GLI Finance Limited

GLI Finance Limited

ANNUAL REPORT AND AUDITED CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

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OFFICERS AND PROFESSIONAL ADVISERS

Directors:

Non-executive:	Patrick Anthony Seymour Firth (Chairman) Frederick Peter Forni James Henry Carthew John Richard Whittle* *(appointed 8 December 2015)*
Executive:	Andrew Noel Whelan Emma Stubbs Geoffrey Richard Miller *(resigned 19 December 2015)* The address of the Directors is the Company's registered office. **Alternate to James Henry Carthew and interim Chairman of the Audit Committee.*

Executive Team:

Chief Executive Officer:	Andrew Whelan *(appointed Interim CEO 21 December 2015 and appointed permanent CEO 16 February 2016)*
Chief Financial Officer:	Emma Stubbs
Managing Director:	Marc Krombach
Head of Public Affairs and Marketing:	Louise Beaumont
Registered office:	Sarnia House Le Truchot St Peter Port Guernsey, GY1 1GR Channel Islands
Nominated Adviser and Broker:	Panmure Gordon (UK) Limited One New Change London, EC4M 9AF United Kingdom
Administrator and Company Secretary:	PraxisIFM Trust Limited *(from 25 March 2015)* Sarnia House Le Truchot St Peter Port Guernsey, GY1 1GR Channel Islands Praxis Fund Services Limited *(until 25 March 2015)* Sarnia House Le Truchot St Peter Port Guernsey, GY1 1GR Channel Islands

OFFICERS AND PROFESSIONAL ADVISERS CONTINUED

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Legal Advisers in the US:

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Philadelphia, PA 19103-2799
United States

Bankers:

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Auditors:

Grant Thornton Limited
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Camarco *(until 21 January 2016)*
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United Kingdom

BOARD MEMBERS AND EXECUTIVE TEAM

BOARD MEMBERS

James Carthew – Independent Non-Executive Director

Mr Carthew is a director of Marten & Co Ltd, Palmerwheeler Ltd and Mediagility Ltd, and until November 2010 worked at Progressive Asset Management as fund manager of Advance UK Trust PLC, an investment trust listed on the London Stock Exchange. Prior to joining Progressive in 2001, he was an investment manager and analyst at M&G Investment Management Ltd. He has been the investment manager of or adviser to a number of other funds, including Advance Focus Fund Limited, a Guernsey domiciled investment company. He sat on the boards of Progressive Asset Management Ltd, many of its subsidiaries and of M&G Investment Management Ltd. Mr Carthew completed the Association of Certified Chartered Accountants examinations in 1991 and the Association of Investment Management and Research qualification in 1994.

Mr Carthew is Chairman of the Audit and Risk Committee. Currently this role is being performed by John Whittle - see below.

Patrick Firth – Independent Non-Executive Director

Mr Firth is a director of a number of offshore funds and management companies and until June 2009 was managing director of Butterfield Fulcrum (formerly Butterfield Fund Services (Guernsey) Limited). Prior to joining Butterfield Fund Services (Guernsey) Limited, Mr Firth was head of operations and subsequently managing director of BISYS Fund Services (Guernsey) Limited, where he was responsible for the administration of both offshore and onshore (FSA regulated) funds. Mr Firth qualified as a Chartered Accountant with KPMG in 1990 having worked in the audit departments in Cambridge and Guernsey. Mr Firth graduated from the University of Newcastle and received a Masters degree from Bath University.

Mr Firth is Chairman of the Board and of the Nomination Committee.

Frederick Forni – Independent Non-Executive Director

Mr Forni was a senior finance professional with Macquarie Holdings (USA) Inc., a US affiliate of Macquarie Group Limited from October 1997 to October 2012 (and a Senior Managing Director from and after July 2004) where he was involved in (i) developing, marketing, executing and managing structured and conventional financial products transactions for the Macquarie Group, including the establishment of an NYSE listed USD 425m closed-end fund (Macquarie Global Infrastructure Fund; ticker: MGU) and the formation and management of specialized investment portfolios of CLO and CMBS securities aggregating in excess of USD 1 billion and (ii) structuring principal and advisory transactions principally from an income taxation perspective. Mr Forni acted as a non-executive director for numerous Macquarie Group entities, including an investment adviser under the Investment Company Act of 1940 and a fund incubation joint venture with M.D. Sass. From 1995 to 1997 Mr Forni was employed as a tax associate with Morgan, Lewis & Bockius LLP. Mr Forni holds a B.A. in Economics from Connecticut College, a J.D., awarded cum laude, from Georgetown University Law Center and an LL.M. in taxation from New York University Law School. Mr Forni held Series 24, Series 7 and Series 63 FINRA licenses and is admitted to practice law in both New York and Connecticut.

