TRU | FIN

INTERIM FINANCIAL REPORT

For the six months ended 30 June 2019

(Unaudited)

CONTENTS

FINANCIAL HIGHLIGHTS
For the period ended 30 June 2019

Interim Financial Report for the six months ended 30 June 2019 (Unaudited)

- Combined gross revenues at Oxygen Finance Group Limited (together with its subsidiaries, Oxygen Finance Limited, Oxygen Finance Americas, Inc. and Porge Limited) ("Oxygen") and Satago Financial Solutions Limited ("Satago") were £3.1m for the six months ended 30 June 2019 (six months ended 30 June 2018: £1.7m), representing growth of 88%.

- Gross revenues at Oxygen were £1.7m for the six months ended 30 June 2019 (six months ended 30 June 2018: £1.2m), representing growth of 42%.

- Oxygen's clients' total procurement spend reached £20.8bn as at 30 June 2019 (as at 30 June 2018: £15.7bn), representing year-on-year growth of 32%.

- Satago's gross interest income increased to £1.3m for the six months ended 30 June 2019 (six months ended 30 June 2018: £0.4m), representing year-on-year growth in excess of 200%.

- Volumes in Satago's core invoice financing business increased by 124% for the six months ended 30 June 2019 compared to the six months ended 30 June 2018.

- TruFin Group's loss before tax from continuing operations was £3.7m for the six months ended 30 June 2019 (six months ended 30 June 2018: £5.2m).

- Distribution Capital Finance Limited ("DFC") was successfully demerged from the TruFin Group in May 2019, which has had a material impact on the scale and operations of the overall TruFin Group.

- The investment in Zopa Group Limited ("Zopa") was sold in May 2019 for £44.5m, which was a 22% increase from its valuation at the time of the TruFin Group's IPO in February 2018.

Financials and KPI's (Unaudited)	**6 months to 30 June 2019 £'000**	**6 months to 31 December 2018 £'000**	**6 months to 30 June 2018 £'000**
Gross Revenue	3,138	2,697	1,668
Loss before tax from continuing operations	(3,722)	(4,588)	(5,241)
Loss before tax from continuing operations includes: share-based payment charge	(972)	(1,548)	(1,191)
Net Assets (£ 000's)	61,147	153,248*	158,743

**Audited figures*

Trading Update and Further Developments

- The Company has previously announced on 29 July 2019 a restructuring in order to reduce Head Office costs and this continues today with Henry Kenner, the Executive Chairman and Chief Executive Officer, changing role to become Non-Executive Chairman and James van den Bergh, the current Deputy Chief Executive Officer, becoming Chief Executive Officer.

- In spite of the significant restructuring that has occurred in the last few months the Board is confident of a successful remainder to the year. The integration of the acquisitions of 51% of Vertus Capital Limited ("Vertus") and PlayStack will be a key focus for management in the coming months and also for the Investor Day later in the year where we will expand on the prospects for all our businesses.

- The TruFin Group announced in July that it had acquired 51% of Vertus and today we are pleased to further announce that Vertus has concluded a secured debt facility for an initial £15m with a UK high street Bank. This will enable Vertus to continue its expansion and service its large and growing pipeline.

- Further, the TruFin Group is today pleased to announce the conversion into ordinary shares of its outstanding £3.5 million convertible loans in PlayStack, a mobile games publisher and financier, in full satisfaction and discharge of the loans, together with a further equity investment of £1.5m in PlayStack, in order to obtain a majority controlling stake. The conversion and further investment will complete later today. Growing on our existing lending relationship, this investment represents an opportunity for the TruFin Group to solidify its niche financing business in this fast-growing global sector.

- The Company is circulating written resolutions to shareholders of the Company this morning proposing to:

(i) grant an increased authority for the buyback of shares,

(ii) approve an increase in the Company's authorised share capital and amendments to the Company's articles of association to remove provisions relating to the B ordinary shares and non-voting preference shares that are no longer required and as such these shares have either been cancelled or redeemed; and

(iii) approve an updated remuneration policy which the Company is proposing to reflect recent changes in the senior management and structure of the Company

Henry Kenner, Chairman and Chief Executive Officer commented:

"This has been another busy period of activity for the TruFin Group resulting in a material reorganisation of the TruFin Group in terms of the nature and scale of its operations. Following the successful demerger and IPO of DFC and the sale of our stake in Zopa, the management has been focused on:

- re-scaling the business appropriately through an assertive reduction in Head Office costs with many functions being outsourced to other entities within the TruFin Group;

- increasing investment in its existing businesses to successfully secure their development path; and

- conversion of the TruFin Group's remaining convertible debt positions in line with its consistent strategy of building a stable of niche lenders. To that end, the TruFin Group has recently announced the acquisition of Vertus and today that of PlayStack.

Finally, I have today announced a change in my role as Chief Executive Officer and Executive Chairman to becoming that of Non-Executive Chairman. In making this step I will be handing the day-to-day executive reins to the talented current Deputy Chief Executive Officer, James van den Bergh, with whom I have worked for several years. This planned handover further reduces Head Office costs, whilst enabling the TruFin Group to implement the next stage in TruFin's life cycle. The Board is delighted that James has accepted this exciting and challenging role and looks forward to continue working with him to ensure TruFin achieves its wider strategic goals."

Alongside the transactions that have occurred, the remaining and new subsidiaries within the TruFin Group have performed well in the first six months of 2019 and we remain confident for the remainder of 2019. We look forward to the Investor Day later this year where we will highlight the significant value and opportunity set within each business.

In more detail:

Oxygen

Oxygen is a niche technology and professional services platform enabling the public and private sector to make early payments to their suppliers.

Oxygen's gross revenues were £1.7m for the six months ended 30 June 2019 compared to £1.2m for the six months ended 30 June 2018, representing growth of 42%.

The Early Payment client base has increased from 33 as at 30 June 2018 to 45 as at 30 June 2019. As a result of these client wins, total procurement spend of Early Payment clients increased to £20.8bn as at 30 June 2019 from £15.7bn as at 30 June 2018. Oxygen also maintained its 100% renewal record across Early Payment clients in local government with all contracts up for renewal in the period being renewed for five years.

Oxygen continues to see strong growth and traction in the UK local government market with the mature pipeline converting well. However, as previously highlighted, the core means of monetisation, namely that of on-boarding suppliers remains a consistent challenge, but measures taken last year are expected to start reaping benefits in the coming months and years.

Oxygen's net loss of £0.9m for the six months ended 30 June 2019 compared to a net loss of £1.3m for the six months ended 30 June 2018 represents an improvement of over 30%.

Porge Limited, acquired in 2018, is performing in-line with our expectations and the integration with Oxygen has gone smoothly. There has been a high level of existing customer licence renewals and indications from the increased sales effort is that the pipeline of new customers is looking materially positive.

Satago

Satago offers its customers a technically advanced invoice finance system via its online platform, which is designed to help businesses manage their cashflow.

At the start of 2019 the management of TruFin focused its resources on supporting the fast-growing balance sheet of DFC, resulting in a temporarily reduced capital allocation to Satago. Notwithstanding this, volumes in Satago's core invoice financing business increased by 124% for the six months ended 30 June 2019 compared to the same period in 2018.

