standard, IAS 17 Leases, and related Interpretations. The directors of the Group do not anticipate that the application of this standard will have a material impact on the Group's income statement and net assets but may result in equal increases in both assets and liabilities.

Amendments to IFRS 2 (Classification and Measurement of Share-based Payment Transactions)

The amendments provide clarification on the accounting for:
• The effects of vesting and non-vesting conditions on the measurement of cash-settled share based payments – guidance now requires the same approach used for equity settled share based payments to be followed for cash settled share based payments.
• Share-based payment transactions with a net settlement feature for withholding tax obligations.
- An exception has now been added to IFRS 2 so that a share-based payment where the entity settles the share-based payment arrangement net is classified as equity-settled in its entirety provided the share-based payment would have been classified as equity-settled had it not included the net settlement feature.
- A modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity settled - Guidance now added to clarify that:
- On such modifications, the original liability recognised in respect of the cash-settled share-based payment is derecognised and the equity-settled share-based payment is recognised at the modification date fair value to the extent services have been rendered up to the modification date.

- Any difference between the carrying amount of the liability as at the modification date and the amount recognised in equity at the same date would be recognised in profit and loss immediately. The amendments are to be applied prospectively, retrospective application is allowed if this is possible without the use of hindsight. If an entity applies the amendments retrospectively, it must do so for all of the amendments. Adoption is not mandatory until periods beginning on or after 1 January 2018. The directors of the Group do not anticipate that the application of these amendments will have a material impact on the Group's financial statements.

3. Financial Risk Management

The board has the overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management activities and exposure to credit, liquidity and market risk are consistent with those set out in the Annual Report 2017. The tables below analyse the Group's contractual undiscounted cash flows of its financial assets and liabilities:

As at 30 September 2017	Carrying amount £'000	Gross nominal inflow/ (outflow) £'000	Amount due within one year £'000	Amount due between one and five years £'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Financial assets				
Cash and cash equivalents	49,947	49,947	49,947	-
Trade and other receivables	2,328	2,328	2,328	-
Loans and advances	119,348	126,021	111,755	14,266
	171,623	**178,296**	**164,030**	**14,266**
Financial liabilities				
Trade and other payables	14,116	(14,116)	(14,116)	-
Interest bearing liabilities	149,081	(176,681)	(69,729)	(106,953)
	163,197	**(190,797)**	**(83,845)**	**(106,953)**

As at 31 March 2017	Carrying amount £'000	Gross nominal inflow/ (outflow) £'000	Amount due within one year £'000	Amount due between one and five years £'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Financial assets				
Cash and cash equivalents	12,714	12,714	12,714	-
Trade and other receivables	1,853	1,853	1,853	-
Loans and advances	93,876	98,517	91,217	7,300
	108,443	**113,084**	**105,784**	**7,300**
Financial liabilities				
Trade and other payables	6,545	(6,545)	(6,545)	-
Interest bearing liabilities	94,120	(108,376)	(63,248)	(45,128)
	100,665	**(114,921)**	**(69,793)**	**(45,128)**

4. Segmental analysis

The Group's operations are carried out solely in the UK and one business line (short term lending). The results and net assets of the Group are derived from the provision of property related loans only.

5. Revenue

	6 month period to 30 September 2017 £'000	6 month period to 30 September 2016 £'000
	(Unaudited)	(Unaudited)
Interest on loans and advances	7,802	6,381
Service fees	4,487	1,875
Advisory fees	2,677	2,034
	14,966	**10,290**

6. Profit from operations

Profit from operations has been stated after charging:

	6 month period to 30 September 2017 £'000	6 month period to 30 September 2016 £'000
	(Unaudited)	(Unaudited)
Wages & salaries	3,741	3,502
Depreciation	121	161
Amortisation	22	-
Fees payable to the auditors for the audit of the financial statements	40	40
Auditors remuneration for other services	-	-
Share-based payments	16	44

7. Share-based payments

Company Share Option Plans

During the financial year ended 31 March 2016, the company issued a Enterprise Management Incentives scheme (EMI) to employees. During the financial year ended 31 March 2017, the company issued a Company Share Option Plan (CSOP) to employees.