Mr Forni is Chairman of the Remuneration Committee.

John Whittle - Independent Non-Executive Alternate Director

Mr Whittle has been appointed as an alternate director to Mr Carthew and is the Company's Interim Chairman of the Audit and Risk Committee.

Mr Whittle has a background in large third party Fund Administration. He has worked extensively in high tech service industries and has in-depth experience of strategic development and mergers/acquisitions. He has experience of listed company boards as well as the private equity, property and fund of funds sectors. He is currently a director of International Public Partnerships Ltd (a member of the FTSE250), Starwood European Real Estate Finance Limited (listed on the main market of the London Stock Exchange), Toro Limited (admitted to trading on the Specialist Fund Market of the London Stock Exchange) and three companies admitted to trading on AIM, India Capital Growth Fund Ltd, Advance Frontier Markets Fund Ltd and Globalworth Real Estate Investment ("Globalworth").

Mr Whittle, a Chartered Accountant, has also served as Finance Director of Close Fund Services Limited (responsible for internal finance and client financial reporting), Managing Director of Hugh Symons Group PLC and Finance Director and Deputy MD of Talkland International Limited (now Vodafone Retail).

BOARD MEMBERS CONTINUED

Andrew Whelan – Executive Director

Andrew has over 25 years investment experience and is a Chartered Fellow of the Chartered Institute for Securities & Investment. Prior to founding Sancus in 2013, Andrew was a founding partner of Ermitage Group following its MBO in 2006 from Liberty Life, backed by Caledonia Investments. He left Ermitage following its successful sale to Nexar Capital Group in July 2011 and after a period of gardening leave joined International Asset Monitor as Managing Director to create a new Jersey Branch.

Andrew joined Liberty Ermitage in 2001 and was a Group Executive Director and Managing Director of Ermitage Global Wealth Management Jersey Limited. He was also CIO of Ermitage's Wealth Management business and products and during his 10 year tenure won multiple investment awards. Prior to Liberty Ermitage Andrew worked for Kleinwort Benson part of the Dresdner Private Banking Group and started his career with Morgan Grenfell in 1987.

He has been recognised in the Citywealth Leaders List in 2007, 2008, 2009, 2010 & 2011 and is also a member of the Retained Global Speaker programme for the CFA Society. Andrew is resident in Jersey.

Emma Stubbs – Executive Director

Emma Stubbs was Head of Business Analysis and Projects at Sportingbet, an online gaming company from January 2007 to October 2013 where she was responsible for formulating strategy across Europe and Emerging Markets. She had a key role in providing business performance and analysis advice with regard to JVs, B2B, M&A and entering regulated markets. From November 2004 to January 2007 Emma worked as an Account Manager at Marsh Management Services (Guernsey) Limited, a Captive Insurance Company. Emma qualified as a Chartered Certified Accountant with Deloitte in Guernsey in July 2004 where she had been working in the Audit and Advisory department. She graduated from the University of the West of England with a BA Hons degree in Accounting and Finance. Emma is resident in Guernsey.

EXECUTIVE TEAM

Andrew Whelan – Chief Executive Officer

See above.

Emma Stubbs – Chief Financial Officer

See above.

Marc Krombach – Managing Director

Marc Krombach spent 28 years in the Guernsey Banking sector mostly within treasury and foreign exchange. He was Head of Treasury at Investec from 2009 to September 2014 where he was also a member of the bank's leadership team. He joined the bank in 2005 working in their liquidity raising team, servicing the Channel Island fiduciary sector with treasury and lending services. From 2000 to 2005 he was Head of Treasury at Hamburgische Landesbank and from 1995 to 2000 was based at Kleinwort Benson in charge of running their foreign exchange desk. Prior to this Marc spent five years at Chase Bank as a Corporate Treasury Dealer as well as administrative roles at Hanson Bank. Marc passed the Institute of Directors Certificate in Company Direction in 2014 and holds The Dealers Association's ACI Diploma. Marc is a resident in Guernsey.

