Registered Number: 09899024

Honeycomb Investment Trust plc

Interim Report and Unaudited Financial Statements

For the period from 1 January 2018 to 30 June 2018

Table of Contents

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 through the acquisition of loans made to consumers and small businesses as well as other counterparties, together with related investments (”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 2018 (Unaudited)	30 June 2017 (Unaudited)	31 December 2017 (Audited)
NET ASSET VALUE (£'000)			
NET ASSET VALUE (CUM INCOME)(1)	400,867	304,749	304,759
NET ASSET VALUE (EX INCOME)(2)	394,407	300,320	300,252
MARKET CAPITALISATION(3)	439,867	350,135	346,395
PER SHARE METRICS			
SHARE PRICE (AT CLOSE)(4)	1,115.0p	1,170.0p	1,157.5p
NAV PER SHARE (CUM INCOME)	1,016.1p	1,018.3p	1,018.4p
NAV PER SHARE (EX INCOME)	999.8p	1,003.5p	1,003.3p
SHARES IN ISSUE	39,449,919	29,926,110	29,926,110
PERFORMANCE INDICATORS AND KEY RATIOS			
PREMIUM / (DISCOUNT)(5)	9.7%	14.9%	13.7%
ITD TOTAL NAV PER SHARE RETURN(6)(7)	21.1%	13.2%	17.2%
DEBT TO EQUITY RATIO	25.4%	10.0%	29.4%
REVENUE RETURN(8)	7.6%	7.6%	7.7%
DIVIDEND RETURN(9)	6.8%	8.0%	8.4%
ONGOING CHARGES(10)	1.2%	1.2%	1.3%

(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.

(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.

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

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

(5) 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.

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

(7) TOTAL 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 period. There was a 1.06% 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.

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

(9) DIVIDEND RETURN: is calculated as the total of the dividends for the period divided by average Net Asset Value during the period annualised.

(10) ONGOING CHARGES RATIO: 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. The Annualised Ongoing Charge is calculated using the Association of Investment Companies recommended methodology.

Chairman's Statement

I am delighted to present the 2018 interim results for Honeycomb Investment Trust plc (the "Company"), covering the period 1 January 2018 to 30 June 2018. This is the first set of results that will be reported under IFRS 9 "Financial Instruments" after the Company implemented and transitioned to this new accounting standard on 1 January 2018.

The Board has been pleased with the continued progress during the first half of 2018. At the start of the period the Company had successfully completed four share offerings raising a total of £305 million of gross proceeds and raised a further £100.0 million in April 2018. These latest gross proceeds were deployed quickly with a purchase of a small and medium sized entity ("SME") portfolio and several secured structured facilities.

PERFORMANCE

The Company has performed well in the first 6 months of the year driven by the performance of investments made in the first two full years of trading which have been the subject of careful selection of new attractive risk-adjusted assets. A detailed assessment of the progress of the Company follows in the Investment Manager's review. At 30 June 2018, the Company's net assets were £400.9 million (cumulative of income), with market capitalisation of £439.9 million. NAV per share (cumulative of income) was 1,016.1 pence, with the share price (at close) 1,115.0 pence, representing a premium of 9.73 per cent. Total NAV per share return was 21.1 per cent since inception. This has been impacted by a 0.65 per cent reduction in NAV per share due to the recognition of the new expected credit loss model introduced by IFRS 9. The inception to date figure also includes 1.50 per cent benefit of the May 2017 and April 2018 share placings being completed at a premium to NAV.

DIVIDEND

The dividend has remained at 20.00 pence per share for Q4 2017, Q1 2018 and Q2 2018 to provide the targeted 8 per cent annualised dividend.

GEARING

The Company has £100.0 million drawn debt at 30 June with the existing facility extended to a committed facility of £150 million and the term extended in the first half of 2018.

OUTLOOK

Despite the continued competition in specialist lending markets, the Company has deployed capital quickly. We believe that the retrenchment of mainstream lenders from our target markets continues to present attractive opportunities. We further believe that through our differentiated approach and by targeting verticals that require specialist understanding, more detailed underwriting, or which require information technology integration and enablement, attractive risk-adjusted returns can be delivered with low volatility throughout the cycle.

We have a clear strategy to protect, improve and extend this successful model, and continue to closely monitor the political and economic uncertainty created by Brexit. Although current market conditions remain benign, the longer-term economic outlook and impact of Brexit on our customers and wider markets remain uncertain. We remain vigilant.

The principal risks and uncertainties affecting the Company remain largely unchanged from the Annual Report as at 31 December 2017 – these can be found on pages 12 to 15.

The Company is in a strong position after another excellent first half of 2018 and the Board remains confident of the long-term prospects for the Company with the Investment Manager continuing to exercise strong 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.

Robert Sharpe

Chairman
4 September 2018

Investment Manager's Report

The Company was established in December 2015 to provide investors with access to UK lending opportunities which Pollen Street Capital Limited (the "Investment Manager") believes have potential to provide attractive and consistent risk-adjusted returns throughout the cycle. These returns are delivered through the Investment Manager's focus on high-quality underwriting of borrowers in markets that are underserved by mainstream finance providers and platforms through direct origination through specialist channels, secured structured facilities to specialist lenders and the acquisition by the Company of interests in portfolios of Credit Assets from third parties.

EQUITY RAISE

After the Company completed its initial public offering on 23 December 2015, and subsequently raised a further total gross proceeds of £205.0 million during 2016 and 2017, the Company has raised further gross proceeds of £100.0 million in April 2018. This was in conjunction with the Company increasing the size of its debt facility to £150.0 million, as well as extending the term.

The Company is focused on building a strong portfolio of assets in line with our investment mandate and at the end of the period, we have built a total portfolio of gross investment assets of £499.3 million, with a strong pipeline of further opportunities to provide an attractive mix of assets combining both strong yields with low bad debt rates.

IFRS 9

On 1 January 2018 the Company transitioned to IFRS 9 and fully implemented a comprehensive program that focused on the key areas of impact, including financial reporting, data, systems and processes. As part of the implementation the Company has reviewed the classification and measurement of financial instruments under the requirements of IFRS 9, developed and validated a set of IFRS 9 models for calculating expected credit losses ("ECL") on the Company's loan portfolios and implemented appropriate internal governance processes.

Under IFRS 9 the recognition and measurement of expected credit losses differs from the approach under IAS 39. The new classification and measurement and impairment requirements have been recognised in retained earnings and reserves as at 1 January 2018, the date of initial application. The key initial impact on adoption was £2.3 million increase in provision driven by the introduction of stage 1 expected credit losses, of which £1.7 million related to Consumer lending. The Company has elected to utilise the exemption allowing it not to restate comparative information for prior periods with respect to financial information. As prior periods have not been restated, changes in impairment of financial assets in the comparative periods remain in accordance with IAS 39 and are therefore not necessarily comparable to ECL recorded for the current period. IFRS 9 has had a 0.65 per cent impact on NAV since inception in December 2015. Stage 3 loans as a proportion of total loans and advances to customers has increased to 2.93 per cent (1 January 2018: 2.77 per cent). Stage 3 ECL allowance as a percentage of Stage 3 drawn balances has reduced to 69.6 per cent (1 January 2018: 71.6 per cent).

H1 2018 HIGHLIGHTS

The Company performed well in the period to date driven by the continued strong performance of the portfolio with annualised NAV returns of 9.02 per cent (benefited by 0.73 per cent from the issuance of shares). Underlying investment asset income yield and bad debt performance of 11.42 per cent and 1.23 per cent with risk adjusted yield of 10.19 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 strong 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.

In Q1 2018, the Company upsized its debt facilities to £150 million as well as reducing the margin and extending the term. The debt upsize allowed the Company to maintain its strong originations across the three sectors the Company focuses on; Consumer, Property and SME. Q1 saw the Company acquire a seasoned portfolio of commercial mortgages and 2 new structured facilities secured on consumer portfolios.

In Q2 2018, the Company focused on deploying the £100.0 million total gross proceeds from the April 2018 capital raise. By the end of Q2 all the proceeds had been deployed however due to the timing of deployment the overall results were still impacted by the drag of carrying undeployed cash for part of the period and limited gearing during the first part of Q2. The Company deployed the raise by acquiring a small seasoned portfolio of SME loans and new structured facilities in both the SME and consumer sectors.

Consumer loans represent 60 per cent of the credit assets. Within the Consumer portfolio 66 per cent of the total represent loans which either have structural protection from platforms, having first loss equity ahead of our loan or where a seasoned portfolio exhibiting predictable cashflows has been acquired. The remainder 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.

Property loans represent 33 per cent of the credit assets. The Property portfolio primarily consists of second charge mortgages that are significantly seasoned and were acquired from banks and / or other specialist lenders. 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.

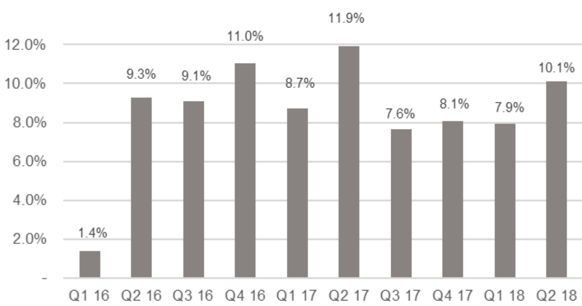
SME loans only represent 7 per cent of the portfolio but it is a segment in which the Company believe there is an attractive opportunity in which it will seek to grow its exposure

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. The Company purchased an equity stake in a small SME software provider in Q2 2018. All four businesses which the Company has equity stakes in have faced different challenges in the first half of 2018 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.

FINANCIAL PERFORMANCE

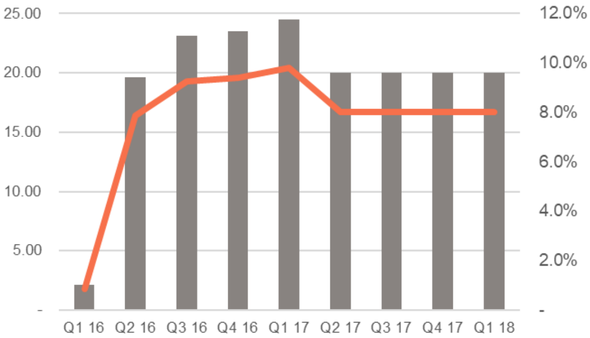
The financial performance of the Company has been strong. In the first half, investment income was £21.7 million (FY17 H1: £13.3 million), an increase of 63 per cent, which has been driven by balances of net investment assets increasing to £483.3 million at the period end (FY17 H1: £300.2 million). Earnings for the first half were £12.6 million (FY17 H1: £8.9 million), an increase of 42 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 translated into earnings per share of 37.6 pence (FY17 H1: 41.2 pence), and NAV return of 4.51 per cent, which benefited by 0.73 per cent from the issuance of shares but was reduced by 0.65 per cent for the introduction of IFRS 9, (FY17 H1: 5.16 per cent, which benefited by 1.03 per cent from the issuance of shares at a premium in May-17). This reflects the high levels of deployment and strong underlying asset performance.

Annualised Quarterly and Full Year NAV Returns (%)



In initial guidance, a dividend yield of at least 8 per cent (based on issue price) was indicated, this target yield has been achieved in 2018 so far.

Dividend Per Share and Annualised Fully Diluted Yield
(Pence)(Qtrly - LHS, Full Year - RHS)(IPO issue price of 1,000p)



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 1,016.1 pence per ordinary share at 30 June 2018, which, including dividends declared or paid, is equivalent to a NAV return of 21.1 per cent since inception (considering 0.65 per cent reduction for the introduction of IFRS 9). Additionally, the share price of the Company at 30 June 2018 was 1,115.0 pence per share, representing a 9.7 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 strong underlying performance seen so far this year. Performance and dividend history can be seen on page 9.

OUTLOOK

Looking ahead, we 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 becomes clearer. In addition, with household borrowing at high levels and increased competition in mainstream unsecured lending, we intend to continue to proceed with caution. That said, we believe that the Company's business model, combined with our approach to risk, puts it in good stead to find suitable pockets of risk adjusted return. 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 strong returns. We continue to view the future with confidence.

