Registered Number: 09899024

Honeycomb Investment Trust plc

Interim Report and Unaudited Financial Statements

For the period from 1 January 2019 to 30 June 2019

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1 Strategic Report

Investment Objective

The investment objective of Honeycomb Investment Trust plc (the “Company”) is to provide shareholders with an attractive level of dividend income and capital growth through investing in primarily asset secured loans (“Credit Assets”) and selected equity investments that are aligned with the Company’s strategy and that present opportunities to enhance the Company’s returns from its investments (”Equity Assets”).

Financial and Operational Highlights

	30 June 2019 (Unaudited)	30 June 2018 (Unaudited)	31 December 2018 (Audited)
NET ASSET VALUE			
NET ASSET VALUE (CUM INCOME) (£'000) (1)	400,050	400,867	400,710
NET ASSET VALUE (EX INCOME) (£'000) (2) (3)	393,784	394,407	394,405
MARKET CAPITALISATION (£'000) (4)	437,894	439,867	445,784
PER SHARE METRICS			
SHARE PRICE (AT CLOSE) (5)	1,110.0p	1,115.0p	1,130.0p
NAV PER SHARE (CUM INCOME) (1)	1,014.1p	1,016.1p	1015.7p
NAV PER SHARE (EX INCOME) (2)	998.2p	999.8p	999.8p
SHARES IN ISSUE	39,449,919	39,449,919	39,449,919
PERFORMANCE INDICATORS AND KEY RATIOS			
PREMIUM / (DISCOUNT) (3) (6)	9.5%	9.7%	11.3%
ANNUAL NAV PER SHARE RETURN (3) (7)	7.5%	9.0%	8.4%
ITD TOTAL NAV PER SHARE RETURN (3) (8) (9)	29.0%	21.1%	25.1%
DEBT TO EQUITY (10)	44.9%	25.1%	47.2%
REVENUE RETURN (11)	7.5%	7.8%	7.8%
DIVIDEND RETURN (12)	8.0%	8.0%	8.0%
ONGOING CHARGES (13)	1.7%	1.5%	1.6%

(1) NET ASSET VALUE (CUM INCOME): will include all income not yet moved to reserves (both revenue and capital income), less the value of (i) any dividends paid in respect of that income and (ii) any dividends in respect of that income which have been declared and marked ex dividend but not yet paid. NAV per share is calculated by dividing the calculated figure by the total number of shares.

(2) NET ASSET VALUE (EX INCOME): will be the NAV (Cum Income) excluding net income (both revenue and capital income) that is yet to be transferred to reserves as described below. For this purpose net income will comprise all income not yet moved to reserves (both revenue and capital income), less the value of (i) any dividends paid in respect of that income and (ii) any dividends in respect of that income which have been declared and marked ex dividend but not yet paid. Any income in respect of a financial year, which is intended to remain undistributed will be moved to reserves on the first business day of the immediately following year, meaning that each figure for NAV (Ex-Income) reported during a financial year will equate to the NAV (Cum Income) less undistributed income which has not been moved to reserves. NAV per share is calculated by dividing the calculated figure by the total number of shares.

(3) ALTERNATIVE PERFORMANCE MEASURES: Alternative Performance Measures ("APMs") are used to improve the comparability of information between reporting periods, either by adjusting for uncontrollable or one-off factors which impact upon IFRS measures or, by aggregating measures, to aid the user understand the activity taking place. The Strategic Report includes both statutory and adjusted measures, the latter of which, reflects the underlying performance of the business and provides a more meaningful comparison of how the business is managed. APMs are not considered to be a substitute for IFRS measures but provide additional insight on the performance of the business. Reconciliations to amounts appearing in the financial statements can be found in section 5.

(4) MARKET CAPITALISATION: the closing mid-market share price multiplied by the number of shares outstanding at month end.

(5) SHARE PRICE (AT CLOSE): closing mid-market share price at month end (excluding dividends reinvested).

(6) PREMIUM / (DISCOUNT): the amount by which the price per share of an investment trust is either higher (at a premium) or lower (at a discount) than the net asset value per share (cum income), expressed as a percentage of the net asset value per share.

(7) ANNUAL NAV PER SHARE RETURN: is calculated as Net Asset Value (Cum Income) at the end of the period, plus dividends declared during the period, divided by NAV (Cum Income) calculated on a per share basis at the start of the year annualised.

(8) ITD: inception to date – excludes issue costs.

(9) TOTAL NAV PER SHARE RETURN: is calculated as Net Asset Value (Cum Income) at the end of the year, plus dividends declared during the period, divided by NAV (Cum Income) calculated on a per share basis at the start of the year. There was a 1.06 per cent uplift on the inception to date total NAV per share return due to the effect of shares being issued at a premium during May-17 capital raise and 0.73 per cent in relation to the April-18 capital raise.

(10) DEBT TO EQUITY: is calculated as the Company's interest bearing debt divided by the Net Asset Value.

(11) REVENUE RETURN: based on revenue account net income divided by average Net Asset Value during the period.

(12) DIVIDEND RETURN: is calculated as the total declared dividends for the period divided by IPO issue price.

(13) ONGOING CHARGES RATIO: The Annualised Ongoing Charge is calculated using the Association of Investment Companies recommended methodology. It is calculated as a percentage of annualised ongoing charge over average reported Net Asset Value. Ongoing charges are those expenses of a type which are likely to recur in the foreseeable future, whether charged to capital or revenue, and which relate to the operation of the investment company as a collective fund, excluding the costs of acquisition/disposal of investments, financing charges and gains/losses arising on investments. Ongoing charges are based on costs incurred in the year as being the best estimate of future costs. The AIC excludes performance fees from the Ongoing Charges calculation.

Chairman's Statement

I am delighted to present the 2019 interim results for Honeycomb Investment Trust plc (the "Company"), covering the period 1 January 2019 to 30 June 2019.

The Board has been pleased with the continued strong performance delivered in the first half of 2019. The Company has managed to achieve continued targeted returns as a result of executing on its published strategy and maintaining a disciplined risk position.

PERFORMANCE

The Company has performed well in the first 6 months of the year driven by the consistent application of our business model which has provided a strong base of investments made in the past along with the ability to carefully select assets with attractive risk-adjusted returns.

A detailed assessment of the progress of the Company follows in the Investment Manager's review. At 30 June 2019, the Company's net assets were £400.1 million (cumulative of income), with market capitalisation of £437.9 million. NAV per share (cumulative of income) was 1,014.1 pence, with the share price (at close) 1,110.0 pence, representing a premium of 9.5 per cent. Total NAV per share return since inception is 29.02 per cent (1).

The Company established a 12 month placing programme in December 2018, allowing for further issuances of Ordinary Shares in accordance with authorities granted at its latest annual general meeting.

DIVIDEND

The dividend has remained at 20.00 pence per share for Q1 2019 and Q2 2019 to provide the targeted 8.0 per cent annualised dividend and provide a point of stability in an uncertain economic environment.

GEARING

The Company has £179.0 million drawn debt from its £200.0 million committed facility.

OUTLOOK

Despite competition in specialist lending markets, the Company continued to maintain its disciplined approach to lending and its vigorous approach to underwrite each opportunity.

(1) This has been impacted by a 0.65 per cent reduction in NAV per share due to the recognition of the expected credit loss model introduced by IFRS 9 in 2018. The inception to date figure also includes 1.50 per cent benefit due to the May 2017 and April 2018 share placings being completed at a premium to NAV.

We believe that the retrenchment of mainstream lenders from our target markets continues to present attractive opportunities to allow us to grow and diversify our portfolio. As at 30 June 2019 45 per cent of the portfolio is composed of structured loans. These are facilities provided to lenders where the lender retains the first loss. The Company has built a diversified portfolio of 21 structured facilities and these are seen as key to delivering stable returns to the fund aligned with downside mitigation.

The Company is in a strong position after a solid first half of 2019 and the Board remains confident of the long-term prospects for the Company with the Investment Manager continuing to exercise robust discipline in assessing risk adjusted returns and is well positioned to manage a range of different market conditions, and to make the most of any opportunities which may arise.

We have a clear strategy and our approach remains unchanged as we continue to closely monitor the political and economic uncertainty created by the continuing Brexit process. While the UK economic performance has remained resilient as a predominantly UK focused fund, our performance and lending growth will broadly reflect its economy. In addition, were there to be a general election, the Company may also face new risks as a result of a change in government policy. Although current market conditions remain benign, the longer-term economic outlook and impact of Brexit on our customers and wider markets continues to remain uncertain.

Following the introduction of the Director rotation policy by the Nominations Committee, Ravi Takhar kindly consented to stand down from the Board at the 2019 AGM. I would like to thank Ravi for his significant contribution to the growth and success of the business since December 2015. As a result of Ravi's resignation I would like to welcome Richard Rowney to the Board. He brings a wealth of experience to the role and is currently CEO of LV=.

Robert Sharpe

Chairman
9 September 2019

Investment Manager's Report

The Company is dedicated to providing investors with access to specialist lending opportunities which the Investment Manager believes have potential to provide attractive and consistent risk-adjusted returns throughout the cycle especially in the current investment climate of low yields and volatile markets.

The Investment Manager is a member of the Pollen Street Capital Group ("PSC") which has significant experience in specialist lending, providing the Company with both deep insight to high quality underwriting and access to the Investment Manager's established eco-system, enabling broad market access, high-quality origination flow and portfolio acquisition opportunities.

Attractive and consistent risk-adjusted returns are delivered through the Investment Manager's focus on high-quality underwriting of borrowers in markets that are underserved by mainstream finance providers. The Company accesses credit investment opportunities through specialist Origination Platforms, direct origination, and via the acquisition by the Company of interests in portfolios of Credit Assets from third parties.

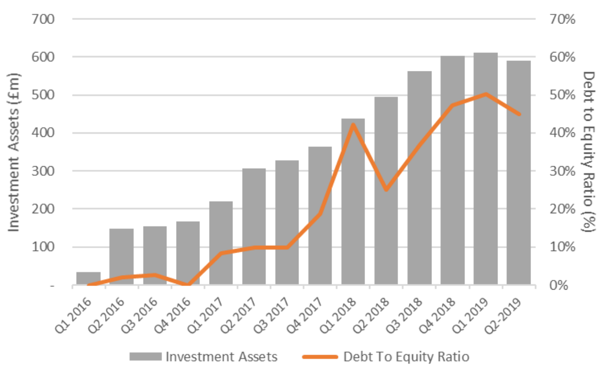
H1 2019 HIGHLIGHTS

The Company has delivered a strong return in the period to date. Annualised NAV returns (cumulative of income) were 7.5 per cent. Underlying investment asset yield and bad debt performance of 10.8 per cent and 1.4 per cent, with risk adjusted yield of 9.4 per cent, provides the Company with significant coverage of bad debts and a stable and attractive portfolio from which it can continue to grow. This performance is as a result of the successful implementation of the strategy to focus on specialist markets and loans with either downside protection or seasoning which exhibit stable performance.

The Company has used its debt facility and the cash generated from the run off of its portfolio positions to maintain its originations across the three sectors the Company focuses on; Consumer, Property and SME. Q1 2019 saw the Company enter four new structured facilities secured on consumer and SME portfolios. These facilities are secured on a granular pool of performing loans and structured such that the Origination Platform and / or borrower bears the first loss risk, and the Company finances the senior risk.

During Q2 2019 the Company focused on deploying cash in the property sector, where the lending is supported by physical assets, four new partnerships were created.

Investment Assets and Debt to Equity Ratio



PORTFOLIO

The Company continued to focus on building a robust portfolio of assets in line with our investment mandate and at 30 June 2019, had built a total portfolio of net investment assets of £597.3(1) million, with a strong pipeline of further opportunities to provide an attractive mix of assets combining both strong yields with low bad debt rates.

The current portfolio overview is as follows:

Consumer lending represents 47 per cent of the total credit assets. This segment of the Portfolio comprises approximately 59,000 loans with an average balance of approximately £3,050 (excluding structured facilities). Within the Consumer portfolio 62 per cent of the total represent loans which either have structural protection from platforms, having first loss equity ahead of our loan or are a seasoned portfolio exhibiting predictable cashflows has been acquired. The remaining 38 per cent of the portfolio is loans which have been organically originated through selected partners underwritten using proprietary scorecards with a predictable flow of opportunities. The Consumer portfolio mix is expected to remain weighted towards structured and seasoned loans which should provide lower volatility in a more challenging economic environment.

(1) Investment asset made up of £587.3 million of loans at amortised cost (Note 9 to the financial statements) and £10 million of investments at fair value (Note 10 to the financial statements).

Property lending represents 42 per cent of the total credit assets. The Property portfolio primarily consists of relatively small balance residential and commercial mortgages, bridging loans, and second charge residential mortgages. The portfolio benefits from conservative loan to value ("LTV") levels with an average LTV of less than 70 per cent. The majority of the exposure is from acquired loan portfolios that were acquired from banks and specialist lenders which have significant seasoning and where the underlying customers have been making repayments for some time. The Property portfolio has performed well as the loans have the benefit of the underlying property security which can be realised in a default scenario to repay a significant proportion (if not all) of the outstanding balance. Cash collection from borrowers has been stable as the loans were originated several years ago and borrowers have been paying the instalments for some time. This segment of the portfolio comprises approximately 8,800 loans on an underlying look through basis with an average balance of approximately £22,400 (excluding structured facilities).

SME loans only represent 10 per cent of the portfolio with the exposure predominately in senior structured facilities with additional originator-provided protection. The structure of these facilities provides significant protection should the credit performance of the underlying assets deteriorate.