Louise Beaumont – Head of Public Affairs and Marketing

Louise Beaumont has over 20 years' experience in growing companies - from initial spark, results delivered, and value created. Having previously worked for organisations such as Siemens, Hewlett Packard, Microsoft, and Capgemini, Louise has focused on the UK's fast growing alternative finance sector since 2010, including co-founding one of GLI's investees. Louise has advised key UK government departments and units on FinTech and AltFin including; HM Treasury, British Business Bank, Government Office for Science, Cabinet Office, UK Trade & Industry, Department for Business, Innovation & Skills, and Number 10 Downing Street's Policy Unit. Louise is resident in the UK.

CHAIRMAN'S STATEMENT

I am pleased to report the results of GLI Finance Limited ("GLI" or the "Company") for the year ended 31 December 2015.

This year was a year of significant change, both in the management of the business and through a number of corporate transactions, and I comment on these in more detail below. Despite these, the core of the activity remains the provision of finance to the SME sector. I also believe that the changes we have undertaken so far, and the strategic review which is currently underway and which is commented on below and in the CEO's review, will lead to a more robust business, better placed to drive shareholder value.

Company Strategy and Performance

Following the resignation of Geoff Miller on 19 December 2015, Andy Whelan was appointed interim CEO and I am delighted that he was appointed permanent CEO on 16 February 2016.

The Company's executive team now comprises Andy Whelan as Chief Executive Officer, Emma Stubbs as Chief Financial Officer, Marc Krombach as Managing Director and Louise Beaumont as Head of Public Affairs & Marketing.

Following Andy's appointment, we announced that we were starting a strategic review. The objective of the review is to determine the best utilisation of the Company's human and capital resources to build shareholder value most effectively. The strategic review is substantive and thorough. We shall continue to announce progress as it is made over the next 12 months but a current update is provided in the CEO Report.

In accordance with the 2014 UK Corporate Governance Code, GLI has, for the first year, undertaken a longer term viability statement. The Board has considered the Company's current position and principal risks and has assessed the Company's future prospects, the details of which can be found in the Directors' report.

In the first half of the year we disposed of our remaining CLO Investment in Fair Oaks Income Fund ("FOIF') for USD32.3m (GBP20.4m) and raised a further GBP20m in ordinary share capital in March 2015. The funds were subsequently used to fund the growth of loan origination within our family of platforms as well as funding the acquisition of four new platforms, taking the total to 19.
What has become clear is that the growth of the business lacked a coherent strategy. Going forward we do have a clear strategy and will invest with this is mind.

As stated within our strategic review of the platform portfolio, we are seeking to prioritise platforms where we believe that value can be enhanced for shareholder benefit. We will consider, where appropriate, increasing stakes within existing platforms that make strategic sense for the continued growth of the business.

Each quarter the Board reviews the valuation of the platforms on a fair value basis. We have independent valuations carried out which are also referred to. As we have increased some, we have also decreased the carrying value of those platforms where we deem it appropriate in order to ensure we hold our assets at a fair value on a conservative basis as we have done with a number of our platforms this year.

Regulation

The Company has seen regulatory changes in the year which we view as an important step in GLI's progress, these changes are noted below:

- With effect from 27 March 2015, GLI ceased to be classified by the Guernsey Financial Services Commission ("GFSC") as an Authorised Collective Investment Scheme and has been registered with the GFSC as a Non-regulated Financial Services Business. Although this includes the word 'non-regulated' we are actually more closely monitored than we have ever been and we aim to filter this down to our platforms to ensure that we not only lead the way in regulatory strength within the alternative finance space, but also at the same time provide comfort to our shareholders.
- On 30 June 2015, our 100% owned subsidiary, GLI Asset Management Ltd ("GLIAM") secured its 'Protection of Investors' ("POI") asset management licence from the GFSC, thereby enabling GLIAM to manage collective investment schemes and general securities and derivatives. GLIAM launched its first fund 'GLI Alternative Finance plc' ("GLIAF"), on 21 September 2015. This is a closed end fund focusing on a loan portfolio diversified by geography, size of loan, type of lending and duration. We have subsequently announced that we will be selling 50% of GLIAM to Golf Investments Limited, subject to regulatory approval.

Dividend Policy

During 2015 the Company paid 5.0p per share in dividends (vs 5.0p 2014). At the end of 2015 the Company announced an update on the Dividend Policy to pay a dividend of not less than 2.5p per annum, paid quarterly.

Financials

As at 31 December 2015, the Company had net assets of GBP98.2m or 42.73p per Ordinary Share compared with net assets of GBP88.2m, or 51.00p per ordinary share at 31 December 2014, which represents a 16.2% decrease in NAV per share. A breakdown of this movement is provided in the CFO report.

