CIP Merchant Capital Limited

Interim Report and Unaudited Condensed Consolidated Financial Statements

For the period from 1 January 2021 to 30 June 2021

Contents

Chairman's Statement

Introduction
I am pleased to present CIP Merchant Capital Limited's (the "Company" or "CIP") Interim Report and Unaudited Consolidated Financial Statements for the period from 1 January 2021 to 30 June 2021 (the "Interim Financial Statements").

Since the Company's admission to AIM, its investment manager, Merchant Capital Manager Limited (the "Investment Manager") has been actively sourcing suitable investment opportunities. In addition to the existing complexity of identifying and investing in attractive companies, 2020 saw the outbreak of the COVID-19 pandemic, which remains ongoing and led to an asymmetry in our portfolio. Some industry sectors benefited from the change in circumstances, whilst others were severely affected by the lockdowns, work-from-home policies and travel restrictions. This led to a corresponding asymmetry in CIP's investments, with accelerated growth in some of its investee companies and negative impacts on other holdings. It also enabled CIP to build stakes in companies that benefited from the easing of restrictions and restarting of the global economy. Post the period end, CIP also achieved its second exit, further to the successful recommended offer for Proactis Holdings plc ("Proactis") by Café Bidco Limited, delivering a 2.3x cash-on-cash return and a 50.04% IRR on the Company's investment.

Following the divestment of Proactis, the Company has approximately £9.7 million remaining for investment as at 24 September 2021, and we continue to monitor the market closely to take advantage of opportunities as they arise in line with our investment policy. In accordance with our cash management policy, as at 30 June 2021, the Company had invested its liquidity in short-dated sterling treasury and corporate bonds. Further details on the current portfolio are set out in the Investment Manager's Report.

I would urge shareholders to keep in mind that the Board resolved not to hedge the Company's investments in foreign currencies, such that shareholders are encouraged to consider carefully the impact of a significant adjustment in Sterling due to unforeseen eventualities, such as the ongoing trade negotiations and friction between the United Kingdom and the European Union since Brexit.

Before discussing the performance of the Company over the period and more recently, it is important to also note the unsolicited approach by Corporation Financière Européenne SA ("CFE") in respect of a possible offer, announced on 26 January 2021, which the Board felt significantly undervalued the Company and its portfolio. On 22 February 2021, CFE announced that it did not intend to make an offer for CIP under Rule 2.7 of the City Code on Takeovers and Mergers.

Performance
The Company's last unaudited NAV for the period was 88.85p per share, representing a 14.14% increase from the audited NAV of 77.84p per share as at 31 December 2020, equating to almost double the performance of the FTSE All Share Index (+7.9%) and almost four times the performance of the FTSE AIM 100 (+3.9%) over the same period.

During the period, the Company's ordinary shares traded between 49p and 63p, finishing the period at a middle market closing price of 58.5p on 30 June 2021, equating to a discount of approximately 34.2% to the then unaudited NAV per share of 88.85p. The Company's shares have traded at an average discount of 32.1% to NAV during the period.

As at 28 September 2021, the Company's share price was 57.00p per share, representing a discount of 38.46% to the unaudited NAV on 24 September 2021 of 92.63p per share.

The resolution to allow share buy-backs was once again not passed, limiting the Company's ability to undertake purchases, if appropriate, in response to the share price discount to the NAV.

Chairman’s Statement (continued)

Dividends

There were no dividends declared in the period. As stated in its Admission Document, it is the Company’s intention to reinvest the net proceeds of any net income or realisations from its portfolio.

Corporate Governance

We note that two directors of the Company, Marco Fumagalli and Carlo Sgarbi, decided not to seek re-election as directors of the Company at its annual general meeting held on 10 September 2021, and accordingly retired from the Board on that date, but remain directors of the Company's Investment Manager.

More generally, the Company will be seeking to improve Shareholder communications going forward to ensure that Shareholder concerns are addressed on a timely basis ahead of the Company’s next AGM.

The Board take their fiduciary and corporate governance responsibilities seriously and I encourage Shareholders to contact the Board via the Company Secretary at guernsey.office@maitlandgroup.com should they have any questions or would like to discuss anything with us.

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Adrian Collins

Non-Executive Chairman

The Board of Directors

The Directors have overall responsibility for the Company's activities including the review of its activities and performance.

The Directors of the Company at the date of signing these accounts, all of whom are non-executive, are listed below:

Adrian Collins (Independent Non-Executive Chairman) - appointed November 2017
Mr. Collins has worked in the fund management business for over 45 years, a large part of which was at Gartmore Investment Management Limited where latterly he was managing director. He was until 2019, chairman of Liontrust Asset Management plc and is currently on the boards of a number of quoted companies including Logistics Development Group plc (formerly Eddie Stobart Logistics plc) and Hargreaves Lansdown plc.

John Falla (Independent Non-Executive Director) - appointed November 2017
Mr. Falla trained with Ernst & Young in London before moving to their Corporate Finance Department. On returning to Guernsey he worked for an international bank, before joining the Channel Islands Stock Exchange as a member of the Market Authority. In 2000, Mr. Falla joined the Edmond de Rothschild Group in Guernsey and provided corporate finance advice to clients including open and closed-ended investment funds and institutions with significant property interests. He was also a director of a number of Edmond de Rothschild Group operating and investment companies. Mr. Falla is now a non-executive director of a number of investment companies, the majority of which are listed on the London Stock Exchange, and a consultant. Mr. Falla is a Chartered Accountant and has a BSc Hons degree in Property Valuation and Management from The City University, London. He is a Chartered Fellow of the Chartered Institute for Securities and Investment having been awarded their diploma.

Robert King (Independent Non-Executive Director) - appointed November 2017
Mr. King is a non-executive director of a number of open and closed-ended investment funds including Weiss Korea Opportunity Fund Limited and Tufton Oceanic Assets Limited (Chairman). Before becoming an independent non-executive director in 2011 he was a director of Cannon Asset Management Limited and their associated companies. Prior to this he was a director of Northern Trust International Fund Administration Services (Guernsey) Limited (formerly Guernsey International Fund Managers Limited) where he had worked from 1990 to 2007. He has been in the offshore finance industry since 1986 specialising in the administration and structuring of offshore open and closed ended investment funds. Mr. King is British and resident in Guernsey.

