Mizzen Mezzco Limited

Premium Credit is the No.1 Insurance Financing Company in the UK and Ireland

Condensed Consolidated Interim Financial Statements (Unaudited)

Mizzen Mezzco Limited

Period ended 30 September 2018

Mizzen Mezzco Limited

Registered Number: 08179245

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Financial Results

Financial Data **(£ in millions, except percentages and ratios)**	**For the nine months ended 30 September 2018** **(unaudited)**	**For the nine months ended 30 September 2017** **(unaudited)**	**Increase/ (Decrease)** **(unaudited)**
Net Advances[(a)]	2,555.3	2,667.7	(112.4)
Turnover	90.9	98.9	(8.0)
EBITDA	41.4	54.9	(13.5)
Adjusted EBITDA[(b)]	53.4	64.4	(11.0)
Adjusted EBITDA Margin[(b)]	58.7%	65.1%	(6.4%)
Adjusted Post-Securitisation EBITDA[(c)]	43.0	54.1	(11.1)
Adjusted Post-Securitisation EBITDA Margin[(c)]	47.3%	54.7%	(7.4%)
Cash Conversion[(d)]	88.4%	93.9%	(5.5%)
Profit before tax	10.0	25.5	(15.5)

Financial Data **(£ in millions, except percentages and ratios)**	**For the quarter ended 30 September 2018** **(unaudited)**	**For the quarter ended 30 September 2017** **(unaudited)**	**Increase/ (Decrease)** **(unaudited)**
Net Advances[(a)]	921.0	980.4	(59.4)
Turnover	30.7	33.3	(2.6)
EBITDA	13.4	18.3	(4.9)
Adjusted EBITDA[(b)]	18.6	21.9	(3.3)
Adjusted EBITDA Margin[(b)]	60.6%	65.8%	(5.2%)
Adjusted Post-Securitisation EBITDA[(c)]	14.8	18.5	(3.7)
Adjusted Post-Securitisation EBITDA Margin[(c)]	48.2%	55.6%	(7.4%)
Cash Conversion[(d)]	88.5%	94.6%	(6.1%)
Profit before tax	3.3	7.3	(4.0)

a. Net Advances represents gross advances net of loans for policies or services that have been cancelled by end customers, or the service provider.

b. Adjusted EBITDA represents EBITDA as adjusted for certain transaction costs, one-time information technology, cyber incident related costs and other expenses, Adjusted EBITDA margin represents Adjusted EBITDA margin as a % of Turnover.

c. Adjusted Post-Securitisation EBITDA is further adjusted for funding costs; Adjusted Post-Securitisation EBITDA margin represents Adjusted Post -Securtisation EBITDA as a % of Turnover

d. Cash conversion represents Free Cash flow as a % of Adjusted Post-Securitisation EBITDA; Free Cash flow represents Adjusted Post-Securitisation EBITDA – Capex.

Note: Full reconciliation of GAAP and non-GAAP measures is presented on page 10

Results for the nine months ended 30 September 2018

- Net advances for the nine months of 2018 were £2,555.3 million, 4.2% lower than the same period last year (nine months ended 30 September 2017: £2,667.7 million). This was driven by the cyber related system outage in September and broker losses as a result of market consolidation that was seen in 2017. Normalising for these, net advances increased by 4.6%.

- Overall EBITDA decreased by £13.5 million or 24.5% to £41.4 million in the nine months ended 30 September 2018, (nine months ended 30 September 2017: £54.9 million). This reduction in EBITDA was impacted by the reduction in net advances and certain non-recurring earnings in 2017. The key elements of this were:

    - A decrease in Group turnover of £8.0 million, or 8.1%, to £90.9 million for the nine months ended 30 September 2018 (nine months ended 30 September 2017: £98.9 million), due to lower net advances, impact of certain

Financial Results (continued)

non-recurring earnings relating to commission provisions released (£2.8 million) in 2017 and the waiving of certain cost recovery fees during the cyber incident to ensure no customer suffered detriment as a result of the system outage (£0.8 million).

- o An increase in net credit losses of £3.9 million to £7.6 million for the nine months ended 30 September 2018, (nine months ended 30 September 2017: £3.7 million), due to a non-recurring recovery of £1.4 million relating to Independent Insurance Company Limited and provision release of £0.4 million in prior period, and provision increase in current period due to higher termination rates and lower collections vs 2017.
- o An increase in other non-operating expenditure of £2.5 million to £12.0 million for the nine months ended 30 September 2018, (nine months ended 30 September 2017: £9.5 million), primarily due to cyber incident related and restructuring costs.

- Adjusted EBITDA of £53.4 million decreased by £11.0 million for the nine months ended 30 September 2018, (nine months ended 30 September 2017: £64.4 million). Adjusted EBITDA shows the performance of the business with the impact of certain transaction costs, one-time IT expenditure, cyber incident related costs and other expenses removed.
- Adjusted Post-Securitisation EBITDA decreased by £11.1 million for the nine months ended 30 September 2018 or 20.5% to £43.0 million, (nine months ended 30 September 2017: £54.1 million). This is in line with the respective decrease in EBITDA and Adjusted EBITDA as securitisation interest costs were £0.1 million higher versus prior period.
- Cash conversion for the nine months ended 30 September 2018 was 88.4%. This is a reduction of 5.5% over the prior period as our free cash flow decreased by £12.8 million. This was due to £1.7 million higher capital projects spending of £5.0 million (nine months ended 30 September 2017: £3.3 million).
- Profit before taxation for the nine months ended 30 September 2018 was £10.0 million, 60.8% lower than the same period last year, (nine months ended 30 September 2017: £25.5 million). This was primarily due to lower turnover (£8.0 million), increased interest cost (£0.7 million which was due to the increased amortisation of costs relating to issuance of new securitisation notes in November 2017) and increased administrative expenses of £6.8 million, due to increased credit losses, cyber incident related costs, restructuring costs and the impact of foreign currency exchange movements.

Results for the quarter ended 30 September 2018

The quarter's results to September 2018 are impacted by the same factors as the YTD results for 2018.

- Net advances for the quarter ended 30 September 2018 were £921.0 million, 6.1% lower than the same period last year, (quarter ended 30 September 2017: £980.4 million).
- EBITDA decreased by £4.9 million or 26.8% to £13.4 million in the quarter ended 30 September 2018, (quarter ended 30 September 2017: £18.3 million).
- Adjusted EBITDA of £18.6 million decreased by £3.3 million for the quarter ended 30 September 2018 (quarter ended 30 September 2017: £21.9 million). Adjusted EBITDA shows the performance of the business with the impact of certain transaction costs, one-time IT expenditure, cyber incident related costs and other expenses removed.

