HWSI REALISATION FUND LIMITED
(FORMERLY HADRIAN'S WALL SECURED INVESTMENTS LIMITED)

INTERIM REPORT AND CONDENSED UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTH PERIOD ENDED 31 DECEMBER 2019

HWSI REALISATION FUND LIMITED (FORMERLY HADRIAN'S WALL SECURED INVESTMENTS LIMITED)
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HWSI REALISATION FUND LIMITED (FORMERLY HADRIAN'S WALL SECURED INVESTMENTS LIMITED)

HIGHLIGHTS

For the six month period ended 31 December 2019

- On 11 February 2020, the Board of Directors (the "Board" or "Directors") announced that they had determined that HWSI Realisation Fund Limited (formerly Hadrian's Wall Secured Investments Limited) (the "Company") should be put into managed wind-down with cash returned to shareholders in a timely and efficient manner. The Board subsequently published a circular to shareholders (the "Circular") on 5 March 2020 to convene an Extraordinary General Meeting on 20 March 2020 (the "EGM") seeking approval from shareholders for a managed wind-down of the Company and associated amendments to the Company's investment objective and policy, approve amendments to the Articles of Incorporation to facilitate a managed wind-down and for approval to change the name of the Company to HWSI Realisation Fund Limited. See pages 3 and 4 for further details.

- On 20 March 2020, the shareholders approved all resolutions at the EGM.

- At 31 December 2019, the Company had principal loan balances with an aggregate value of £139.4 million, net of repayments, with outstanding undrawn commitments of £1.5 million. IFRS 9 expected credit loss provisions amounting to £20.7 million have been made against these principal loan balances and a further expected credit loss provision of £1.4 million against loan interest receivables.

- Annualised portfolio gross yield on invested assets of 9.6%[1] on an effective interest rate basis for the six month period ended 31 December 2019 (31 December 2018: 9.4%[1]).

- Total dividends of 3.0 pence per Ordinary Share were declared and paid to shareholders in the six month period ended 31 December 2019 (31 December 2018: 3.0 pence per Ordinary Share), and a further 1.5 pence per Ordinary Share was declared in February 2020 and paid in March 2020.

Financial Highlights	**31 December 2019**	**30 June 2019**
Total consolidated net asset value ("NAV")	£116,841,421	£137,111,517
Consolidated NAV per Ordinary Share	81.42p	94.45p
Ordinary Share price at period/year end	59.00p	91.50p
Share price discount to NAV per Ordinary Share	(27.5)%	(3.2)%
	1 July 2019 to 31 December 2019	**1 July 2018 to 31 December 2018**
Dividends paid per Ordinary Share during the period	3.00p	3.00p
Total shareholder deficit (with dividends reinvested) per Ordinary Share for the period[2]	(32.2)%	(3.2)%
Total NAV return (with dividends reinvested) per Ordinary Share for the period[2]	(10.7)%	2.2%
Basic and diluted (deficit)/earnings per Ordinary Share	(10.16p)	2.13p

[1] Gross yield is on an effective interest basis including upfront fees, but before impairments, expenses, exclusive of commitment fees and any loans classified as stage 3 (see note 6 for further details).

[2] See "Appendix" on page 36 for Alternative Performance Measures ("APM") calculation.

Principal Activity

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. The Company invests in these loans through its UK incorporated subsidiaries, HWSIL Note Co Limited, HWSIL Finance Co Limited, HWSIL Asset Co Limited and HWSIL W1 Limited ("W1") (the "Subsidiaries", together the "Group" or the "Fund"). For the six month period ended 31 December 2019, no operational activity was undertaken by W1 and at 31 December 2019, W1 remained a dormant entity.

On 11 February 2020, the Board announced that they had determined that the Company should be put into managed wind-down with cash returned to shareholders in a timely and efficient manner. The Board subsequently published a circular to shareholders (the "Circular") on 5 March 2020, to convene an Extraordinary General Meeting on 20 March 2020 (the "EGM") for approval from shareholders to amend the Company's investment objective and policy and approve any related matters necessary to facilitate a managed wind-down.

On 20 March 2020, shareholders approved resolutions to adopt new investment objectives and a new investment policy as detailed further below.

A special resolution to amend the Articles of Incorporation of the Company was also passed to remove the requirement for the Board to put a discontinuation resolution to the Company at every fifth annual general meeting of the Company. This requirement was removed in its entirety. The Board believes that removing this provision will help to ensure that the Company is able to implement the managed wind-down without a specified time limit being imposed. In addition, the adoption of the New Investment Policy and New Investment Objective, effectively will culminate in the discontinuation of the Company, rendering this original requirement redundant.

A final resolution was passed to change the Company's name to HWSI Realisation Fund Limited.

Investment Objective and Policy

On 20 March 2020, shareholders approved a New Investment Objective and a New Investment Policy as set out below:

New Investment Objective

The Company will be managed with the intention of realising all remaining assets in the portfolio in a prudent manner consistent with the principles of good investment management and with a view to returning cash to shareholders in an orderly manner.

New Investment Policy

The Company will pursue its New Investment Objective by effecting an orderly realisation of its assets in a manner that seeks to achieve a balance between maximising the value received from those assets and making timely returns of capital to shareholders. This process might include sales of individual assets, mainly structured as loans and leases, or running off the portfolio in accordance with the existing terms of the assets, or a combination of both.

As part of the realisation process, the Company may also exchange existing debt instruments for equity securities where, in the opinion of the Board, the Company is unlikely to be able to otherwise realise such debt instruments or will only be able to realise them at a material discount to the outstanding principal balance of that debt instrument.

Investment Objective and Policy, continued

New Investment Policy, continued

The Company will cease to make any new investments or to undertake capital expenditure except where, in the opinion of both the Board and Hadrian's Wall Capital Limited (the "Investment Adviser") (or, where relevant, the Investment Adviser's successors):

1. the investment is a follow-on investment made in connection with an existing asset in order to comply with the Company's pre-existing obligations; or
2. failure to make the follow-on investment may result in a breach of contract or applicable law or regulation by the Company; or
3. the investment is considered necessary by the Board to protect or enhance the value of any existing investments or to facilitate orderly disposals.

Any cash received by the Company as part of the realisation process prior to its distribution to shareholders will be held by the Company as cash on deposit and/or as cash equivalents.

The Company will not undertake new borrowing.

Any material change to the New Investment Policy would require shareholder approval in accordance with the Listing Rules.

Former Investment Objective and former Investment Policy

The *former Investment Objective* and *former Investment Policy* as detailed below, which were in place during the six month period ended 31 December 2019, have been discontinued and replaced with the New Investment Objective and the New Investment Policy as set out above.

The Company's former investment objective was 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 former investment policy was to invest in loans, which were predominantly secured upon a variety of asset types. The types of loans that the Company targeted included the following:

- *General commercial loans to businesses:* This type of lending was 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 could finance equipment, including agricultural equipment, aircraft, industrial and manufacturing machinery, marine vessels, power generation and vehicles. Such loans could have been structured as equipment leases, as hire purchase contracts or as other types of loans and would typically be secured against the equipment.
- *Specialised Financial Services*: There are a number of regional financial services companies providing finance to small businesses for general corporate purposes, capital improvements, and other business purposes. The Company could finance portfolios or loans, leases or other financial assets originated by such financial services companies that provide contractual revenue streams from the underlying borrowers.

In addition, any loans made by the Company could also be secured by personal, group company or other third party guarantees. The Company treated loans where there is both recourse to unencumbered assets and a negative pledge in relation to those assets as being secured. The Company could make loans which are secured on other assets that the Investment Adviser considered appropriate.

The Company could, from time to time, make unsecured loans, subject to the limits set out on page 52 of the Company's Annual Report and Audited Consolidated Financial Statements for the year ended 30 June 2019 ("Annual Financial Statements").

Investment Objective and Policy, continued

Former Investment Objective and *former Investment Policy, continued*
While the Company's investments are predominantly direct loans, where it is appropriate to do so, investments could also be documented in other forms (for example, bonds, participation agreements, loan participations, syndicated loans and hybrid instruments) which provided investment characteristics that were comparable to the types of loans described above. Such alternatively documented investments were subject to the same criteria and limits (on a look-through basis, if applicable) as are applicable to direct loans. In addition, the Company could make other types of investment (for example, in equity or profit-linked instruments) subject to the limits set out on page 52 of the Annual Financial Statements.

Loans in which the Company is invested may pay cash interest or may be structured so that interest payments accrue until the final payment date, which is typical for certain types of loans.

The Company typically sourced loans through Originators and did not originate loans itself. However, the Company reserved the right to invest in loans that were not sourced through Originators, for example in the event that it is approached by a potential borrower or other party in relation to a transaction.

The Company anticipated that all Originators would be based in the UK. Where the Company was party to equipment lease transactions, the equipment lessor may not have been in the UK and the leased assets (for example, aircraft or marine vessels) may be used outside of the UK. Other assets against which the Company made loans are usually within the UK (but without imposing any restriction on the Company). Loans are generally denominated in Sterling, although the Company reserved the right to make loans denominated in other currencies, subject to the limits set out on page 52 of the Annual Financial Statements.

Mechanics for returning cash to shareholders
Following the approval of the New Investment Objective, the Board believes it is in the best interests of shareholders as a whole to return cash to shareholders at the appropriate times at the Board's discretion utilising the B Share Mechanism. The B Share Mechanism involves the issue of new B Shares, paid up out of the Company's assets, which the Company will subsequently redeem for cash. The Board considers that administering the B Share Mechanism would be relatively simple and therefore cost-effective. The Company reserves the right to use an alternative mechanism to return cash to shareholders from time to time if the Board believes any such mechanism to be in the best interests of shareholders.

The Company does not intend to pay dividends in future. Instead, distributable net income will be included in capital distributions made to shareholders from time to time using the B Share Mechanism. The Board is of the view that this is a more efficient means of distributing net income and recognises that it is no longer appropriate for the Company to have a dividend target in light of the managed wind-down.

