HADRIAN'S WALL SECURED INVESTMENTS LIMITED

ANNUAL REPORT AND AUDITED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD 27 APRIL 2016 TO 30 JUNE 2017

HADRIAN'S WALL SECURED INVESTMENTS LIMITED
CONTENTS

HIGHLIGHTS

For the period 27 April 2016 to 30 June 2017

- Initial public offering ("IPO") on 20 June 2016 raised net proceeds of £78.4 million after issue costs.
- In May 2017, the Company raised net proceeds of £44.3 million in a share placing and subscription of 'C' shares, comprising £39.7 million under the placing and £4.6 million under the subscription.
- At 30 June 2017, 79.1% of the net IPO proceeds have been committed amounting to approximately £62.0 million, of which £58.2 million was drawn.
- During the period 27 April 2016 to 30 June 2017, the Company, through its wholly owned subsidiary HWSIL Finance Co Limited, collected £0.4 million of upfront and commitment fees.
- Annualised portfolio gross yield, before expenses and exclusive of upfront and commitment fees, on invested assets of 8.8% for the period 27 April 2016 to 30 June 2017.
- Total dividends of 1.2 pence per Ordinary Share were declared and paid to Shareholders in the period from 27 April 2016 to 30 June 2017, and a further 1.5 pence per Ordinary Share was declared in July 2017 and paid in August 2017.

Financial Highlights	30 June 2017
Total consolidated net asset value ("NAV")	£122,478,751
Consolidated NAV per Ordinary Share	97.7p
Consolidated NAV per C Share	98.0p
Ordinary Share price at period end	107.5p
C Share price at period end	102.5p
Dividend paid per Ordinary Share during the period	1.2p
Total shareholder return per Ordinary Share for the period	8.7%
Total shareholder return per C Share for the period	2.5%
Share price premium to NAV per Ordinary Share	10.1%
Share price premium to NAV per C Share	4.6%

HADRIAN'S WALL SECURED INVESTMENTS LIMITED
SUMMARY INFORMATION
For the period 27 April 2016 to 30 June 2017

Principal Activity
Hadrian's Wall Secured Investments Limited ("the Company") was incorporated and registered in Guernsey under the Companies (Guernsey) Law, 2008 on 27 April 2016. The Company's registration number is 61955 and it is regulated by the Guernsey Financial Services Commission as a registered closed-ended collective investment scheme under The Registered Collective Investment Scheme Rules 2015. The Company is listed and traded on the Main Market of the London Stock Exchange and was admitted to the premium segment of the Official List of the UK Listing Authority on 20 June 2016.

The Company provides loans to under-served segments of the UK Small and Medium sized Enterprises ("SME") market with a typical individual loan size up to £6 million. The Company invests in these loans through its UK incorporated Subsidiaries, HWSIL Note Co Limited and HWSIL Finance Co Limited (the "Subsidiaries", together the "Group" or the "Fund").

Investment Objective and Policy
The Company's investment objective is to provide Shareholders with regular, sustainable dividends and to generate capital appreciation through exposure, directly or indirectly, to primarily secured loans originated across a variety of channels, assets and industry segments.

The Company's investment policy is to invest in loans, which will predominantly be secured upon a variety of asset types. The types of loans the Company will target include general commercial loans to businesses, equipment finance and loans to specialised financial services companies.

Dividend Policy
The Company intends to distribute at least 85% of its distributable income earned in each financial year by way of dividends.

Once the proceeds of the Initial Placing and Offer for Subscription are substantially invested, the Company will target an annualised dividend yield for Ordinary Shares of at least 6% of the Issue Price, which is expected to grow over time. Dividends are expected to be declared in January, April, July and October of each year in respect of the preceding quarter.

There is no target dividend on the C Shares and the extent to which dividends, if any, are paid in respect of the C Shares will depend in part on the speed of deployment of the Net Initial Proceeds and the time to conversion of the C Shares.

During the period to 30 June 2017, the Company declared and paid dividends of 1.2 pence per Ordinary Share totalling £960,296. For further information refer to note 4 in the Consolidated Financial Statements.

Introduction
On behalf of the Board, it is my pleasure to present to you the first Annual Report of the Company for the period from incorporation on 27 April 2016 to 30 June 2017.

The Company's Ordinary Shares were admitted to trading on the London Stock Exchange on 20 June 2016 following the successful IPO that raised net proceeds of £78.4 million. In addition, the Company completed an offering of C Shares that were admitted to trading on the London Stock Exchange on 31 May 2017, raising a further £44.3 million net proceeds.

On 21 July 2017, the Company declared a dividend of 1.5 pence per Ordinary Share for the quarter to 30 June 2017, which was paid on 25 August 2017. This dividend achieved the objective of the target dividend yield of 6% per annum for the second calendar quarter of 2017. The Company is now focusing on deploying the net proceeds of the C share issue and expects to be fully deployed during the first quarter of 2018, which is consistent with the nine month target set out at the time of the C Share issue.

Portfolio
The Board of Directors is pleased with the progress made by the Investment Adviser and, as at 30 June 2017, the Company had closed 12 transactions with an aggregate value of £62.0 million. Loans may either be fully drawn at closing, when the legal agreements are signed, or partially drawn with a fixed or variable draw down schedule and, as at 30 June 2017, the drawn amount on the closed transactions was an aggregate value of £58.2million. The Company may also earn commitment fees on undrawn amounts, which are recognised during the period of the commitment. The Company collected upfront and commitment fees of £0.4 million during the financial period, of which £0.1 million was reflected in the period from 27 April 2016 to 30 June 2017 with the balance to be recognised during the remaining terms of the loans.

The closed transactions had an initial average life of 3.9 years and an average gross yield, or interest rate, to the Company of 8.8% before expenses. The gross yields on loans range from 7.5% to 11% per annum, reflecting the Company's desire to make loans with a consistent risk profile and not to target higher risk borrowers to achieve a blended portfolio yield.

The current loan portfolio is diversified across industries, collateral type and region within the UK.

Net Asset Value ("NAV") and Share Price Performance
At 30 June 2017, the NAV of the Company's Ordinary Shares was 97.69 pence per Ordinary Share. This reflects the initial net proceeds at the IPO, plus interest earned on loans and cash investment, less expenses and dividends. Over the period the NAV total return per Ordinary Share was 0.90% when taking account of total dividends of 1.2 pence of Ordinary Share.

Over the period from 20 June 2016 to 30 June 2017, the Company's share price rose by 7.5%, from the IPO issue price of 100 pence to 107.50 pence, and dividends totaling 1.2 pence per Ordinary Share were paid. At 30 June 2017, the Ordinary Shares were trading at a premium of 10.1% to the NAV per Ordinary Share.

At 30 June 2017, the NAV of the Company's C Shares was 97.97 pence per C Share. At 30 June 2017, the C Shares were trading at a premium of 4.6% to the NAV per C Share.

The premium to NAV at which the shares trade is, in the Board's opinion, a reflection of the attractiveness of the investment proposition.

Outlook for the next financial period
Looking to the Company's second year of operation, the Board is satisfied with the portfolio's performance to date and the strategy that is being employed by the Investment Adviser. The Company is pleased to have achieved its target dividend yield on the Ordinary Shares of 6% (based on the IPO issue price of 100 pence per share), for the second calendar quarter of 2017 and targets that level of dividend going forward.

Outlook for the next financial period, continued

The success of the Company's first full year of operation illustrates the soundness of the Company's investment proposition. The allocation and pricing of credit is not efficient, providing opportunities for the Company to capitalise on such inefficiencies. The low overall level of interest rates produces real negative interest rates on Gilts, with resultant adverse ramifications to savers. Monetary policy, combined with a highly prescriptive regulatory framework for bank capital has created a credit market that, by historical standards, is exceptional. Large well-capitalised borrowers, or borrowers that attract less regulatory capital, can borrow at negative or nominal real rates of interest. Borrowers who do not meet these or other criteria, including many SMEs, have less access to capital. The Company seeks to advance loans to SME borrowers, where the risk-pricing pattern is less distorted by the unintended consequences of interest rate policy and regulatory action.

The overall economic outlook for the UK remains uncertain. The consequences of Brexit, the changing value of the Pound Sterling, inflation levels and interest rate policy are unclear. The effects of the transfer of thousands of relatively high-paying jobs from the UK to the European Union ("EU") in connection with the Brexit process on other employment, property prices, and government tax collections only adds to the uncertainty.

The Board believes the focus of the Company's investment strategy is well suited to this economic environment. Lending to the UK SME companies targeted by the Company has historically been remarkably resilient in the face of such challenges. The opportunity for the Company to identify investment opportunities and deploy capital in a manner consistent with its investment and return objectives remains robust. The Company, however, remains vigilant in this highly uncertain environment.

I would like to close by thanking shareholders, Board colleagues and advisers for their commitment and support during the period.

David Warr
Chairman
Date: 18 September 2017.

Successful Execution of the Company's Investment Strategy

During the Company's first full financial year, Hadrian's Wall Capital Limited (the "Investment Adviser") focused on investment of the Company's capital. The investments closed during this period are expected to provide stable and consistent interest income to meet the primary stated objective of the Company.

The Company successfully raised additional capital from the C Share issue in May 2017. The Investment Adviser is aware that investors seek to have their funds generating a return within a reasonable period of time. On the other hand, one of the greatest risks to an investment strategy is investing too quickly without sufficient time to select appropriate transactions and conduct proper due diligence. The amount of the C Share proceeds, which are targeted to be invested within nine months, strikes a good balance of providing enough time for the Investment Adviser's selective investment approach while being able to meet shareholders' expectations.

By following its strategy of advancing loans to SME companies across the UK to a diversified range of borrowers and industries secured by a range of collateral and security packages, the Investment Adviser is constructing a portfolio designed to achieve the Company's targeted return of a 6% annualised dividend and a 7-8% total return over time.

Types of Investments

Within its remit of lending to SMEs across the UK, the Company considers a wide range of investments. The Company has categorized its investments into the following three categories to assist investors in understanding the manner in which the Company will pursue its investment objectives:

- *General commercial loans to businesses:* This type of lending may be secured against a range of business assets, including, but not limited to, real estate, plant and machinery, inventory, trade receivables and intellectual property rights.
- *Equipment finance:* The Company may finance operating business equipment with realisable value. Such loans may be structured as loans or equipment leases and will be secured against the equipment.
- *Specialised financial services:* The Company may finance regional financial services companies providing finance to small businesses secured by the assets originated by those companies. This collateral provides contractual cash flow streams from the underlying financial assets.

In considering the investments that have been made by the Company, several themes emerge, which are consistent with the initial investment proposition of the Company and illustrate the continuing opportunity for the Company.

First, the investments made by the Company generally provide expansionary capital for SMEs throughout the UK. Many of these borrowers have limited access to capital and the Company's loans allow these companies to grow and expand. Second, the Company often provides a bridge to bank for its borrowers. Banks, which generally provide loans for far lower rates than the Company, often have restrictive lending criteria. The Investment Adviser seeks out credit-worthy borrowers that do not fit within the banks' standardised lending criteria and who, with the passage of time, will meet those criteria and migrate to lower cost bank financing. Third, many investors and non-bank lenders seek to deploy large amounts of capital, which drives many of them to focus on either algorithmic lending to generate large volumes of transactions, or on large transactions. The Investment Adviser focuses on loans that do not fit the algorithmic lending model and are too small for the large direct lenders, and hence represent an attractive relative risk reward profile.

There are many SME businesses throughout the UK with robust business models and strong management teams. The Investment Adviser seeks to produce a well-diversified portfolio of loans by financing such businesses. The investments made by the Company are diversified by geography, industry and collateral type. This diversification provides protection from sector or event risk.

Market Environment

It is, in the view of the Investment Adviser, too early to see the impact of Brexit in the economy, other than the direct impact of announcements by banks and EU agencies relocating from London to the EU and reductions in investments in sectors widely expected to be adversely affected, such as automobile suppliers. In light of general concerns about the state and direction of the economy, the Investment Adviser continues to take a very cautious and disciplined approach to underwriting transactions.

Market Environment, continued

The large banks continue to be rule bound and, in many cases, slow to respond to customer needs. The multiple layers of reviews and processes by the banks exacerbates this situation. While banks may offer lower cost financing, the delays and uncertainty around the availability of that financing continues to provide the Company with ongoing investment opportunities.

The Investment Adviser believes that its investment approach and process will continue to provide robust opportunities of a size and scale consistent with the Company's investment horizon and objectives.

Investment Review

The Company presents its investments from several perspectives. The 30 June 2017 investment portfolio includes the following closed transactions:

Largest loan	£6,500,000
Weighted average loan life ("WAL")	3.9 years
Weighted average Loan to Value ("LTV")	77.5%
Weighted average gross yield	8.8%
Range of gross yield	7.5% to 11.0%

The five largest investments have the following characteristics:

Borrower Industry	Loan amount £	% of Net Asset Value	Initial WAL	Initial LTV
Property trading	6,500,000	5.3%	3.0 years	52.0%
Retail	5,535,000	4.5%	4.0 years	70.5%
Auto leasing	5,000,000	4.1%	5.0 years	93.0%
Manufacturing	3,200,000	2.6%	4.1 years	91.0%
Healthcare	2,340,000	1.9%	4.9 years	75.0%

The total loan portfolio is diversified by borrower industry as illustrated below:

Borrower Industry	% of loan portfolio
Manufacturing	12.5%
Retail	11.0%
Property Trading	10.5%
Healthcare	10.0%
Admin & Support	8.1%
Auto leasing	8.1%
Professional & Scientific	7.5%
Other	32.3%

Hadrian's Wall Capital Limited
Date: 18 September 2017.

BOARD OF DIRECTORS

The Board has overall responsibility for the Company's activities. The Directors, all of whom are non-executive and independent of the Investment Manager and Investment Adviser, are as follows:

***David Warr**, non-executive chairman, age 63*

David Warr is a Fellow of the Institute of Charted Accountants in England and Wales, having qualified in 1976. He became a partner of Reads & Co, a Guernsey-based firm of Chartered Accountants in 1981 and helped develop it into a broadly based financial services business which was sold in 1999. David's experience spans audit, consultancy and trust work but he now focuses primarily on non-executive directorships. He is currently on the board of the London Stock Exchange listed companies, Acorn Income Fund Limited, Breedon Group plc and Aberdeen Frontier Markets Investment Company Limited.

David is also active in the charitable field and is the Co-Founder & Vice-Chairman of The Guernsey Community Foundation LBG. David Warr is a Guernsey resident.

***Paul Craig**, non-executive director, age 47*

Paul Craig is a Portfolio Manager at Old Mutual Global Investors. Paul has over 20 years' of investment experience, including 10 years at Exeter Investment Group, 6 years at New Star Asset Management, where he was a director of the asset management subsidiary, and 6 years as a director of Multi-Manager at Henderson Global Investors. During the past 18 years, Paul's focus has been multi-manager products with an emphasis on closed-ended funds. Paul is a non-executive director of Ground Rents Income Fund plc, Impact Healthcare REIT plc and Diverse Income Trust plc, as well as an Associate of the UK Society for Investment Professionals. Paul Craig is a United Kingdom resident.

***John Falla**, non-executive director, age 55*

John Falla is a Chartered Accountant and holds a BSc Hons degree in Property Valuation and Management from The City University, London. He is a Chartered Fellow of the Chartered Institute for Securities and Investment having been awarded their diploma. He is a non-executive director of a number of London Stock Exchange listed companies including SQN Asset Finance Income Fund Limited and NB Private Equity Partners Limited.

John trained with Ernst & Young in London before moving to their Corporate Finance Department. On returning to Guernsey he worked for an international bank before launching the Channel Islands Stock Exchange as a member of the Market Authority. In 2000 John joined the Edmond de Rothschild Group in Guernsey and provided corporate finance advice to clients including open and closed-ended investment funds, and institutions with significant property interests. He was a director of a number of Edmond de Rothschild Group operating and investment companies. John Falla is a Guernsey resident.