The comparative Group numbers show net assets attributable to equity holders increasing from GBP73.4m as at 31 December 2014 to GBP81.6m as at 31 December 2015. The difference in the net assets at a Group and Company level represents the difference in accounting treatment of our subsidiaries and associates in the Group accounts versus fair value treatment of assets held in the Company's financial statements. The Board continues to believe that, at present, the performance of the net asset value at the Company level, as opposed to the Group consolidated level, is the more appropriate measure for the assessment of performance of the underlying business.

Financials CONTINUED

At the Company level, for the twelve months ended 31 December 2015, GLI received interest income, dividends and other income totalling GBP5.9m, compared to GBP7.0m for the comparable period. This decline is a result of the final exit from our CLO investments which, in the past, had generated returns in the high teens. The returns we now see are a combination of interest earned on loans to SMEs, which currently average around 10%, and changes to the value of our equity stakes in loan origination platforms, recognised in unrealised gains of GBP4.5m for the period. In the CFO's Report there is a re-analysed Company Statement of Comprehensive Income which provides a detailed breakdown and further insight into our costs and explains the variance against previous periods.

As the Company is currently classified as an investing company under the AIM Rules, we are required to have an investing policy. This is included at the end of the document after the financial statements.

We are in the process of applying to change the classification from an investing company to a trading business to better reflect the current and future operations of the Company.

Public Affairs

In the last Chairman's statement, we noted the measures the Government have brought forward to require banks to refer applicants they reject for finance on to designated neutral finance platforms. This should make a tangible difference to the flow of applicants coming to GLI platforms via aggregators. The Board of Directors has welcomed the announcement that Funding Options, an investee of GLI, has been recommended by the British Business Bank to go forward for designation by HM Treasury for the Bank Referral Scheme. GLI are working to raise awareness amongst SMEs of the breadth of financing options available, but beyond this, it is expected to drive behavioural change so that the alternative finance sector achieves, over time, an equal footing with the high street banks.

Along with Cambridge University's Centre for Alternative Finance, GLI published a report which looked at the net benefit to the UK economy of raising SME awareness and understanding of alternative finance, and called for a concerted awareness raising campaign, rooted in the principles of behavioural economics, to achieve this. This idea is gaining traction. At a recent roundtable at Innovate Finance, parliamentarians, major industry bodies, academics, journalists and platforms in attendance demonstrated that they are increasingly coalescing around GLI's position. We have submitted supporting documentation to the Business, Innovation and Skills Select Committee, spoken at the Small Business All Party Parliamentary Group and will continue to engage with parliamentarians and government to emphasise the need for this measure – which could add up to an additional £20 billion to the UK's GDP, according to the Confederation of British Industry. GLI has seen notable success in garnering broad industry support for this measure, and we will continue our efforts on this front.

GLI have also been involved in the Government's efforts with regard to setting an Open Bank Standard, sitting on the review into the standardising of data and opening APIs so that the alternative finance sector can compete on a more equal footing with the established banks. While notable progress has been made, we will continue to make the case for a true level playing field between the alternative providers and the incumbent high street banks.

More broadly, GLI continues to be engaged in the European Commission's efforts to establish a Capital Markets Union across the member states, meeting with Commission officials to underline the contribution the alternative finance sector can make to the economy.

Outlook

As discussed above, we are going through a strategic review and the remainder of 2016 and beyond will be a period in which we begin the process of assisting the development of the prioritised platforms to enable them to scale significantly. As the platforms become more successful, we will seek to maximise and capture additional value for GLI. There will be further examples of potential areas we can exploit over time, but we will only do so where there is a manifest, relatively short term and measurable benefit to our own shareholders. The outlook for the industry is exciting although there are bound to be challenges along the way, the potential for GLI Finance and its prioritised platforms is considerable and the Board and Executive Team are focused on improving shareholder value.

I would like to thank shareholders for their continued support during this period of volatility and welcome any feedback or discussion.

Patrick Firth
Non-Executive Chairman
Date: 24 March 2016

CHIEF EXECUTIVE OFFICER'S REVIEW

It is a pleasure to introduce myself to you. I took over the role of CEO (initially interim CEO in December 2015) in February 2016 following the unexpected resignation of the previous CEO Geoff Miller, in the wake of the unsuccessful potential capital raise expected for December 2015.

My priority during my time as CEO has been articulated in various announcements since my appointment, however I have summarised the key points below.