Financial Results (continued)

- Adjusted Post-Securitisation EBITDA decreased by £3.7 million for the quarter ended 30 September 2018 or 20.0% to £14.8 million (quarter ended 30 September 2017: £18.5 million) in line with the respective decrease in EBITDA and Adjusted EBITDA.
- Cash conversion for the quarter ended 30 September 2018 was 88.5%, which was down by 6.1% over the prior period.
- Profit before taxation for the quarter ended 30 September 2018 was £3.3 million, 54.8% lower than the same period last year (quarter ended 30 September 2017: £7.3 million).

Tom Woolgrove, CEO, commenting on the results said:

"While the quarter ended 30 September 2018 has been a challenging period for our business, I am pleased to report that, our normalised net advances in the first nine months have seen continued strong underlying growth of 4.6% over prior year. Net advances are a key driver of our future performance and the increase serves to highlight the benefits that we receive from the investments that we have made in developing compliant digital customer journeys.

Notwithstanding this, the business has faced challenges during the period under review driven by a weakening credit environment and the impact of the cyber incident discussed below. Additionally, the year over year comparison of our performance is impacted by the reduction in net advances following the significant changes in the market we operate, and certain non-recurring items included in the 2017 results. These factors have led to a reduction in our Adjusted Post-Securitisation EBITDA of £11.1million for the nine months ended 30 September 2018.

In September 2018, we were subject to a targeted third-party cyber-attack that impacted our computer and telephony systems. In line with our cyber security protocols, our systems were promptly taken offline and shutdown to protect their integrity. Following an investigation of the incident, the entry route was identified and closed and we can confirm that, to the best of our knowledge, there is no evidence of any data loss. However, despite our prompt recovery, the incident and associated remediation activities are expected to have a one-off incremental impact on our Adjusted Post-Securitisation EBITDA for the three months ended 30 September 2018 of £0.8 million and EBITDA of £2.5 million. We expect to incur additional cyber incident related costs of £1.8 million in the coming periods.

Although disappointed with our performance, after accounting for the weaker credit environment and the cyber incident, we believe our performance is in line with our expectations for the period. Moreover, our commitment towards sustained business growth, value creation and innovation for the future remains unchanged. Despite our short-term performance, it is clear we are in a strong financial position and remain a market leader, but there is absolutely no room for complacency."

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Use of Non-IFRS Financial Measures (reconciliation on Page 10)

Turnover

Turnover represents interest income, net fee and commission income. Turnover is not specifically defined under, or presented in accordance with, International Financial Reporting Standard (IFRS) or any other generally accepted accounting principles and you should not consider it as an alternative to total income for the period or any other performance measures derived in accordance with IFRS.

EBITDA

EBITDA-based measures are non-IFRS measures. The Group uses EBITDA-based measures as internal measures of performance to benchmark and compare performance, both between its own operations and against other companies. EBITDA-based measures are measures used by the Group, together with measures of performance under IFRS, to compare the relative performance of operations in planning, budgeting and reviewing the performances of various businesses. By eliminating potential differences in results of operations between periods or companies caused by factors such as depreciation and amortisation methods, financing and capital structures, taxation positions or regimes and exceptional items, the Group believes EBITDA-based measures can provide a useful additional basis for comparing the current performance of the underlying operations being evaluated. For these reasons, the Group believes EBITDA-based measures and similar measures are regularly used by the investment community as a means of comparison of companies in the Group's industry.

EBITDA represents profit for the period before taxation, interest payable and similar charges, depreciation and amortisation, goodwill amortisation and amortisation of Securitisation Facility refinancing fees. EBITDA is not specifically defined under, or presented in accordance with, IFRS or any other generally accepted accounting principles and you should not consider it as an alternative to profit for the period or any other performance measures derived in accordance with IFRS.

Other

In addition to EBITDA-based measures, the Group has included other non-IFRS financial measures in this report, some of which the Group refers to as "key performance indicators". The Group believes that it is useful to include these non-IFRS measures as they are used by the Group for internal performance analysis and the presentation by its business divisions of these measures facilitates comparability with other companies in the Group's industry, although the Group's measures may not be comparable with similar measurements presented by other companies. These other non-IFRS measures should not be considered in isolation or construed as a substitute for IFRS measures.

Net debt (excluding securitisation) represents total corporate borrowings less cash on the balance sheet excluding SPV cash from the Securitisation Facility ("PCL Cash").

Cash interest expense (excluding securitisation) represents cash interest expense excluding interest payable to the SPV under the Securitisation Facility and certain associated interest rate hedges. Cash interest expense (excluding securitisation), has been presented for illustrative purposes only and does not purport to represent what our interest expense would have been had the issue of the Notes occurred on the date assumed, nor does it purport to project our interest expenses for any period or our financial condition at any future date.

Normalised net advances are net advances after normalising for the impact of key lost and impaired brokers.

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Management Discussion and Analysis – Business Review

Notice

These accounts have been prepared at the level of Mizzen Mezzco Limited.

Principal Activities

We are the leading independent provider of insurance premium and other service fees advances in the UK and Ireland. For the year ended 31 December 2017, the Company had 2.5 million customers and achieved net advances of £3,418.3 million, processing 28.0 million direct debits

The Company's principal objective is to provide the best service to its customers and its partners by providing efficient, profitable and valued payment and funding solutions. The Company aims to achieve sustainable organic growth through improving integration, improving customer journeys, offering new products and utilising new technologies, deepening its intermediary relationships, increasing penetration of finance and developing opportunities in new markets.

Our results are largely driven by the size of our advances portfolio, the margin between the interest rate at which we make our advances and our cost of borrowing the funds for our advances, our ability to collect amounts due under the advances we make, and, to a lesser extent, our administrative and overhead costs. Our loss rates have historically been low and generally have not had a significant impact on our results. The size of our advances portfolio is primarily driven by our relationships with intermediaries, finance penetration and renewal rates, competition in the insurance premium and service fees market in which we operate, demand for insurance and other services, and the availability of funds for the advances.

Leadership

In September 2018, the Company formally appointed Andrew Chapman as the Chief Financial Officer. Andrew was the Head of Treasury and Investor Relations and was also serving as Interim CFO, since the departure of Nayan Kisnadwala. Andrew has also been appointed as director of Mizzen Mezzco Limited with effect from 22 October 2018.

