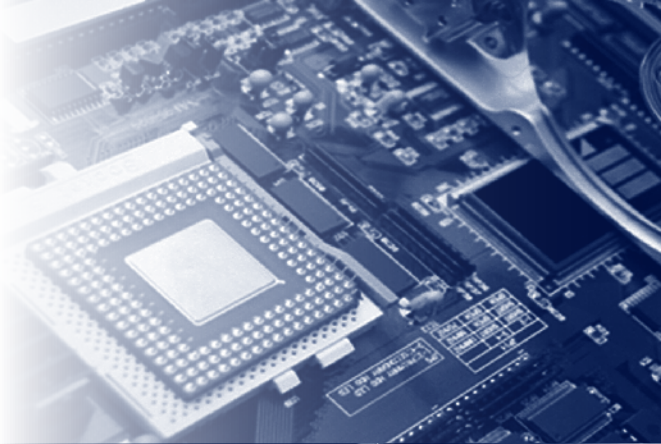




**SQN ASSET FINANCE
INCOME FUND LIMITED**

Interim Report and Accounts 2015



**SQN Asset Finance Income Fund,
the only diversified equipment
leasing fund listed in the UK.**

SQN Asset Finance Income Fund Limited

Interim Report and Unaudited Condensed Consolidated Financial Statements
for the six months ended 31 December 2015

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SQN Asset Finance Income Fund Limited

Interim Report and Unaudited Condensed Consolidated Financial Statements
for the six months ended 31 December 2015

COMPANY OVERVIEW

The investment objective of SQN Asset Finance Income Fund Limited (the “Company” and together with its subsidiaries, the “Group”) is to provide its Shareholders with regular, sustainable dividends and to generate capital appreciation through investment, directly or indirectly, in business-essential, revenue producing (or cost-saving) equipment and other physical assets.

Capitalised terms have the meaning ascribed to them in Part 13 (Definitions) of the Prospectus dated 18 September 2015.

For details on the Company’s investment objective and policy refer to the Prospectus which can be viewed on the website, www.sqnassetfinance.com.

Company

SQN Asset Finance Income Fund Limited

Incorporated in Guernsey on 28 May 2014 with registration number 58519.

Closed-ended investment company.

Admitted to the Official List of the UK Listing Authority and to trading on the Main Market of the London Stock Exchange on 14 July 2014 for Ordinary Shares and 9 November 2015 for C Shares. 178,985,507 Ordinary Shares in issue as at 31 December 2015. 180,000,000 C Shares in issue as at 31 December 2015.

Investment Managers

SQN Capital Management, LLC (the “US Investment Manager”)

Incorporated in the state of Delaware, United States of America on 3 December 2007 with file number 4466472.

A Registered Investment Adviser with the United States Securities and Exchange Commission.

SQN Capital Management (UK) Limited (the “UK Investment Manager”)

Incorporated in England & Wales on 12 May 2014 with registration number 09033846.

A wholly owned subsidiary of the US Investment Manager.

(together the “Investment Managers”)

Details of other service providers are provided on pages 36 and 37.

SQN Asset Finance Income Fund Limited

Interim Report and Unaudited Condensed Consolidated Financial Statements
for the six months ended 31 December 2015

KEY FIGURES

FINANCIAL HIGHLIGHTS

In November 2015, 180,000,000 C Shares were issued at a price of £1.00 each, raising net proceeds of £176,898,451.

PERFORMANCE SUMMARY

(Sterling, in millions, except per share data)

	1 July 2015 to 31 December 2015 (Unaudited)	28 May 2014 to 31 December 2014 (Unaudited)	28 May 2014 to 30 June 2015 (Audited)
Comprehensive income before dividends	6.36	1.87	6.32
Earnings per share – Ordinary Shares	3.41p	1.25p	4.47p
Earnings per share – C Shares	0.14p	-	-
Market capitalisation – Ordinary Shares	193.30	159.56	193.30
Market capitalisation – C Shares	184.05	-	-
Total Net Asset Value – Ordinary Shares	178.70	148.38	178.86
Total Net Asset Value – C Shares	177.16	-	-
Net Asset Value per share – Ordinary Shares	99.84p	98.92p	99.93p
Net Asset Value per share – C Shares	98.42p	-	-
Investments	181.02	72.04	99.24
Cash and cash equivalents	171.56	76.32	75.65
Dividends paid during the period	6.26	0.40	4.28
Share price – Ordinary Shares	108.00p	106.38p	107.75p
Share price – C Shares	102.25p	-	-
Weighted average yield (in excess of)	9.50%	9.50%	9.50%
Weighted average term	71.3 months	59.8 months	72.3 months

Chairman's statement

I am pleased to report that the Group has maintained its strong performance through the second half of 2015 with monthly dividends being paid at the targeted rate of 7.25%.

Market volatility gave the Group the opportunity to demonstrate its ability to generate non-correlated income from its diversified portfolio of investments in business-essential assets and equipment and project financings.

Healthy investor demand was evidenced by shares trading at a consistent premium and an over-subscribed 'C' Share offering in the fourth quarter, which increased the Group's market capitalisation from approximately £193.3 million to approximately £377.4 million.

The Group generated approximately £6.4 million of comprehensive income for the six months ended 31 December 2015. Operating results were almost exclusively attributable to the Ordinary Shares (which included shares issued by way of the over-subscribed Placing Programme in June 2015) as proceeds from the C Share issue did not come on line until mid-November 2015.

Operating expenses remained in line with expectations and the expense ratio is projected to decrease marginally in 2016 as fixed costs are now carried over a larger capital base.

By the end of December 2015, the Group had made investments totalling approximately £182.8 million which was greater than the proceeds received from the initial public offering and the subsequent Placing Programme and is the reason for the return to the market with a 'C' Share issue.

The Group's objective is to generate income in excess of dividends and operating expenses which should produce incremental growth in the Group's Net Asset Value ("NAV") and a total net return to investors of 8% to 10% per annum over time. Since the initial public offering in July 2014, the Group's NAV per Ordinary Share has grown from 98.02p to 99.84p at 31 December 2015. However, from month to month, NAV growth may be dampened or may not be evident as non-cash items such as unrealised losses and gains, and net currency hedge positions can offset cash gains when the NAV is calculated.

At 31 December 2015, investments in the portfolio were spread over eleven different industries and asset classes with manufacturing and manufacturing equipment accounting for both the largest single asset class and industry concentration at 15.38% and 11.15% respectively on a consolidated basis as a percent of NAV. Energy assets and un-leveraged marine vessels accounted for 11.60% and 7.39% of the portfolio respectively and rounded out the top three asset classes. Together with the manufacturing industry, the transportation and agricultural industries had respective exposures of 10.67% and 8.15% and made up the top three industry exposures in the portfolio.