Nigel Ward, *non-executive director, age 60*

Nigel Ward has over 40 years' experience in international investment markets, credit and risk analysis, portfolio management, corporate and retail banking, corporate governance, compliance and the managed funds industry. He is an independent non-executive chairman or director on the board of several offshore funds and companies. These include London Stock Exchange listings on the premium segment of the Official List of the UK Listing Authority, the Alternative Investment Market and the Specialist Fund Segment as well as listings on The International Stock Exchange (*formerly Channel Islands Securities Exchange*).

Nigel's non-executive director investment mandate experience includes distressed debt, European SME private debt, ground rents, agricultural land, student accommodation, equity income and UK activist equity. Nigel was a founding Commissioner of the Guernsey Police Complaints Commission, and is an Associate of the Institute of Financial Services, a member of the Institute of Directors and holder of the Institute of Directors Diploma in Company Direction. Nigel Ward is a Guernsey resident.

HADRIAN'S WALL SECURED INVESTMENTS LIMITED
DISCLOSURE OF DIRECTORSHIPS IN PUBLIC COMPANIES LISTED ON RECOGNISED STOCK EXCHANGES

The following summarises the Directors' directorships in other public companies:

David Warr	
Acorn Income Fund Limited	London Stock Exchange – Main Market
Aberdeen Frontier Markets Investment Company Limited	London Stock Exchange – AIM
Breedon Group plc	London Stock Exchange – AIM
Paul Craig	
Impact Healthcare REIT plc	London Stock Exchange – Main Market
Diverse Income Trust plc	London Stock Exchange – Main Market
Ground Rents Income Fund plc	London Stock Exchange – SETSqx and The International Stock Exchange
John Falla	
NB Private Equity Partners Limited	London Stock Exchange – Main Market and Euronext Amsterdam
SQN Asset Finance Income Fund Limited	London Stock Exchange – Main Market
Nigel Ward	
Acorn Income Fund Limited	London Stock Exchange – Main Market
Braemar Group PCC Limited	The International Stock Exchange
Crystal Amber Fund Limited	London Stock Exchange – AIM
Emerging Manager PCC Limited	The International Stock Exchange
Fair Oaks Income Limited	London Stock Exchange – SFS

The Directors of Hadrian's Wall Secured Investments Limited (the "Company") are pleased to submit their Annual Report and the Audited Consolidated Financial Statements (the "Financial Statements") for the period 27 April 2016 to 30 June 2017. In the opinion of the Directors, the Financial Statements are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's performance, business model and strategy.

The Company
The Company was incorporated and registered in Guernsey under the Companies (Guernsey) Law, 2008 on 27 April 2016. The Company's registration number is 61955 and it is regulated by the Guernsey Financial Services Commission as a registered closed-ended collective investment scheme. The Company is listed and traded on the Main Market of the London Stock Exchange and was admitted to the premium segment of the Official List of the UK Listing Authority on 20 June 2016.

The Company provides loans to under-served segments of the SME market with a typical individual loan size up to £6 million. The Company invests in these loans through its UK incorporated Subsidiaries, HWSIL Note Co Limited and HWSIL Finance Co Limited (the "Subsidiaries", together the "Group" or the "Fund").

Going Concern
The Company has been incorporated with an unlimited life. The Board will propose a special resolution at every fifth annual general meeting of the Company, with the first special resolution due in the year 2021, that the Company should cease to continue as presently constituted (a "Discontinuation Resolution"). In the event that a Discontinuation Resolution is passed, the Board shall formulate proposals to be put to Shareholders within four months to wind up or otherwise reconstruct the Company.

The Directors, at the time of approving the Financial Statements, have a reasonable expectation that the Group has adequate resources to continue in operational existence for the next 12 months. Once fully invested it is expected that the loan portfolio will generate enough cash flows to pay on-going expenses and returns to Shareholders. The Directors have considered the cash position and performance of the current invested capital made by the Group and concluded that it is appropriate to adopt the going concern basis in the preparation of these Consolidated Financial Statements.

Viability Statement
The board has evaluated the long-term prospects of the Company, beyond the 12 month time horizon assumption within the going concern framework. The Directors have conducted a review of the viability of the Company taking account of the Company's current position including a robust assessment of the potential impact of the principal risks facing the Company, as documented on pages 11 and 12, which could threaten its business model, future performance, solvency or liquidity.

In making this statement, the Directors have considered the likely resilience of the Company, taking into account its current position, the principal risks facing the Company in severe but reasonable scenarios and the effectiveness of any mitigating actions.

The Directors have determined that a three year period to June 2020 is an appropriate period over which to provide its viability statement as the average remaining life to maturity of the Group's portfolio of investments is four years but some loans have the ability to be repaid early. In making their assessment, the Directors have taken into account the Company's net income, cash flows, dividend cover, regulatory compliance and other key financial ratios over the period. These metrics were subjected to sensitivity analysis, which involved flexing a number of main assumptions underlying the forecast. This analysis was carried out to evaluate the potential impact of the Company's principal risks actually occurring, primarily to a slow-down in the investment deployment process and lower income generated from the loan investments.

Based on this assessment, the Directors have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period to June 2020.

Principal Risks and uncertainties

The Board has established an Audit and Risk Committee, the Chairman of which is John Falla. This Committee is responsible for reviewing the Group's overall risks and monitoring the risk control activity designed to mitigate these risks. In addition, the Board have appointed International Fund Management Limited (the "Investment Manager") as the Alternative Investment Fund Manager ("AIFM") to the Group. The Investment Manager is also responsible for providing risk management services compliant with those defined in the Alternative Investment Fund Managers Directive ("AIFMD") and as deemed appropriate by the Board. The Board has carried out a robust assessment to identify the principal risks that could affect the Group, including those that would have an impact on its business model, future performance, solvency or liquidity.

Under the instruction of the Audit and Risk Committee, the Investment Manager is responsible for the implementation of a risk management policy and ensuring that appropriate risk mitigation processes are in place; for monitoring risk exposure; preparing quarterly Risk Reports for the Board; and otherwise reporting on an ad hoc basis to the Board as necessary.

The key risks associated with the Group are as follows:

- **Operational risk;** the Board is ultimately responsible for all operational facets of performance including cash management, asset management, regulatory and listing obligations. The Group has no employees and so enters into a series of contracts and legal agreements with a series of service providers to ensure that both operational performance and regulatory obligations are met. The departure of a key employee from the Investment Adviser, or the failure of a third party to provide services as contracted may adversely affect the returns achieved by the Company. The Board receives regular reports from the administrator of the Company on any operational breaches and errors, adherence to policies and procedures and compliance reporting to reduce the risk of fraud and bribery. The Board is aware of the UK Bribery Act 2010 and has adopted an anti-bribery policy relevant to the nature of the Company and its business activities.

- **Investment risk;** although the Board is ultimately responsible for the investment objective and policy, the day-to-day investment strategy is delegated by the Investment Manager to the Investment Adviser. The success of the Group depends on the diligence and skill of the Investment Manager and Investment Adviser. The Company's target dividend and target overall return are based on estimates and assumptions that are inherently subject to significant business and economic uncertainties and contingencies and the actual dividend and overall return may be materially lower than these targets due to competition within the financing industry or delays in the deployment of funds. There is a risk that any underperformance of borrowers in which the Group's capital is invested could result in impairment losses which in turn would lead to a reduction of the Group's net asset value and the share price. The Board formally monitors the loan portfolio performance each quarter, when the Investment Adviser reports on the performance of the Group's loan portfolio at the quarterly Board meetings. The Investment Adviser carries out extensive due diligence on the underlying borrowers and both the Investment Manager and Investment Adviser monitor performance regularly. The investment guidelines and restrictions, as detailed in the prospectus of the Company, ensure adequate diversification and are regularly monitored by the Investment Manager.

- **Credit risk;** the Group has credit risk through the potential that borrowers in respect of the loans in which the Group has invested may default on their obligations. Such default may adversely affect the income received by the Group and the value of the Group's assets, as well as inhibit the Group's ability to meet its stated dividend policy. The Group depends on the diligence and skill of the Investment Adviser in the mitigation of the credit risk, which starts with careful consideration of potential loan opportunities by an appointed Investment Adviser committee. The Investment Adviser committee will consider due diligence, loan security, risk categories and ratings as well as ongoing surveillance and risk management when looking to mitigate credit risk. The Board formally monitors the credit risk for the Group each quarter, when the Investment Manager reports on the risk of the Group's portfolio at the quarterly Board meetings.

- **Liquidity risk;** the Group invests in loans primarily to SME companies. These loans will not be publicly-traded or freely marketable, and are likely to have limited or no secondary market liquidity. Such investments may therefore be difficult to value or sell and therefore the price that is achievable for the investments might be lower than the valuation of these assets. There is also a risk that should the Group enter into loan commitments in which the loans will be drawn down over time then it may overcommit its liquidity unless careful monitoring of these loans and expected draw down timetables is carried out. The Investment Manager and Investment Adviser ensure these are tightly monitored.

Principal Risks and uncertainties, continued

- **Market risk;** the Group's loans and underlying borrowers are subject to various macroeconomic factors including interest rate risks, general economic conditions, operational risks, the condition of financial markets, political events and changes in government policy, developments or trends in any particular industry and changes in prevailing interest rates, any or all of which may have an adverse effect on the ability of borrowers to make interest payments and/or principal repayments on loans and which, in turn, may adversely affect the Group's returns. Borrowers may default on their repayment obligations for a variety of reasons, including, among others, the borrower's general financial condition, low operating margins, customer churn and increased costs of doing business including additional regulatory and compliance costs which cannot be easily absorbed into their business model and cost structure.

- **Prepayment risk;** Certain of the Group's outstanding loans may be repaid earlier than anticipated. Loans made by the Group which provide for prepayment generally include a prepayment fee (or income protection provisions). The terms, conditions and period for the provision of these prepayment fees vary for each borrower. Upon expiry of the prepayment protection period, early repayment of the loan may be attractive to the borrower which may increase the possibility that the loans may be repaid before the end of the full term. However as the prepayment penalty generally reduces over time, the borrower's incentive to refinance in a low interest rate environment may increase. Should a borrower repay a loan earlier than expected and there is a delay in the redeployment of the proceeds then there is a risk that the income returns of the Group will be negatively impacted. The Investment Adviser will seek to manage the risk of unexpected repayments by maintaining a regular dialogue with borrowers and by seeking to understand their needs. The Board will also continue to consider and discuss the strategic implications and opportunities that prepayments may present for the Company in the longer term.

- **Regulatory risk;** the Group must comply with all requirements imposed within its regulatory environment, including the UK Listing Authority rules, the Financial Conduct Authority's ("FCA") disclosure and transparency rules and the Market Abuse Regulation (which was effective from 3 July 2016). Any failure to comply could lead to criminal or civil proceedings. Changes in law or regulation may adversely affect the Company's ability to carry on its business or may increase the Company's ongoing costs. The Investment Manager and Administrator monitor compliance with regulatory requirements and the Administrator reports at quarterly Board meetings.

- **Tax risk;** changes in tax legislation could result in adverse tax consequences for the Group or the imposition of additional and possibly material tax liabilities on Shareholders.

Results and dividends
The results for the period are shown in the Consolidated Statement of Comprehensive Income on page 34.

The Directors have declared and paid dividends of £960,296 in the period 27 April 2016 to 30 June 2017. Further details of dividends declared or paid are detailed in note 4.

The Company intends to distribute at least 85% of its distributable income earned in each financial year by way of dividends. Once the proceeds of the Initial Placing and Offer for Subscription are substantially invested, the Company will target an annualised dividend yield of at least 6% of the Issue Price, which is expected to grow over time. Dividends are expected to be declared in January, April, July and October of each year in respect of the preceding quarter.

Independent Auditor
Deloitte LLP were appointed and served as Auditors during the financial period. A resolution to re-appoint Deloitte LLP as auditor will be proposed at the next Annual General Meeting.

Investment Manager and Investment Adviser
The Directors are responsible for the determination of the Company's investment policy and have overall responsibility for the Company's activities. The Company has, however, entered into an Investment Management Agreement with the Investment Manager with effect from 31 May 2016. On the same date, the Investment Manager, with consent of the Company, entered into an Investment Advisory Agreement with Hadrian's Wall Capital Limited (the "Investment Adviser") to manage the assets of the Company in accordance with the Company's investment policy. The Investment Adviser is responsible for the day to day management of the Company's portfolio and the provision of various other management services to the Company, subject to the overriding supervision of the Directors.

Investment Manager and Investment Adviser, continued
The Directors have reviewed the performance and terms of appointment of the Investment Manager and the Investment Adviser and consider that it is in the best interests of all Shareholders for the Company to continue with their appointment on their existing terms of appointment. A summary of these terms, including the management fee and notice of termination period, is set out in note 7 of the Financial Statements.

Directors and Directors' interests
The Directors, all of whom are independent and non-executive, are listed on page 8.

None of the Directors has a service contract with the Company and no such contracts are proposed. During the financial period each independent non-executive Director received the following annualised remuneration in the form of Director fees from the Company:

	For the period 27 April 2016 to 30 June 2017	
	Annualised	**Actual**
	£	**£**
David Warr *(Chairman and Management Engagement Committee Chairman)*	40,000	47,123
John Falla *(Audit and Risk Committee Chairman)*	35,000	41,233
Paul Craig	30,000	33,781
Nigel Ward *(Nomination and Remuneration Committee Chairman)*	30,000	35,342
Total	**135,000**	**157,479**

In addition, a further one-off fee of £7,500 was made to each Director in relation to work performed in connection with the issue and listing of C Shares on 26 May 2017, which were settled by the issue of 7,500 C Shares of no par value in the capital of the Company at a price of 100 pence per C Share to each Director credited as fully paid.

The additional fees received by the Chairman and Audit and Risk Committee Chairman are paid as a result of the extra responsibilities these roles demand. No other fees were paid to the Directors and there were no outstanding Director fees payable at the period end.

The Shareholdings of the Directors and Directors' families in the Company at 30 June 2017 were as follows:

	30 June 2017		
Name	**No. of Ordinary Shares**	**No. of C Shares**	**Percentage***
David Warr	50,000	107,500	0.13%
John Falla	10,000	7,500	0.01%
Paul Craig	-	7,500	0.01%
Nigel Ward	-	7,500	0.01%

There have been no changes to the Directors' Shareholdings since 30 June 2017.

Paul Craig is also a Portfolio Manager at Old Mutual Global Investors which, as detailed further in the table on page 14, was the registered holder of approximately 25.00% of the Company's Shares in issue as at that date.

Total expense ratio
The total expense ratio, in accordance with the AIC guidance, is defined as annualised ongoing charges (i.e. excluding acquisition costs and other non-recurring items) divided by the average published undiluted net asset value in the period. The Group's total expense ratio for the period ended 30 June 2017 is 1.27%.

Substantial Shareholdings
As of 8 September 2017, being the date of latest Shareholder analysis prior to the publication of these Financial Statements, the Company has been notified of the following Shareholdings in excess of 5% of the issued share capital:

Name	No. of Shares in issue	Percentage*
Old Mutual Global Investors	31,306,215	25.00%
Invesco Asset Management	25,631,497	20.46%
Investec Wealth & Investment	18,760,690	14.98%
Premier Asset Management	15,445,434	12.33%

*Under the Articles, at any general meeting of the Company each Share (Ordinary Share or C Share) shall have one vote, therefore, the percentage shown is based on the aggregate total number of Ordinary and C Shares in issue.

Related Parties
Details of transactions with related parties are disclosed in note 7 to these Financial Statements.

Listing Requirements
Since its listing on the Main Market of the London Stock Exchange and admission to the Premium Segment of the Official List of the UK Listing Authority, the Company has complied with the Prospectus Rules, the Disclosure Guidance and Transparency Rules ("DTR"), the LSE listing rules and the Market Abuse Directive (as implemented in the UK through Financial Services and Markets Authority).