Piero Sansalone (Non-Independent Non-Executive Director) - appointed September 2020
Mr. Sansalone began his career in corporate finance at Deloitte and later at KPMG. Mr Sansalone has expertise in business analysis and valuation, as well as turnarounds, restructurings and mergers and acquisitions. Between 2011 and 2013, Mr. Sansalone worked for the same major Swiss family office as Messrs Sgarbi and Fumagalli where he was responsible for managing private equity investments. Until 2017, Mr. Sansalone was investment manager at Continental Investment Partners SA, an affiliate of the Company's Investment Manager, responsible for the Private Equity and Real Estate activities. Mr. Sansalone is currently an independent financial adviser and business consultant for SMEs, family offices and Private Equity funds.

The Board of Directors (continued)

In addition, the following individuals were Directors of the Company during the period but withdrew from re-election at the Company's annual general meeting held on 10 September 2021. They continue to serve as Directors of the Investment Manager.

Marco Fumagalli (Non-Independent Non-Executive Director) - appointed September 2017; withdrew September 2021

Mr. Fumagalli has a significant transaction track-record as a Global Partner at the PE house 3i Group, with significant results in the management of investments in both private (e.g. Giochi Preziosi, Coelsanus Preserves and Vis Pharmaceuticals) and listed companies (e.g. Biosearch Italy and Datamat Novuspharma). From 2010 to 2013, he was responsible for managing the private equity activities within a Swiss family office. Mr. Fumagalli is a co-founder and principal of the Company's Investment Manager, and Continental Investment Partners SA ("CIPSA") and is currently a non-executive director of AIM quoted companies Sound Energy plc, Echo Energy plc and Coro Energy plc.

Carlo Sgarbi (Non-Independent Non-Executive Director) - appointed September 2017; withdrew September 2021

Mr. Sgarbi has over 20 years' experience in investment banking with IMI Group, part of Intesa Sanpaolo, a leading Italian banking group, which included being appointed Head of Debt Capital Markets in 1995 for Banca IMI, the investment bank of the Intesa Sanpaolo. Mr. Sgarbi was subsequently appointed Global Head of Fixed Income and Derivatives, Co-Head of Global Markets Equities and Derivatives, where he was responsible for managing approximately 300 professionals specialised in different areas of market activities and risk. From 2007 to 2013, he was responsible for managing all investment activities within a Swiss family office, which Mr. Fumagalli was also involved with from 2010. He founded both the Company's Investment Manager and CIPSA along with Mr. Fumagalli and is a Managing Partner of CIPSA.

Investment Manager's Report

Investment Strategy

The Company aims to generate risk-adjusted returns through capital appreciation, investing primarily in stocks and equity securities and taking a private equity approach to seek to achieve a target IRR of 20% over the medium to long term. Key investment targets will predominantly be listed on a Western European stock exchange and will typically have a market capitalisation below £500 million at the time of investment, which the Board believes often puts such companies below the radar of the larger institutional investors in the market. A flexible mandate also allows part of the Company's capital to be deployed in debt, as well as funds or private equity.

The Investment Manager is continuously reviewing and considering various investment opportunities that may meet the Company's investment objectives and investing policy. Such opportunities are actively sourced by the Investment Manager through its network of contacts and through a proactive identification of target investments via its proprietary database. The Company's primary investment sectors are: oil and gas; healthcare; pharmaceuticals; and real estate.

Market Conditions

Following the outbreak of the COVID-19 pandemic in 2020, the world has gradually adapted to a new paradigm, as is intrinsic of human nature. Many industries have now recovered since the sizeable downturn of March 2020 and kept progressing, despite some volatility. In general terms, the key global equity markets have registered increases of between 10% and 20% over the first six months of 2021.

At a deeper level, there are a variety of dynamics at play, with many technology related companies performing well, other industries such as car dealerships recovering strongly, whilst more challenged sectors such as aerospace are still struggling to recover due to extremely reduced demand.

Performance Review

During the period, we have been actively screening markets, identifying potential investment opportunities, building new stakes in companies and maintaining dialogue with the various management teams of our existing investee companies. As at 30 June 2021, the Company's portfolio comprised investments in fourteen companies, of which three were new investments made during the period. Following the period end, on 28 July 2021, we fully divested of our holding in Proactis Holdings plc, following the completion of a recommended takeover by Café Bidco Limited backed by funds advised and managed by Pollen Street Capital Limited and DBAY Advisors Limited, delivering a £1.2m net profit to the Company, corresponding to a 2.3x cash-on-cash return and a 50.04% IRR.

Investment Manager's Report (continued)

Portfolio Review

Portfolio Company	Industry	Country	Period end		24 September 2021	
			Cost GBP	*Market Value GBP*	*Cost GBP*	*Market Value GBP*
Alkemy SpA	Software/Tech	Italy	4,084,106	5,169,856	4,084,106	6,552,471
Brave Bison Group plc	Software/Tech	UK	1,180,700	1,162,832	2,430,700	2,680,343
CareTech Holdings plc	Healthcare	UK	5,143,558	8,449,276	5,143,558	9,075,664
Coro Energy plc (shares)	Oil & Gas	UK	6,005,455	436,986	6,005,455	376,712
Coro Energy plc (debt)	Oil & Gas	UK	2,809,964	3,000,913	2,809,964	3,034,693
EKF Diagnostics Holdings plc	Healthcare	UK	2,199,727	2,906,250	2,199,727	3,146,500
Happy Friends*	Healthcare	Italy	3,829,455	1,913,419	3,829,455	1,909,152
HSS Hire Group plc	Support Services	UK	3,941,454	4,700,000	3,941,454	4,275,000
Ixico plc	Healthcare	UK	2,719,902	2,857,550	2,719,902	3,086,153
Orthofix Medical Inc.	Healthcare	US	4,890,750	3,251,887	4,890,750	3,185,845
Proactis Holdings plc	Software/Tech	UK	928,211	2,062,250	-	-
Redde Northgate plc	Support Services	UK	1,988,189	2,704,879	1,988,189	2,837,238
Totally plc	Healthcare	UK	713,196	1,245,000	713,196	1,095,000
Trellus Health plc	Healthcare	US	31,151	162,153	31,151	138,307
Vertu Motors plc	Support Services	UK	627,214	699,016	627,214	793,561
Portfolio			**41,093,032**	**40,722,267**	**41,414,821**	**42,186,639**
NAV				**48,870,159**		**50,943,986**

** This value is for the combined interest held in equity and debt on a look through basis.*

Alkemy SpA

Alkemy SpA ("Alkemy") serves large corporate clients in designing and implementing digital strategies. As expected, the pandemic and the resulting lockdowns has driven an increase in the demand for Alkemy's services from clients. At the same time, work-from-home policies and tight cost controls implemented by the company's management, have led to an improvement in the economic performance of the company. Consequently, Alkemy is now enjoying growth in both revenue and profitability.