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

The Company targeted an annualised dividend yield for Ordinary Shares of 6.0 pence per share per annum. Dividends were declared at each quarterly board meeting during the year in respect of the preceding quarter.

During the six month period ended 31 December 2019, the Company declared and paid dividends of 3 pence per Ordinary Share totalling £4,319,990 (31 December 2018: £3,750,839). For further information refer to note 4 in these Interim Report and Condensed Unaudited Consolidated Financial Statements (the "Interim Financial Statements").

On 7 February 2020, the Directors declared an interim dividend in relation to the three months ended 31 December 2019 of 1.5 pence per Ordinary Share which was paid on 13 March 2020, to shareholders on the register at 21 February 2020. The ex-dividend date was 20 February 2020. In accordance with IAS 10, this dividend has not been included within these Interim Financial Statements.

CHAIRMAN'S STATEMENT

For the six month period ended 31 December 2019

Introduction

On behalf of the Board, I present to you the Interim Report and Condensed Unaudited Consolidated Financial Statements of the Company for the period from 1 July 2019 to 31 December 2019. There is no doubt that this six month period has been extremely challenging, the consequence of which was the decision to enter into a managed wind-down process that was approved by shareholders at an Extraordinary General Meeting of the Company on 20 March 2020 (the "EGM").

Although the EGM took place post the period end, my Chairman's Statement reflects not only on the period in question but also the implications of the shareholder approval received at the EGM given its significance for the Company, together with the further implications of the evolving Covid-19 virus, which is a cause for concern on both a human and economic level.

Portfolio

At 31 December 2019 the loan portfolio had a remaining weighted average life of 1.9 years, excluding the Biomass related loans as referred to in more detail in the Investment Adviser's Report, and a weighted average gross yield to the Company, calculated on an effective interest rate basis including adjustments as referred to on page 2, of 9.6% (31 December 2018: 9.4%).

The Investment Adviser's Report contains a more detailed analysis of the loan portfolio than previously in an effort to provide as much transparency as possible without breaching the confidentiality of disclosure agreed with customers.

Net Asset Value ("NAV") and Share Price Performance

At 31 December 2019, the NAV of the Company's Ordinary Shares was 81.4 pence (30 June 2019: 94.5p) per Ordinary Share. The NAV reflects the funds raised from shareholders plus interest earned on loans and cash investments, plus fees received and earned less expenses, expected credit loss provisions and dividends. During the six month period ended 31 December 2019, the NAV total return, including dividends, on the Ordinary Shares was (10.7%)[1] (31 December 2018: 2.2%[1]).

The Company adopted IFRS 9 'Financial Instruments' with effect from 1 July 2018. IFRS 9 requires, among other things, the establishment of expected credit loss reserves based on modelling of the expected credit loss of the portfolio and interest receivable. As of 31 December 2019, the Company had £22.1 million (30 June 2019: £5.2 million) of expected credit loss reserves against the loan portfolio and interest receivables, of which £17.7 million relates to the Biomass investments against which provisions were made for total losses.

During the period from 1 July 2019 to 31 December 2019, the price of the Company's Ordinary Shares decreased by 35.5%, from 91.5 pence to 59.0 pence, to close the year on a discount of 27.5%.

Dividends

The Company had a target dividend on its Ordinary Shares of 6 pence per Ordinary Share per annum paid quarterly. The Company first paid its target dividend of 1.5 pence per Ordinary Share in respect of the second quarter of 2017. It has declared and paid its target dividend of 1.5 pence per Ordinary Share in each successive quarter and the Company also declared a dividend of 1.5 pence per Ordinary Share in respect of the quarter ended 31 December 2019, which was paid on 13 March 2020. However, as a consequence of the decision to proceed with a managed wind-down the Board has decided to cease paying quarterly dividends and to focus instead on maximising shareholder returns and returning cash on a timely basis, most probably by way of the B Share Mechanism permitted by the Company's Articles of Association.

[1] See "Appendix" on page 36 for Alternative Performance Measures ("APM") calculation.

Governance and Management
Governance and oversight are core responsibilities of the Board, which monitors and reviews regulatory changes and best practice in this area. The Board seeks to adopt or implement relevant changes in a manner appropriate to the size and risk profile of the Company's activities.

On 9 December 2019, the Company announced that, given the change in direction of the Company, Paul Craig had decided to step down from the Board. I would like to thank Paul for his commitment and significant contribution to the Board and the Company since its launch in 2016.

On the same date, the Board announced the appointment of Brett Miller as a Director. I am pleased to welcome Brett to the Board as someone with broad experience and relevant skills to help the Company through the important next phase of its existence.

With effect from 1 January 2020, Brett Miller took on additional responsibilities of a quasi-executive nature which include working closely with the Investment Adviser in determining how best to maximise shareholder returns.

On 19 February 2020, the Board confirmed that the Company had served notice on Hadrian's Wall Capital Limited to terminate the investment advisory agreement, such termination to take effect in 12 months with the Board expecting to internalise portfolio advisory responsibilities upon termination becoming effective.

Going concern
Given the developments post the period end and the approval of shareholders to place the Company into a managed wind-down, the use of the going concern basis in preparing the Interim Financial Statements of the Company is not appropriate. As such these Interim Financial Statements have been prepared on a basis other than that of a going concern. The Board's current intention is for the underlying loan book to run to maturity. The Company's business model however has changed from holding financial assets to collect their contractual cash flows to realising assets, in a prudent manner consistent with the principles of good investment management with a view to returning cash to its shareholders in an orderly manner. In accordance with IFRS 9, the reclassification occurs on the first day of the first reporting period following the change in business model. As the change in business model was agreed on 20 March 2020, the reclassification of loans into 'Fair value through other comprehensive income ("FVTOCI")' will be effective on 1 July 2020. Accordingly, loans have been measured at amortised cost in these Interim Financial Statements.

Covid-19 is a developing situation and as of 31 March 2020, the assessment of this situation will need continued attention and will evolve over time. In our view, consistent with many others in our industry, Covid-19 is considered to be a non-adjusting post period event and no adjustment is made in the Interim Financial Statements as a result. The rapid development and fluidity of the Covid-19 virus make it difficult to predict the ultimate impact at this stage. However, we do not underestimate the seriousness of the issue and the inevitable effect it will have on the UK economy and many businesses across the world. Due to the diversity in our loan portfolio, it is not currently practicable to quantify the extent of impact upon the loan facilities. This is a concern for the Board and it is continuing to liaise closely with the Investment Adviser and customers in an effort to minimise any financial impact on the Company.

In line with the latest official guidance, the Investment Adviser has taken the steps necessary to implement its Business Continuity Plan with its staff now working remotely from home, ensuring continuity of service and support to borrowers during this difficult time. The Board is satisfied that the Company's other service providers are similarly able to support the continued operation of the Company. The Investment Adviser is reaching out to the Company's borrowers to assess the impacts on their operations, as detailed further in the Investment Adviser's report. The Board will work closely with the Investment Adviser to consider and recommend any "forbearance strategies" that may arise on the Loans as the crisis develops.

Outlook
With a managed wind-down approved by shareholders, as noted above, the Board's focus is now on working, together with the Investment Adviser, to return cash to shareholders on a timely basis with the first return of capital anticipated to be in the second quarter of 2020.

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

David Warr
Chairman
Date: 31 March 2020

Regrettably, 2019 was a very disappointing year for the Company and Hadrian's Wall Capital Limited (the "Investment Adviser").

The Company's significant investments in two biomass pellet manufacturing businesses, Biomass Optimum Fuels Limited and Biomass Premium Fuels Limited suffered ruinous losses. The projects, which the Company financed, consisted of installing a series of heat-generating gasifiers in each of the wood pellet manufacturing plants of the respective businesses proved far more difficult than expected. The security package, which depended on Renewable Heat Initiative ("RHI") payments from Ofgem (the Office of Gas and Electricity Markets), the government regulator for the electricity and downstream natural gas markets, was difficult to monetise because the project to implement the gasifiers in order to generate the RHI payments was not completed as planned. The further capital investments that would have been required to bring the equipment online were beyond the scope of the Company and it therefore became problematic to convert the critical security in the project assets into cash. Without the significant RHI cash flow, the value of the investment was limited.

This inability to convert the security to cash led to a full reserve against the value of the loans. The insolvency practitioner is currently working with the Investment Adviser to realise recoveries for each of the respective businesses.

After discussion with shareholders, it was decided that the Company would stop making new investments and seek their approval to put the Company into managed wind-down.

The focus of the Investment Adviser is now managing the existing investments of the Company during the wind-down phase. As cash is received, the Board will determine the best means to return monies to shareholders.

The capital raise for the engineering company referred to in previous Company announcements continues to make positive progress, albeit more slowly than anticipated. Subject to the borrower maintaining adequate liquidity, the Investment Adviser continues to expect a positive outcome.

During the period to 31 December 2019, one borrower repaid in full its £7 million facility plus an early repayment fee. The Company also continued its recovery process in connection with its Dawnus lease facility which has, in aggregate, resulted in no net loss to the Company.

As at the reporting date, the expected remaining average life of the portfolio is 1.9 years, excluding the Biomass related loans as referred to above.