Strategic Review
At the end of 2015, we announced that we were starting a strategic review of GLI. The objective of the review is to determine the best utilisation of the Company's human and capital resources to build shareholder value most effectively. The strategic review is substantive and thorough and further commentary on where we have reached three months in to the process is set out below. We will continue to announce progress as it is made during the course of 2016.

Short-term goals
As announced in February 2016, we have identified a need to achieve the following goals in the short term:

a. Clarify and restate the Company's strategic objective;
b. Remove the risks of conflicts of interest;
c. Initiate measures to strengthen the balance sheet;
d. Ensure that positive cash flows are returned to GLI group level;
e. Initiate measures to address the cost base;
f. Remove unnecessary complexity;
g. Rationalise and invest in the Company's core businesses;
h. Improve communication to aid stakeholders' understanding of operations;
i. Ensure platforms are properly resourced.

We report on progress to date against each of these goals as below:

a) The Company's Strategic Objective
The Company will invest and operate in niche or complementary small and medium-sized enterprises (SME) lending verticals where we can secure enduring competitive positions and take advantage of the disintermediation of lending by banks to SMEs.

b) Conflicts of Interest
Conflicts have primarily arisen from inter-company loans and/or from the relationship between GLI Alternative Finance PLC (the "Fund" or "GLIAF") and GLI.

We have already made significant progress rationalising intercompany loans. In the future GLIAF will seek to lend through platforms, and GLI will only lend to platforms.

The manager of the Fund, Amberton Asset Management (Formerly GLI Asset Management Limited) (the "Manager" or "Amberton") is rebranding, following the approval of the Somerston share purchase agreement at the EGM on the 25 February 2016 and regulatory approval. Thereafter Somerston will own 50% of Amberton. The Manager now has a distinct board of directors with an independent non-executive chairperson.

The Fund's objective is to earn attractive risk adjusted yields by lending directly to SMEs via lending platforms. The Manager has absolute discretion to assess the platforms and makes investments in accordance with the Investment Mandate as set out in the prospectus. Whether or not GLI is invested in a platform will have no bearing on whether or not the Manager makes loans through that platform.

GLI, on the other hand, will make debt and equity investments in platforms with the aim of achieving its strategic objective. In so doing, it will build on its competitive advantages in niche and complementary lending verticals.

GLI presently manages a book of loans made through platforms. This activity does not meet GLI's strategic objective. These loans will be run off and GLI will use the proceeds from maturity or realisation to support its investments.

c) Balance Sheet
Proceeds from the sale of GBP15m of GLIAF shares as part of the Somerston transaction post year end, have been used to repay GBP15m of the Sancus loan facility. On 15 March 2016, the existing loan was repaid and in its place a new GBP14.86m loan was entered into with a term of one year, which carries a lower interest rate of 8.75% (previously 11%).

BMS has repaid GBP3m of a loan made by the Company to BMS and has agreed to pay interest on its remaining loan quarterly to better match the cash flow needs of the Company. At the same time, we have taken the opportunity to reset the loan maturity to a date which matches commitments made by BMS so that it can better demonstrate its access to capital.

Sancus held 6.8m shares in GLIAF, acquired by Sancus in return for seeding loans into GLIAF. Sancus has transferred these shares to the Company to repay GBP6.8m of inter-company loans from GLI. This will ensure that all of the shares of GLIAF owned by the Group are retained at the Company level and the Company will benefit from the future dividend stream from this investment. Going forward, Sancus will also pay interest on all remaining inter-company debt to better match the cash flow needs of the Company.

Post these events the Company's financial liabilities comprise a loan of GBP14.86m and ZDPs of GBP20.79m. The Company's average weighted cost of debt and ZDPs is 6.85%.

d) Cash Flow

Historically the source of cash flow has been from income paid by the CLO portfolio. Following disposal of its CLO interests GLI is now a radically different company with investments in many early stage ventures. This portfolio of assets is young, and will take time to mature.

We will be disciplined about cash flows and their use. We want to ensure that GLI makes the capital allocation decision across the platform portfolio and that GLI can properly fund the development of its growth potential.

GLI has two existing trading businesses in Sancus and BMS that are revenue generating and profitable. Both businesses operate in niche sectors/jurisdictions and have high sustainable margins and strong growth prospects. Sancus has loaned in excess of GBP150m in the last two years and has offices in four locations; Jersey, Guernsey, Gibraltar and Isle of Man. The Jersey and Guernsey corporate entities are owned 100% by GLI, with the Company having a small minority shareholding in the other two entities. Jersey has been operational since inception in January 2014 and generated net profits of GBP750k in 2014 and GBP1.5m in 2015. Sancus (Guernsey) Limited has been slow to commence operations due to lack of finding the correct person to drive the business forward. We appointed Simon Brown as Managing Director in January 2016 and we now expect the business under his leadership to become fully operational and reach its potential, which we believe could replicate the success of Sancus Limited. BMS has been in operation for 10 years and part of its strategy is to expand its business in new jurisdictions as well. BMS made a net profit of GBP1m in 2015 and is forecasting further growth.