Brave Bison Group plc

Brave Bison Group plc ("Brave Bison"), a media and marketing group that specialises in social media, has continued to expand its reach through acquisitions as evidenced, post period-end, by the conditional acquisition of Greenlight Digital Limited and Greenlight Commerce Limited, consulting firms in the digital space with a complimentary set of services and client portfolio. To facilitate this transaction, Brave Bison successfully completed a placing to raise gross proceeds of £6.2m, in which the Company participated by way of a further £1.25m investment. This transaction is expected to have a transformative impact on Brave Bison, constituting a strategic leap forward with highly accretive financial attributes.

Investment Manager's Report (continued)

Portfolio Review (continued)

CareTech Holdings plc
CareTech Holdings plc ("CareTech"), a leading operator of residential care homes in the UK, reported another robust financial performance for H1 2021. Following the acquisition of Cambian Group back in 2019, CareTech has kept growing steadily in terms of its business and financial results, with a consequent increase in the value of its equity. Since the Company's first investment back in April 2019, at 333p per share, the share price has increased substantially to 653p as at 24 September 2021.

Coro Energy plc
Coro Energy plc ("Coro"), a Southern East Asian energy company, has been seeking to progress its reorientation from gas exploration to low carbon energy. Specifically, Coro has launched new initiatives in the areas of clean energy storage and rooftop solar projects.

However, with the oil and gas industry still showing signs of disruption, it is now considered unlikely that Coro will be able to repay its outstanding bonds due on April 2022 in which the Company is invested. To date, no restructuring has yet been proposed by Coro, and the Company has determined to carry the value of its investment in the bond at a 15% discount, supported by Coro's capacity and track record of raising capital earlier this year and payment of the 2021 coupon.

EKF Diagnostics Holdings plc
EKF Diagnostics Holdings plc ("EKF"), a global medical manufacturer of point-of-care and central lab devices and chemistry reagents, had a busy first half of 2021, with a number of updates raising expectations for its economic performance in 2021. In addition, it also successfully floated Trellus Health plc ("Trellus"), a former venture in which EKF distributed all but one "golden share" of its holding at the end of 2020 to its then shareholders as a dividend *in specie*, thereby providing CIP with its current interest in Trellus.

HSS Hire Group plc
HSS Hire Group plc ("HSS"), a leading supplier of tool and equipment hire in the UK, benefited from the easing in COVID-19 related restrictions in 2021 and the consequent increase in refurbishment activity by UK households. The Company established a stake in HSS in March 2021 on the back of the digitalisation of the business.

Ixico plc
During March 2021, the Company also built a stake in Ixico plc ("Ixico"), a leading provider of imaging biomarkers, exploiting a trading update that negatively affected the company's share price for a short period. In the Investment Manager's view, Ixico has a solid pipeline with a contracted order book underpinned by its advanced data analytics capability in neuroscience.

Investment Manager’s Report (continued)

Portfolio Review (continued)

Happy Friends
7Star Srl (“Happy Friends”), the private Italian chain of veterinary hospitals, saw a profound transformation, with its founders leaving the board and a new Chief Executive Officer (“CEO”) being appointed in August 2021. Based on the CEO’s in-depth industry experience as sales manager for a veterinary pharmaceutical company, Happy Friends is now entering into a new phase of growth and development, supported by the successful performance of its third hospital which opened in September 2020.

In connection with this transition, as announced on 1 March 2021, CIP was granted the right to acquire a further 41.6 per cent. interest in Happy Friends from its founders for nominal consideration. As part of this arrangement, the Company agreed to the repayment of €203,818 of loans to the exiting parties, such parties agreeing to waive the balance of €320,474 to the benefit of Happy Friends.

In order to incentivise the new CEO to drive the business forward, the Company has agreed to grant him the right to receive a 2.5% equity interest in Happy Friends, and potentially up to 5% subject to certain EBITDA targets beings met.

Orthofix Medical Inc.
Orthofix Medical Inc. (“Orthofix”), the reconstructive and regenerative solutions provider in spinal and bone-related conditions, has navigated the complex COVID-19 affected period with elective procedures being suspended and postponed. However, Orthofix demonstrated its resilience by expanding its technological product portfolio and returned to revenue growth during the period. Post period-end, Orthofix revised upwards its performance guidance for the full 2021 year, which should see growth in its revenues of between 15% and 16% with no less than US$58 million of EBITDA.

Proactis Holdings plc
During the first half of 2021, Proactis Holdings plc (“Proactis”), a procurement software company, kept expanding its customer base. For a while, its share price did not reflect such improvement, until Pollen Street Capital Limited, a Private Equity firm, offered to take Proactis private. A recommended offer by Cafe Bidco Limited, backed by funds managed and advised by both Pollen Street Capital Limited and DBAY Advisors Limited, was successfully completed in late July 2021, leading to the Company’s second exit with a satisfactory 2.3x cash-on-cash return and 50.04% IRR on its investment.

Redde Northgate plc
Redde Northgate plc (“Redde”), a leading integrated mobility solutions platform that provides services across a vehicle’s lifecycle and formed via the merger of Redde plc and Northgate plc in February 2020, is another business that benefited from the easing of restrictions and recovery in the UK economy. For its financial year ended in April 2021, Redde delivered revenues in excess of £1.1 billion (up from £779 million in the prior year) and net income of £65.6m (up from £7.7m in the prior year), deriving largely from the synergies arising from its merger.

Totally plc
The Company managed to grow its stake in Totally plc (“Totally”), a provider of solutions to the healthcare sector, in January 2021, before the company’s share price climbed following its announcement of an interim dividend. Totally has continued to secure new contracts and contract extensions, thereby confirming the growth expectations that led CIP to initially invest in Totally.

Investment Manager’s Report (continued)

Portfolio Review (continued)

Trellus Health plc
Trellus Health plc (“Trellus”), a provider of scientifically validated, resilience-based, connected health solutions for chronic condition management, has recently announced its maiden unaudited interim results following admission to trading on AIM on 28 May 2021. The Company raised c.£28.5m in conjunction with its admission to AIM and management are confident of continuing to deliver against their key operating milestones in accordance with the company’s plans.