Investment Review

The investment portfolio as at 31 December 2019 and 30 June 2019 exhibited the following characteristics:

	31 December 2019	30 June 2019
Largest Loan	£13,000,000	£13,000,000
Largest Originator Concentration	22.01%	18.8%
Portfolio Remaining Weighted Average Life ("WAL")*	1.9 years	2.9 years
Investment Yield Range	7.50 – 15.00%	7.50 – 15.00%
Weighted Average Yield on Invested Assets**	9.6%	9.2%

**calculated based on managements estimated expected life rather than the contractual terms. Excludes Stage 3 assets, see note 6.*
***calculated using the effective interest rate method, inclusive of upfront fees.*

The largest individual investments have the following characteristics:

Borrower Industry	Loan Amount £	% of Net Asset Value	Initial WAL
Engineering	13,000,000	11.1%	2.9 years
Property Trading	10,500,000	9.0%	1.2 years
Retail	5,196,837	4.4%	2.1 years
Manufacturing	4,214,457	3.6%	1.6 years
Utilities	4,095,000	3.5%	0.8 years

The largest specialist finance company concentrations within the loan portfolio have the following characteristics:

Sector	Aggregate Exposure £	Number of Loans or Leases	WAL
SME Loans	25,800,000	894	2.3 years
SME Leases	19,115,825	4,089	1.6 years
SME Receivables	17,000,000	87	2.3 years
SME Loans	15,700,000	267	3.0 years

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

Standard Industrial Classification (SIC) codes	% of loan portfolio
Admin and Support	18.7%
Professional, scientific and technical	15.5%
Manufacturing	9.8%
Property Trading	8.6%
Construction	7.9%
Retail trade, except of motor vehicles	6.6%
Other	32.9%
	100.0%

Loan summary descriptions

Borrower	Original loan amount £	Loan carrying value at amortised cost at 31 December 2019 £	ECL[1] provision at 31 December 2019 £	Amortisation	Term remaining months	Asset Type
Borrower 1	£6,500,000	£156,678	£918	None	20 months	Autos
Description	The borrower specialises in short-term car hire of less than 12 months. The loan is to fund the acquisition of new vehicles, on the basis that they will be rented out for 12 months or less. The borrower is highly experienced in the auto-leasing sector.					
Borrower 2	£1,700,000	£1,459,082	£20,427	None	3 months	Commercial property
Description	This loan financed the acquisition of a commercial property in administrative receivership due to a loan-to-value covenant breach. During the receivership, vacancy rates in this grade B commercial property with a good city centre location rose as tenancies lapsed with an attendant decrease in the rent roll.					
Borrower 3	£10,500,000	£10,493,546	£35,280	None	13 months	Residential property
Description	The borrower is a fast-track residential property-trading company that has established a successful track record of purchasing houses at a discount to market value and selling again in short order. The property trading company will agree an immediate cash price to purchase the home and then place it on the market, providing a quick settlement to the seller.					

[1] Expected credit loss

Loan summary descriptions, continued

Borrower	Original loan amount £	Loan carrying value at amortised cost at 31 December 2019 £	ECL[1] provision at 31 December 2019 £	Amortisation	Term remaining months	Asset Type
Borrower 4	£3,200,000	£2,314,513	£9,802	Partial	24 months	Fabrication – metals
Description	The borrower is a company with a management team of highly experienced individuals in the specialty metal parts business. This loan funded the acquisition of the specialty metals company that has been involved in the product sector since the 1970s, manufacturing and exporting of petrochemical, construction and steel industry high quality grade specialty metal parts.					
Borrower 5	£5,535,000	£5,157,255	£15,487	Partial	27 months	Commercial
Description	The borrower is highly experienced operator of service stations. The loan funds multiple service stations with mini market retail businesses. Each of the service stations is the primary service station with a retail shop in their locations of their respective villages.					
Borrower 6	£17,000,000	£16,972,082	£35,700	None	26 months	Underlying Financial Assets
Description	The originator is a regional specialist factoring company providing working capital financing facilities to SME companies. They have a strong track record since its inception, over seven years ago, as an asset-based lending specialist with many years of experience in the sector. The average underlying working capital facility is £300,000.					
Borrower 7	£25,800,000	£25,737,478	£54,180	None	26 months	Underlying Financial Assets
Description	The originator is a firm that specialises in small business loans to SME companies. The Company is financing these loans in the form of a cross-collateralised pool and has applied a multi-layered credit enhancement approach. The collateral within this pool of individual underlying assets are fully amortising term loans to SME companies with an average loan size of £120,000. On 23 March 2020, the Company announced that it had received cash of £27.2 million from the early repayment of this loan facility.					
Borrower 8	£4,095,000	£4,086,390	£600,000	None	10 months	Electricity & RHI tariffs
Description	The sponsors are an energy engineering and consulting firm that has been in the waste, renewables and environment industry for over 15 years and a partnership with an agricultural consultancy business. The loan refinances a recently constructed Combined Heat Power unit generating electricity for an anaerobic digestion plant.					
Borrower 9	£13,000,000	£12,101,001	£2,000,000	None	43 months	Plant, Machinery and intellectual Property
Description	The borrower is an engineering business specialising in developing and manufacturing gasification equipment for the production of energy from waste and other high value by products. The business is also a project developer or development partner of such projects using their technology. The company has been in business almost 20 years with a proven track record of developing, delivering and operating facilities using their technology.					

[1] Expected credit loss

Loan summary descriptions, continued

Borrower	Original loan amount £	Loan carrying value at amortised cost at 31 December 2019 £	ECL[1] provision at 31 December 2019 £	Amortisation	Term remaining months	Asset Type
Borrower 10	£15,700,000	£15,647,025	£109,900	None	36 months	Underlying Financial Assets
Description	The originator is a specialised asset finance company providing loans and leases to SME companies. The Company is financing these facilities in the form of a cross-collateralised pool and has applied a multi-layered credit enhancement approach. The collateral within this pool of individual underlying assets are fully amortising term loans and leases to SME companies with an average loan size of £70,000.					
Borrower 11	£450,015	£444,608	£6,669	None	41 months	Social Housing
Description	The sponsor is a seasoned specialist property investor affiliated with Housing Association social care for local councils. The Company is financing the developer who leases care homes to the housing association providing specialised social services to local councils to fit the needs and requirements of local residents.					
Borrower 12	£667,461	£659,441	£9,892	None	41 months	Social Housing
Description	The sponsor is a seasoned specialist property investor affiliated with Housing Association social care for local councils. The Company is financing the developer who leases care homes to the housing association providing specialised social services to local councils to fit the needs and requirements of local residents.					
Borrower 13	£630,802	£623,222	£9,348	None	41 months	Social Housing
Description	The sponsor is a seasoned specialist property investor affiliated with Housing Association social care for local councils. The Company is financing the developer who leases care homes to the housing association providing specialised social services to local councils to fit the needs and requirements of local residents.					
Borrower 14	£458,495	£452,986	£6,795	None	41 months	Social Housing
Description	The sponsor is a seasoned specialist property investor affiliated with Housing Association social care for local councils. The Company is financing the developer who leases care homes to the housing association providing specialised social services to local councils to fit the needs and requirements of local residents.					
Borrower 15	£2,050,000	£1,672,325	£18,451	Full	42 months	Marine Equipment
Description	The borrower is a specialist engineering company in the marine industry for nearly 30 years producing dedicated equipment for subsea infrastructure. Its manufacturing facilities are located in the UK and its equipment is used globally. The equipment was financed through a sale and leaseback.					

[1] Expected credit loss

Loan summary descriptions, continued

Borrower	Original loan amount £	Loan carrying value at amortised cost at 31 December 2019 £	ECL[1] provision at 31 December 2019 £	Amortisation	Term remaining months	Asset Type
Borrower 16	£5,098,608	£4,227,905	£8,939	None	46 months	Plant
Description	The borrower is a specialist plant hire company which hires out powered access lift equipment across the UK to the construction, infrastructure and cinematography industries. The facility finances the business's core equipment through a sale and leaseback.					
Biomass Optimum Fuels	£6,956,180	£7,135,624	£7,135,624	Accelerated	Due	RHI/P&M
Description	The borrower entered into administration on 9 December 2019. The facility financed a renewable fuel wood pellet manufacturing facility and mobile heating units for the purposes of generating RHI income which were mission critical for the production process.					
Biomass Premium Fuels	£6,344,577	£6,411,685	£6,411,685	Accelerated	Due	RHI/P&M
Description	The borrower entered into administration on 18 December 2019. The facility financed a renewable fuel wood pellet manufacturing facility.					
Biomass Premium Fuels	£4,800,000	£4,183,272	£4,183,272	Accelerated	Due	RHI/P&M
Description	The borrower entered into administration on 18 December 2019. The lease finances mobile heating units for the purpose of generating RHI income which were mission critical for the production process.					
Borrower 20	£31,159,175	£18,978,403	£40,142	Full	50 months	Underlying Financial Assets
Description	The originator is a specialised asset finance company providing asset finance facilities to SME companies. The Company is financing these facilities in the form of a cross-collateralised pool and has applied multi-layered credit enhancement approach. The collateral within the pool is composed of plant & machinery, vehicles and office equipment.					

Covid-19

Regarding the recently emerged Covid-19 coronavirus threat, the Board is liaising with the Investment Adviser and will monitor any impacts on its facilities. However, this situation is a global and dynamic changing environment and its impact on the UK economy is only just emerging. It is a given that because of the crisis there will be some direct and indirect consequences on the Company's loans and we note that the Company's exposure to retail, travel and leisure, arts, entertainment and recreation, is circa 15%. Over the last six weeks, the market has seen a rapid reversal of consumer sentiment as Covid-19 has continued to spread globally. While the market has reacted sharply and governments have worked to contain the spread, the economic effects in the coming months are highly uncertain.

[1] Expected credit loss

Covid-19, continued

In line with the latest official guidance, the Investment Adviser has taken the steps necessary to implement its Business Continuity Plan with its staff now working remotely from home, ensuring continuity of service and support to borrowers during this difficult time. The Investment Adviser is closely monitoring official governmental guidance on the impact of Covid-19.

The Investment Adviser is reaching out to the Company's borrowers to assess:

1. Whether:
    a. They have experienced any actual disruption as a consequence of employee absence or a supplier's ability to deliver products or services; What contingency plans they have to manage or avoid business disruption due to Covid-19; and

2. In relation to the borrowers' own customers/clients:
    a. Have they experienced any actual loss of trade or cash losses arising from a customer's/client's distressed state due to Covid-19?; and
    b. Can they foresee any loss of trade or cash losses arising from a customer's/client's distressed state due to Covid-19?