		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	ITD (1)
Total NAV Return	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%**
Total NAV Return	2017	0.69%	0.69%	0.78%	0.62%	1.80% (2)	0.55%	0.65%	0.62%	0.63%	0.61%	0.61%	0.79%	**9.11%**	**17.24%**
Total NAV Return IAS 39	2018	0.66%	0.63%	0.79%	1.15%	0.54%	0.55%	-	-	-	-	-	-	**4.33%**	**21.73%**
Total NAV Return IFRS 9	2018	0.66%	0.59%	0.72%	1.36%	0.56%	0.60%	-	-	-	-	-	-	**4.51%**	**21.08%**
Share Price Performance (3)	2016	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	2.05%	**2.05%**	**2.05%**
Share Price Performance (3)	2017	6.05%	10.00%	10.50%	12.50%	11.50%	17.00%	20.25%	20.75%	19.25%	18.25%	17.50%	15.75%	**15.75%**	**15.75%**
Share Price Performance (3)	2018	13.50%	13.50%	13.50%	11.50%	11.50%	11.50%	-	-	-	-	-	-	**11.50%**	**11.50%**
Dividend Per Share (Pence) (4)	2016	-	-	-	-	2.11	-	-	-	19.66	-	23.13	-	**44.90**	**44.90**
Dividend Per Share (Pence) (4)	2017	-	-	23.50	-	24.50 (5)	-	-	-	20.00	-	-	20.00	**88.00**	**132.90**
Dividend Per Share (Pence) (4)	2018	-	-	20.00	20.00	-	-	-	-	-	-	-	-	**40.00**	**172.90**

(1) ITD: inception to date – excludes IPO Issue Costs
(2) NAV return excluding effect of capital raise and issuance at a premium would have been 0.77%
(3) Based on IPO issue price of 1000p
(4) Recognised in the month when marked ex-dividend date
(5) Based upon the number of shares at the ex-dividend date.

Top Ten Holdings

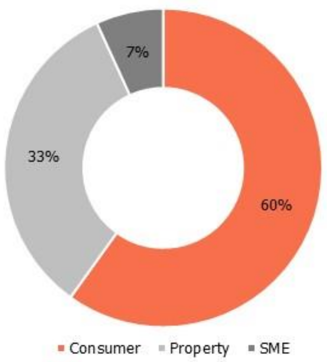
		Country	Asset Type	Sector	Value of holding at 30 June 2018 (£'m)	Percentage of assets[1]
1	Creditfix Limited	United Kingdom	Structured	Consumer	33.6	6.95%
2	IWOCA Limited	United Kingdom	Structured	SME	25.4	5.25%
3	1st Stop Group Limited[2]	United Kingdom	Structured	Consumer	24.7	5.11%
4	Sancus Loans Limited	United Kingdom	Structured	Property	22.9	4.74%
5	Madison CF UK Limited	United Kingdom	Structured	Consumer	19.4	4.01%
6	Amigo Loans Limited Bond Security	United Kingdom	Bond	Consumer	10.3	2.12%
7	Dynamic Aerospace and Defense Limited	United Kingdom	Structured	SME	10.0	2.06%
8	D&B Finance Limited	United Kingdom	Structured	Property	8.7	1.81%
9	Amicus Finance plc	United Kingdom	Structured	Property	6.6	1.36%
10	Capital Step Funding Limited	United Kingdom	Structured	SME	6.2	1.29%

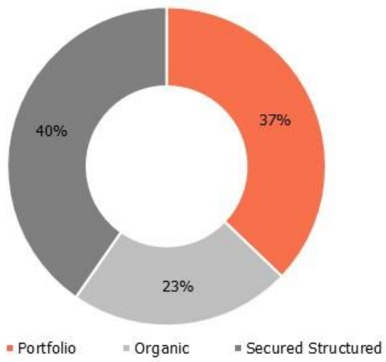
(1) Percentage of total investment assets of the Group (investment assets calculated as the carrying balance of all credit assets and related investments).
(2) 1st Stop Group Limited also is a portfolio company of funds managed or advised by the Investment Manager.

Portfolio Composition

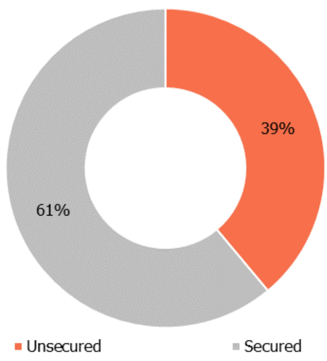
The composition of the Company's portfolio as at 30 June 2018 is set out below:

Borrower Type (By Balances)



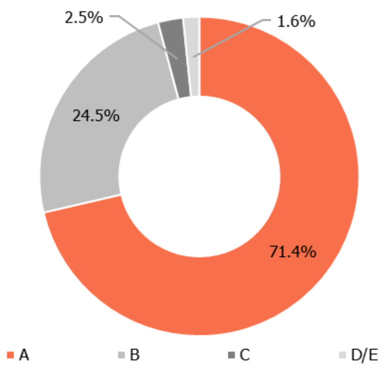


Loan Security (excludes Equity investments)



Credit Risk Bands (By balances) (excludes Equity investments)

Each credit risk band is defined on p 56.



Interim Management Report

INVESTMENT RESTRICTIONS

The Company will invest in Credit Assets originated across various sectors and across credit risk bands 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 4 September 2018. The day-to-day risk management functions of the Company have been delegated to the Investment Manager, which reports to the Board.

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, including IT, of the Company.

The termination of service provision by any service provider, or failure by any service provider to carry out its obligations 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

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 2018 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. 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 £100.0 million drawn representing 25.4 per cent of NAV.

Exposure to Credit Risk

As a lender to small businesses and individuals, the Company is exposed to credit losses if customers are unable to repay loans and outstanding interest and fees. 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 expected credit loss 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 (ranked A–E) 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.

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. In addition to the Origination Partner, 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 detailed 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.

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 unlisted equity securities. Investments in unlisted 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 shall be monitored by the compliance function of the Investment Manager 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, Financial Services and Markets Act and the Data Protection Act. 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

4 September 2018

3 Financial Statements

Statement of Comprehensive Income

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

	Notes	Revenue £'000	Capital £'000	Total £'000
Income				
Investment interest	5	22,474	-	22,474
Net Loss on Investments	5	-	(750)	(750)
Other income	5	1	-	1
		22,475	**(750)**	**21,725**
Expenses				
Management fee	6	(2,107)	(42)	(2,149)
Performance fee	6	(1,398)	-	(1,398)
Change in expected credit losses	10	(2,777)	-	(2,777)
Other expenses	7	(605)	-	(605)
		(6,887)	**(42)**	**(6,929)**
Profit / (loss) before finance costs and taxation		**15,588**	**(792)**	**14,796**
Finance costs	15	(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)	9	**40.0p**	**(2.4)p**	**37.6p**

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 58 form an integral part of these financial statements.

Statement of Comprehensive Income (continued)

For the period from 1 January 2017 to 30 June 2017 (Unaudited)

	Notes	Revenue £'000	Capital £'000	Total £'000
Income				
Investment interest	5	13,288	-	13,288
Other income	5	2	-	2
		13,290	**-**	**13,290**
Expenses				
Management fee	6	(1,149)	(41)	(1,190)
Performance fee	6	(1,042)	-	(1,042)
Impairment of loans	10	(1,183)	-	(1,183)
Other expenses	7	(415)	-	(415)
		(3,789)	**(41)**	**(3,830)**
Profit / (loss) before finance costs and taxation		**9,501**	**(41)**	**9,460**
Finance costs		(548)	-	(548)
Profit / (loss) before taxation		**8,953**	**(41)**	**8,912**
Taxation on ordinary activities		-	-	-
Profit / (loss) after taxation		**8,953**	**(41)**	**8,912**
Earnings per share (basic and diluted)	9	**41.4p**	**(0.2)p**	**41.2p**

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 the 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 58 form an integral part of the financial statements.

Statement of Comprehensive Income (continued)

For the year ended 31 December 2017 (Audited)

	Notes	Revenue £'000	Capital £'000	Total £'000
Income				
Investment interest	5	31,771	-	31,771
Other income	5	2		2
		31,773	**-**	**31,773**
Expenses				
Management fee	6	(2,841)	(81)	(2,922)
Performance fee	6	(2,329)	-	(2,329)
Impairment of loans	10	(2,783)	-	(2,783)
Other expenses	7	(1,046)	-	(1,046)
		(8,999)	**(81)**	**(9,080)**
Profit / (loss) before finance costs and taxation		**22,774**	**(81)**	**22,693**
Finance costs	15	(1,732)	-	(1,732)
Profit / (loss) before taxation		**21,042**	**(81)**	**20,961**
Taxation on ordinary activities		-	-	-
Profit / (loss) after taxation		**21,042**	**(81)**	**20,961**
Earnings per share (basic and diluted)	9	**81.5p**	**(0.3)p**	**81.2p**

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 58 form an integral part of the financial statements.

Statement of Financial Position

As at 30 June 2018

	Notes	30 June 2018 (Unaudited) £'000	30 June 2017 (Unaudited) £'000	31 December 2017 (Audited) £'000
Non-current assets				
Investments at amortised cost	10	475,324	292,435	345,566
Investments held at fair value through profit or loss	11	7,980	7,730	11,227
Fixed assets	12	253	394	342
		483,557	300,559	357,135
Current assets				
Receivables	13	6,398	5,032	3,477
Cash and cash equivalents		15,662	34,465	5,730
		22,060	39,497	9,207
Total assets		**505,617**	**340,056**	**366,342**
Current liabilities				
Management fee payable		(760)	(283)	(592)
Performance fee payable		(1,398)	(1,042)	(2,329)
Other payables	14	(1,939)	(3,946)	(1,875)
		(4,097)	(5,271)	(4,796)
Total assets less current liabilities		**501,520**	**334,785**	**361,546**
Interest bearing borrowings	15	(100,653)	(30,036)	(56,787)
Total net assets		**400,867**	**304,749**	**304,759**
Shareholders' funds				
Ordinary share capital	16	394	299	299
Share premium		299,601	201,921	201,852
Revenue reserves		5,041	5,014	5,133
Capital reserves		(917)	(85)	(125)
Special distributable reserves	17	96,748	97,600	97,600
Total shareholders' funds		**400,867**	**304,749**	**304,759**
Net asset value per share	19	**1,016.1p**	**1,018.3p**	**1,018.4p**

The notes on pages 26 to 58 form an integral part of the financial statements.

Statement of Changes in Shareholders' Funds

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)**
Restated 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 2018	**394**	**299,601**	**5,041**	**(917)**	**96,748**	**400,867**

As at 30 June 2018 the Company had distributable reserves of £100.87 million for the payment of future dividends. The distributable reserves are the revenue reserves (£5.04 million), realised capital reserves (-£0.92 million) and the special distributable reserves (£96.75 million).

The notes on pages 26 to 58 form an integral part of the financial statements.

Statement of Changes in Shareholders' Funds (continued)

For the period from 1 January 2017 to 30 June 2017 (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 2017	**199**	**98,670**	**5,126**	**(44)**	**98,100**	**202,051**
Ordinary shares issued	100	104,900	-	-	-	**105,000**
Ordinary shares issue costs	-	(1,649)	-	-	-	**(1,649)**
Profit / (loss) after taxation	-	-	8,953	(41)	-	**8,912**
Dividends paid in the period	-	-	(9,065)	-	(500)	**(9,565)**
Shareholders' funds at 30 June 2017	**299**	**201,921**	**5,014**	**(85)**	**97,600**	**304,749**

As at 30 June 2017 the Company had distributable reserves of £102.52 million for the payment of future dividends. The distributable reserves are the revenue reserves (£5.01 million), realised capital reserves (-£0.09 million) and the special distributable reserves (£97.60 million).

For the year ended 31 December 2017 (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 2017	**199**	**98,670**	**5,126**	**(44)**	**98,100**	**202,051**
Ordinary shares issued	100	104,900	-	-	-	**105,000**
Ordinary shares issue costs	-	(1,718)	-	-	-	**(1,718)**
Profit / (loss) after taxation	-	-	21,042	(81)	-	**20,961**
Dividends paid in the year	-	-	(21,035)	-	(500)	**(21,535)**
Shareholders' funds at 31 December 2017	**299**	**201,852**	**5,133**	**(125)**	**97,600**	**304,759**

As at 31 December 2017 the Company had distributable reserves of £102.61 million for the payment of future dividends. The distributable reserves are the net of the revenue reserves (£5.13 million), realised capital reserves (-£0.13 million) and the special distributable reserves (£97.60 million).