Vertu Motors plc
Between March and April 2021, the Company invested in Vertu Motors plc (“Vertu”), a car dealership group based in the United Kingdom, in anticipation of the restart of activity following the UK’s successful vaccination programme rollout and subsequent easing of restrictions.

Cash Management
In accordance with its cash management policy, the Company had invested approximately £9.7 million in short dated treasury and corporate bonds as at 30 June 2021.

Outlook
CIP’s investee companies have, for the most part, navigated the worst period of the COVID-19 pandemic well, which has generally been reflected in their share price performance. We spend a lot of time with our investee companies, not only monitoring their performance, but also maintaining an active approach to engagement and seeking ways to provide potential development opportunities. We also continuously monitor and analyse markets and sectors, to seek to identify companies where there is a strong fundamental business case or where the market might not be fully pricing the earnings potential of a company.

The relatively strong performance of the Company’s portfolio businesses has had a positive impact on the Company’s NAV during the period, which has increased by approximately 11p per share from 31 December 2020 to 30 June 2021.

Unaudited Condensed Consolidated Statement of Comprehensive Income
For the period from 1 January 2021 to 30 June 2021

	Notes	Period from 1 January 2021 to 30 June 2021 £	Period from 1 January 2020 to 30 June 2020 £
INVESTMENT INCOME		**(Unaudited)**	**(Unaudited)**
Net gains/(losses) on investments at fair value through profit or loss	**4**	6,784,002	(4,314,261)
Foreign exchange (losses)/gains		(6,671)	4,067
NET INVESTMENT INCOME/(LOSS)		**6,777,331**	**(4,310,194)**
INCOME			
Bank interest		-	(152)
TOTAL LOSS		**-**	**(152)**
EXPENSES			
Investment manager fees	**3, 9**	(450,181)	(418,521)
Directors' fees	**9**	(57,500)	(43,750)
Secretarial and administration fees	**3**	(50,385)	(39,136)
Advisory and consultancy fees		-	(20,000)
Legal and professional fees		(37,874)	(11,709)
Brokerage and custody fees		(29,451)	(8,199)
Audit fees		(14,991)	(13,924)
Other fees		(79,607)	(32,509)
TOTAL EXPENSES		**(719,989)**	**(587,748)**
PROFIT/(LOSS) FOR THE FINANCIAL PERIOD		**6,057,342**	**(4,898,094)**
Interest expense and similar charges		(771)	(90)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD		**6,056,571**	**(4,898,184)**
EARNINGS/(LOSS) PER ORDINARY SHARE			
Basic and diluted earnings/(loss) per share	**14**	**0.11**	**(0.09)**

The notes on pages 14 to 24 form part of these Unaudited Interim Financial Statements.

Unaudited Condensed Consolidated Statement of Financial Position
As at 30 June 2021

	Notes	As at 30 June 2021 £	As at 31 December 2020 £
ASSETS		**(Unaudited)**	**(Audited)**
Non-current assets			
Investments at fair value through profit or loss	**4**	40,507,025	28,951,368
		40,507,025	**28,951,368**
Current assets			
Investments at fair value through profit or loss	**4**	6,042,971	12,252,120
Receivables and prepayments	**5**	32,460	56,050
Cash and cash equivalents		2,574,001	1,817,959
		8,649,432	**14,126,129**
TOTAL ASSETS		**49,156,457**	**43,077,497**
LIABILITIES			
Current liabilities			
Payables and accruals	**6**	(286,298)	(263,909)
TOTAL LIABILITIES		**(286,298)**	**(263,909)**
TOTAL NET ASSETS		**48,870,159**	**42,813,588**
EQUITY			
Share capital	**7**	52,446,105	52,446,105
Retained earnings		(3,575,946)	(9,632,517)
TOTAL EQUITY		**48,870,159**	**42,813,588**
Net Asset Value per share	**10**	**0.89**	**0.78**

Approved by the Board of Directors and authorised for issue on 29 September 2021.

John Falla
Director

Rob King
Director

The notes on pages 14 to 24 form part of these Unaudited Interim Financial Statements.

Unaudited Condensed Consolidated Statement of Changes in Equity
For the period from 1 January 2021 to 30 June 2021

Period from 1 January 2021 to 30 June 2021

	Share capital £	Retained earnings £	Total equity £
TOTAL EQUITY AS AT 1 JANUARY 2021	**52,446,105**	**(9,632,517)**	**42,813,588**
Total comprehensive income for the period	-	6,056,571	6,056,571
TOTAL EQUITY AS AT 30 JUNE 2021	**52,446,105**	**(3,575,946)**	**48,870,159**

Period from 1 January 2020 to 30 June 2020

	Share capital £	Retained earnings £	Total equity £
TOTAL EQUITY AS AT 1 JANUARY 2020	**52,446,105**	**(6,205,290)**	**46,240,815**
Total comprehensive loss for the period	-	(4,898,184)	(4,898,184)
TOTAL EQUITY AS AT 30 JUNE 2020	**52,446,105**	**(11,103,474)**	**41,342,631**

The notes on pages 14 to 24 form part of these Unaudited Interim Financial Statements

Unaudited Condensed Consolidated Statement of Cash Flows
For the period from 1 January 2021 to 30 June 2021

	Period from 1 January 2021 to 30 June 2021 £	Period from 1 January 2020 to 30 June 2020 £
CASH FLOWS FROM OPERATING ACTIVITIES	**(Unaudited)**	**(Unaudited)**
Total comprehensive income/(loss)	6,056,571	(4,898,184)
Adjustments for:		
Decrease in receivables and prepayments	23,590	215,308
Increase/(decrease) in payables and accruals	22,389	(45,645)
Net (gains)/losses on investments at fair value through profit or loss	(6,784,002)	4,314,261
Foreign exchange losses/(gains)	6,671	(4,067)
	(674,781)	(418,327)
Investment income	134,376	72,413
Purchase of investments	(7,899,331)	(27,134,110)
Sale of investments	9,202,449	26,998,689
NET CASH GENERATED FROM/(USED IN) OPERATING ACTIVITIES	**762,713**	**(481,335)**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**762,713**	**(481,335)**
Cash and cash equivalents at the beginning of the period	1,817,959	1,308,465
(Losses)/gains on exchange movements	(6,671)	4,067
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**2,574,001**	**831,197**
Comprised of:		
Cash and cash equivalents	2,574,001	831,304
Overdraft	-	(107)

The notes on pages 14 to 24 form part of these Unaudited Interim Financial Statements.

