Chairman's statement

I am delighted to be reporting to you on the six month figures for the period ending 31st January 2016, a period in which the company has made significant progress in line with our corporate objectives.

Following the successful fund raising in July 2015 and the subsequent listing of your company's shares on the Alternative Investment Market of the London Stock Exchange, the Company has been extremely busy in the three core areas of the Company's business, the origination of loans, the development of financial software and the sourcing of new liquidity for the business.

With regard to origination, we have invested in our sales team with the hire of two senior level sales staff and have initiated a concentrated marketing campaign focusing on insurance brokers and the professions market. Our prospect list has grown strongly both in terms of numbers and the quality of the brokers now seeking to do business with us. We continue to focus on our key markets of insurance premium finance and professions finance and have started exploring and lending in adjacent markets.

As far as software is concerned, we continue to invest in and develop our software in order to provide market leading financial technology solutions to our clients. Our focus on technology has led to the appointment of a new commercial director who will be driving forward some exciting opportunities in the Fin Tech space, which we will launch later in 2016.

Liquidity is central to our business and we have received preliminary credit approval from Barclays Bank plc, our existing liquidity provider, to increase our facility, when required, from £10m to £15m.

We are also exploring non-traditional liquidity options for the Company, such a Peer to Peer lending and mini-bonds and will be launching some exciting new initiatives in 2016.

Finally on liquidity, and with an eye to the future success of the company, we are finalising a Regulatory Business Plan, Capital Plan & Liquidity Plan to submit to the PRA and FCA for a new Bank application. It is anticipated that Orchard will submit a full Bank Application on receiving the Regulator's preliminary approval to do this.

The regulatory background in our areas of focus continues to evolve, and there are some issues I would like to bring to the attention of all stakeholders in our business.

The FCA has been inundated with applications under the new consumer credit licensing regime. Our subsidiary, Bexhill UK, is the first insurance premium finance lender in the UK to have received full FCA permission, and our team has been instrumental in helping a number of our insurance broker clients to obtain full FCA licences for their in-house insurance premium finance companies.

The new consumer credit application regime has led to inevitable delays in application time-lines. As a core part of our business involves insurance brokers setting up new finance companies, we are subject to FCA timelines for some of our potential clients going live. To try and avoid time delays affecting our business, we have created innovative legal and regulatory structures to provide brokers with alternative lending structures, which enable those brokers to rely on our regulatory permissions whilst still obtaining the benefits of lending without the regulatory burden. Such an approach has generated considerable interest.

Of course, we do not have everything our own way, and competition has increased in our market. Syscap, a leading broker in the professions finance market, has been acquired by Wesleyan Bank and has been provided with a balance sheet to commence lending. We are also seeing aggressive competition in the professions finance market from private equity backed finance brokers that are being converted to lending operations. We continue to operate effectively in our market and keep a close eye on product offerings from our competitors.

The largest players in the insurance premium finance market continue to aggressively protect their market positions. We are seeing more and more examples of brokers entering into two to three year exclusivity agreements and receiving substantial advance commission payments in return for introducing their business to insurance premium finance providers. In line with our prudent approach our Company does not pay any advance commissions to brokers.

The Board continues to assess markets adjacent to our current areas of business where we are able to bring our own expertise, products and solutions to bear for the benefit of the Company.

The Board has been very pleased with the progress made by the group since floatation and, although it is early days, feel very confident that the business will continue to expand the number, size and quality of loans written whilst at the same time deliver results that will delight all stakeholders in the business.

We continue to look to the future with confidence.

David A Clark
Chairman

7 April 2016

Chief Financial Officer's summary

The figures for the six month period ended 31 January 2016 indicate that we have laid the foundations for future business development which should lead to sustainable growth in revenues and profitability and therefore shareholder value.

Gross revenue is comparable with the equivalent six month period in 2015 and has remained static almost entirely because of the effort spent on laying the foundations for future growth, in particular investment in additional sales staff, and associated marketing and other costs. We have taken on senior sales staff to help boost the business and have supported them with focused marketing campaigns in our two core areas- premium funding and professional fee funding.

Additional costs in this area amounted to £38k for the six month period. By its nature, this type of expenditure has a lead time before results are fully seen, but a preliminary assessment indicates that this is already proving worthwhile, with introductions to new business already up.

The type of entities to whom we are speaking could bring even more substantial increases to revenues within a relatively short period of time.

Our cost of funding has reduced. This is because expensive debt was repaid from the IPO proceeds and has meant that our average gross margin has increased from 67% to 85%. In the past liquidity was a constraint to increasing the business. This is no longer the case. Our bankers have indicated that they are happy to increase our facility from £10m to £15m whenever we require it.

Administrative expenses have also increased. In part this was as a result of the IPO – certain costs arose from the AIM listing, in particular additional corporate governance costs. These amounted to almost £93k in the period.

The Board intends to propose an interim dividend to be paid in April 2016 amounting to 1.405 pence per share, giving a total dividend of £300,026.