The notes on pages 26 to 58 form an integral part of the financial statements.

Statement of Cash Flows

For the period to 30 June 2018

	Notes	30 June 2018 (Unaudited) £'000	30 June 2017 (Unaudited) £'000	31 December 2017 (Audited) £'000
Cash flows from operating activities:				
Profit after taxation		12,572	8,912	20,961
Adjustments for:				
Changes on initial application of IFRS 9		(2,338)	-	-
Impairment of loans	10	-	1,183	2,783
Change in expected credit loss	10	2,777	-	-
Finance costs		2,224	548	1,732
Amortisation	12	138	111	240
(Increase)/Decrease in receivables	13	(2,920)	(1,309)	246
(Decrease)/Increase in payables		(700)	1,791	1,316
Net cash inflow from operating activities		**11,753**	**11,236**	**27,278**
Cash flows from investing activities:				
Purchase of Investments at amortised cost		(132,535)	(135,773)	(190,504)
Sale/(Purchase) of investments	11	3,247	(3,000)	(6,497)
Purchase of fixed assets	12	(49)	(136)	(213)
Net cash (outflow) from investing activities		**(129,337)**	**(138,909)**	**(197,214)**
Cash flows from financing activities:				
Proceeds from issue of ordinary shares	16	100,000	105,000	105,000
Share issue costs		(2,156)	(1,649)	(1,718)
Proceeds from interest bearing borrowings	15	108,700	88,000	122,500
Repayments of interest bearing borrowings	15	(65,200)	(58,000)	(66,000)
Interest paid on financing activities		(1,858)	(525)	(1,458)
Dividends declared and paid	8	(11,970)	(9,565)	(21,535)
Net cash inflow from financing activities		**127,516**	**123,261**	**136,789**
Net change in cash and cash equivalents		**9,932**	**(4,412)**	**(33,147)**
Cash and cash equivalents at the beginning of the period		5,730	38,877	38,877
Net cash and cash equivalents		**15,662**	**34,465**	**5,730**

The notes on pages 26 to 58 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 to develop Credit Assets and diversify the Company's investment opportunities.

Each 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 adopted 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 acceptable risk profile for shareholders of the Company.

The Company, either directly or through the Origination Partner has arrangements with a number of referral partners, through which the Company either acquires Credit Assets, either individually, as portfolios or via structured investments. The Directors believe that the Company has access to diverse investment opportunities across its market segments of Property, Consumer and SME, each with different borrower profiles and different risk return characteristics. Through access to 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 a strong visibility of high quality assets.

The Company believes it is important to provide best-in-class servicing to ensure that Credit Assets forming part of the portfolio are managed efficiently throughout their lifecycle. As such, the Company appoints servicers best placed to service the investment asset.

The Company may invest in Equity Assets that are aligned with the Company strategy and that present opportunities to enhance the Company's returns from its investments. The Company expects, that most of its investments in Equity Assets will take the form of minority interests in referral partners, in pursuit of its investment policy. The Directors believe that an ancillary benefit of these investments in Equity Assets will be to more closely align the interests of the Company with those of its commercial partners, and thereby improve the Company's underwriting and analysis capabilities and visibility of trends and opportunities in the specialist finance market.

As at 30 June 2018 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 2018 constitute non-statutory accounts within the meaning of Section 435 of the Companies Act 2006. The latest published accounts which have been delivered to the Registrar of companies are for the year ended 31 December 2017; 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 2017 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 set out below. 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.

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

Except for new accounting policies introduced by IFRS 9 the accounting policies have been applied consistently year on year.

Changes to Accounting Policies

The Company has adopted IFRS 9 as issued by the IASB in July 2014 with a date of transition of 1 January 2018, which resulted in changes in accounting policies. The Company did not early adopt any of IFRS 9 in previous periods. IFRS 9 replaces IAS 39 and addresses classification, measurement and derecognition of financial assets and liabilities, the impairment of financial assets measured at amortised cost or fair value through other comprehensive income and general hedge accounting.

As permitted by the transitional provisions of IFRS 9, the Company elected not to restate comparative figures. Any adjustments to the carrying amounts of financial assets and liabilities at the date of transition were recognised in the opening retained earnings and other reserves of the current period.

Consequently, for notes disclosures, the consequential amendments to IFRS 7 disclosures have also only been applied to the current period. The comparative period notes disclosures repeat those disclosures made in the prior year. The adoption of IFRS 9 has resulted in changes in the Company's accounting policies for recognition, classification and measurement of financial assets and impairment of financial assets. IFRS 9 also significantly amends other standards dealing with financial instruments such as IFRS 7 'Financial Instruments: Disclosures'.

Set out below are disclosures relating to the impact of the adoption of IFRS 9 on the Company. Further details of the specific IFRS 9 accounting policies applied in the current period (as well as the previous IAS 39 accounting policies applied in the comparative period) are described in more detail on page 31.

(a) Classification and measurement of financial instruments

IFRS 9 includes three principal classification categories for financial assets which must be designated at initial recognition. Financial assets are measured at fair value through profit or loss ("FVTPL"), fair value through other comprehensive income ("FVOCI") or amortised cost based on the nature of the cash flows of the assets and an entity's business model. These categories replace the existing IAS 39 classifications of fair value through profit and loss ("FVTPL"), available for sale ("AFS"), loans and receivables, and held-to-maturity.

The measurement category and the carrying amount of financial assetsin accordance with IAS 39 and IFRS 9 at 1 January 2018 are compared as follows:

	IAS 39		IFRS 9	
	Measurement category £'000	Carrying amount £'000	Measurement category £'000	Carrying amount £'000
Financial Assets				
Investments at amortised cost	Amortised cost (Loans and receivables)	335,252	Amortised cost	332,914
Investments at amortised cost	Amortised cost (Held-to-maturity)	10,314	Amortised cost	10,314
Investments held at fair value through profit or loss	FVPL (Held for trading)	11,227	FVPL (Mandatory)	11,227
Fixed assets	Amortised cost	342	Amortised cost	342
Receivables	Amortised cost (Loans and receivables)	3,477	Amortised cost	3,477
Cash and cash equivalents	Amortised cost (Loans and receivables)	5,730	Amortised cost	5,730
Total Assets		**366,342**		**364,004**

There were no changes in measurement category driven by the introduction of IFRS 9. All movements in carrying amount were due to the changes to the expected credit loss model. There were no changes to the classification and measurement of financial liabilities.

(b) Reconciliation of statement of financial positional balances from IAS 39 to IFRS 9

The Company performed a detailed analysis of its business models for managing financial assets and analysis of their cash flow characteristics. Please refer to page 31 for more detailed information regarding the new classification requirements under IFRS 9.

The following table reconciles the carrying amounts of financial assets, from their previous measurement category in accordance with IAS 39 to their new measurement categories upon transition to IFRS 9 on 1 January 2018:

	IAS39 carrying amount £'000	Reclassifications £'000	Remeasurements £'000	IFRS9 carrying amount £'000
Investments at amortised cost				
Opening balance under IAS 39	355,309	-	-	355,309
Reclassification	-	-	-	-
Remeasurement: ECL allowance	(9,743)	-	(2,338)	(12,081)
Closing balance under IFRS 9		**-**	**-**	**343,228**

There were no changes to any other asset or liability captions due to remeasurement or reclassification on initial adoption of IFRS 9.

The total remeasurement loss of £2.3 million was recognised in opening reserves at 1 January 2018. There were no changes due to reclassification, and the whole re-measurement being a change relating to the changes due to the new expected credit loss model.

(c) Reconciliation of impairment allowance balance from IAS 39 to IFRS 9

The new requirements of IFRS 9 have been applied by adjusting the Statement of Financial Position on 1 January 2018, the date of initial application. The Company has taken advantage of the exemption allowing it not to restate comparative information for prior periods with respect to financial information.

The 'incurred loss model' under IAS 39 is replaced with a new forward looking 'expected loss model' under IFRS 9. Impairment provisions 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. Risk of default and expected credit losses must incorporate forward-looking and macroeconomic information.

The new expected credit loss model applies to the following financial instruments that are not measured at FVTPL:

- financial assets that are debt instruments; and
- loan commitments and financial guarantee contracts issues (previously, impairment was measured under IAS 37 Provisions, Contingent Liabilities and Contingent Assets).

Under IFRS 9, no impairment loss is recognised on equity investments. IFRS 9 requires a loss allowance to be recognised at an amount equal to either 12 month expected credit loss ("ECL"), or lifetime ECL. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of the financial instrument, whereas 12-month ECLs are the portion of the ECL that result from default events that are possible within 12 months after the reporting date.

Under IFRS 9, credit loss allowances will be measured on each reporting date according with a three-stage ECL impairment model:

- Stage 1 – from initial recognition of a financial asset to the date on which the asset has experienced a significant increase in credit risk relative to its initial recognition, a loss allowance is recognised equal to the credit losses expected to result from defaults occurring over the next 12 months.
- Stage 2 – Following a significant increase in credit risk relative to the initial recognition of the financial asset, a loss allowance is recognised equal to the credit losses expected over the remaining lifetime of the asset.
- Stage 3 – When a financial asset is considered to be credit-impaired, a loss allowance equal to full lifetime expected credit losses will be recognised. Interest revenue is calculated based on the carrying amount of the asset, net of the loss allowance, rather than on its gross carrying amount.

Under IFRS 9, the population of financial assets and corresponding allowances disclosed as Stage 3 will not necessarily correspond to the amounts of financial assets currently disclosed as impaired in accordance with IAS 39. Consistent with IAS 39, loans are written off when there is no realistic probability of recovery.

Given all financial assets within the scope of the IFRS 9 impairment model will be assessed for at least 12-months of ECLs, and the population of financial assets to which full lifetime ECLs applies is larger than the population of impaired loans for which there is objective evidence of impairment in accordance with IAS 39, loss allowances will be higher under IFRS 9 relative to IAS 39.

Changes in the required credit loss allowance, including the impact of movements between Stage 1 and Stage 2, will be recorded in profit or loss. The impact of moving between 12 month and lifetime ECLs and the application of forward looking information, means provisions are expected to be more volatile under IFRS 9 than IAS 39 due to the Company's continued origination of new assets.

The following table reconciles the prior period's closing impairment allowance measured in accordance with the IAS 39 incurred loss model to the new ECL allowance measured in accordance with the IFRS 9 expected loss model at 1 January 2018:

	Loan loss allowance under IAS 39 £'000	**Remeasure ment £'000**	**Loan loss allowance under IFRS 9 £'000**
Consumer	4,675	1,741	6,416
Property	5,068	597	5,665
SME	-	-	-
Total	**9,743**	**2,338**	**12,081**

The driver behind the remeasurement is the implementation of stage 1 estimate credit losses particularly in the Consumer portfolio.

Accounting Policies

Foreign Currency

The financial statements are prepared in Pounds Sterling because that is the currency of all of the transactions during the period, so has been selected as the presentational currency.

The primary objective of the Company is to generate returns in Pounds Sterling, its capital-raising currency. The liquidity of the Company is managed on a day-to-day basis in Pounds Sterling as the Company's performance is evaluated in that currency. Therefore, the Directors consider Pounds Sterling as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions and is therefore the functional currency.

During the period under review there were no transactions in foreign currencies. Transactions involving foreign currencies would be converted at the exchange rate ruling at the date of the transaction. Foreign currency monetary assets and liabilities would be translated into Pounds Sterling at the exchange rate ruling on the period-end date. Foreign exchange differences arising on translation would be recognised in the Statement of Comprehensive Income.

Presentation of Statement of Comprehensive Income

In order to better reflect the activities of an investment trust company and in accordance with guidance issued by the AIC, supplementary information which analyses the Statement of Comprehensive Income between items of a revenue and capital nature has been presented alongside the Statement of Comprehensive Income.

In respect of the analysis between revenue and capital items presented within the Statement of Comprehensive Income, all expenses and finance costs, which are accounted for on an accruals basis, have been presented as revenue items except those items listed below:

- expenses are allocated to capital where a direct connection with the maintenance or enhancement of the value of the investments can be demonstrated; and
- expenses which are incidental to the disposal of an investment are deducted from the disposal proceeds of the investment.