In November 2018, the Company announced the reorganisation of its Legal, Risk and Compliance functions following the resignation of Charlie Cutler, General Counsel and Company Secretary. The functions are now consolidated under the leadership of a Chief Risk Officer, Andrew Smith who joined with effect from 15 October 2018. The role of Company Secretary will be managed by Elizabeth Annys, current Head of Legal.

Market

The premium finance market continues to develop and evolve. We continue to see consolidation amongst insurance brokers, whilst technology and regulation continue to shape both ourselves and our partners.

Management Discussion and Analysis – Business Review (continued)

Funding

There have been no change to the Company's funding arrangements in the quarter ended September 30, 2018.

Risks

A full description of the principal risks facing the business, together with how they are managed, are set out in our last Annual Report and Financial Statements for the year ended 31 December 2017.

Following the cyber incident in September 2018, the Company promptly engaged an independent advisory business to monitor and evaluate the robustness of its systems. This has resulted in us implementing a number of new technological controls to minimise the risk of a recurrence of such an event.

The Company continues to monitor the uncertainty around Brexit and at this stage does not expect a material impact on the business.

Regulatory Landscape

We continue to be regulated by both the FCA (in the UK) and the Central Bank of Ireland (in Ireland). We continue to invest time and resources to ensuring our business is conducted in compliance with the principles and spirit of the regulatory environments within which PCL operates.

Technology

We continue to investment in our technology with the objective of providing higher penetration of premium and service fee funding, seamless customer service and improved efficiency for our network partners and intermediaries. We continue to develop and roll out the point of payment platforms ('EPICC' & 'FITS'), which are online payment gateways, which will allow our intermediaries to offer their clients a choice in how to pay for their insurance premiums, memberships and fees, presented in a consistent, secure and compliant manner.

We remain focussed on reviewing the key elements of our IT security infrastructure, processes and technical management capabilities. The review will also focus on cyber security governance, employing best practise in line with the guidance published jointly by the National Security Centre (NCSC) and the Information Commissioner's Office (ICO).

Management Discussion and Analysis – Financial Review

Key Performance Indicators

The table below shows the Group's key other financial metrics for the nine months and quarters ended 30 September 2018 and 30 September 2017:

(in millions)	For the nine months ended 30 September 2018	For the nine months ended 30 September 2017	Increase / (Decrease)
Net Advances[a]	£2,555.3	£2,667.7	(£112.4)
Number of non-cancelled Agreements[b]	1.62	1.67	(0.05)
Number of direct debits processed[c]	18.97	21.14	(2.17)

(in millions)	For the quarter ended 30 September 2018	For the quarter ended 31 September 2017	Increase / (Decrease)
Net Advances[a]	£921.0	£980.4	(£59.4)
Number of non-cancelled Agreements[b]	0.55	0.56	(0.01)
Number of direct debits processed[c]	6.25	6.76	(0.51)

(a) Represents gross advances net of loans for policies or services that have been cancelled by end customers, or which have been cancelled by the insurance policy or service provider
(b) Consists of loan agreements which are expected to complete to term.
(c) Represents the number of direct debit transactions that we processed during the period.

Other Financial Data

The table below shows the Group's other financial data for the period ended 30 September 2018 and 30 September 2017:

(£ in millions, except percentages and ratios)	For the period ended 30 September 2018 (unaudited)	For the period ended 30 September 2017 (unaudited)	Increase / (Decrease) (unaudited)
Adjusted Post-Securitisation EBITDA (Last 12 months)	60.6	71.1	(10.5)
Gross debt	189.4	189.4	-
Net debt [a]	157.5	151.9	5.6
Cash interest expense (excluding securitisation)	13.3	13.3	-
Ratio of gross debt to Adjusted Post-Securitisation EBITDA	3.1x	2.7x	0.4x
Ratio of net debt to Adjusted Post-Securitisation EBITDA	2.6x	2.2x	0.4x
Ratio of Adjusted Post-Securitisation EBITDA to cash interest expense (excluding securitisation)	4.6x	5.3x	(0.7x)

a. Net debt (excluding securitisation) represents gross debt less cash & cash equivalents as of the last day of the mentioned period.

Net Debt

- Net debt (excluding securitisation) of £157.5 million represents total corporate borrowings (Senior Notes) of £189.4 million, less £31.9 million of Cash and Cash equivalents as of 30 September 2018 (2017: £37.5 million of Cash and Cash equivalents). This shows an increase of £5.6 million, against £151.9 million as of 30 September 2017 due to a decrease in Cash and Cash equivalents by £5.6 million, primarily due to dividend payment of £20.0 million in period ended September 2018 versus £14.6 million in period ended September 2017.
- The Net debt to Adjusted Post-Securitisation EBITDA ratio of 2.6x for the period ended 30 September 2018 is higher by 0.4x versus the period ended 30 September 2017.

Management Discussion and Analysis – Financial Review (continued)

- Cash interest expense (excluding securitisation) represents cash interest expense, excluding interest payable to SPV under the Securitisation Facility. Cash interest expense (excluding securitisation) for the twelve months ended 30 September 2018 was at £13.3 million which is the interest payable on the bond.
- The Adjusted Post-Securitisation EBITDA to cash interest expense ratio of 4.6x for nine months ended 30 September 2018 is worse by 0.7x than for the nine months ended 30 September 2017 of 5.3x.

Reconciliation of Profit before Taxation to Adjusted Post-Securitisation EBITDA

The following table reconciles profit for the period to EBITDA to Adjusted EBITDA and to Adjusted Post-Securitisation EBITDA for the nine months and the quarters ended 30 September 2018 and 30 September 2017:

(£ in millions)	For the nine months ended 30 September 2018 (unaudited)	For the nine months ended 30 September 2017 (unaudited)	Increase / (Decrease) (unaudited)
Profit/(loss) for the period before taxation	**10.0**	**25.5**	**(15.5)**
Interest payable and similar charges[(a)]	25.1	24.4	0.7
Depreciation and amortisation	4.9	4.4	0.5
Financing fees	0.5	1.7	(1.2)
Currency (gain)/loss	0.9	(1.1)	2.0
EBITDA	**41.4**	**54.9**	**(13.5)**
Transaction costs[(b)]	0.3	0.3	-
One-time information technology and other expenses[(c)]	10.0	9.2	0.8
Cyber incident related costs[(d)]	1.7	-	1.7
Adjusted EBITDA	**53.4**	**64.4**	**(11.0)**
Securitisation interest expense[(e)]	(10.4)	(10.3)	(0.1)
Adjusted Post-Securitisation EBITDA	**43.0**	**54.1**	**(11.1)**

a. Includes amortisation of financing costs of £3.8 million with respect to the Securitisation Facility and £1.0m with respect to Bond financing cost for the nine months ended 30 September 2018, whereas the nine months ended 30 September 2017 includes £3.1 million with respect to the Securitisation Facility and £1.0m with respect to Bond financing cost.
b. Represents costs relating to sponsor expenses.
c. Represents one-time and IT project change costs.
d. Represents total costs incurred in relation to cyber incident.
e. Represents interest expense payable to SPV under the Securitisation Facility and is presented on an actual basis.