Project financings for anaerobic digestion plants are a meaningful part of the portfolio and pipeline. These investments fall under either agricultural or the waste processing

Chairman's statement (continued)

industries, dependant on feedstock and are expected to increase as a percent of the overall Group's assets as commitments are drawn down and the 'C' Share proceeds are invested.

Portfolio risk was spread over more than 30 companies with an average investment size of over £5 million.

The performance of the underlying investments in the portfolio has been strong with no defaults over the period. The weighted average yield of investments in the portfolio was in excess of 9.5% with a weighted average investment term of 71.3 months.

The Investment Manager continues to work closely with the operators of the Group's remote operated vehicles and a shipping counterparty for whom the Group provided unleveraged senior financing for four multipurpose marine vessels. Each are in sectors experiencing difficult economic conditions at present but they continue to have long-term viability.

The portfolio continues to be comprised primarily of finance leases and secured asset financings with more than 90% of expected revenue from fixed, non-cancellable contracts. The current pipeline of transactions is anticipated to maintain the same proportion of full payout contracts, which means proposed changes in lease accounting as they relate to operating leases are not anticipated to have a material effect on the portfolio or the Group's ability to continue to source appropriate investments.

Approximately 73% of the Group's assets were Sterling denominated, approximately 17% US Dollar denominated and 10% Euro denominated. The Group has adopted a policy to hedge both principal and income where appropriate. At 31 December 2015, all of the Company's foreign currency denominated assets and committed income streams were hedged.

The Group held a significant amount of cash at the half year end as a result of partially drawn project financings and the 'C' Share proceeds raised in November 2015. The Group intends to deploy the cash on hand throughout 2016 and convert the 'C' Shares when appropriate within that time scale. We expect some rebalancing among the portfolio concentrations including currency.

The Group remains focused on investments between £1 million and £20 million in business-essential, revenue-producing, assets and equipment subject to lease or other secured financial arrangements including financing for asset-intensive projects. Larger institutions remain focused on investments outside of the Group's targeted range.

The Board remains confident that the Group can continue to raise and deploy capital into collateralised transactions that deliver consistent income to investors in a manner that is not correlated to broader markets.

Peter Niven
Chairman
19 February 2016

INVESTMENT MANAGERS' REPORT

Overview

In the second half of 2015, the Group invested approximately £86.5 million in business-essential assets and equipment subject to lease or other financing arrangements secured by tangible assets. That brought the total investments made by the Group to date to approximately £183 million and set the stage for returning to the market for an additional £180 million 'C' Share issue in November 2015. Included in the above are the first two investments, which totalled approximately £26.6 million, made with the 'C' Share proceeds.

Transactions during the Period

At the beginning of the third quarter, the Group made a £14.4 million investment in a portfolio of Integrated Set Top Cable and Internet Boxes on lease, or under service agreements, with 1,400 different customers representing approximately 2,200 hotels and 230,000 hotel rooms at primarily four and five star hotels throughout Europe. The Euro denominated investment is fully hedged and is insured by an investment grade insurance syndicate for all principal and interest under the contract.

During the period, the Group funded seven additional drawings under its programme to provide financing for single stick wind turbines in Northern Ireland. A total of £1.2 million was invested into three existing transactions that had achieved milestones for additional funding.

Also in Northern Ireland, the Group made two more investments through its joint venture with Foresight and the Green Investment Bank. The Group funded two stage payments, totalling approximately £484,000, for a 50% interest in a 500kw anaerobic digestion plant and made an initial investment of approximately £1.7 million in a separate anaerobic digestion plant.

In addition to the co-investments with the Green Investment Bank, the Group invested approximately £4.4 million in project financings for anaerobic digestion plants throughout the United Kingdom with capital from the Ordinary Shares and made its first investment of approximately £6.2 million with the 'C' Share proceeds in a sale leaseback deal for a 4.9MW plant in Northern England.

Project and lease financings for anaerobic digestion plants remain an important part of the portfolio as they are well collateralised, produce long-term income at attractive levels, and have the potential for further realisation at the end of the full pay-out lease terms. These investments also have the potential for yield enhancement through re-financings.

INVESTMENT MANAGERS' REPORT (CONTINUED)

The smallest standalone investment the Group made during the period was the purchase of receivables related to earth moving equipment operated by a plant hire company. The investment of approximately £440,000 is part of a larger facility.

The Group entered into two new finance leases and one receivables purchase with existing customers in the same group of companies for automotive manufacturing equipment and machine tools. The finance leases totalled approximately £2.7 million and the receivables purchase was for approximately £950,000.

The Group provided financing under two separate loans, to two entities within the same group of companies supported by a diversified portfolio of financial assets including manufacturing and transportation equipment. The total investment under the two notes was approximately £18.5 million. This US Dollar denominated investment is fully hedged and is also guaranteed by the parent company.

Early in the third quarter, the Group entered into a transaction to finance semiconductor manufacturing equipment for a France-based international industrial company specialising in generating and manufacturing high performance semiconductor materials. The company's semiconductor materials are used to manufacture chips which equip smartphones, tablets, computers, IT servers, and data centres and are also found in electronic components used in cars, connected objects, as well as industrial and medical equipment. The Euro denominated investment of approximately £7.2 million is fully hedged and has an investment term of 36 months.

In the United States, the Group entered into an agreement to provide financing for manufacturing production lines for the leading American manufacturer of high-efficiency, cost-competitive PV solar cells and modules. During the period, the Group funded approximately £7.8 million of a commitment to fund up to \$19.5 million. This US Dollar denominated investment is again fully hedged and has a guarantee from a publicly traded conglomerate that purchased a majority stake in the company during our due diligence process.

Proceeds from the over-subscribed 'C' Share issue enables the Group to comfortably make larger investments within its targeted investment range of £1 million to £20 million. As such, at year end, the Group entered into an approximate £20 million sale and leaseback transaction for a specialist paper production and processing plant in Aberdeen, Scotland.