Foreign Account Tax Compliance Act
The Foreign Account Tax Compliance Act ("FATCA") became effective on 1 January 2013. The legislation is aimed at determining the ownership of US assets in foreign accounts and improving US tax compliance with respect to those assets. On 13 December 2013, the States of Guernsey entered into an intergovernmental agreement ("IGA") with US Treasury, in order to facilitate the requirements under FATCA.

United Kingdom-Guernsey Intergovernmental Agreement
On 22 October 2013 the Chief Minister of Guernsey signed an intergovernmental agreement with the United Kingdom ("UK-Guernsey IGA") under which certain disclosure requirements may be imposed in respect of certain Shareholders in the Company who are, or are entities that are controlled by one or more, residents of the United Kingdom. The UK-Guernsey IGA is implemented through Guernsey's domestic legislation, in accordance with guidance which came into force with effect from 29 July 2014.

Common Reporting Standard
The Common Reporting Standard ("CRS"), formally the Standard for Automatic Exchange of Financial Account Information, became effective on 1 January 2016, and is an information standard for the automatic exchange of information developed by the Organisation for Economic Co-operation and Development ("OECD"). CRS is a measure to counter tax evasion and it builds upon other information sharing legislation, such as FACTA, the UK – Guernsey Inter-Governmental Agreement for the Automatic Exchange of Information and the European Union Savings Directive. Early adopters who signed the Multilateral Agreement (including Guernsey) have pledged to work towards the first information exchanges taking place by September 2017.

Alternative Investment Fund Managers Directive
The Alternative Investment Fund Managers Directive ("AIFMD") took effect during 2014. The AIFMD seeks to regulate managers of alternative investment funds ("AIFs"), such as the Company. It imposes obligations on managers who manage AIFs in a member state of the European Economic Area ("EEA state"), or who market shares in AIFs to investors who are domiciled, or with a registered office, in an EEA state. Under the AIFMD, an Alternative Investment Fund Manager ("AIFM") must be appointed and must comply with various organisational, operational and transparency requirements.

On 31 May 2016, the Company appointed the Investment Manager to act as AIFM on behalf of the Company. The Investment Manager is responsible for fulfilling the role of the AIFM and ensuring the Company complies with the AIFMD requirements. Details of the total amount of remuneration for the financial year, split into fixed and variable remuneration, paid by the AIFM to its staff, and the number of beneficiaries, are made available to Shareholders on request to the Investment Manager.

Non-Mainstream Pooled Investments
The Company has been advised that its Shares can be considered as "excluded securities" for the purposes of the FCA's rules regarding the definition and promotion of Non-Mainstream Pooled Investments ("NMPIs") because the Company expects that it would be capable of qualifying as an investment trust if it were resident in the UK, and therefore the Board believes that the Shares will be excluded from the restrictions contained in the FCA's rules on NMPIs.

It is the Board's intention that the Company will make all reasonable efforts to continue to conduct its affairs in such a manner so that the Shares can be recommended to ordinary UK retail investors in accordance with the FCA's rules relating to non-mainstream pooled investment products. However, the Board has been advised that no guidance on the application of the NMPI rules to non-UK companies has been published by the FCA and, further, that the rules may be subject to change. The Company will make an announcement should the FCA issue further guidance or amend the NMPI rules in a way which affects the Company's view on the application of the NMPI rules to the Company.

On behalf of the Board

John Falla
Director
Date: 18 September 2017.

Compliance

Under the UK Listing Regime the Company is a premium listed entity. The UK Listing Authority requires all overseas companies with a premium listing (such as the Company), to comply with the provisions of the UK Corporate Governance Code. The UK Corporate Governance Code (the "Code") is available on the Financial Reporting Council website, www.frc.org.uk.

The Board places a high degree of importance on maintaining high standards of corporate governance and has also considered the principles and recommendations of the AIC Code of Corporate Governance ("AIC Code") by reference to the AIC Corporate Governance Guide for investment companies ("AIC Guide"). The AIC Code, as explained in the AIC Guide, addresses all of the principles set out in the Code. The Board considers that reporting against the principles and recommendations of the AIC Code, and by reference to the AIC Guide (which incorporates the Code), will provide better information to Shareholders. The AIC code is available on the AIC website, www.theaic.co.uk. Furthermore, the Board has also taken note of the Code of Corporate Governance issued by the Guernsey Financial Services Commission ("GFSC") ("Guernsey Code") which became effective on 1 January 2012. The Guernsey Code provides a governance framework for GFSC licensed entities, authorised and registered collective investment schemes. Companies reporting against the Code or the AIC Code are deemed to satisfy the provisions of the Guernsey Code.

The Company has complied with the recommendations of the AIC Code and the relevant provisions of the Code, except as set out below.

The Code includes provisions relating to:

- the role of the chief executive
- executive directors' remuneration
- the need for an internal audit function

For the reasons set out in the AIC Guide, and as explained in the Code, the Board considers that these provisions are not relevant to the position of the Company, being a registered closed-ended investment scheme in Guernsey. In particular, all of the Company's day-to-day management and administrative functions are outsourced to third parties. As a result, the Company has no executive directors, employees or internal operations. The Company has therefore not reported further in respect of these provisions.

As at 30 June 2017, the Company complied substantially with the relevant provisions of the AIC Code and it is the intention of the Board that the Company will comply with those provisions throughout the year ending 30 June 2018, with the exception of the provision listed below:

- *The appointment of a Senior Independent Director:* Given the size and composition of the Board it is not felt necessary to separate the roles of Chairman and Senior Independent Director. The Board considers that all the independent Directors have different qualities and areas of expertise on which they may lead where issues arise and to whom concerns can be conveyed.
- *Internal audit function:* The Board has reviewed the need for an internal audit function and due to the size of the Company and the delegation of day-to-day operations to regulated service providers, an internal audit function is not considered necessary.

Composition and independence of the Directors

As at 30 June 2017, the Board of Directors comprised four non-executive Directors. The Company has no executive Directors, nor any employees. The biographies of the Board are disclosed on page 8.

David Warr is Chairman of the Board and the Management Engagement Committee.

John Falla is the Chairman of the Audit and Risk Committee.

Nigel Ward is the Chairman of the Nomination and Remuneration Committee.

In considering the independence of the Chairman, the Board has taken note of the provisions of the AIC Code relating to independence and has determined that David Warr is an Independent Director.

Composition and independence of the Directors, continued
All non-executive Directors are subject to re-election at the first Annual General Meeting ("AGM"). Thereafter, in accordance with the Company's Articles of Incorporation, two Directors shall retire each year and may offer themselves for re-election.. There is no formal limit to the length of tenure of the Directors.

Although no formal training is given to Directors by the Company, the Directors are kept up to date on various matters such as Corporate Governance issues through bulletins and training materials provided from time to time by the Company Secretary, the AIC and other professional firms.

The Board is mindful and supportive of the principles of widening the diversity of its composition and recruiting without discrimination. The Board is also committed to appointing the most appropriate available candidates taking into account the skills and attributes of both existing members and potential new recruits and thereby the balance of skills, experience and approach of the Board as a whole which will lead to optimal Board effectiveness.

The Board receives quarterly reports and meets at least quarterly to review the overall business of the Company and to consider matters specifically reserved for its disposal. At these meetings the Board monitors the investment performance of the Company. The Directors also review the Company's activities every quarter to ensure that it adheres to the Company's investment policy. Additional ad hoc reports are received as required and Directors have access at all times to the advice and services of the Company Secretary, who is responsible for ensuring that the Board procedures are followed and that applicable rules and regulations are complied with.

The Board monitors the level of the Share price premium or discount to determine what action, if any, is required. The Board and relevant personnel of the Investment Adviser acknowledge and adhere to the Market Abuse Regulation, which was implemented on 3 July 2016.

Directors' Performance Evaluation
The Directors undertake, on an annual basis, an assessment of the effectiveness of the Board particularly in relation to its oversight and monitoring of the performance of the Investment Manager, Investment Adviser and other key service providers. This evaluation considers the balance of skills, experience, independence and knowledge of the Company. The Board also evaluates the effectiveness of each of the Directors, and the performance and effectiveness of the Chairman. The Directors absent themselves from those parts of the meeting that deal respectively with their own performance or re-election. Having concluded the evaluation, the Board is pleased to confirm that each Director has performed effectively during the period and demonstrates commitment to his role.

Directors' Remuneration
With effect from 31 October 2016, it is the responsibility of the Nomination and Remuneration Committee to determine and approve the Directors' remuneration, having regard to the level of fees payable to non-executive Directors in the industry generally, the role that individual Directors fulfil in respect of Board and Committee responsibilities and the time committed to the Company's affairs. The Chairman's remuneration is decided separately and is approved by the Board as a whole.

No Director has a service contract with the Company and details of the Directors' remuneration can be found in the Directors' Remuneration Report on page 22.

Directors' and Officers' Liability Insurance
The Company maintains insurance in respect of directors' and officers' liability in relation to their acts on behalf of the Company.

Relations with Shareholders
The Company reports to Shareholders twice a year by way of the Interim Report and the Annual Report and Audited Financial Statements. In addition, net asset values are published monthly and the Investment Adviser publishes quarterly newsletters and portfolio update reports on the website www.hadrianswallcapital.com.

The Board receives quarterly reports on the Shareholder profile of the Company and regular contact with major Shareholders is undertaken by the Company's corporate brokers and the executives of the Investment Adviser. Any issues raised by major Shareholders are reported to the Board on a regular basis.

Relations with Shareholders, continued

The Chairman and individual Directors are willing to meet Shareholders to discuss any particular items of concern regarding the performance of the Company. Members of the Board, including the Chairman and the Audit and Risk Committee Chairman, as well as the Investment Adviser are also available to answer any questions which may be raised by any Shareholder at the Company's Annual General Meeting.

Directors' Meetings and Attendance

The table below shows the attendance at Board and Committee meetings during the period. There were five formal Board meetings, ten board committee meetings, four Audit and Risk Committee meetings, one Nomination & Remuneration Committee meeting and one Management Engagement Committee meeting held.

Name	Board – scheduled	Board – ad hoc/ committee	Audit and Risk Committee	Nomination & Remuneration Committee	Management Engagement Committee
David Warr	5	9	4	1	1
John Falla	5	10	4	1	1
Paul Craig	5	8	N/A	N/A	N/A
Nigel Ward	5	9	4	1	1

N/A – attendance record not applicable, as the Director concerned is not a member of the stated Committee.

Board committees

Audit and Risk committee

The Audit and Risk Committee was formed in May 2016 and comprises John Falla, David Warr and Nigel Ward, and meets at least three times a year. John Falla is Chairman of the Audit and Risk Committee.

The key objectives of the Audit and Risk Committee include a review of the Company's Financial Statements to ensure they are prepared to a high standard and comply with all relevant legislation and guidelines, where appropriate, and to maintain an effective relationship with the external auditor. With respect to the external auditor, the Audit and Risk Committee's role includes an assessment of their independence, review of auditor's engagement letter, remuneration and any non-audit services provided by the auditor.

In addition, the function of the Audit and Risk Committee is to identify, assess, monitor and, where possible, oversee the management of risks to which the Company's investments are exposed, principally to enable the Company to achieve its target investment objective to provide Shareholders with regular, sustainable dividends and to generate capital appreciation over the life of the Company, with regular reporting to the Board. As the Company is an externally managed non-EU AIFM for the purposes of AIFMD, the Directors have appointed the Investment Manager as AIFM to manage the risks faced by the Company as well as the relevant disclosures to be made to investors and the necessary regulators. On 26 May 2016, the FCA confirmed that the Company was eligible to be marketed via the FCA's National Private Placement Regime and the Company has complied with Article 23 of the AIFMD for the period ended 30 June 2017.

For the principal duties and report of the Audit and Risk Committee please refer to the Report of the Audit and Risk Committee on pages 23 to 26.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee was formed in October 2016 and comprises John Falla, David Warr and Nigel Ward, and meets at least once a year. Nigel Ward is Chairman of the Nomination and Remuneration Committee.

The nomination and remuneration committee is responsible for considering and making recommendations to the Board in respect of appointments to the Board, the Board committees and the chairmanship of the Board committees. It is also responsible for keeping the structure, size and composition of the Board under regular review, and for making recommendations to the Board with regard to any changes necessary. The nomination and remuneration committee also considers succession planning, taking into account the skills and expertise that will be needed on the board in the future. Other duties included in the terms of reference are:

- determining and monitoring a policy on remuneration;
- engaging, where necessary, with remuneration consultants; and
- reporting responsibilities.

Board committees, continued

Management Engagement Committee
The Management Engagement Committee was formed in October 2016 and comprises John Falla, David Warr and Nigel Ward, and meets at least once a year. David Warr is Chairman of the Management Engagement Committee.

The principal function of the Management Engagement Committee is to review annually the terms of the investment management agreement between the Company and the Investment Manager, the investment advisory agreement between the Company and the Investment Adviser, the Broker and other service providers as considered appropriate, together with their performance.

Internal Control Review and risk management system
The Board of Directors is responsible for putting in place a system of internal controls relevant to the Company and for reviewing the effectiveness of those systems. The review of internal controls is an on-going process for identifying and evaluating the risks faced by the Company, and these controls are designed to manage risks rather than eliminate the risk of failure to achieve the Company's objectives.

It is the responsibility of the Board to undertake risk assessment and review of the internal controls in the context of the Company's objectives that cover business strategy, operational, compliance and financial risks facing the Company. These internal controls are implemented by the Company's three main service providers, the Investment Manager, the Investment Adviser and the Administrator. The Board receives periodic updates from these main service providers at the quarterly Board meetings of the Company and the Board has carried out a robust assessment of the internal controls relevant to the Company that are in place. The Board is satisfied that each service provider has effective controls in place to control the risks associated with the services that they are contracted to provide to the Company and are therefore satisfied with the internal controls of the Company.

The Board of Directors considers the arrangements for the provision of Investment Management, Investment Advisory and Administration services to the Company on an on-going basis and a formal review is conducted annually. As part of this review, the Board considered the quality and continuity of the personnel assigned to handle the Company's affairs, the investment process and the results achieved to date.

Anti-bribery and Corruption
The Board acknowledge that the Company's operations may give rise to possible claims of bribery and corruption. In consideration of The Bribery Act 2010, enacted in the UK, at the date of this report the Board had conducted an assessment of the perceived risks to the Company arising from bribery and corruption to identify aspects of business which may be improved to mitigate such risks. The Board has adopted a zero tolerance policy towards bribery and has reiterated its commitment to carry out business fairly, honestly and openly.

Whistleblowing
The Board has considered the AIC Code recommendations in respect of arrangements by which staff of the Investment Adviser, Investment Manager or Administrator may, in confidence, raise concerns within their respective organisations about possible improprieties in matters of financial reporting or other matters. It has concluded that adequate arrangements are in place for the proportionate and independent investigation of such matters and, where necessary, for appropriate follow-up action to be taken within their organisation.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Annual Report and the Audited Consolidated Financial Statements in accordance with applicable Law and regulations.

The Companies Law requires the Directors to prepare Financial Statements for each financial year. Under that law the Directors are required to prepare the Consolidated Financial Statements in accordance with IFRS. Under the Companies Law, the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and of the profit or loss of the Group for that period.

In preparing these Consolidated Financial Statements, the Directors are required to:

- select suitable accounting policies in accordance with IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;

- make judgements and estimates that are reasonable and prudent;

- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;

- provide additional disclosures when compliance with the specific requirements in IFRS are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's financial position and financial performance;

- state that the Group has complied with IFRS, subject to any material departures disclosed and explained in the Consolidated Financial Statements; and

- prepare the Consolidated Financial Statements on a going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors confirm that they have complied with the above requirements in preparing the Consolidated Financial Statements.

The Directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time, the financial position of the Group and to enable them to ensure that the Consolidated Financial Statements comply with the Companies Law. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud, error and non-compliance with law and regulations.

The Directors are also responsible for the maintenance and integrity of the corporate and financial information included on the Company's website (www.hadrianswallcapital.com/hwsil). Legislation in the United Kingdom and Guernsey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

So far as the Directors are aware, there is no relevant audit information of which the Company's Auditor is unaware, having taken all the steps the Directors ought to have taken to make themselves aware of any relevant audit information and to establish that the Company's Auditor is aware of that information.

Responsibility Statement

Each of the Directors, whose names and functions are listed on page 8, confirms to the best of each person's knowledge and belief:

- the Financial Statements, prepared in accordance with the International Financial Reporting Standards ("IFRS") as endorsed by the European Union and in accordance with the requirements of the London Stock Exchange, give a true and fair view of the assets, liabilities, financial position and profit of the Company; as required by DTR 4.1.12R and are in compliance with the requirements set out in the Companies (Guernsey) Law, 2008 and

- the Financial Statements, taken as a whole, are fair, balanced and understandable and includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that they face, as required by DTR 4.1.8R and DTR 4.1.11R.

John Falla
Director
Date: 18 September 2017.

DIRECTORS' REMUNERATION REPORT

The Company's policy in regard to Directors' remuneration is to ensure that the Company maintains a competitive fee structure in order to recruit, retain and motivate non-executive Directors of excellent quality in the overall interests of Shareholders.

No element of the Directors' remuneration is performance related, nor does any Director have any entitlement to pensions, share options or any long term incentive plans from the Company.

The Directors received the following remuneration in the form of Directors' fees during the period:

	30 June 2017	
	Annualised	**Actual**
	£	**£**
David Warr *(Chairman and Management Engagement Committee Chairman)*	40,000	47,123
John Falla *(Audit and Risk Committee Chairman)*	35,000	41,233
Paul Craig	30,000	33,781
Nigel Ward *(Nomination and Remuneration Committee Chairman)*	30,000	35,342
Total	**135,000**	**157,479**

In addition, a further one-off fee of £7,500 was made to each Director in relation to work performed in connection with the issue and listing of C Shares on 26 May 2017, which were settled by the issue of 7,500 C Shares of no par value in the capital of the Company at a price of 100 pence per C Share to each Director credited as fully paid.

The remuneration policy set out above is the one applied for the period ended 30 June 2017.

Directors' and Officers' liability insurance cover is maintained by the Company on behalf of the Directors.

The Directors were appointed as non-executive Directors by letters issued in May 2016. The Directors' appointments can be terminated in accordance with the Articles and without compensation. The notice period for the removal of Directors is three months as specified in the Director's appointment letter. The Articles provide that the office of director shall be terminated by, among other things: (a) written resignation; (b) unauthorised absences from Board meetings for six months or more; (c) unanimous written request of the other Directors; or (d) an ordinary resolution of the Company.

Each Director is subject to re-election at the first AGM which will be held no later than October 2017. Thereafter, in accordance with the Company's Articles of Incorporation, two Directors shall retire each year and may offer themselves for re-election. The Company may terminate the appointment of a Director immediately on serving written notice and no compensation is payable upon termination of office as a director of the Company becoming effective.

The amounts payable to Directors as at 30 June 2017, shown in note 7 related to services as non executive Directors.

No Director has a service contract with the Company, nor are any such contracts proposed.

On behalf of the Nomination and Remuneration Committee

Nigel Ward
Director
Date: 18 September 2017.

REPORT OF THE AUDIT AND RISK COMMITTEE

The Company has established an Audit and Risk Committee with formally delegated duties and responsibilities within written terms of reference (which are available on the Company's website www.hadrianswallcapital.com). The Audit and Risk Committee has been in operation since it was formed in May 2016.

Chairman and Membership
The Audit and Risk Committee is chaired by John Falla. He and its other members, David Warr and Nigel Ward, are all independent directors. Only independent directors serve on the Audit and Risk Committee and members of the Audit and Risk Committee have no links with the Company's external auditor and are independent of the Investment Manager and Investment Adviser. The membership of the Audit and Risk Committee and its terms of reference are kept under review. The relevant qualifications and experience of each member of the Audit and Risk Committee are detailed on page 8 of these Financial Statements. The Audit and Risk Committee meets no less than three times in a year in Guernsey, and meets the external auditor at least twice a year also in Guernsey. The Audit and Risk Committee met four times in the period to 30 June 2017.

Duties
The Audit and Risk Committee's main role and responsibilities are to provide advice to the Board on whether the Annual Report and Audited Financial Statements, taken as a whole, are fair, balanced, and understandable and provide the information necessary for Shareholders to assess the Company's performance, business model and strategy. The Audit and Risk Committee gives full consideration and recommendation to the Board for the approval of the contents of the annual Financial Statements of the Company, which includes reviewing the external auditor's reports.

The other principal duties, amongst others, are to consider the appointment of the external auditor, to discuss and agree with the external auditor the nature and scope of the audit, to keep under review the scope, results and effectiveness of the audit and the independence and objectivity of the auditor, to review the external auditor's letter of engagement, the auditor's planning report for the following financial year and management letter, and to analyse the key procedures and controls adopted by the Company's service providers.

The Audit and Risk Committee is responsible for monitoring the financial reporting process and the effectiveness of the Company's internal control and risk management systems. The Audit and Risk Committee also focuses particularly on compliance with legal requirements, accounting standards and the relevant Listing Rules and ensuring that an effective system of internal financial and non-financial controls is maintained.

For the purposes of the Company's Financial Statements, the Audit and Risk Committee also considers the need for any impairments following a review of the Group's loans prepared by the Investment Manager and Investment Adviser and, if thought appropriate, recommends any impairments to the Board. These impairment reviews are the most critical element in the Company's Financial Statements and the Audit and Risk Committee questions and challenges them appropriately.

Financial Reporting and Audit
The Audit and Risk Committee has an active involvement and oversight in the preparation of both the interim and annual Financial Statements and in doing so is responsible for the identification and monitoring of the principal risks associated with the preparation of the Financial Statements. The principal risks identified in the preparation of these Financial Statements are as follows:

a) Impairment of loans

The Group's loans are the key value driver of the Group's NAV and interest income. Judgement over the level of impairment and recoverability of loan interest could significantly affect the NAV.

The loans advanced are assessed by the Investment Adviser for indication of impairment during the financial period and also at the Statement of Financial Position date. The main factors considered for evidence of impairment include significant difficulty of the borrower to service the loan, breach of contract such as default in interest or principal repayments, probability that a borrower will enter bankruptcy or financial re-organisation and devaluation of collateral.

Financial Reporting and Audit, continued

a) ***Impairment of loans, continued***

The Board reviews the compliance of all loans with terms and covenants at each Board meeting. The Board also receives updates from the Investment Adviser regarding the borrower's performance under the loans and on the general industry market in which each borrower's trading activity exist. The Board's focus, during these updates, is on any indications of impairment of loans, including material financial deterioration of the borrower, whether any default or delinquency in interest or principal repayments under the loan agreements has occurred, material decline in the value of the underlying applicable security, any agreements entered into or considered with borrowers to defer interest of principal repayments and if it becomes probable that the borrower will enter bankruptcy or financial re-organisation. As a result, the Board is able determine the level, if any, of any impairments to the loans. In addition, the Investment Manager completes an independent review of the Investment Advisers' processes and controls for monitoring the performance and borrower compliance and reports their findings to the Board on a quarterly basis.

The Audit and Risk Committee reviews impairment analyses and current loan performance reports prepared by the Investment Adviser and Investment Manager. The Audit and Risk Committee accepts that there is an on-going risk that the capital invested may not be recoverable or there may be delays in recovering the capital, however, it is satisfied with the security held and has concluded that none of the loans were impaired during the financial period, at the reporting date or the subsequent period to the date of these Financial Statements.

b) ***Revenue recognition***

Incorrect treatment of any arrangement and exit fees and the impact of the loans impairments in the effective interest rate calculations may significantly affect the level of income recorded in the financial period. In addition, the existence of prepayment and exit fees arising from early repayments in the period will impact on investment income recorded thus affecting the level of distributable income in accordance with the Company's stated investment objective and dividend policy.

The Audit and Risk committee reviews the income recognition and the treatment of arrangement and exit fees based on the effective interest rate calculations prepared by the Investment Adviser and the Administrator. The main assumptions of the calculations were that none of the loans were impaired and that each loan would be repaid either at the end of the agreed loan term or over the life of the loan term. These were discussed at the Audit and Risk Committee meeting to review these Financial Statements, with the Investment Adviser, the Investment Manager, the administrator and the Auditor. The Audit and Risk Committee is satisfied that the Group interest income has been recognised in line with the requirements of IFRS and as none of the loans were impaired the income recognised has not been adjusted.

c) ***Prepayment options***

Some of the Group's loans have prepayment options embedded within the contracts with the borrowers. The Directors are required to determine the fair value of the embedded prepayment options. The Audit and Risk Committee has reviewed the judgements and estimations in determining the fair value of the prepayment options embedded in these contracts. The key factors considered in the valuation of prepayment options include the exit fee, the interest rate of the loan contract, differential to current market interest rates, contractual terms of the prepayment option and the expected term of the option. In conclusion following review of these factors, it has been evaluated that the probability of exercise by the borrower is low and the timing of exercise is indeterminable. As a result, the Audit and Risk Committee has concluded that it is appropriate that no fair value is attributed to the embedded derivatives.

The Audit and Risk Committee reviewed the Company's accounting policies applied in the preparation of the Consolidated Financial Statements, together with the relevant critical judgements, estimates and assumptions made by the Board and, having discussed matters with the Auditor, determined that these were in compliance with International Financial Reporting Standards ("IFRS") and were reasonable. The Audit and Risk Committee reviewed the materiality levels applied by the Auditor to the Consolidated Financial Statements as a whole and was satisfied that these materiality levels were appropriate. The Auditor reports to the Audit and Risk Committee all material corrected and uncorrected differences. The Auditor explained the results of their audit and that on the basis of their audit work, there were no adjustments proposed that were material in the context of the Financial Statements as a whole.

Financial Reporting and Audit, continued
The Audit and Risk Committee also reviews the Company's financial reports as a whole to ensure that such reports appropriately describe the Company's activities and that all statements contained in such reports are consistent with the Company's financial results and projections. Accordingly, the Audit and Risk Committee was able to advise the Board that the Annual Report and Audited Consolidated Financial Statements are fair, balanced and understandable and provide the information necessary for Shareholders to assess the Company's performance, business model and strategy.

External Auditor
The Audit and Risk Committee is responsible for overseeing the Company's relationship with the external auditor, including making recommendations to the Board on their appointment and their remuneration. Deloitte LLP was appointed as the first Auditor of the Company. The lead audit partner, Mr David Becker was initially appointed for the interim period end 31 December 2016 audit. The auditor is required to rotate the audit partner every five years.

To assess the effectiveness of the external auditor, the Audit and Risk Committee reviewed:

- The external auditor's fulfilment of the agreed audit plan and variations from it;
- The Audit and Risk Committee Report from the auditor highlighting the major issues that arose during the course of the audit; and
- Feedback from the Investment Manager, Investment Adviser and Administrator evaluating the performance of the audit team.

For the period ended 30 June 2017, the Audit and Risk Committee was satisfied that there had been appropriate focus and challenge on the primary areas of audit risk and assessed the quality of the audit to be good.

Where non-audit services are to be provided to the Company by the auditor, full consideration of the financial and other implications on the independence of the auditor arising from any such engagement will be considered before proceeding. All non-audit services are pre-approved by the Audit and Risk Committee after it is satisfied that relevant safeguards are in place to protect the auditor's objectivity and independence.

To fulfil its responsibility regarding the independence of the external auditor, the Audit and Risk Committee considered:

- a report from the external auditor describing its arrangements to identify, report and manage any conflicts of interest; and
- the extent of non-audit services provided by the external auditor.

During the period ended 30 June 2017, Deloitte LLP provided non-audit services in relation to reporting accountant services on the IPO of the Company's Ordinary Shares and C Shares issuance. At the Audit and Risk Committee meeting in July 2017, Deloitte LLP confirmed that this had not impacted their independence and outlined the reasons for this. These non-audit services comply with the Financial Reporting Council Revised Ethical Standard 2016. The Audit and Risk Committee considered this and was satisfied these non-audit services had no bearing on the independence of the Auditor.

The following table summarises the remuneration paid to Deloitte LLP for audit and non-audit services:

	For the period from 27 April 2016 to 30 June 2017
	£
Annual audit of the Group – for the period ended 30 June 2017	50,000
Interim audit of the Group – for the period ended 31 December 2016	25,000
Reporting accountant services – LSE Main Market Listing	62,000
Reporting accountant services – issuance of C shares	39,000
Total	**176,000**

For the period ended 30 June 2017, the Audit and Risk Committee were satisfied that there were no factors which had any bearing on the independence of the external auditor during the course of the audit or the period under review.

Internal Controls

The Investment Manager, Investment Adviser and Administrator together maintain a system of internal control on which they report to the Board. The Board has reviewed the need for an internal audit function and has decided that the systems and procedures employed by the Investment Manager, Investment Adviser and Administrator provide sufficient assurance that a sound system of risk management and internal control, which safeguards Shareholders' investment and the Company's assets, is maintained. An internal audit function specific to the Company is therefore considered unnecessary.

The Audit and Risk Committee is responsible for reviewing and monitoring the effectiveness of the internal financial control systems and risk management systems on which the Company is reliant. These systems are designed to ensure proper accounting records are maintained, that the financial information on which the business decisions are made and which is issued for publication is reliable, and that the assets of the Company are safeguarded. Such a system of internal financial controls can only provide reasonable and not absolute assurance against misstatement or loss.

In accordance with the Risk Guidance published by the Financial Reporting Council (the "FRC") in September 2014, the Audit and Risk Committee has reviewed the Company's internal control procedures. These internal controls are implemented by the Company's three main service providers, the Investment Manager, the Investment Adviser and the Administrator. The Audit and Risk Committee has performed reviews of the internal financial control systems and risk management systems during the year. As part of this review, each service provider has completed questionnaires whereby they are specifically challenged on their own internal controls and are required to provide assurances regarding their relevant control environment. Subsequently a risk matrix register which covers internal control related risks is maintained by the Investment Manager who reports to the Board on a quarterly basis. The Audit and Risk Committee is satisfied with the internal financial control systems of the Company.

On behalf of the Audit and Risk Committee

John Falla
Audit and Risk Committee Chairman
Date: 18 September 2017.

INDEPENDENT AUDITOR'S REPORT
TO THE DIRECTORS OF HADRIAN'S WALL SECURED INVESTMENTS LIMITED

Opinion on Financial Statements of Hadrian's Wall Secured Investments Limited.

In our opinion the Financial Statements:

- **give a true and fair view of the state of the Group's affairs as at 30 June 2017 and of the Group's profit for the period from 27 April 2016 to 30 June 2017;**
- **have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and**
- **have been prepared in accordance with the requirements of the Companies (Guernsey) Law, 2008.**

The Financial Statements comprise:
- the Consolidated Statement of Comprehensive Income;
- the Consolidated Statement of Changes in Equity
- the Consolidated Statement of Financial Position
- the Consolidated Cash Flow Statement; and
- the related notes 1 to 16.

The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union.

Summary of our audit approach

Key risks	The key risks that we identified in the current period were: • Impairment of loans; • Revenue recognition; and • Application of IFRS 10 to the consolidation of HWSIL Note Co Limited.
Materiality	The materiality that we used in the current year was £2.45 million which is 2% of Net Asset Value.
Scoping	All audit work for the Group was performed directly by the audit engagement team.

Going concern and the directors' assessment of the principal risks that would threaten the solvency or liquidity of the Group

We have reviewed the directors' statement regarding the appropriateness of the going concern basis of accounting contained within note 2c to the financial statements and the directors' statement on the longer-term viability of the Group contained within the Report of the Directors.