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(£ in millions)	For the quarter ended 30 September 2018 (unaudited)	For the quarter ended 30 September 2017 (unaudited)	Increase / (Decrease) (unaudited)
Profit/(loss) for the period before taxation	**3.3**	**7.3**	**(4.0)**
Interest payable and similar charges[(a)]	8.2	9.3	(1.1)
Depreciation and amortisation	1.6	1.6	-
Financing fees	0.3	0.3	-
Currency gain	-	(0.2)	0.2
EBITDA	**13.4**	**18.3**	**(4.9)**
Transaction costs[(b)]	0.1	0.1	-
One-time information technology and other expenses[(c)]	3.4	3.5	(0.1)
Cyber incident related costs t[(d)]	1.7	-	1.7
Adjusted EBITDA	**18.6**	**21.9**	**(3.3)**
Securitisation interest expense[(e)]	(3.8)	(3.4)	(0.4)
Adjusted Post-Securitisation EBITDA	**14.8**	**18.5**	**(3.7)**

a. Includes amortisation of financing costs of £0.8 million with respect to the Securitisation Facility and £0.3m with respect to Bond financing cost for the quarter ended 30 September 2018, whereas the quarter ended 30 September 2017 includes £2.2 million with respect to the Securitisation Facility and £0.3m with respect to Bond financing cost.
b. Represents costs relating to the Acquisition, including consultancy, accounting and legal, other advisory fees and Sponsor expenses.
c. Represents one-time and IT project change costs.
d. Represents total costs incurred in relation to cyber incident.
e. Represents interest expense payable to SPV under the Securitisation Facility and is presented on an actual basis.

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Consolidated Income Statement

(£ in millions)	For the nine months ended 30 September 2018 (unaudited)	For the nine months ended 30 September 2017 (unaudited)	Increase / (Decrease) (unaudited)
Group Turnover……………………………………………………………………………..	**90.9**	**98.9**	**(8.0)**
Administrative Expenses	(55.8)	(49.0)	(6.8)
Group Operating profit/(loss)…………………………..………………………………..	**35.1**	**49.9**	**(14.8)**
Interest payable and similar charges [(a)]……………………………………………………	(25.1)	(24.4)	(0.7)
Profit on ordinary activities before taxation …………………………………	**10.0**	**25.5**	**(15.5)**
Tax on profit on ordinary activities ………………………..…………………………….	(1.3)	(5.4)	4.1
Profit for the year after taxation……………………………………………	**8.7**	**20.1**	**(11.4)**

a. Includes amortisation of financing costs of £3.8 million with respect to the Securitisation Facility and £1.0m with respect to Bond financing cost for the nine months ended 30 September 2018, whereas the nine months ended 30 September 2017 includes £3.1 million with respect to the Securitisation Facility and £1.0m with respect to Bond financing cost.

(£ in millions)	For the quarter ended 30 September 2018 (unaudited)	For the quarter ended 30 September 2017 (unaudited)	Increase / (Decrease) (unaudited)
Group Turnover……………………………………………………………………………..	**30.7**	**33.3**	**(2.6)**
Administrative expenses……………………………………..……………………………………	(19.2)	(16.7)	(2.5)
Group Operating profit/(loss)…………………………..………………………………..	**11.5**	**16.6**	**(5.1)**
Interest payable and similar charges [(b)]……………………………………………………	(8.2)	(9.3)	1.1
Profit on ordinary activities before taxation …………………………………	**3.3**	**7.3**	**(4.0)**
Tax on profit on ordinary activities ………………………………………………………	(0.4)	(3.0)	2.6
Profit for the year after taxation……………………………………………	**2.9**	**4.3**	**(1.4)**

b. Includes amortisation of financing costs of £0.8 million with respect to the Securitisation Facility and £0.3m with respect to Bond financing cost for the quarter ended 30 September 2018, whereas the quarter ended 30 September 2017 includes £2.2 million with respect to the Securitisation Facility and £0.3m with respect to Bond financing cost.

Mizzen Mezzco Limited

Consolidated Balance Sheet

(£ in millions)	Notes	As at 30 September 2018 (unaudited)	As at 30 September 2017 (unaudited)	Increase / (Decrease) (unaudited)
Non-current assets				
Intangible assets	1	12.5	9.0	3.5
Tangible assets	2	3.8	5.9	(2.1)
Non-current debtors	3	5.4	7.3	(1.9)
Deferred tax		0.2	0.4	(0.2)
Total non-current assets		**21.9**	**22.6**	**(0.7)**
Current assets				
Current debtors	3	1,480.4	1,550.0	(69.6)
Cash and cash equivalents	4	85.9	60.7	25.2
Total current assets		**1,566.3**	**1,610.7**	**(44.4)**
Total assets		**1,588.2**	**1,633.3**	**(45.1)**
Non-current liabilities				
Borrowings	5	1,186.5	1,172.2	14.3
Trade and other payables	6	-	-	-
Total non-current liabilities		**1,186.5**	**1,172.2**	**14.3**
Current liabilities				
Trade and other payables	6	472.2	494.5	(22.3)
Total current liabilities		**472.2**	**494.5**	**(22.3)**
Total liabilities		**1,658.7**	**1,666.7**	**(8.0)**
Capital & Reserves				
Share capital		44.5	44.5	-
Reserves		(115.0)	(77.9)	(37.1)
Total shareholders' equity		**(70.5)**	**(33.4)**	**(37.1)**
Total liabilities and equity		**1,588.2**	**1,633.3**	**(45.1)**

1. Intangible Assets

Intangible assets include capitalised software costs of £12.5 million as at 30 September 2018, up £3.5 million from 30 September 2017, primarily relating to internally generated software additions and internal transfer in December 2017. Intangible assets reflect investment in our infrastructure to improve customer journeys and enhance the quality of information available to the business. As at 30 September 2018, none of internally generated software was impaired (as at 30 September 2017: £nil million).