Satago expects this momentum to continue into the second half of the year as it continues to see increasing interest from its direct origination efforts together with new demand resulting from several strategic partnerships. These strategic partnerships include a number of joint initiatives expected to launch over the next 12 months which are designed to bring Satago's technology and product offerings to other large corporates and their customer bases.

To further support these strategic partnerships, and in response to demand from its own established client base, Satago is introducing a wider product offering during the final quarter of 2019 which is focused on providing efficient and ethical finance facilities to SMEs. This includes whole book and selective debtor facilities which empower these traditional factoring facility types with Satago's best-in-class technology. Satago is also introducing its own revolving credit facility product bringing a new form of flexible working capital to the market.

Satago continues to invest in its leading-edge technology with the recent opening of a Polish office. This will ensure that it remains an innovative leader within the SME finance sector and is able to support its growth and increasing market presence.

To support the anticipated demand for these new products, Satago has been seeking to secure its initial external funding capacity in addition to its own internal facilities. With negotiations at advanced stages with several credit funds and other financial institutions, it is anticipated that Satago will make an announcement as to a successful conclusion in the near future.

Customer satisfaction levels remain high and Satago continues to win numerous industry awards for its compelling customer-focused product offering. The “Best Alternative Finance Provider” at the British Bank Awards being a recent example.

As previously disclosed, share incentive arrangements for the senior management of Satago are being implemented so as to ensure that management is fully aligned with existing shareholders through the issue of Satago shares.

Vertus

Vertus provides succession finance for the IFA space through its exclusive agreement with IntegraFin plc. This is a truly scalable niche lending space and we are very excited by the opportunity to help Vertus grow in this space.

As previously announced the TruFin Group acquired 51% of Vertus in July this year through the conversion of its existing £3.65 million convertible loan and today the TruFin Group is pleased to announce that Vertus has concluded a secured debt facility of £15m with a UK high street bank which will allow it to service its large and growing pipeline.

Vertus made a loss before tax in the year to 30 June 2019 of £0.2m (unaudited), and the TruFin Group expects Vertus to turn profitable in 2020.

PlayStack

PlayStack provides publishing and financing services to the mobile game and console sector and, as previously outlined to shareholders, is the TruFin Group’s entry point into the highly attractive growth market of mobile game lending.

The TruFin Group is pleased to announce that it is converting its outstanding £3.5m convertible loans into PlayStack ordinary shares in full satisfaction and discharge of the loan, together with a further equity investment of £1.5m in PlayStack in order to obtain a controlling majority stake. This transaction will result in a holding of circa 99% in PlayStack, which may be diluted to between 75% and 99% subject to the level of take-up of pre-emptive rights by certain existing shareholders which will be known within 20 business days of this announcement. The conversion and further investment will complete automatically later this morning.

PlayStack made a loss in the year to 30 December 2018 of £5.2m and had net assets of (negative) £6.5m.

We look forward to giving shareholders more details about the opportunity set for PlayStack and PlayIgnite Limited, its funding business, during the Investor Day.

Restructure of Management Incentive Plan

In connection with Henry Kenner becoming Non-Executive Chairman and James van den Bergh becoming Chief Executive Officer, certain amendments to the terms of the Company's Management Incentive Plan have been approved by the Company's Remuneration Committee and the Board. The key amendments to the terms of the Management Incentive Plan can be summarised as follows:

Henry Kenner

- It is intended that Henry's PSP Founder Award and JSOP Founder Award (as such terms are referred to in the Company's Admission Document) shall vest in full on cessation of his role as Chief Executive Officer, the result of which is that Henry will be able to exercise his PSP Founder Award in respect of 1,369,244 ordinary shares in the Company and a corresponding number of shares will become solely owned by the trustee of the TruFin plc Employee Benefit Trust;

- It is intended that Henry will surrender his PSP Market Value Award and his PSP Awards (as such terms are referred to in the Company's Admission Document) in respect of an aggregate of 2,559,210 ordinary shares in the Company for nil consideration;

- The Company will not grant Henry any further awards under the Company's share plans; and

- Henry will receive a fixed annual fee of: (i) £100,000 for his new role as Non-Executive Chairman of the Company; (ii) £15,000 for his role as director of Satago Financial Solutions Limited; and (iii) £15,000 for his role as director of Oxygen Finance Group Limited.

James van den Bergh

- It is intended that James will receive a grant of: (i) Options (PSP Market Value Awards) over a total of 3,164,763 ordinary shares in the Company, with a strike price of £0.803 per share; and (ii) PSP Awards over a total of 320,000 ordinary shares in the Company, with performance targets set by the Remuneration Committee; and

- James' current service agreement with the Company will be amended such that whilst his salary and annual bonus arrangements remain unchanged, his employment is fixed for two years during which six months' notice is required from James to terminate. Following the fixed two year period, a six month notice period will be required from both James and the Company to terminate his employment.

INDEPENDENT REVIEW REPORT TO TRUFIN PLC
For the period ended 30 June 2019

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 June 2019 which comprises the income statement, the balance sheet, the statement of changes in equity, the cash flow statement and related notes 1 to 22. 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.

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

Directors' responsibilities

The 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 the AIM Rules of the London Stock Exchange.

As disclosed in note 1, the annual financial statements of the TruFin Group are prepared in accordance with 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.

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 inquiries, 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 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 June 2019 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the AIM Rules of the London Stock Exchange.

Crowe U.K. LLP
Statutory Auditor
London, United Kingdom

10 September 2019

UNAUDITED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
For the period ended 30 June 2019

	Notes	6 months ended 30 June 2019 (Unaudited) £'000	6 months ended 30 June 2018 (Unaudited) £'000	Year ended 31 December 2018 (Audited) £'000
Interest income	3	1,415	452	1,467
Fee income	3	1,723	1,216	2,898
Gross revenue	3	**3,138**	**1,668**	**4,365**
Interest and fee expenses		(219)	(42)	(157)
Net revenue		**2,919**	**1,626**	**4,208**
Staff costs	5	(4,868)	(5,094)	(10,244)
Other operating expenses		(1,479)	(1,665)	(3,490)
Depreciation & amortisation		(256)	(87)	(175)
Net impairment loss on financial assets		(38)	(21)	(128)
Loss before tax		**(3,722)**	**(5,241)**	**(9,829)**
Taxation	10	(1,789)	179	390
Loss from continuing operations		**(5,511)**	**(5,062)**	**(9,439)**
Loss from discontinued operations	9	(4,005)	(3,082)	(5,671)
Loss for the period		**(9,516)**	**(8,144)**	**(15,110)**
Other comprehensive income				
Items that will not be reclassified subsequently to profit and loss				
Gains on investments in equity instruments	13	–	8,000	8,000
Items that may be reclassified subsequently to profit and loss				
Exchange differences on translating foreign operations		(14)	(213)	275
Other comprehensive income for the year, net of tax		**(14)**	**7,787**	**8,275**
Total comprehensive loss for the year		**(9,530)**	**(357)**	**(6,835)**
Loss from continuing operations attributable to:				
Owners of TruFin plc		(5,511)	(5,062)	(9,439)
Non-controlling interests		–	–	–
		(5,511)	**(5,062)**	**(9,439)**
Loss from discontinued operations attributable to:				
Owners of TruFin plc		(3,831)	(2,841)	(5,249)
Non-controlling interests		(174)	(241)	(422)
		(4,005)	**(3,082)**	**(5,671)**
Total comprehensive loss for the year attributable to:				
Owners of TruFin plc		(9,356)	(116)	(6,413)
Non-controlling interests		(174)	(241)	(422)
		(9,530)	**(357)**	**(6,835)**