The grant of share options may be made on an annual or on an ad hoc basis. The following information is relevant in the determination of the fair value of options granted during the period under the equity-settled share based remuneration schemes operated by the Group.

	Issued in the 6 month period ended 30 September 2017	Issued in the 6 month period ended 30 September 2016
Option pricing model used	-	Maintainable earnings valuation model

Valuation of Ordinary Share Options at Grant Date	-	£0.05 per share actual market value
Amortisation Period	-	10 years
Strike Price	-	£0.05
Expiry Date	-	September 2026
Grant Date	-	September 2016

The movement in options is as follows:

	EMI	CSOP
Balance at 31 March 2017	285,475	392,869
Granted during the period	0	0
Options exercised during the period	0	0
Cancelled during the period	(6,900)	(36,854)
Balance at 30 September 2017	278,575	356,015

The balance outstanding at period end relates to Ordinary Share Options only.

Share Option expense recognised

During the financial years ended 31 March 2016 and 2017, the company issued share options to employees under an Enterprise Management Incentive and CSOP share option schemes. The terms relating to the fair value of those options has remained unchanged and is included in the 2017 Annual Report.

	6 month period ended 30 September 2017 £'000	**6 month period ended 30 September 2016 £'000**
	(Unaudited)	(Unaudited)
The expense is included in administrative expenses, as part of employee expenses	16	6

8. Taxation on profit on ordinary activities

The Group is subject to all taxes applicable to a commercial company in the United Kingdom. The UK business profits of the Group are subject to UK income tax at the prevailing basic rate of 19% (2016: 20%). The Group's effective consolidated tax rate for the period to 30 September 2017 was 13% (30 September 2016: 4%). The current period effective rate of tax is reflective of the applicable corporate tax rate for the year and reconciling items.

As of 30 September 2017, the Group had approximately £97,000 in net deferred tax liabilities (DTLs) (31 March 2017: £ 37,000 net deferred tax assets (DTAs). These DTLs include approximately £188,000 (31 March 2017: £134,000) related to temporary differences arising between the tax bases of assets and liabilities and their carrying amounts, and £91,000 (31 March 2017: £171,000) related to net operating loss carryforwards that can be used to offset taxable income in future periods and reduce our income taxes payable in those future periods. At this time, we consider it more likely than not that we will have sufficient taxable income in the future that will allow us to realise these DTAs.

9. Trade and other receivables

	As at 30 September 2017 £'000	**As at 31 March 2017 £'000**
	(Unaudited)	(Restated)
Trade Receivables	1,696	1,336
Prepayments and accrued income	2,408	2,631
Corporation tax receivable	-	81
Other receivables	632	517
	4,736	**4,565**

The previously reported prepayments and accrued income balance of £3.58m at 31 March 2017 has been restated by £0.95m resulting from balance sheet reclassifications of funding line costs. See note 1.9.

10. Loans and advances

	As at 30 September 2017 £'000	As at 31 March 2017 £'000
	(Unaudited)	(Restated)
Loans and advances - due within one year	105,829	86,748
Loans and advances - due after one year	13,819	7,128
Impairment provision	(300)	-
	119,348	**93,876**

The previously reported balance of £92.8m at 31 March 2017 has been restated by £1.0m, resulting from balance sheet reclassifications of investor balances. See note 1.9.

Related credit risk exposure	As at 30 September 2017 £'000	As at 31 March 2017 £'000
	(Unaudited)	(Restated)
Maximum exposure to credit losses of loans and advances	119,348	93,876
Specifically related to:		
Impaired financial assets	-	-
Financial assets past due but not specifically impaired	2,837	5,743
Financial assets neither past due nor impaired	116,511	88,133

Credit risk is mitigated through properties held as collateral. The aggregate achievable resale value less costs to sell of collateral held is:	279,984	280,426
Credit risk exposure on financial assets past due but not specifically impaired is mitigated through properties held as collateral. The aggregate achievable resale value less costs to sell of collateral held is:	4,300	7,774

11. Property, plant and equipment

Acquisitions and disposals: During the six months ended 30 September 2017, the Group acquired assets with a cost of £70,000 (the six months ended 31 March 2017: £31,000).