INVESTMENT MANAGERS' REPORT (CONTINUED)

Top Ten Holdings

At 31 December 2015, the top ten holdings of the Group were as follows:

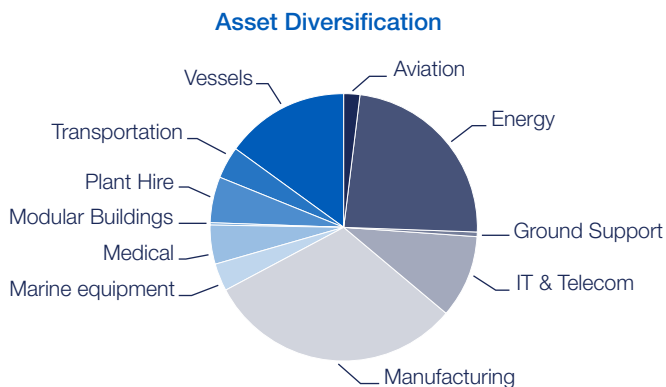
Asset	Investment Amount	Asset Class	Industry
Paper Production and Processing Plant (C)	£ 20,400,000	Manufacturing	Manufacturing
Portfolio Interest (O)	£ 18,561,328	Diversified	Diversified
Combined Heat and Power Centres (O)	£ 15,999,992	Energy	Agricultural
Integrated Set Top Cable and Internet Boxes (O)	£ 14,487,448	IT & Telecomm	Hospitality
Marine Vessels (O)	£ 14,070,441	Vessels	Transportation
Marine Vessels (O)	£ 13,255,609	Vessels	Transportation
Modular Accommodations (O)	£ 10,179,992	Modular Buildings	Hospitality
Medical Equipment (O)	£ 8,452,292	Medical	Medical
Solar Manufacturing Lines (O)	£ 7,839,349	Manufacturing	Manufacturing
Semiconductor Manufacturing Equipment (O)	£ 7,139,838	Manufacturing	Technology

(O) and (C) denotes whether the investment was made from the Ordinary Shares or 'C' Shares.

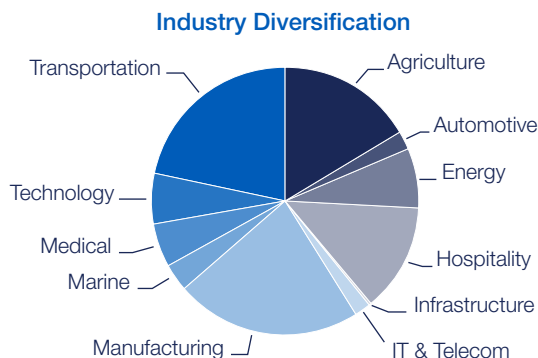
Concentrations

Investments in the portfolio were spread over 11 asset classes and industries.

Asset Class and Industry Breakdown



INVESTMENT MANAGERS' REPORT (CONTINUED)



Currency

The Group has a policy of fully hedging both the principal and the committed income arising from investments denominated in non-Sterling currencies. The policy adopted is designed to minimise the exposure to FX movements. This policy does, however, allow monthly variations in unrealised FX gains and losses arising from the hedged future income, which can have an effect on the NAV and the income reported each month. As a result, the Group may utilise reserves (NAV uplift from previous periods) to absorb negative short-term timing differences.

Residual Exposure

At 31 December 2015, the Group only had a single operating lease which contained an element of residual exposure. Whilst the Group has the capacity to have up to 30% of the portfolio invested in residual positions, at the current time, operating leases with residual exposure only account for £4.5 million or 1.25% of NAV. The investment is in a three year operating lease for the re-hire of equipment formerly on a hire purchase agreement with a North Sea support services company, now terminated.

INVESTMENT MANAGERS' REPORT (CONTINUED)

Performance

The Group has made over 90 individual investments, including progress and staged drawdowns, with more than 30 distinct counterparties. There were no defaults or material delinquencies in the second half of 2015. However, the Group has entered into two separate contracts with operators of remote operated vehicles for which short-term market demand is heavily influenced by activity in the oil and gas industry. Earlier in 2015 both sets of operators required relief with one operator being replaced by another (as previously reported). We continue to work with these operators and anticipate we may have to provide further relief in the form of interest-only payments for a period of time. The Group has also provided senior financing for six marine vessels under mortgages with two separate counterparties. We are pleased to report that one of our counterparties has weathered the downturn in the marine transportation industry without material financial impact. The other counterparty, however, is under more direct pressure but continues to make payments. The Group's loan to value, at last appraisal, was 56%, at distressed levels, on relatively young vessels. The Group is reviewing the situation in an effort to support our counterparty in a mutually beneficial way.

Overall, yields in the portfolio are in excess of 9.5% supporting the 7.25% dividend and allowing for incremental NAV growth.

Performance by Sector

Industry	Investment Amount	Average Yield	Weighted Average Yield
Agriculture	£ 28,559,863	10.84%	1.62%
Automotive	£ 4,764,851	9.82%	0.26%
Energy	£ 13,432,973	10.18%	0.74%
Hospitality	£ 24,667,440	9.18%	1.24%
Infrastructure	£ 439,920	9.86%	0.02%
IT & Telecom	£ 3,508,100	6.93%	0.13%
Manufacturing	£ 39,822,677	10.03%	2.14%
Marine	£ 6,370,909	9.22%	0.30%
Medical	£ 9,361,332	11.07%	0.56%
Technology	£ 12,571,072	9.57%	0.66%
Transportation	£ 39,289,839	9.85%	2.16%
Grand Total	£182,788,975		9.84%

INVESTMENT MANAGERS' REPORT (CONTINUED)

Asset Class	Investment Amount	Average Yield	Weighted Average Yield
Aviation	£ 3,625,083	10.50%	0.21%
Energy	£ 41,992,836	10.46%	2.36%
Ground Support	£ 1,360,705	9.47%	0.07%
IT & Telecom	£ 18,903,587	8.50%	0.91%
Manufacturing	£ 57,158,600	9.83%	3.06%
Marine Equipment	£ 6,370,909	9.22%	0.30%
Medical	£ 8,453,292	11.26%	0.52%
Modular Buildings	£ 10,179,992	9.17%	0.51%
Plant Hire	£ 439,920	9.86%	0.02%
Transportation	£ 6,978,001	9.60%	0.37%
Vessels	£ 27,326,050	10.14%	1.52%
Grand Total	£182,788,975		9.84%

Outlook

The portfolio is well diversified whilst maintaining strict adherence to our investment policy of investing in business-essential assets and equipment with high in-place value and downside protection provided by the collateral.

We are pleased with the yields that we are achieving and the number of investment opportunities available to us in the market.

Our pipeline is more than sufficient to deploy the capital raised during the 'C' Share issue whilst maintaining the inherent quality of transactions consistent with the current composition of the portfolio.