The following are presented as capital items:

- gains and losses on the realisation of investments;
- increases and decreases in the valuation of investments held at the 30 June 2018;
- realised and unrealised gains and losses on transactions undertaken to hedge an exposure of a capital nature;
- realised and unrealised exchange differences of a capital nature; and
- expenses, together with the related taxation effect, allocated to capital in accordance with the above policies.

Income

Interest from loans are recognised in the Statement of Comprehensive Income for all instruments measured at amortised cost using the effective interest rate method ("EIRM").

The EIRM is a method of calculating the amortised cost of a financial asset or financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate ("EIR") is the rate that exactly discounts estimated future cash flows through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Company takes into account all contractual terms of the financial instrument, for example prepayment options, but does not consider future credit losses. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Fees and commissions which are not considered integral to the EIRM and deposit interest income are recognised on an accruals basis when the service has been provided or received.

Dividend income from investments is recognised when the Company's right to receive payment has been established, normally the ex-dividend date.

Expenses

All expenses are accounted for on the accruals basis. In respect of the analysis between revenue and capital items presented within the Statement of Comprehensive Income, all expenses have been presented as revenue items except as follows:

- Transaction costs which are incurred on the purchases or sales of investments designated as fair value through profit or loss are expensed to capital in the Statement of Comprehensive Income.
- Expenses are split and presented partly as capital items where a connection with the maintenance or enhancement of the value of the investments held can be demonstrated and, accordingly, the management fee for the financial period has been allocated 98. per cent to revenue and 2.0 per cent to capital (being the ratio of Credit Assets to Equity Assets at the period-end), in order to reflect the Directors' long term view of the nature of the expected investment returns of the Company.

Finance costs

Finance costs are accrued on the effective interest rate basis. Since these costs are considered to be an indirect cost of maintaining the value of investments they are allocated in full to revenue.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on the taxable profit for the period. The taxable profit differs from profit before tax as reported in the Statement of Comprehensive Income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using a blended rate as applicable throughout the period.

In line with the recommendations of the SORP, the allocation method used to calculate tax relief on expenses presented against capital returns in the supplementary information in the Statement of Comprehensive Income is the 'marginal basis'. Under this basis, if taxable income is capable of being entirely offset by expenses in the revenue column of the statement of Comprehensive Income, then no tax relief is transferred to the capital return column.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the Statement of Financial Position liability method. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset is realised. Deferred tax is charged or credited in the revenue return column of the Statement of Comprehensive Income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Investment trusts which have approval under Part 24, Chapter 4 of the Corporation Tax Act 2010 are not liable for taxation on capital gains. The Company has been approved as an Investment Trust by HMRC.

Irrecoverable withholding tax is recognised on any overseas dividends on an accruals basis using the applicable rate for the country of origin.

Loans

Loans are initially recognised at a carrying value equivalent to the funds advanced to the borrower plus the costs of acquisition such as broker and packaging fees. After initial recognition loans are subsequently measured at amortised cost using the effective interest rate method less allowance for expected credit losses (see note 10).

Investments

All investments held by the Company have been designated at fair value through profit or loss ("FVPL") but are also described in these financial statements as investments held at fair value and are valued in accordance with the International Private Equity and Venture Capital Valuation Guidelines ("IPEVCV") effective 1 January 2016 as recommended by the British Private Equity and Venture Capital Association.

Purchases and sales of unlisted investments are recognised when the contract for acquisition or sale becomes unconditional.

Fixed assets

Fixed assets are shown at cost less accumulated depreciation. Depreciation is calculated by the Company on a straight-line basis by reference to the original cost, estimated useful life and residual value. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. The period of estimated useful life for this purpose is between one and three years. Residual values are assumed to be nil.

Receivables

Receivables do not carry any interest and are short term in nature. They are initially stated at their nominal value and reduced by appropriate allowances for estimated irrecoverable amounts (if any).

Cash and cash equivalents

Cash and cash equivalents (which are presented as a single class of asset on the Statement of Financial Position) comprise cash at bank and in hand and deposits with an original maturity of three months or less. The carrying value of these assets approximates their fair value.

Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into.

Payables

Payables are non-interest bearing. They are initially stated at their nominal value.

Interest bearing borrowings

Interest bearing borrowings are initially recognised at a carrying value equivalent to the proceeds received net of issue costs associated with the borrowings. After initial recognition, interest bearing borrowings are subsequently measured at amortised cost using the effective interest rate method.

Dividends

Interim dividends are recognised in the period in which they are paid.

Associates

Associates are entities over which the Company has significant influence, but does not control, generally accompanied by a shareholding of between 20 per cent and 50 per cent of the voting rights.

No associates are presented on the Statement of Financial Position as the Company elects to hold such investments at fair value through profit and loss. This treatment is permitted by IAS 28 Investment in Associates and Joint Ventures, which permits investments held by entities that are venture capital organisations, mutual funds or similar entities to be excluded from its measurement methodology requirements where those investments are designated, upon initial recognition, as at fair value through profit or loss and accounted for in accordance with IAS 39 Financial Instruments: Recognition and Measurement. Changes in fair value of associates are recognised in the Statement of Comprehensive Income in the period in which the change occurs. The Company has no interests in associates through which it carries on its business.

The disclosures required by Section 409 of the Companies Act 2006 for associated undertakings are included in Note 18 to the financial statements.

Classification and measurement

Financial assets and financial liabilities are recognised in the Statement of Financial Position when the Company becomes a party to the contractual provisions of the instrument. The Company shall offset financial assets and financial liabilities if it has a legally enforceable right to set off the recognised amounts and interests and intends to settle on a net basis. Financial assets and liabilities are derecognised when the Company settles its obligations relating to the instrument.

From 1 January 2018 IFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics. This is a principal-based approach and applies one classification approach for all types of financial assets. For Debt Instruments two criteria are used to determine how financial assets should be classified and measured:

- the entity's business model (i.e. how an entity manages its financial assets in order to generate cash flows by collecting contractual cash flows, selling financial assets or both); and
- the contractual cash flow characteristics of the financial asset (i.e. whether the contractual cash flows are solely payments of principal and interest).

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL: (a) it is held within a business model whose objective is to hold assets to collect contractual cash flows; and (b) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

(a) it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

(b) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Movements in the carrying amount are taken through the Other Comprehensive Income ("OCI"), except for the recognition of expected credit losses, interest revenue and foreign exchange gains and losses on the investments at amortised cost which is recognised in the Consolidated Statement of Comprehensive Income. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to the Consolidated Statement of Comprehensive Income and recognised in 'Income'. Interest income from these financial assets in included in 'Income' using the EIRM.

Equity instruments are measured at FVTPL, unless they are not held for trading purposes, in which case an irrevocable election can be made on initial recognition to measure them at FVOCI with no subsequent reclassification to profit or loss. This election is made on an investment by investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. In addition, on initial recognition the company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

For financial liabilities, most of the pre-existing requirements for classification and measurement previously included in IAS 39 were carried forward unchanged into IFRS 9.

Business model assessment

The Company will assess the objective of the business model in which a financial asset is held at a portfolio level in order to generate cash flows because this best reflects the way the business is managed, and information is provided to the Investment Manager. That is, whether the Company's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these are applicable, then the financial assets are classified as part of the other business model and measured at FVTPL.

The information that will be considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice, including whether the strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of assets;
- Past experience on how the cash flows for these assets were collected;
- How the performance of the portfolio is evaluated and reported to the Investment Manager;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed; and
- The frequency, volume and timing of sales in prior periods, the reasons for such sales and expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Investment Manager's stated objective for managing the financial assets is achieved and how cashflows are realised.

Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a reasonable profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the contractual terms of the instrument will be considered. This will include assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment the following features will be considered:

- Contingent events that would change the amount and timing of cash flows;
- Leverage features;
- Prepayment and extension terms;
- Terms that limit the Company's claim to cash flows from specified assets, e.g. non-recourse asset arrangements; and
- Features that modify consideration for the time value of money, e.g. periodic reset of interest rates.

Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets. Examples of equity instruments include basic ordinary shares.

The Company subsequently measures all equity investments at FVTPL Gains and losses on equity investments at FVTPL are included in the 'Income' line in the Statement of Comprehensive Income.

Comparative periods - 2017

For comparative periods prior to 1 January 2018 financial assets have been classified Under IAS 39. Under IAS 39 the Company can classify its financial assets into the following measurement categories: (i) financial assets held at fair value through profit or loss ("FVPL"); (ii) loans and receivables; (iii) held-to-maturity; and (iv) available for sale. Financial liabilities can be classified as either held at fair value through profit or loss, or at amortised cost using the EIRM.

Financial assets and liabilities are classified at initial recognition.

Financial assets and liabilities held at fair value through profit or loss

This category has two sub-categories: Financial assets and liabilities held for trading, and those designated at fair value through profit or loss at inception.

A financial asset or liability is classified as trading if acquired principally for the purpose of selling in the short-term, this does not apply to the Company.

Financial assets and liabilities may be designated at fair value through profit or loss when:

- the designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities on a different basis;
- a group of financial assets and/or liabilities is managed, and its performance evaluated on a fair value basis; or
- the assets or liabilities include embedded derivatives and such derivatives are required to be recognised separately.

Financial assets and liabilities held at fair value through profit or loss are subsequently carried at fair value, with gains and losses arising from changes in fair value taken directly to the consolidated income statement.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and it is expected that substantially all of the initial investment will be recovered, other than because of credit deterioration. Loans and receivables are subsequently carried at amortised cost using the EIRM and recorded net of provisions for impairment losses.

Held-to-maturity

Held-to-maturity assets are those assets purchased with the intention of holding to the investment maturity. This is reported at amortised cost using the EIRM. All bonds held by the Company are currently held-to-maturity.

Available for sale

Available for sale assets are those non-derivative financial assets intended to be held for an indefinite period of time, which may be sold in response to liquidity requirements or changes in interest rates, exchange rates or equity prices. Available for sale financial assets are subsequently carried at fair value, with gains and losses arising from changes in fair value taken to a separate component of equity until the asset is sold, or is impaired, when the cumulative gain or loss is transferred to the consolidated statement of comprehensive income. The Company has no AFS.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or where the Company has transferred substantially all risks and rewards of ownership. If substantially all the risks and rewards have been neither retained nor transferred and the Company has retained control, the assets continue to be recognised to the extent of the Company's continuing involvement. Financial liabilities are derecognised when they are extinguished.

Expected Credit loss allowance for financial assets measured at amortised cost

The impairment charge in the income statement includes the change in expected credit losses which are recognised for loans and advances to customers, other financial assets held at amortised cost and certain loan commitments.

At initial recognition, allowance is made for expected credit losses resulting from default events that are possible within the next 12 months (12-month expected credit losses). In the event of a significant increase in credit risk, allowance (or provision) is made for expected credit losses resulting from all possible default events over the expected life of the financial instrument (lifetime expected credit losses). Financial assets where 12-month expected credit losses are recognised are considered to be Stage 1; financial assets which are considered to have experienced a significant increase in credit risk are in Stage 2; and financial assets which have defaulted or are otherwise considered to be credit impaired are allocated to Stage 3.

The measurement of ECLs will primarily be based on the product of the instrument's probability of default ("PD"), loss given default ("LGD"), and exposure at default ("EAD"), taking into account the value of any collateral held or other mitigants of loss and including the impact of discounting using the effective interest rate.

- The PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months ("12M PD"), or over the remaining lifetime ("Lifetime PD") of the obligation.
- EAD is based on the amounts the Company expects to be owed at the time of default, over the next 12 months ("12M EAD") or over the remaining lifetime ("Lifetime EAD"). For example, for a revolving commitment, the Company includes the current drawn balance plus any further amount that is expected to be drawn up to the current contractual limit by the time of default, should it occur.
- LGD represents the Company's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of exposure at the time of default (EAD). LGD is calculated on a 12-month or lifetime basis, where 12-month LGD is the percentage of loss expected to be made if the default occurs in the next 12 months and Lifetime LGD is the percentage of loss expected to be made if the default occurs over the remaining expected lifetime of the loan.