The Company sees great potential for these businesses in terms of generating free cash-flow to service future dividend payments to GLI's ordinary shareholders.

Our intention is to pay a dividend of not less than 2.5p per annum paid quarterly. Following the initial findings of the strategic review, we can confirm that this will be sustainable once we have executed and implemented our strategy during 2016.

e) Cost

From our initial findings, we believe there is opportunity to reduce costs in several areas such as closure of non-performing subsidiaries, advisory fees and travel.

It is estimated that approximately GBP1m can be saved from future operating expenditure and the Company is vigorously moving to implement these cost saving initiatives. Other measures for improving cash flow are ensuring the loans to the platforms are serviced at least quarterly to align with the Company's dividend policy.

f) Complexity

The Company's growth to date has come despite increasing complexity. A large part of this complexity can be removed by the measures being taken above, unlocking future growth potential.

g) Invest and Rationalise to Strengthen Core Businesses

Over the last few years, GLI's growth has lacked a coherent strategy. Going forward we have a clear strategic goal and will invest with this in mind. GLI's management will assess all demands for capital and allocate where it has the highest opportunity for value creation.

We are part way through our strategic review. However, we have identified certain platforms that have strong management coupled with excellent electronic platforms such as Finexkap, The Credit Junction, LiftForward and Funding Options that we believe have the ability to grow significantly. This was further demonstrated by the announcement on 18 March 2016 that Funding Options has been recommended by the British Business Bank to go forward for designation by HM Treasury for the Bank Referral Scheme. Announced within HM Treasury Budget 2016, businesses that are rejected for finance by high-street banks will be able to access new options, with the Budget announcing that Funding Options will be designated as one of only three finance platforms to help match borrowers and alternative lenders.

I or one of my Executive Team has joined the board of each of these businesses, which will be prioritised platforms going forward. We will be providing further detailed information on the remainder of the platform portfolio as we work our way through the strategic review during the first half of 2016.

Platform Black

In accordance with our approach of maximising value where possible within the platform portfolio, GLI, which previously held 43.9% of the ordinary share capital of Platform Black, increased its stake to 84% on 5 February 2016 at a reduced valuation. Platform Black has potential, but material change has been required for some time. The recent appointment of Caroline Langron as Platform Black's Managing Director is a very positive step in the right direction. We have recently changed the shape of the business's balance sheet and fully expect the platform to be profitable by the end of 2016.

FundingKnight

It has not been possible to agree a way forward where GLI could feel confident in deploying further resources to FundingKnight. An amicable process for separation has been agreed where GLI will remain a passive investor whilst reducing overall financial exposure and seeking a long term exit.

h) Communications

Although the Board makes every effort that the Report and Accounts are set out clearly, the Company realises that greater detail is required to explain progress and the development of value creation.

The Company has appointed Instinctif Partners as PR Advisors. As a first step towards better communication the Company will issue more comprehensive quarterly reviews and will seek to meet with shareholders to provide detailed updates on a quarterly basis. Where GLI has a majority stake in a platform, we plan to provide regular updates on areas such as volume of loan origination, average size of loans, loan impairments, funding commitments and operating cash-flow to show the progress.

i) Resourcing

We are working with our prioritised platform portfolio to ensure it is appropriately financially resourced to achieve growth.

In light of the progress outlined above since initiating our strategic review, we are now undertaking the second leg of the review which we have termed 'Project Clarity'.

Project Clarity is focused on:

1. Clearly defining GLI's 'core' business as a speciality lender and underpinning it as the backbone of the Company;
2. Taking necessary measures to ensure the core business focuses on the sustainable generation of surplus cash flow which can be used for investment and growth of the dividend; and
3. Aligning the interests of senior management with GLI, eliminating any remaining conflicts of interest and mitigating key man risks in some of GLI's most valued assets.

Our objective with the strategic review is to obtain the largest and most sustainable 'gain' for the level of investment in human and capital resources. Where we have stakes in assets with particular complementary strengths, for example our investments in GLIF BMS Holdings Limited and the Sancus Gibraltar and Sancus Isle of Man entities alongside our wholly owned subsidiary Sancus Limited, we believe the whole would be materially greater than the sum of the parts.