We do not anticipate any material change to our business as the result of proposed lease accounting changes that take effect in 2019, as it has a minimal effect on lessors and primarily addresses operating leases which make up less than 10% of the current and projected portfolio.

SNQ Capital Management, LLC
19 February 2016

SNQ Capital Management (UK) Limited
19 February 2016

DIRECTORS' STATEMENT OF RESPONSIBILITIES

The principal risks and uncertainties of the Group remain unchanged from those disclosed in the 30 June 2015 annual report and financial statements. The Board's view is that these risks remain appropriate up to 30 June 2016.

We confirm to the best of our knowledge that:

- the unaudited condensed consolidated financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the European Union; and
- the Chairman's Statement, the Investment Manager's Report and the notes to the unaudited condensed consolidated financial statements meet the requirements of an interim management report, and include a fair view of the information required by:
 - a) Rule 4.2.7R of the Disclosure Rules and Transparency Rules of the UK's Financial Conduct Authority ("DTR"), being an indication of important events that have occurred during the first six months of the financial year and their impact on the set of unaudited interim condensed financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and
 - b) Rule 4.2.8R of the DTR, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the Group during that period; and any changes in the related party transactions described in the last annual report that could have a material effect on the financial position or performance of the Group in the first six months of the current financial year.

Peter Niven
Chairman
19 February 2016

Christopher Spencer
Director
19 February 2016

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF SQN ASSET FINANCE INCOME FUND LIMITED

Introduction

We have been engaged by SQN Asset Finance Income Fund Limited (referred to as the "Company" and together with its subsidiaries as "the Group") to review the unaudited condensed consolidated financial statements in the interim report of the Group for the six months to 31 December 2015 ("interim financial information"), which comprise the unaudited condensed consolidated statement of comprehensive income, unaudited condensed consolidated statement of financial position, unaudited condensed consolidated statement of changes in equity, unaudited condensed consolidated cash flow statement and the related explanatory notes to the unaudited condensed consolidated financial statements.

We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the unaudited condensed consolidated financial statements.

Directors' responsibilities

The interim report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the interim report in accordance with the letter of engagement, the London Stock Exchange's Rules for Premium Listed companies and other applicable legislation and regulations.

As disclosed in note 2 of the interim financial information, the annual financial statements of the Group are prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS"). The unaudited condensed consolidated financial statements included in the interim report have been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as adopted by the European Union ("IAS 34").

Our responsibility

Our responsibility is to express to the Group a conclusion on the unaudited condensed consolidated financial statements in the interim report, based on our review.

INDEPENDENT REVIEW REPORT TO THE MEMBERS OF SQN ASSET FINANCE INCOME FUND LIMITED (CONTINUED)

Our report has been prepared in accordance with the terms of our engagement and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of our terms of engagement or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

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 Auditing Practices Board for use in the United Kingdom and Ireland. A review of interim financial information consists of making enquiries, 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 Ireland) 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 unaudited condensed consolidated financial statements in the interim report for the six months to 31 December 2015 are not prepared, in all material respects, in accordance with IAS 34 as adopted by the European Union and other applicable legislation and regulations.

Baker Tilly CI Audit Limited

Chartered Accountants
St. Sampson, Guernsey

19 February 2016

SQN Asset Finance Income Fund Limited

Interim Report and Unaudited Condensed Consolidated Financial Statements
for the six months ended 31 December 2015

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 31 DECEMBER 2015

		1 July 2015 to 31 December 2015 (Unaudited) £	28 May 2014 to 31 December 2014 (Unaudited) £
	Notes		
Income			
Finance income		6,725,479	1,311,944
Interest on cash and cash equivalents		148,128	179,748
Other income		1,360,568	428,010
Total income		8,234,175	1,919,702
Net unrealised gain on revaluation of investments		171,120	48,415
Net unrealised foreign exchange gain on investments		3,641,577	1,008,273
Net unrealised foreign exchange loss on forward contracts		(2,260,388)	(204,720)
Other unrealised foreign exchange gains		544,652	48,427
Net realised gain on investments		963,755	-
Net realised foreign exchange loss on forward contracts		(3,166,355)	-
Net realised and unrealised (loss)/gain		(105,639)	900,395
Operating expenses			
Investment management fees	6	(1,150,766)	(692,192)
Directors' fees and travel expenses	6	(95,035)	(64,004)
Administration and professional fees	5, 6	(342,181)	(190,628)
Depreciation	6	(175,884)	-
Total operating expenses		(1,763,866)	(946,824)
Total comprehensive income for the period before dividends		6,364,670	1,873,273
Total comprehensive income for the period analysed as follows:			
Attributable to Ordinary Shareholders		6,106,691	1,873,273
Attributable to C Shareholders		257,979	-
Total		6,364,670	1,873,273
Basic and diluted earnings per Ordinary Share before dividends	7.1	3.41p	1.25p
Basic and diluted earnings per C Share	7.2	0.14p	-

All results are derived from continuing operations.

The Group has no items of other comprehensive income, and therefore the profit for the period is also the total comprehensive income.

The accompanying notes form an integral part of these unaudited condensed consolidated financial statements.

SQN Asset Finance Income Fund Limited

Interim Report and Unaudited Condensed Consolidated Financial Statements
for the six months ended 31 December 2015

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2015

		31 December 2015 (Unaudited)	30 June 2015 (Audited)
	Notes	£	£
Non-current assets			
Property, plant and equipment	8	4,807,432	4,983,316
Residual value		924,477	839,012
Loans and other investments	9.1	130,078,425	72,642,190
Investments designated as fair value through profit or loss	9.2	3,855,540	3,548,636
Finance lease and hire-purchase investments	10	41,349,796	17,230,475
		181,015,670	99,243,629
Current assets			
Cash and cash equivalents		171,564,898	75,654,965
Interest receivables		2,675,305	1,544,788
Other receivables and prepayments		1,898,270	874,840
Investment receivables		230,639	399,472
Derivative asset	9.2, 15	-	1,704,952
		176,369,112	80,179,017
Total assets		357,384,782	179,422,646
Current liabilities			
Investment payables		-	(130,000)
Derivative liability	9.2, 15	(555,436)	-
Other payables and accrued expenses	11	(974,222)	(437,403)
		(1,529,658)	(567,403)
Net assets		355,855,124	178,855,243
Equity			
Share capital	13	353,706,897	176,808,446
Retained earnings		2,148,227	2,046,797
		355,855,124	178,855,243
NAV per Share			
- Ordinary Shares	7.1	99.84p	99.93p
- C Shares	7.2	98.42p	-

These unaudited condensed consolidated financial statements were approved and authorised for issue by the Board of Directors on 19 February 2016, and signed on its behalf by:

Peter Niven
Chairman

Christopher Spencer
Director

The accompanying notes form an integral part of these unaudited condensed consolidated financial statements.