The ECL is determined by projecting the PD, LGD, and EAD for each future month and for each individual exposure or collective segment. These three components are multiplied together and adjusted for the likelihood of survival (i.e. the exposure has not prepaid or defaulted in an earlier month). This effectively calculates an ECL for each future month, which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

The Lifetime PD is developed by applying a maturity profile to the current 12M PD. The maturity profile looks at how defaults develop on a portfolio from the point of initial recognition throughout the lifetime of the loans. The maturity profile is based on historical observed data and is assumed to be the same across all assets within a portfolio and credit grade band. This is supported by historical analysis.

The 12-month and lifetime EADs are determined based on the expected payment profile, which varies by product type.

- For amortising products and bullet repayment loans, this is based on the contractual repayments owed by the borrower over a 12 month or lifetime basis. This will also be adjusted for any expected overpayments made by a borrower. Early repayment/refinance assumptions are also incorporated into the calculation.
- For revolving products, the exposure at default is predicted by taking current drawn balance and adding a "credit conversion factor" which allows for the expected drawdown of the remaining limit by the time of default. These assumptions vary by product type and current limit utilisation band, based on analysis of the Company's recent default data.

The 12-month and lifetime LGDs are determined based on the factors which impact the recoveries made post default. These vary by product type.

- For secured products, this is primarily based on collateral type and projected collateral values, historical discounts to market/book values due to forced sales, time to repossession and recovery costs observed.
- For unsecured products, LGD's are typically set at product level due to the limited differentiation in recoveries achieved across different borrowers. These LGD's are influenced by collection strategies, including contracted debt sales and price.

The main difference between Stage 1 and Stage 2 is the respective PD horizon. Stage 1 estimates will use a maximum of a 12-month PD, while Stage 2 estimates will use a lifetime PD. Stage 3 estimates will continue to leverage existing processes for estimating losses on impaired loans, however, these processes will be updated to reflect the requirements of IFRS 9, including the requirement to consider multiple forward-looking scenarios.

Movements between Stage 1 and Stage 2 are based on whether an instrument's credit risk as at the reporting date has increased significantly relative to the date it was initially recognised. Where the credit risk subsequently improves such that it no longer represents a significant increase in credit risk since origination, the asset is transferred back to Stage 1. Where the credit risk subsequently improves such that it no longer represents a significant increase in credit risk since origination, the asset is transferred back to Stage 1.

In assessing whether a borrower has had a significant increase in credit risk the following indicators will be considered:

- Consumer
  - Short-term forbearance
  - Extension of terms granted
- Wholesale/SME/Property
  - Significant increase in credit spread
  - Significant adverse changes in business, financial and/or economic conditions in which the borrower operates
  - Actual or expected forbearance or restructuring
  - Actual or expected significant adverse change in operating results of the borrower
  - Significant change in collateral value (secured facilities only) which is expected to increase the risk of default
  - Early signs of cashflow/liquidity problems such as delay in servicing of trade creditors

However, unless identified at an earlier stage, the credit risk of financial assets is deemed to have increased significantly when more than 30 days past due.

Movements between Stage 2 and Stage 3 are based on whether financial assets are credit-impaired as at the reporting date. IFRS 9 contains a rebuttable presumption that default occurs no later than when a payment is 90 days past due. The Company uses this 90-day backstop for all its. For UK second mortgages, the Company has assumed a backstop of 180 days past due as mortgage exposures more than 90 days past due, but less than 180 days, typically show high cure rates and this aligns to the Company's risk management practices. The determination of credit-impairment under IFRS 9 will be similar to the individual assessment of financial assets for objective evidence of impairment under IAS 39. Assets can move in both directions through the stages of the impairment model.

In assessing whether a borrower is credit impaired the following indicators will be considered:

- Qualitative;
  - Consumer
    - Long-term forbearance
    - Borrower deceased
    - Borrower insolvent
  - Wholesale/SME/Property
    - Borrower in breach of financial covenants
    - Concessions have been made by the lender relating to the borrower's financial difficulty
    - Significant adverse changes in business, financial or economic conditions on which the borrower operates
    - Long term forbearance or restructuring

- Quantitative;
    - The remaining lifetime PD at the reporting date has increased, compared to the residual lifetime PD expected at the reporting date when the exposure was first recognised.
    - Based on data developed internally and obtained from external sources.

The criteria for determining whether credit risk has increased significantly will vary by portfolio and will include a backstop based on delinquency. IFRS 9 contains a rebuttable presumption that default occurs no later than when a payment is 90 days past due. The Company uses this 90-day backstop for all its.

The criteria above have been applied to all financial instruments held by the Company and are consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to model the PD, EAD and LGD throughout the Company's expected loss calculations.

Inputs into the assessment of whether a financial instrument is in default and their significant may vary over time to reflect changes in circumstances.

Under IFRS 9, when determining whether the credit risk (i.e. the risk of default) on a financial instrument has increased significantly since initial recognition, reasonable and supportable information that is relevant and available without undue cost or effort, including both quantitative and qualitative information and analysis based on historical experience, credit assessment and forward-looking information.

The measurement of expected credit losses for each stage and the assessment of significant increases in credit risk must consider information about past events and current conditions as well as reasonable and supportable forward-looking information. A 'base case' view of the future direction of relevant economic variables and a representative range of other possible forecasts scenarios. The process will involve developing two economic scenarios and considering the relative probabilities of each outcome.

The base case will represent a most likely outcome and be aligned with information used for other purposes, such as strategic planning and budgeting. The Company uses two other scenarios to ensure non-linearities are captured. The number of scenarios and their attributes are reassessed at each reporting date. At 30 June 2018, all the portfolios of the Company use one positive, more optimistic and two downside, more pessimistic outcomes. The scenario weightings are determined by a combination of statistical analysis and expert credit judgement, taking account of the range of possible outcomes each chosen scenario is representative of.

The estimation and application of forward-looking information requires significant judgement. PD, LGD and EAD inputs used to estimate Stage 1 and Stage 2 credit loss allowances, are modelled based on the macroeconomic variables (or changes in macroeconomic variables) that are most closely correlated with credit losses in the relevant portfolio. The Bank of England macroeconomic scenarios, as well as baseline upside and downside economic scenarios have been used in the expected credit loss calculation by the Company.

As with any economic forecasts, the projections and likelihoods of occurrence are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different to those projected. The Company considers these forecasts to represent its best estimate of the possible outcomes and has analysed the non-linearities and asymmetries within the Company's different portfolios to establish that the chosen scenarios are appropriately representative of the range of possible scenarios.

Other forward-looking considerations not otherwise incorporated within the above scenarios, such as the impact of any regulatory, legislative or political changes, have also been considered, but are not deemed to have a material impact and therefore no adjustment has been made to the ECL for such factors. This is reviewed and monitored for appropriateness on a quarterly basis.

Collateral and other credit enhancements

The Company employs a range of policies to mitigate credit risk. The most common of these is accepting collateral for funds advanced. The Company has internal policies of the acceptability of specific classes of collateral or credit risk mitigation.

The Company prepares a valuation of the collateral obtained as part of the loan origination process. This assessment is reviewed periodically. The principal collateral types for loans and advances are:

- Mortgages over residential properties;
- Margin agreement for derivatives, for which the Company has also entered into master netting agreements;
- Charges over business assets such as premises, inventory and accounts receivable; and
- Charges over financial instruments such as debt securities and equities.

Longer-term finance and lending to corporate entities are generally secured; revolving individual credit facilities are generally unsecured.

Collateral held as security for financial assets other than loans and advances depends on the nature of the instrument. Debt securities, treasury and other eligible bills are generally unsecured, with the exception of asset-backed securities and similar instruments, which are secured by portfolios of financial instruments. Derivatives are also collateralised.

The Company's policies regarding obtaining collateral have not significantly changed during the reporting period and there has been no significant change in the overall quality of the collateral held by the Company since the prior period.

The Company closely monitors collateral held for financial assets considered to be credit-impaired, as it becomes more likely that the Company will take possession of collateral to mitigate potential credit losses.

Modification of financial assets

The Company sometimes modifies the terms or loans provided to customers due to commercial renegotiations, or for distressed loans, with a view to maximising recovery.

Such restructuring activities include extended payment term arrangements, payment holidays and payment forgiveness. Restructuring policies and practice are based on indicators or criteria which, in the judgement of management, indicate that payment will most likely continue. These policies are kept under continuous review. Restructuring is most commonly applied to term loans.

The risk of default of such assets after modification is assessed at the reporting date and compared with the risk under the original terms at initial recognition, when the modification is not substantial and so does not result in derecognition of the original assets. The Company monitors the subsequent performance of modified assets. The Company may determine that the credit risk has significantly improved after restructuring, so that the assets are moved from Stage 3 or Stage 2.

Modification of loans

The Company sometimes renegotiates or otherwise modifies the contractual cash flows of loans to customers. When this happens, the Company assesses whether or not the new terms are substantially different to the original terms. The Company does this by considering, among others, the following factors:

- If the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flows to amounts the borrower is expected to be able to pay;
- Whether any substantial new terms are introduced, such as a profit share/equity-based return that substantially affects the risk profile of the loan;
- Significant extension of the loan term when the borrower is not in financial difficulty;
- Significant change in the interest rate;
- Change in the currency the loan is denominated in; and
- Insertion of collateral, other security or credit enhancements that significantly affect the credit risk associated with the loan.

If the terms are substantially different, the Company derecognises the original financial asset and recognises a 'New' asset at fair value and recalculates a new effective interest rate for the asset. The date of renegotiation is consequently considered to be the date of initial recognition for impairment calculation purposes, including for the purpose of determining whether a significant increase in credit risk has occurred. However, the Company also assesses whether the new financial asset recognised is deemed to be credit-impaired at initial recognition, especially in circumstances where the renegotiation was driven by the debtor being unable to make the originally agreed payments. Differences in the carrying amounts are also recognised in the Consolidated Statement of Comprehensive Income as a gain or loss on derecognition.

If the terms are not substantially different, the renegotiation or modification does not result in derecognition, and the Company recalculates the gross carrying amount based on the revised cash flows of the financial asset and recognises a modification gain or loss in the Consolidated Statement of Comprehensive Income. The new gross carrying amount is recalculated by discounting the modified cash flows at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets).

Derecognition other than a modification

Financial assets, or a portion thereof, are derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either (i) the Company transfers substantially all the risks and rewards of ownership, or (ii) the Company neither transfers nor retains substantially all the risks and rewards of ownership and the Company has not retained control.

The Company enters into transactions where it retains the contractual rights to receive cash flows from assets but assumes a contractual obligation to pay those cash flows to other entities and transfers substantially all of the risks and rewards. These transactions are accounted for as 'pass through' transfers that result in derecognition if the Company:

- Has no obligation to make payments unless it collects equivalent amounts from the assets;
- Is prohibited from selling or pledging the assets; and
- Has an obligation to remit any cash it collects from the assets without material delay.

Collateral (shares and bonds) furnished by the Company under standard repurchased agreements and securities lending and borrowing transactions are not derecognised because the Company retains substantially all the risks and rewards on the basis of the predetermined repurchase price, and the criteria for derecognition are therefore not met. This also applies to certain securitisation transactions in which the Company retains a subordinated residual interest.

Financial liabilities

Classification and subsequent measurement

In both the current period and prior year, financial liabilities are classified as subsequently measured at amortised cost, except for:

- Financial liabilities at fair value through profit or loss: this classification is applied to derivatives, financial liabilities held for trading (e.g. short positions in the trading booking) and other financial liabilities designated as such at initial recognition. Gains or losses on financial liabilities designated at fair value through profit or loss are presented partially in other comprehensive income (the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability, which is determined as the amount that is not attributable to change in market conditions that give rise to market risk) and partially profit or loss (the remaining amount of change in the fair value of the liability). This is unless such a presentation would create, or enlarge, an accounting mismatch, in which case the gains and losses attributable to changes in the credit risk of the liability are also presented in the Consolidated Statement of Comprehensive Income;
- Financial liabilities arising from the transfer of financial assets which did not qualify for derecognition, whereby a financial liability is recognised for the consideration received for the transfer. In subsequent periods, the Company recognises any expense incurred on the financial liability; and
- Financial guarantee contracts and loan commitments

Derecognition

Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires).