We are required to state whether we have anything material to add or draw attention to in relation to:

- the directors' confirmation on pages 11 to 12 that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity;
- the disclosures on pages 11 to 12 that describe those risks and explain how they are being managed or mitigated;
- the directors' statement in Note 2(c) to the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them and their identification of any material uncertainties to the Group's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements; and
- the directors' explanation on page 10 as to how they have assessed the prospects of the Group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We confirm that we have nothing material to add or draw attention to in respect of these matters.

We agreed with the directors' adoption of the going concern basis of accounting and we did not identify any material uncertainties. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's ability to continue as a going concern.

Independence

We are required to comply with the Financial Reporting Council's Ethical Standards for Auditors and confirm that we are independent of the Group and we have fulfilled our other ethical responsibilities in accordance with those standards.

We confirm that we are independent of the Group and we have fulfilled our other ethical responsibilities in accordance with those standards. We also confirm we have not provided any of the prohibited non-audit services referred to in those standards.

Our assessment of risks of material misstatement

The assessed risks of material misstatement described below are those that had the greatest effect on our audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team.

Risk title	**Impairment of loans**
Risk description	As at 30 June 2017, loans totalling £57.66 million are carried at amortised cost less any provision for impairment as disclosed in Note 2 f) and Note 6 of the Consolidated Financial Statements. As described in the Report of the Audit and Risk Committee on page 23, the Group's loans are the key value driver for the Group Net Asset Value and interest income. Judgements over the level of any impairment and recoverability of loan interest could significantly affect these key performance indicators. Impairment is considered to be the most critical accounting judgment and estimate made in applying the Group's accounting policies as described in Note 3. The specific areas of judgement include: • The determination of the appropriate assumptions underlying the impairment analysis; and • The impact of loan-specific matters to the forecast cash flows for each loan.
How the scope of our audit responded to the risk	We evaluated management's assumptions used to assess whether the loans had suffered any impairment. Our procedures included: • Testing the design and implementation of the existing control procedures related to the loan impairment review process. This includes testing, on a sample basis, inputs used in the 'Loan Monitoring Report', including the accuracy of covenants calculations, Loan to Value ratios, valuation of the underlying collateral and other financial & non-financial information; • Reviewing the loan monitoring reports to assess whether there is evidence that the loans are not performing, including any covenant breaches, delinquency in contractual payments or signs of financial distress by the borrower; • Where indicators of impairment have been identified, challenging the assumptions made by the Investment Manager in assessing whether the loans are impaired at the balance sheet date; • Where actual impairments have been identified, challenging the assumptions made by the Investment Manager in respect of the recoverable value of the loans in light of available evidence and underlying collateral; and • Evaluating the adequacy of disclosures made in the financial statements in light of the requirements of IAS 39 and IFRS 7.
Key observations	Having carried out the procedures, we found that judgements and assumptions formed by the management underlying the impairment analysis appear to be appropriate.

Risk title	**Revenue recognition**
Risk description	There is a risk that revenue may be misstated or recognised in the incorrect period due to differences in timing between cash receipts of interest and loan principal repayments and the application of the Effective Interest Rate method ("EIR"). Incorrect treatment of any arrangement and exit fees and the impact of loan impairments in the effective interest rate calculations may significantly affect the level of income recorded in the period, thus affecting the level of distributable income. In addition, the existence of prepayments and exit fees arising from early principal repayments during the period will impact on the investment income recorded and may not be correctly recorded in accordance with the Effective Interest Rate requirements set out in IAS 39. Interest income from loans advanced totalled £1.48 million for the period 27 April 2016 to 30 June 2017, with commitment fee income of £0.4 million received on undrawn loan facilities (see note 2 j). The Accounting policies related to this risk can be found in Note 2 i) and j). Key sources of estimation uncertainty are described in Note 3 and on Page 24 of the Audit and Risk Committee Report.
How the scope of our audit responded to the risk	Our procedures included: • Testing the design and implementation of the existing control procedures that are related directly to the risk; • Assessing management judgements in respect of the estimated contractual cash flows; • Recalculating, on a sample basis, interest income accruing under the EIR method, taking into account any prepayments on the loans and the impact on income recognised; • Evaluating the impact of any impairments on the recognition and valuation of income recorded in the period; • Evaluating the impact of any prepayments or exit fees from early repayments on the income recorded in the period; and • Agreeing a sample of cash receipts in the year to and from the bank statements.
Key observations	Having carried out the procedures, we found that judgements and assumptions formed by the management underlying the revenue recognition appears to be appropriate.
Risk Title	**Application of IFRS 10 to the consolidation of HWSIL Note Co Limited**
Risk description	As a result of a participation note issued by HWSIL Note Co Limited ("Note Co"), Hadrian Wall Secured Investments Limited ("the Company") is exposed to all variable returns of Note Co. Given the Company does not hold a direct or indirect ownership interest and has no Board Representation in Note Co., there is a risk that Note Co. is inappropriately consolidated in the financial statements of the Group. The critical accounting judgement relating to the consolidation of HWSIL Note Co Limited is mentioned in Note 3. The Accounting policies related to this risk can be found in Note 2 d).

Risk Title	Application of IFRS 10 to the consolidation of HWSIL Note Co Limited, continued
How the scope of our audit responded to the risk	Our procedures included: • Reviewing the assumptions and judgements used by management in respect of the consolidation of Note Co. within the Group in line of IFRS 10 requirements; • Assessing the review performed by management on the ability of the Company to control Note Co; and • Reviewing the adequacy and quality of the disclosures to determine if these are in line with IFRS 10.
Key observations	We found that judgements formed by management underlying the inclusion of HWSIL Note Co Limited in the Group to be appropriate.

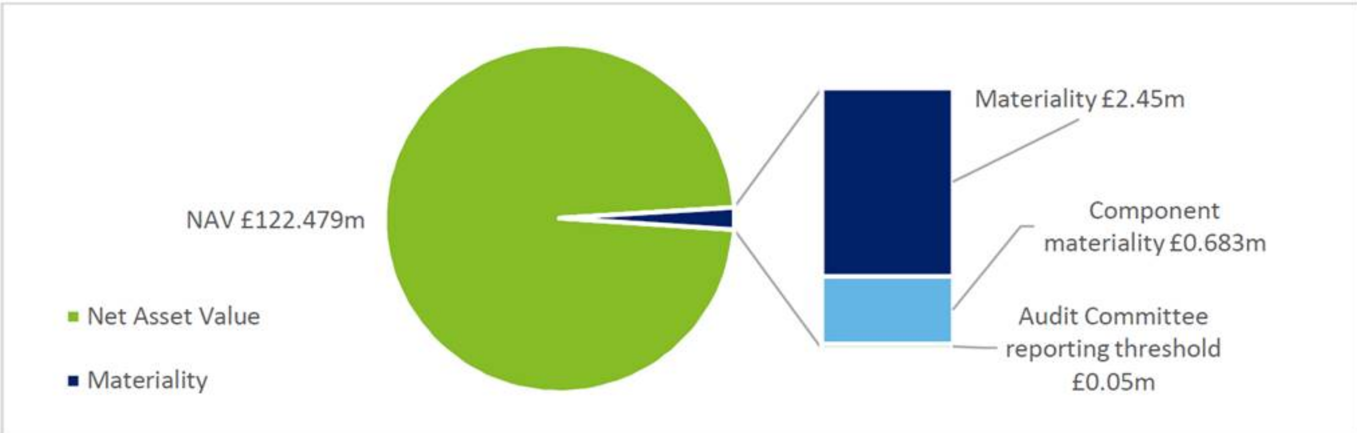
These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Our application of materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Materiality	£2.45 million
Basis for determining materiality	2% of Net Asset Value.
Rationale for the benchmark applied	We believe net asset value is the most appropriate benchmark as it is considered to be one of the principal considerations for members of the Group in assessing financial performance.



We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £49,000, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the Financial Statements.

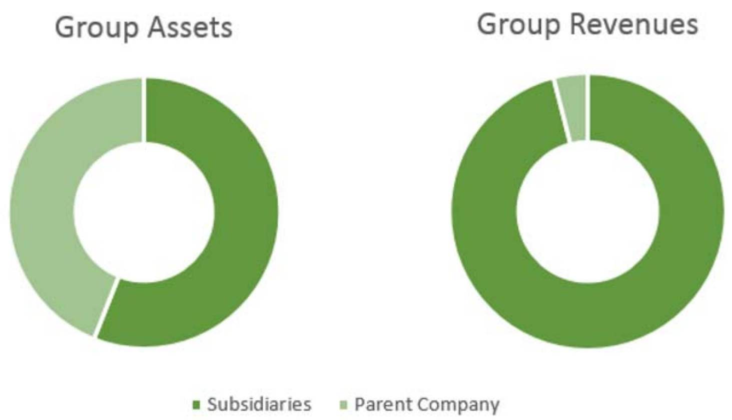
An overview of the scope of our audit

Our audit was scoped by obtaining an understanding of the Group and its environment, including internal control, and assessing the risks of material misstatement. Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team for both the parent entity and its subsidiaries, HWSIL Finance Co Limited, which holds the portfolio of loan investments of the Group and HWSIL Note Co Limited, which is the funding intermediary between Hadrian's Wall Secured Investments Limited and HWSIL Finance Co Limited. We performed a full scope audit on the parent entity along with both subsidiaries HWSIL Finance Co Limited and HWSIL Note Co Limited. Further based on the results of the audit work performed for subsidiaries we tested the consolidation inputs and adjustments.

These subsidiaries accounted for 56% of the Group's Assets before eliminations and 96% of the Group's revenue before eliminations for the period.

For the subsidiaries, we determined our materiality to be £683k for each subsidiary.

Hadrian's Wall Secured Investments Limited uses a service organisation to provide book-keeping and support in the preparation of the financial statements. As such, we have assessed the design and implementation of controls established by the service organisation.



Matters on which we are required to report by exception

Adequacy of explanations received and accounting records

Under the Companies (Guernsey) Law, 2008 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- proper accounting records have not been kept by the parent company; or
- the Financial Statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

Corporate Governance Statement

Under the Listing Rules we are also required to review part of the Corporate Governance Statement relating to the company's compliance with certain provisions of the UK Corporate Governance Code.

We have nothing to report arising from our review.

Matters on which we are required to report by exception, continued

Our duty to read other information in the Annual Report

Under International Standards on Auditing (UK and Ireland), we are required to report to you if, in our opinion, information in the annual report is:

- materially inconsistent with the information in the audited financial statements; or
- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Group acquired in the course of performing our audit; or
- otherwise misleading.

In particular, we are required to consider whether we have identified any inconsistencies between our knowledge acquired during the audit and the directors' statement that they consider the annual report is fair, balanced and understandable and whether the annual report appropriately discloses those matters that we communicated to the audit committee which we consider should have been disclosed.

We confirm that we have not identified any such inconsistencies or misleading statements.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). We also comply with International Standard on Quality Control 1 (UK and Ireland). Our audit methodology and tools aim to ensure that our quality control procedures are effective, understood and applied. Our quality controls and systems include our dedicated professional standards review team and independent partner reviews.

This report is made solely to the Company's members, as a body, in accordance with Section 262 of the Companies (Guernsey) Law, 2008. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and/or those further matters we have expressly agreed to report to them on in our engagement letter and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

David Becker
for and on behalf of Deloitte LLP
Recognised Auditor
Guernsey, Channel Islands

Date: 18 September 2017

HADRIAN'S WALL SECURED INVESTMENTS LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the period 27 April 2016 to 30 June 2017

	Notes	For the period 27 April 2016 to 30 June 2017 £
Income	2	
Interest income from loans advanced		1,480,320
Other income from loans advanced		120,444
Income from cash and cash equivalents		273,730
Total income		**1,874,494**
Expenses		
Investment Management fee	7	(90,911)
Investment Advisory fee	7	(269,863)
Administration fees	7	(184,346)
Directors' fees	7	(157,479)
Audit fees		(75,000)
Legal and professional fees		(165,093)
Cash management fee	7	(54,663)
Broker fees		(51,746)
Listing, regulatory and statutory fees		(40,450)
Other expenses		(88,223)
Total operating expenses		**(1,177,774)**
Profit for the financial period before tax		**696,720**
Taxation	8	(2,250)
Profit for the financial period after tax		**694,470**
Total comprehensive income for the period		**694,470**
Basic and diluted earnings per Ordinary Share	9	0.89p
Basic and diluted deficit per C Share	9	(0.03)p
Weighted average number of Ordinary Shares outstanding	9	80,024,706
Weighted average number of C Shares outstanding	9	45,224,862

The Company has no components of "Other Comprehensive Income".

All items in the above statement derive from continuing operations.

All income is attributable to the Ordinary and C Shares of the Company.

The accompanying notes on pages 38 to 56 form an integral part of the Consolidated Financial Statements.

HADRIAN'S WALL SECURED INVESTMENTS LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the period 27 April 2016 to 30 June 2017

	Notes	Share capital £	Accumulated deficit £	Total equity £
For the period 27 April 2016 to 30 June 2017				
At 27 April 2016		**-**	**-**	**-**
Total comprehensive income:				
Profit for the financial period		-	694,470	694,470
Total comprehensive income for the period		-	**694,470**	**694,470**
Transactions with Shareholders:				
Issue of Ordinary Shares during the period	12	78,424,212	-	78,424,212
Issue of C Shares during the period	12	44,320,365	-	44,320,365
Dividends paid	4	-	(960,296)	(960,296)
Total transactions with Shareholders		**122,744,577**	**(960,296)**	**121,784,281**
At 30 June 2017		**122,744,577**	**(265,826)**	**122,478,751**

The accompanying notes on pages 38 to 56 form an integral part of the Consolidated Financial Statements.

HADRIAN'S WALL SECURED INVESTMENTS LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2017

	Notes	30 June 2017 £
Non-current assets		
Loans advanced at amortised cost	6	56,492,983
Current assets		
Loans advanced at amortised cost	6	1,163,722
Trade and other receivables		88,315
Cash and cash equivalents	10	64,912,369
Total current assets		66,164,406
Total assets		**122,657,389**
Current liabilities		
Trade and other payables	11	178,638
Total liabilities		**178,638**
Net assets		**122,478,751**
Equity		
Share capital	12	122,744,577
Accumulated deficit		(265,826)
Total equity		**122,478,751**
Net asset value per Ordinary Share	13	**97.69p**
Net asset value per C Share	13	**97.97p**
Number of Ordinary Shares	12	**80,024,706**
Number of C Shares	12	**45,224,862**

The Consolidated Financial Statements on pages 34 to 56 were approved by the Board of Directors and authorised for issue on 18 September 2017. They were signed on its behalf by:-

John Falla
Director

The accompanying notes on pages 38 to 56 form an integral part of the Consolidated Financial Statements.

HADRIAN'S WALL SECURED INVESTMENTS LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
For the period 27 April 2016 to 30 June 2017

	Notes	For the period 27 April 2016 to 30 June 2017 £
Cash flows used in operating activities		
Profit for the financial period		694,470
Adjustment for:		
Increase in trade and other receivables		(88,315)
Increase in trade and other payables		178,638
Effective interest rate adjustment	6	344,843
		1,129,636
Loans advanced in the period	6	(58,173,607)
Loan principal repayments	6	172,059
Net cash used in operating activities		**(56,871,912)**
Cash flows from financing activities		
Net proceeds from issue of Ordinary Shares	12	78,424,212
Net proceeds from issue of C Shares	12	44,320,365
Dividends paid	4	(960,296)
Net cash from financing activities		**121,784,281**
Net increase in cash and cash equivalents		**64,912,369**
Cash and cash equivalents at beginning of period		**-**
Cash and cash equivalents at end of period		**64,912,369**

The accompanying notes on pages 38 to 56 form an integral part of the Consolidated Financial Statements.