2. Tangible Assets

Tangible assets were at a net cost of £3.8 million as at the 30 September 2018 (£5.9 million as at 30 September 2017). The decrease of £2.1 million is primarily due to an internal transfer to software in December 2017 and reduced investment in vehicles and equipment.

3. Debtors

Debtors consist of trade debtors after deduction of provision for irrecoverable debts and unearned income. The debtor balance as at 30 September 2018 was £1,485.8 million (30 September 2017: £1,557.3 million) of which loans and advances to customers net of allowance for impairment was £1,471.1 million (30 September 2017: £1,547.7 million) and prepayments and other assets were £14.7 million (30 September 2017: £9.6 million). The decrease in debtors is primarily due to the decrease in loans and advances to customers which has been driven by the decrease in net advances. Impairment on loans and advances increased by £2.9 million to £6.8 million (30 September 2017: £3.9 million) primarily due to increased terminations in our Specialist Lending and Commercial divisions and a drop in collections.

4. Cash at Bank and in Hand

Cash at bank and in hand of £85.9 million represents SPV cash from the Securitisation Facility of £54.0 million and cash held outside the SPV of £31.9 million as at 30 September 2018 (£60.7 million as at 30 September 2017, represented by SPV cash of £23.2 million and cash held outside the SPV of £37.5 million).

5. Borrowing

Borrowings consist of Securitisation Notes of £1,000.9 million (net of £4.3 million of set up costs) and Senior Notes of £189.4 million as at 30 September 2018 (these are stated at £185.7 million after netting the unamortised bond set up costs of £3.7 million). The increase of £14.3 million primarily relates to the higher working capital requirements.

Funding is primarily provided by a £1,084.5 million (2017: £1,132.0 million) securitisation funding facility, which comprises £519.0 million of private banking facility (2017: £850.0 million) and £565.5 million (2017: 282.0 million) of public asset backed securities. As at 30 September 2018, £1,005.1 million was drawn down on this facility (2017: £990.9 million).

6. Trade and other payables

Trade and other payables of £472.2 million as of 30 September 2018 were down by £22.3 million (30 September 2017: £494.5 million). Of these, trade creditors were £447.4 million at 30 September 2018 (30 September 2017: £467.4 million). Trade creditors relate primarily to premiums and commission payable to intermediaries.

The reduction is mainly attributable to lower trade creditors by £20.0 million.

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Consolidated Cash Flow Statement

(£ in millions)	For the nine months ended 30 September 2018 (unaudited)	For the nine months ended 30 September 2017 (unaudited)	Increase / (decrease) (unaudited)
Net cash inflow/(outflow) from operating activities	10.5	40.5	(30.0)
Net cash inflow/(outflow) from investing activities	(5.0)	(3.2)	(1.8)
Net cash inflow before financing	**5.5**	**37.3**	**(31.8)**
Net cash inflow/(outflow) from financing activities	(21.8)	(27.6)	5.8
Effects of foreign exchange	0.1	-	0.1
(Decrease)/Increase in cash	**(16.2)**	**9.7**	**(25.9)**

Cash inflow from operating activities

Cash inflow from operating activities for the nine months ended 30 September 2018 was £10.5 million (nine months ended 30 September 2017: inflow of £40.5 million), with net cash inflow decreasing by £30.0 million compared to the prior period, primarily as a result of the increased working capital requirements by £17.5 million. This is due to increase in cash outflow in loans and advances and other receivables by £9.5 million, increased outflow from trade and other payables by £16.1 million offset by an inflow movement in accruals and deferred income by £6.3 million.

Cash outflow from investing activities

Cash outflow from investing activities for the nine months ended 30 September 2018 was at £5.0 million, which is £1.8 million higher than the nine months ended 30 September 2017. The outflow in both periods represents capital spending, which has increased due to higher investment in our infrastructure.

Cash outflow from financing activities

Cash outflow from financing activities declined by £5.8 million in nine months ended 30 September 2018 compared to nine months ended 30 September 2017. This is mainly due to net repayment of intercompany and other borrowing in prior period of £9.4 million compared to £0.2 million in current period. The securitisation fees paid in current period was also lower by £2.0 million compared to prior period. This is offset by an increase in dividend payments in current period by £5.4 million.

Mizzen Mezzco Limited

Consolidated Cash Flow Statement (continued)

(£ in millions)	For the quarter ended 30 September 2018 (unaudited)	For the quarter ended 30 September 2017 (unaudited)	Increase / (decrease) (unaudited)
Net cash inflow/(outflow) from operating activities	(45.2)	(28.3)	(16.9)
Net cash inflow/(outflow) from investing activities	(1.7)	(0.9)	(0.8)
Net cash inflow before financing	**(46.9)**	**(29.2)**	**(17.7)**
Net cash inflow/(outflow) from financing activities	56.0	9.3	46.7
Effects of foreign exchange	0.1	-	0.1
(Decrease)/Increase in cash	**9.2**	**(19.9)**	**29.1**

Cash outflow from operating activities

Cash outflow from operating activities for the quarter ended 30 September 2018 was £45.2 million (quarter ended 30 September 2017: outflow of £28.3 million), with net cash outflow increased by £16.9 million compared to the prior period, primarily due to reduction in movements in trade creditors and other payables by £58.3 million offset by decrease in movements in loans and advances and other receivables by £45.6 million.

Cash outflow from investing activities

Cash outflow from investing activities for the quarter ended 30 September 2018 was at £1.7 million, which is £0.8 million higher than the quarter ended 30 September 2017. The outflow in both periods represents capital spending.

Cash inflow from financing activities

Cash inflow from financing activities increased by £46.7 million, mainly due to an increase in net securitisation borrowings of £32.0 million, including decrease in set up costs by £3.5 million as at 30 September 2018 versus prior period and no dividend payment in September 2018 compared to £14.6 million in prior period.