12. Intangible fixed assets

During this period, the Group also capitalised intangible assets with a cost of £399,000 (the six months ended 31 March 2017: nil). Amortisation: During the six months ended 30 September 2017, the Group amortised £22,000 against these assets (the six months ended 31 March 2017: nil).

13. Trade and other payables

	As at 30 September 2017 £'000	As at 31 March 2017 £'000
	(Unaudited)	(Restated)
Trade payables	13,476	6,250
Corporation tax	199	199
Other taxes and social security	298	277
Accruals and deferred income	2,918	3,003
	16,891	**9,729**

The previously reported trade payables balance of £12.3m at 31 March 2017 has been restated by a £1.0m increase and a £3.6m decrease resulting from balance sheet reclassifications of investor balances. See note 1.9.

14. Interest bearing liabilities

	As at 30 September 2017 £'000	As at 31 March 2017 £'000
	(Unaudited)	(Restated)
Interest bearing liabilities due within one year	62,175	58,823
Interest bearing liabilities due between one and five years	88,826	36,250
Funding line costs	(1,920)	(953)
	149,081	**94,120**

The previously reported interest bearing liabilities balance of £91.5m at 31 March 2017 has been restated by a £3.6m increase and a £0.95m decrease resulting from balance sheet reclassifications of investor balances and funding line costs. See note 1.9.

The Group's interest on funding has ranged between 5% to 9% in the 6 month period ended 30 September 2017.
On 10 August 2017 the Company issued £50 million of fixed rate secured loan notes listed on the London Stock Exchange's Order Book for Retail Bonds (ORB) market. These bonds are guaranteed by the Company's parent, LendInvest Ltd, have a maturity of five years from date of issue and a fixed interest rate of 5.25% per annum, payable semi-annually.

Funding line costs are amortised on an effective interest rate basis.

Net debt represents interest bearing liabilities (as above), less cash at bank and in hand (excluding cash held for clients), and excluding unamortised debt issue costs but including accrued interest relating to the Group's third-party indebtedness. A reconciliation of net debt is:

	As at 30 September 2017 £'000	**As at 31 March 2017 £'000**
	(Unaudited)	(Restated)
Interest bearing liabilities	149,081	94,120
Deduct: cash as reported in financial statements	(49,947)	(12,714)
Net debt: borrowings less cash as reported in the financial statements	**99,134**	**81,406**
Add back: unamortised funding line costs	1,920	953
Add back: trustees account cash	12,279	3,569
Add: accrued interest	623	224
Deduct: retained interest	(4,053)	(3,823)
Net debt	**109,903**	**82,329**

15. Financial instruments

The principal financial instruments used by the Group, from which financial instrument risk arises, are: loans and advances, trade and other receivables, cash and cash equivalents, interest bearing liabilities and trade and other payables. The categorisation and measurement of financial assets and financial liabilities are consistent with those set out in the Annual Report 2017.

(a) Carrying amount of financial instruments

A summary of the financial instruments held by category is provided below:

	As at 30 September 2017 £'000	**As at 31 March 2017 £'000**
	(Unaudited)	(Restated)
Financial assets not at fair value through the profit and loss		
Cash and cash equivalents	49,947	12,714
Trade and other receivables	2,328	1,853
Loans and advances	119,348	93,876
Total financial assets	**171,165**	**108,443**
Financial liabilities not at fair value through the profit and loss		
Trade and other payables	14,116	6,545
Interest bearing liabilities	149,081	95,073
Total financial liabilities	**163,197**	**101,618**

(b) Carrying Amount versus Fair Value

The following table compares the carrying amounts and fair values of the Group's financial assets and financial liabilities as at 30 September 2017.