1. GENERAL INFORMATION

Hadrian's Wall Secured Investments Limited (the "Company") was incorporated as a company with limited liability in Guernsey on 27 April 2016 and is a registered closed-ended investment scheme domiciled in Guernsey. The Ordinary Shares and C Shares are traded on the Main Market of the London Stock Exchange.

The Group's investment objective is to provide Shareholders with regular, sustainable dividends and to generate capital appreciation through exposure, directly or indirectly, to primarily secured loans originated across a variety of channels, assets and industry segments. Once the IPO proceeds are substantially invested, the Company will target an annualised dividend yield of at least 6% of the Issue Price, which is expected to grow over time.

The Company provides loans to under-served segments of the UK Small and Medium sized Enterprises ("SME") market with a typical individual loan size of up to £6 million. Generally, the Group directly lends to operating businesses to fund capital assets and for general corporate purposes. Loans are secured by a range of collateral, including transportation equipment, production equipment, property, inventory and financial assets.

The Company provides loan investments through two UK subsidiaries, HWSIL Note Co Limited and HWSIL Finance Co Limited (the "Subsidiaries"). These Consolidated Financial Statements are for the period from the date of incorporation on 27 April 2016 to 30 June 2017 (the "Consolidated Financial Statements"). The Consolidated Financial Statements comprise the results of the Company and its Subsidiaries (the "Group").

2. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation

The Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards as endorsed by the European Union ("IFRS"), which comprise standards and interpretations approved by the International Accounting Standards Board ("IASB") and International Accounting Standards ("IAS") that remain in effect, together with applicable legal and regulatory requirements of the Companies (Guernsey) Law, 2008, the Prospectus Rules and the Disclosure Guidance and Transparency Rules.

The Company has taken advantage of the exemption conferred by the Companies (Guernsey) Law, 2008, Section 244, not to prepare company only financial statements.

b) Accounting Convention

The Consolidated Financial Statements have been prepared under the historical cost basis. The preparation of Consolidated Financial Statements in conformity with IFRS requires the Directors to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the Consolidated Financial Statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates and judgements are discussed in note 3. The principal accounting policies adopted are set out below.

The Directors believe that the Annual Report and Consolidated Financial Statements contain all of the information required to enable Shareholders and potential investors to make an informed appraisal of the investment activities and profits and losses of the Group for the period to which it relates and does not omit any matter or development of significance.

c) Going concern

The Group has considerable financial resources and after making enquiries, the Directors, at the time of approving the Consolidated Financial Statements, have a reasonable expectation that the Group has adequate resources to continue in operational existence for the next 12 months.

Once fully invested it is expected that the loan portfolio will generate enough cash flows to pay on-going expenses and returns to Shareholders. The Directors have considered the cash position and performance of the current invested capital made by the Group and concluded that it is appropriate to adopt the going concern basis in the preparation of these Consolidated Financial Statements.

2. SIGNIFICANT ACCOUNTING POLICIES, continued

d) Basis of Consolidation

In accordance with IFRS 10, "Consolidated Financial Statements", as amended for investment entities, the Board has determined that the Company does not satisfy the criteria to be regarded as an investment entity. Specifically, the Company does not meet the investment entity criteria set out in IFRS 10 as it does not measure and evaluate the performance of substantially all of its investments on a fair value basis. As a result the Company is required to prepare consolidated financial statements under IFRS.

These Consolidated Financial Statements incorporate the financial statements of the Company, its direct subsidiaries and entities that the Company controls. Subsidiaries and controlled entities are fully consolidated from the date on which control is transferred to the Company. They are de-consolidated from the date on which control ceases.

The Company has one subsidiary where it does not own, directly or indirectly through other subsidiaries, more than half of the voting power of the subsidiary. The Board have determined that voting rights in HWSIL Note Co Limited ("Note Co") are not the dominant factor in the control over Note Co, rather it is the Company's ability to direct the relevant activities of Note Co that provide control. The Company has exposure and rights to the variable returns within Note Co from its involvement with the company and as a result the Board have determined that the Company has all the elements of control as prescribed by IFRS 10. See note 3 for further details.

During the period to 30 June 2017, Hadrian's Wall Capital Limited, the Investment Adviser to the Company, established HWSIL Finance Co Limited ("Finance Co") and, subsequent to its formation, the Company purchased 100% of the equity of Finance Co from Hadrian's Wall Capital Limited for the nominal sum of £1. Finance Co originates and acquires the Group's portfolio of loan assets.

The Subsidiaries both have a financial year end of 30 June, with 30 June 2017 being the first financial period end for each entity, which matches the Company.

Consolidated Financial Statements are prepared using uniform accounting policies for like transactions. Accounting policies of subsidiaries and controlled entities will be amended where necessary to ensure consistency with the policies adopted by the Company.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated on consolidation. Unrealised losses between Group companies are also eliminated on consolidation unless the transaction provides evidence of an impairment of the asset transferred.

The Board will continue, on an ongoing basis, to assess the Company's status under the terms of IFRS 10 to determine whether it does or does not satisfy the criteria to be regarded as an investment entity and accordingly, whether it continues to be required to prepare consolidated financial statements (see note 3 a) for further details).

e) New, revised and amended standards applicable to future reporting periods

At the date of approval of these Consolidated Financial Statements, the following standards and interpretations, which have not been applied in these Consolidated Financial Statements, were in issue but not yet effective:

- IAS 7 (amended) "Statement of Cash Flows" (amendments arising as a result of the disclosure initiative, effective for periods commencing on or after 1 January 2017); and

- IFRS 9 "Financial Instruments", published in July 2014, will replace the existing guidance in IAS 39. It includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and new hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018.

2. SIGNIFICANT ACCOUNTING POLICIES, continued

e) New, revised and amended standards applicable to future reporting periods, continued

- IFRS 15 "Revenue from Contracts with Customers", published May 2016, specifies how and when to recognise revenue as well as requiring entities to provide users of financial statements with more informative, relevant disclosures. The standard provides a single, principles based five-step model to be applied to all contracts with customers. IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2018.

- IFRS 16 "Leases", published in January 2016, specifies how to recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. IFRS 16 is effective for annual reporting periods beginning on or after 1 January 2019.

The Directors do not anticipate that the adoption of these standards and interpretations in future periods will have a significant impact on the Consolidated Financial Statements of the Group with the exception of the adoption of IFRS 9 as described below.

Loans are currently assessed for impairment under IAS 39, where impairment losses are recognised only when a loss event occurs, whereas under IFRS 9 an expected loss approach will be required which may result in losses being recognised at an earlier stage. The loan investments are secured over the borrowers' assets, typically by way of first charges over the borrowers' property or debentures over the borrowers' assets as well as other security arrangements. Whilst the Directors are still assessing the impact IFRS 9 may have, with these securities in place and based on the current positions of the loans, the Directors do not believe there will be a significant impact on the Consolidated Financial Statements.

f) Financial Instruments

Classification

Financial assets and financial liabilities are recognised in the Group's Statement of Financial Position when the Group becomes party to contractual provision of the instruments. The Group classifies its financial assets and financial liabilities into categories in accordance with IAS 32, "Financial Instruments: Presentation".

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 are carried at amortised cost. The Group also includes in this category cash and cash equivalents, amounts receivable from brokers and other receivables.

Financial liabilities at amortised cost

The Group includes in this category trade and other payables.

Financial assets at fair value through profit or loss

Financial assets classified in this category are designated by management on initial recognition as part of a group of financial assets which are managed and their performance evaluated on a fair value basis, in accordance with a documented investment strategy.

Recognition and initial measurement

Financial assets and financial liabilities are measured initially at fair value, being the transaction price, on the trade date. Transaction costs on items that will subsequently be measured at amortised cost are capitalised. Transaction costs on financial assets at fair value through profit or loss are expensed immediately.

2. SIGNIFICANT ACCOUNTING POLICIES, continued

f) Financial Instruments, continued

Subsequent measurement

Loans and receivables
Loans and receivables are subsequently measured at amortised cost, which is the amount at which the loans and receivables are measured at initial recognition (its fair value) adjusted for initial direct costs; less any repayments of principal; plus or minus the cumulative amortisation, using the effective interest rate method, of any difference between the initial amount recognised and the maturity amount; less any adjustment for impairment. Interest and impairment arising on loans and receivables are recognised in the Consolidated Statement of Comprehensive Income.

Effective interest rate method
The effective interest rate method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Impairment of financial assets
Financial assets are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investment have been adversely affected.

Objective evidence of impairment could include:

- material financial deterioration of the borrower;
- default or delinquency in interest or principal repayments under the loan agreements has occurred;
- material decline in the value of the underlying applicable security;
- any agreements entered into, or being considered, with the borrowers to defer interest or principal repayments;
- if it becomes probable that the borrower will enter bankruptcy or financial re-organisation.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

In the subsequent periods, if the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss in the Consolidated Statement of Comprehensive Income to the extent that the carrying amount of the investment at the date the impairment does not exceed what the amortised cost carrying value would have been had the impairment not been recognised.

Financial instruments at fair value through profit or loss
After initial measurement, the Group measures financial instruments classified at fair value through profit or loss at their fair values. Changes in fair value and realised gains/(losses) are recorded within "Net gain/(loss) on financial assets at fair value through profit or loss" in the Consolidated Statement of Comprehensive Income.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between willing market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

2. SIGNIFICANT ACCOUNTING POLICIES, continued

f) Financial Instruments, continued

Financial instruments at fair value through profit or loss, continued
If there is no quoted price in an active market, the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

At 30 June 2017, the Group held no Financial instruments at fair value through profit and loss.

Financial liabilities at amortised cost
These include trade and other payables which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest rate method.

Offsetting financial instruments
Financial assets and liabilities are offset and the net amount reported in the Consolidated Statement of Financial Position where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the assets and settle the liability simultaneously.

Derecognition
A financial asset is derecognised when the contractual rights to the cash flows from the financial asset expire or the Group transfers the financial asset and the transfer qualifies for derecognition in accordance with IAS 39. The Group derecognises a financial liability when the obligation specified in the contract is discharged, cancelled or expires. Any gain or loss on derecognition is taken to the Consolidated Statement of Comprehensive income.

g) Cash and cash equivalents
Cash comprises current deposits with banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short-term cash commitments rather than for investments or other purposes.

h) Ordinary Shares and C Shares
The Ordinary Shares and C Shares of the Company are classified as equity based on the substance of the contractual arrangements and in accordance with the definition of equity instruments under IAS 32, "Financial Instruments: Presentation". The proceeds from the issue of Ordinary Shares and C Shares are recognised in the Consolidated Statement of Changes in Equity, net of issue costs.

The Company's records and bank accounts are operated so that the assets attributable to the Ordinary Shares and C Shares can, at all times, be separately identified and separate cash accounts shall be created and maintained in the books of the Company for the assets attributable to the C Shares.

i) Interest income
Interest income is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Interest income on loans advanced is recognised separately through profit or loss in the Consolidated Statement of Comprehensive Income on a time-apportioned basis, by reference to the principal outstanding using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial assets to that asset's net carrying amount on initial recognition.

Interest on cash and cash equivalents is recognised on an accruals basis.

j) Other income
Other fee income is fees due under the contractual terms of the debt instruments, such as commitment fees from borrowers on undrawn loan amounts. Such fees and related cash receipts are not considered to form an integral part of the effective interest rate and are accounted for on an accrual basis.

k) Operating expenses
Expenses are charged through profit or loss in the Consolidated Statement of Comprehensive Income on an accruals basis.

2. SIGNIFICANT ACCOUNTING POLICIES, continued

l) Functional and Presentation Currency
The Consolidated Financial Statements of the Group are presented in the currency of the primary economic environment in which the Group operates (its functional currency). The Directors have considered the primary economic currency of the Group; the currency in which the original finance was raised; the currency in which distributions will be made; and ultimately what currency would be returned to Shareholders if the Company was wound up. The Directors have also considered the currency to which the Group's investments are exposed. On balance, the Directors believe that the functional currency of the Group is Pound Sterling ("£"). Therefore, the books and records are maintained in Pound Sterling and, for the purpose of the Consolidated Financial Statements, the results and financial position of the Group are presented in Pound Sterling, which has been selected as the presentation currency of the Group.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency balances at the period end are translated into the functional currency at the exchange rates prevailing at the period end date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income.

Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction. Items measured at fair value are translated using the exchange rate at the date when fair value was determined.

The Company's Subsidiaries' functional currencies are also Pound Sterling and therefore no foreign currency translation is required.

At 30 June 2017, the Group had no direct exposure to foreign currencies.

m) Prepayment Option within Financial Assets
The Group has loans and receivables with a prepayment option embedded. Given the low probability of exercise and indeterminable exercise date, the value attributed to these embedded derivatives is considered to be £nil (see note 3 for further details).

n) Taxation
Income tax expense is recognised through profit or loss in the Consolidated Statement of Comprehensive Income except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

The tax charge is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous periods.

The Company is exempt from Guernsey taxation under the Income Tax (except bodies) Ordinance 1989 for which it pays an annual fee of £1,200 which is included within "Other expenses" in the Statement of Comprehensive Income. The Company is required to apply annually to obtain the exempt status for the purpose of Guernsey Taxation.

The Subsidiaries meet the requirements and fall within the scope of the UK securitisation company regime provided for by section 623 of the Corporation Tax Act 2010 and the Taxation of the Securitisation Companies Regulations 2006, as such the Subsidiaries are subject to UK corporation tax on their "retained profits" only.

o) Dividends
Dividends to the holders of Ordinary Shares and C Shares are recorded through the Consolidated Statement of Changes in Equity when they are declared to Shareholders. The payment of any dividend by the Company is subject to the satisfaction of a solvency test as required by the Companies (Guernsey) Law, 2008.

2. SIGNIFICANT ACCOUNTING POLICIES, continued

p) Segmental Reporting

The Board has considered the requirements of IFRS 8, "Operating Segments". The Company has entered into Investment Management and Investment Advisory Agreements with the Investment Manager and Investment Adviser respectively, under which the Board has appointed the Investment Manager to manage the assets of the Company and who has then delegated that responsibility to the Investment Adviser per the Investment Advisory Agreement, subject to their review and control and ultimately the overall supervision of the Board. Subject to its terms and conditions, the Investment Advisory Agreement requires the Investment Adviser to manage the Group's portfolio in accordance with the Company's investment guidelines in effect from time to time. However, the Board retains full responsibility to ensure that the Investment Adviser adheres to its mandate. Moreover, the Board is fully responsible for the appointment and/or removal of the Investment Adviser. Accordingly, the Board is deemed to be the "Chief Operating Decision Maker" of the Company.

In the Board's opinion, the Group is engaged in a single segment of business, being investment in primarily secured loans originated across a variety of channels, assets and industry segments.

The Group receives no revenues from external customers, nor holds directly any non-current assets, in any geographical area other than Guernsey and the UK.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities in the Consolidated Financial Statements. Estimates are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The actual results may differ from the judgements, estimates and assumptions made by management.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate was revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying accounting policies:

a) Basis of Consolidation

IFRS 10 includes a new definition of control that determines which entities are consolidated.

An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Thus, the principle of control sets out the following three elements of control:

- power over the investee;
- exposure or rights to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect the amount of the investor's returns.

The standard also sets out requirements on how to apply the control principle:

- in circumstances when voting rights or similar rights give an investor power, including situations where the investor holds less than a majority of voting rights and in circumstances involving voting rights;
- in circumstances when an investee is designed so that voting rights are not the dominant factor in deciding who controls the investee, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements;
- in circumstances involving agency relationships;
- in circumstances when the investor has control over specified assets of an investee.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES, continued

a) Basis of Consolidation, continued

HWSIL Note Co Limited ("Note Co")

During the period ended 30 June 2017, Note Co issued variable funding notes ("VFNs") to the Company for the total value of £68 million. Note Co in turn provided a variable funding loan ("VFL") of £68 million to Finance Co. This VFL enables Finance Co to acquire and originate loans in line with the Company's investment policy. Interest and principal repayments received by Finance Co from its underlying loan assets flow back up from Finance Co to Note Co and, finally, the Company via payments of interest and principal on the VFL and VFNs respectively. Note Co was created solely for the purpose of allowing the VFN and VFL funding mechanism for the Company and the Company has in effect the power to control the activities and variable returns of Note Co.