To further enhance investor returns, the Company has made selected investments in companies which are aligned with the Company's strategy, such as brokers and originators of loans and strategic providers of data and technology related to consumers and SME's. These make up 2 per cent of the portfolio. All five businesses which the Company has equity stakes in have faced different challenges in the first half of 2019 but continue to see new partnerships develop as well as continued investments in technology and management capabilities. The Investment Manager continues to selectively assess potential additional equity stakes in key suppliers to allow for growth in originations.

EXPECTED CREDIT LOSS PERFORMANCE

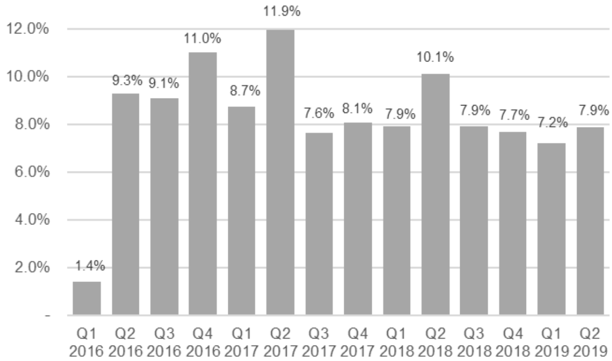
As at 30 June 2019 the Expected Credit Loss ("ECL") balance was £26.7 million (30 June 2018: £16.0 million, 31 December 2018 £22.8 million). The consumer portfolio makes up 61.9 per cent of this total split £16.5 million, property £10.0 million and SME £0.2 million. The key driver for the increase in the ECL on the prior year is a £3.9 million charge in the period, with the consumer lending contributing £3.8 million and property £0.1 million. Assets moving to Stage 3 were the key driver behind this.

FINANCIAL PERFORMANCE

The financial performance of the Company has been strong. In the first half, investment income was £28.3 million (FY18 H1: £21.7 million), an increase of 30 per cent, which has been driven by balances of net investment assets increasing to £570.6 million at the period end (FY18 H1: £483.3 million). Earnings for the first half were £15.1 million (FY18 H1: £12.6 million), an increase of 20 per cent on the same period last year which has been driven by low levels of impairments and leverage of the fixed cost base. This reflects the high levels of deployment and strong underlying asset performance.

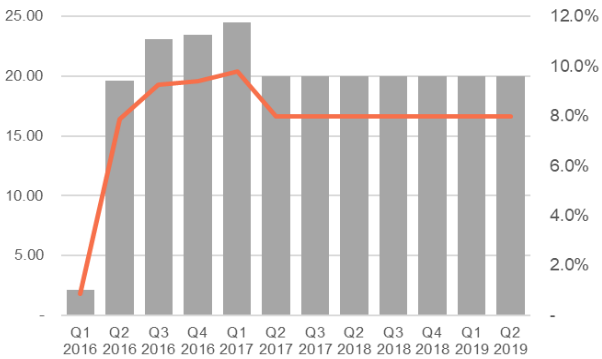
This translated into earnings per share of 38.3 pence (FY18 H1: 37.6 pence), and a year to date NAV return of 3.77% (FY18 H1: 4.51 per cent, which benefited by 0.73 per cent from the issuance of shares)

Quarterly NAV return



In our guidance issued at the time of the Company's initial public offering, we stated that we were targeting a dividend yield of at least 8.0 per cent (based on issue price). As shown in the chart below, we have outperformed this guidance.

Dividend Per Share and Annualised Fully Diluted Yield (LHS dividend per share (pence) RHS dividend yield)



After initial listing costs, the Company had a NAV of 982 pence per share at the time of listing, with the NAV per share (cumulative of income) growing to 1,014.1 pence per ordinary share at 30 June 2019, which, including dividends declared or paid, is equivalent to a NAV return of 29.0 per cent since inception. Additionally, the share price of the Company at 30 June 2019 was 1,110.0 pence per share, representing a 9.5 per cent premium to NAV (cumulative of income). We are pleased that the Company is trading ahead of its net asset position, which we feel reflects the underlying performance seen so far this year. Performance and dividend history can be seen below.

OUTLOOK

Looking ahead, the Company has continued to have seen minimal direct impact from the UK referendum vote to leave the European Union. While we cannot remove political uncertainties we do continue to position ourselves to address the economic challenges and opportunities that may arise as the long-term effects of the UK leaving the European Union become clearer. We believe that the Company's business model, combined with our approach to risk, stands it in good stead to find suitable pockets of risk adjusted return so that we can continue to deliver the target returns to shareholders. The Company's continued focus on increasing the proportion of the portfolio that benefits from structural protection or seasoning will provide downside protection and protect the Company from economic shock. We believe that our ability to invest in structured facilities, combined with our focus on specialist markets where we expect enhanced credit performance, will allow us to continue to deploy the Company's funds and deliver returns to shareholders in line with the prospectus.

		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	ITD [1]
NAV per share Return[2]	2016	0.04%	0.13%	0.19%	0.92%	0.60%	0.79%	0.68%	0.70%	0.88%	0.89%	0.92%	0.94%	**7.85%**	**7.83%**
NAV per share Return[2]	2017	0.69%	0.69%	0.78%	0.62%	1.80%[3]	0.55%	0.65%	0.62%	0.63%	0.61%	0.61%	0.79%	**9.11%**	**17.24%**
NAV per share Return[2]	2018	0.66%	0.59%	0.72%	1.36%[4]	0.56%	0.60%	0.63%	0.67%	0.67%	0.67%	0.65%	0.60%	**8.43%**	**25.12%**[5]
NAV per share Return[2]	2019	0.58%	0.54%	0.67%	0.67%	0.64%	0.65%							**3.77%**	**29.02%**
Share Price Performance[6]	2016	1.50%	-	-	-	-	-	-	-	-	-	-	0.54%	**2.05%**	**2.05%**
Share Price Performance[6]	2017	3.92%	3.72%	0.45%	1.81%	(0.89%)	4.93%	2.78%	0.42%	(1.24%)	(0.84%)	(0.63%)	(1.49%)	**13.42%**	**15.75%**
Share Price Performance[6]	2018	(1.94%)	-	-	(1.76%)	-	-	0.90%	-	0.89%	(0.44%)	-	-	**(2.38%)**	**13.00%**
Share Price Performance[6]	2019	-	-	-	-	(1.33%)	(0.45%)							**(1.33%)**	**11.50%**
Dividend Per Share (Pence)[7]	2016	-	-	-	-	2.11	-	-	-	19.66	-	23.13	-	**44.90**	**44.90**
Dividend Per Share (Pence)[7]	2017	-	-	23.50	-	24.50[8]	-	-	-	20.00	-	-	20.00	**88.00**	**132.90**
Dividend Per Share (Pence)[7]	2018	-	-	20.00	20.00	-	-	-	-	20.00	-	-	20.00	**80.00**	**212.90**
Dividend Per Share (Pence)[7]	2019	-	-	20.00	-	-	20.00							**40.00**	**252.90**

(1) ITD: inception to date – excludes IPO Issue Costs
(2) NAV per share return is an alternative performance measure, please see page 5.
(3) NAV per share return excluding effect of capital raise and issuance at a premium would have been 0.77%
(4) NAV per share return excluding effect of capital raise and issuance at a premium would have been 0.63%
(5) Inception to date NAV return affected by IFRS 9 initial recognition on 2018 bought forward retained earnings
(6) Based on IPO issue price of 1000p
(7) Recognised in the month when marked ex-dividend date
(8) Based upon the number of shares at the ex-dividend date.

Top Ten Holdings

		Country	Asset Type	Sector	Value of holding at 30 June 2019 (£'m)	Percentage of assets(1)
1	Creditfix Limited	United Kingdom	Structured	Consumer	45.2	7.93%
2	Sancus Loans Limited	United Kingdom	Structured	Property	32.6	5.72%
3	D&B Finance Limited	United Kingdom	Structured	Property	22.3	3.91%
4	Madison CF UK Limited	United Kingdom	Structured	Consumer	21.8	3.82%
5	1st Stop Group Limited(2)	United Kingdom	Structured	Consumer	20.0	3.50%
6	Caledonian Consumer Finance Limited	United Kingdom	Structured	Consumer	12.4	2.18%
7	IWOCA Limited	United Kingdom	Structured	SME	12.2	2.14%
8	Amigo Loans Limited Bond Security	United Kingdom	Bond	Consumer	10.5	1.84%
9	Capital Step Funding Limited	United Kingdom	Structured	SME	10.5	1.83%
10	Dynamic Aerospace and Defense Limited	United Kingdom	Structured	SME	9.9	1.74%

(1) Percentage of total investment assets of the Company (investment assets calculated as the carrying balance of all credit assets and related investments).

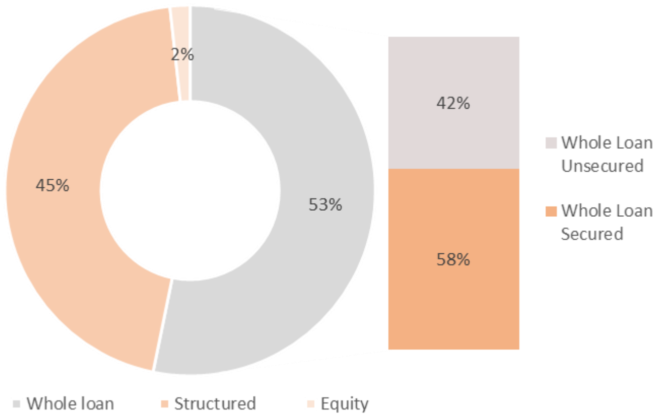
(2) 1st Stop Group Limited is also a portfolio company of funds managed or advised by the Investment Manager.

As at 30 June 2019 the value of the top 10 assets totalled £197.4 million (30 June 2018: £167.8 million) which equated to 34.6 per cent (30 June 2018: 34.7 per cent) of assets.

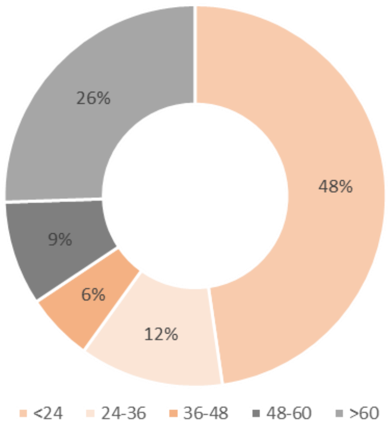
Portfolio Composition

The composition of the Company's portfolio as at 30 June 2019 is set out below:

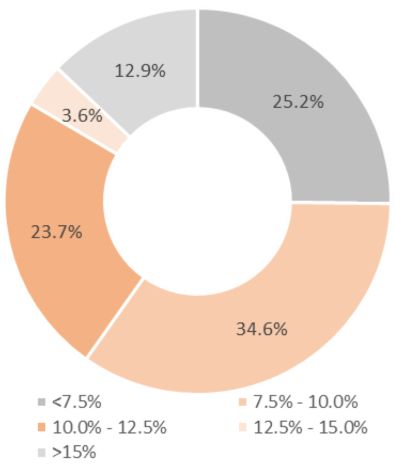
Stratification by structure(1)



Stratification by weighted average remaining term (by balances)



Stratification by weighted average interest rate (by balances)



(1)The chart shows a stratification of Equity Assets and Credit Assets with the Credit Asset further stratified by structure: whole loans and structured loans

Interim Management Report

INVESTMENT RESTRICTIONS

The Company will invest in Credit Assets originated across various sectors to ensure diversification and to seek to mitigate concentration risks. The following investment limits and restrictions apply to the Company to ensure that the diversification of the portfolio is maintained, that concentration risk is limited and that limits are placed on risk associated with borrowings.

The Company will not invest, in aggregate, more than 10 per cent of the aggregate value of total assets of the Company ("Gross Assets"), at the time of investment, in other investment funds that invest in Credit Assets.

The Company will not invest, in aggregate, more than 50 per cent of Gross Assets, at the time of investment, in Credit Assets comprising investments in loans (alongside or in conjunction with Shawbrook Bank ("Shawbrook")) referred to the Origination Partner by Shawbrook. Shawbrook is a portfolio company of funds managed or advised by Pollen Street Capital Limited.

The following restrictions apply, in each case at the time of the investment by the Company:

- no single Credit Asset comprising a consumer credit asset shall exceed 0.15 per cent of Gross Assets;
- no single SME or corporate loan, or trade receivable, shall exceed 5.0 per cent of Gross Assets;
- no single facility, security or other interest backed by a portfolio of loans, assets or receivables (excluding any borrowing ring-fenced within any SPV which would be without recourse to the Company) shall exceed 20 per cent of Gross Assets. For the avoidance of doubt, this restriction shall not prevent the Company from directly acquiring portfolios of Credit Assets which comply with the other investment restrictions described in this section; and
- The Company will not invest in Equity Assets to the extent that such investment would, at the time of investment, result in the Company controlling more than 35 per cent of the issued and voting share capital of the issuer of such Equity Assets.

Other restrictions

The Company may invest in cash, cash equivalents, money market instruments, money market funds, bonds, commercial paper or other debt obligations with banks or other counterparties having single-A (or equivalent) or higher credit rating as determined by an internationally recognised agency or systemically important bank, or any ''governmental and public securities'' (as defined for the purposes of the Financial Conduct Authority's Handbook of rules and guidance) for cash management purposes and with a view to enhancing returns to shareholders or mitigating credit exposure.

The Company will not invest in Collateralised Loan Obligations ("CLO") or Collateralised Debt Obligations ("CDO"). CLO's are a form of securitisation whereby payments from multiple loans are pooled together and passed on to different classes of owners in various tranches. CDO's are pooled debt obligations where pooled assets serve as collateral.

PRINCIPAL RISKS AND UNCERTAINTIES

The Company is exposed to a number of potential risks and uncertainties. These risks could have a material impact on financial performance and position and could cause actual results to differ materially from expected and historical results.