Mizzen Mezzco Limited

Report and Financial Statements

(Unaudited)

For the 9 months ended 30 September 2018

Registered number – 08179245

Mizzen Mezzco Limited

Consolidated Financial Statements

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Mizzen Mezzco Limited

Consolidated Condensed Interim Financial Statements

Consolidated income statement

	Note	Nine months ended 30 September 2018 (unaudited) £'000	Nine months ended 30 September 2017 (unaudited) £'000	Year ended 31 December 2017 (audited) £'000
Interest income		**83,360**	89,365	119,133
Interest expense		**(14,131)**	(13,386)	(17,467)
Net interest income	6	**69,229**	**75,979**	**101,666**
Fee and commission income		**10,580**	12,279	16,188
Fee and commission expense		**(3,049)**	(2,785)	(3,787)
Total income		**76,760**	**85,473**	**114,067**
Administrative expenses		**(55,751)**	(48,997)	(65,917)
Operating profit before taxation		**21,009**	**36,476**	**48,150**
Financing income	7	**6**	5	7
Financing expense	8	**(10,990)**	(10,990)	(14,654)
Profit before taxation		**10,025**	**25,491**	**33,503**
Income tax expense	9	**(1,323)**	(5,383)	(4,421)
Profit for the period		**8,702**	**20,108**	**29,082**

Consolidated statement of comprehensive income

	Nine months ended 30 September 2018 (unaudited) £'000	Nine months ended 30 September 2017 (unaudited) £'000	Year ended 31 December 2017 (audited) £'000
Profit after tax for the period	**8,702**	**20,108**	**29,082**
Other comprehensive income			
Items that may subsequently be reclassified to the profit or loss:			
Foreign currency translation gain	**147**	608	730
Other comprehensive income for the period	**147**	**608**	**730**
Total comprehensive income for the period	**8,849**	**20,716**	**29,812**

Mizzen Mezzco Limited

Consolidated balance sheet

	Note	30 September 2018 (unaudited) £'000	30 September 2017 (unaudited) £'000	31 December 2017 (audited) £'000
Assets				
Non-current assets				
Intangible assets	10	**12,463**	8,961	11,661
Property, plant and equipment	11	**3,773**	5,854	4,467
Loans and advances to customers	12	**3,435**	3,845	3,087
Prepayments and other assets		**1,958**	3,442	3,298
Deferred tax asset		**236**	471	236
Total non-current assets		**21,865**	**22,573**	**22,749**
Current assets				
Loans and advances to customers	12	**1,467,616**	1,543,813	1,417,609
Prepayments and other assets		**12,788**	6,185	9,438
Cash and cash equivalents	13	**85,936**	60,746	102,097
Total current assets		**1,566,340**	**1,610,744**	**1,529,144**
Total assets		**1,588,205**	**1,633,317**	**1,551,893**
Liabilities				
Non-current liabilities				
Borrowings	14	**1,186,546**	1,172,219	1,184,317
Trade and other payables		**-**	-	-
Total non-current liabilities		**1,186,546**	**1,172,219**	**1,184,317**
Current liabilities				
Trade and other payables		**472,153**	494,537	426,919
Total current liabilities		**472,153**	**494,537**	**426,919**
Total liabilities		**1,658,699**	**1,666,756**	**1,611,236**
Equity				
Called up share capital	15	**44,502**	44,502	44,502
Retained earnings		**(117,278)**	(79,954)	(105,980)
Other reserves		**2,282**	2,013	2,135
Total shareholders' equity		**(70,494)**	**(33,439)**	**(59,343)**
Total liabilities and equity		**1,588,205**	**1,633,317**	**1,551,893**

Mizzen Mezzco Limited

Consolidated statement of changes in equity

	Share capital £'000	Retained earnings £'000	Other reserves £'000	Total equity £'000
At 1 January 2017 - audited	**44,502**	**(85,471)**	**1,405**	**(39,564)**
Profit for the period	-	20,108	-	**20,108**
Foreign currency translation gain	-	-	608	**608**
Total comprehensive income for the period	**-**	**20,108**	**608**	**20,716**
Transactions with owners				
Dividends paid	**-**	(14,591)	**-**	**(14,591)**
At 30 September 2017- unaudited	**44,502**	**(79,954)**	**2,013**	**(33,439)**
Profit for the period	-	8,974	-	**8,974**
Foreign currency translation gain	-	-	122	**122**
Total comprehensive income for the period	**-**	**8,974**	**122**	**9,096**
Transactions with owners				
Dividends paid	**-**	(35,000)	**-**	**(35,000)**
At 31 December 2017- audited	**44,502**	**(105,980)**	**2,135**	**(59,343)**
Profit for the period	-	8,702	-	**8,702**
Foreign currency translation gain	-	-	147	**147**
Total comprehensive income for the period	**-**	**8,702**	**147**	**8,849**
Transactions with owners				
Dividends paid	**-**	(20,000)	**-**	**(20,000)**
At 30 September 2018 - unaudited	**44,502**	**(117,278)**	**2,282**	**(70,494)**

Mizzen Mezzco Limited

Consolidated cash flow statement

	Note	Nine months ended 30 September 2018 (unaudited) £'000	Nine months ended 30 September 2017 (unaudited) £'000	Year ended 31 December 2017 (audited) £'000
Operating activities				
Cash generated by operations	18	33,550	71,496	142,816
Interest paid		(21,584)	(29,793)	(28,487)
Income taxes paid		(1,440)	(1,157)	(5,875)
Cash flows generated from operating activities		**10,526**	**40,546**	**108,454**
Cash flows used in investing activities				
Purchase of intangible fixed assets		(4,754)	(1,885)	(4,864)
Purchase of property, plant and equipment		(266)	(1,369)	(1,458)
Proceeds from disposal of plant and equipment		49		34
Net cash used in investing activities		**(4,971)**	**(3,254)**	**(6,288)**
Cash flows from financing activities				
(Decrease)/Increase in borrowings		(204)	(9,395)	4,967
Facility fees paid		(1,631)	(3,597)	(6,589)
Dividends paid to shareholders		(20,000)	(14,591)	(49,591)
Net cash flows (used)/generated (in)/from financing activities		**(21,835)**	**(27,583)**	**(51,213)**
Net increase/(decrease) in cash and cash equivalents		**(16,280)**	**9,709**	**50,953**
Cash and cash equivalents at beginning of period		102,097	51,013	51,013
Foreign currency translation gain		119	24	131
Cash and cash equivalents at end of period	13	**85,936**	**60,746**	**102,097**

Selected notes to the condensed interim financial statements

1. General information

The condensed financial statements for the nine months ended 30 September 2018 and for the nine months ended 30 September 2017 have not been audited, as defined in section 434 of the Companies Act 2006.

Mizzen Mezzco Limited ("the Company") and its subsidiaries (together "the Group") is a financial services group specialising in funding and payment processing solutions. The Company is incorporated and domiciled in the UK. The Group has a branch in Ireland.