UNAUDITED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the period ended 30 June 2019

	Notes	6 months ended 30 June 2019 (Unaudited) £'000	6 months ended 30 June 2018 (Unaudited) £'000	Year ended 31 December 2018 (Audited) £'000
Total comprehensive loss for the period attributable to the owners of TruFin plc from:				
Continuing operations		(5,525)	2,725	(1,164)
Discontinued operations		(3,831)	(2,841)	(5,249)
		(9,356)	(116)	(6,413)

Earnings per Share

	Notes	6 months ended 30 June 2019 (Unaudited) pence	6 months ended 30 June 2018 (Unaudited) Pence	Year ended 31 December 2018 (Audited) pence
Basic and Diluted EPS	19	(9.7)	(9.0)	(15.8)
Adjusted EPS	19	(4.7)	(4.4)	(7.2)
Adjusted EPS (2)	19	(4.7)	4.7	1.4

UNAUDITED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
As at 30 June 2019

	Notes	As at 30 June 2019 £'000 (Unaudited)	As at 31 December 2018 £'000 (Audited)
Assets			
Non-current assets			
Intangible assets	11	6,089	6,038
Property, plant and equipment	12	331	303
Deferred tax asset	10	3,789	5,579
Total non-current assets		**10,209**	**11,920**
Current assets			
Cash and cash equivalents		17,700	24,888
Loan and advances	14	40,404	129,221
Other investments	13	–	49,494
Assets classified as held for sale	15	–	266
Trade receivables		1,201	417
Other receivables		943	3,202
Total current assets		**60,248**	**207,488**
Total assets		**70,457**	**219,408**
Equity and liabilities			
Equity			
Issued share capital	16	83,659	185,000
Retained earnings		(6,928)	15,375
Foreign exchange reserve		(135)	(121)
Other reserves		(15,449)	(50,261)
Equity attributable to owners of the company		**61,147**	**149,993**
Non-controlling interest		–	3,255
Total equity		**61,147**	**153,248**
Liabilities			
Current liabilities			
Borrowings	17	–	59,041
Trade and other payables		8,010	6,066
Provision for commitments and other liabilities	7	1,300	1,053
Total current liabilities		**9,310**	**66,160**
Total liabilities		**9,310**	**66,160**
Total equity and liabilities		**70,457**	**219,408**

The financial statements were approved by the Board of Directors on 10 September 2019 and were signed on its behalf by:

Henry Kenner
Chairman and Chief Executive Officer

UNAUDITED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

For the period ended 30 June 2019

	Share capital £'000	Retained earnings £'000	Foreign exchange reserve £'000	Other reserves £'000	Total £'000	Non-controlling interest £'000	Total equity £'000
Balance at 1 January 2019	**185,000**	**15,375**	**(121)**	**(50,261)**	**149,993**	**3,255**	**153,248**
IFRS 16 Adjustment	–	(18)	–	–	(18)	1	(17)
Revised balance at 1 January 2019	**185,000**	**15,357**	**(121)**	**(50,261)**	**149,975**	**3,256**	**153,231**
Loss for the period	–	(5,511)	–	–	(5,511)	–	(5,511)
Other comprehensive income for the year	–	–	(14)	–	(14)	–	(14)
Loss from discontinued operations	–	(3,831)	–	–	(3,831)	(174)	(4,005)
Total comprehensive loss for the year	**–**	**(9,342)**	**(14)**	**–**	**(9,356)**	**(174)**	**(9,530)**
Demerger of subsidiary	(96,395)	(13,914)	–	34,866	(75,443)	(3,082)	(78,525)
Share buyback	(4,946)	–	–	(54)	(5,000)	–	(5,000)
Share based payment	–	971	–	–	971	–	971
Balance at 30 June 2019 (Unaudited)	**83,659**	**(6,928)**	**(135)**	**(15,449)**	**61,147**	**–**	**61,147**
Balance at 1 January 2018	**123,966**	**(4,962)**	**(396)**	**(26,919)**	**91,689**	**(293)**	**91,396**
Loss for the year	–	(7,903)	–	–	(7,903)	(241)	(8,144)
Other comprehensive income for the year	–	8,000	(213)	–	7,787	–	7,787
Total comprehensive loss for the year	**–**	**97**	**(213)**	**–**	**(116)**	**(241)**	**(357)**
New issue of shares	70,000	(3,658)	–	–	66,342	–	66,342
Share cancellation	(8,966)	–	–	8,966	–	–	–
Share based payment	–	1,191	–	–	1,191	–	1,191
Reduction of Capital	–	28,752	–	(28,752)	–	1,819	1,819
NCI Share Premium	–	–	–	–	–	1,482	1,482
Arising on consolidation	–	111	–	(3,911)	(3,800)	670	(3,130)
Balance at 30 June 2018 (Unaudited)	**185,000**	**21,531**	**(609)**	**(50,616)**	**155,306**	**3,437**	**158,743**

UNAUDITED CONDENSED INTERIM STATEMENT OF CASH FLOWS

For the period ended 30 June 2019

	6 months ended 30 June 2019 (Unaudited) £'000	6 months ended 30 June 2018 (Unaudited) £'000	Year ended 31 December 2018 (Audited) £'000
Cash flows from operating activities			
Loss before income tax from			
Continuing operations	(3,722)	(5,241)	(9,829)
Discontinued operations	(4,005)	(3,082)	(5,671)
Adjustments for			
Depreciation of property, plant and equipment	143	41	109
Amortisation of intangible fixed assets	266	83	225
Share based payments	971	1,191	2,739
Increase in provision	1,106	98	–
Fair value increase of demerged subsidiary	(2,618)	–	–
Underlying trading loss on discontinued operations	2,963	–	–
	(4,896)	**(6,910)**	**(12,427)**
Working capital adjustments			
Loans to customers	(22,266)	(106,908)	(270,457)
Loans repaid by customers	16,709	65,718	173,945
Increase in trade and other receivables	(998)	(950)	(1,311)
Increase in trade and other payables	4,179	5,675	3,318
Net payables on acquisition of subsidiary	–	–	(325)
Additions to assets held for sale	–	–	(266)
	(2,376)	**(36,465)**	**(95,096)**
Tax paid	–	–	(36)
Net cash used in operating activities from continuing operations	**(7,272)**	**(43,375)**	**(107,559)**
Cash flows from investing activities:			
Additions to intangible assets	(937)	(1,298)	(2,855)
Additions to property, plant and equipment	(9)	(121)	(275)
Net increase in debt securities	–	–	(4,993)
Acquisition of subsidiary	(750)	–	(2,014)
Cash on acquisition of subsidiary	–	–	382
Disposal of equity investment	44,500	–	–
Net cash generated from/(used in) investing activities from continuing operations	**42,804**	**(1,419)**	**(9,755)**
Cash flows from financing activities:			
Issue of ordinary share capital	–	70,000	70,000
Share issue costs	–	(3,658)	(3,661)
New borrowings	–	14,603	49,926
Share buyback	(5,000)	–	–
Lease payments	(137)	–	–
Net cash (used in)/generated from financing activities from continuing operations	**(5,137)**	**80,945**	**116,265**
Net increase/(decrease) in cash and cash equivalents from continuing operations	**30,395**	**36,151**	**(1,049)**