The Company faces a number of risks in the normal course of business and as a result the management of the risks we face is central to everything we do. The Board has carried out a robust assessment of its risks and controls and in doing so, has established a robust process to identify and monitor the risks faced by the Company. The process involves the maintenance of a risk register, which identifies the risks facing the Company and assesses each risk on a scale, classifying the probability of the risk and the potential impact that an occurrence of the risk could have on the Company. The risk register was last reviewed by the Board on 26 April 2019. The day-to-day risk management functions of the Company have been delegated to the Investment Manager, which reports to the Audit and Risk Committee.

OPERATIONAL RISKS

Third Party Service Providers

The Company has no employees and the Directors have all been appointed on an independent non-executive basis. Whilst the Company has taken all reasonable steps to establish and maintain adequate procedures, systems and controls to enable it to comply with its obligations, the Company is reliant upon the performance of third-party service providers for its executive function. In particular, the Investment Manager, Depositary, Custodian, Administrator, Registrar and servicers, amongst others, will be performing services which are integral to the day-to-day operation of the Company.

As part of this, the operations of the third-party service providers are highly dependent on IT systems. Any critical system failure, prolonged loss of service availability or material breach of data security could cause serious damage to the third-party's ability to provide services to the Company, which could result in significant compensation costs or regulatory sanctions or a breach of applicable regulations. In particular, failures or breaches resulting in the loss or publication of confidential customer data could cause long-term damage to reputation and could affect regulatory approvals and competitive position which could undermine their ability to attract and retain customers.

The termination of service provision by any service provider, or failure by any service provider to carry out its obligations either by fraud or error to the Company, or to carry out its obligations to the Company in accordance with the terms of its appointment, could have a material adverse effect on the Company's operations and its ability to meet its investment objective.

Mitigation

The Company has appointed third party service providers who are experienced in their field and have a reputation for high standards of business conduct. Further, day-to-day oversight of third-party service providers is exercised by the Investment Manager and reported to the Board on a quarterly basis. As appropriate to the function being undertaken, each of the service providers is subject to regular performance and compliance monitoring. The performance of the Investment Manager in its duties to the Company is subject to ongoing review by the Board on a quarterly basis as well as formal annual review by the Company's Management Engagement Committee.

The appointment of each service provider is governed by agreements which contain the ability to terminate each of these counterparties with limited notice should they continually or materially breach any of their obligations to the Company.

Reliance on key individuals

The Company will rely on key individuals at the Investment Manager to identify and select investment opportunities and to manage the day-to-day affairs of the Company. There can be no assurance as to the continued service of these key individuals at the Investment Manager. The departure of key individuals from the Investment Manager without adequate replacement may have a material adverse effect on the Company's business prospects and results of operations. Accordingly, the ability of the Company to achieve its investment objective depends heavily on the experience of the Investment Manager's team, and more generally on the ability of the Investment Manager to attract and retain suitable staff.

Mitigation

The interests of the Investment Manager are closely aligned with the performance of the Company through the management and performance fee structures in place and direct investment by certain key individuals of the Investment Manager. Furthermore, investment decisions are made by a team of professionals, mitigating the impact loss of any single key professional within the Investment Manager's organisation. The performance of the Investment Manager in its duties to the Company is subject to ongoing review by the Board on a quarterly basis as well as formal annual review by the Company's Management Engagement Committee.

Fluctuations in the market price of Issue Shares

The market price of the Company's shares may fluctuate widely in response to different factors and there can be no assurance that the Company's shares will be repurchased by the Company even if they trade materially below their Net Asset Value. Similarly, the shares may trade at a premium to Net Asset Value whereby the shares can trade on the open market at a price that is higher than the value of the underlying assets. There can be no assurance, express or implied, that shareholders will receive back the amount of their investment in the Company's shares.

Mitigation

The Investment Manager and the Board closely monitor the level of discount or premium at which the Company's shares trade on the open market. The Company may purchase the shares in the market with the intention of enhancing the Net Asset Value per ordinary share. However, there can be no assurance that any repurchases will take place or that any repurchases will have the effect of narrowing any discount to Net Asset Value at which the ordinary shares may trade. When the Company's shares trade at a premium the Company may issue shares to reduce the premium at which shares trade. As at 30 June 2019 the Company's shares were trading at a premium to Net Asset Value.

INVESTMENTS

Achievement of the Investment Objective

There can be no assurance that the Investment Manager will continue to be successful in implementing the Company's investment objective.

Mitigation

The Company's investment decisions are delegated to the Investment Manager. Performance of the Company against its investment objectives is closely monitored on an ongoing basis by the Investment Manager and the Board and is reviewed in detail at each Board meeting. The Board has set investment restrictions and guidelines which the Investment Manager monitors and reports on quarterly to the Board. In the event it is required, any action required to mitigate underperformance is taken as deemed appropriate by the Investment Manager.

Borrowing

The Company may use borrowings in connection with its investment activities including, where the Investment Manager believes that it is in the interests of shareholders to do so, for the purposes of seeking to enhance investment returns. Such borrowings may subject the Company to interest rate risk and additional losses if the value of its investments fall. Whilst the use of borrowings should enhance the Net Asset Value of the Company's issued shares when the value of the Company's underlying assets is rising, it will have the opposite effect where the underlying asset value is falling. In addition, in the event that the Company's income falls for whatever reason, the use of borrowings will increase the impact of such a fall on the Company's return and accordingly will have an adverse effect on the Company's ability to pay dividends to shareholders.

Mitigation

The Investment Manager and the Board closely monitors the level of gearing of the Company. The Company has a maximum limitation on borrowings of 100 per cent of Net Asset Value (calculated at the time of draw down) which the Investment Manager may affect at its discretion. As at the date of this report, the Company had a target leverage ratio of 50 to 75 per cent of Net Asset Value and had £179 million drawn representing 45.0 per cent of Net Asset Value.

Exposure to Credit Risk

As a lender to small businesses and individuals, the Company is exposed to credit losses if customers or counterparties are unable to repay loans and outstanding interest and fees or through fraud. The Company is expected to invest a significant proportion of its assets in Credit Assets which, by their nature, are exposed to credit risk and may be impacted by adverse economic and market conditions, including through higher impairment charges, increased capital losses and reduced opportunities for the Company to invest in Credit Assets. Additionally, competition could serve to reduce yields and lower the volume of loans generated by the Company. The Origination Partner has not guaranteed to provide a minimum number of Credit Assets.

Mitigation

The Company will invest in a granular portfolio of assets, diversified by the number of borrowers, the type, and the credit risk of each borrower. Each loan is subject to, amongst other restrictions, a maximum single loan exposure limit. Additionally, the Company has made assumptions around loss and arrears rates within the portfolio in its financial projections. Further, the Investment Manager has established stringent underwriting criteria which includes credit referencing, income verification and affordability testing, identity verification and various forward-looking indicators of a borrower's likely financial strength. The Company also provides structured lending facilities to Corporate entities which can be larger value loans. Please see Note 14 to the financial statements for more details on Credit Risk.

Origination rates and performance of the underlying assets of the Company are closely monitored on an ongoing basis by the Investment Manager and the Board and are reviewed in detail at each Board meeting. The Company has entered agreements with a number of referral partners to provide a diversified range of sources from which to select attractive assets. The Company looks to add additional referral partners on an ongoing basis in order to further diversify its origination sources. For structured lending facilities the Company undertakes a robust process. Facilities are secured and typically structured with minimum asset coverage ratios and covenants to provide early warning of credit deterioration and adequate asset cover in the event of stress. The Company operates within the Investment policy guidelines and lends on a secured basis against identifiable and accessible assets.

Interest Rate Risk

The Company intends to invest in Credit Assets which may be subject to a fixed rate of interest, or a floating rate of interest (which may be linked to base rates or LIBOR) and expects that its borrowings will be subject to a floating rate of interest. Any mismatches the Company has between the income generated by its Credit Assets, on the one hand, and the liabilities in respect of its borrowings, on the other hand, may subject the Company to interest rate risk.

Mitigation

Interest rate risk exposures may be managed, in part, by matching any floating rate borrowings with investments in Credit Assets that are also subject to a floating rate of interest. The Company may use derivative instruments, including interest rate swaps, to reduce its exposure to fluctuations in interest rates, however some unmatched risk may remain.

Following the recommendations of the Financial Stability Board, a fundamental review and reform of the major interest rates benchmarks, including Interbank offered rate ("Ibors"), are underway across the world's largest financial markets. In some cases, the reform will include replacing interest rate benchmarks with alternative risk-free rates ('RFRs'). This replacement process is at different stages, and is progressing at different speeds, across several major currencies. There is therefore uncertainty as to the basis, method and timing of transition and their implications on the participants in the financial markets. Until there is market acceptance on the form of alternative RFRs for different products, the legal mechanisms to effect transition cannot be confirmed, and the impact cannot be determined nor any associated costs accounted for. Going forward the Company needs to assess the potential effects of these 'Libor replacement' and has the intention of minimising disruption through appropriate mitigating actions.

Liquidity of Investments

The Company may invest in Equity Assets that are aligned with the Company's strategy and that present opportunities to enhance the Company's return on its investments. Such Equity Assets are likely to be predominantly in the form of unquoted equity securities. Investments in unquoted equity securities, by their nature, involve a higher degree of valuation and performance uncertainties and liquidity risks than investments in listed securities and therefore may be more difficult to realise.

Mitigation

The Company has established investment restrictions on the extent to which it can invest in Equity Assets, such that no more than 10 per cent of the net proceeds of any placing are invested in Equity Assets. Compliance with these restrictions is monitored by the Investment Manager on an ongoing basis and by the Board quarterly.

REGULATIONS

Tax

Any changes in the Company's tax status or in taxation legislation could affect the value of investments held by the Company, affect the Company's ability to provide returns to shareholders and affect the tax treatment for shareholders of their investments in the Company.

Mitigation

The Company intends at all times to conduct its affairs so as to enable it to qualify as an investment trust for the purposes of Section 1158 of the Corporation Tax Act 2010. Both the Board and the Investment Manager are aware of the requirements which are to be fulfilled in any accounting period for the Company to maintain its investment trust status. The conditions required to satisfy the investment trust criteria are monitored by the Administrator and performance of the same shall be reported to the Board on a quarterly basis.

Breach of applicable legislative obligations

The Company and its third-party service providers are subject to various legislative and regulatory regimes, including, but not limited to, the Consumer Credit Act General Data Protection Regulation and the Data Protection Act 2018. Any breach of applicable legislative and/or regulatory obligations could have a negative impact on the Company and impact returns to shareholders.

Mitigation

The Company engages only with third party service providers which hold the appropriate regulatory approvals for the function they are to perform and can demonstrate that they can adhere to the regulatory standards required of them. Each appointment is governed by agreements which contain the ability for the Company to terminate the arrangements with each of these counterparties with limited notice should such counterparty continually or materially breach any of their legislative obligations, or their obligations to the Company more broadly. Additionally, each of the counterparties is subject to regular performance and compliance monitoring by the Investment Manager, as appropriate to their function, to ensure that they are acting in accordance with applicable regulations and are aware of any upcoming regulatory changes which may affect the Company. Performance of third-party service providers is reported to the Board on a quarterly basis, whilst the performance of the Investment Manager in its duties to the Company is subject to ongoing review by the Board on a quarterly basis as well as formal annual review by the Company's Management Engagement Committee.

2 Statement of Directors' Responsibilities

Statement of Directors' Responsibilities

The Directors, being the persons responsible, confirm that to the best of their knowledge:

a) the condensed set of Unaudited Financial Statements contained within the half-yearly financial report have been prepared in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting, as adopted by the European Union, as required by the Disclosure and Transparency Rule 4.2.4R, and gives a true and fair view of the assets, liabilities and financial position of the Company;

b) the Interim Management Report includes a fair review, as required by Disclosure and Transparency Rule 4.2.7R, of important events that have occurred during the first six months of the financial year, their impact on the condensed set of unaudited Financial Statements, and a description of the principal risks and perceived uncertainties for the remaining six months of the financial year; and

c) the Interim Management Report includes a fair review of the information concerning related parties' transactions as required by Disclosure and Transparency Rule 4.2.8R.

Signed on behalf of the board by

Robert Sharpe
Chairman

9 September 2019

3 Financial Statements

Statement of Comprehensive Income

For the period from 1 January 2019 to 30 June 2019 (Unaudited)

	Notes	Revenue £'000	Capital £'000	Total £'000
Income				
Investment interest	4	28,347	-	28,347
Other income	4	1	-	1
		28,348	**-**	**28,348**
Expenses				
Management fee	5	(2,956)	(51)	(3,007)
Performance fee	5	(1,680)	-	(1,680)
Change in expected credit losses	9	(3,908)	-	(3,908)
Other expenses	6	(639)	-	(639)
		(9,183)	**(51)**	**(9,234)**
Profit / (loss) before finance costs and taxation		**19,165**	**(51)**	**19,114**
Finance costs	16	(3,994)	-	(3,994)
Profit / (loss) before taxation		**15,171**	**(51)**	**15,120**
Taxation on ordinary activities		-	-	-
Profit / (loss) after taxation		**15,171**	**(51)**	**15,120**
Earnings per share (basic and diluted)	8	**38.46p**	**(0.13)p**	**38.33p**

The total column of this statement represents the Statement of Comprehensive Income prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union. The supplementary revenue return and capital return columns are both prepared under guidance issued by the Association of Investment Companies.

No operations were acquired during this period.

The Company does not have any income or expense that is not included in net profit for the period. Accordingly, the net profit for the period is also the Total Comprehensive Income for the period, as defined in IAS1 (revised).

The notes on pages 26 to 42 form an integral part of these financial statements.