Notes to the Unaudited Condensed Consolidated Interim Financial Statements
For the period from 1 January 2021 to 30 June 2021

1. PRINCIPAL ACTIVITIES

The Company was incorporated with limited liability in Guernsey under the Companies (Guernsey) Law, 2008, as amended, on 13 September 2017 with registered number 64013, and is a registered closed-ended investment scheme pursuant to The Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended and the Registered Closed-ended Investment Scheme Rules (the "**RCIS Rules**"). The Company commenced business following the admission of the Company's shares to trading on the AIM market of the London Stock Exchange on 22 December 2017.

The registered office of the Company is at 3rd Floor, 1 Le Truchot, St Peter Port, Guernsey, GY1 1WD.

The investment objective of the Company is to generate risk-adjusted returns for its shareholders through investment in equity and equity-related products and instruments, by targeting appreciation in the value of its investments over the medium to longer term, principally through capital growth.

2. PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently, unless otherwise stated.

Basis of preparation
The Unaudited Interim Financial Statements for the period from 1 January 2021 to 30 June 2021 have been prepared on a going concern basis in accordance with IAS 34, the AIM Rules for Companies and applicable legal and regulatory requirements.

The Unaudited Interim Financial Statements should be read in conjunction with the Annual Report and Financial Statements for the period ending 31 December 2020, which were prepared in accordance with International Financial Reporting Standards ("IFRS") and which received an unqualified audit report.

These financial statements are presented in Sterling, the Company's functional currency, being the currency of the primary economic environment in which the Company operates.

Going concern
In assessing the going concern basis of accounting the Directors have had regard to the guidance issued by the Financial Reporting Council. After making enquiries and bearing in mind the nature of the Company's business and assets, the Directors consider that the Company has adequate resources to continue in operational existence for the foreseeable future. Although COVID-19 has had, and continues to have, an impact on the businesses and the valuation of our portfolio companies, the Directors have reviewed the Company's cash and cash equivalents including short dated treasury and corporate bonds of £9.7 million as at 24 September 2021, and consider that the Company will be able to meet its liabilities as they fall due while also availing itself of investment opportunities. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Investment entity exemption
Investments are made by the Company via its Limited Partnership – Merchant Capital LP (the "**Limited Partnership**"). The Limited Partnership has met the criteria within IFRS 10 to qualify as an investment entity. The Company itself also meets the definition of an investment entity.

2. PRINCIPAL ACCOUNTING POLICIES (continued)

As per IFRS10 an investment entity is an entity that obtains funds from one or more investors for the purpose of providing those investors with investment management services, commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both, and measures and evaluates the performance of substantially all of its investments on a fair value basis.

The Company has therefore not consolidated the Limited Partnership on the basis of the Limited Partnership being an investment entity. The investment in the Limited Partnership has therefore been reflected at fair value.

Basis of Consolidation

The "**Group**" is defined as the Company and its subsidiary Merchant Capital GP Limited ("**GP**").

As the GP is itself not an investment entity and is solely in the structure to be the general partner to the Limited Partnership which itself is providing services to the Company, it has been consolidated.

Where the Company has control over an investee, it is classified as a subsidiary. The Company controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

All intra-group transactions, balances, income and expenses are eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted across the Group.

Critical Accounting Estimates and Judgements

When preparing the Unaudited Interim Financial Statements management relies on a number of estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the period. Actual results could differ from those estimates and assumptions. Refer to Note 11 for further information regarding estimates and judgements applied to the investments in Coro Energy plc (debt) and Happy Friends.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have a significant effect on the amounts recognised in the financial statements were the same as those applied to the Annual Report and Financial Statements for the period ended 31 December 2020.

2. PRINCIPAL ACCOUNTING POLICIES (continued)

Financial assets

Classification

The Group's financial assets are classified in the following measurement categories:

- those to be measured at fair value through profit or loss; and
- those to be measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

At initial recognition, the Group measures a financial asset at its fair value, plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Financial assets held at amortised cost
Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. These assets are subsequently measured at amortised cost using the effective interest method.

The Group assesses on a forward-looking basis the expected credit losses associated with its financial assets held at amortised cost. The Group has applied the simplified approach permitted by IFRS 9 in respect of trade and other receivables. This approach requires expected lifetime losses to be recognised from initial recognition of the receivables.

The Group's financial assets held at amortised cost include trade and other receivables and cash and cash equivalents.

Financial assets at fair value through profit or loss.
The investment into the Limited Partnership is measured at fair value as the business model is for capital appreciation and the Group manages and evaluates the performance on a fair value basis. The Limited Partnership holds listed and unlisted investments.

The Company's investment in short term debt instruments is for investment purposes only and are not held for the collection of contractual cashflows. They are carried at fair value through profit or loss as part of the overall fair valuing of the underlying investee.

The change in fair value is recognised in profit or loss and is presented within the 'Net gains/(losses) on investments at fair value through profit or loss' in the Unaudited Condensed Consolidated Statement of Comprehensive Income.

2. PRINCIPAL ACCOUNTING POLICIES (continued)

Financial assets (continued)

Recognition, derecognition and initial measurement
A financial asset (in whole or in part) is derecognised either: (i) when the Group has transferred substantially all the risks and rewards of ownership; or (ii) when it has neither transferred nor retained substantially all the risks and rewards and when it no longer has control over the assets or a portion of the asset; or (iii) when the contractual right to receive cash flow has expired.

Financial liabilities

Recognition
Financial liabilities are recognised in the Unaudited Condensed Consolidated Statement of Financial Position when the Group becomes a party to the contractual provisions of the relevant financial instrument. Financial liabilities are initially recognised at fair value.

Classification and measurement
The Group only has financial liabilities which are classified as amortised cost using the effective interest method. This method discounts future cashflows of the liability using an effective interest rate to calculate its carrying value.

De-recognition of financial liabilities
A financial liability (in whole or in part) is derecognised when the Group's contractual obligation to deliver cash or other financial assets is extinguished i.e. is discharged, expires or is cancelled. Any gain or loss on de-recognition is recognised in the Unaudited Condensed Consolidated Statement of Comprehensive Income.