SQN Asset Finance Income Fund Limited

Interim Report and Unaudited Condensed Consolidated Financial Statements
for the six months ended 31 December 2015

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 31 DECEMBER 2015

From 1 July 2015 to 31 December 2015 (Unaudited)	Note	Net Assets Attributable to Shareholders		Total £
		Ordinary Shares £	C Shares £	
At the start of the period		178,855,243	-	178,855,243
Total comprehensive income for the period		6,106,691	257,979	6,364,670
Transactions with Shareholders, recorded directly in equity				
Issue of shares	13	-	176,898,451	176,898,451
Dividends paid	14	(6,263,240)	-	(6,263,240)
Total transactions with Shareholders		6,263,240	176,898,451	170,635,211
At the end of the period		178,698,694	177,156,430	355,855,124

From 28 May 2014 to 31 December 2014 (Unaudited)	Note	Net Assets Attributable to Shareholders		Total £
		Ordinary Shares £		
At the start of the period		-	-	-
Total comprehensive income for the period			1,873,273	1,873,273
Transactions with Shareholders, recorded directly in equity				
Issue of Ordinary Shares	13	147,108,758		147,108,758
Dividends paid	14	(600,000)		(600,000)
Total transactions with Shareholders		146,508,758		146,508,758
At the end of the period		148,382,031		148,382,031

The accompanying notes form an integral part of these unaudited condensed consolidated financial statements.

SQN Asset Finance Income Fund Limited

Interim Report and Unaudited Condensed Consolidated Financial Statements
for the six months ended 31 December 2015

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2015

		1 July 2015 to 31 December 2015 (Unaudited) £	28 May 2014 to 31 December 2014 (Unaudited) £
	Note		
Operating activities:			
Total comprehensive income for the period		6,364,670	1,873,273
Adjustments for:			
Unrealised gain on investments		(171,120)	-
Unrealised foreign exchange gain in the period		(1,925,841)	(851,980)
Depreciation	8	175,884	-
Realised gain on investments		(963,755)	(48,415)
Increase in interest receivable		(1,130,517)	(491,567)
Decrease in investment receivables		168,833	-
Increase in other receivables and prepayments		(1,023,430)	(797,352)
(Decrease)/increase in investment payables		(130,000)	598,400
Increase in other payables and accrued expenses	11	536,819	459,554
Acquisition of investments	8, 9, 10	(94,481,848)	(72,352,864)
Disposals/amortisation of investment principal during the period	8, 9, 10	17,310,375	1,371,183
Net cash outflow from operating activities		(75,269,930)	(70,239,768)
Cash flow from financing activities			
Share issue net proceeds	13	176,898,451	147,108,758
Dividends paid	14	(6,263,240)	(600,000)
Net cash flows provided by financing activities		170,635,211	146,508,758
Net increase in cash and cash equivalents		95,365,281	76,268,990
Cash and cash equivalents at start of the period		75,654,965	-
Effect of exchange rate changes on cash and cash equivalents		544,652	48,427
Cash and cash equivalents at end of the period		171,564,898	76,317,417

The accompanying notes form an integral part of these unaudited condensed consolidated financial statements.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. General Information

The Company was incorporated on 28 May 2014 and registered in Guernsey as a closed-ended collective investment scheme. The Company listed its Ordinary Shares on the London Stock Exchange on 14 July 2014. The Company's registered address is BNP Paribas House, St Julian's Avenue, St Peter Port, Guernsey, GY1 1WA.

In November 2015, net proceeds of £176,898,451 were raised through the issue of 180,000,000 C Shares, which were admitted to the Main Market of the London Stock Exchange on 9 November 2015. The terms and timing of the conversion of C Shares to Ordinary Shares will be announced at a later date. See Note 13 for further information.

The Company's subsidiaries, SQN Asset Finance (Guernsey) Limited, SQN AFIF (Amber) Limited and SQN AFIF (Bronze) Limited (the "Subsidiaries") are wholly owned subsidiary companies incorporated in Guernsey and established for the primary purpose of acting as investment holding companies.

2. Basis of Preparation

The unaudited condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 ("IAS 34"), Interim Financial Reporting. They do not include all the disclosures that would otherwise be required in a complete set of financial statements and should be read in conjunction with the annual report and financial statements for the period ended 30 June 2015, which were prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS").

These financial statements have been prepared on a going concern basis. After reviewing the Group's projections and cash flow forecast for the next financial period, the Directors are satisfied that, at the time of approving the financial statements, it is appropriate to adopt the going concern basis in preparing the financial statements.

3. Significant Accounting Policies

The preparation of the unaudited condensed consolidated financial statements in accordance with IAS 34 requires the application of certain critical accounting estimates and also requires the Group to exercise judgement in applying its accounting policies. The areas where significant judgements and estimates have been used are included in Note 4.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

The Group has applied the same accounting policies as in its annual report and financial statements for the period ended 30 June 2015.

A number of amendments to standards have become effective for financial periods beginning on or after 1 January 2015. The Directors have reviewed these amendments (mainly relating to the annual improvements project to IFRS) and while they have not formally assessed the impact they will have in the financial statements of the Group, their initial opinion is that they will not be applicable or will not have a material impact in these unaudited condensed consolidated financial statements or in the annual report and financial statements for 2016.

4. Use of Estimates and Judgements

There have been no material revisions to the nature and amount of changes in estimates of amounts reported in the annual report and financial statements for the period ended 30 June 2015.

5. Changes to Material Agreements

Administration and Custody Agreement

With effect from 1 July 2015, under the terms of the revised schedule 2 of the Administration and Custody Agreement dated 16 June 2014, the Administrator is entitled to receive an annual administration fee based on the Group's gross issue proceeds as follows:

On first £300 million	0.08%
On £300 million - £500 million	0.06%
Any amount greater than £500 million	0.04%

The Administrator receives an annual fee of £36,000 for performing the function of Secretary to the Company plus fees for ad-hoc Board meetings, an annual fee of £10,000 for provision of compliance services and £10,000 for new share class launches.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6. Operating Expenses

Operating expenses are recognised on an accruals basis and during the period were made up of the following:

	31 December 2015 £	31 December 2014 £
Investment management fees	1,150,766	692,192
Administration and custody fees	102,700	46,442*
Company secretarial fees	53,015	29,487*
Directors' fees and travel expenses	95,035	64,004
Depreciation	175,884	-
Audit fees	18,415	14,055
Brokerage fees	23,421	20,985
Public relation fees	25,163	20,703
Registrar fees	20,803	11,564
Legal fees	5,574	3,080*
Professional fees	26,776	-
Other expenses	66,314	44,312*
Total operating expenses	1,763,866	946,824

*These amounts have been reclassified to conform to the presentation adopted in the annual financial statements for the period ended 30 June 2015.