Statement of Comprehensive Income (continued)

For the period from 1 January 2018 to 30 June 2018 (Unaudited)

	Notes	Revenue £'000	Capital £'000	Total £'000
Income				
Investment interest	4	22,474	-	22,474
Other income	4	1	-	1
		22,475	**-**	**22,475**
Expenses				
Management fee	5	(2,107)	(42)	(2,149)
Performance fee	5	(1,398)	-	(1,398)
Changes in estimated credit losses	9	(2,777)	-	(2,777)
Other expenses	6	(605)	-	(605)
		(6,887)	**(42)**	**(6,929)**
Other net changes in investments held at fair value through profit and loss	10	-	(750)	(750)
Profit / (loss) before finance costs and taxation		**15,588**	**(792)**	**14,796**
Finance costs	16	(2,224)	-	(2,224)
Profit / (loss) before taxation		**13,364**	**(792)**	**12,572**
Taxation on ordinary activities		-	-	-
Profit / (loss) after taxation		**13,364**	**(792)**	**12,572**
Earnings per share (basic and diluted)	8	**40.01p**	**(2.37)p**	**37.64p**

The total column of this statement represents the Statement of Comprehensive Income prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union. The supplementary revenue return and capital return columns are both prepared under guidance issued by the Association of Investment Companies.

The Company does not have any income or expense that is not included in net profit for the period. Accordingly, the net profit for the period is also the Total Comprehensive Income for the period, as defined in IAS1 (revised).

The notes on pages 26 to 42 form an integral part of the financial statements.

Statement of Comprehensive Income (continued)

For the year ended 31 December 2018 (Audited)

	Notes	Revenue £'000	Capital £'000	Total £'000
Income				
Investment interest	4	50,921	-	50,921
Other income	4	1	-	1
		50,922	**-**	**50,922**
Expenses				
Management fee	5	(4,907)	(90)	(4,997)
Performance fee	5	(2,873)	-	(2,873)
Changes in estimated credit losses	9	(7,467)	-	(7,467)
Other expenses	6	(1,209)	-	(1,209)
		(16,456)	**(90)**	**(16,546)**
Other net changes in investments held at fair value through profit and loss	10	-	(750)	(750)
Profit / (loss) before finance costs and taxation		**34,466**	**(840)**	**33,626**
Finance costs	16	(5,429)	-	(5,429)
Profit / (loss) before taxation		**29,037**	**(840)**	**28,197**
Taxation on ordinary activities		-	-	-
Profit / (loss) after taxation		**29,037**	**(840)**	**28,197**
Earnings per share (basic and diluted)	8	**79.6p**	**(2.3)p**	**77.3p**

The total column of this statement represents the Statement of Comprehensive Income prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union. The supplementary revenue return and capital return columns are both prepared under guidance issued by the Association of Investment Companies.

The Company does not have any income or expense that is not included in net profit for the period. Accordingly, the net profit for the period is also the Total Comprehensive Income for the period, as defined in IAS1 (revised).

The notes on pages 26 to 42 form an integral part of the financial statements.

Statement of Financial Position

As at 30 June 2019

	Notes	30 June 2019 (Unaudited) £'000	30 June 2018 (Unaudited) £'000	31 December 2018 (Audited) £'000
Non-current assets				
Investments at amortised cost	9	560,604	475,324	576,530
Investments held at fair value through profit or loss	10	9,980	7,980	9,980
Fixed assets	13	102	253	217
		570,686	483,557	586,727
Current assets				
Receivables	14	6,423	6,398	3,375
Cash and cash equivalents		7,575	15,662	5,559
		13,998	22,060	8,394
Total assets		**584,684**	**505,617**	**595,661**
Current liabilities				
Management fee payable		(986)	(760)	(985)
Performance fee payable		(1,680)	(1,398)	(2,873)
Other payables	15	(2,196)	(1,939)	(1,830)
		(4,862)	(4,097)	(5,688)
Total assets less current liabilities		**579,822**	**501,520**	**589,973**
Interest bearing borrowings	16	(179,772)	(100,653)	(189,263)
Total net assets		**400,050**	**400,867**	**400,710**
Shareholders' funds				
Ordinary share capital	17	394	394	394
Share premium		299,599	299,601	299,599
Revenue reserves		4,945	5,041	4,934
Capital reserves		(1,016)	(917)	(965)
Special distributable reserves	18	96,128	96,748	96,748
Total shareholders' funds		**400,050**	**400,867**	**400,710**
Net asset value per share	20	**1,014.1p**	**1,016.1p**	**1,015.7p**

The notes on pages 26 to 42 form an integral part of the financial statements.

Statement of Changes in Shareholders' Funds

For the period from 1 January 2019 to 30 June 2019 (Unaudited)

	Ordinary Share Capital £'000	Share Premium £'000	Revenue Reserves £'000	Capital Reserves £'000	Special Distributable Reserves £'000	Total Equity £'000
Shareholders' funds at 1 January 2019	**394**	**299,599**	**4,934**	**(965)**	**96,748**	**400,710**
Ordinary shares issued	-	-	-	-	-	**-**
Ordinary shares issue costs	-	-	-	-	-	**-**
Profit / (loss) after taxation	-	-	15,171	(51)	-	**15,120**
Dividends paid in the period	-	-	(15,160)	-	(620)	**(15,780)**
Shareholders' funds at 30 June 2019	**394**	**299,599**	**4,945**	**(1,016)**	**96,128**	**400,050**

As at 30 June 2019 the Company had distributable reserves of £100.1 million for the payment of future dividends. The distributable reserves are the revenue reserves (£4.9 million), realised capital reserves (-£1.0 million) and the special distributable reserves (£96.1 million).

For the period from 1 January 2018 to 30 June 2018 (Unaudited)

	Ordinary Share Capital £'000	Share Premium £'000	Revenue Reserves £'000	Capital Reserves £'000	Special Distributable Reserves £'000	Total Equity £'000
Shareholders' funds at 1 January 2018	**299**	**201,852**	**5,133**	**(125)**	**97,600**	**304,759**
Changes on initial application of IFRS 9	-	-	(2,338)	-	-	**(2,338)**
Updated balance at 1 January 2018	**299**	**201,852**	**2,795**	**(125)**	**97,600**	**302,421**
Ordinary shares issued	95	99,905	-	-	-	**100,000**
Ordinary shares issue costs	-	(2,156)	-	-	-	**(2,156)**
Profit / (loss) after taxation	-	-	13,364	(792)	-	**12,572**
Dividends paid in the period	-	-	(11,118)	-	(852)	**(11,970)**
Shareholders' funds at 30 June 2017	**394**	**299,601**	**5,041**	**(917)**	**96,748**	**400,867**

As at 30 June 2018 the Company had distributable reserves of £100.9 million for the payment of future dividends. The distributable reserves are the revenue reserves (£5.0 million), realised capital reserves (-£0.9 million) and the special distributable reserves (£96.8 million).

Statement of Changes in Shareholders' Funds (continued)

For the year ended 31 December 2018 (Audited)

	Ordinary Share Capital £'000	Share Premium £'000	Revenue Reserves £'000	Capital Reserves £'000	Special Distributable Reserves £'000	Total Equity £'000
Shareholders' funds at 1 January 2018	**299**	**201,852**	**5,133**	**(125)**	**97,600**	**304,759**
Changes on initial application of IFRS 9	-	-	(2,338)	-	-	**(2,338)**
Updated balance at 1 January 2018	**299**	**201,852**	**2,795**	**(125)**	**97,600**	**302,421**
Ordinary shares issued	95	99,905	-	-	-	**100,000**
Ordinary shares issue costs	-	(2,158)	-	-	-	**(2,158)**
Profit / (loss) after taxation	-	-	29,037	(840)	-	**28,197**
Dividends paid in the year	-	-	(26,898)	-	(852)	**(27,750)**
Shareholders' funds at 31 December 2018	**394**	**299,599**	**4,934**	**(965)**	**96,748**	**400,710**

As at 31 December 2018 the Company had distributable reserves of £100.7 million for the payment of future dividends. The distributable reserves are the net of the revenue reserves (£4.9 million), realised capital reserves (-£1.0 million) and the special distributable reserves (£96.8 million).

The notes on pages 26 to 42 form an integral part of the financial statements.

Statement of Cash Flows

For the period to 30 June 2019

	Notes	30 June 2019 (Unaudited) £'000	30 June 2018 (Unaudited) £'000	31 December 2018 (Audited) £'000
Cash flows from operating activities:				
Profit after taxation		15,120	12,572	28,197
Adjustments for:				
Changes on initial application of IFRS 9		-	(2,338)	(2,338)
Change in expected credit loss	9	3,908	2,027	7,467
Net change in unrealised losses/(gains)		-	750	750
Finance costs		3,994	2,224	5,429
Amortisation	13	115	138	275
(Increase)/Decrease in receivables	14	(3,048)	(2,920)	102
(Decrease)/Increase in payables		(826)	(700)	892
Net cash inflow from operating activities		**19,263**	**11,753**	**40,774**
Cash flows from investing activities:				
Decrease/(Increase) in Investments at amortised cost		12,019	(131,785)	(238,431)
(Purchase) of investments	10	-	(1,000)	(3,000)
Disposal of investments	10	-	3,497	3,497
Purchase of fixed assets	13	-	(49)	(150)
Net cash (outflow) from investing activities		**12,019**	**(129,337)**	**(238,084)**
Cash flows from financing activities:				
Proceeds from issue of ordinary shares	17	-	100,000	100,000
Share issue costs		-	(2,156)	(2,158)
Proceeds from interest bearing borrowings	16	448,000	108,700	366,900
Repayments of interest bearing borrowings	16	(458,000)	(65,200)	(234,400)
Interest paid on financing activities		(3,485)	(1,858)	(5,453)
Dividends declared and paid	7	(15,780)	(11,970)	(27,750)
Net cash inflow from financing activities		**(29,265)**	**127,516**	**197,139**
Net change in cash and cash equivalents		**2,017**	**9,932**	**(171)**
Cash and cash equivalents at the beginning of the period		5,559	5,730	5,730
Net cash and cash equivalents		**7,576**	**15,662**	**5,559**

The notes on pages 26 to 42 form an integral part of the financial statements.

Notes to the Financial Statements

1. GENERAL INFORMATION

Honeycomb Investment Trust plc (the "Company") is a closed-ended investment company incorporated in England and Wales on 2 December 2015 with registered number 09899024. The Company commenced operations on 23 December 2015 and carries on business as an investment trust within the meaning of chapter 4 of Part 24 of the Corporation Tax Act 2010.

The Company's investment objective is to provide shareholders with an attractive level of dividend income and capital growth through the acquisition of loans made to consumers and small businesses as well as other counterparties, together with related investments and selected equity investments that are aligned with the Company's strategy and that present opportunities to enhance the Company's returns from its investments.

The Company's investment manager is Pollen Street Capital Limited a UK-based company authorised and regulated by the FCA, who also acts as the Alternative Investment Fund Manager (the "AIFM") under the Alternative Investment Fund Managers Directive (the "AIFMD"). The Company is defined as an Alternative Investment Fund and is subject to the relevant articles of the AIFMD.

The Investment Manager, on behalf of the Company, actively identifies sub-segments of the large consumer, property and SME lending market that it believes delivers attractive net returns. It then targets channels, origination partners and loan portfolio vendors through which it can access Credit Assets while diversifying the Company's investment opportunities.

Each lending opportunity is underwritten by the Investment Manager or Honeycomb Finance Limited (the "Origination Partner") to assess whether the risk of the borrower is acceptable. There are various processes undertaken to underwrite each opportunity to ensure a consistent approach to risk-based pricing to ensure the weighted risk adjusted return provides an attractive level of dividend income with an acceptable risk profile for shareholders of the Company.

The Company, directly or via the Origination Partner, has arrangements with a number of referral partners, including the referenced Platforms below, through which the Company acquires Credit Assets, either individually; as portfolios; or via structured facilities. These facilities are secured on a granular pool of performing loans and structured such that the Origination Platform and or borrower bears the first loss risk, and the Company finances the senior risk.

The Directors believe that the Company has attractive access to diverse investment opportunities across its market segments of consumer, property and SME lending, each with different borrower profiles and different risk return characteristics. Through relationships with multiple referral partners and other counterparties, the Company will reduce its dependence on any one single source of opportunities to acquire Credit Assets and expects to gain strong access to high quality assets.

The Company believes it is important to provide best-in-class loan servicing to ensure that Credit Assets within the portfolio are managed efficiently throughout their lifecycle. As such, the Company optimises its collection strategy across the different asset classes by appointing servicers best placed to service the respective investment assets, as well as utilising the Investment Manager's industry experts for high value-add activities.

The Company may invest in Equity Assets that are aligned with its strategy and that present opportunities to enhance the Company's returns. The Company expects, that most of its investments in Equity Assets will take the form of minority interests in referral partners, in alignment with the Company's investment policy.

As at 30 June 2019 the Company's share capital comprised 39,449,919 ordinary shares. These shares are listed and trade on the London Stock Exchange's Specialist Fund Market.

2. BASIS OF ACCOUNTING

The Company's financial statements are prepared in accordance with International Accounting Standard 34 – Interim Financial Reporting ("IAS 34"). They comprise standards and interpretations approved by the International Accounting Standards Board ("IASB") and International Financial Reporting Committee ("IFRC"), interpretations issued by the International Accounting Standard Committee ("IASC") that remain in effect, to the extent they have been adopted by the European Union. The financial statements are also in compliance with relevant provisions of the Companies Act 2006 as applicable to companies reporting under IAS 34. The results for the half year ended 30 June 2019 constitute non-statutory accounts within the meaning of Section 435 of the Companies Act 2006 and have not been audited by the Company's Auditor. They do not include all financial information required for full annual financial statements. The latest published accounts which have been delivered to the Registrar of companies are for the year ended 31 December 2018; the report of the Auditor thereon was unqualified and did not contain a statement under Section 498(2) or (3) of the Companies Act 2006. The comparative figures for the year ended 31 December 2018 have been extracted from those accounts.