Whilst the Company does not own the equity of Note Co, the Board has determined that the Company has all the elements of control as prescribed by IFRS 10 in relation to Note Co through its investment in VFNs which have been issued by Note Co. As detailed above the Company receives payment of interest and principal, the interest payments are at variable rates based on the amount of interest received through the structure from the underlying loan assets. This exposes the Company to the default and credit risk of Note Co and provides the Company with exposure and rights to the variable returns made by Note Co.

As a result, the Board have determined that voting rights in Note Co are not the dominant factor in the control over Note Co rather it is contractual arrangements within the terms of the VFNs which allow the Company to direct the relevant activities and establish control. Note Co is therefore deemed a subsidiary of the Company and has been consolidated in full within these Consolidated Financial Statement from the date when VFNs were first issued on 21 December 2016.

Key sources of estimation uncertainty

The following are the key assumptions and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

a) Impairment of loans

Impairment on loans is considered to be a critical accounting judgement and estimate that the Board make in the process of applying the Group's policies and which has the most significant effect on the amounts recognised in the Consolidated Financial Statements. The loans advanced are assessed by the Investment Adviser for indication of impairment during the financial period and also at the Statement of Financial Position date. For further details on the considerations made with regards to the impairment of loans, see notes 2(f) and 6.

b) Prepayment options

Some of the Group's loan investments have a prepayment option embedded within the contracts for loans advanced to borrowers. The Directors are required to determine the fair value of the embedded prepayment option and the key factors considered in the valuation of prepayment option include the exercise price, the interest rate of the loan contract, differential to current market interest rates, contractual terms of the prepayment option and the expected term of the option.

4. DIVIDENDS

During the period to 30 June 2017, the Directors declared the following interim dividends to holders of Ordinary Shares:

Period to	Payment date	Dividend per share £	Net dividend payable £	Record date	Ex-dividend date
30 September 2016	9 December 2016	0.2 pence	160,049	11 November 2016	10 November 2016
31 December 2016	24 February 2017	0.4 pence	320,099	3 February 2017	2 February 2017
31 March 2017	19 May 2017	0.6 pence	480,148	28 April 2017	27 April 2017
		1.2 pence	960,296		

Under Guernsey law, the Company can pay dividends in provided it satisfies the solvency test prescribed by the Companies (Guernsey) Law, 2008. The solvency test considers whether the Company is able to pay its debts when they fall due, and whether the value of the Company's assets is greater than its liabilities. The Company satisfied the solvency test in respect of the dividends declared in the period.

5. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

Strategy in using financial instruments

The Group invests primarily in loans to under-served segments of the UK SME market. Generally, the Group directly lends to operating businesses to fund capital assets and for general corporate purposes. Loans are secured by a range of collateral, including transportation equipment, production equipment, property, inventory and financial assets. The Group's activities expose it to a variety of financial risks: market risk (including fair value interest rate risk and cash flow interest rate risk), credit and counterparty risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Categories of financial instruments	30 June 2017 £
Financial assets at amortised cost	
Loans advanced at amortised cost	57,656,705
Trade and other receivables (excluding prepayments)	71,057
Cash and cash equivalents	64,912,369
Total assets	**122,640,131**
Financial liabilities at amortised cost	
Trade and other payables	178,638
Total liabilities	**178,638**

All financial assets and financial liabilities are measured at amortised cost.

At 30 June 2017, the Group's financial instruments are affected by the following risks in actual market prices: interest rates, credit exposure and liquidity.

Capital Risk Management

The Company's investment objective is to provide Shareholders with regular, sustainable dividends and to generate capital appreciation through exposure, directly or indirectly, to primarily secured loans originated across a variety of channels, assets and industry segments. Once the IPO proceeds are substantially invested, the Company will target an annualised dividend yield of at least 6% of the Issue Price, which is expected to grow over time.

The capital structure of the Company consists of equity attributable to equity holders, comprising issued share capital as disclosed in note 12 and accumulated deficit.

The Company manages its capital to endeavour to ensure that its primary investment objective is met. It does this by investing available cash in line with the Company's investment policy as detailed on page 3. The Company may employ leverage for short term liquidity or investment purposes, however, the Company did not do so in the period. At 30 June 2017, the Group had no externally imposed capital requirements.

5. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS, continued

Capital Risk Management, continued

The Company applies investment limits as a percentage of the net asset value, measured at the time of investment, as follows:

Restriction	% of NAV
Maximum single investment	10%
Maximum exposure to a single borrower or group	10%
Maximum exposure to loans sourced through a single originator	40%
Maximum proportion of unsecured loans	10%
Maximum proportion of loans sourced through non-UK originators or denominated in currencies other then Pound Sterling	10%
Maximum investment in assets other than loans and other instruments with comparable characteristics	10%

Interest rate risk

The Group is exposed to interest rate risk due to fluctuations in the prevailing market rates.

In the event that interest rate movements lower the level of interest income receivable on cash deposits, the interest received will be reduced. Interest rate risk is analysed by the Investment Manager on a monthly basis and by the Board on a quarterly basis. At 30 June 2017, all loans advanced are at a fixed rate of interest and therefore the Group's interest rate risk is limited to interest earned on cash deposits.

The tables below summarise the Group's direct exposure to interest rate risks:

30 June 2017	Floating rate £	Fixed rate £	Non-interest bearing £	Total £
Financial assets				
Loans advanced at amortised cost	-	57,656,705	-	57,656,705
Trade and other receivables (excluding prepayments)	-	-	71,057	71,057
Cash and cash equivalents	59,211,914	-	5,700,455	64,912,369
Total financial assets	**59,211,914**	**57,656,705**	**5,771,512**	**122,640,131**
Financial liabilities				
Trade and other payables	-	-	178,638	178,638
Total financial liabilities	**-**	**-**	**178,638**	**178,638**
Total interest sensitivity gap	**59,211,914**	**57,656,705**	**5,592,874**	**122,461,493**

The following details the Group's sensitivity to a 25 basis point increase and decrease in interest rates on floating interest rate bearing assets, with 25 basis points being the Investment Manager's assessment of a reasonably possible change in interest rates during the next financial period.

At 30 June 2017, should interest rates have lowered by 25 basis points with all other variables remaining constant, the decrease in net assets attributable to holders of Company's Shares for the year would amount to approximately £148,030. If interest rates had risen by 25 basis points, the increase in net assets attributable to holders of Company's Shares would amount to £148,030.

Currency risk

Currency risk is the risk the exchange rate volatility may have an adverse impact on Company's financial position and results. At 30 June 2017, all of the Company's financial assets and liabilities are denominated in Pound Sterling. As a result, the Company is not directly subject to significant risk due to fluctuations in foreign currency movements. In addition, the Company is restricted to invest a maximum of 10% of in loans denominated in currencies other than Pound Sterling.

5. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS, continued

Credit and counterparty risk

Credit risk is the risk of financial loss to the Group if the borrower fails to meet its contractual obligations. Impairment provisions are provided for losses that have been incurred by the reporting date, if any. At 30 June 2017, there were no assets held by the Company that were past due or impaired.

The following table shows the maximum exposure to credit risk:

	30 June 2017 £
Loans advanced at amortised cost (note 6)	57,656,705
Trade and other receivables (excluding prepayments)	71,057
Cash and cash equivalents	64,912,369
Total	**122,640,131**

Amounts in the above table are based on the carrying value of all financial assets.

The Investment Adviser seeks to mitigate the credit risk by actively monitoring the Group's loan portfolio and the underlying credit quality of the borrowers. The Investment Adviser uses appropriate loan origination procedures and prudent credit and risk management policies on assessing potential new loan investments. The Company focuses on loans secured against physical collateral and other assets made to borrowers with sufficient cash flows to service their loan repayments. Also, the Company's investment restriction policy allows the Group to reduce credit risk through diversification of investments, as detailed under capital risk management on page 46.

Cash and cash equivalents are placed, where possible, only with banks that hold at least an S&P BBB long term credit rating or equivalent. In addition, and where possible, no more than 40% of the Group's net assets are placed with any one bank at any time. At 30 June 2017, the Group's cash and cash equivalent balances were spread across a range of banks to reduce concentration risk. The majority of the Group's cash and cash equivalents are with Lloyds Bank International Limited ("Lloyds"), Royal Bank of Scotland International Limited ("RBSI"), Santander UK plc ("Santander"), BNP Paribas (Suisse) SA ("BNP Paribas"), National Westminster Bank plc ("NatWest") and the Goldman Sachs Liquid Reserves Fund ("Goldman Sachs"). Goldman Sachs has an S&P Long-term credit rating of AAA. Santander, Lloyds and BNP Paribas have S&P Long-term credit ratings of A. NatWest has an S&P Long-term credit rating of BBB+ and RBSI has an S&P Long-term rating of BBB-. RBSI and NatWest have a BBB- and BBB+ long term credit rating respectively which meets the targeted BBB rating category ranging from BBB- to BBB+, however, the Directors and Investment Manager will be monitoring this rating closely.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Group finances its operations through Shareholder funding and as set out in the Company's prospectus, Shareholders will have no right of redemption and will usually have to rely on the existence of a liquid market in the Company's shares in order to realise their investment. The Group's policy and the Investment Adviser's approach to managing the liquidity is to ensure, as far as possible, that the Group will always have sufficient liquidity to meet its liabilities when due.

Liquidity risk occurs for the Group with meeting its dividend obligations to Ordinary Shareholders. It is expected that loan interest payments to the Group shall be closely aligned with the Group's stated target level of distributions. The Group intends to distribute a minimum of 85% of net income to Ordinary Shareholders. Dividend payment levels are monitored on an ongoing basis to evaluate any potential operational liquidity stresses and ensure distributions over an annual period fall in-line with the Group's stated investment policy, that is, to generate a 6% yield for its Ordinary Share investors, which is expected to grow over time.

There is also a risk that should the Group enter loan commitments in which the loans will be drawn down over time then it may overcommit its liquidity unless careful monitoring of these loans and expected draw down timetables is carried out. The Investment Manager and Investment Adviser ensure these are tightly monitored.

5. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS, continued

Liquidity risk, continued

The Investment Manager and Investment adviser monitors the portfolio carefully to ensure that liquidity levels are sufficient to meet ongoing financial obligations with particular consideration to prospective dividend distributions and pending new loan commitments. At 30 June 2017, there was no leverage employed by the Group and no collateral requirements needed to be considered in assessing the availability of cash for liquidity purposes.

The Group's overall liquidity risk is monitored on a quarterly basis by the Board of Directors.

The tables below analyse the Group's financial assets and liabilities into relevant maturity groups based on the remaining period at the reporting date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows. The loan principal, interest and exit fees maturity groups detailed in the below table are based on the undiscounted contractual cash flows on loan amounts advanced at 30 June 2017. This does not take into account future loan advancements and associated cash flows.

30 June 2017	Within one year £	Between 1 and 2 years £	Between 2 and 3 years £	Between 3 and 4 years £	Between 4 and 5 years £	Total £
Financial assets						
Loans – principal	1,165,129	2,254,734	23,432,010	590,858	30,558,817	58,001,548
Loans – interest and exit fees	5,041,395	4,822,362	3,877,867	2,529,087	1,390,725	17,661,436
Trade and other receivables (excluding prepayments)	71,057	-	-	-	-	71,057
Cash and cash equivalents	64,912,369	-	-	-	-	64,912,369
Total financial assets	71,189,950	7,077,096	27,309,877	3,119,945	31,949,542	140,646,410
Financial liabilities						
Trade and other payables	178,638	-	-	-	-	178,638
Total financial liabilities	178,638	-	-	-	-	178,638
Liquidity gap	71,011,312	7,077,096	27,309,877	3,119,945	31,949,542	140,467,772
Total cumulative liquidity gap	71,011,312	78,088,408	105,398,285	108,518,229	140,467,772	

6. LOANS ADVANCED AT AMORTISED COST

	For the period 27 April 2016 to 30 June 2017 £
Loans held at amortised cost	
Opening loan balance	-
Loans advanced	58,173,607
Principal repayments	(172,059)
Closing loan balance	**58,001,548**
Effective interest rate adjustment	(344,843)
Closing loan balance at amortised cost	**57,656,705**

At 30 June 2017, £1,163,722 of the closing loans balance at amortised cost is due for repayment within one year.

The Group's loans are expected to be held to maturity and are therefore valued at amortised cost using the effective interest rate method. The carrying values of such instruments include assumptions that are based on market conditions at each statement of financial position date. Such assumptions include application of default rate and identification of an appropriate effective interest rate taking into account the credit standing of each borrower. The effective interest rate method also takes into account all contractual terms (including any arrangement and exit fees) that are an integral part of the loan agreement. As the fees are taken into account when determining the initial carrying value, their recognition in profit or loss in the Statement of Comprehensive Income is effectively spread over the life of the loan.

6. LOANS ADVANCED AT AMORTISED COST, continued

At the period end, the Directors consider that the carrying value of the loans recorded at amortised cost in the Consolidated Financial Statements, approximates to their fair value. No element of the loans advanced to date is past due or impaired.

The loans advanced are assessed by the Investment Adviser for indication of impairment during the financial period, at the statement of financial position date and up to the date of approving these Consolidated Financial Statements. The main factors considered for evidence of impairment include significant difficulty of the borrower to service the loan, breach of contract such as default in interest or principal repayments, probability that a borrower will enter bankruptcy or financial re-organisation and devaluation of collateral.

At 30 June 2017, there were no significant aged outstanding receivables from the relevant borrowers. In addition, no loan principals have been prepaid prior to the maturity dates and there have been no indications of impairment during the financial period or in the post year end period.

7. RELATED PARTY TRANSACTIONS AND MATERIAL AGREEMENTS

Investment Management fees

International Fund Management Limited (the "Investment Manager") is entitled to an Investment Management fee in accordance with the Investment Management Agreement between the Company and the Investment Manager dated 31 May 2016.

For the services performed under the Investment Management Agreement, the Company shall pay to the Investment Manager a management fee which shall be calculated and accrued at a rate equivalent to:

- for so long as the Company's NAV is £150,000,000 or less, 0.10% of NAV per annum;
- for so long as the Company's NAV is £150,000,000.01 or more (but less than £250,000,000.00), 0.08% of NAV per annum;
- for so long as the Company's NAV is £250,000,000.01 or more, 0.06% of NAV per annum,
- subject, in each case, to an annualised minimum of £85,000 applied on a quarterly basis. The minimum investment management fee will be subject to an annual review on 1 May of each year, the first review commencing in 2017. At such annual review, as a minimum, the annualised minimum will be varied by the Guernsey Retail Price Index. The investment management fees are payable quarterly in arrears.

For the period ended 30 June 2017, investment management fees of £90,911 were incurred and at 30 June 2017, an outstanding amount of £10,297 remained payable.

The Investment Management Agreement is for an initial term of 18 months and thereafter will be terminable by either party on not less than six months' notice.

Investment Adviser fees

Hadrian's Wall Capital Limited (the "Investment Adviser") is entitled to an Investment Adviser fee in accordance with the Investment Advisory Agreement between the Company and the Investment Adviser dated 31 May 2016.

For the services performed under the Investment Advisory Agreement, the Company shall pay to the Investment Adviser a fee which shall be calculated and accrued at a rate equivalent to:

- until such time as 90% of the Net Initial Proceeds (as defined in the Prospectus) have been invested in accordance with the Investment Policy, a sum equal to 1.00% per annum of the value of the Company's Invested Assets; and
- following 90% of the Net Initial Proceeds having been invested in accordance with the Investment Policy, a sum equal to 1.00% per annum of the Net Asset Value.