7. Earnings per Share and NAV per Share

7.1 Ordinary Shares

The calculation of basic earnings per Ordinary Share is based on the operating profit attributable to Ordinary Shares of £6,106,691 (30 June 2015: £6,321,797) and on the weighted average number of Ordinary Shares in issue during the period of 178,985,507 Ordinary Shares (30 June 2015: 141,501,791).

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

The calculation of NAV per Ordinary Share is based on a NAV attributable to Ordinary Shares of £178,698,694 (30 June 2015: £178,855,243) and the number of Ordinary Shares in issue at 31 December 2015 of 178,985,507 Ordinary Shares (30 June 2015: 178,985,507).

7.2 C Shares

The calculation of basic earnings per C Share is based on the operating profit attributable to C Shares of £257,979 and on the weighted average number of C Shares in issue during the period of 180,000,000 C Shares.

The calculation of NAV per C Share is based on a NAV attributable to C Shares of £177,156,430 and the number of C Shares in issue at 31 December 2015 of 180,000,000 C Shares.

8. Property, Plant and Equipment

Property, Plant and Equipment comprises plant and machinery originally subject to a hire-purchase agreement which has been re-leased to an alternative third party under an operating lease. The value of additions during the period represents the cost of acquisition minus the principal element of payments received under the hire-purchase agreement and will be amortised over the remaining useful life of 14 years. The carrying amount at the end of the period was as follows:

Cost	31 December 2015	30 June 2015
	£	£
Opening balance	5,100,572	-
Additions during the period	-	5,100,572
Closing balance	5,100,572	5,100,572
Accumulated depreciation		
Opening balance	(117,256)	-
Depreciation during the period	(175,884)	(117,256)
Net book value	4,807,432	4,983,316

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

9. Financial Instruments

9.1 Loans and Other Investments

The following table summarises the changes in investments measured at amortised cost using the effective interest method:

31 December 2015	Loans £	Construction Finance £	Receivables £	Total £
Opening balance	47,664,651	22,131,934	2,845,605	72,642,190
Additions during the period	20,858,277	40,387,601	8,638,201	69,884,079
Principal amortisation during the period	(13,828,017)	(12,637)	(1,016,609)	(14,857,263)
Reclassified as finance lease and hire-purchase investments	-	(1,946,390)	-	(1,946,390)
Realised foreign exchange gain on investments	948,617	557	5,323	954,497
Unrealised foreign exchange gain on revaluation	2,290,201	887,165	223,946	3,401,312
Closing balance	57,933,729	61,448,230	10,696,466	130,078,425

In respect of the above table, £1,946,390 of advances were reclassified within the construction finance category to additions within finance lease and hire-purchase investments (Note 10).

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30 June 2015	Loans £	Construction Finance £	Receivables £	Total £
Opening balance at inception	-	-	-	-
Additions during the period	46,734,159	44,291,953	3,370,683	94,396,795
Principal amortisation during the period	(6,340,770)	-	(525,078)	(6,865,848)
Construction finance reclassified as finance lease and hire-purchase investments	-	(14,189,526)	-	(14,189,526)
Construction finance reclassified as loans	7,970,493	(7,970,493)	-	-
Realised foreign exchange gain on investments	228,611	-	-	228,611
Unrealised foreign exchange loss on revaluation	(927,842)	-	-	(927,842)
Closing balance	47,664,651	22,131,934	2,845,605	72,642,190

Construction Finance investments comprise initial drawings or advances made under loan agreements, finance leases or hire-purchase agreements during a period of procurement or construction of underlying assets (the "Construction Period"). During the Construction Period, interest or similar service payments on the advances may be paid or (more usually) rolled-up and capitalised on expiry of the Construction Period, typically when the assets have been commissioned and (if applicable) commercial operations have commenced.

The amortisation period (in the case of a loan) or lease/hire term (in the case of a finance lease or hire-purchase) commences at the end of the Construction Period and the service payments or lease/hire payments rentals are calculated by reference to the total advances during the Construction Period plus interest accrued (if not paid). In the case of a finance lease, the advances (and accrued interest) are repayable in full if a default or insolvency event occurs or if the Construction Period has not ended by a specified long-stop date.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Receivables comprise the legal right to streams of contracted payments arising under lease, hire, licence or similar agreements made between an end-user, lessee or licensee and lessor, owner or licensor of goods or other assets, in respect of which the right to receive payment has been sold or assigned absolutely to the Group by a third party, but legal title to the goods or other assets lies with that third party.

9.2 Fair Value Investments

Investments held at fair value comprise the Group's share in assets designated at fair value through profit and loss and a derivative liability.

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Inputs that reflect unadjusted price quotes in active markets for identical assets or liabilities that the Group has the ability to access at the measurement date;

Level 2: Inputs that reflect price quotes of similar assets and liabilities in active markets, and price quotes of identical assets and liabilities in markets that are considered to be less than active as well as inputs other than price quotes that are observable for the asset or liability either directly or indirectly; and

Level 3: Inputs that are unobservable for the asset or liability and reflect the Investment Managers' own assumptions based upon experience of similar assets and/or on third party appraised values. This category includes instruments that are valued based on price quotes for which the inputs are unobservable or price quotes for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The fair values of derivative instruments are calculated using quoted prices. Foreign currency forward contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts.