GLI has several large minority stakes in very promising assets that have excellent management teams. Our investment in these companies will flourish in due course. These assets are not in scope for 'Project Clarity'.

With this in mind, we hope to announce further developments in the weeks and months ahead which will materially strengthen the long term cash generation potential for GLI Finance.

Conclusion

2016 is going to be a year of delivering increased shareholder value whilst focusing on a concentrated portfolio of prioritised platforms. GLI has a unique positon in the market place lending sector, which with effective execution of our strategic plan, has the ability to reward shareholders for their continued support.

I want to personally thank shareholders for their support.

Andrew Whelan
Chief Executive Officer
Date: 24 March 2016

CHIEF FINANCIAL OFFICER'S REVIEW

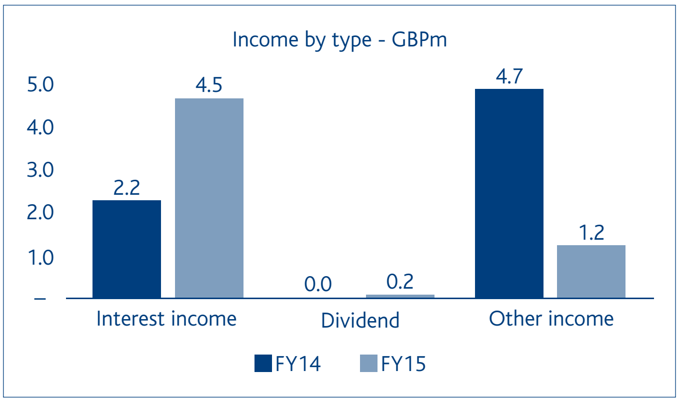
The 2015 financial results were shaped by the significant changes that the Company has undergone in the financial year. The Company's exit from its last CLO holding in March 2015, accounts for the drop in CLO income while the expanded loan book is the driver behind higher interest earnings in the period. To enable this shift, the Group's regulatory status was successfully changed from a Guernsey Authorised Collective Investment Scheme to a Non-regulated Financial Services Business.

In the year, we also established a 100% owned subsidiary, GLI Asset Management ("GLIAM") which obtained its POI (Protection of Investors) licence on 30 June 2015, thereby paving the way for an asset management business providing GLI with a non-interest income stream. GLIAM has been revenue generating since the launch of its first closed end fund ("GLIAF") in September 2015 and now has a solid platform for growth in 2016. Upon launch, GLI as a Group novated GBP42m of its loan book to GLIAF and correspondingly received a 76.3% holding entitling GLI to a monthly dividend.

To assist the growth in the loan volume on the platform portfolio during the year, GLI relied on funding from a GBP20m Ordinary Share issue in March 2015 and further drawdowns on the GBP30m loan facility provided by Sancus and its co-lenders. This capital expansion has led to higher financing expenses and elevated dividend requirements.

December 2015 saw further important changes following an agreement with Somerston, a family office, to form a strategic partnership and their resulting investment in the Group through Golf Investments Limited. The issue of 15,000,000 new Ordinary Shares at the end of December 2015 and the sale of GBP15m of GLIAF shares (post year-end) to Golf has not only cemented a valuable partnership but it has also enabled GLI to reduce its overall cost of capital, through the reduction of the Sancus loan facility which was subsequently reduced to GBP14.86m on 15 March 2016 at a reduced interest rate of 8.75% (previously 11%) for a further term of twelve months.

Income



FY15 income was driven by three main developments:

- Interest income increased significantly in the period following the expansion of the GLI loan book in the period. Loan interest in the fourth quarter was lower than the first three quarters due to part of the loan book being transferred to GLIAF in September 2015 and several interest write-offs in December 2015.
- Dividend income increased in FY15 due to the commencement of dividend receipts from GLIAF in November 2015.
- Other income in FY14 almost entirely relates to CLO income. Due to the disposal of the remaining CLO assets in the early part of 2015, this balance significantly reduced.