The financial statements have been prepared on a going concern basis under the historical cost convention, as modified by the valuation of investments at fair value. The Directors consider that the Company has adequate financial resources to enable it to continue operations for a period no less than 12 months from the reporting date. Accordingly, the Directors believe that it is appropriate to adopt the going concern basis in preparing the company's financial statements.

The principal accounting policies adopted by the Company are consistent with those set out on pages 62 – 79 of the Annual report 2018. Where presentational guidance set out in the Statement of Recommended Practice ("SORP") for investment trusts issued by the Association of Investment Companies ("AIC") in November 2014 is consistent with the requirements of IFRS, the Directors have sought to prepare the financial statements on a basis compliant with the recommendations of the SORP.

Critical accounting estimates and judgements

The preparation of the half yearly report requires management to make estimates and assumptions that affect the reported income and expense, assets and liabilities and disclosure of contingencies at the date of the half yearly report. Although these estimates and assumptions are based on the management's best judgement at that date, actual results may differ from these estimates. There have been no significant changes in the basis upon which estimates have been determined compared to that applied at 31 December 2018.

All values are rounded to the nearest thousand pounds unless otherwise indicated.

3. SEGMENTAL REPORTING

The Board and Investment Manager consider investment activity in Credit Assets and selected Equity Assets as the single operating segment of the Company, being the sole purpose for its existence. No other activities are performed.

Whilst visibility over originations, portfolios, structured facilities and equity assets is afforded at an operational level, all are considered 'routes to market' for acquiring interests in credit assets, and thus act merely as indicators of the key drivers of financial performance and position of the Company.

The four routes to market are not determinants of resource allocations, rather each investment opportunity is considered on its own merits. Additionally, there are no segment managers directly accountable for the individual routes to market.

The Directors are of the opinion that the Company is engaged in a single segment of business and operations of the Company are wholly in the United Kingdom.

4. INCOME

	30 Jun 2019 (Unaudited) £'000	30 Jun 2018 (Unaudited) £'000	31 Dec 2018 (Audited) £'000
Investment income			
Interest income	27,273	21,774	49,425
Commitment fee income	465	286	534
Arrangement fee income	609	414	962
Total investment income	**28,347**	**22,474**	**50,921**
Other income			
Deposit interest	1	1	1
Total investment income	**28,348**	**22,475**	**50,922**

5. MANAGEMENT AND PERFORMANCE FEE

Under the terms of the management agreement, the Investment Manager is entitled to a management fee and a performance fee together with reimbursement of reasonable expenses incurred by it in the performance of its duties.

Management Fee

The management fee is calculated and payable monthly in arrears at a rate equal to 1/12 of 1.0 per cent. per month of Gross Asset Value (the ''Management Fee''). The aggregate fee payable on this basis must not exceed 1.0 per cent of the gross assets of the Company and its group in any year.

In respect of any issue of Ordinary Shares or C Shares, until the date on which 80 per cent of the net proceeds of such issue have been invested or committed to be invested in Credit Assets or Equity Assets, the Net Asset Value attributable to such Ordinary Shares or C Shares shall, for the purposes of the Management Fee, exclude any portion of the issue proceeds in cash, or invested in cash deposits or cash equivalent investments. Where there are C Shares in issue, the Management Fee will be calculated separately on the gross assets attributable to the Ordinary Shares and the C Shares.

For so long as the Origination Partner is part of the same group as the Investment Manager, the amount of all fees payable by the Company to the Origination Partner shall be deducted from the Management Fee.

Performance Fee

The Investment Manager is also entitled to a performance fee, which is calculated in respect of each twelve-month period starting on 1 January and ending on 31 December in each calendar year (”Calculation Period”), and the final Calculation Period shall end on the day on which the management agreement is terminated or, if earlier, the business day immediately preceding the day on which the Company goes into liquidation.

The performance fee will only be payable if the Adjusted Net Asset Value at the end of a Calculation Period exceeds a hurdle threshold, equal to the Adjusted Net Asset Value immediately following admission to trading on the London Stock Exchange, compounded at a rate equal to 5 per cent per annum (the “Hurdle”).

If, on the last day of a Calculation Period (each a “Calculation Date”), the Adjusted Net Asset Value exceeds the Hurdle, the Investment Manager shall be entitled to a performance fee equal to the lower of:

a) the amount by which the Adjusted Net Asset Value exceeds the Hurdle, in each case as at the Calculation Date; and

b) 10 per cent of the amount by which total growth in Adjusted Net Asset Value since first admission (being the aggregate of the growth in Adjusted Net Asset Value in the relevant Calculation Period and in each previous Calculation Period), after adding back any performance fees paid to the Investment Manager, exceeds the aggregate of all performance fees payable to the Investment Manager in respect of all previous Calculation Periods.

‘Adjusted Net Asset Value’ means the Net Asset Value after: (i) excluding any increases or decreases in net asset value attributable to the issue or repurchase of any ordinary shares; (ii) adding back the aggregate amount of any dividends paid or distributions made in respect of any ordinary shares; (iii) excluding the aggregate amount of any dividends or distributions accrued but unpaid in respect of any ordinary shares; and (iv) excluding the amount of any performance fees accrued but unpaid, in each case without double counting.

In the event that C Shares are in issue, the Investment Manager shall be entitled to a performance fee in respect of the net assets referable to the C Shares on the same basis as summarised above, except that a Calculation Period shall be deemed to end on the date of the conversion of the relevant tranche of C Shares into Ordinary Shares.

Fee payable to Origination Partner

The Origination Partner is entitled to be paid a fee calculated on the purchase price for each Credit Asset acquired by the Company from the Origination Partner. For so long as the Origination Partner is part of the same group as the Investment Manager, the amount of all fees payable by the Company to the Origination Partner shall be deducted from the Management Fee payable to the Investment Manager.

The Company reimburses the Origination Partner for the fees of Referral Partners, and Servicers (to the extent paid by the Origination Partner) in connection with Credit Assets in which the Company acquires an interest. The amount of such fees are agreed between the Origination Partner and the relevant counterparties on arm’s length commercial terms, taking account of the strength of the relationship between the Origination Partner, the Investment Manager and each relevant counterparty. There was £nil payable to the Origination Partner at 30 June 2019 (June 2018: £nil).

6. OTHER EXPENSES

	30 Jun 2019 (Unaudited) £’000	30 Jun 2018 (Unaudited) £’000	31 Dec 2018 (Audited) £’000
Directors’ fees	81	68	145
Administrator’s fees	96	96	199
Auditors’ remuneration	65	40	129
Amortisation	115	138	275
Other expenses	282	263	461
Total other expenses	**639**	**605**	**1,209**

All expenses are inclusive of VAT where applicable. Directors’ fees above include £64,750 (June 2018: £60,500) paid to Directors’ and £10,800 (June 2018: £7,735) of employment taxes and valid business expenses.

During the period, the auditor has not provided reporting accountant services, (June 2018: £3,966 in relation to April 2018 equity raise). These costs were deducted from the proceeds from the issuance of ordinary shares in line with IAS 32.

Company Secretary

Link Company Matters Limited (the “Company Secretary”) has been appointed under the terms of the agreement, the annual fee for the provisions of the Company Secretary’s services will be £52,500 (with VAT thereon).

Administrator

Apex Fund Services (UK) Ltd (the 'Administrator'), a company authorised and regulated by the FCA, has been appointed as the administrator of the Company. The Administrator provides the day-to-day administration of the Company. The Administrator is also responsible for the Company's general administrative functions, such as the calculation of the Net Asset Value and maintenance of the Company's accounting records and ensures that the Company complies with its continuing obligations as an investment trust.

Under the terms of the administration agreement, the Administrator charges a fee for its fund administration services equal to the greater of: (i) £5,150 per month (increased by 3 per cent on 1 January in each year); and (ii) an amount equal to the sum of 1/12 of 0.06 per cent of the portion of Net Asset Value up to £150 million, and 1/12 of 0.05 per cent of the excess of Net Asset Value above £150 million. The Administrator is also entitled to reimbursement of all reasonable out of pocket expenses incurred by it in connection with the performance of its duties. The administration agreement can be terminated by either party by providing 90 days' written notice.

The Administrator invoices the Company monthly in arrears in respect of the periodic fee (together, if applicable, with any VAT thereon), which is payable by the Company within 30 days of the relevant invoice.

Depositary

The Company's depositary is Indos Financial Limited (the "Depositary"), a company authorised and regulated by the FCA. Under the terms of the depositary services agreement the Depositary is entitled to a periodic fee calculated as follows:

(A) where NAV is less than or equal to £200 million, 0.02 per cent. of NAV per annum, subject to a minimum monthly fee of £2,500; and

(B) where NAV is greater than £200 million, 0.02 per cent. of NAV per annum in respect of the first £200 million of NAV and:

   i. 0.0175 per cent. per annum of that part of NAV which is in excess of £200 million but less than or equal to £400 million; plus

   ii. 0.015 per cent. per annum of that part of NAV which is in excess of £400 million.

The Depositary invoices the Company monthly in arrears in respect of the periodic fee (together, if applicable, with any VAT thereon), which is payable by the Company within 30 days of the relevant invoice.

The Depositary is entitled to charge an additional fee where the Company undergoes a lifecycle event (e.g. a reorganisation or a distribution) which entails additional work for the Depositary. Such a fee is agreed with the Company on a case by case basis.

All charges may be subject to change from time to time, with the agreement of the Depositary and the Company. All charges are exclusive of VAT, if applicable.

The Depositary is entitled to be reimbursed for certain expenses properly incurred in performing or arranging for the performance of functions conferred upon it under the agreement.

The Company may terminate the depositary services agreement for convenience on nine months' written notice. If the Depositary wishes to retire and stop providing the services under the agreement, it must give the Company not less than nine months' written notice of its wish to do so. To the extent that the Company is required to have a depositary under applicable law, the Depositary may not retire until a successor is appointed. The depositary agreement may be terminated immediately by either the Company or the Depositary on the occurrence of certain events, including: (i) if the other party has committed a material and continuing breach of the terms of the agreement; or (ii) in the case of the other's insolvency.

Corporate broker and financial adviser

Liberum Capital Limited ("Liberum"), a company authorised and regulated in the United Kingdom by the FCA, has been appointed as the Company's corporate broker and financial adviser. Liberum is entitled to a retainer fee of £1 per annum (exclusive of VAT and out of pocket expenses). Liberum was also appointed as the placing agent for the Company's initial public offering and subsequent share issues. The broker agreement between Liberum and the Company can be terminated by either party providing three months' written notice.

7. ORDINARY DIVIDENDS

The following table summarises the interim dividends paid to equity shareholders:

	30 Jun 2019 (Unaudited) £'000	30 Jun 2018 (Unaudited) £'000	31 Dec 2018 (Audited) £'000
20.00p Interim dividend for the period to 31 Dec 2017 (paid 29 Mar 2018)	-	5,985	5,985
20.00p Interim dividend for the period to 31 Mar 2018 (paid 29 Jun 2018)	-	5,985	5,985
20.00p Interim dividend for the period to 30 Jun 2018 (paid 28 Sep 2018)	-	-	7,890
20.00p Interim dividend for the period to 30 Sep 2018 (paid 28 Dec 2018)	-	-	7,890
20.00p Interim dividend for the period to 31 Dec 2018 (paid 29 Mar 2019)	7,890	-	-
20.00p Interim dividend for the period to 31 Mar 2019 (paid 29 Jun 2019)	7,890	-	-
Total dividend paid in period	**15,780**	**11,970**	**27,750**
20.00p Interim dividend for the period to 31 Dec 2018 (paid 29 Mar 2019)	-	-	7,890
Total dividend	**15,780**	**11,970**	**35,640**

8. EARNINGS PER SHARE

	30 Jun 2019 (Unaudited)	30 Jun 2018 (Unaudited)	31 Dec 2018 (Audited)
Revenue pence	38.46p	41.4p	81.5p
Capital pence	(0.13)p	(0.2)p	(0.3)p
Earnings per ordinary share	**38.33p**	**41.2p**	**81.2p**

The calculation at 30 June 2019 is based on revenue returns of £15.2 million, capital returns of £(0.05) million and total returns of £15.1 million and a weighted average number of ordinary shares of 39,449,919.

The calculation at 30 June 2018 is based on revenue returns of £13.4 million, capital returns of £(0.8) million and total returns of £12.6 million and a weighted average number of ordinary shares of 33,398,880.

The calculation at 31 December 2018 is based on revenue returns of 29.0 million, capital returns of £(0.8) million and total returns of £28.2 million and a weighted average number of ordinary shares of 36,475,359.

9. INVESTMENTS AT AMORTISED COST

(a) Investments at amortised cost

The disclosure below presents the gross carrying amount of financial instruments to which the impairment requirements in IFRS 9 are applied and the associated allowance for expected credit losses ("ECL"). The following table analyse loans by industry sector and represent the concentration of exposures on which credit risk is managed.