UNAUDITED CONDENSED INTERIM STATEMENT OF CASH FLOWS (CONTINUED)
For the period ended 30 June 2019

Net cash used in discontinued operations	**(37,556)**	**–**	**–**
Cash and cash equivalents at beginning of the period/year	24,888	26,049	26,049
Effect of foreign exchange rate changes	(27)	42	(112)
Cash and cash equivalents at end of the period/year	**17,700**	**62,158**	**24,888**

NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the period ended 30 June 2019

1. Accounting policies

Basis of preparation

The annual financial statements of TruFin plc are prepared in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union.

The condensed set of financial statements included in this Interim Financial Report has been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting' ('IAS 34'). This condensed set of Financial Statements has, with exception of the adoption of IFRS 16 Accounting for Leases, been prepared by applying the accounting policies and presentation that were applied in the preparation of the TruFin Group's published Financial Statements for the year ended 31 December 2018.

The condensed set of financial statements included in this Interim Financial Report for the six months ended 30 June 2019 should be read in conjunction with the annual audited financial statements of TruFin plc for the year ended 31 December 2018.

Following the demerger of DFC from the Group, the comparatives of the condensed interim statement of comprehensive income and relevant supporting notes have been re-presented, disclosing separately results for continuing and discontinued operations.

Going concern

The Directors are satisfied that the TruFin Group has sufficient resources to continue in operation for the foreseeable future, a period of not less than 12 months from the date of the report. Accordingly, they continue to adopt the going concern basis in preparing the condensed financial statements.

Group information

The TruFin Group ("the Group") is the consolidation of TruFin plc, TruFin Holdings Limited ("THL"), Oxygen Finance Group Limited ("OFGL"), Oxygen Finance Limited ("OFL"), Oxygen Finance Americas Inc.("OFAI"), Porge Limited ("Porge"), TruFin Software Limited ("TSL"), Satago Financial Solutions Limited ("SFSL"), Satago Financial Solutions z.o.o., Distribution Finance Capital Limited ("DFC") (which Demerged from the Group in May 2019) and AltLending (UK) Limited.

Additionally, the Company held:

- a 50% interest in a joint venture – Clear Funding Limited ("Clear Funding"), which was struck off on 30 April 2019.
- a 40% interest in an associate, PlayIgnite Ltd, which is not material to the Group.
- a minority interest investment in Zopa Group Limited, which was sold in May 2019.

The principal activities of the Group are the provision of niche lending and early payment services.

The financial statements are presented in Pounds Sterling, which is the currency of the primary economic environment in which the Group operates. Amounts are rounded to the nearest thousand.

Significant accounting policies and use of estimates and judgements

The preparation of interim consolidated financial statements in compliance with IAS 34 requires the use of certain critical accounting judgements and key sources of estimation uncertainty. It also requires the exercise of judgement in applying the TruFin Group's accounting policies. There have been no material revisions to the nature and the assumptions used in estimating amounts reported in the annual audited financial statements of TruFin plc for the year ended 31 December 2018.

The accounting policies, presentation and methods of computation in the audited financial statements have been followed in the condensed set of financial statements. Any new or amended policies are included below.

IFRS 16 – Leases
IFRS 16 became effective for accounting periods beginning on or after 1 January 2019 and has superseded IAS 17 Leases.

IFRS 16 distinguishes leases and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases (off balance sheet) and finance leases (on balance sheet) are removed for lessee accounting and has been replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees (i.e. all on balance sheet) except for short term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others.

2. General information

TruFin plc is a public limited company incorporated in Jersey. The shares of the Company are listed on the Alternative Investment Market. The address of the registered office is 26 New Street, St Helier, Jersey, JE2 3RA.

A copy of this Interim Financial Report including Condensed Financial Statements for the period ended 30 June 2019 is available at the Company's registered office and on the Company's investor relations website (www.trufin.com).

3. Interest and fee income

	6 months ended 30 June 2019 (Unaudited) £'000	6 months ended 30 June 2018 (Unaudited) £'000	Year ended 31 December 2018 (Audited) £'000
Interest income	1,415	452	1,467
Total interest income	**1,415**	**452**	**1,467**
EPPS* contracts	1,246	1,060	2,373
Assessment fees	–	145	145
Consultancy fees	23	11	35
Subscription fees	454	–	345
Total fee income	**1,723**	**1,216**	**2,898**
Gross revenue	**3,138**	**1,668**	**4,365**

*Early Payment Programme Services

The above figures are from continuing activities with comparatives restated accordingly based on information drawn from prior period financial statements.

4. Segmental reporting

The results of the Group are broken down into segments based on the products and services from which it derives its revenue:

Short term finance:

Provision of distribution finance products and invoice discounting. For results during the reporting period, this corresponds to the results of DFC, SFSL and AltLending.

Payment services:

Provision of Early Payment Programme Services. For results during the reporting period, this corresponds to the results of OFGL, OFL, OFAI and Porge.

Other:

Revenue and costs arising from investment activities and peer-to-peer lending. For results during the reporting period, this corresponds to the results of TruFin Software Limited, TruFin Holdings Limited, the Group's investment in Zopa and TruFin plc.

The results of each segment, prepared using accounting policies consistent with those of the Group as a whole, are as follows:

Period ended 30 June 2019	Short term finance £'000	Payment services £'000	Other £'000	Total £'000
Interest and fee income	1,268	1,723	147	3,138
Interest and fee expenses	(66)	(153)	-	(219)
Net interest and fee income	**1,202**	**1,570**	**147**	**2,919**
Adjusted operating loss*	(118)	(862)	(1,642)	(2,622)
Loss before tax	**(118)**	**(862)**	**(2,742)**	**(3,722)**
Taxation	–	(1,789)	–	(1,789)
Loss for the year from continuing operations	**(118)**	**(2,651)**	**(2,742)**	**(5,511)**
Loss for the year from discontinued operations	(2,963)	–	(1,042)	(4,005)
Loss for the year	**(3,081)**	**(2,651)**	**(3,784)**	**(9,516)**
Total assets	24,138	11,383	34,936	70,457
Total liabilities	(692)	(2,117)	(6,501)	(9,310)
Net assets	**23,446**	**9,266**	**28,435**	**61,147**