For financial assets not carried at amortised cost, the Investment Managers determine fair value using valuation techniques approved by the Directors.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

The table below analyses the investments and foreign exchange instruments at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised:

31 December 2015	Level 1 £	Level 2 £	Level 3 £	Total £
Financial Assets				
Designated at fair value through profit and loss	-	-	3,855,540	3,855,540
Derivative liability	-	(555,436)	-	(555,436)
Total Financial Assets	-	(555,436)	3,855,540	3,300,104
30 June 2015	Level 1 £	Level 2 £	Level 3 £	Total £
Financial Assets				
Designated at fair value through profit and loss	-	-	3,548,636	3,548,636
Derivative asset	-	1,704,952	-	1,704,952
Total Financial Assets	-	1,704,952	3,548,636	5,253,588

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

The following table summarises the changes in fair value of the Group's Level 3 investments for the period:

Lease Participation	31 December 2015 £	30 June 2015 £
Opening balance	3,548,636	-
Additions during the period	66,639	8,793,440
Disposals during the period	-	(5,428,175)
Realised foreign exchange gain on investments	-	302,693
Unrealised foreign exchange gain/(loss) on revaluation	240,265	(119,322)
Closing balance	3,855,540	3,548,636

Transfers between levels are deemed to have occurred at the date of the event or change in circumstances that caused the transfer.

There were no transfers of investments between the Levels during the period.

The Lease Participation investments represent a single participation investment in a portfolio of leases. The carrying value of £3,855,540 represents the value attributable to the 'principal' element of the participation interest, determined in accordance with the participation agreement.

The participation agreement entitles the Group to receive interest on the principal balance at the rate of 10.5%. Payment amounts are not fixed and are dependent on the actual proceeds received on the Lease Portfolio each month. Any shortfall in interest payments is added to the principal balance and accrues interest at the same rate.

The Group does not have any rights to any amounts received on the portfolio over and above the repayment of their principal plus any interest accrued at the rates stated above.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

The Directors and the Investment Managers believe this is a reasonable approximation of the fair value.

The Group has therefore not presented quantitative information on the valuation of the Lease Participation investments.

Information about the Secondary Market for Level 3 Investments

The Investment Managers make assumptions about the residual value of certain assets and equipment. As determined by the Investment Managers, the residual value is a function of the in-place value and/or the secondary market value of the equipment or assets.

The in-place value is an assessment of the value of the equipment or assets if the equipment or assets were to continue to operate and provide value to the end-user. This takes into account the marginal cost of keeping the asset in place as well as the cost to the end-user of decommissioning, redelivering, and replacing the equipment. In some cases, this amount (or a maximum value) is negotiated in advance with the end-user.

The secondary market value is determined by the Investment Managers' historical experience, quotes from dealers, third party appraisals and recent sales. The secondary market value also takes into account the geography of the equipment or assets, the time frame required to conduct a sale, and the associated costs that are not passed on to the end-user.

9.3 Valuation Process

The following table provides information about fair value measurements using significant unobservable inputs as at 31 December 2015:

Description	Fair Value	Valuation Techniques	Unobservable Inputs
Lease Participation	£3,855,540	Principal balance	Third party appraisal

10. Finance Lease and Hire-Purchase Investments

The Group's investments include a portfolio of leases of plant and machinery leased under lease agreements that transfer substantially all the risks and rewards incidental to ownership to the lessee and in hire-purchase agreements that include a purchase option exercisable by the lessee upon fulfilment of specified conditions.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

The lessee pays periodic rent for the use of the assets for a fixed or minimum initial term of typically 3 to 10 years. At the end of the fixed or minimum term, the lessee can elect to:

- return the asset to the Group;
- in the case of hire-purchase, exercise an option to purchase the assets, typically at a 'bargain' price;
- extend the lease for a further minimum term or from year to year on payment of a pre-agreed rent (which is typically substantially lower than the rent paid during the initial term); or
- arrange a sale of the asset to a third party and (typically) receives all or the majority of the proceeds of sale. Legal title to the leased assets remains with the Group at all times prior to such sale.

The following table summarises the changes in finance lease and hire-purchase investments during the period:

30 June 2015	31 December 2015 £	30 June 2015 £
Opening balance	17,230,475	-
Finance lease additions during the period	4,131,128	3,639,732
Reclassified construction finance investments	1,946,390	14,189,526
Hire-purchase additions during the period	20,400,000	-
Principal amortisation during the period	(2,358,197)	(598,783)
Closing balance	41,349,796	17,230,475

Assets leased to third parties under a finance lease had an unguaranteed residual value at the end of the period of £924,477 (30 June 2015: £839,012).

The hire-purchase investment was acquired during the period and there was no principal amortisation during the period.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

In the financial statements for the period ended 30 June 2015, the category was named Finance Lease Receivables. The category has been updated due to the addition of the hire-purchase investment during the period.

11. Other Payables and Accrued Expenses

Other payables and accrued expenses were made up of the following:

	31 December 2015 £	30 June 2015 £
Investment management fees	297,717	147,126
Administration and secretarial fees	55,812	13,445
Audit fees	20,165	40,000
Custody fees	-	1,667
Printing fees	11,000	6,000
Brokerage fees	18,750	11,096
Rental reserve	223,716	136,145
Issue costs	112,389	-
Investment receivable paid in advance	215,228	-
Other payables	19,445	81,924
	974,222	437,403

The Group has financial risk management policies in place to ensure that all payables are paid within the credit time frame.

The Directors consider that the carrying amount of all payables approximates to their fair value.

12. Commitments and Contingent Liabilities

As at 31 December 2015, the Group had committed to invest a further £59,382,183.

These commitments are classified as “hard commitments” of £42,880,723, which represent investments for which the documentation is finalised, and “soft commitments” of £16,501,460, which represent investments at varying stages of documentation. The Group does not have any contingent liabilities.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

13. Share Capital

The authorised share capital of the Company is represented by an unlimited number of shares of no par value. All shares hold equal rights with no restrictions and no shares carry special rights with regard to the control of the Company. There are no special rights attached to the shares in the event that the Company is wound up.

The C Share net proceeds and the investments made with the net proceeds will be accounted for and managed as a separate pool of assets in accordance with the Company's investment policy until the conversion of C Shares to Ordinary Shares. Expenses are split between Ordinary Shares and C Shares.

The Company's share capital is denominated in Sterling.

	Number of Shares	Stated Capital	Number of Shares	Stated Capital
	31 December 2015 (Unaudited)	31 December 2015 (Unaudited) £	30 June 2015 (Audited)	30 June 2015 (Audited) £
Ordinary Shares	178,985,507	176,808,446	178,985,507	176,808,446
C Shares*	180,000,000	176,898,451	-	-
Total	358,985,507	353,706,897	178,985,507	176,808,446

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Share Movements	Number	Gross Proceeds £	Issue Costs £	Net Proceeds £
Balance at the start of the period	178,985,507	180,000,000	(3,191,554)	176,808,446
Ordinary Shares issued during the period	-	-	-	-
C Shares issued during the period*	180,000,000	180,000,000	(3,101,549)	176,898,451
Balance at end of the period	358,985,507	360,000,000	(6,293,103)	353,706,897

* On 4 November 2015, the Board announced that the Company had raised £180,000,000 through the issue of 180,000,000 C Shares. The proceeds net of issue costs of £3,101,549 (1.72% of the gross proceeds), amounted to £176,898,451. The C Shares were admitted to the Main Market of the London Stock Exchange on 9 November 2015. The terms and timing of the conversion of C Shares to Ordinary Shares will be announced at a later date. The uninvested proceeds were held in cash as at 31 December 2015.