	30 June 2019 (Unaudited)			1 January 2019		
Investments at amortised cost	**Gross Carrying Amount £'000**	**Allowance for ECL £'000**	**Net Carrying Amount £'000**	**Gross Carrying Amount £'000**	**Allowance for ECL £'000**	**Net Carrying Amount £'000**
Consumer	284,655	(16,535)	268,120	294,467	(12,724)	281,743
Property	247,906	(9,968)	237,938	237,310	(9,880)	227,430
SME	54,734	(188)	54,546	67,536	(179)	67,357
Total Assets	**587,294**	**(26,691)**	**560,604**	**599,313**	**(22,783)**	**576,530**

	30 June 2018 (Unaudited)			1 January 2018		
Investments at amortised cost	**Gross Carrying Amount £'000**	**Allowance for ECL £'000**	**Net Carrying Amount £'000**	**Gross Carrying Amount £'000**	**Allowance for ECL £'000**	**Net Carrying Amount £'000**
Consumer	294,270	(8,225)	286,045	233,644	(6,416)	227,228
Property	158,548	(7,747)	150,801	106,926	(5,665)	101,261
SME	38,512	(34)	38,478	14,739	-	14,739
Total Assets	**491,330**	**(16,006)**	**475,324**	**355,309**	**(12,081)**	**343,228**

	31 December 2018 (Audited)			1 January 2018		
Investments at amortised cost	**Gross Carrying Amount £'000**	**Allowance for ECL £'000**	**Net Carrying Amount £'000**	**Gross Carrying Amount £'000**	**Allowance for ECL £'000**	**Net Carrying Amount £'000**
Consumer	294,467	(12,724)	281,743	233,644	(6,416)	227,228
Property	237,310	(9,880)	227,430	106,926	(5,665)	101,261
SME	67,536	(179)	67,357	14,739	-	14,739
Total Assets	**599,313**	**(22,783)**	**576,530**	**355,309**	**(12,081)**	**343,228**

(b) Expected Credit Loss allowance for IFRS 9

Under Expected credit loss model credit losses are driven by changes in credit risk of instruments, with a provision for lifetime expected credit losses recognised where the risk of default of an instrument has increased significantly since initial recognition.

As at 30 June 2019 (Unaudited)	Consumer £'000	Property £'000	SME £'000	Total £'000
Opening balance 1 January 2019	**12,724**	**9,880**	**179**	**22,783**
Charge for the period – Stage 1	(499)	74	-	(425)
Charge for the period – Stage 2	(72)	(176)	-	(248)
Charge for the period – Stage 3	4,382	190	9	4,581
Total charge for expected credit losses	**3,811**	**88**	**9**	**3,908**
Expected Credit Losses	**16,535**	**9,968**	**188**	**26,691**

As at 30 June 2018 (Unaudited)	Consumer £'000	Property £'000	SME £'000	Total £'000
At 1 January 2018	4,675	5,068	-	9,743
Changes on initial application of IFRS 9	1,741	597	-	2,338
Revised opening balance 1 January 2018	**6,416**	**5,665**	**-**	**12,081**
Charge for the period – Stage 1	568	(69)	34	533
Charge for the period – Stage 2	182	260	-	442
Charge for the period – Stage 3	1,181	621	-	1,802
Total charge for expected credit losses	**1,931**	**812**	**34**	**2,777**
POCI	-	1,270	-	1,270
Amounts written off during the period	(122)	-	-	(122)
Expected Credit Losses	**8,225**	**7,747**	**34**	**16,006**

As at 31 December 2018 (Audited)	Consumer £'000	Property £'000	SME £'000	Total £'000
At 1 January 2018	4,675	5,068	-	9,743
Changes on initial application of IFRS 9	1,741	597	-	2,338
Revised opening balance 1 January 2018	**6,416**	**5,665**	**-**	**12,081**
Charge for the period – Stage 1	587	(43)	126	670
Charge for the period – Stage 2	469	264	29	762
Charge for the period – Stage 3	5,252	759	24	6,035
Total charge for expected credit losses	**6,308**	**980**	**179**	**7,467**
POCI	-	3,235	-	3,235
Expected Credit Losses	**12,724**	**9,880**	**179**	**22,783**

Measurement uncertainty and sensitivity analysis of ECL

The recognition and measurement of expected credit losses ('ECL') is highly complex and involves the use of significant judgement and estimation. This includes the formulation and incorporation of multiple forward-looking economic conditions into ECL to meet the measurement objective of IFRS 9.

For most portfolios, the Company has adopted the use of three economic scenarios, representative of Oxford Economics view of forecast economic conditions, sufficient to calculate unbiased ECL. They represent a 'most likely outcome' (the Base scenario) and two, less likely, 'outer' scenarios, referred to as the 'Upside' and 'Downside' scenarios. The Company has developed a shortlist of the upside and downside economic and political risks most relevant to the Company and the IFRS 9 measurement objective. These include economic and political risks which together affect economies that materially matter to the Company.

The ECL recognised in the financial statements reflect the effect on expected credit losses of a range of possible outcomes, calculated on a probability-weighted basis, based on the economic scenarios described in Note 2 to the financial statement, including management overlays where required. The probability-weighted amount is typically a higher number than would result from using only the Base (most likely) economic scenario. ECLs typically have a non-linear relationship to the many factors which influence credit losses, such that more favourable macroeconomic factors do not reduce defaults as much as less favourable macroeconomic factors increase defaults. The ECL calculated for each of the scenarios represent a range of possible outcomes that have been evaluated to estimate ECL. As a result, the ECL calculated for the Upside and Downside scenarios should not be taken to represent the upper and lower limits of possible actual ECL outcomes. There is a high degree of estimation uncertainty in numbers representing tail risk scenarios when assigned a 100 per cent. A wider range of possible ECL outcomes reflects uncertainty about the distribution of economic conditions and does not necessarily mean that credit risk on the associated loans is higher than for loans where the distribution of possible future economic conditions is narrower.

For stage 3 impaired loans, LGD estimates take into account independent recovery valuations provided by external consultants where available, or internal forecasts corresponding to anticipated economic conditions.

10. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

(a) Movements in the period

(Unaudited)	**30 Jun 2019 £'000**
Opening cost at 1 January 2019	9,980
Opening fair value	**9,980**
Purchases at cost	-
Disposal at cost	-
Closing fair value at 30 June 2019	**9,980**
Comprising:	
Valued using transaction price	6,980
Valued using earnings multiple	3,000
Closing fair value as at 30 June 2019	**9,980**

(Unaudited)	**30 Jun 2018 £'000**
Opening cost at 1 January 2018	11,227
Opening fair value	**11,227**
Purchases at cost	1,000
Disposal at cost	(3,497)
Net change in unrealised (losses)/gains	(750)
Closing fair value at 30 June 2017	**7,980**
Comprising:	
Closing cost as at 30 June 2018	7,980
Closing fair value as at 30 June 2018	**7,980**

(Audited)	**31 Dec 2018 £'000**
Opening cost at 1 January 2018	11,227
Opening fair value	**11,227**
Purchases at cost	3,000
Disposal at cost	(3,497)
Net change in unrealised (losses)/gains	(750)
Closing fair value at 31 December 2018	**9,980**
Comprising:	
Valued using transaction price	6,980
Valued using earnings multiple	3,000
Closing fair value as at 31 December 2018	**9,980**

	30 Jun 2019 (Unaudited) £'000	30 Jun 2018 (Unaudited) £'000	31 Dec 2018 (Audited) £'000
Loss on Investment in unlisted equities	-	(750)	(750)
Total loss on investment	**-**	**(750)**	**(750)**

(b) Fair value of financial instruments

IFRS 13 requires the Company to classify its financial instruments held at fair value using a hierarchy that reflects the significance of the inputs used in the valuation methodologies. These are as follows:

- Level 1 – quoted prices in active markets for identical investments;
- Level 2 – other significant observable inputs (including quoted prices for similar investments, interest rates, prepayments, credit risk, etc.); and
- Level 3 – significant unobservable inputs (including the Company's own assumptions in determining the fair value of investments).

An investment is always categorised as Level 1, 2 or 3 in its entirety. In certain cases, the fair value measurement for an investment may use a number of different inputs that fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The assessment of the significance of a particular input to the fair value measurement requires judgement and is specific to the investment.

The following sets out the classifications used in valuing the Company's investments:

	Closing fair value as at 30 Jun 2019 (Unaudited) £'000	Closing fair value as at 30 Jun 2018 (Unaudited) £'000	Closing fair value as at 31 Dec 2018 (Audited) £'000
Level 1	-	-	-
Level 2	-	-	-
Level 3	9,980	7,980	9,980
Total	**9,980**	**7,980**	**9,980**

The investments in unlisted equities are valued using several different techniques, primarily recent transactions and recent rounds of funding by the investee entities. Sensitivity analysis is not considered appropriate at this stage as there are not multiple inputs used for valuation.

11. FINANCIAL RISK MANAGEMENT

The Company's investing activities undertaken in pursuit of its investment objective, as set out on page 4, involve certain inherent risks. The main financial risks arising from the Company's financial instruments are market risk, credit risk and liquidity risk. The Board reviews and agrees policies for managing each of these risks as summarised below.

Market risk

The fair value or future cash flows of a financial instrument or investment property held by the Company may fluctuate because of changes in market prices. Market risk can be summarised as comprising three types of risk:

- Price risk – the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk);
- Interest rate risk – the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market interest rates; and
- Currency risk – the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in foreign exchange rates.

The Company's exposure, sensitivity to and management of each of these risks is described in further detail below. Management of market risk is fundamental to the Company's investment objective. The investment portfolio is continually monitored to ensure an appropriate balance of risk and reward. The Board has also established a series of investment parameters, which are reviewed annually, designed to limit the risk inherent in managing a portfolio of investments.

(a) Price risk

Price risk arises mainly from uncertainty about future prices of financial instruments used in the Company's business. It represents the potential loss the Company might suffer through holding market positions in the face of price movements (other than those arising from interest rate risk or currency risk).

The Company is exposed to price risk arising from its equity investments. Given the Company's equity assets are unquoted, the fair value has been determined to be the transaction price. Sensitivity analysis is not considered appropriate at this stage as there are not multiple inputs used for valuation.

(b) Interest rate risk

The Company invests in Credit Assets which may be subject to a fixed rate of interest, or a floating rate of interest (which may be linked to base rates or LIBOR). The Company's borrowings may be subject to a floating rate of interest.

The Company intends to manage the mismatch it has in respect of the income generated by its Credit Assets, on the one hand, with the liabilities in respect of its borrowings, on the other hand, by matching any floating rate borrowings with investments in Credit Assets that are also subject to a floating rate of interest. To the extent that the Company is unable to match its funding in this way, it may use derivative instruments, including interest rate swaps, to reduce its exposure to fluctuations in interest rates, however some unmatched risk may remain.

The Company finances its operations mainly through its share capital and reserves, including realised gains on investments. As at 30 June 2019 the Company had £179 million (June 2018: £100.0 million) drawn-down under this facility.

Exposure of the Company's financial assets and liabilities to floating interest rates (giving cash flow interest rate risk when rates are reset) and fixed interest rates (giving fair value risk) as at 30 June 2019 is shown below:

Financial instrument (Unaudited)	Floating Rate £'000	Fixed or Administered Rate £'000	Total £'000
Investments at amortised cost	137,895	422,709	**560,604**
Cash and cash equivalents	7,575	-	**7,575**
Interest bearing borrowings	(179,000)	-	**(179,000)**
Total exposure	**(33,530)**	**422,709**	**389,179**

As at 30 June 2018 is shown below:

Financial instrument (Unaudited)	Floating Rate £'000	Fixed or Administered Rate £'000	Total £'000
Investments at amortised cost	83,719	391,605	**475,324**
Cash and cash equivalents	15,662	-	**15,662**
Interest bearing borrowings	(100,000)	-	**(100,000)**
Total exposure	**(619)**	**391,605**	**390,985**

As at 31 December 2018 is shown below:

Financial instrument (Audited)	Floating Rate £'000	Fixed or Administered Rate £'000	Total £'000
Investments at amortised cost	106,387	470,143	576,530
Cash and cash equivalents	5,559	-	5,559
Interest bearing borrowings	(189,000)	-	(189,000)
Total exposure	**(77,054)**	**470,143**	**393,089**

An administered rate is not like a floating rate, movements in which are directly linked to LIBOR. The administered rate can be changed at the discretion of the lender.

(c) Currency risk

Currency risk is the risk that the value of net assets will fluctuate due to changes in foreign exchange rates. Relevant risk variables are generally movements in the exchange rates of non-functional currencies in which the Company holds financial assets and liabilities.

The assets of the Company are invested in Credit Assets which are denominated in Pounds Sterling and Euros. Accordingly, the value of such assets may be affected favourably or unfavourably by fluctuations in currency rates. The Company hedges currency exposure between Pounds Sterling and Euros.

(d) Concentration of foreign currency exposure

The Investment Manager monitors the fluctuations in foreign currency exchange rates and may use forward foreign exchange contracts to hedge the currency exposure of the Company's non GBP denominated investments. The Investment Manager re-examines the currency exposure on a regular basis in each currency and manages the Group's currency exposure in accordance with market expectations. HIT's exposure as at 30 June 2019 was €11.9 million.

12. CREDIT RISK

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The Company's credit risks arise principally through exposures to loans originated or acquired by the Company and cash deposited with banks, both of which are subject to risk of borrower default.

The Investment Manager and the Origination Partner establishes and adheres to stringent underwriting criteria as set out in the appropriate credit policies. For consumer loans, underwriting includes credit referencing, income verification and affordability testing, identity verification and various forward-looking indicators of a borrower's likely financial strength. The Company invests in a granular portfolio of assets, diversified at the underlying borrower level, with each loan being subject to a maximum single loan exposure limit. This helps mitigate credit concentrations in relation to an individual customer, a borrower group or a collection of related borrowers.

The credit quality of loans is assessed through evaluation of various factors, including credit scores, payment data, collateral available from the borrower and other information.

The Company further mitigates its exposure to Credit Risk through structuring facilities whereby the facilities are secured on a granular pool of performing loans and structured so that the Origination Platform and or borrower provides the first loss, and the Company finances the senior risk.

Further risk is mitigated in the property sector as the Company takes collateral in the form of property to mitigate the credit risk arising from residential mortgage lending and commercial real estate.