*adjusted operating loss excludes share-based payment expense

Period ended 30 June 2018	Short term Finance £'000	Payment services £'000	Other £'000	Total £'000
Interest and fee income	415	1,210	43	1,668
Interest and fee expenses	(24)	(18)	-	(42)
Net interest and fee income	**391**	**1,192**	**43**	**1,626**
Adjusted operating loss*	(756)	(1,433)	(1,852)	(4,050)
Loss before tax	**(756)**	**(1,433)**	**(3,043)**	**(5,241)**
Taxation	-	179	-	179
Loss for the year from continuing operations	**(756)**	**(1,254)**	**(3,043)**	**(5,062)**
Loss for the year from discontinued operations	(3,082)	-	-	(3,082)
Loss for the year	**(3,847)**	**(1,254)**	**(3,043)**	**(8,144)**
Total assets	129,337	2,360	59,561	191,258
Total liabilities	(29,632)	(1,544)	(1,339)	(32,515)
Net assets	**99,705**	**816**	**58,222**	**158,743**

Year ended 31 December 2018	Short term Finance £'000	Payment services £'000	Other £'000	Total £'000
Interest and fee income	1,411	2,894	60	4,365
Interest and fee expenses	(106)	(51)	-	(157)
Net interest and fee income	**1,305**	**2,843**	**60**	**4,208**
Adjusted operating loss*	(956)	(2,333)	(3,801)	(7,090)
Loss before tax	**(956)**	**(2,333)**	**(6,540)**	**(9,829)**
Taxation	-	390	-	390
Loss for the year from continuing operations	**(956)**	**(1,943)**	**(6,540)**	**(9,439)**
Loss for the year from discontinued operations	(5,671)	-	-	(5,671)
Loss for the year	**(6,627)**	**(1,943)**	**(6,540)**	**(15,110)**
Total assets	153,451	11,889	54,068	219,408
Total liabilities	(62,331)	(2,649)	(1,180)	(66,160)
Net assets	**91,120**	**9,240**	**52,888**	**153,248**

The figures in this note are from continuing activities with comparatives restated accordingly based on information drawn from prior period financial statements.

5. Staff costs

Analysis of staff costs:

	6 months ended 30 June 2019 (Unaudited) £'000	6 months ended 30 June 2018 (Unaudited) £'000	Year ended 31 December 2018 (Audited) £'000
Wages and salaries	2,890	3,058	5,673
Consulting costs	263	327	783
Social security costs	651	452	898
Pension costs arising on defined contribution schemes	92	66	151
Share based payment	972	1,191	2,739
	4,868	**5,094**	**10,244**

Consulting costs are recognised within staff costs where the work performed would otherwise have been performed by employees. Consulting costs arising from the performance of other services are included within other operating expenses.

Average monthly number of persons (including Executive Directors) employed:

	6 months ended 30 June 2019 (Unaudited) £'000	6 months ended 30 June 2018 (Unaudited) £'000	Year ended 31 December 2018 (Audited) £'000
Management	12	8	8
Finance	8	5	7
Sales & marketing	19	14	16
Operations	36	39	46
Technology	14	12	15
	89	**78**	**92**

Key management

	6 months ended 30 June 2019 (Unaudited) £'000	6 months ended 30 June 2018 (Unaudited) £'000	Year ended 31 December 2018 (Audited) £'000
Combined remuneration	601	587	1,181

The Directors consider that key management personnel include the Executive Directors of TruFin plc and the Chief Operating Officer. These individuals have the authority and responsibility for planning, directing and controlling the activities of the Group.

The figures in this note are from continuing activities with comparatives restated accordingly based on information drawn from prior period financial statements.

6. Employee share-based payment transactions

The employment share-based payment charge comprises:

	6 months ended 30 June 2019 (Unaudited) £'000	6 months ended 30 June 2018 (Unaudited) £'000	Year ended 31 December 2018 (Audited) £'000
Performance Share Plan and Joint Share Ownership Plan Founder Award	913	1,106	2,671
Performance Share Plan Market Value Award	(63)	85	68
Performance Share Plan 2019 Award	122	–	–
Performance Share Plan 2018 Award	–	–	–
Total	**972**	**1,191**	**2,739**

Performance Share Plan and Joint Share Ownership Plan Founder Award ("PSP and JSOP")

In 2018, 3,407,895 shares were granted to selected members of senior management of which the share price at date of grant was £1.90 per share. The award was structured as a Performance Share Plan and a Joint Share Ownership Plan. The Performance Share Plan was structured as a nil cost option with no performance conditions attached, although the individuals are subject to continued employment until February 2021. The Joint Share Ownership Plan allowed the employee to participate in the growth in value over and above the grant price of £1.90. The shares vest 25% on each anniversary of the grant date.

Following the demerger, there was a modification to the award. The £1.90 price above which the employee was able to participate in value growth was adjusted proportionally by reference to the respective share prices of DFC and TruFin to £0.85. This modification has not resulted in a change in the valuation of the award and this continues to be recognised over the remainder of the original vesting period.

As part of the demerger all TruFin shareholders received one DFC listed share for each TruFin share held. As the option holders were entitled to TruFin shares, they were given one DFC share for each option held. The effect of this gave rise to an Employers National Insurance liability of £419,000, which was paid in July 2019.

Performance Share Plan Market Value Award ("PSP Market Value")

In 2018, 4,868,420 shares were granted to the senior management team. The vesting of this award is based on market-based performance conditions. The vesting of these awards is subject to the holder remaining an employee of the Company and the Company's share price achieving five distinct milestones vesting at 20% each milestone. The exercise price of the shares on vesting was £1.90 per share. A Monte Carlo simulation was used to determine the fair value of these options. The model used an expected volatility of 10% and a risk free rate of 1.3%.

In order to reflect the impact of the demerger, the PSP Market Value Awards was split into two:

- Part of the award remained as an option in respect of TruFin shares ("TruFin Market Value Awards")
- Part of the award is in respect of DFC listed shares

The TruFin Market Value Awards is on the same terms as the original PSP Market Value Awards except that:

- The exercise price has been adjusted to £0.85 to reflect the demerger
- Following the return of value to shareholders in June 2019, the exercise price was further adjusted to £0.80.

The DFC Market Value award took the form of a restricted share award of 2% of the DFC Listed Shares under which the award holder will receive nil cost DFC listed shares. These transfer restrictions and clawback fall away over time (i.e. 33.33% per year over three years). The first 33% will become freely transferable and cease to be subject to clawback on 21 February 2020 and each subsequent tranche on the following two anniversaries. The effect of this award gave rise to an Employer's national insurance liability on TruFin plc of £265,000 which was paid in July 2019.

Performance Share Plan 2018 Award ("PSP 2018")

In 2018, 1,000,001 shares were granted to the senior management team. The PSP 2018 award was structured as a nil cost option. The vesting of this award was subject to the holder being in continued employment until February 2021 and the Company achieving certain financial metrics over a three-year period.

In order to reflect the impact of the demerger and as the performance condition relating to the business of DFC will be achieved in full due to the demerger, the PSP 2018 award was adjusted as follows:

- the awards part vested and were satisfied by way of a cash payment calculated by reference to 50% of the shares subject to the award and a price of 190p per share. The cash payment will be made at the time of the annual bonus cycle in February 2020.
- the awards have continued in respect of 100% of the TruFin shares, but the performance condition will relate solely to the business of Oxygen.

Due to the part vesting as a result of the demerger, a charge of £950,000 and £131,000 Employers National Insurance has been accrued for.