Liam McShane
Chief Financial Officer

7 April 2016

Consolidated income statement

	Notes	6 months ended 31 January 2016 £	6 months ended 31 January 2015 £	Year ended 31 July 2015 £
Continuing operations				
Revenue	2	1,639,910	1,683,936	3,409,859
Finance costs	2	(210,606)	(504,290)	(854,929)
Other operational costs	2	(38,350)	(35,413)	(92,650)
Gross profit		1,390,954	1,144,233	2,462,280
Administrative expenses	2	(687,645)	(482,495)	(1,169,028)
Operating profit before income tax		703,309	661,738	1,293,252
Income tax expense	3	(137,150)	(121,445)	(258,839)
Profit for the period		566,159	540,293	1,034,413
Other comprehensive income		-	-	-
Total comprehensive income for the period attributable to the owners of the parent		566,159	540,293	1,034,413
Earnings per share attributable to the owners of the parent during the period (pence)				
Basic and diluted	4	2.65	4.94	8.77

Consolidated statement of financial position

	31 January 2016 £	31 January 2015 £	31 July 2015 £
Assets			
Non-current assets			
Property, plant and equipment	23,731	11,900	4,427
Current assets			
Trade and other receivables	20,237,991	20,217,062	17,914,997
Tax receivable	-	1,410	1,410
Cash and cash equivalents:			
Bank balances and cash in hand	2,282,929	11,636	2,901,960
Bank overdrafts	(18,162)	(27,064)	(47,159)
	22,502,758	20,203,044	20,771,208
Total assets	22,526,489	20,214,944	20,775,635
Equity and liabilities			
Equity attributable to the owners of the parent			
Called up share capital	213,542	109,375	213,542
Share premium	8,691,910	-	8,691,910
Merger reserve	890,725	890,725	890,725
Retained earnings	2,407,557	1,359,778	1,841,398
Total equity	12,203,734	2,359,878	11,637,575
Liabilities			
Non-current liabilities			
Deferred tax	590	1,626	590
Current liabilities			
Trade and other payables	1,202,763	3,128,465	1,835,908
Borrowings	8,695,845	14,382,338	7,015,155
Tax payable	423,557	342,637	286,407
	10,322,165	17,853,440	9,137,470
Total liabilities	10,322,755	17,855,066	9,138,060
Total equity and liabilities	22,526,489	20,214,944	20,775,635

Consolidated statement of changes in equity

	Called up Share capital £	Retained earnings £	Share premium £	Merger reserve £	Total Equity £
Balance at 1 August 2014	109,375	944,485	-	890,725	1,944,585
Changes in equity					
Total comprehensive income	-	540,293	-	-	540,293
Transactions with owners:					
Dividends paid	-	(125,000)	-	-	(125,000)
Balance at 31 January 2015	109,375	1,359,778	-	890,725	2,359,878
Changes in equity					
Total comprehensive income	-	494,120	-	-	494,120
Transactions with owners:					
Dividends paid		(12,500)			(12,500)
Issue of share capital	104,167	-	9,895,834	-	10,000,001
Items expensed through share premium	-	-	(1,203,924)	-	(1,203,924)
Balance at 31 July 2015	213,542	1,841,398	8,691,910	890,725	11,637,575
Changes in equity					
Total comprehensive income	-	566,159	-	-	566,159
Transactions with owners:					
Dividends paid	-	-	-	-	-
Balance at 31 January 2016	213,542	2,407,557	8,691,910	890,725	12,203,734

The merger reserve arose through the formation of the group on 23 June 2015 using the consolidation method which treats the merged companies as if they had been combined throughout the current and comparative accounting periods. The accounting principles for these combinations gave rise to a merger reserve in the consolidated statement of financial position, being the difference between the nominal value of new shares issued by the company for the acquisition of the shares of the subsidiaries and each subsidiary's own share capital.

The share premium account arose on the issue of shares on the IPO on 1 July 2015 at a premium of 95p per share. Costs directly attributable to the issue of shares have been deducted from the account.

Consolidated statement of cash flows

	6 months ended 31 January 2016 £	6 months ended 31 January 2015 £	Year ended 31 July 2015 £
Cash flows from operating activities:			
Profit before income tax	703,309	661,738	1,293,252
Adjustment for depreciation	4,709	11,000	8,301
	708,018	672,738	1,301,553
(Increase)/decrease in trade and other receivables	(2,321,584)	(1,186,618)	1,527,966
Decrease in trade and other payables	(633,144)	(168,959)	(400,666)
	(2,246,710)	(682,839)	2,428,853
Income tax paid	-	-	(251,229)
Net cash (absorbed)/generated by operating activities	(2,246,710)	(682,839)	2,177,624
Cash flows from investing activities			
Purchases of property, plant and equipment	(24,014)	-	(828)
Net cash absorbed by investing activities	(24,014)	-	(828)
Cash flows from financing activities			
Proceeds of issuance of ordinary shares			10,000,001
Items expensed through the share premium account			(1,203,924)
Dividends paid	-	(125,000)	(137,500)
Net proceeds from borrowings	1,680,690	865,206	(7,907,777)
Net cash generated by financing activities	1,680,690	740,206	750,800
Net (decrease)/increase in cash and cash equivalents	(590,034)	57,367	2,927,596
Cash at the beginning of the period	2,854,801	(72,795)	(72,795)
Cash and cash equivalents at the end of period	2,264,767	(15,428)	2,854,801