Set out below is the analysis of the closing balances of the Company's credit assets split by the type of loan and the credit risk band as at 30 June 2019 (unaudited):

Credit Risk Band	Unsecured £'000	Secured £'000	Total £'000
A & B	88,457	428,936	**517,393**
C	19,517	169	**19,686**
D & E	23,525	-	**23,525**
Total	**131,499**	**429,104**	**560,604**

Set out below is the analysis of the closing balances of the Company's credit assets split by the type of loan and the credit risk band as at 30 June 2018 (unaudited):

Credit Risk Band	Unsecured £'000	Secured £'000	Total £'000
A & B	173,004	297,948	470,952
C D & E	18,323	2,164	20,487
Total	**191,327**	**300,112**	**491,439**

Set out below is the analysis of the closing balances of the Company's credit assets split by the type of loan and the credit risk band as at 31 December 2018 (audited):

Credit Risk Band	Unsecured £'000	Secured £'000	Total £'000
A & B	129,264	429,034	**558,298**
C	23,896	223	**24,119**
D & E	16,896	-	**16,896**
Total	**170,056**	**429,257**	**599,313**

Each credit risk band is defined below:

Credit Risk Band	Definition
A	Highest quality with minimal indicators of credit risk
B	High quality, with minor adverse indicators
C	Medium-grade, moderate credit risk, may have some adverse credit risk indicators
D/E	Elevated credit risk, adverse indicators (e.g. lower borrowing ability, credit history, existing debt)

The Company ensures that it only deposits cash balances with institutions with appropriate financial standing or those deemed to be systemically important.

Liquidity risk

Liquidity risk is the risk that the Company will have difficulty in meeting its obligations in respect of financial liabilities as they fall due.

The Company manages its liquid resources to ensure sufficient cash is available to meet its expected contractual commitments. It monitors the level of short-term funding and balances the need for access to short-term funding, with the long-term funding needs of the Company.

Liquidity risk is not viewed as significant as a substantial proportion of the Company's net assets are in loans, whose cash collections could be utilised to meet funding requirements if necessary. The Company has the power, under its Articles of Association, to take out both short and long-term borrowings subject to a maximum value of one times its share capital and reserves.

The Company has a committed debt facility totalling £200.0 million (details of which is disclosed in Note 18 to the financial statements).

Assets and liabilities not carried at fair value but for which fair value is disclosed

For the Company for the period ended 30 June 2019:

(Unaudited)	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Assets				
Investments at amortised cost	15,888	-	544,716	560,604
Receivables	-	6,423	-	6,423
Cash and cash equivalents	7,575	-	-	7,575
Total assets	**23,463**	**6,423**	**544,716**	**574,602**
Liabilities				
Management fee payable	-	986	-	986
Performance fee payable	-	1,680	-	1,680
Other payables	-	2,196	-	2,196
Interest bearing borrowings	-	179,772	-	179,772
Total liabilities	**-**	**184,634**	**-**	**184,634**

For the Company for the period ended 30 June 2018:

(Unaudited)	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Assets				
Investments at amortised cost	13,218	-	462,106	475,324
Receivables	-	6,398	-	6,398
Cash and cash equivalents	15,662	-	-	15,662
Total assets	**28,880**	**6,398**	**462,106**	**497,384**
Liabilities				
Management fee payable	-	760	-	760
Performance fee payable	-	1,398	-	1,398
Other payables	-	1,938	-	1,938
Interest bearing borrowings	-	100,653	-	100,653
Total liabilities	**-**	**104,749**	**-**	**104,749**

For the year ended 31 December 2018:

(Audited)	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Assets				
Investments at amortised cost	16,589	-	558,338	574,927
Receivables	-	3,375	-	3,375
Cash and cash equivalents	5,559	-	-	5,559
Total assets	**22,148**	**3,375**	**558,338**	**583,861**
Liabilities				
Management fee payable	-	985	-	985
Performance fee payable	-	2,873	-	2,873
Other payables	-	1,830	-	1,830
Interest bearing borrowings	-	189,263	-	189,263
Total liabilities	**-**	**194,951**	**-**	**194,951**

Categorisation within the hierarchy has been determined based on the lowest level input that is significant to the fair value measurement of the relevant asset or liability (see Note 12 Investments at Fair Value Through Profit or Loss for details). Further details of the loans at amortised cost held by the Company can be found in Note 11 to the financial statements.

Capital Management

The Company's primary objectives in relation to the management of capital are:

- To ensure its ability to continue as a going concern; and
- To maximise the long-term capital growth for its shareholders through an appropriate balance of equity capital and gearing.

The Company has met these objectives through a successful share offering where the Company raised £100 million excluding issue costs and through increasing the size of the Company debt facility to £200.0 million. The Company's debt to equity ratio was 47.7 per cent at 31 December 2018.

The Company is subject to externally imposed capital requirements:

- The Company's Articles of Association restrict borrowings to the value of its share capital and reserves;
- As a public company, the Company has a minimum share capital of £50,000;

- To be able to pay dividends out of profits available for distribution by way of dividends, the Company must be able to meet one of the two capital restriction tests imposed on investment companies by company law; and
- The Company's borrowings are subject to covenants limiting the total exposure based on interest cover ratios, a minimum total net worth and a cap of borrowings as a percentage of the eligible borrowing base.

The Company has complied with all the above requirements during this financial year.

13. FIXED ASSETS

Period ended 30 June 2019 (Unaudited)	IT Development and Software £'000	Total £'000
Opening net book amount	217	217
Additions	-	-
Depreciation charge	(115)	(115)
Closing net book amount	**102**	**102**
As at 30 June 2019		
Cost	831	831
Accumulated depreciation	(729)	(729)
Net book amount (Unaudited)	**102**	**102**

Period ended 30 June 2018 (Unaudited)	IT Development and Software £'000	Total £'000
Opening net book amount	342	342
Additions	49	49
Depreciation charge	(138)	(138)
Closing net book amount	**253**	**253**
As at 30 June 2018		
Cost	729	729
Accumulated depreciation	(476)	(476)
Net book amount (Unaudited)	**253**	**253**

Period ended 31 December 2018 (Audited)	IT Development and Software £'000	Total £'000
Opening net book amount	342	342
Additions	150	150
Depreciation charge	(275)	(275)
Closing net book amount	**217**	**217**
As at 31 December 2018		
Cost	831	831
Accumulated depreciation	(613)	(613)
Net book amount (Audited)	**217**	**217**

14. RECEIVABLES

	30 Jun 2019 (Unaudited) £'000	30 Jun 2018 (Unaudited) £'000	31 Dec 2018 (Audited) £'000
Prepayments	2,167	3,091	2,145
Other receivables	4,256	3,307	1,230
Total receivables	**6,423**	**6,398**	**3,375**

The above receivables do not carry any interest and are short term in nature. The Directors consider that the carrying values of these receivables approximate their fair value.

15. OTHER PAYABLES

	30 Jun 2018 (Unaudited) £'000	30 Jun 2018 (Unaudited) £'000	31 Dec 2018 (Audited) £'000
Accruals and deferred income	2,196	1,939	1,830
Total other payables	**2,196**	**1,939**	**1,830**

The above payables do not carry any interest and are short term in nature. The Directors consider that the carrying values of these payables approximate their fair value.

16. INTEREST BEARING BORROWINGS

	30 Jun 2019 (Unaudited) £'000	30 Jun 2018 (Unaudited) £'000	31 Dec 2018 (Audited) £'000
Term and revolving credit facility	179,000	100,000	189,000
Interest and commitment fees payable	772	653	263
Total interest-bearing borrowings	**179,772**	**100,653**	**189,263**

On 17 June 2016, the Company entered into a two-year, £37.5 million credit facility for which The Royal Bank of Scotland plc was agent. The credit facility is secured upon the assets of the Company, has a term of two years and interest is charged at one, three- or six-month LIBOR plus a margin. Loans drawn under the credit facility may be repaid and redrawn during its term. The two-year term was reset on 20 June 2017 and the amount under the facility was increased to £80 million. On 20 March 2018, the amount committed under the facility was further increased to £150 million, and the term of the facility was further extended to 20 March 2020. On 31 July 2018, the accordion option under the facility was partially exercised, taking the total amount committed under the facility to £180 million, and on 1 October 2018, the accordion option under the facility was further exercised, taking the total amount committed to £200 million. This facility was £179.0 million drawn at 30 June 2019 (30 June 2018: £100.0 million). The credit facility is syndicated, and other lenders may in the future accede to the facility. The size of the facility may, with the agreement of the lenders, increase in the future and the term may be extended and the Company retains the flexibility to refinance the facility.

	30 Jun 2019 (Unaudited) £'000	30 Jun 2018 (Unaudited) £'000	31 Dec 2018 (Audited) £'000
Interest and commitment fees paid	2,991	1,259	3,373
Other finance charges	1,003	965	2,056
Total finance costs	**3,994**	**2,224**	**5,429**

As part of the amendments made to IAS 7, "Statement of cash flows", effective 1 January 2017, an entity is required to disclose changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

As at the 30 June 2019 the below changes occurred for the Company:

30 June 2019 (Unaudited)	Total £'000
At 1 January 2019	189,263
Interest bearing borrowings	448,000
Repayments of interest bearing borrowing	(458,000)
Finance costs	3,994
Interest paid on financing activities	(3,485)
At 30 June 2019	**179,772**

As at the 30 June 2018 the below changes occurred for the Company:

30 June 2018 (Unaudited)	Total £'000
At 1 January 2018	56,787
Interest bearing borrowings	108,700
Repayments of interest bearing borrowing	(65,200)
Finance costs	2,224
Interest paid on financing activities	(1,858)
At 30 June 2018	**100,653**

As at the 31 December 2018 the below changes occurred for the Company:

31 December 2018 (Audited)	Total £'000
At 1 January 2018	56,787
Interest bearing borrowings	366,900
Repayments of interest bearing borrowing	(234,400)
Finance costs	5,429
Interest paid on financing activities	(5,453)
At 31 December 2018	**189,263**

The below table analyses the Company's financial liabilities into relevant maturity groupings as well as expected future interest costs based on the remaining period at the Statement of Financial Position date to the final scheduled maturity date.

30 June 2019 (Unaudited)	< 1 year £'000	1 – 5 years £'000	Total £'000
Credit facility	179,000	-	179,000
Interest and commitment fees payable	5,382	-	5,382
Total exposure	**184,382**	**-**	**184,382**

30 June 2018 (Unaudited)	< 1 year £'000	1 – 5 years £'000	Total £'000
Credit facility	-	100,000	100,000
Interest and commitment fees payable	653	-	653
Total exposure	**653**	**100,000**	**100,653**

31 December 2018 (Audited)	< 1 year £'000	1 – 5 years £'000	Total £'000
Credit facility	-	189,000	189,000
Interest and commitment fees payable	6,745	1,437	8,182
Total exposure	**6,745**	**190,437**	**197,182**

17. ORDINARY SHARE CAPITAL

The table below details the issued share capital of the Company as at the 30 June 2018.

	30 Jun 2019 (Unaudited)	30 Jun 2018 (Unaudited)	31 Dec 2018 (Audited)
No. Issued, allotted and fully paid shares	39,449,919	39,449,919	39,449,919
£'000	394	394	394

On incorporation, the issued share capital of the Company was £50,000.01 represented by one ordinary share of 1p and 50,000 management shares of £1 each, all of which were held by Honeycomb Holdings Limited as subscriber to the Company's memorandum of association. The ordinary share and management shares were fully paid up.

The management shares, which were issued to enable the Company to obtain a certificate of entitlement to conduct business and to borrow under Section 761 of the Companies Act 2006, were redeemed immediately following admission of 23 December 2015 out of the proceeds of the issue.

On 23 December 2015, 10,000,000 ordinary shares of 1p each were issued to shareholders as part of the placing and offer for subscription in accordance with the Company's prospectus dated 18 December 2015.

During 2016 a further 9,926,109 ordinary shares were issued. The price paid per share ranged from 1,000 pence to 1,015 pence and the total paid for the shares during the period amounted to £98.8 million.

On 31 May 2017 the Company announced the successful completion of a placing of a further 10,000,000 ordinary shares. The price paid per share was 1,050p and the total paid for the shares during the year amounted to £103.3 million net of issue costs.

On 25 April 2018 the Company announced the successful completion of a placing of a further 9,523,809 ordinary shares. The price paid per share was 1,050p and the total paid for the shares during the year amounted to £97.8 million net of issue costs. Rights attaching to the

Ordinary Shares

The holders of Ordinary Shares shall be entitled to all of the Company's net assets.

The holders of Ordinary Shares are only entitled to receive, and to participate in, any dividends declared in relation to the relevant class of shares that they hold.

The Ordinary Shares shall carry the right to receive notice of, attend and vote at general meetings of the Company.

The consent of the holders of Ordinary Shares will be required for the variation of any rights attached to the relevant class of shares.

Voting rights

Subject to any rights or restrictions attached to any shares, on a show of hands every Shareholder present in person has one vote and every proxy present who has been duly appointed by a Shareholder entitled to vote has one vote, and on a poll every Shareholder (whether present in person or by proxy) has one vote for every share of which they are the holder.

A Shareholder entitled to more than one vote need not, if he votes, use all his votes or cast all the votes he uses the same way. In the case of joint holders, the vote of the senior who tenders a vote shall be accepted to the exclusion of the vote of the other joint holders, and seniority shall be determined by the order in which the names of the holders stand in the Register.

No Shareholder shall have any right to vote at any general meeting or at any separate meeting of the holders of any class of shares, either in person or by proxy, in respect of any share held by him unless all amounts presently payable by him in respect of that share have been paid.