Different terms, as well as substantial modifications of the terms of existing financial liabilities, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. In addition, other qualitative factors, such as the currency that the instrument is denominated in, changes in the type of interest rate, new conversion features attached to the instrument and change in covenants are also taken into consideration. If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

Comparative periods - 2017

The allowance for impairment losses on loans and receivables is the Company's best estimate of losses incurred in the portfolio at the reporting date. In determining the required level of impairment provisions, the Company uses the outputs from the analysis of historical data. Judgement is required to assess the robustness of the outputs from this analysis and, where necessary, make appropriate adjustments. Impairment allowances are made up of two components, those determined collectively ("Collective Impairment") and those determined individually ("Individual Impairment"). Both components are applied to Consumer Loans, whilst only individual impairment provisions are calculated for Wholesale loans.

Collective Impairment

Collective Impairment allowances are applied to Consumer Loans with their smaller balances and homogenous product. This impairment provision is established where it is believed that a loan is impaired, but this is not evidenced by way of a default on contractual terms. Analysis takes into account factors such as the type of asset, collateral type, past due status and other relevant factors. These characteristics are relevant to the estimation of future cash flows for groups of such assets as they are indicative of the borrower's ability to pay all amounts due according to the contractual terms of the assets being evaluated. Generally, the impairment trigger used within the impairment calculation for a loan, or group of loans, is when they reach a pre-defined level of delinquency or where the customer is bankrupt. Loans where the Company provides arrangements that forgive a portion of interest or principal are also deemed to be impaired.

In addition, the collective provision also includes provision for inherent losses, that is losses that have been incurred but have not been separately identified at the reporting date. The loans that are not currently recognised as impaired are grouped into homogenous portfolios by product type. An assessment is made of the likelihood of assets being impaired at the balance sheet date and being identified subsequently; the length of time taken to identify that an impairment event has occurred is known as the loss emergence period. The loss emergence period is determined by the Investment Manager for each portfolio which are dependent upon the characteristics of the portfolio. Loss emergence periods are reviewed regularly and updated when appropriate. In general, the period used is 3 months based on historical experience. This provision is sensitive to changes in the loss emergence period. Management use a significant level of judgement when determining the collective unidentified impairment provision, including the assessment of the level of overall risk existing within particular sectors and the impact of the low interest rate environment on loss emergence periods.

The collective impairment allowance is also subject to estimation uncertainty and in particular is sensitive to changes in economic and credit conditions, including the interdependency of house prices, unemployment rates, interest rates, borrowers' behaviour, and consumer bankruptcy trends. It is, however, inherently difficult to estimate how changes in one or more of these factors might impact the collective impairment allowance.

Individual Impairment

Individual Impairment provisions are considered against the assets based on pools of assets of a similar nature.

Consumer - The Company calculates specific impairment provisions based on the Probability of Default ("PD") multiplied by the Exposure at Default ("EAD") multiplied by the Loss Given Default ("LGD"):

- The PD is based on the probability, dependent on stage of arrears, that the loan will not recover to perform in line with contractual payment terms; the assessment of the PD uses historical experience of cohorts of similar products. Future cash flows are estimated on the basis of the contractual cash flows of the assets in the cohort and historical loss experience for similar assets. The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Investment Manager to reduce any differences between loss estimates and actual loss experience.
- The EAD is an estimate of the remaining exposure once a loan defaults taking into account expected further repayments and is dependent on stage of arrears.
- The LGD is based upon the Investment Manager's view of losses, taking into consideration any collateral and the likely recovery of any unsecured portion of the loan. The estimated cash flows are calculated based on historical experience and are dependent on estimates of the expected value of collateral which takes into account house prices, and the net proceeds which might be achieved in the event the property is repossessed and any prior mortgages are repaid. The value of collateral supporting the Company's secured loan portfolio is estimated by applying changes in the house price indices to the original assessed value of the property and periodic updates of the first mortgage balances.

Wholesale – Wholesale assets are reviewed on a regular basis and those showing potential or actual vulnerability are placed on a watch list where greater monitoring is undertaken by the Investment Manager and any adverse or potentially adverse impact on ability to repay is used in assessing whether an asset should receive more detailed scrutiny and support.

Specific examples of trigger events that could lead to the initial recognition of impairment allowances against lending to wholesale borrowers (or the recognition of additional impairment allowances) include (i) trading losses, loss of business or major customer of a borrower; (ii) material breaches of the terms and conditions of a loan facility, including non-payment of interest or principal, or a fall in the value of security such that it is no longer considered adequate; (iii) disappearance of an active market because of financial difficulties; or (iv) restructuring a facility with preferential terms to aid recovery of the lending (such as a debt for equity swap). For such individually identified financial assets, a review is undertaken of the expected future cash flows which requires significant management judgement as to the amount and timing of such cash flows. Where the debt is secured, the assessment reflects the expected cash flows from the realisation of the security, net of costs to realise, whether or not foreclosure or realisation of the collateral is probable. The determination of individual impairment allowances requires the exercise of considerable judgement by management involving matters such as local economic conditions and the resulting trading performance of the customer, and the value of the security held, for which there may not be a readily accessible market. The actual amount of the future cash flows and their timing may differ significantly from the assumptions made for the purposes of determining the impairment allowances and consequently these allowances can be subject to variation as time progresses and the circumstances of the customer become clearer.

Adoption of New and Revised Standards

At the date of authorisation of these financial statements, the following standards and interpretations, which have not been applied in these financial statements, were in issue but were not yet effective (and in some cases, had not been adopted by the European Union):

IFRS 15 Revenue from Contracts with Customers

The Directors do not anticipate that the adoption of this standard and interpretations will have a material impact on the financial statements in the period of initial application, given the nature of the Company's business.

Other future developments include the IASB undertaking a comprehensive review of existing IFRSs. The Company will consider the financial impact of these new standards as they are finalised.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with IFRS adopted in the EU requires the Company to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Although these estimates are based on the Directors' best knowledge of the amount, actual results may differ ultimately from those estimates.

The areas requiring a higher degree of judgement or complexity and areas where assumptions and estimates are significant to the financial statements, are in relation to effective interest rate, expected credit losses and investments at fair value through profit or loss. These are detailed below below.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Expected Credit loss allowance for financial assets measured at amortised cost

The calculation of the Company's ECL allowances and provisions against loan commitments and guarantees under IFRS 9 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. The most significant are set out below.

Definition of default - The PD of an exposure, both over a 12-month period and over its lifetime, is a key input to the measurement of the ECL allowance. Default has occurred when there is evidence that the customer is experiencing significant financial difficulty which is likely to affect the ability to repay amounts due.

The definition of default adopted by the Company is described in expected credit loss allowance for financial assets measured at amortised cost above.

.

As noted on page 35, the Company has rebutted the presumption in IFRS 9 that default occurs no later than when a payment is 90 days past due. The impact on the Company's ECL allowance of assuming a backstop of 180 days past due for Real estate is not material.

The lifetime of an exposure - To derive the PDs necessary to calculate the ECL allowance it is necessary to estimate the expected life of each financial instrument. A range of approaches has been adopted across different product groupings including the full contractual life and taking into account behavioural factors such as early repayments and refinancing. The Company has defined the lifetime for each product by analysing the time taken for all losses to be observed and for a material proportion of the assets to fully resolve through either closure or write-off.

Significant increase in credit risk ("SICR") - Performing assets are classified as either Stage 1 or Stage 2. An ECL allowance equivalent to 12 months expected losses is established against assets in Stage 1; assets classified as Stage 2 carry an ECL allowance equivalent to lifetime expected losses. Assets are transferred from Stage 1 to Stage 2 when there has been an SICR since initial recognition. As described in xxx above, the Company uses a quantitative test together with qualitative indicators and a backstop of 30 days past due for determining whether there has been a SICR. The setting of precise trigger points combined with risk indicators requires judgement. The use of different trigger points may have a material impact upon the size of the ECL allowance.

Forward looking information - The measurement of expected credit losses is required to reflect an unbiased probability-weighted range of possible future outcomes.

In order to do this the Company uses a model to project a number of key variables to generate future economic scenarios. These are ranked according to severity of loss and three economic scenarios have been selected to represent an unbiased and full loss distribution. They represent a 'most likely outcome' (the Base case scenario) and two, less likely, 'outer' scenarios, referred to as the 'Upside' and 'Downside' scenarios. These scenarios are used to produce a weighted average PD for each product grouping which is used to determine stage allocation and calculate the related ECL allowance. This weighting scheme is deemed appropriate for the computation of unbiased ECL. Key scenario assumptions are set using the average of forecasts from external economists, helping to ensure the IFRS 9 scenarios are unbiased and maximise the use of independent information. Using externally available forecast distributions helps ensure independence in scenario construction. While key economic variables are set with reference to external distributional forecasts, we also align the overall narrative of the scenarios to the macroeconomic risks faced by the Company.

The choice of alternative scenarios and probability weighting is a combination of quantitative analysis and judgemental assessments, designed to ensure that the full range of possible outcomes and material non-linearity are captured. Paths for the two outer scenarios are benchmarked to the Base scenario and reflect the economic risk assessment. Scenario probabilities reflect management judgement and are informed by data analysis of past recessions, transitions in and out of recession, and the current economic outlook. The key assumptions made, and the accompanying paths, represent our 'best estimate' of a scenario at a specified probability. Suitable narratives are developed for the Central scenario and the paths of the two outer scenarios. Using three scenarios, will be insufficient in certain economic environments. Additional analysis may be requested at management's discretion, including the production of extra scenarios. We anticipate there will be only limited instances when the standard approach will not apply.

The Base case, Upside and Downside scenarios are generated at 1 January annually and are only updated during the year if economic conditions change significantly.

Effective Interest Rate Model

Within the EIRM there are several areas of judgement that need to be applied which impact the rate at which interest, fees and expenses are recognised. These areas of judgement are required to be updated on a periodic basis to ensure that they accurately reflect management's best estimate of future cash flows. Key areas of judgement within the policy include:

- Estimated cash flow excluding expected losses
- Incurred losses at acquisition
- Fees and expenses

Equity Investments

The unquoted equity assets are valued on a periodic basis using techniques including a market approach, costs approach and/or income approach. The valuation process is collaborative, involving the finance and investment functions of the Investment Manager with the final valuations being reviewed by the Investment Manager's Valuation Committee. Given the recent nature of the equity investments currently held, the valuations have been completed using the transaction prices. In future years the specific techniques used will typically include earnings multiples, discounted cash flow analysis, the value of recent transactions, and, where appropriate, industry rules of thumb. The valuations will often reflect a synthesis of a number of different approaches in determining the final fair value estimate. The individual approach for each investment will vary depending on relevant factors that a market participant would take into account in pricing the asset. These might include the specific industry dynamics, the Investee's stage of development, profitability, growth prospects or risk as well as the rights associated with the particular security.

Shareholders should note that increases or decreases in any of the inputs in isolation may result in higher or lower fair value measurements. Changes in fair value of all investments held at fair value are recognised in the Statement of Comprehensive Income as a capital item. On disposal, realised gains and losses are also recognised in the Statement of Comprehensive Income. Transaction costs are included within gains or losses on investments held at fair value, although any related interest income, dividend income and finance costs are disclosed separately in the financial statements.

4. 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, wholesale lending 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.

5. INCOME

	30 Jun 2018 (Unaudited) £'000	30 Jun 2017 (Unaudited) £'000	31 Dec 2017 (Audited) £'000
Investment income			
Interest income	21,774	13,079	31,138
Commitment fee income	286	101	296
Arrangement fee income	414	108	337
Total investment income	**22,474**	**13,288**	**31,771**
Other income			
Deposit interest	1	2	2
Total investment income	**22,475**	**13,290**	**31,773**

	30 Jun 2018 (Unaudited) £'000	30 Jun 2017 (Unaudited) £'000	31 Dec 2017 (Audited) £'000
Loss on investment			
Loss on Investment in unlisted equities	(750)	-	-
Total loss on investment	**(750)**	**-**	**-**

6. 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 2018 (June 2017: £nil).

7. OTHER EXPENSES

	30 Jun 2018 (Unaudited) £'000	30 Jun 2017 (Unaudited) £'000	31 Dec 2017 (Audited) £'000
Directors' fees	68	54	118
Administrator's fees	96	62	146
Auditors' remuneration	40	41	110
Amortisation	138	111	240
Other expenses	263	147	432
Total other expenses	**605**	**415**	**1,046**

All expenses are inclusive of VAT where applicable. Directors' fees above include £60,500 (June 2017: £47,750) paid to Directors' and £7,735 (June 2017: £5,921) of employment taxes and valid business expenses.