14. Dividends

The Company has declared and paid the following dividends to its Shareholders during the period:

Period	Announcement Date	Payment Date	Amount per Share	Amount £
1 May to 31 May 2015	19 June 2015	20 July 2015	0.5200p	930,725
1 June to 30 June 2015	20 July 2015	20 August 2015	0.5625p	1,006,795
1 July to 31 July 2015	21 August 2015	18 September 2015	0.6042p	1,081,430
1 August to 31 August 2015	17 September 2015	20 October 2015	0.6042p	1,081,430
1 September to 30 September 2015	21 October 2015	27 November 2015	0.6042p	1,081,430
1 October to 31 October 2015	20 November 2015	18 December 2015	0.6042p	1,081,430
Total				6,263,240

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

The dividends for the months ended November 2015 and December 2015 have ex-dividend dates after the period end and are detailed in Note 17.

15. Forward Currency Contracts

The following table summarises the Group's forward currency contracts:

31 December 2015	Buy/Sell Currency	Notional Foreign Currency	GBP	Fair Value / GBP Equivalent	Settlement Date Month/Year
	GBP/EUR	24,567,073	18,112,818	953,255	January 2016
	GBP/EUR	32,478,767	24,067,026	(183,919)	July 2016
	GBP/USD	33,938,568	23,020,607	(817,378)	March 2016
	GBP/USD	74,185,007	50,301,160	(507,394)	June 2016
Total				(555,436)	

30 June 2015	Buy/Sell Currency	Notional Foreign Currency	GBP	Fair Value / GBP Equivalent	Settlement Date Month/Year
	EUR/GBP	482,850	342,091	(6,951)	July 2015
	GBP/EUR	486,183	344,543	2,362	July 2015
	GBP/USD	22,469,450	14,291,616	8,287	July 2015
	EUR/GBP	579,420	410,940	(3,010)	August 2015
	GBP/USD	54,193,239	34,484,403	181,277	September 2015
	GBP/EUR	23,097,084	16,438,310	1,522,987	January 2016
Total				1,704,952	

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

16. Related Party Transactions

Below are details of any significant updates to the related party disclosure in the annual set of financial statements for the period ending 30 June 2015.

During the period, the management fees due to the Investment Managers amounted to £1,150,766 and an additional £870,749 was paid in structuring fees. At 31 December 2015, £297,717 of the management fees was still payable to the Investment Managers.

During the period, the Group provided an additional loan of £42,762 to Summit Asset Management Limited ("Summit") to finance the construction of a biomass renewable energy generating station (the "Plant") that is the subject of asset purchase and equipment lease agreements made between Summit and the developers. The loan finance provided was applied by Summit to finance the development and construction of the Plant and the loans are secured by rights over the Plant and related leases together with related security.

The Group is entitled to receive interest on the principal amount of the loans equal to the finance charges payable under the related lease. This financing structure provided an interim solution that allowed the Group to acquire these investments shortly following the initial public offering. Summit was the Company's sub-investment manager up to 21 January 2015.

On or prior to completion of construction, the Group will acquire ownership of the Plant and the related lease.

Share Interest

Neil Roberts, a Director of the UK Investment Manager holds 100,000 Ordinary Shares and 50,000 C Shares in the Company.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

The table below details the Ordinary Shares and C Shares held by the Directors in the Company:

Director	Number of Ordinary Shares	Number of C Shares
Peter Niven	40,000	20,000
John Falla	10,000	9,706
Carol Goodwin	30,000	15,000
Christopher Spencer	10,000	10,000

17. Events Occurring After the Reporting Period

On 21 December 2015, the Company declared a dividend of 0.6042p per Ordinary Share for the month ended 30 November 2015. This dividend was paid to the Shareholders on 19 January 2016.

On 22 January 2016, the Company declared a dividend of 0.6042p per Ordinary Share for the month ended 31 December 2015. This dividend will be paid to the Shareholders on 22 February 2016.

18. Comparatives

The comparatives in the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flow are for the period from 28 May 2014 to 31 December 2014, which was not a six month period, and so are not entirely comparable to the current period, particularly as the prior period was the initial period during which the Group commenced trading and was in the process of acquiring the portfolio.

SQN Asset Finance Income Fund Limited

Interim Report and Unaudited Condensed Consolidated Financial Statements
for the six months ended 31 December 2015



ADMINISTRATION

Non-Executive Directors

Peter Niven

(Chairman of the Board)

John Falla

*(Chairman of Management
Engagement Committee)*

Christopher Spencer

(Chairman of Audit and Risk Committee)

Carol Goodwin

*(Chairman of Remuneration and Nomination
Committee)*

Registered Office

BNP Paribas House, St Julian's Avenue, St Peter Port, Guernsey, GY1 1WA

US Investment Manager

SQN Capital Management, LLC, 100 Wall Street, 28th Floor, New York, New York, 10005, USA

UK Investment Manager

SQN Capital Management (UK) Limited, Melita House, 124 Bridge Road, Chertsey, Surrey,
KT16 8LA

Financial Adviser and Broker

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

Auditor

Baker Tilly CI Audit Limited, Mont Crevelt House, Bulwer Avenue, St Sampsons, Guernsey,
GY2 4LH

Registrar

Capita Registrars (Guernsey) Limited, Mont Crevelt House, Bulwer Avenue, St Sampsons,
Guernsey, GY2 4LH

Principal Bankers

BNP Paribas Securities Services S.C.A., BNP Paribas House, St Julian's Avenue, St Peter
Port, Guernsey, GY1 1WA

SQN Asset Finance Income Fund Limited

Interim Report and Unaudited Condensed Consolidated Financial Statements
for the six months ended 31 December 2015



Designated Administrator, Custodian and Secretary

BNP Paribas Securities Services S.C.A., Guernsey Branch, BNP Paribas House, St Julian's Avenue, St. Peter Port, Guernsey, GY1 1WA

Receiving Agent

Capita Asset Services Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU

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Legal Advisers to the Group (Guernsey Law)

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