2. Accounting policies

These condensed interim financial statements were approved for issue by the board of directors on November 19, 2018. These condensed interim financial statements do not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. The Annual Report and Accounts for the year ended 31 December 2017 was approved by the board of directors of the Group on 24 April 2018 and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under section 498 of the Companies Act 2006.

The directors have considered all new, revised or amended standards and interpretations which are mandatory for the first time for the year ending 31 December 2017, and concluded that none have any significant impact on these condensed interim financial statements.

New, revised or amended standards and interpretations that are not yet effective have not been early adopted.

3. Going concern basis

The Group has a strong diversified funding base through the issue in 2014 of a high yield corporate bond to professional investors. In December 2016, the Master Trust facility structure was put in place which became effective 2 February 2017, replacing the existing securitisation facility. This provides access to the same sources of funding as under the securitisation facility, plus funding for an excess concentration series. In June 2017, the Company completed its inaugural issuance of term asset backed notes from the Master Trust structure ("Public ABS transaction") which allowed access to public Asset-backed security (ABS) funding. In November 2017, a second public issuance was launched via a new SPV, PCL Funding III with a re investment period end date of 15 June 2021. In June 2018 the business extended the term of its private bank facility by one year to June 2021. As part of this amendment, it aligned the concentration limits with the 2017-2 transaction, added a £19.0 million fixed value mezzanine note to the facility, aligned the facility margin with the market benchmarks and reduced the facility size by £44.0 million in line with its current receivables projections.

These changes have diversified the business's funding base and further reduced its liquidity risk.

Accordingly, the Directors have assessed the Group's cash flow forecasts and are satisfied that the Group has adequate resources to continue operations for the foreseeable future and thus the financial statements have been prepared on a going concern basis.

4. Critical accounting estimates and judgments in applying accounting policies

The preparation of condensed interim financial statements require management to make judgements, estimates and assumptions that effect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing these condensed interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements for the year ended 31 December 2017. These were assessed in Annual Report and Financial Statements 2017 and summarised as:

Selected notes to the condensed interim financial statements (continued)

(a) Loan impairment provisions
(b) Effective interest rate
(c) Development costs
(d) Impairment of assets
(e) Impairment of investment in subsidiaries
(f) Fair values estimation for financial instruments
(g) Other provisions

5. Seasonality

The Group is not significantly impacted by seasonality trends.

6. Net interest income

	Nine months ended 30 September 2018 (unaudited) £'000	Nine months ended 30 September 2017 (unaudited) £'000	Year ended 31 December 2017 (audited) £'000
Interest income on loans and advances to customers	**83,360**	**89,365**	**119,133**
Interest payable on:			
Securitisation loan notes	(14,131)	(13,386)	(17,467)
Interest expense	**(14,131)**	**(13,386)**	**(17,467)**
Net interest income	**69,229**	**75,979**	**101,666**

7. Financing income

	Nine months ended 30 September 2018 (unaudited) £'000	Nine months ended 30 September 2017 (unaudited) £'000	Year ended 31 December 2017 (audited) £'000
Interest income from Group undertakings	6	5	7
Financing income	**6**	**5**	**7**

8. Financing expense

	Nine months ended 30 September 2018 (unaudited) £'000	Nine months ended 30 September 2017 (unaudited) £'000	Year ended 31 December 2017 (audited) £'000
Interest payable on Senior loan notes	10,990	10,990	14,654
Financing expense	**10,990**	**10,990**	**14,654**

9. Taxation

Income tax expense is recognised based on management's estimate of the weighted average annual income tax rate expected for the full financial year. The estimated average annual tax rate used for the nine months ended 30 September 2018 is 13.2% (for the nine months ended 30 September 2017 was 21.1%).

Selected notes to the condensed interim financial statements (continued)

10. Intangible assets

	Assets under construction £'000	Software £'000	Total £'000
Cost			
At 31 December 2016 - audited	**6,111**	**6,316**	**12,427**
Additions	1,884	-	**1,884**
Disposals	-	(1,359)	**(1,359)**
Transfers	(6,091)	6,091	**-**
At 30 September 2017 - unaudited	**1,904**	**11,048**	**12,952**
Additions	(423)	3,403	**2,980**
Disposals	-	-	**-**
Transfers	-	2,607	**2,607**
At 31 December 2017 - audited	**1,481**	**17,058**	**18,539**
Additions	4,601	153	**4,754**
Disposals	-	-	**-**
Transfers	(300)	300	**-**
At 30 September 2018 - unaudited	**5,782**	**17,511**	**23,293**
Accumulated amortisation			
At 31 December 2016	**-**	**2,593**	**2,593**
Charge for the period	-	2,757	**2,757**
Disposals	-	(1,359)	(1,359)
At 30 September 2017 - unaudited	**-**	**3,991**	**3,991**
Charge for the period	-	1,152	**1,152**
Transfers	-	1,735	**1,735**
Disposals	-	-	**-**
At 31 December 2017 - audited	**-**	**6,878**	**6,878**
Charge for the period	-	3,952	**3,952**
Disposals	-	-	-
At 30 September 2018 - unaudited	**-**	**10,830**	**10,830**
Net book value			
At 31 December 2016 - audited	**6,111**	**3,723**	**9,834**
At 30 September 2017 - unaudited	**1,904**	**7,057**	**8,961**
At 31 December 2017- audited	**1,481**	**10,180**	**11,661**
At 30 September 2018 - unaudited	**5,782**	**6,681**	**12,463**

Selected notes to the condensed interim financial statements (continued)

11. Property, plant and equipment

	Leasehold improvements £'000	Vehicles and equipment £'000	Total £'000
Cost			
At 31 December 2016 - audited	**2,726**	**12,911**	**15,637**
Additions	130	1,240	1,370
Disposal	(3)	(617)	(620)
At 30 September 2017 - unaudited	**2,853**	**13,534**	**16,387**
Additions	16	72	88
Transfers	-	(2,607)	(2,607)
Disposals	3	(6,061)	(6,058)
At 31 December 2017 - audited	**2,872**	**4,938**	**7,810**
Additions	-	266	266
Disposal	-	(49)	(49)
At 30 September 2018 - unaudited	**2,872**	**5,155**	**8,027**
Accumulated depreciation			
At 31 December 2016 - audited	**9**	**9,440**	**9,449**
Charge for the period	195	1,475	1,670
Disposals	(3)	(583)	(586)
At 30 September 2017 - unaudited	**201**	**10,332**	**10,533**
Charge for the period	75	488	563
Transfers	-	(1,735)	(1,735)
Disposals	3	(6,021)	(6,018)
At 31 December 2017 - audited	**279**	**3,064**	**3,343**
Charge for the period	215	696	911
Disposals	-	-	-
At 30 September 2018 - unaudited	**494**	**3,760**	**4,254**
Net book value			
At 31 December 2016 - audited	**2,717**	**3,471**	**6,188**
At 30 September 2017 - unaudited	**2,652**	**3,202**	**5,854**
At 31 December 2017 - audited	**2,593**	**1,874**	**4,467**
At 30 September 2018 - unaudited	**2,378**	**1,395**	**3,773**