Performance Share Plan 2019 Award ("PSP 2019")

The PSP 2019 award was structured as a nil cost option. The vesting of this award was subject to the holder being in continued employment until February 2022 and the Company achieving certain financial metrics over a three-year period.

In order to reflect the impact of the demerger and a new performance condition related to the granting of a bank licence to DFC, the PSP 2019 award was adjusted as follows:

- if the new performance condition related to DFC is met, the award will be satisfied by way of a cash payment calculated by reference to 50% of the award. The cash payment will be made at the time of the annual bonus cycle in February 2020.
- the awards have continued in respect of 50% of the TruFin shares, but the performance condition will relate to the businesses of Satago and Oxygen.

A charge of £972,000 and £134,000 Employers National Insurance has been provided for as a contingent liability for the DFC related performance condition of the PSP 2019. While the granting of a licence is at the discretion of the regulator, the Board is of the view that the performance condition will be met.

The charges incurred as a result of the demerger and subsequent modifications of the awards have been included within discontinued operations in Note 9.

A breakdown of these charges is shown below.

	6 months ended 30 June 2019 (Unaudited) £'000	6 months ended 30 June 2018 (Unaudited) £'000	Year ended 31 December 2018 (Audited) £'000
PSP and JSOP Employers NI charge	419	–	–
PSP Market Value Employers NI charge	265	–	–
PSP Market Value Return of Value	285	–	–
PSP 2018 – DFC portion	1,081	–	–
PSP 2019 – DFC portion	1,106	–	–
Total	**3,156**	**–**	**–**

Employees are responsible for settling their own tax obligations related to these awards as and when they arise. The Company will pay any Employers NI that becomes due on these awards.

7. Provision for commitments and other liabilities

Management have recognised a provision of £194,000 (31 December 2018: £299,000) in relation to uncertain tax positions prior to 31 December 2016. Although advice has been taken, the legislation is complex and could result in different interpretations. The amount recognised is the best estimate of the consideration required to settle the present obligation at the balance sheet date. £105,000 of the provision had been recognised by DFC and as such following the demerger, the provision is no longer part of the Group.

A provision of £750,000 had been made in 2018 for the deferred consideration payable for the acquisition of Porge by Oxygen. The deferred consideration was paid in the second quarter of 2019 as Porge met certain revenue targets.

A provision of £1,106,000 has been included for the cash settled portion of the PSP 2019 award (as shown in Note 6).

	£'000
At 1 January 2019 (audited)	1,053
Demerger of subsidiary	(109)
Deferred consideration paid	(750)
Additional provision during the year (see note 6)	1,106
At 30 June 2019 (unaudited)	**1,300**

	£'000
At 1 January 2018 (audited)	299
Additional provision during the year	754
At 31 December 2018 (audited)	**1,053**

8. Loss before income tax

Loss before income tax is stated after charging:

	6 months ended 30 June 2019 (Unaudited) £'000	6 months ended 30 June 2018 (Unaudited) £'000	Year ended 31 December 2018 (Audited) £'000
Depreciation of property, plant and equipment	143	41	109
Amortisation of intangible assets	266	83	225
Staff costs including share based payments charge	4,868	5,094	10,244
Audit fees payable to the Group's auditor	54	60	200
Non-audit fees payable to Group's auditor	12	59	68

9. Discontinued operations

On 8 May 2019, DFC was demerged from the group. Its results for the period from the start of the year to the date of demerger have been included within this note.

DFC results for the period to demerger	6 months ended 30 June 2019 (Unaudited) £'000
Revenue	3,601
Expenses excluding IPO and demerger costs	(6,564)
Loss before tax	**(2,963)**

Also included within this note are; the costs to the Group associated with the demerger and the fair value uplift in the value of DFC prior to its demerger from the Group.

	6 months ended 30 June 2019 (Unaudited) £'000
DFC loss before tax	(2,963)
Other items included within discontinued operations	
Fair value uplift in value of DFC	2,618
Costs of demerger	(504)
MIP related demerger costs	(3,156)
Loss from discontinued operations	**(4,005)**

Cash flow	6 months ended 30 June 2019 (Unaudited) £'000
Loss from discontinued operations	(2,963)
Working capital adjustments	(33,435)
Cash flows from operating activities	(36,398)
Cash flows from investing activities	(123)
Cash flows from financing activities	71,876
Net increase in cash	35,355
Cash leaving the group on date of demerger	(42,911)
	(7,556)
Less intragroup transfers	(30,000)
Cash used by discontinued operations	**(37,556)**

10. Taxation

Analysis of tax (charge)/credit recognised in the period

	6 months ended 30 June 2019 (Unaudited) £'000	6 months ended 30 June 2018 (Unaudited) £'000	Year ended 31 December 2018 (Audited) £'000
Deferred tax (charge)/credit	(1,789)	179	390
Total tax (charge)/credit	**(1,789)**	**179**	**390**

Deferred tax asset

	6 months ended 30 June 2019 (Unaudited) £'000	6 months ended 30 June 2018 (Unaudited) £'000	Year ended 31 December 2018 (Audited) £'000
Balance at start of the year	5,579	5,189	5,189
(Charge)/Credit to the statement of comprehensive income	(1,789)	179	390
Balance at end of the year	**3,790**	**5,368**	**5,579**
Comprised of:			
Losses	3,790	5,368	5,579
Total deferred tax asset	**3,790**	**5,368**	**5,579**

The deferred tax asset is in respect of Oxygen's historical tax losses and it is considered probable that future taxable profits of Oxygen and the wider Group will be able to be relieved against these losses. Although the Board remain satisfied that Oxygen is still able to deliver its expected growth and profitability, the Directors have undertaken an impairment review and reassessed the period over which losses may be utilised. Based on this reassessment an impairment of £1,789,000 has been recorded. Although impaired, the losses do remain available to carry forward and may regain value in future periods.

11. Intangible assets

	Client contracts £'000	Software licences and similar assets £'000	Goodwill £'000	Total £'000
Cost				
At 1 January 2019	2,165	1,495	2,759	6,419
Additions	805	132	–	937
Demerger of subsidiary	–	(669)	–	(669)
At 30 June 2019	2,970	958	2,759	6,687
Amortisation				
At 1 January 2019	(103)	(278)	–	(381)
Charge	(153)	(113)	–	(266)
Demerger of subsidiary	–	49	–	49
At 30 June 2019	(256)	(342)	–	(598)
Accumulated impairment losses				
At 1 January 2019	–	–	–	–
Charge	–	–	–	–
At 30 June 2019	–	–	–	–
Net book value				
At 30 June 2019	2,714	616	2,759	6,089
At 31 December 2018	2,062	1,217	2,759	6,038

	Client contracts £'000	Software licences and similar assets £'000	Goodwill £'000	Total £'000
Cost				
At 1 January 2018	305	500	–	805
Additions	1,860	995	–	2,855
Arising on acquisition of subsidiary	–	–	2,759	2,759
At 31 December 2018	2,165	1,495	2,759	6,687
Amortisation				
At 1 January 2018	(52)	(104)	–	(156)
Charge	(51)	(174)	–	(225)
At 31 December 2018	(103)	(278)	–	(381)
Accumulated impairment losses				
At 1 January 2018	–	–	–	–
Charge	–	–	–	–
At 31 December 2018	–	–	–	–
Net book value				
At 31 December 2018	2,062	1,217	2,759	6,038
At 31 December 2017	253	396	–	649

Client contracts comprise the directly attributable costs incurred at the beginning of an Early Payment Scheme Service contract to revise a client's existing payment systems and provide access to the Group's software and other intellectual property. These implementation (or "set up") costs are comprised primarily of employee costs.