During the period, the auditor provided reporting accountant services in relation to the issuance of ordinary shares in April 2018. These non-audit fees amounted to £3,966 (June 2017: £65,898 in relation to May 2017 equity raise). These costs have been deducted from the proceeds from the issuance of ordinary shares in line with IAS 32.

Company Secretary

During 2018 Link Company Matters Limited (the "Company Secretary") replaced Apex Fund Services (UK) Ltd as the company secretary of the Company. 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, and under the terms of the placing agreement was entitled to placing commission equal to 1 per cent of gross proceeds (exclusive of VAT and out of pocket expenses). The broker agreement between Liberum and the Company can be terminated by either party providing three months' written notice.

8. ORDINARY DIVIDENDS

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

	30 Jun 2018 (Unaudited) £'000	30 Jun 2017 (Unaudited) £'000	31 Dec 2017 (Audited) £'000
23.50p Interim dividend for the period to 31 December 2016 (paid on 28 March 2017)	-	4,683	4,683
24.50p Interim dividend for the period to 31 March 2017 (paid on 16 June 2017)	-	4,882	4,882
20.00p Interim dividend for the period to 30 June 2017 (paid 29 September 2017)	-	-	5,985
20.00p Interim dividend for the period to 30 September 2017 (paid 29 December 2017)	-	-	5,985
20.00p Interim dividend for the period to 31 December 2017 (paid 29 March 2018)	5,985	-	-
20.00p Interim dividend for the period to 31 March 2018 (paid 30 April 2018)	5,985	-	-
Total dividend paid in period	**11,970**	**9,565**	**21,535**
20.00p Interim dividend for the period to 30 June 2017 (declared 31 Aug 2017)	-	5,985	-
20.00p Interim dividend for the period to 31 December 2017 (paid 29 March 2018)	-	-	5,985
Total dividend	**11,970**	**15,550**	**22,837**

9. EARNINGS PER SHARE

The calculation at 30 June 2018 is based on revenue returns of £13.364 million, capital returns of £(0.792) million and total returns of £12.572 million and a weighted average number of ordinary shares of 33,398,880.

The calculation at 30 June 2017 is based on revenue returns of £8.953 million, capital returns of £(0.041) million and total returns of £8.912 million and a weighted average number of ordinary shares of 21,638,817.

The calculation at 31 December 2017 is based on revenue returns of 21.042 million, capital returns of £(0.081) million and total returns of £20.961 million and a weighted average number of ordinary shares of 25,816,521.

	30 Jun 2018 (Unaudited)	**30 Jun 2017 (Unaudited)**	**31 Dec 2017 (Audited)**
Revenue pence	40.0p	41.4p	**81.5p**
Capital pence	(2.4)p	(0.2)p	**(0.3)p**
Earnings per ordinary share	**37.6p**	**41.2p**	**81.2p**

10. 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 ECL. Under the expected credit loss model introduced by IFRS 9 the incurred loss model under IAS 39 is replaced. Due to the forward-looking nature of IFRS 9, the scope of financial instruments on which ECL are recognised is greater than the scope of IAS 39.

The following table analyse loans by industry sector and represent the concentration of exposures on which credit risk is managed. Please see note 23 for more detail on the allowance for ECL.

	30 June 2018			**1 January 2018**		
	Gross Carrying Amount £'000	**Allowance for ECL £'000**	**Net Carrying Amount £'000**	**Gross Carrying Amount £'000**	**Allowance for ECL £'000**	**Net Carrying Amount £'000**
Investments at amortised cost						
Consumer	294,270	(8,225)	233,645	233,644	(6,416)	227,228
Property	158,548	(7,747)	150,801	106,926	(5,665)	101,261
SME	38,512	(34)	14,738	14,739	-	14,739
Total Assets	**491,330**	**(16,006)**	**475,324**	**355,309**	**(12,081)**	**343,228**

Selected 2017 Investments at amortised cost disclosures

The disclosures below were included in our 2017 external reports and do not reflect the adoption of IFRS 9. As these tables are not directly comparable to the current 2018 investments at amortised cost tables, which are disclosed on an IFRS 9 basis, these 2017 disclosures have been shown below and not adjacent to 2018 tables.

	30 Jun 2017 (Unaudited) £'000	**31 Dec 2017 (Audited) £'000**
Held-to-maturity bond investments	-	10,314
Amortised cost before impairment	300,087	344,995
Cumulative Impairment Provision	(7,652)	(9,743)
Carrying Value	**292,435**	**345,566**

Cumulative impairment includes incurred losses already present on the loan portfolios acquired at a discount to face value in secondary transactions which are brought onto the Statement of Financial Position at an amount that includes impairment losses up to the date of their acquisition. Impairment included in the Statement of Financial Position for the period is reported in impairment of loans in the Statement of Comprehensive Income.

	30 Jun 2017 (Unaudited) £'000	31 Dec 2017 (Audited) £'000
Loans with no payments past due)	1,252	1,374
Loans up to 1 payment past due	71	96
Loans 1–2 payments past due	291	279
Loans 2–3 payments past due	228	351
Loans 3–4 payments past due	396	603
Loans more than 4 payments past due	5,414	7,040
Cumulative impairment	**7,652**	**9,743**

(b) Expected Credit Loss allowance for IFRS 9

Under Expected credit loss model introduced by IFRS 9 the incurred loss model under IAS 39 is replaced. Impairment provisions 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.

	Consumer £'000	Property £'000	SME £'000	Total £'000
At 1 January 2018	3,589	6,154	-	9,743
Changes on initial application of IFRS 9	1,785	553	-	2,338
Revised opening balance 1 January 2018	**5,374**	**6,707**	**-**	**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**
Acquired losses on acquisition	-	1,270	-	1,270
Amounts written off during the period	(122)	-	-	(122)
Amounts recovered during the period	-	-	-	-
Carrying Value	**7,183**	**8,789**	**34**	**16,006**

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.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 above, 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. Expected losses 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. or most portfolios, the Company has adopted the use of three economic scenarios, representative of our 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.

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.

Selected 2017 Accumulated allowance for impairment losses on loans and receivables disclosures

The disclosures below were included in our 2017 external reports and do not reflect the adoption of IFRS 9. As these tables are not directly comparable to the current 2018 credit risk tables, which are disclosed on an IFRS 9 basis, these 2017 disclosures have been shown below and not adjacent to 2018 tables.

Under IAS 39 the Company segmented its assets into 2 categories when considering impairment provisions; Consumer and Wholesale. Impairment provisions were subject to periodic review conducted by the Investment Manager's Valuation Committee, with the underlying assumptions monitored on an on-going basis and revised accordingly based on actual loss experience of the business.

There was no impairment of Wholesale assets at the 30 June 2017 or 31 December 2017.

The following impairment amounts have been recorded in the Statement of Financial Position relating to investments at amortised cost during the period from 1 January 2017 to 30 June 2017:

	Total £'000
At 1 January 2017	6,187
Incurred Losses (Portfolio Acquisition)	282
Charge for the period	1,183
Amounts written off during the period	-
Amounts recovered during the period	-
Cumulative impairment 30 June 2017	**7,652**

The table below sets out the movement of the impairment provision from 1 January 2017 to 31 December 2017.

	Total £'000
At 1 January 2017	6,187
Incurred Losses (Portfolio Acquisition)	773
Charge for the period	2,783
Amounts written off during the period	-
Amounts recovered during the period	-
Cumulative impairment 31 Dec 2017	**9,743**

Write-offs take place where it is deemed the balance is irrecoverable or it is no longer considered economically viable to try and recover the asset or final settlement is reached and the shortfall written off. In the event of write off, the customer balance and any related impairment balance are removed from the balance sheet. Before any balance is written off an extensive set of collections processes will have been completed, or the status of the account reaches a point where policy dictates that forbearance is no longer appropriate.

11. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

(a) Movements in the period

	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 realised (losses)/gains	(750)
Closing fair value at 30 June 2018	**7,980**
Comprising:	
Closing cost as at 30 June 2018	7,980
Closing fair value as at 30 June 2018 (Unaudited)	**7,980**

	30 Jun 2017 £'000
Opening cost at 1 January 2017	4,730
Opening fair value	**4,730**
Purchases at cost	3,000
Closing fair value at 30 June 2017	**7,730**
Comprising:	
Closing cost as at 30 June 2017	7,730
Closing fair value as at 30 June 2017 (Unaudited)	**7,730**

	31 Dec 2017 £'000
Opening cost at 1 January 2017	4,730
Opening fair value	**4,730**
Purchases at cost	6,497
Closing fair value at 31 December 2017	**11,227**
Comprising:	
Closing cost as at 31 December 2017	11,227
Closing fair value as at 31 December 2017 (Audited)	**11,227**

(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 as at 30 June 2018 in valuing the Company's investments:

	Closing fair value as at 30 Jun 2018 (Unaudited) £'000	Closing fair value as at 30 Jun 2017 (Unaudited) £'000	Closing fair value as at 31 Dec 2017 (Audited) £'000
Level 1	-	-	-
Level 2	-	-	-
Level 3	7,980	7,730	11,227
Total	**7,980**	**7,730**	**11,227**

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.

12. FIXED ASSETS

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 30 June 2017 (Unaudited)	IT Development and Software £'000	Total £'000
Opening net book amount	369	369
Additions	136	136
Depreciation charge	(111)	(111)
Closing net book amount	**394**	**394**
As at 30 June 2017		
Cost	604	604
Accumulated depreciation	(210)	(210)
Net book amount (Unaudited)	**394**	**394**

Year ended 31 December 2017 (Audited)	IT Development and Software £'000	Total £'000
Opening net book amount	369	369
Additions	213	213
Depreciation charge	(240)	(240)
Closing net book amount	**342**	**342**
As at 31 December 2017		
Cost	680	680
Accumulated depreciation	(338)	(338)
Net book amount (Audited)	**342**	**342**

13. RECEIVABLES

	30 Jun 2018 (Unaudited) £'000	30 Jun 2017 (Unaudited) £'000	31 Dec 2017 (Audited) £'000
Prepayments	3,091	3,080	2,326
Other receivables	3,307	1,952	1,151
Total receivables	**6,398**	**5,032**	**3,477**

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.

14. OTHER PAYABLES

	30 Jun 2018 (Unaudited) £'000	30 Jun 2017 (Unaudited) £'000	31 Dec 2017 (Audited) £'000
Accruals and deferred income	1,939	3,946	1,875
Total other payables	**1,939**	**3,946**	**1,875**

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.

15. INTEREST BEARING BORROWINGS

	30 Jun 2018 (Unaudited) £'000	30 Jun 2017 (Unaudited) £'000	31 Dec 2017 (Audited) £'000
Term and revolving credit facility	100,000	30,000	56,500
Interest and commitment fees payable	653	36	287
Total interest-bearing borrowings	**100,653**	**30,036**	**56,787**

The Company's two-year revolving credit facility that was initially signed on 17 June 2016 with Royal Bank of Scotland plc had its 2-year term subsequently reset on 21 June 2017. Along with this the Company increased the size of its debt facility to £80 million and brought in another European bank to the syndicate. The Company further increased the size of its debt facility on 21 March 2018 to a committed £150 million within the existing syndicate. The 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. This facility was £100.0 million drawn at period end (30 June 2017: £30.0 million).

	30 Jun 2018 (Unaudited) £'000	30 Jun 2017 (Unaudited) £'000	31 Dec 2017 (Audited) £'000
Interest and commitment fees paid	1,259	264	886
Other finance charges	965	284	846
Total finance costs	**2,224**	**548**	**1,732**

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 2018 the below changes occurred for the Company:

	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 2017 the below changes occurred for the Company:

	Total £'000
At 1 January 2017	13
Interest bearing borrowings	122,500
Repayments of interest bearing borrowing	(66,000)
Finance costs	1,732
Interest paid on financing activities	(1,458)
At 31 December 2017	**56,787**

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

30 June 2018 Financial instrument	< 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**

30 June 2017 Financial instrument	< 1 year £'000	1 – 5 years £'000	Total £'000
Credit facility	-	30,000	30,000
Interest and commitment fees payable	36	-	36
Total exposure	**36**	**30,000**	**30,036**

31 December 2017 Financial instrument	< 1 year £'000	1 – 5 years £'000	Total £'000
Credit facility	-	56,500	56,500
Interest and commitment fees payable	287	-	287
Total exposure	**287**	**56,500**	**56,787**

16. ORDINARY SHARE CAPITAL

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

	30 Jun 2018 (Unaudited)	30 Jun 2017 (Unaudited)	31 Dec 2017 (Audited)
No. Issued, allotted and fully paid shares	39,449,919	29,926,110	29,926,110
£'000	394	299	299

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 1,000p to 1,015p and the total paid for the shares during the period amounted to £98.8 million.