Notes to the financial statements

1. General information

Orchard Funding Group plc ("the company") and its subsidiaries (together "the group") provide funding and funding support systems to insurance brokers and professional firms through the trading subsidiaries. On 23 June 2015 the company acquired its subsidiaries, Bexhill UK Limited and Orchard Funding Limited. The group operates in the United Kingdom.

The company is a public company listed on the Alternative Investment Market of the London Stock Exchange, incorporated and domiciled in the United Kingdom. The address of its registered office is 960 Capability Green, Luton, Bedfordshire LU1 3PE.

The condensed consolidated interim financial information for the six months ended 31 January 2016 has been prepared in accordance with the presentation, recognition and measurement requirements of applicable International Financial Reporting Standards adopted by the European Union ('IFRS') except that the Group has not applied IAS 34, Interim Financial Reporting, which is not mandatory for UK Groups listed on AIM, in the preparation of the condensed consolidated interim financial information.

The financial information does not include all of the information required for full annual financial statements and should be read in conjunction with the financial statements of the Group for the year ended 31 July 2015 which are prepared in accordance with International Financial Reporting Standards and International Reporting Interpretations Committee pronouncements as adopted by the European Union.

The accounting policies used in the preparation of condensed consolidated interim financial information for the six months ended 31 January 2016 are in accordance with the presentation, recognition and measurement criteria of IFRS and are consistent with those which are expected to be adopted in the annual statutory financial statements for the year ending 31 July 2016.

A number of IFRSs and Interpretations have been endorsed by the EU that will apply for the first time in the period to 31 January 2016 and, although they have been adopted by the Group, none of them has had a material impact on the Group's financial statements.

The Group's 2015 annual report provides full details of significant judgements and estimates used in the application of the Group's accounting policies. There have been no significant changes to these judgements and estimates during the period.

The financial information included in this document is unaudited and does not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. The comparative figures for the financial year ended 31 July 2015 are the Group's statutory accounts for that financial year. Those accounts have been reported on by the company's auditor and delivered to the registrar of companies. The report of the auditor was (i) unqualified, (ii) did not include a reference to matters to which the auditor drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

2. Segmental reporting

The group operates wholly within the United Kingdom therefore there is no meaningful information that could be given on a geographical basis. It does have, however, two discrete operating segments – insurance premium funding and professional fee funding.

The board assesses the performance of each sector based on operating profit (before tax and exceptional items, but after interest which is a cost of sale). The relative sales, operating costs and operating profit are shown below.

6 months ended 31 January 2016	Total	Central	Insurance premium funding	Professional fee funding
	£	£	£	£
Sales	1,639,910	-	1,061,876	578,034
Interest payable	(210,606)	-	(210,606)	-
Operational costs and administrative expenses	(725,995)	(244,245)	(281,780)	(199,970)
Operating profit/(loss) before	703,309		569,490	378,064

tax		(244,245)		

Notes to the financial statements

Segmental reporting (continued)

6 months ended 31 January 2015	**Total**	**Central**	**Insurance premium funding**	**Professional fee funding**
	£	£	£	£
Sales	1,683,936	-	1,041,128	642,808
Interest payable	(504,290)	-	(197,390)	(306,900)
Operational costs and administrative expenses	(517,908)	-	(319,570)	(198,338)
Operating profit/(loss) before tax	661,738	-	524,168	137,570

Year ended 31 July 2015	**Total**	**Central**	**Insurance premium funding**	**Professional fee funding**
	£	£	£	£
Sales	3,409,859	-	2,132,387	1,277,472
Interest payable	(854,929)	-	(330,459)	(524,470)
Operational costs and administrative expenses	(1,261,678)	(60,655)	(808,349)	(392,674)
Operating profit/(loss) before tax	1,293,252	(60,655)	993,579	360,328

3. Taxation

The tax assessed for the period differs from the main corporation tax rates in the UK (21%, and 20%) because of the effect of items disallowed for tax and accelerated capital allowances.

4. Earnings per share

Earnings per share is based on the total comprehensive income shown above, for each relevant period, and the weighted average number of ordinary shares in issue during each period. For the six months to 31 January 2016, this was 21,354,167; for the six months to 31 January 2015 it was 10,937,500; and for the year to 31 July 2015 it was 11,793,664. There are no options or other factors which would dilute these therefore the fully diluted earnings per share is identical.