Segmental reporting
The decision maker is the Board of Directors. The Directors are of the opinion that the Group is engaged in a single segment of business with the primary objective of investing in securities to generate capital growth for shareholders. Consequently, no business segmental analysis is provided.

3. SIGNIFICANT ONGOING AGREEMENTS

The following significant contracts have been entered into by the Company:

Investment Management Agreement
The Company, the GP and Merchant Capital Manager Limited (the "**Investment Manager**") have entered into an Investment Management Agreement dated 15 December 2017. Under the Investment Management Agreement, the Investment Manager has been appointed to act as the Group's investment manager and AIFM, subject to the overall control and supervision of the Directors.

The Investment Manager receives from the Company an investment manager fee of 2.0% per annum of the prevailing Net Asset Value. The management fees are calculated on the last day of each quarter and are payable in arrears.

Administration Agreement
Under the Administration Agreement, Maitland Administration (Guernsey) Limited (the "**Administrator**") receives from the Company a fee computed and payable quarterly in arrears. The fee is calculated at the rate of 0.09% of the Net Asset Value of the Company with a minimum fee per annum of £40,000.

3. SIGNIFICANT ONGOING AGREEMENTS (continued)

Administration Agreement (continued)

The Administrator also receives a quarterly periodic fee in respect of the Company Secretarial Services of £40,000 per annum and is also reimbursed all out-of-pocket expenses reasonably incurred.

Merchant Capital Limited Partnership Agreement

The Limited Partnership Agreement is an agreement between the GP, the Company and the Investment Manager dated 30 November 2017 pursuant to which the parties agreed to establish the Limited Partnership in order to make investments pursuant to the Company's investing policy. The Limited Partnership shall continue until the one hundredth anniversary of the date of its registration under the Limited Partnership (Guernsey) Law, 1995 (the "**Partnership Law**") unless it is dissolved or its life is extended under the Limited Partnership Agreement.

The Limited Partnership Agreement may be terminated in certain customary circumstances, including the death or insolvency of the general partner, agreement among the partners to terminate, and resignation, retirement, removal or withdrawal of the general partner in accordance with the terms of the agreement.

The GP has agreed to act as general partner of the Limited Partnership and will be solely responsible for the conduct and management of the Limited Partnership's business. The limited partners in the Limited Partnership, namely the Company and the Investment Manager, shall take no part in the management and control of the business and affairs of the Limited Partnership, and shall have no right or authority to act for the Limited Partnership or to take any part in or in any way interfere in the conduct or management of the Limited Partnership or to vote on matters relating to the Limited Partnership other than as set forth in the Limited Partnership Agreement and/or as permitted by the Partnership Law.

The GP, the Company and the Investment Manager have made capital contributions of £1, £799 and £200 to the Limited Partnership respectively. The Company is required to make loans to enable the Limited Partnership to meet its obligations as they fall due for such amount and for such purpose as the GP may request on not less than five business days' written notice (or such shorter period as may be necessary in an emergency). Where the Company makes a loan to the Limited Partnership, the Limited Partnership shall not pay interest on any loan and all loans shall be unsecured. While it remains a limited partner of the Limited Partnership the Company shall not be entitled to be repaid all or any part of a loan other than on liquidation of the Limited Partnership or realisations by the Limited Partnership.

The Investment Manager will receive 20% of the net realised cash profits from investments and follow-on investments made over the period once the Company has received all loan capital and a preferred return that equates to an IRR of 5% for the relevant period and associated follow-on period.

Notes to the Unaudited Condensed Consolidated Interim Financial Statements
For the period from 1 January 2021 to 30 June 2021 (continued)

4. INVESTMENTS

	Limited Partnership £ (Level 3) ***Non-current***	**Direct Investments £** (Level 1) ***Current***	**Total Investments £**
Opening fair value as at 1 January 2021	28,951,368	12,252,120	41,203,488
Additions at cost	7,899,331	-	7,899,331
Disposal proceeds	(3,029,298)	(6,173,151)	(9,202,449)
Net realised gain/(loss) on disposal of investments	198,507	(24,961)	173,546
Net unrealised gain/(loss) on revaluation of investments	6,487,117	(11,037)	6,476,080
Closing fair value as at 30 June 2021	**40,507,025**	**6,042,971**	**46,549,996**

	Limited Partnership £ (Level 3) ***Non-current***	**Direct Investments £** (Level 1) ***Current***	**Total Investments £**
Opening fair value as at 1 January 2020	22,957,684	22,043,470	45,001,154
Additions at cost	12,343,997	44,702,852	57,046,849
Disposal proceeds	(3,856,042)	(54,398,689)	(58,254,731)
Net realised gain/(loss) on disposal of investments	1,102,209	(101,861)	1,000,348
Net unrealised (loss)/gain on revaluation of investments	(3,596,480)	6,348	(3,590,132)
Closing fair value as at 31 December 2020	**28,951,368**	**12,252,120**	**41,203,488**

	30 June 2021 £	**31 December 2020 £**
Net realised gain on disposal of investments	173,546	1,000,348
Net unrealised gain/(loss) on revaluation of investments	6,476,080	(3,590,132)
Investment Income	134,376	362,171
Net gains/(losses) on investments at fair value through profit or loss	**6,784,002**	**(2,227,613)**

Notes to the Unaudited Condensed Consolidated Interim Financial Statements
For the period from 1 January 2021 to 30 June 2021 (continued)

5. RECEIVABLES AND PREPAYMENTS

	30 June 2021 £	31 December 2020 £
Accrued income	-	48,421
Prepayments	30,676	6,601
Other receivables	1,784	1,028
	32,460	**56,050**

6. OTHER PAYABLES AND ACCRUALS

	30 June 2021 £	31 December 2020 £
Investment manager fees	237,006	214,140
Administration and company secretarial fee	20,667	20,559
Audit fee	12,345	20,988
Director's fee	7,500	-
Other expenses	8,780	8,222
	286,298	**263,909**

7. SHARE CAPITAL

	Number of shares	Share capital £
Ordinary shares		
Opening balance	55,000,000	52,446,105
Balance as at 30 June 2021	**55,000,000**	**52,446,105**

	Number of shares	Share capital £
Ordinary shares		
Opening balance	55,000,000	52,446,105
Balance as at 31 December 2020	**55,000,000**	**52,446,105**

The Company was incorporated on 13 September 2017 with an issued share capital of £2 represented by 2 ordinary shares of £1 each. These shares were redeemed immediately following the share issue described below from the proceeds raised.