Variation of rights and distribution on wind up

If at any time the share capital of the Company is divided into different classes of shares, the rights attached to any class may be varied either in writing of the holders of three-quarters in nominal value of the issued shares of that class or with the sanction of an extraordinary resolution passed at a separate meeting of the holders of the shares of that class.

The Company has no fixed life but, pursuant to the Articles, an ordinary resolution for the continuation of the Company will be proposed at the annual general meeting of the Company to be held in 2021 and, if passed, every five years thereafter. Upon any such resolution not being passed, proposals will be put forward to the effect that the Company be wound up, liquidated, reconstructed or unitised.

If the Company is wound up, the liquidator may divide among the shareholders in specie the whole or any part of the assets of the Company and for that purpose may value any assets and determine how the division shall be carried out as between the shareholders or different classes of shareholders.

18. SPECIAL DISTRIBUTABLE RESERVE

At a general meeting of the Company held on 14 December 2015, special resolutions were passed approving the cancellation of the amount standing to the credit of the Company's share premium account as at 23 December 2015.

Following the approval of the Court and the subsequent registration of the Court order with the Registrar of Companies on 21 March 2016, the reduction became effective. Accordingly, £98.1 million, that was held in the share premium account, was transferred to the special distributable reserve as disclosed in the Statement of Financial Position.

During the period 2018 £0.6 million of the special distributable reserve was used to pay the Q4 2018 Dividend on 29 March 2019.

The net balance of the special distributable reserve is £96.1m.

19. INVESTMENTS IN ASSOCIATES

As at 30 June 2019, the Company has a single associate, being a 34.6 per cent investment in GDFC Group Limited (formally Hiber Limited and The Green Deal Finance Company Limited). The company number is 10028311 its registered office is Imperial House, 15 – 19 Kingsway, London, WC2B 6UN. GDFC Group Limited is incorporated in England and Wales.

This is a UK platform responsible for setting-up, financing and administering Green Deal Plans in The Green Deal programme. As permitted by IAS 28 'Investment in Associates' and in accordance with the Company's accounting policy the investment is accounted for at fair value through profit or loss. No dividends were declared during the year in respect of the investment. The Company holds GDFC Group Limited at a fair value of £3.0 million (June 2018: £3.0 million).

The Company has also provided £8.3 million of debt funding to the platform (June 2018: £6.0 million).

The Company has entered into an agreement which gives it the right to participate in qualifying loans originated by the platform.

There are no significant restrictions on the ability of the associate from repaying loans from, or distributing dividends to, the Company.

20. NET ASSET VALUE PER ORDINARY SHARE

	30 Jun 2019 (Unaudited) £'000	30 Jun 2018 (Unaudited) £'000	31 Dec 2018 (Audited) £'000
Net asset value per ordinary share pence	1,014.1p	1,016.1p	1,015.7p
Net assets attributable £'000	400,050	400,867	400,710

The net asset value per ordinary share at 30 June 2019 is based on net assets of £400.1 million and on 39,449,919 ordinary shares in issue.

The net asset value per ordinary share at 30 June 2018 is based on net assets of £400.9 million and on 39,449,919 ordinary shares in issue.

The net asset value per ordinary share as at 31 December 2018 is based on net assets at the year-end of £400.7 million and on 39,449,919 ordinary shares in issue at the year-end.

21. CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

As at 30 June 2019 and 30 June 2018 there were no contingent liabilities or capital commitments for the Company.

22. RELATED PARTY TRANSACTIONS AND TRANSACTION WITH THE INVESTMENT MANAGER

IAS 24 'Related party disclosures' requires the disclosure of the details of material transactions between the Company and any related parties. Accordingly, the disclosures required are set out below:

Associates

At 30 June 2019 outstanding loan balance of £8.3 million (June 2018: £6.0 million) and accrued interest of £0.8 million (June 2018: £0.7 million) with the GDFC Group Limited.

Directors

From the 1 January 2019 until 28 February 2019 the Directors remuneration was set at a rate of £45,000 per annum for the Chairman and £38,000 per annum for the other Directors. A further £5,000 per annum will be paid to the Chairman of the Audit Committee. The Committee met on 21 February 2019 and considered the continued time commitment required to carry out their duties and approved an increase of the Board's fees by £3,000 for the Chairman and £2,000 for all other member from 1 March 2019. The Directors remuneration was set at a rate of £48,000 per annum for the Chairman and £40,000 per annum for the other Directors. A further £5,000 per annum will be paid to the Chairman of the Audit Committee.

At 30 June 2019 and 30 June 2018, there was £nil payable to the Directors for fees and expenses.

Investment Manager

The Investment Manager has been appointed the Company's investment manager and AIFM for the purposes of the AIFMD. Details of the services provided by the Investment Manager and the fees paid are given on page 27 to 28.

During the period, the Company incurred £4.6 million (June 2018: £3.5 million) of fees and at 30 June 2019, there was £2.7 million (June 2018: £2.2 million) payable to the Investment Manager.

Origination Partner

The Origination Partner has been appointed as one of the Company's origination partners. Honeycomb Finance Limited is a wholly owned subsidiary of the Investment Manager's parent company.

During the period given that the Origination Partner was part of the same group as the Investment Manager, the fees payable to the Origination Partner by the Company were deducted from the management fee payable to the Investment Manager and totalled £18,905 (June 2018: £52,985), and at 30 June 2019, there was £nil (June 2018: Nil) payable to the Origination Partner.

23. ULTIMATE CONTROLLING PARTY

It is the opinion of the Directors that there is no ultimate controlling party.

24. SUBSEQUENT EVENTS

Save as noted below, there have been no important events to disclose since the period end under review.

On 5 September 2019, a dividend of 20.00 pence per Ordinary Share was declared with an ex-dividend date 12 September 2019 and a payment date of 30 September 2019.

25. APPROVAL OF FINANCIAL STATEMENTS

The unaudited financial statements were approved by the board of Directors of Honeycomb Investment Trust plc (a public limited company incorporated in England and Wales with company number 09899024) and authorised for issue on 9 September 2019.

4 Shareholders' Information

Directors, Portfolio Manager and Advisers

Directors
Robert Sharpe
Jim Coyle
Richard Rowney (appointed 1 July 2019)
Ravi Takhar (resigned 6 June 2019)

all at the registered office below

Registered Office
6th Floor
140 London Wall
London EC2Y 5DN
England

Investment Manager and AIFM
Pollen Street Capital Limited
11 – 12 Hanover Square
London W1S 1JJ
England

Financial Adviser and Broker
Liberum Capital Limited
Level 12, Ropemaker Place
25 Ropemaker Place
London EC2Y 9LY
England

Custodian
Sparkasse Bank Malta PLC
101 Townsquare
Sliema SLM3112
Malta

Website
http://www.honeycombplc.com/

Share Identifiers
ISIN: GB00BYQDNR86
Sedol: BYZV3G2
Ticker: HONY

Administrator
Apex Fund Services (UK) Ltd
6th Floor
140 London Wall
London EC2Y 5DN
England

Registrar
Computershare Investor Services PLC
The Pavilions, Bridgewater Road
Bristol BS99 6ZZ
England

Depositary
Indos Financial Limited
5th Floor 54 Fenchurch Street
London EC3M 3JY
England

Independent Auditors
PricewaterhouseCoopers LLP
7 More London Riverside
London SE1 2RT
England

Company Secretary
Link Company Matters Limited
6th Floor, 65 Gresham Street
London EC2V 7NQ
England

5 Definitions

Credit Assets	Credit Assets are loans made to consumers and small businesses as well as other counterparties, together with related investments.
Equity Assets	Equity Assets are selected equity investments that are aligned with the Company's strategy and that present opportunities to enhance the Company's returns from its investments.
Net asset value (NAV)	Net asset value represents the total value of the Company's assets less the total value of its liabilities. For valuation purposes, it is common to express the net asset value on a per share basis.
Ongoing charges	Ongoing charges is calculated as a percentage of annualised ongoing charge over average reported Net Asset Value. Ongoing charges are those expenses of a type which are likely to recur in the foreseeable future.
Premium	If the share price of the Company is higher than the net asset value per share, the Company's shares are said to be trading at a premium. The premium is shown as a percentage of the net asset value.
Discount	If the share price of the Company is lower than the net asset value per share, the Company's shares are said to be trading at a discount. The discount is shown as a percentage of the net asset value.
Fair Value	The amount for which an asset could be exchanged, or a liability settled, between willing parties in an arm's length transaction.
Registrar	An entity that manages the Company's shareholder register. The Company's registrar is Computershare Investor Services PLC.
AIF	An Alternative Investment Fund, as defined in the AIFM Directive 2011/61/EU on Alternative Investment Fund Managers
LIBOR (London Inter-Bank Offered Rate)	The interest rate participating banks offer to other banks for loans on the London market.
AIFM	An Alternative Investment Fund Manager, as defined in the AIFM Directive. Pollen Street Capital Limited undertakes this role on behalf of the Company.
Neither past due nor impaired	Loans that are not in arrears and which do not meet the impaired asset definition. This segment can include assets subject to forbearance solutions.
Consumer Loan	An amount of money lent to an individual for personal, family, or household purposes.
Servicers	Comprehensive loan servicing to support the full loan lifecycle, from origination, through account servicing to arrears management.
Hedging	An investment to reduce the risk of adverse price movements in an asset.

RECONCILIATION TO ALTERNATIVE PERFORMANCE MEASURES

NET Asset Value (ex-income)

	30 June 2019 (Unaudited) £'000	30 June 2018 (Unaudited) £'000	31 December 2018 (Audited) £'000
Net asset value	400,050	400,867	400,710
Revenue Account	(4,945)	(5,041)	(4,934)
Capital Account	1,016	917	965
IFRS 9 Adoption	(2,337)	(2,337)	(2,337)
Net Asset Value (ex-income)	**393,784**	**394,406**	**394,404**

Premium / (Discount) to NAV per share

	30 June 2019 (Unaudited)	30 June 2018 (Unaudited)	31 December 2018 (Audited)
NAV per share (Cum income)	1,014.1p	1,016.1p	1,015.7p
Share Price at Close	1,110.0p	1,115.0p	1,130.0p
Premium / (Discount)	**9.5%**	**9.7%**	**11.3%**

The premium / (discount) to NAV per share is calculated by taking the difference between the share price at close and the NAV per share (Cum income) and dividing it by the NAV per share.

Annual NAV per Share Return

	30 June 2019 (Unaudited)	30 June 2018 (Unaudited)	31 December 2018 (Audited)
NAV per share (Cum income) at period end	1,014.1p	1,016.1p	1,015.7p
Opening NAV per share (Cum income) *	1,015.7p	1,010.6p	1,010.6p
Dividends per share paid in the year	40.0p	40.0p	80.0p
Annual Nav per Share Return	**7.5%**	**9.0%**	**8.4%**

*Opening balance adjusted for initial adoption of IFRS 9

The annual NAV per share return is calculated by taking the closing NAV per share (cum income) at year end and adding the dividend per share paid in the year divided by the opening NAV per share (cum income).

Inception to Date ("ITD") NAV per Share Return

	30 June 2019 (Unaudited)	30 June 2018 (Unaudited)	31 December 2018 (Audited)
NAV per share (Cum income)	1,014.1p	1,016.1p	1,015.7p
Opening NAV per share (Cum income) at inception	982.0p	982.0p	982.0p
Dividends per share paid since inception	252.9p	172.9p	212.9p
ITD NAV per Share Return	**29.0%**	**21.1%**	**25.1%**

The ITD NAV per share return is calculated by taking the closing NAV per share (cum income) at year end and adding the dividend per share paid since inception divided by the NAV per share (cum income) at inception.

Debt to Equity

	30 June 2019 (Unaudited)	30 June 2018 (Unaudited)	31 December 2018 (Audited)
Borrowings	179,772	100,653	189,263
NAV (£'000)	400,050	400,867	400,710
Debt to Equity ratio	**44.9%**	**25.1%**	**47.2%**

Debt to equity ratio is calculated as the Company's interest bearing debt divided NAV expressed as a percentage.

Revenue Return

	30 June 2019 (Unaudited)	30 June 2018 (Unaudited)	31 December 2018 (Audited)
Profit after taxation (£'000)	15,171	13,364	29,037
Average NAV (£'000)	402,440	344,764	371,858
Revenue Return	**7.5%**	**7.8%**	**7.8%**

Revenue return is calculated as profit after taxation from revenue divided by average NAV during the year.

Dividend Return

	30 June 2019 (Unaudited)	30 June 2018 (Unaudited)	31 December 2018 (Audited)
Dividend declared (pence)	40	40	80
IPO issue price (pence)	1,000	1,000	1,000
Dividend Return	**8.0%**	**8.0%**	**8.0%**

Dividend return is calculated as the total declared dividends for the period divided by IPO issue price annualised.

Ongoing Charges

	30 June 2019 (Unaudited)	30 June 2018 (Unaudited)	31 December 2018 (Audited)
Auditors' remuneration (£'000)	65	40	129
Administrator's fees (£'000)	96	96	199
Directors' fees (£'000)	81	68	145
Management Fee (£'000)	3,007	2,149	4,997
Other costs (£'000)	265	241	420
Average NAV	402,440	344,764	371,858
Ongoing Charges	**1.7%**	**1.5%**	**1.6%**

Ongoing charges ratio: The Annualised Ongoing Charge is calculated using the Association of Investment Companies recommended methodology. It is calculated as a percentage of annualised ongoing charge over average NAV. Ongoing charges are those expenses of a type which are likely to recur in the foreseeable future, whether charged to capital or revenue, and which relate to the operation of the investment company as a collective fund, excluding the costs of acquisition/disposal of investments, financing charges and gains/losses arising on investments. Ongoing charges are based on costs incurred in the year as being the best estimate of future costs. The AIC excludes performance fees from the Ongoing Charges calculation.