Whilst these replies and other matters will be continuously monitored, it's clear that most borrowers have business continuity plans in action and have largely enabled home working (where possible), but some of their underlying customers or clients are experiencing or expected to experience slowdowns or disruptions to their business and some of the originated specialty finance platforms may receive higher than usual requests for forbearances.

Hadrian's Wall Capital Limited
Date: 31 March 2020

HWSI REALISATION FUND LIMITED (FORMERLY HADRIAN'S WALL SECURED INVESTMENTS LIMITED)
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 Company'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 Company. 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 Company's principal risks include Investment, Credit, Liquidity, Market and Operational risk. These risks, and the way in which they are managed, are described in more detail under the heading 'Principal Risks and Uncertainties' within the Directors' Report of the Company's last Annual Financial Statements for the year ended 30 June 2019. Following the Board's decision, and shareholders' approval at the EGM on 20 March 2020, to put the Company into a managed wind-down with cash returned to shareholders in a timely and efficient manner, additional principal risks of the Company were highlighted in the EGM Circular published on 5 March 2020 as listed below. Only the risks which are material and currently known to the Company are disclosed, additional risks and uncertainties not currently known to the Company, or that the Company currently deems to be immaterial, may also have an adverse effect on the Company.

1.1 In a managed wind-down, the value of the Company's portfolio will be reduced as investments are realised and concentrated in fewer holdings, and the mix of asset exposures will be affected accordingly.

1.2 The Company might experience increased volatility in its NAV and/or its share price as a result of possible changes to the portfolio structure following the approval of the EGM proposals.

1.3 The Company's assets may not be realised at their carrying value, and it is possible that the Company may not be able to realise some assets at any value.

1.4 Sales commissions, liquidation costs, taxes and other costs associated with the realisation of the Company's assets, together with the usual operating costs of the Company, will reduce the cash available for distribution to shareholders.

1.5 The maintenance of the Company as an ongoing listed vehicle will entail administrative, legal and listing costs, which will decrease the amount ultimately distributed to shareholders. Although the Board intends to maintain the Company's listing for as long as the Directors believe it to be practicable during the managed wind-down period, the Directors shall immediately notify the Financial Conduct Authority ("FCA") and may seek suspension of the listing of the Ordinary Shares pursuant to the requirements of the Listing Rules (which may include shareholder approval prior to any suspension or de-listing) if the Company can no longer satisfy the continuing obligations for listing set out therein including, but not limited to, the requirements in respect of Ordinary Shares held in "public hands" (as such phrase is defined in the Listing Rules) and in relation to spreading investment risk, and consequently the listing of the Ordinary Shares may be suspended and/or cancelled. Once the listing is suspended and/or cancelled, the Ordinary Shares would no longer be capable of being traded on the London Stock Exchange, which would materially reduce market liquidity in the Ordinary Shares.

1.6 It should also be noted that there may be other matters or factors which affect the availability, amount or timing of receipt of the proceeds of realisation of some or all of the Company's investments. In particular, ongoing returns of value to shareholders will decrease the size of the Company's assets, thereby increasing the impact of fixed costs incurred by the Company on the remaining assets. In determining the size of any distributions, the Directors will take into account the Company's ongoing running costs, and the eventual liquidation costs of the Company. However, should these costs be greater than expected or should cash receipts for the realisations of investments be less than expected, this will reduce the amount available for shareholders in future distributions.

Covid-19

The increasing impact of Covid-19 subsequent to the publication of the shareholder EGM Circular on 5 March 2020, represents an unquantifiable risk to the UK economy and hence to the Company's customers. This has the potential to adversely impact upon the returns to shareholders. In line with the latest official guidance, the Investment Adviser has taken the steps necessary to implement its Business Continuity Plan with its staff now working remotely from home, ensuring continuity of service and support to borrowers during this difficult time. The Board is satisfied that the Company's other service providers are similarly able to support the continued operation of the Company. The Investment Adviser is closely monitoring official governmental guidance on the impact of Covid-19 and the Investment Adviser is reaching out to the Company's borrowers to assess the impact on their operations, as detailed further in the Investment Adviser's report. The Board, in conjunction with its advisers, reviews and monitors market conditions on an ongoing basis.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

We confirm that to the best of our knowledge:

- These Interim Financial Statements have been prepared in accordance with IAS 34 'Interim Financial Reporting'; as required by Disclosure Guidance & Transparency Rule ("DTR") 4.2.4R of the UK's Financial Conduct Agency ("FCA"); and

- The Chairman's Statement and Investment Adviser's report, together with the Interim Financial Statements, meet the requirements of an interim management report, and include a fair review of the information required by:

  - DTR 4.2.7R of the DTR of the UK's FCA, being an indication of important events that have occurred during the period ended 31 December 2019 and their impact on the Interim Financial Statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and

  - DTR 4.2.8R of the DTR of the UK's FCA, being related party transactions that have taken place during the period ended 31 December 2019 and have materially affected the financial position or performance of the Company during that period; and any changes since the related party transactions described in the last annual report that could do so.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website, and for the preparation and dissemination of financial statements. Legislation in Guernsey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Signed on behalf of the Board by:

David Warr
Director
Date: 31 March 2020

INDEPENDENT REVIEW REPORT TO HWSI REALISATION FUND LIMITED (FORMERLY HADRIAN'S WALL SECURED INVESTMENTS LIMITED)

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 31 December 2019 which comprises the Statement of Comprehensive Income, the Statement of Changes in Equity, the Statement of Financial Position, the Statement of Cash Flows and related notes 1 to 16. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in note 2, the annual financial statements of the company are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" as adopted by the European Union.

Our responsibility

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Financial Reporting Council for use in the United Kingdom. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 31 December 2019 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Emphasis of matter – Financial statements prepared other than on a going concern basis

We draw attention to note 2 a) in the financial statements, which indicates that the financial statements have been prepared on a basis other than that of a going concern.

Use of our report

This report is made solely to the company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Financial Reporting Council. Our work has been undertaken so that we might state to the company those matters we are required to state to it in an independent review report 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, for our review work, for this report, or for the conclusions we have formed.

Deloitte LLP
Recognised Auditor
Guernsey, Channel Islands
31 March 2020

HWSI REALISATION FUND LIMITED (FORMERLY HADRIAN'S WALL SECURED INVESTMENTS LIMITED)

CONDENSED UNAUDITED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the six month period ended 31 December 2019

	Notes	1 July 2019 to 31 December 2019 (unaudited) £	1 July 2018 to 31 December 2018 (unaudited) £
Income			
Interest income from loans advanced		6,571,081	4,731,228
Other income from loans advanced		275,998	-
Income from cash and cash equivalents		2,988	78,685
Net (losses)/gains on financial assets at fair value through profit or loss	7	(98,496)	425,013
Total income		**6,751,571**	**5,234,926**
Expenses			
Expected credit loss on financial assets	6	(16,899,075)	(787,080)
Movement in financial guarantee liability at fair value through profit or loss	8	(2,922,477)	-
Investment Advisory fee	9	(654,462)	(713,832)
Investment Management fee	9	(64,262)	(71,384)
Administration fees	9	(100,331)	(98,253)
Directors' fees	9	(99,945)	(67,500)
Audit fees		(33,500)	(17,685)
Legal and professional fees		(192,468)	(130,199)
Credit facility finance costs	12	(309,311)	(137,575)
Broker fees		(22,959)	(26,389)
Listing, regulatory and statutory fees		(21,164)	(26,036)
Registrar fees		(9,785)	(9,879)
Other expenses		(52,885)	(55,164)
Total operating expenses		**(21,382,624)**	**(2,140,976)**
(Loss)/profit for the financial period before tax		**(14,631,053)**	**3,093,950**
Taxation		(855)	(909)
(Loss)/profit for the financial period after tax		**(14,631,908)**	**3,093,041**
Total comprehensive (loss)/income for the period		**(14,631,908)**	**3,093,041**
Basic and diluted (deficit)/earnings per Ordinary Share	10	(10.16)p	2.13p
Weighted average number of Ordinary Shares outstanding	10	143,973,955	145,170,463

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 Shares of the Company.

The accompanying notes on pages 21 to 34 form an integral part of the Interim Financial Statements.

HWSI REALISATION FUND LIMITED (FORMERLY HADRIAN'S WALL SECURED INVESTMENTS LIMITED)
CONDENSED UNAUDITED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
For the six month period ended 31 December 2019

	Notes	Share capital £	Accumulated deficit £	Total equity £
For the six month period ended 31 December 2019 (unaudited)				
At 1 July 2019		**142,417,355**	**(5,305,838)**	**137,111,517**
Total comprehensive income:				
Loss for the financial period		-	(14,631,908)	(14,631,908)
Total comprehensive loss for the period		**-**	**(14,631,908)**	**(14,631,908)**
Transactions with shareholders:				
Ordinary Shares acquired during the period	11	(1,318,198)	-	(1,318,198)
Dividends paid	4	-	(4,319,990)	(4,319,990)
Total transactions with shareholders		**(1,318,198)**	**(4,319,990)**	**(5,638,188)**
At 31 December 2019		**141,099,157**	**(24,257,736)**	**116,841,421**

	Notes	Share capital £	Accumulated deficit £	Total equity £
For the six month period ended 31 December 2018 (unaudited)				
At 1 July 2018		**142,417,355**	**(62,980)**	**142,354,375**
Adjustment from the adoption of IFRS 9 – expected credit loss on financial assets		-	(340,360)	(340,360)
Adjusted balance at 1 July 2018		**142,417,355**	**(403,340)**	**142,014,015**
Total comprehensive income:				
Profit for the financial period		-	3,093,041	3,093,041
Total comprehensive income for the period		**-**	**3,093,041**	**3,093,041**
Transactions with shareholders:				
Dividends paid	4	-	(3,750,839)	(3,750,839)
Total transactions with shareholders		**-**	**(3,750,839)**	**(3,750,839)**
At 31 December 2018		**142,417,355**	**(1,061,138)**	**141,356,217**

The accompanying notes on pages 21 to 34 form an integral part of the Interim Financial Statements.