For the period ended 30 June 2017, investment adviser fees of £269,863 were incurred and at 30 June 2017, an outstanding amount of £51,679 remained payable.

The Investment Advisory Agreement may be terminated on twelve months' notice in writing, such notice not to be served until the third anniversary of the Commencement Date (31 May 2016) such that the notice may not expire before the fourth anniversary of the Commencement Date.

7. RELATED PARTY TRANSACTIONS AND MATERIAL AGREEMENTS, continued

Administration fees
Praxis Fund Services Limited (the "Administrator") is entitled to an Administration fee in accordance with the Agreement made between the Company and the Administrator dated 31 May 2016 (the "Administration Agreement").

In respect of the services provided under the Administration Agreement, the Company pays the Administrator a fee as stated below:

- 0.075% per annum of NAV up to a total NAV of £150 million,
- reducing to 0.06% per annum of NAV for that part of the NAV (if any) between £150-250 million,
- reducing further to 0.05% per annum of NAV for that part of the NAV (if any) in excess of £250 million.
- subject to a minimum annual fee of £75,000 plus disbursements and a fee for company secretarial services based on time-costs.

The Administration Agreement may be terminated by the Company or the Administrator on not less than 3 months' notice in writing. The agreement may also be terminated by immediate notice in writing in circumstances including, inter alia, material and continuing breach of the agreement, insolvency of any party or a party is in non-compliance with any applicable laws or regulations. For the period ended 30 June 2017, administration fees of £135,276 were incurred and at 30 June 2017 an outstanding amount of £10,387 remained payable.

Subsidiary Administration fees for Finance Co
PraxisIFM Fund Services (UK) Limited (the "Finance Co Administrator") is entitled to an Administration fee in accordance with the Agreement made between HWSIL Finance Co Limited (the "Finance Co") and the Finance Co Administrator dated 20 June 2016 (the "Finance Co Administration Agreement").

In respect of the services provided under the Finance Co Administration Agreement, the Group pays the Finance Co Administrator a fee as stated below:

- £35,000 per annum for so long as the Group holds up to 150 loans;
- £42,500 per annum for so long as the Group holds up between 150 and 200 loans;
- A review of the Finance Co Administration fee will be undertaken in respect of any period during which the Group hold more than 200 loans;
- £12,500 per annum per director for subsidiary director services.

The Finance Co Administration Agreement may be terminated by the Finance Co or the Finance Co Administrator on not less than 3 months' notice in writing. The agreement may also be terminated by immediate notice in writing in circumstances including, inter alia, material and continuing breach of the agreement or insolvency of any party. For the period ended 30 June 2017, Finance Co administration fees of £49,070 were incurred and at 30 June 2017 an outstanding amount of £4,097 remained payable.

Subsidiary Administration fees for Note Co
Intertrust Management Limited (the "Note Co Administrator") is entitled to a corporate service fee in accordance with the Agreement made between HWSIL Note Co Limited ("Note Co") and the Note Co Administrator dated 31 October 2016 (the "Note Co Administration Agreement").

In respect of the services provided under the Note Co Administration Agreement, the Group pays the Note Co Administrator a fee as stated below:

- £10,000 per annum for Director Services, Corporate and Transaction Administration and Share ownership and;
- Up to £7,500 per annum for Annual Financial Services fees

The Note Co Administration Agreement may be terminated by Note Co or the Note Co Administrator on not less than 1 months' notice in writing. The agreement may also be terminated by immediate notice in writing in circumstances including, inter alia, material and continuing breach of the agreement or insolvency of any party. For the period ended 30 June 2017 Note Co Corporate service fees of £35,615 were incurred, none remained payable at 30 June 2017.

7. RELATED PARTY TRANSACTIONS AND MATERIAL AGREEMENTS, continued

Cash Management fee
PraxisIFM Treasury Services Limited ('PTSL') provides cash management services to the Group in respect of uninvested cash, for which it receives a fee of up to 0.1% per annum of the cash balances managed. The cash managed by PTSL is subject to a fee of 0.1% of the cash balance under their management. PTSL has agreed that it will rebate to the Investment Manager 40% of any such fees it receives from the Group. For the period ended 30 June 2017 PTSL fees of £54,663 were incurred and at 30 June 2017, an outstanding amount of £8,825 remained payable.

Directors' fees
David Warr is entitled to a fee in remuneration for his services as a non-executive Director and Chairman of the Company at a rate payable of £40,000 per annum.

John Falla is entitled to a fee in remuneration for his services as a non-executive Director and Chairman of the Audit and Risk Committee of the Company at a rate payable of £35,000 per annum.

The remaining Directors are entitled to a fee in remuneration for their services as Directors at a rate of £30,000 each per annum.

A further one-off fee of £7,500 was paid to each Director in relation to work performed in connection with the listing of C Shares on 26 May 2017, which was settled by the issue of 7,500 C Shares of no par value in the capital of the Company at a price of 100 pence per C Share to each Director credited as fully paid.

For the period ended 30 June 2017 Directors' fees of £157,479 were incurred, no Directors' fees remained payable at 30 June 2017.

The Directors are regarded as related parties. Transactions with the Directors during the period are described below.

Directors and their families held the following interests in the Ordinary Shares of the Company at 30 June 2017:

	30 June 2017		
Name	**No. of Ordinary Shares**	**No. of C Shares**	**Percentage***
David Warr	50,000	107,500	0.13%
John Falla	10,000	7,500	0.01%
Paul Craig	-	7,500	0.01%
Nigel Ward	-	7,500	0.01%

*Under the Articles, at any general meeting of the Company each Share (Ordinary Share or C Share) shall have one vote, therefore, the percentage shown is based on the aggregate total number of Ordinary and C Shares in issue.

Paul Craig is also a Portfolio Manager at Old Mutual Global Investors which, as at 8 September 2017 (being the latest practicable date prior to the date of this report), was the registered holder of approximately 25.00% of the Shares in issue as at that date.

During the financial period the Directors received the following amounts as dividends from Ordinary Shares:

Name	**For the period 27 April 2016 to 30 June 2017 £**
David Warr	600
John Falla	120

8. TAX STATUS

The Company is exempt from Guernsey income tax and is charged an annual exemption fee of £1,200.

The Subsidiaries meet the requirements and fall within the scope of the UK securitisation company regime provided for by section 623 of the Corporation Tax Act 2010 and the Taxation of the Securitisation Companies Regulations 2006, as such the Subsidiaries are subject to UK corporation tax on their "retained profits" only.

	For the period 27 April 2016 to 30 June 2017 £
Analysis of tax charge in the period	
Current tax (see note below)	2,250
Deferred tax	-
Tax on profit on ordinary activities	**2,250**

Factors affecting tax charge for the period

The tax assessed for the period is the standard rate of corporation tax in the UK applicable to the period of 19.75%.

	For the period 27 April 2016 to 30 June 2017 £
Profit on ordinary activities before tax	696,720
Profit on ordinary activities multiplied by the rate of Corporation tax in the UK applicable to the period of 19.75%	137,602
Effects of:	
Profits not subject to tax in accordance with the tax rules applicable to UK securitisation vehicles	(135,352)
Total tax charge	**2,250**

9. BASIC AND DILUTED EARNINGS/(DEFICIT) PER ORDINARY SHARE AND C SHARE

Basic and diluted earnings/(deficit) per Share are calculated by dividing the profit/(loss) for the period by the weighted average number of Shares outstanding during the period.

	For the period 27 April 2016 to 30 June 2017
Weighted average number of Ordinary Shares outstanding	80,024,706
Profit for the financial period	£709,687
Basic and diluted earnings per Ordinary Share	0.89p

	For the period 31 May 2017 to 30 June 2017
Weighted average number of C Shares outstanding	45,224,862
Loss for the financial period	£(15,217)
Basic and diluted deficit per C Share	(0.03)p

The weighted average number of Ordinary Shares and C Shares for the period ended 30 June 2017 is based on the number of Ordinary Shares and C Shares in issue during the period, as detailed in note 12. There are no instruments in issue that could potentially dilute earnings or deficit per Ordinary Share and C Shares in future periods.

10. CASH AND CASH EQUIVALENTS

	30 June 2017 £
Opening cash and cash equivalents	-
Net movement in the period	64,912,369
Closing cash and cash equivalents	**64,912,369**

Cash and cash equivalents comprise bank balances and cash held by the Group including short-term bank deposits with an original maturity date of three months or less. The carrying value of these assets approximates to their fair value.

11. TRADE AND OTHER PAYABLES

	30 June 2017 £
Investment management fees payable	10,297
Investment advisory fee payable	51,679
Administration fees payable	14,484
Auditor's remuneration for audit services payable	40,000
Cash management fees payable	8,825
Legal and professional fees payable	2,210
Broker fees payable	25,000
Share issue costs payable	19,891
Taxation payable	2,250
Sundry expenses payable	4,002
Total other payables	**178,638**

12. SHARE CAPITAL

Authorised Capital
The Company has the power to issue an unlimited number of shares of no par value which may be issued as Ordinary Shares, B Shares or C Shares, in each case of such classes, and denominated in such currencies, as shall be determined at the discretion of the Board. The Company has Ordinary Shares and C Shares denominated in Pound Sterling in issue at the date of this report.

Issued and fully paid Capital	Ordinary Shares Number	C Shares Number
For the period 27 April 2016 to 30 June 2017		
At 27 April 2016	-	-
Shares issued and fully paid	80,024,706	45,224,862
At 30 June 2017	**80,024,706**	**45,224,862**

	£	£
For the period 27 April 2016 to 30 June 2017		
At 27 April 2016	-	-
Shares issued and fully paid - £1 issue price	80,024,706	45,224,862
Issue costs	(1,600,494)	(904,497)
At 30 June 2017	**78,424,212**	**44,320,365**

During the period, 80,024,706 Ordinary Shares were issued at a price of £1.00 each for cash consideration and 45,224,862 C Shares at a price of £1.00 each for cash consideration.

12. SHARE CAPITAL, continued

Ordinary Shares
The authorised share capital of the Company is represented by an unlimited number of ordinary shares of nil par value and have the following rights:

(a) Dividends:
Shareholders are entitled to receive, and participate in, any dividends or other distributions resolved to be distributed in respect of any accounting period or other period, provided that no calls or other sums due by them to the Company are outstanding.

(b) Winding Up:
On a winding up, the shareholders shall be entitled to the surplus assets remaining after payment of all the creditors of the Company.

(c) Voting:
Subject to any rights or restrictions attached to any shares, at a general meeting of the Company, on a show of hands, every holder of voting shares present in person or by proxy and entitled to vote shall have one vote, and on a poll every holder of voting shares present in person or by proxy shall have one vote for each share held by him, but this entitlement shall be subject to the conditions with respect to any special voting powers or restrictions for the time being attached to any shares which may be subject to special conditions. Refer to the Memorandum and Articles of Incorporation for further details.

C Shares
The C share capital of the Company is represented by a maximum of 200 million C shares of nil par value and have the following rights:

(a) Dividends:
Holders of C shares shall be entitled to receive, and participate in, any dividends declared only insofar as such dividend is attributed, at the sole discretion of the Directors, to the C share surplus of that class. If any dividend is declared after the issue of C Shares and prior to Conversion, the holders of Ordinary Shares shall be entitled to receive and participate in such dividend only insofar as such dividend is not attributed, at the sole discretion of the Directors, to the C Share Surplus.

(b) Winding Up:
On a winding up or return of capital prior to conversion, the capital and assets of the Company shall be applied as follows:

(i) the Ordinary Share Surplus shall be divided amongst the holders of Ordinary Shares according to the rights attaching thereto as if the Ordinary Share Surplus comprised the assets of the Company available for distribution; and

(ii) the C Share surplus attributable to each class of C Shares shall be divided amongst the holders of such class pro rata according to their holdings of C Shares of that class.

(c) Voting:
The C shares shall carry the right to receive notice of, and to attend or vote at, any general meeting of the Company in the same manner as the ordinary shares (notwithstanding any difference in the respective NAV of the C Shares and Ordinary Shares).

C Shares conversion to Ordinary Shares
The net C Share proceeds and the investments made with the net C Share proceeds will be accounted for and managed as a separate pool of assets until the date on which at least 85 per cent. of the net C Share proceeds (or such other percentage as the Directors and Investment Adviser shall agree) have been invested in accordance with the Company's investment policy (or, if earlier, nine months after the date of issue of the relevant C Shares) (the "Calculation Time").

The conversion ratio (as detailed further in the C Share prospectus) will then be calculated and the relevant C Shares will convert into a number of Ordinary Shares calculated by reference to the net assets per share then attributable to the relevant C Shares compared to the net assets per share at the same time attributable to the Ordinary Shares then in issue.

12. SHARE CAPITAL, continued

The basis upon which the C Shares will convert into Ordinary Shares is such that the number of New Ordinary Shares will reflect the relative investment performance and value of the pool of new capital attributable to the relevant C Shares up to the Calculation Time, as compared to the assets attributable to the Existing Ordinary Shares at that time and, as a result, neither the net asset value attributable to the Existing Ordinary Shares nor the net asset value attributable to the C Shares will be adversely affected by the Conversion.

Following Conversion, the investments which were attributable to the C Shares will be merged with the Company's existing portfolio of investments. The new Ordinary Shares arising on Conversion of the C Shares will rank pari passu, subject to the terms of the Articles, with the Ordinary Shares then in issue.

13. NET ASSET VALUE PER ORDINARY SHARE AND C SHARE

The net asset value per Ordinary Share of 97.69p is based on the net assets at the period end of £78,173,603 and on 80,024,706 Ordinary Shares, being the number of Ordinary Shares in issue at the period end.

The net asset value per C Share of 97.97p is based on the net assets at the period end of £44,305,148 and on 45,224,862 C Shares, being the number of C Shares in issue at the period end.

14. RECONCILIATION OF FINANCIAL STATEMENTS NAV PER ORDINARY SHARE AND PUBLISHED NAV PER ORDINARY SHARE

30 June 2017	Net asset value attributable to Ordinary Shares £	NAV per Ordinary Share Pence
Published net asset value	78,460,477	98.05
Effective interest rate adjustments	(284,624)	(0.36)
Taxation charge adjustment	(2,250)	(0.00)
Financial Statements net asset value	**78,173,603**	**97.69**

The difference between the Published net asset value per Ordinary Share of 98.05p and the Financial Statements net asset value per Ordinary Share of 97.69p at 30 June 2017, was primarily due to the application of the Effective Interest Rate method with regards to £0.3 million of upfront fees which were received by the Group during the financial period.

At 30 June 2017, there was no difference between the Financial Statements NAV per C Share and the Published NAV per C Share.

15. COMMITMENTS AND CONTINGENCIES

At 30 June 2017, the Group had undrawn loan commitment amounts of £3.8 million.

At 30 June 2017, the Group had no contingent liabilities.

16. POST PERIOD END EVENTS

On 24 July 2017, the Directors declared an interim dividend in relation to the three months ended 30 June 2017 of 1.5 pence per Ordinary Share which was paid on 25 August 2017, at a total cost of £1,200,371, to Shareholders on the register at 4 August 2017. The ex-dividend date was 3 August 2017. In accordance with IAS 10, this dividend has not been included within these Consolidated Financial Statements.

On 28 July 2017, the Company established a new wholly owned UK subsidiary company called HWSIL Asset Co Limited ("Asset Co"). Asset Co was established to invest in leases that finance equipment and certain other types of assets.

There were no other significant post period end events that require disclosure in the Consolidated Financial Statements.

HADRIAN'S WALL SECURED INVESTMENTS LIMITED
MANAGEMENT AND ADMINISTRATION

Directors
Mr David Warr (Independent non-executive Chairman)
Mr Paul Craig (Independent non-executive Director)
Mr John Falla (Independent non-executive Director)
Mr Nigel Ward (Independent non-executive Director)

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