On 22 December 2017, the Company issued 55 million ordinary shares at £1 per share in an offer for subscription, raising £52,446,105 after expenses of broker fees and legal and professional fees of £2,553,895.

8. DIVIDEND POLICY

It is the current intention of the Directors to reinvest the net proceeds of any realisations in the Company's portfolio. The Directors may consider the payment of dividends in the future.

9. RELATED PARTY TRANSACTIONS

The basis of calculation of the fees due to the Investment Manager are set out in Note 3. The Investment Manager earned remuneration of £450,181 (30 June 2020: £418,521) from the Company during the period in respect of normal services provided, with £237,006 (31 December 2020: £214,140) outstanding at the end of the period. In addition, £656,070 is included as an accrual (31 December 2020: £182,083) for carried interest in accordance with the limited partnership agreement, reflecting investment performance as at 30 June 2021. The accrual of £656,070 is included in the fair value of the Limited Partnership investment as at 30 June 2021 and the expense relating to the accrual is included within 'Net losses on investments at fair value through profit or loss' in the Statement of Comprehensive Income. Dependent on future investment performance, this amount may change, and any amount which remains accrued as at 31 December 2021 will crystallise only if the investment performance is maintained for a further twenty four months following 31 December 2020.

During the period, the Directors received remuneration fees of £57,500 (30 June 2020: £43,750), of which £7,500 (31 December 2020: £nil) were outstanding at the end of the period. The Independent Non-Executive Directors received an annual remuneration fee of £25,000 each. The Chairman receives an additional £10,000 and the Chairman of the Audit Committee receives an additional £5,000.

Mr Sgarbi and Mr Fumagalli signed a waiver letter dated 30 November 2017 and therefore have waived their Directors fees.

Mr Fumagalli, a Director of the Company during the reporting period, has an indirect beneficial interest in the Company, of 3.87% (31 December 2020: 3.87%). Mr Fumagalli is also a non-executive director of Coro Energy plc in which the Company holds shares. Refer to the Unaudited Portfolio Statement for more information.

Mr Sgarbi, a Director of the Company during the reporting period, has an indirect beneficial interest in the Company of 3.87% (31 December 2020: 3.87%) and a direct beneficial interest in the Company of 0.36% (31 December 2020: 0.4%).

Mr Falla, a Director of the Company, has a direct beneficial interest in the Company of 0.02% (31 December 2020: 0.02%).

Mr Collins, Chairman of the Company, has a direct beneficial interest in the Company of 0.09% (31 December 2020: 0.09%).

Mr Nesta is an employee of Continental Investment Partners SA who serves as a Director of Merchant Capital GP (Malta) Limited, through which the investment Alkemy SpA is held, and Merchant Capital HF Limited through which 7Star Srl is held. Mr Sgarbi and Mr Fumagalli are also Directors of Merchant Capital GP (Malta) Limited.

Mr Sgarbi and Mr Fumagalli are Directors of IVY Merchant Capital Limited.

10. NET ASSET VALUE PER SHARE

The NAV per share is expressed in GBP and is determined by dividing the net assets attributable to shareholders of the Company by the number of ordinary shares in issue on the valuation day.

11. FAIR VALUE MEASUREMENT

Valuation of financial instruments

IFRS 13 requires the Group to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2); and
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurements in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement.

Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability. The determination of what constitutes ‘observable’ requires significant judgement by the Company. The Company considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The following table analyses, within the fair value hierarchy, the Company’s financial assets (by class) measured at fair value as at 30 June 2021:

30 June 2021	**Level 1**	**Level 2**	**Level 3**	**Total**
	£	**£**	**£**	**£**
Investments in LP	-	-	40,507,025	40,507,025
Debt instruments	6,042,971	-	-	6,042,971
	6,042,971	-	**40,507,025**	**46,549,996**

31 December 2020	**Level 1**	**Level 2**	**Level 3**	**Total**
	£	**£**	**£**	**£**
Investments in LP	-	-	28,951,368	28,951,368
Debt instruments	12,252,120	-	-	12,252,120
	12,252,120	-	**28,951,368**	**41,203,488**

11. FAIR VALUE MEASUREMENT (continued)

During the period, there were no transfers between levels.

The fair value of the investment in the Limited Partnership is based on the net asset value of the Limited Partnership. This is based on the components within the Limited Partnership. Further details regarding the components of the Limited Partnership can be found in the portfolio statement on pages 25 and 26.

Alkemy SpA, Brave Bison plc, CareTech Holdings plc, Coro Energy plc (**"Coro Energy"**), EKF Diagnostics Holdings plc, HSS Hire Group plc, Ixico plc, Orthofix Medical Inc, Proactis Holdings plc, Redde Northgate plc, Totally plc, Trellus Health plc and Vertu Motors plc are all quoted equity securities and therefore their fair value is taken from quoted bid prices as at close of business on 30 June 2021.

Merchant Capital HF Limited is an unquoted security and its fair value is based on the underlying investment into 7Star Srl, being the Company's investment in Happy Friends, which has been valued using a revenue multiple approach. The multiples are considered unobservable inputs to the valuation.

IVY Merchant Capital Limited and Merchant Capital GP (Malta) Limited are unquoted securities, which were incorporated during 2019 to hold investments made by the Company. Their fair value is based on the cost of the investment adjusted to the exchange rate as at 30 June 2021. IVY Merchant Capital Limited has partial ownership of Merchant Capital HF Limited, whilst Merchant Capital GP (Malta) holds the investment in Alkemy SpA.

The Coro Energy plc Eurobond is currently valued at a 15% discount to its nominal face value. Coro Energy plc warrants are priced using the Black-Scholes model which gives a theoretical estimate of the price of the option. The warrants are not material to the interim financial statements. An additional note regarding Coro Energy plc is included on page 24 under 'Events after the reporting period'.

Capital risk management

The capital structure of the Company is as disclosed in the Unaudited Condensed Consolidated Statement of Financial Position and is managed on a basis consistent with its investment objective and policies.

12. ANALYSIS OF FINANCIAL ASSETS AND LIABILITIES BY MEASUREMENT BASIS

In the current and prior period, all Investments were measured at fair value through profit or loss. Receivables and prepayments, cash and cash equivalents and payables and accruals are valued at amortised cost.

13. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: Market risk (including price risk, interest rate risk and foreign currency risk), credit risk and liquidity risk.

These Unaudited Condensed Interim Financial Statements do not include the financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2020. The impact of the COVID-19 pandemic as a risk continues to emerge and evolve the outcome of which remains uncertain. The Directors continue to monitor its impact on markets and portfolio companies.

14. BASIC AND DILUTED EARNINGS PER ORDINARY SHARE

Basic earnings/(loss) per ordinary share is calculated by dividing the total comprehensive income for the period of £6,056,571 (30 June 2020: loss of £4,898,184) by the weighted average number of ordinary shares outstanding during the period 55,000,000 (30 June 2020: 55,000,000).

The basic and diluted value is the same as the Group does not have any diluted shares.

15. EVENTS AFTER THE REPORTING PERIOD

On 27 July 2021, the arrangement in connection with the recommended acquisition of the entire issued and to be issued share capital of Proactis Holding plc by Café Bidco Limited at a price of 75 pence per share became effective. The disposal of the Company's full position pursuant to acceptance of the terms of this offer represents a 2.3x cash-on-cash return and a 50.04% IRR on the Company's investment through the Limited Partnership, as announced on 28 July 2021.

As announced on 16 August 2021, the Company, through the Limited Partnership, invested a further £1,250,000 in Brave Bison Group plc by way of participation in its proposed placing. Brave Bison is a social media and marketing group quoted on AIM, a market operated by London Stock Exchange plc, and acquired the entire issued share capital of Greenlight Digital Limited and Greenlight Commerce Limited for an aggregate consideration of c.£6.84 million in cash and shares. The Company, through the Limited Partnership acquired a further 92,500,000 Brave Bison shares, to give it a resultant total shareholding of 167,521,407 Brave Bison Shares, representing approximately 15.3 per cent. of Brave Bison's enlarged issued share capital.

Coro Energy plc released their half-year report to 30 June 2021 on 9 September 2021, in which Coro states that it intends to seek to restructure its Eurobond obligations. The Company holds Coro Eurobonds due to mature on 12 April 2022 with a face value of €4,050.000.

At the Annual General Meeting of the Company, held on 10 September 2021, Mr Sgarbi and Mr Fumagalli withdrew from re-election as Directors of the Company, but continue to be Directors of the Investment Manager.

Unaudited Portfolio Statement
As at 30 June 2021

	Issued currency	Valuation as at 30 June 2021 £	%
Merchant Capital L.P.			
Alkemy SpA*	EUR	5,169,856	10.58
Brave Bison Group plc*	GBP	1,162,832	2.38
CareTech Holdings plc*	GBP	8,449,276	17.29
Coro Energy plc**	GBP	436,986	0.89
Coro Energy plc warrants 12/04/2022***	GBP	-	-
Coro Energy plc 5% 12/04/2022**	EUR	3,000,913	6.14
EKF Diagnostics Holdings plc*	GBP	2,906,250	5.95
HSS Hire Group plc*	GBP	4,700,000	9.62
IVY Merchant Capital Limited***	EUR	1,030	-
Ixico plc*	GBP	2,857,550	5.85
Merchant Capital GP (Malta) Limited***	EUR	1,030	-
Merchant Capital HF Limited***	EUR	1,913,419	3.92
Orthofix Medical Inc*	USD	3,251,887	6.65
Proactis Holdings plc*	GBP	2,062,250	4.22
Redde Northgate plc*	GBP	2,704,879	5.53
Trellus Health plc*	GBP	162,153	0.33
Totally plc*	GBP	1,245,000	2.55
Vertu Motors plc*	GBP	699,016	1.43
Other liabilities	GBP	(656,069)	(1.34)
Other assets	GBP	-	-
Cash and cash equivalents	GBP	438,767	0.90
Fair value of Limited Partnership		**40,507,025**	**82.89**
The Company			
European Investment Bank 2.25% 07/03/2020*	GBP	-	-
European Investment Bank FRN 17/02/2020*	GBP	-	-
European Investment Bank 0.625% 17/01/2020*	GBP	-	-
United Kingdom, Bills 1.75% 07.09.2022*	GBP	-	-
United Kingdom, Bills 0.5% 22.07.2022*	GBP	6,042,971	12.37
United Kingdom, Bills 4.75% 07/03/2020*	GBP	-	-
United Kingdom, Bills 0% 18/05/2020*	GBP	-	-
Investments in the Company		**6,042,971**	**12.37**
Total Investments		**46,549,996**	**95.26**
Cash and cash equivalents		2,574,001	5.27
Other net current liabilities		(253,838)	(0.53)
Total net asset value		**48,870,159**	**100.00**

* Quoted
** Quoted but not actively traded
*** Unquoted

Unaudited Portfolio Statement (continued)
As at 30 June 2021

Reconciliation of Profit

The profit consists of:	**Period to 30 June 2021**
Merchant Capital L.P.	
Realised losses on investments	198,507
Unrealised losses on investments	6,487,117
Investment income	134,376
LP Fair value movement	**6,820,000**
Other Gains/Losses:	
Realised losses on investments	(24,961)
Unrealised losses on investments	(11,037)
Exchange losses on currency balances	(6,671)
Investment income	-
Bank interest	-
Investment management fees	(450,181)
Directors' fees	(57,500)
Secretarial and administration fees	(50,385)
Advisory and consultancy fees	-
Legal and professional fees	(37,874)
Brokerage and custody fees	(29,451)
Audit fees	(14,991)
Other fees	(79,607)
Interest expense and similar charges	(771)
Total comprehensive income for the period	**6,056,571**

Management and Administration

Directors
Adrian John Reginald Collins (Independent Non-Executive Chairman)
John Martyn Falla (Independent Non-Executive Director)
Robert Paul King (Independent Non-Executive Director)
Marco Fumagalli (Non-Independent Non-Executive Director) – Withdrew, 10 September 2021
Carlo Sgarbi (Non-Independent Non-Executive Director) – Withdrew, 10 September 2021
Piero Sansalone (Non-Independent Non-Executive Director)

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Investment Manager and AIFM
Merchant Capital Manager Limited
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Administrator and Company Secretary
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Guernsey GY1 1WD

Registrar
Computershare Investor Services (Guernsey) Limited
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Le Bordage
St Peter Port
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