The useful economic life for each individual asset is deemed to be the term of the underlying Client Contract (generally 5 years) which has been deemed appropriate and for impairment review purposes, projected cash flows have been discounted over this period.

The amortisation charge is recognised in fee expenses within the statement of comprehensive income, as these costs are incurred directly through activities which generate fee income.

Software, licenses and similar assets comprises separately acquired software, as well as costs directly attributable to internally developed platforms across the Group. These directly attributable costs are associated with the production of identifiable and unique software products controlled by the Group and are probable of producing future economic benefits. They primarily include employee costs and directly attributable overheads.

A useful economic life of 3 to 5 years has been deemed appropriate and for impairment review purposes projected cash flows have been discounted over this period.

The amortisation charge is recognised in depreciation and amortisation on non-financial assets within the statement of comprehensive income.

Goodwill relates to Oxygen Finance Group Limited and arose from the acquisition of Porge Limited in August 2018. As stated in the December 2018 financial statements we have one year to finalise the initial accounting for a business combination, and our assessment and measurement of separately identifiable intangible assets is ongoing. The Directors believe that the majority of the purchase price represents goodwill.

The Directors have assessed the impact on the June 2019 interim results if half the goodwill was determined to consist of separately identifiable assets. Assuming a 5 year useful economic life this would result in an amortisation charge of £138k for the 6 months.

The goodwill balance has been reviewed and based on performance to date and future expectations its carrying value is considered appropriate and is not impaired.

12. Property, plant and equipment

	Leasehold improvements £'000	Fixtures & fittings £'000	Computer equipment £'000	Right of Use Asset £'000	Total £'000
Cost					
At 1 January 2019	67	337	177	–	581
Additions	–	9	–	–	9
On adoption of IFRS 16	–	–	–	392	392
Demerger of subsidiary	(23)	(104)	(172)	–	(299)
At 30 June 2019	44	242	5	392	683
Depreciation					
At 1 January 2019	(24)	(205)	(49)	–	(278)
Charge	(7)	(18)	(1)	(117)	(143)
Demerger of subsidiary	3	18	48	–	69
At 30 June 2019	(28)	(205)	(2)	(117)	(352)
Net book value					
At 30 June 2019	16	37	3	275	331
At 31 December 2018	43	132	128	–	303

	Leasehold improvements £'000	Fixtures & fittings £'000	Computer equipment £'000	Total £'000
Cost				
At 1 January 2018	44	221	35	300
Additions	23	113	139	275
Arising on acquisition of subsidiary	-	3	3	6
At 31 December 2018	67	337	177	581
Depreciation				
At 1 January 2018	(6)	(157)	(6)	(169)
Charge	(18)	(48)	(43)	(109)
At 31 December 2018	(24)	(205)	(49)	(278)
Net book value				
At 31 December 2018	43	132	128	303
At 31 December 2017	38	64	29	131

13. Other investments

	30 June 2019 (Unaudited) £'000	31 December 2018 (Audited) £'000
Investments in equity instruments	–	44,500
Debt securities	–	4,944
	–	49,494

Investment in equity instruments

	Level 3 valuation £'000
Fair value at 1 January 2019	44,500
Disposal of investment	(44,500)
Fair value at 30 June 2019 (Unaudited)	–

	Level 3 valuation £'000
Fair value at 1 January 2018	36,500
Gain on revaluation at 31 December 2018	8,000
Fair value at 31 December 2018 (Audited)	44,500

On 7 May 2019, the Group sold its investment in Zopa to Arrowgrass for a gross cash consideration of £44.5 million which was equal to the fair value of Zopa.

	30 June 2019 (Unaudited)	31 December 2018 (Audited)
Undiluted	0.0%	13.3%
Fully diluted	0.0%	12.5%

Debt Securities

	£'000
Balance at 1 January 2019	4,994
Demerger of subsidiary	(4,994)
Balance at 30 June 2019 (Unaudited)	**–**
Balance at 1 January 2018	–
Purchased debt securities	5,993
Fair value gain	1
Proceeds from maturing securities	(1,000)
Balance at 31 December 2018 (Audited)	**4,994**

Following the demerger of DFC from the Group, the Group no longer holds any debt securities.

14. Loans and advances

	30 June 2019 (Unaudited) £'000	31 December 2018 (Audited) £'000
Total loans and advances	40,581	129,678
Less: loss allowance	(177)	(308)
Less: deferred income	–	(149)
	40,404	**129,221**

Total loans and advances are made up of:	30 June 2019 (Unaudited) £'000	31 December 2018 (Audited) £'000
Loans and advances	33,431	122,528
Financial assets at Fair Value	7,150	7,150
	40,581	**129,678**

The financial assets held at fair value correspond to convertible loan notes of £3.5 million to a company called PlayStack Limited ("PlayStack") and a convertible loan note of £3.65 million to a company called Vertus Capital Limited ("Vertus"). These loans are valued at fair value using a combination of income and market-based approach and any recent funding rounds.

Past due receivables relating to loans and advances are analysed as follows:

	30 June 2019 (Unaudited) £'000	31 December 2018 (Audited) £'000
Neither past due nor impaired	39,957	128,341
Past due: 0–30 days	252	742
Past due: 31–60 days	62	219
Past due: 61–90 days	43	30
Past due: more than 91 days	91	38
	40,404	**129,370**

The financial risk management procedures disclosed in the 31 December 2018 audited financial statements have been and remain in place for the period to 30 June 2019.

15. Assets classified as held for sale

At 31 December 2018 the Group had one asset classified as held for sale valued at £266,000. This asset was within DFC, so following the demerger this is no longer within the Group.

16. Share capital

	Share Capital £'000	Total £'000
91,933,316 shares at £0.91 per share at 30 June 2019 (unaudited)	**83,659**	**83,659**

At 31 December 2018, 97,368,421 shares of no par value were in issue. In May 2019, these were converted into 97,368,421 ordinary shares of £1.90 each. On 8 May 2019, each share was subdivided and redesignated into one ordinary share of £0.91 each and one ordinary B share of £0.99 each. The B shares were subsequently cancelled on the same day, thereby reducing the share capital of TruFin plc by £96,364,737, to £88,605,263.

In June 2019, TruFin plc returned £5,000,297 to Eligible shareholders through a purchase of 5,435,105 ordinary shares at a Tender Price of £0.92 per share.

All ordinary shares carry equal entitlements to any distributions by the company. No dividends were proposed by the Directors for the period ended 30 June 2019.

17. Borrowings

	30 June 2019 (Unaudited) £'000	31 December 2018 (Audited) £'000
Loans due within one year	–	59,041
Loans due in over a year	–	–
	–	**59,041**

In 2017, DFC entered into a two-year senior debt facility with a leading bank which was secured on a floating pool of underlying assets. Interest is payable at 3 month LIBOR + 4%.