12. Loans and advances to customers

	30 September 2018 (unaudited) £'000	30 September 2017 (unaudited) £'000	31 December 2017 (audited) £'000
Gross loans and advances to customers	1,477,852	1,551,560	1,425,177
Less: allowance for impairment	(6,801)	(3,902)	(4,481)
Net loans and advances to customers	**1,471,051**	**1,547,658**	**1,420,696**
Split as:			
Current	1,467,616	1,543,813	1,417,609
Non-current	3,435	3,845	3,087

13. Cash and cash equivalents

	30 September 2018 (unaudited) £'000	30 September 2017 (unaudited) £'000	31 December 2017 (audited) £'000
Bank balances	**85,936**	**60,746**	**102,097**

The currency profile of cash and cash equivalents is as follows:

	30 September 2018 (unaudited) £'000	30 September 2017 (unaudited) £'000	31 December 2017 (audited) £'000
GBP	77,447	49,617	87,620
USD	1,564	2,711	2,246
EUR	6,925	8,418	12,231
Total cash and cash equivalents	**85,936**	**60,746**	**102,097**

The external credit rating of our banking counter parties are:

	30 September 2018 (unaudited) £'000	30 September 2017 (unaudited) £'000	31 December 2017 (audited) £'000
AA-	85,936	59,926	101,344
A+	-	755	753
BBB+	-	65	-
Total cash and cash equivalents	**85,936**	**60,746**	**102,097**

Cash and cash equivalents include encumbered cash balances held by entities within the Master Trust. The table below summarises the total assets that are capable of supporting future funding and collateral needs and shows the extent to which these assets are currently pledged for this purpose.

	30 September 2018 (unaudited) £'000	30 September 2017 (unaudited) £'000	31 December 2017 (audited) £'000
Encumbered	54,013	23,201	73,398
Unencumbered	31,923	37,545	28,699
Total cash and cash equivalents	**85,936**	**60,746**	**102,097**

14. Borrowings

	30 September 2018 (unaudited) £'000	30 September 2017 (unaudited) £'000	31 December 2017 (audited) £'000
Non-current			
Securitisation notes	1,000,868	987,937	999,687
Senior secured loan notes	185,678	184,282	184,630
	1,186,546	**1,172,219**	**1,184,317**

Securitisation notes

Funding is provided by a £1,084.5 million (2017: £1,132.0 million) securitisation facility and includes £439.6 million VFN facility and £565.5 million of public asset backed securities. As at 30 September 2018, £1,005.1 million was drawn down on the securitisation facility (2017: £990.9 million) less loan fees of £4.3 million (2017: £3.0 million).

Senior secured loan notes	Maturity date	30 September 2018 (unaudited) £'000	30 September 2017 (unaudited) £'000	31 December 2017 (audited) £'000
Fixed rate corporate bond - issued 5 May 2014	2021	185,678	184,282	184,630

Interest is payable on the bond at a fixed rate of 7% per annum until maturity. The bond issued by Mizzen Bondco Limited, is listed on the Irish Stock Exchange and secured by a fixed charge over certain Group assets. Debt securities are classified as non-current at the period end and are stated net of unamortised bond set-up costs.

15. Called up share capital

	30 September 2018 (unaudited) £'000	30 September 2017 (unaudited) £'000	31 December 2017 (audited) £'000
Allotted and fully paid			
32,921,166 Ordinary shares of £1	32,921	32,921	32,921
11,581,089 Preference shares of £1	11,581	11,581	11,581
	44,502	**44,502**	**44,502**

16. Financial instruments

There are no differences between the fair value of financial assets and liabilities included within the following categories in the Condensed Consolidated Balance sheet and their carrying value except for the Corporate bond, included in Borrowings:

- Trade and other receivables;
- Cash and cash equivalents;
- Trade and other payables.

The following difference in fair values and carrying values exists in relation to the High Yield bond borrowings:

The fair values of the High Yield bond borrowings were £189.2 million, including unamortised set up fees of £3.7 million compared to the book value of £185.7 million as at 30 September 2018 (30 September 2017: fair value of £188.6 million, including unamortised set up fees of £5.1 million compared to the book value of £184.3 million).

Mizzen Mezzco Limited

Selected notes to the condensed interim financial statements (continued)

17. Debt and equity

The debt and equity amounts for the Group were as follows:

	30 September 2018 £'000	30 September 2017 £'000	31 December 2017 £'000
Debt			
Securitisation notes	1,000,868	987,937	999,687
Senior loan notes	185,678	184,282	184,630
Amounts owed to Group undertakings	(962)	-	1,097
Less: unencumbered cash	(31,923)	(37,545)	(28,699)
Net debt	**1,153,661**	**1,134,674**	**1,156,715**
Equity			
Total equity	**(64,919)**	**(33,439)**	**(59,343)**

18. Cash inflow from operating activities

	Nine months ended 30 September 2018(unaudited) £'000	Nine months ended 30 September 2017 (unaudited) £'000	Year ended 31 December 2017 (audited) £'000
Profit before taxation	**10,025**	**25,491**	**33,503**
Non cash items included in operating profit before taxation			
Loan impairment charges	7,625	3,740	5,580
Depreciation and amortisation	4,863	4,427	6,142
Loss on disposal of fixed assets	-	32	40
Finance costs - net	25,115	32,636	32,121
Non cash items included in operating profit before taxation	**37,603**	**40,835**	**43,883**
Changes in operating assets and liabilities			
Net movement in loans and advances to customers	(57,951)	(50,653)	74,482
Net movement in trade and other payables	39,388	55,499	(8,330)
Net movement in prepayments and other receivables	(1,496)	691	(722)
Net movement on accruals and deferred income	5,981	(367)	-
Changes in operating assets and liabilities	**(14,078)**	**5,170**	**65,430**
Cash flows from operating activities	**33,550**	**71,496**	**142,816**