	As at 30 September 2017 £'000	**As at 30 September 2017 £'000**	**As at 31 March 2017 £'000**	**As at 31 March 2017 £'000**
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	(Unaudited)	(Unaudited)	(Restated)	(Unaudited)
Financial Assets				
Cash and cash equivalents	49,947	49,947	12,714	12,714
Trade and other receivables	2,328	2,328	1,853	1,853
Loans and advances	119,348	119,348	93,876	93,876
Total financial assets	**171,623**	**171,623**	**108,443**	**108,443**
Financial Liabilities				
Trade and other payables	14,116	14,116	6,545	6,545
Interest bearing liabilities	149,081	152,251	95,073	95,073
Total financial liabilities	**163,197**	**166,367**	**101,618**	**101,618**

(c) Interest Rate Sensitivity

The sensitivity analysis below has been determined based on the exposure to interest rates as at the reporting date. A 100 basis points change represents the board's assessment of a reasonably possible change in interest rates.

As at the reporting date, if interest rates increased 100 basis points and all other variables were held constant:

Profit before tax for the 6 month period would reduce by £0.2m (2016: reduce by £0.1m). Although the Group's interest rates on loans to borrowers is operated as a fixed rate, the Group has the legal right to vary the borrower interest rate if certain changes in interest rates occur. Implementing this provision would reduce the impact of an interest rate increase. However, we have assumed in this sensitivity analysis that the Group has not implemented this provision. Loans from lenders being a mix of variable and fixed rate denominated.

Equity reserves as at 30 September 2017 would reduce by £0.2m (2016: reduce by £0.1m) as a result of reduction in profit before tax above.

Due to UK interest rates being near historic lows, interest rates are unlikely to reduce by 100 basis points as this would result in negative interest rates. We have however noted below the impact, as at the reporting date, if interest rates reduced 100 basis points and all other variables were held constant:

Profit before tax for the 6 month period to September 2017 would increase by £0.2m (2016: increase by £0.1m). As noted above, the Group's interest rates on loans to borrowers are fixed rate denominated, with certain provisions to vary them, while loans from lenders are a mix of variable and fixed rate denominated.

Equity reserves as at 30 September 2017 would increase by £0.2m (2016: increase by £0.1m) as a result of increase in profit before tax above.

16. Share capital

	As at 30 September 2017 number	**As at 31 March 2017 number**
	(Unaudited)	(Audited)
Issued and fully paid up		
Ordinary Shares of £0.000001 each	20,973,850	20,973,850
"A" Ordinary shares of £0.000001 each	821,749	821,749
Series B1 Preferred shares of £0.000001 each	1,615,881	1,615,881
Series B2 Preferred shares of £0.000001 each	2,308,402	2,308,402
	25,719,882	25,719,882

	As at 30 September 2017 £	**As at 31 March 2017 £**
	(Unaudited)	(Audited)
Issued and fully paid up		
Ordinary Shares of £0.000001 each	21	21
"A" Ordinary shares of £0.000001 each	1	1
Series B1 Preferred shares of £0.000001 each	2	2
Series B2 Preferred shares of £0.000001 each	2	2
	26	26

17. Related party transactions

There were no changes to the nature of the related party transactions during the period to 30 September 2017 that would materially affect the position or performance of the Group. Details of the transactions for the year ended 31 March 2017 can be found in the 2017 Annual Report.

	Fees 6m period ended 30 September 2017 £'000	**Fees 6m period ended 30 September 2016 £'000**	**Amounts owed by related party as at 30 September 2017 £'000**	**Amounts owed by related party as at 31 March 2017 £'000**	**Amounts owed to related party as at 30 September 2017 £'000**	**Amounts owed to related party as at 31 March 2017 £'000**
LendInvest Income LP	41	72	797	701	199	131
Directors Loan Accounts	-	-	37	37	-	-

18. Events after reporting date

In October 2017 the Group launched a Buy-To-Let product range, backed by funding from Citibank with the Group anticipating an increase in loans & advances, interest bearing liabilities, revenue and profit.

In October 2017 the LendInvest Income Fund LP, an investment fund and a related party of the Group that purchases loans from the Group, announced that it was voluntarily winding down and returning capital to investors over the next year.