HWSI REALISATION FUND LIMITED (FORMERLY HADRIAN'S WALL SECURED INVESTMENTS LIMITED)

CONDENSED UNAUDITED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

	Notes	31 December 2019 (unaudited) £	30 June 2019 (audited) £
Non-current assets			
Loans advanced at amortised cost	6	77,966,723	106,639,905
Financial assets held at fair value through profit or loss	7	-	98,496
		77,966,723	106,738,401
Current assets			
Cash and cash equivalents		5,120,761	3,343,071
Trade and other receivables		282,583	1,025,315
Loans advanced at amortised cost	6	40,235,287	41,812,785
Total current assets		45,638,631	46,181,171
Total assets		**123,605,354**	**152,919,572**
Current liabilities			
Revolving Credit facility	12	3,500,000	15,500,000
Trade and other payables		406,222	308,055
Financial guarantee at fair value through profit or loss	8	2,857,711	**-**
Total liabilities		**6,763,933**	**15,808,055**
Net assets		**116,841,421**	**137,111,517**
Equity			
Share capital	11	141,099,157	142,417,355
Accumulated deficit		(24,257,736)	(5,305,838)
Total equity		**116,841,421**	**137,111,517**
Net asset value per Ordinary Share	13	**81.42p**	**94.45p**
Number of Ordinary Shares	11	**143,499,667**	**145,170,463**

The Interim Financial Statements on pages 17 to 34 were approved by the Board of Directors and authorised for issue on 31 March 2020. They were signed on its behalf by:-

David Warr
Director

The accompanying notes on pages 21 to 34 form an integral part of the Interim Financial Statements.

HWSI REALISATION FUND LIMITED (FORMERLY HADRIAN'S WALL SECURED INVESTMENTS LIMITED)
CONDENSED UNAUDITED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
For the six month period ended 31 December 2019

	Notes	1 July 2019 to 31 December 2019 (unaudited) £	1 July 2018 to 31 December 2018 (unaudited) £
Cash flows used in operating activities			
(Loss)/profit for the financial period		(14,631,908)	3,093,041
Adjustment for:			
Increase in trade and other receivables		(568,132)	(915,941)
Increase in trade and other payables		98,167	368,727
Effective interest rate adjustment	6	525,361	108,080
Net losses/(gains) on financial assets at fair value through profit or loss	7	98,496	(425,013)
Credit facility finance costs	12	309,311	137,575
Expected credit loss on financial assets	6	16,899,075	787,080
Movement in financial guarantee liability at fair value through profit or loss	8	2,922,477	-
Payment on financial guarantee liability at fair value through profit or loss during the period	8	(64,766)	-
		5,588,081	3,153,549
Loan advances in the period	6	(4,084,479)	(34,949,711)
Loan principal repayments in the period	6	18,319,189	2,691,667
Net cash from/(used in) operating activities		**19,822,791**	**(29,104,495)**
Cash flows used in financing activities			
Ordinary Shares acquired during the period	11	(1,318,198)	-
Partial repayment of credit facility	12	(12,000,000)	-
Dividends paid	4	(4,319,990)	(3,750,839)
Credit facility finance costs	12	(406,913)	(259,410)
Net cash used in financing activities		**(18,045,101)**	**(4,010,249)**
Net increase/(decrease) in cash and cash equivalents		**1,777,690**	**(33,114,744)**
Cash and cash equivalents at beginning of period		**3,343,071**	**50,987,285**
Cash and cash equivalents at end of period		**5,120,761**	**17,872,541**

The accompanying notes on pages 21 to 34 form an integral part of the Interim Financial Statements.

1. GENERAL INFORMATION

HWSI Realisation Fund Limited (formerly 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 are traded on the Main Market of the London Stock Exchange.

On 11 February 2020, the Board of Directors announced that they had determined that the Company should be put into managed wind-down with cash returned to shareholders in a timely and efficient manner. The Board subsequently published a circular to shareholders (the "Circular") on 5 March 2020, to convene an Extraordinary General Meeting on 20 March 2020 (the "EGM") for approval from shareholders to amend the Company's investment objective and policy and approve any related matters necessary to facilitate a managed wind-down.

On 20 March 2020, shareholders approved resolutions to adopt a New Investment Objective that the Company will be managed with the intention of realising all remaining assets in the portfolio in a prudent manner consistent with the principles of good investment management and with a view to returning cash to shareholders in an orderly manner. Resolutions to adopt a new investment policy, to amend the Articles of Incorporation of the Company and to change the Company's name to HWSI Realisation Fund Limited were also passed as detailed further on pages 3 and 4.

In line with the former investment strategy, the Company's portfolio is made up of loans to under-served segments of the UK Small and Medium sized Enterprises ("SME") market. Generally, the Group directly lent 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 invests in these loans through its UK incorporated Subsidiaries, HWSIL Note Co Limited, HWSIL Finance Co Limited, HWSIL Asset Co Limited and HWSIL W1 Limited ("W1") (the "Subsidiaries", together the "Group" or the "Fund"). For the six month period ended 31 December 2019, no operational activity was undertaken by W1 and at 31 December 2019, W1 remained a dormant entity. These Condensed Unaudited Consolidated Interim Financial Statements are for the six month period ended 31 December 2019 (the "Interim Financial Statements"). The Interim Financial Statements comprise the results of the Company and its Subsidiaries.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation and statement of compliance

These Interim Financial Statements have been prepared in accordance with International Accounting Standard IAS 34 'Interim Financial Reporting', as endorsed by the European Union ("IAS 34"), the Listing Rules of the London Stock Exchange ("LSE") and applicable legal and regulatory requirements. They do not include all the information and disclosures required in Annual Financial Statements and should be read in conjunction with the Company's last Annual Report and Audited Consolidated Financial Statements for the year ended 30 June 2019.

The accounting policies applied in these Interim Financial Statements are consistent with those applied in the last Annual Report and Audited Consolidated Financial Statements for the year ended 30 June 2019, with the exception of accounting policies 2 d) and e) as detailed on page 23, which were prepared in accordance with International Financial Reporting Standards ("IFRS"), as endorsed by the European Union. Having reassessed the principal risks following the decision to put the Company into a managed wind-down, the Company's financial position as at 31 December 2019 and the factors that may impact its performance in the forthcoming year, the Directors do not consider it appropriate to adopt the going concern basis of accounting in preparing these Interim Financial Statements. As such these Interim Financial Statements have been prepared on a basis other than that of a going concern.

These Interim Financial Statements were authorised for issue by the Company's Board of Directors on 31 March 2020.

2. SIGNIFICANT ACCOUNTING POLICIES, continued

a) Basis of preparation and statement of compliance, continued

Significant judgements and estimates
With the exception of the additional going concern judgement as detailed further below, there have been no other changes to the significant accounting judgements, estimates and assumptions from those applied in the Company's Annual Report and Audited Consolidated Financial Statements for the year ended 30 June 2019.

Going concern
The Board's assessment of the Company's position as at 31 December 2019 and the factors impacting the forthcoming year are set out in the Summary Information and the Chairman's Statement on pages 6 to 7, which incorporates the conclusions of the strategic review of the options available to the Company and ultimately the future of the Company. On 11 February 2020, the Board of Directors announced that they had determined that the Company should be put into managed wind-down with cash returned to shareholders in a timely and efficient manner. Subsequently on 20 March 2020, shareholders approved a New Investment Objective that the Company will be managed with the intention of realising all remaining assets in the portfolio in a prudent manner consistent with the principles of good investment management and with a view to returning cash to shareholders in an orderly manner.

The financial position of the Company and its cash flows are set out on pages 17 to 20 of the Interim Financial Statements. The longest dated loan in the portfolio matures in late 2023, whereas the weighted average life of the portfolio is 1.9 years. Following the approval by shareholders of the New Investment Objective, the Board is seeking to maximise value from the Company's portfolio and the current intention to do this is to hold all the underlying loans to maturity in line with the original terms of the agreements. The Board will consider asset sales if appropriate terms can be agreed.

Given the developments post the period end and the decision to place the Company into a managed wind-down, the use of the going concern basis in preparing the Interim Financial Statements of the Company is not appropriate. As such these Interim Financial Statements have been prepared on a basis other than that of a going concern. The Board's current intention is for the underlying loan book to run to maturity. The Company's business model however has changed from holding financial assets to collect their contractual cash flows to realising assets, in a prudent manner consistent with the principles of good investment management with a view to returning cash to its Shareholders in an orderly manner. In accordance with IFRS 9, the reclassification occurs on the first day of the first reporting period following the change in business model. As the change in business model was agreed on 20 March 2020, the reclassification of loans into 'Fair value through other comprehensive income ("FVTOCI")' will be effective on 1 July 2020. Accordingly, loans have been measured at amortised cost in these Interim Financial Statements.

Covid-19 is a developing situation and as of 31 March 2020, the assessment of this situation will need continued attention and will evolve over time. In our view, consistent with many others in our industry, Covid-19 is considered to be a non-adjusting post period event and no adjustment is made in the Interim Financial Statements as a result. The rapid development and fluidity of the COVID-19 virus make it difficult to predict the ultimate impact at this stage. However, we do not underestimate the seriousness of the issue and the inevitable effect it will have on the UK economy and many businesses across the world. Due to the diversity in our loan portfolio, it is not currently practicable to quantify the extent of impact upon the loan facilities.

After making enquiries and, supported by the Directors' current assessment of the Company's ability to pay its debts as they fall due for the foreseeable future, the terms of the remaining loan portfolio, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence until the anticipated wind down of the Company. The Directors will ensure that sufficient liquidity is held back to ensure that liabilities are at all times adequately covered.