Following the demerger of DFC from the Group, the Group's balance at 30 June 2019 is £nil.

Movements in borrowings during the year

The below table identifies the movements in borrowings during the year.

	£'000
Balance at 1 January 2019	59,041
Demerger of subsidiary	(59,041)
Balance at 30 June 2019 (Unaudited)	**–**
Balance at 1 January 2018	9,035
Funding drawdown	49,926
Interest expense	2,145
Interest paid	(2,065)
Balance at 31 December 2018 (Audited)	**59,041**

18. Financial instruments

Fair Value of Financial Instruments

Financial assets included in the statement of financial position at fair value:

	30 June 2019 (Unaudited) £'000	31 December 2018 (Audited) £'000
Debt securities (level 1)	–	4,994
Investments (level 3)	–	44,500
Financial assets at fair value (level 3)	7,150	7,150

Debt securities carried at fair value by the Group were treasury bills held by DFC. Treasury bills are traded in active markets and fair values are based on quoted market prices. There were no transfers between levels during the periods, all debt securities have been measured at level 1 from acquisition to the demerger date.

A level 3 valuation is one that relies on unobservable inputs to the valuation process.

- The year-end Zopa valuation was calculated by reference to the independent valuer's valuation. This valuation utilised, amongst other things, recent financial data provided by Zopa, peer group valuation metrics and the most recent funding round. A combination of these provided the best estimate for the investment's market value. Zopa was sold at this valuation in May 2019.
- Financial assets at fair value have been valued by considering the valuation of the convertible loans as well as the value of the underlying companies (PlayStack and Vertus).
- There were no transfers of assets between level 1 and level 2 during the current or prior year.

Reconciliation of level 3 financial assets included in the statement of financial position at fair value

	Investments £'000	Financial assets at fair value £'000	Total £'000
Balance at 1 January 2019	44,500	7,150	**51,650**
Disposals	(44,500)	–	**(44,500)**
Balance at 30 June 2019 (Unaudited)	**–**	**7,150**	**7,150**

There are no financial liabilities included in the statement of financial position at fair value.

30 June 2019

Financial assets and financial liabilities included in the statement of financial position that are not measured at fair value:

	Carrying amount £'000	Fair value £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000
Financial assets not measured at fair value					
Loans and advances	33,254	33,254	–	–	33,254
Trade receivables	1,201	1,201	–	–	1,201
Other receivables	943	943	–	–	943
Cash and cash equivalents	17,700	17,700	17,700	–	–
	53,098	**53,098**	**17,700**	–	**35,398**
Financial liabilities not measured at fair value					
Trade, other payables and accruals	4,385	4,385	–	–	4,385
	4,385	**4,385**	–	–	**4,385**

31 December 2018

Group	Carrying amount £'000	Fair value £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000
Financial assets not measured at fair value					
Loans and advances	122,071	122,071	–	–	122,071
Trade receivables	417	417	–	–	417
Other receivables	3,202	3,202	–	–	3,202
Cash and cash equivalents	24,888	24,888	24,888	–	–
	150,578	**150,578**	**24,888**	–	**125,690**
Financial liabilities not measured at fair value					
Borrowings	59,041	59,041	–	–	59,041
Trade, other payables and accruals	5,361	5,361	–	–	5,361
	64,402	**64,402**	–	–	**64,402**

Fair values for level 3 assets and liabilities were calculated using a discounted cash flow model and the Directors consider that the carrying amounts of financial assets and liabilities recorded at amortised cost in the financial statements approximate to their fair values.

19. Earnings per share

Earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the year.

The calculation of the basis and adjusted earnings per share is based on the following data:

	6 months ended 30 June 2019 (Unaudited) £'000	6 months ended 30 June 2018 (Unaudited) £'000	Year ended 31 December 2018 (Audited) £'000
Number of shares			
At period/year end	91,933,316	97,368,421	97,368,421
Weighted average	96,617,716	88,139,624	92,791,949
Earnings attributable to ordinary shareholders	**£'000**	**£'000**	**£'000**
Loss after tax attributable to the owners of TruFin plc	(9,342)	(7,903)	(14,688)
Adjusted earnings attributable to ordinary shareholders			
Loss for the year attributable to the owners of TruFin plc	(9,342)	(7,903)	(14,688)
Adjusted for			
Share-based payment	972	1,191	2,739
Loss from discontinued operations	3,831	2,841	5,249
Adjusted loss after tax attributable to the owners of TruFin plc	(4,539)	(3,871)	(6,700)
Earnings per share*	Pence	Pence	Pence
Basic and Diluted	(9.7)	(9.0)	(15.8)
Adjusted[1]	(4.7)	(4.4)	(7.2)
Adjusted[2]	(4.7)	4.7	1.4

* All Earnings per share figures are undiluted and diluted.

Adjusted[1] EPS excludes share-based payment expense, exceptional items and discontinued operations from loss after tax

Adjusted[2] EPS includes the unrealised gain on the revaluation of the TruFin Group's investment in Zopa - £0.0m for the period ended 30 June 2019 (2018: £8.0m)

Changes to share capital during the period are described in Note 17.

Management has been granted share options in TruFin plc. These could potentially dilute basic EPS in the future, but were not included in the calculation of diluted EPS as they are antidilutive for the periods presented, as the Group is loss making.

20. Changes in accounting policies

This note explains the impact of the adoption of IFRS 16 Leases on the Group's financial statements. The Group has adopted IFRS 16 retrospectively from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019.

Balances recognised on adoption of IFRS 16

Lease liability	**£'000**
Operating lease commitments disclosed at 31 December 2018	1,192
Lease commitments related to discontinued operations	(715)
Adjustments	(44)
Lease liability recognised at 1 January 2019	**433**

Right of use assets have been recognised for property leases within the group and have been measured on a retrospective basis as if the new rules had always been applied.

21. Related party disclosures

Transactions with Directors

Key management personnel disclosures are provided in notes 5 and 6.

The Group's equity investment in Zopa was sold to Arrowgrass Master Fund, a significant shareholder of TruFin plc.

Loans issued to Henry Kenner (£74,878) and James van den Bergh (£64,894) in 2018 remain outstanding at the period end. These have a £nil interest charge.

22. Post balance sheet events

On 29 July 2019, the Group converted its £3.65 million convertible loan held in Vertus Capital Limited ("Vertus") in full satisfaction and discharge of the loan. This has resulted in the Company's wholly-owned subsidiary, TruFin Holdings Limited, becoming the 51% controlling shareholder in Vertus. Vertus is a funding provider to the Independent Financial Adviser sector.

In September, Vertus concluded a £15 million secured debt facility with a UK high street bank, which will allow it to service its large and growing pipeline.

On 10 September 2019, the Group converted its outstanding £3.5 million convertible loans in PlayStack Limited ("PlayStack") into ordinary shares, in full satisfaction and discharge of the loans, together with a further equity investment of £1.5 million in PlayStack, in order to obtain a majority controlling stake. The transaction will likely result in a holding of c. 99% in PlayStack. PlayStack is a mobile games publisher and financier.

T R U | F I N

TruFin plc

www.TruFin.com