During 2017 a further 10,000,000 ordinary shares were issued. The price paid per share was 1,050p and the total paid for the shares during the period amounted to £105.0 million.

During the period under review a further 9,523,809 ordinary shares were issued. The price paid per share was 1,050p and the total paid for the shares during the period amounted to £100.0 million.

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.

17. 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 £0.85 million of the special distributable reserve was used to pay the Q4 2017 Dividend on 29 March 2018. During the prior period £0.5 million of the special distributable reserve was used to pay the Q4 2016 Dividend on 28 March 2017.

18. INVESTMENTS IN ASSOCIATES

As at 30 June 2018 and 30 June 2017, the Company has a single associate, being a 28.57 per cent investment in in Hiber Limited (formerly The Green Deal Finance Company Limited). 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 period in respect of the investment. The Company holds Hiber Limited at a fair value of £3 million.

The unaudited net assets as at 30 June 2018 were £5.0 million, and the loss after tax was £2.7 million. The unaudited net assets as at 31 December 2017 were £3.6 million, and the profit after tax was £24.5 million, which included a one off gain of £30.5 million.

Hiber Limited is incorporated in England and Wales.

The Company has also provided £6.0 million of debt funding to the platform.

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.

19. NET ASSET VALUE PER ORDINARY SHARE

	30 Jun 2018 (Unaudited) £'000	30 Jun 2017 (Unaudited) £'000	31 Dec 2017 (Audited) £'000
Net asset value per ordinary share pence	1,016.1p	1,018.3p	1,018.4p
Net assets attributable £'000	400,867	304,749	304,759

The net asset value per ordinary share at 30 June 2018 is based on net assets of £400.867 million and on 39,449,919 ordinary shares in issue.

The net asset value per ordinary share at 30 June 2017 is based on net assets of £304.749 million and on 29,926,110 ordinary shares in issue.

The net asset value per ordinary share as at 31 December 2017 is based on net assets at the year-end of £304.759 million and on 29,926,110 ordinary shares in issue at the year-end.

20. INVESTMENTS IN SUBSIDIARIES

As at the 31 December 2017 the Company was invested in a structured entity, and by virtue of having accounting control, consolidated this entity. The Company was deemed to control Business Mortgage Finance 3 plc ("BMF 3"), a public limited company incorporated under the Laws of England and Wales. The company is registered at Asticus Building 2nd Floor 21 Palmer Street, London, SW1H 0AD. BMF 3 is a securitisation vehicle for UK commercial mortgages and operates in a pre-determined manner. The Company was considered to control BMF 3 from 20 December 2017 by virtue of having exposure to the variable returns of the vehicle through the holding of a junior note issued by it.

On 15 January 2018 the Company being the beneficial owner of the subordinated loan gave notice to call the external loan note holders of BMF 3 one month prior to the quarterly interest payment date. Subsequently, on 15 February 2018, the Company redeemed all external loan note holders and as a consequence purchased the residual loan values and released the security over the loans. The effect of this is the underlying assets have been purchased by the Company and bought onto the Company's Statement of Financial Position. BMF 3 is an SPV with the sole purpose of holding a portfolio of loans for note holders. Given the portfolio of loans has been sold to the Company and all outstanding liabilities have been settled, BMF 3 will be wound up in due course. BMF 3 will no longer be consolidated as the Company will no longer have control of BMF 3.

21. CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

As at 30 June 2018 and 30 June 2017 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 2018 outstanding loan balance of £6.0 million (June 2017: £5.0 million) and accrued interest of £699,343 (June 2017: £219,932).

Directors

From the 1 January 2017 until 1 April 2017 the Directors remuneration was set at a rate of £30,000 per annum for the Chairman and £25,000 per annum for the other Directors. The Remuneration Committee considered the time commitment required to carry out their duties and approved an increase of the Board's fees from 1 April 2017. The Directors remuneration was set at a rate of £40,000 per annum for the Chairman and £33,000 per annum for the other Directors. A further £5,000 per annum was also paid to the Chairman of the Audit Committee.

The Remuneration Committee met on 20 February 2018 and considered the continued time commitment required to carry out their duties and has approved an increase of the Board's fees by £5,000 per member from 1 March 2018. 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.

At 30 June 2018 and 30 June 2017, 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 42 to 43.

During the period, the Company incurred £3.5 million (June 2017: £2.2 million) of fees and at 30 June 2018, there was £2.2 million (June 2017: £1.3 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. Details of the services provided by the Origination Partners are given on page 43.

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 £52,985 (June 2017: £26,409), and at 30 June 2018, there was £nil (June 2017: Nil) payable to the Origination Partner.

23. 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. In addition, the Company increased the size of its debt facility to £150m and extended the term. As at 30 June 2018 the Company had £100 million (June 2017: £30.0 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 2018 is shown below:

Financial instrument	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 30 June 2017 is shown below:

Financial instrument	Floating Rate £'000	Fixed or Administered Rate £'000	Total £'000
Investments at amortised cost	23,305	269,130	**292,435**
Cash and cash equivalents	34,465	-	**34,465**
Interest bearing borrowings	(30,000)	-	**(30,000)**
Total exposure	**27,770**	**269,130**	**296,900**

As at 31 December 2017 is shown below:

Financial instrument	Floating Rate £'000	Fixed or Administered Rate £'000	Total £'000
Investments at amortised cost	39,706	305,860	345,566
Cash and cash equivalents	5,730	-	5,730
Interest bearing borrowings	(56,500)	-	(56,500)
Total exposure	**(11,064)**	**305,860**	**294,796**

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

The Company has no assets, liabilities or income denominated in currencies other than Pounds Sterling (the Company's functional currency, in which it reports its results). Thus, the Company is not exposed to currency risk.

24. 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 disclosure below presents the gross carrying/nominal amount of financial instruments to which the impairment requirements in IFRS 9 are applied and the associated allowance for ECL. Due to the forward-looking nature of IFRS 9, the scope of financial instruments on which ECL are recognised is greater than the scope of IAS 39.

The following table provides an overview of the Company’s credit risk by stage and industry, and the associated ECL coverage at 30 June 2018 and 1 January 2018. The financial assets recorded in each stage have the following characteristics:

Stage	Characteristics
Stage 1	Unimpaired and without significant increase in credit risk on which a 12-month allowance for ECL is recognised.
Stage 2	A significant increase in credit risk has been experienced since initial recognition on which a lifetime ECL is recognised. Unless identified at an earlier stage, all financial assets are deemed to have suffered a significant increase in credit risk when they are 30 days past due and are transferred from stage 1 to stage 2.
Stage 3	Objective evidence of impairment and are therefore considered to be in default or otherwise credit-impaired on which a lifetime ECL is recognised.

30 June 2018	Gross Carrying Amount				Expected Credit Loss				ECL coverage %		
	Stage 1 £’000	Stage 2 £’000	Stage 3 £’000	Total £’000	Stage 1 £’000	Stage 2 £’000	Stage 3 £’000	Total £’000	Stage 1 %	Stage 2 %	Stage 3 %
Consumer	287,473	1,407	5,390	294,270	2,871	659	4,695	8,225	1.0	46.8	87.1
Property	140,328	9,236	8,984	158,548	483	1,949	5,315	7,747	0.3	21.1	59.2
SME	38,512	-	-	38,512	34	-	-	34	0.1	-	-
Total Assets	**466,313**	**10,643**	**14,374**	**491,330**	**3,388**	**2,608**	**10,011**	**16,006**	**0.7**	**24.5**	**69.6**

1 January 2018	Gross Carrying Amount				Expected Credit Loss				ECL coverage %		
	Stage 1 £’000	Stage 2 £’000	Stage 3 £’000	Total £’000	Stage 1 £’000	Stage 2 £’000	Stage 3 £’000	Total £’000	Stage 1 %	Stage 2 %	Stage 3 %
Consumer	228,700	973	3,971	233,644	2,303	477	3,636	6,416	1.0	49.0	91.5
Property	94,403	6,638	5,885	106,926	552	1,689	3,424	5,665	0.6	25.4	58.2
SME	14,739	-	-	14,739	-	-	-	-	-	-	-
Total Assets	**337,842**	**7,611**	**9,856**	**355,309**	**2,855**	**2,166**	**7,059**	**12,081**	**0.8**	**28.5**	**71.6**

The Investment Manager and the Origination Partner established and adheres to stringent underwriting criteria. 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.

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.

Below analyses the closing balances of the Company's credit assets split by type of loan and the credit risk band as at 30 June 2018:

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**

Below analyses the closing balances of the Company's credit assets split by the type of loan and the credit risk band as at 30 June 2017:

Credit Risk Band	Unsecured £'000	Secured £'000	Total £'000
A & B	**136,817**	**139,087**	**275,904**
C, D & E	**20,177**	**362**	**20,539**
Total	**156,994**	**139,459**	**296,443**

Below analyses the closing balances of the Company's credit assets split by the type of loan and the credit risk band as at 31 December 2017:

Credit Risk Band	Unsecured £'000	Secured £'000	Total £'000
A & B	129,845	192,739	**322,584**
C, D & E	27,598	301	**27,899**
Total	**157,443**	**193,040**	**350,485**

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	Elevated credit risk, elevated adverse indicators
E	High credit risk, with 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 £150.0 million (details of which is disclosed in note 15).

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

For the Company for the period ended 30 June 2018:

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Assets				
Investments at amortised cost	-	-	475,324	475,324
Receivables	-	6,398	-	6,398
Cash and cash equivalents	15,662	-	-	15,662
Total assets	**15,662**	**6,398**	**475,324**	**497,384**
Liabilities				
Management fee payable	-	760	-	760
Performance fee payable	-	1,398	-	1,398
Other payables	-	1,939	-	1,939
Interest bearing borrowings	-	100,653	-	100,653
Total liabilities	**-**	**104,750**	**-**	**104,750**

For the Company for the period ended 30 June 2017:

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Assets				
Held-to-maturity loans	-	-	-	-
Investments at amortised cost	-	-	292,435	292,435
Receivables	-	5,032	-	5,032
Cash and cash equivalents	34,465	-	-	34,465
Total assets	**34,465**	**5,032**	**292,435**	**331,932**
Liabilities				
Management fee payable	-	283	-	283
Performance fee payable	-	1,042	-	1,042
Other payables	-	3,946	-	3,946
Interest bearing borrowings	-	30,036	-	30,036
Total liabilities	**-**	**35,307**	**-**	**35,307**

For the Company for the year ended 31 December 2017:

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Assets				
Held-to-maturity loans	10,314	-	-	10,314
Investments at amortised cost	-	-	335,252	335,252
Receivables	-	3,477	-	3,477
Cash and cash equivalents	5,730	-	-	5,730
Total assets	**16,044**	**3,477**	**335,252**	**354,773**
Liabilities				
Management fee payable	-	592	-	592
Performance fee payable	-	2,329	-	2,329
Other payables	-	1,875	-	1,875
Interest bearing borrowings	-	56,787	-	56,787
Total liabilities	**-**	**61,583**	**-**	**61,583**

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 11 Investments at Fair Value Through Profit or Loss for details). Further details of the investments at amortised cost held by the Company can be found in note 10.

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 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 period.

25. ULTIMATE CONTROLLING PARTY

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

26. SUBSEQUENT EVENTS

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

On 4 September 2018, a dividend of 20.00 pence per Ordinary Share was declared with an ex-dividend date 13 September 2018 and a payment date of 28 September 2018.

27. 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 4 September 2018.

4 Shareholders' Information

Directors, Portfolio Manager and Advisers

Directors
Robert Sharpe
Jim Coyle
Ravi Takhar

all at the registered office below

Registered Office
6th Floor
65 Gresham Street
London EC2V 7NQ
England

Investment Manager and AIFM
Pollen Street Capital Limited
8 Hanover Street
London W1S 1YF
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.