2. SIGNIFICANT ACCOUNTING POLICIES, continued

b) New Accounting Standards adopted in the reporting period

The following standards and interpretations have been applied in these Interim Financial Statements:

a. Amendments to IFRS 9, "Financial Instruments"- Prepayment Features with Negative Compensation (effective for periods commencing on or after 1 January 2019) - amends the existing requirements in IFRS 9 regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments;
b. Amendments to IAS 28 – Long-term interests in Associates and Joint Ventures (effective for periods commencing on or after 1 January 2019) - clarifies that an entity applies IFRS 9 including its impairment requirements, to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied;
c. IFRIC Interpretations 23 Uncertainty over income tax treatments (effective for periods commencing on or after 1 January 2019);
d. Annual Improvements to IFRS standards 2015-2017 Cycle effective for periods commencing on or after 1 January 2019);

The adoption of these standards has not had a material impact on these Interim Financial Statements of the Company.

c) New Accounting Standards applicable to future reporting period

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

a. Amendments to IAS 1 and IAS 8 – Definition of Material (effective for periods commencing on or after 1 January 2020) – The amendments in *Definition of Material (Amendments to IAS 1 and IAS 8)* clarify the definition of 'material' and align the definition used in the Conceptual Framework and the standards;
b. Amendments to IFRS 9, IAS 39 and IFRS 7 – Interest Rate Benchmark Reform (effective for periods commencing on or after 1 January 2020) – The amendments in *Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)* clarify that entities would continue to apply certain hedge accounting requirements assuming that the interest rate benchmark on which the hedged cash flows and cash flows from the hedging instrument are based will not be altered as a result of interest rate benchmark reform.
c. Amendments to References to Conceptual Framework in IFRS Standard (effective for periods commencing on or after 1 January 2020).

The Directors expect that the adoption of these amended standards in a future period will not have a material impact on the Interim Financial Statements of the Company.

d) Financial guarantee liability at fair value through profit or loss

Financial guarantees require the Group to make specified payments to reimburse the holder of the guarantee for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. Financial guarantees are initially recognised at their fair value, which is normally evidenced by the amount of fees received. This amount is amortised on a straight line basis over the life of the guarantee. At the end of each reporting period, the guarantees are measured at the higher of (i) the amount of the loss allowance for the guaranteed exposure determined based on the expected loss model and (ii) the remaining unamortised balance of the amount at initial recognition.

e) Treasury shares

Treasury shares are deducted from equity and no gain or loss is recognised on the purchase, sale, issue or cancellation of such shares. Treasury Shares have no rights to vote, are not entitled to receive any dividends and are not entitled to any surplus assets of the Company after payment of all the creditors.

3. 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 in accordance with 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.

4. DIVIDENDS

During the period to 31 December 2019, 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 June 2019	9 September 2019	1.5 pence	2,167,495	9 August 2019	8 August 2019
30 September 2019	22 November 2019	1.5 pence	2,152,495	1 November 2019	31 October 2019
		3.0 pence	4,319,990		

On 7 February 2020, the Directors declared an interim dividend in relation to the three months ended 31 December 2019 of 1.5 pence per Ordinary Share which was paid on 13 March 2020, to shareholders on the register at 21 February 2020. The ex-dividend date was 20 February 2020. In accordance with IAS 10, this dividend has not been included within these Interim Financial Statements.

During the period to 31 December 2018, 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 June 2018	24 August 2018	1.5 pence	1,875,419	3 August 2018	2 August 2018
30 September 2018	19 November 2018	1.5 pence	1,875,420	2 November 2018	1 November 2018
		3.0 pence	3,750,839		

Under Guernsey law, the Company can pay dividends 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

At 31 December 2019, the Company's financial risk management objectives and policies are consistent with those disclosed in the Company's last Annual Report and Audited Consolidated Financial Statements for the year ended 30 June 2019.

6. LOANS ADVANCED AT AMORTISED COST

	1 July 2019 to 31 December 2019 (unaudited) £	1 July 2018 to 30 June 2019 (audited) £
Loans held at amortised cost		
Opening loan balance	153,708,041	91,982,745
Loans advanced	4,084,479	76,980,530
Principal repayments	(18,319,189)	(15,255,234)
Closing loan balance	**139,473,331**	**153,708,041**
Effective interest rate adjustment	(558,810)	(33,449)
Closing loan balance at amortised cost	**138,914,521**	**153,674,592**
Expected credit loss provision ("ECL")	(20,712,511)	(5,221,902)
Closing loan balance at amortised cost, net of ECL	**118,202,010**	**148,452,690**

At 31 December 2019, £40,235,287 (30 June 2019: £41,812,785) of the closing loans balance at amortised cost, net of the expected credit loss provision, is due for repayment within one year.

The Group's loans are expected to be held to maturity and solely for the collection of contractual cash flows, being interest, fees and payments of principal. As such, they 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 Consolidated Statement of Comprehensive Income is effectively spread over the life of the loan.

At the period end, the Directors consider that the carrying value of the loans recorded at amortised cost in the Interim Financial Statements, approximates to their fair value. On 20 November 2019, the Company announced that material losses were likely to be incurred on its investments in Biomass Premium Fuels Limited ("BPFL") and Biomass Optimum Fuels Limited ("BOFL"). As a result, the Directors have classified these investments as stage 3 assets and increased the ECL provisions on these position to the total loan amounts outstanding, which increased the ECL from an aggregate of £3.2 million at 30 June 2019 to £17.7 million at 31 December 2019. At 31 December 2019, the BPFL, BOFL and the Dawnus investments were all considered to be stage 3 assets as defined by IFRS 9, no other element of the loans advanced to date are considered a stage 3 asset.

The loans advanced are assessed by the Investment Adviser for indication of increases in credit risk since initial recognition during the financial period, at the period end date and up to the date of approving these Interim Financial Statements. The main factors considered for evidence of credit risk increases 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 31 December 2019, in respect of loan interest receivables, there were £1,544,892 aged outstanding receivables from the relevant borrowers. An expected credit loss provision of £1,408,466 was recognised in the Consolidated Statement of Comprehensive Income during the period in relation to these receivables.

During the period ended 31 December 2019, the Group recognised an expected credit loss on its loan portfolio of £15,490,609 in the Consolidated Statement of Comprehensive Income. At 31 December 2019, the Group had a expected credit loss provision of £20,712,511 in respect of its loan portfolio (30 June 2019: £5,221,902) on the Consolidated Statement of Financial Position.

6. LOANS ADVANCED AT AMORTISED COST, continued

Total expected credit losses recognised in the Consolidated Statement of Comprehensive Income during the period against the loan portfolio and interest receivables amounted to £16,899,075 (31 December 2018: £787,080) and at 31 December 2019, total expected credit loss provisions outstanding against the loan portfolio and interest receivables amounted to £22,120,977 on the Consolidated Statement of Financial Position.

A summary of the movements in the expected credit loss provisions during the period/year is shown in the following table:

	For the period ended 31 December 2019 (unaudited)			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
	£	**£**	**£**	**£**
Expected credit loss provision				
Opening ECL provision as at 1 July 2019	492,909	4,628,993	100,000	5,221,902
Amounts recovered during the period	(110,979)	-	(900,000)	(1,010,979)
Transfer from Stages 2 to 3	-	(3,200,000)	3,200,000	-
Change in credit risk parameters	-	1,171,007	15,330,581	16,501,588
Closing ECL provision at 31 December 2019	**381,930**	**2,600,000**	**17,730,581**	**20,712,511**

	For the year ended 30 June 2019 (audited)			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
	£	**£**	**£**	**£**
Expected credit loss provision				
Opening balance at 30 June 2018 under IAS 39	-	-	-	-
Adjustments on application of IFRS 9	340,360	-	-	340,360
Restated balance as at 1 July 2018 under IFRS 9	**340,360**	**-**	**-**	**340,360**
Amounts recovered during the year	(38,838)	-	-	(38,838)
Changes to ECL provision due to new loans advanced during the year	515,517	-	-	515,517
Transfer to Stages 2 and 3	(472,595)	464,081	8,514	-
Change in credit risk parameters	148,465	4,164,912	91,486	4,404,863
Closing ECL provision at 30 June 2019	**492,909**	**4,628,993**	**100,000**	**5,221,902**

Expected credit loss provisions on loans are considered to be an estimation that the Board makes which includes key sources of estimation uncertainty in relation to the determination of the probability of default and loss given default, this has a significant effect on the amounts recognised in the Interim Financial Statements, with the most significant impact being the ECL provisions on the stage 2 and stage 3 loans. If the ECL provision at 31 December 2019 on these loans had increased by 5% with all other variables held constant, representing the Directors' assessment of a reasonably possible change, this would have decreased net assets by approximately £1.0 million (30 June 2019: £0.2 million). Conversely, if the ECL provision on these loans had decreased by 5%, this would have increased net assets by approximately £1.0 million (30 June 2019: £0.2 million).

Sale and leaseback transaction

At 31 December 2019, the Group held sale and leaseback transactions which have been recognised as a financial asset equal to the transfer proceeds. The classification and measurement of these financial assets are accounted for in accordance with IFRS 9 and treated as Loans advanced at amortised cost. At 31 December 2019, the outstanding balance of financial assets at amortised cost in relation to the sale and leaseback transactions amounted to £5,895,162 (30 June 2019: £13,921,539), with £1,431,985 (30 June 2019: £3,810,799) receivable within one year.

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	For the period ended 31 December 2019 (unaudited) £	For the year ended 30 June 2019 (audited) £
Financial assets at fair value through profit or loss at the start of the period/year	98,496	-
Financial assets at fair value through profit or loss obtained during the period/year	-	425,013
Net movement in fair value through profit or loss during the period/year	(98,496)	(326,517)
Financial assets at fair value through profit or loss at the end of the period/year	**-**	**98,496**

As referred to in note 6, on 20 November 2019, the Company announced that material losses were likely to be incurred on its investments in BPFL and BOFL. As part of the restructuring of these investments during the year ended 30 June 2019, the Group received non-voting preference shares and a 45% stake in the ordinary share capital of each of BPFL and BOFL. The preference shares were obtained in connection with a lease termination at a nominal value of £1,609,661. These preference shares are classified as financial assets at fair value through profit or loss and have a stated dividend of 20% of their nominal value. These financial assets are not traded in active markets and therefore the Group is unable to base the fair value of its financial assets on quoted market prices or broker price quotations. The Group therefore determines fair values using other valuation techniques. As the Company is expecting to incur losses in relation to the outstanding loan balances, the Directors are of the view that the fair value of the preference shares at 31 December 2019 is £nil (30 June 2019: £98,496).

8. FINANCIAL GUARANTEE AT FAIR VALUE THROUGH PROFIT OR LOSS

	For the period ended 31 December 2019 (unaudited) £	For the year ended 30 June 2019 (audited) £
Financial guarantee at fair value through profit or loss granted during the period/year	2,922,477	-
Payments during the period/year	(64,766)	-
Financial guarantee at fair value through profit or loss at the end of the period/year	**2,857,711**	-

The gross amount of recognised financial liabilities presented in the Statement of Financial Position disclosed in the above table has been measured at fair value. The financial guarantee has been recognised in relation to lease guarantees relating to one of the investments. These financial liabilities are not traded in active markets and therefore the Group is unable to base the fair value of its financial liabilities on quoted market prices or broker price quotations. The Group therefore determines fair values using other valuation techniques. 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.

At 31 December 2019, the valuation technique applied is based on discounted cash flow ("DCF") analysis of one of the Group's investments. The discount rate applied in the DCF analysis is 8.85%. This discount rate has been derived based on the weighted average effective interest rate of the investment to determine the present value associated with cash flows generated from the lease guarantees. At 31 December 2019, the Directors have assessed the fair value of the granted guarantee to be £2,857,711.

The above financial guarantee is a liability of a subsidiary of the Company. Whilst the guarantee is non-recourse on the Company, accounting convention requires the guarantee to be included in these consolidated Interim Financial Statements.

9. RELATED PARTY TRANSACTIONS AND MATERIAL AGREEMENTS

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 1.00% per annum of the Net Asset Value.

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. On 19 February 2020, the Board of the Company served notice on the Investment Adviser to terminate the investment advisory agreement, such termination to take effect in 12 months.

Certain financing arrangements of the Group require site audits to be conducted, and various reconciliation and verification procedures to be performed. A number of borrowers under these arrangements pay affiliates of the Investment Adviser to provide such services with a typical average cost of between 45-50 basis points, amounting to approximately £0.4 million for the period ended 31 December 2019 (30 June 2019: £0.6 million).

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:

- 0.10% of NAV per annum up to a total NAV of £150 million;
- Reducing to 0.08% of NAV per annum for that part of the NAV (if any) between £150-250 million
- reducing further to 0.06% per annum of NAV for that part of the NAV (if any) in excess of £250 million; and
- 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. 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.

The Investment Management Agreement is terminable by either party on not less than six months' notice. 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.

Administration fees
Praxis Fund Services Limited (the "Administrator") is entitled to an Administration fee in accordance with the administration agreement between the Company and the Administrator dated 20 October 2017 (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; and
- subject to a minimum annual fee of £75,000 plus disbursements and a fee for company secretarial services based on time-costs. The minimum administration fee will be subject to an annual review on 1 May of each year. At such annual review, as a minimum, the annualised minimum will be varied by the Guernsey Retail Price Index.

9. RELATED PARTY TRANSACTIONS AND MATERIAL AGREEMENTS, continued

Administration fees, continued

Under the Administration Agreement, the Administrator also provides administration services to Finance Co and Asset Co.

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.

Directors' fees

For the period ended 31 December 2019, the Directors' remuneration was as follows:

- David Warr was 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 was 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.

On 9 December 2019, Brett Miller was appointed to the Board as a non-executive director and Paul Craig resigned from the Board with immediate effect.

On 5 March 2020, the Company announced in the EGM Circular that for the period 1 July 2019 to 31 December 2019, the Board resolved to increase the remuneration for each Director who was in office during the period (and remains in office now) by £10,000. The additional £10,000 per Director has been accounted for in these Interim Financial Statements.

In addition, Brett Miller took on additional responsibilities of a quasi-executive nature with effect from 1 January 2020. In recognition of this, the Board determined that, in addition to the Director's fee discussed below, he should receive a fee of £15,000 per month. This fee is for an initial period of six months, following which this arrangement will be subject to review by the Board, which may resolve to continue to pay the current amount or to increase or reduce such fee having regard to Brett Miller's expected ongoing time commitment.

The EGM Circular also stated that the Board intends to increase the remuneration of each Director for the period 1 January 2020 to 31 December 2020, after which time the Board will review its ongoing role and responsibilities including remuneration levels to ensure that they appropriately reflect the changed circumstances of the Company.

The resulting changes for remuneration of the Board in 2020 are as follows:

- David Warr's fee, for his role as Chairman of the Company, independent non-executive Director, and Chairman of the management engagement committee, will increase from £40,000 to £55,000;
- John Falla's fee, for his role as an independent non-executive Director and Chairman of the audit and risk committee, will increase from £35,000 to £50,000;
- Nigel Ward's fee, for his role as an independent non-executive Director, will increase from £30,000 to £45,000; and
- Brett Miller's fee, for his role as a Director, will increase from £30,000 to £45,000.

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

9. RELATED PARTY TRANSACTIONS AND MATERIAL AGREEMENTS, continued

Directors' fees, continued

Directors and their families held the following interests in the Ordinary Shares of the Company at 31 December 2019 and 30 June 2019:

	31 December 2019		30 June 2019	
Name	**No. of Ordinary Shares**	**Percentage***	**No. of Ordinary Shares**	**Percentage***
David Warr	156,973	0.11%	156,973	0.11%
John Falla	17,463	0.01%	17,463	0.01%
Nigel Ward	7,463	0.01%	7,463	0.01%
Brett Miller	-	-	N/A	N/A
Paul Craig	N/A	N/A	7,463	0.01%

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

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

Name	1 July 2019 to 31 December 2019 (unaudited) £	1 July 2018 to 31 December 2018 (unaudited) £
David Warr	4,709	4,709
John Falla	524	524
Nigel Ward	224	224
Brett Miller	-	N/A
Paul Craig	224	224

The amounts charged for the above-mentioned fees during the six month period ended 31 December 2019 and outstanding at 31 December 2019 are as follows:

Name	Charge for 1 July 2019 to 31 December 2019 (unaudited) £	Amounts outstanding at 31 December 2019 (unaudited) £	Charge for 1 July 2018 to 31 December 2018 (unaudited) £	Amounts outstanding at 30 June 2019 (audited) £
Investment advisory fee	654,462	203,273	713,832	113,756
Investment management fee	64,262	19,653	71,384	11,376
Administration fees	100,331	34,619	98,253	11,106
Directors' fees	99,945	1,890	67,500	-

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

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

	1 July 2019 to 31 December 2019 (unaudited)	1 July 2018 to 31 December 2018 (unaudited)
(Loss)/profit for the financial period	£(14,631,908)	£3,093,041
Weighted average number of Ordinary Shares outstanding	143,973,955	145,170,463
Basic and diluted (loss)/earnings per Ordinary Share	**(10.16)p**	**2.13p**

The weighted average number of Ordinary Shares for the period ended 31 December 2019 is based on the number of Ordinary Shares in issue during the period, as detailed in note 11. There are no instruments in issue that could potentially dilute deficit or earnings per Ordinary Share in future periods.

11. 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 denominated in Pound Sterling in issue at the date of this report.

Issued and fully paid Capital	31 December 2019 (unaudited) Total Ordinary Shares Number
Share Capital at the beginning of the period	**145,170,463**
Purchase of own Ordinary Shares during the period	(1,670,796)
Total Share Capital at the end of the period	**143,499,667**

Issued and fully paid Capital	31 December 2019 (unaudited) Total Ordinary Shares £
Share Capital at the beginning of the period	**142,417,355**
Purchase of own Ordinary Shares during the period	(1,318,198)
Total Share Capital at the end of the period	**141,099,157**

Issued and fully paid Capital	30 June 2019 (audited)		
	Ordinary Shares Number	2018 C Shares Number	Total Shares Number
Share Capital at the beginning of the year	125,027,953	20,074,263	145,102,216
Conversion of C Shares during the year	20,142,510	(20,074,263)	68,247
Total Share Capital at the end of the year	**145,170,463**	**-**	**145,170,463**

Issued and fully paid Capital	30 June 2019 (audited)		
	Ordinary Shares £	2018 C Shares £	Total £
Share Capital at the beginning of the year	122,744,577	19,672,778	142,417,355
Conversion of C Shares during the year	19,672,778	(19,672,778)	-
Total Share Capital at the end of the year	**142,417,355**	**-**	**142,417,355**

The Ordinary Shares arising on Conversion rank pari passu with, and have the same rights as, the Ordinary Shares of the Company already in issue, including the right to receive dividends declared subsequent to Admission. The total number of Shares in issue, as at 31 December 2019 was 145,170,463 (30 June 2019: 145,170,463), of which 1,670,796 (30 June 2019: nil) Ordinary Shares were held in treasury, and the total number of shares in issue excluding treasury shares were 143,499,667 (30 June 2019: 145,170,463). At 31 December 2019, the Company has 143,499,667 (30 June 2019: 145,170,463) total voting rights.

During the period ended 31 December 2019, the Company bought back 1,670,796 Ordinary Shares, at an average price of £0.7890 to make the overall number of shares in treasury at 1,670,796 (30 June 2019: none).

11. 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.

12. REVOLVING CREDIT FACILITY

On 13 November 2018, the Company entered into a £25 million revolving loan facility agreement with Shawbrook Bank Limited ("the Facility"). The Facility was for a one-year period to 13 November 2019.

The Company used the Facility to minimise unused cash balances in order to improve returns to shareholders. The Company does not intend to use permanent leverage but will use the Facility as and when necessary in order to best manage the Company's ongoing liquidity requirements. In accordance with the terms of the Facility, the Company must meet certain financial and portfolio covenants. On 24 October 2019, the Facility was extended for a further one-year period to 10 November 2020. For the period ended 31 December 2019, all covenant requirements were met by the Company.

On 19 February 2020, the Company agreed a voluntary cancellation amendment letter with Shawbrook Bank Limited, whereby the Company voluntarily cancelled £20 million of the total £25 million borrowing limit. Following this agreement, the revised total Facility was reduced from £25 million to £5 million.

At 31 December 2019, £3.5 million (30 June 2019: £15.5 million) of the facility was drawn. Interest on the Facility is charged at Libor plus a margin rate per annum on the amount drawn and an additional non-utilisation fee is charged on the amount undrawn. During the period ended 31 December 2019, the Company had incurred £0.3 million (30 June 2019: £0.5 million) of interest and non-utilisation fees on the Facility. At 31 December 2019, £0.13 million (30 June 2019: £0.03 million) of credit facility finance costs (including arrangement and legal fees) had been prepaid and £0.01 million (30 June 2019: £0.03 million) of interest on the Facility was payable.

13. NET ASSET VALUE PER ORDINARY SHARE

The net asset value per Ordinary Share of 81.42p (30 June 2019: 94.45p) is based on the net assets at the period end of £116,841,421 (30 June 2019: £137,111,517) and on 143,499,667 Ordinary Shares (30 June 2019: 145,170,463 Ordinary Shares), being the number of Ordinary Shares in issue at the period end.

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

31 December 2019 (unaudited)	Net asset value attributable to Ordinary Shares £	NAV per Ordinary Share Pence
Published net asset value	117,243,817	81.70
Effective interest rate adjustments	(263,936)	(0.18)
Financial guarantee at fair value through profit or loss adjustment	35,467	0.02
Reclassification of other income on loans	(143,927)	(0.10)
Directors' fee creditor adjustments	(30,000)	(0.02)
Financial Statements net asset value	**116,841,421**	**81.42**

14.

30 June 2019 (audited)	Net asset value attributable to Ordinary Shares £	NAV per Ordinary Share Pence
Published net asset value	138,268,859	95.25
Effective interest rate adjustments	(830,825)	(0.57)
Financial assets at fair value through profit or loss adjustment	(326,517)	(0.23)
Financial Statements net asset value	**137,111,517**	**94.45**

The difference between the published NAV per Ordinary Share of 81.70p (30 June 2019: 95.25p) and the Financial Statements NAV per Ordinary Share of 81.42p (30 June 2019: 94.45p) at 31 December 2019, was primarily due to the application of the Effective Interest Rate method with regards to £0.3 million (30 June 2019: £0.8 million) of upfront fees which were received by the Group; a positive fair value adjustment of £0.04 million, with regards to the financial guarantee at fair value through profit or loss as a result of further information being received post period end; a reclassification of other income and an increase in the Directors' fee creditor as announced in the EGM Circular. At 30 June 2019, a fair value adjustment to the preference shares held by the Group which are measured at fair value through profit or loss (see note 7 for further details) was applied as a result of the completion of revised discounted cash flow analysis.

15. COMMITMENTS AND CONTINGENCIES

At 31 December 2019, the Group had undrawn loan commitment amounts of £1.5 million (30 June 2019: £5.6 million).

At 31 December 2019, the Group had no contingent liabilities (30 June 2019: none).

16. POST PERIOD END EVENTS

On 7 February 2020, the Directors declared an interim dividend in relation to the three months ended 31 December 2019 of 1.5 pence per Ordinary Share which was paid on 13 March 2020, to shareholders on the register at 21 February 2020. The ex-dividend date was 20 February 2020. In accordance with IAS 10, this dividend has not been included within these Interim Financial Statements.

On 11 February 2020, the Board of Directors announced that they had determined that the Company should be put into managed wind-down with cash returned to shareholders in a timely and efficient manner. The Board subsequently published a circular to shareholders (the "Circular") on 5 March 2020, to convene an extraordinary general meeting on 20 March 2020 for approval from shareholders to amend the Company's investment objective and policy and approve any related matters necessary to facilitate a managed wind-down.

On 19 February 2020, the Company agreed a voluntary cancellation amendment letter with Shawbrook Bank Limited, whereby the Company voluntarily cancelled £20 million of the total £25 million borrowing limit. Following this agreement, the revised total Facility was reduced from £25 million to £5 million.

16. POST PERIOD END EVENTS, continued

On 19 February 2020, the Board of the Company served notice on the Investment Adviser to terminate the investment advisory agreement, such termination to take effect in 12 months.

On 20 March 2020, shareholders approved resolutions to adopt a new investment objective and a new investment policy as detailed further on pages 3 and 4 of these Interim Financial Statements.

A special resolution to amend the Articles of Incorporation of the Company was also passed to remove the requirement for the Board to put a discontinuation resolution to the Company at every fifth annual general meeting of the Company. This requirement was removed in its entirety. The Board believes that removing this provision will help to ensure that the Company is able to implement the managed wind-down without a specified time limit being imposed. In addition, the adoption of the New Investment Policy and New Investment Objective, effectively will culminate in the discontinuation of the Company, rendering this original requirement redundant.

A final resolution was passed to change the Company's name to HWSI Realisation Fund Limited. Changes to Directors' remuneration were also announced in the EGM Circular as detailed further in note 9.

On 23 March 2020, the Company announced that it had received cash of £27.2 million from the early repayment, in full, of the Company's largest specialised finance company loan, a loan to a firm that specialises in small business loans to SME companies. The repayment amount comprises the full capital balance and all accrued interest, together with an early repayment fee of approximately £1.2 million.

Covid-19 is a developing situation and as of 31 March 2020, the assessment of this situation will need continued attention and will evolve over time. In our view, consistent with many others in our industry, Covid-19 is considered to be a non-adjusting post period event and no adjustment is made in the Interim Financial Statements as a result. The rapid development and fluidity of the COVID-19 virus make it difficult to predict the ultimate impact at this stage. However, we do not underestimate the seriousness of the issue and the inevitable effect it will have on the UK economy and many businesses across the world. Due to the diversity in our loan portfolio, it is not currently practicable to quantify the extent of impact upon the loan facilities. The Investment Adviser is closely monitoring official governmental guidance on the impact of Covid-19 and the Investment Adviser is reaching out to the Company's borrowers to assess the impact on their operations, as detailed further in the Investment Adviser's report.

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

HWSI REALISATION FUND LIMITED (FORMERLY HADRIAN'S WALL SECURED INVESTMENTS LIMITED)
MANAGEMENT AND ADMINISTRATION

Directors
Mr David Warr (Independent non-executive Chairman)
Mr John Falla (Independent non-executive Director)
Mr Nigel Ward (Independent non-executive Director)
Mr Brett Miller (Director) (appointed on 9 December 2019)
Mr Paul Craig (Independent non-executive Director) (resigned on 9 December 2019)

Registered Office and Directors' Address
Sarnia House
Le Truchot
St Peter Port
Guernsey, GY1 1GR

Investment Manager
International Fund Management Limited
Sarnia House
Le Truchot
St Peter Port
Guernsey, GY1 1GR

Investment Adviser
Hadrian's Wall Capital Limited
Quadrant House
Floor 6, 4 Thomas More Square
London, E1W 1YW

Legal Advisers in English Law
Bryan Cave Leighton Paisner LLP
Adelaide House
London Bridge
London, EC4R 9HA

Sponsor and Financial Adviser
Winterflood Securities Limited
The Atrium Building
Cannon Bridge House
25 Dowgate Hill
London, EC4R 2GA

Administrator and Secretary
Praxis Fund Services Limited
Sarnia House
Le Truchot
St Peter Port
Guernsey, GY1 1GR

Registrar
Link Market Services (Guernsey) Limited
Mont Crevelt House
Bulwer Avenue
St Sampson
Guernsey, GY2 4LH

Legal Advisers in Guernsey Law
Carey Olsen (Guernsey) LLP
Carey House
Les Banques
St Peter Port
Guernsey, GY1 4BZ

Independent Auditor
Deloitte LLP
Regency Court
Glategny Esplanade
St Peter Port
Guernsey, GY1 3HW

Subsidiary Administrator for Note Co
CSC Corporate Services (UK) Limited
Level 37, 25 Canada Square
Canary Wharf
London, E14 5LQ

Alternative Performance Measures used in the Interim Financial Statements

- **Total NAV return**
  Total NAV return is a calculation showing how the NAV per Ordinary Share has performed over a period of time, taking into account dividends paid to shareholders. It is calculated on the assumption that dividends are reinvested.

		For the period ended 31 December 2019 £	For the period ended 31 December 2018 £
Opening NAV per Ordinary share	(a)	94.45 pence	98.20 pence
Closing NAV per Ordinary share	(b)	81.42 pence	97.37 pence
Decrease in NAV (c = b - a)	(c)	(13.03) pence	(0.83) pence
Dividends paid during the period	(d)	3.00 pence	3.00 pence
Total NAV return (e = c + d)	(e)	(10.03) pence	2.17 pence
Total NAV return (f = e / a x 100)	**(f)**	**(10.7%)**	**2.2%**

- **Total shareholder deficit**
  Total shareholder deficit is a calculation showing how the share price per Ordinary Share has performed over a period of time, taking into account dividends paid to shareholders. It is calculated on the assumption that dividends are reinvested.

		For the period ended 31 December 2019 £	For the period ended 31 December 2018 £
Opening share price per Ordinary share	(a)	91.50 pence	102.00 pence
Closing share price per Ordinary share	(b)	59.00 pence	95.75 pence
Decrease in share price (c = b - a)	(c)	(32.50) pence	(6.25) pence
Dividends paid during the period	(d)	3.00 pence	3.00 pence
Total shareholder deficit (e = c + d)	(e)	(29.50) pence	(3.25) pence
Total shareholder deficit (f = e / a x 100)	**(f)**	**(32.2%)**	**(3.2%)**