Company Summarised Results

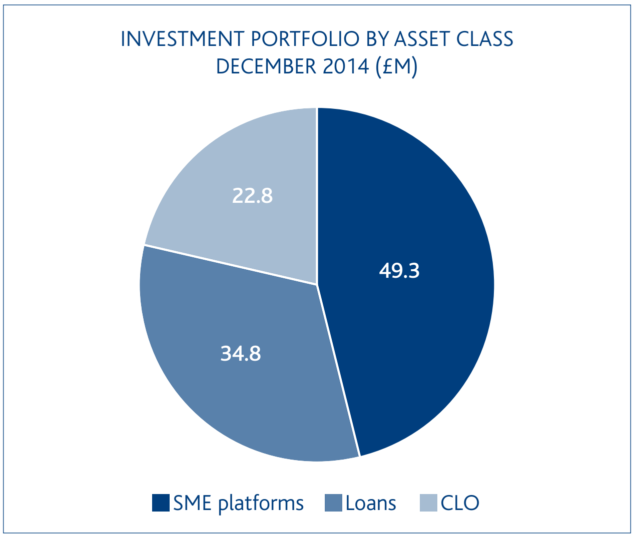
	12 months ended 31 December 2015 GBP	12 months ended 31 December 2014 GBP
Operating income reanalysed	5,851,801	6,953,091
(Loss)/profit reanalysed	(3,880,061)	261,150
Reported (loss)/profit	(9,499,545)	6,683,901
(Loss)/earnings per share (pence)	(4.62)	4.71
Dividend per share (pence)	5.00	5.00

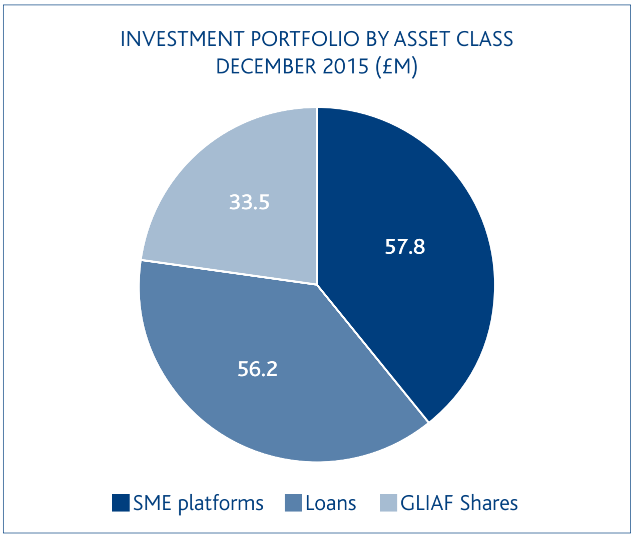
Company Summarised Results CONTINUED

As noted in the Chairman's Statement, we look at Company results as opposed to Group results to get an accurate understanding of how GLI is performing. A full reanalysed Statement of Comprehensive Income is included on page 13 which strips out the effects of movements in foreign exchange and unrealised and realised gains and losses.

In FY15, in light of the lower overall income levels and higher financing costs, the reanalysed profit/(loss) shows a loss for the 2015 period - we refer to page 13 for detailed consideration of the development of this number. Reported losses were greater due to the impact of downwards revaluations on the realised/unrealised gains/losses account.

Investment Portfolio





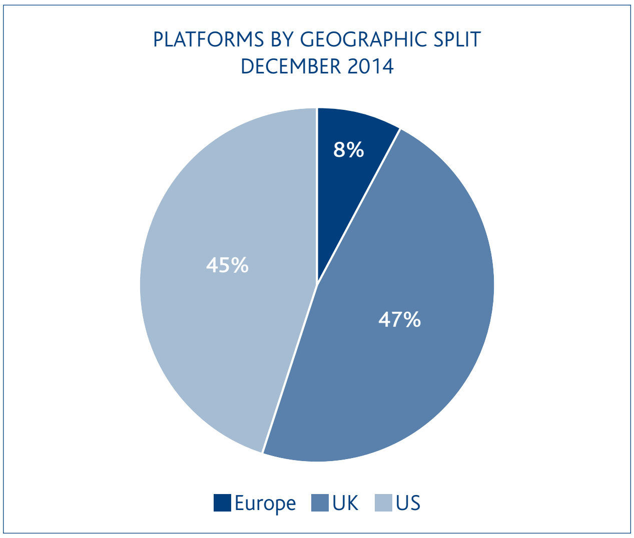
At 31 December 2015, GLI's investment portfolio was valued at GBP147.4m, compared to GBP106.9m at 31 December 2014, representing a 37.9% increase. This increase was driven by the net effect of additional funding, which enabled further investment in both loans and equity in new and existing platforms, and the net capital losses on investments recognised during the year (as detailed in the Company Statement of Comprehensive Income – Reanalysed on page 13):

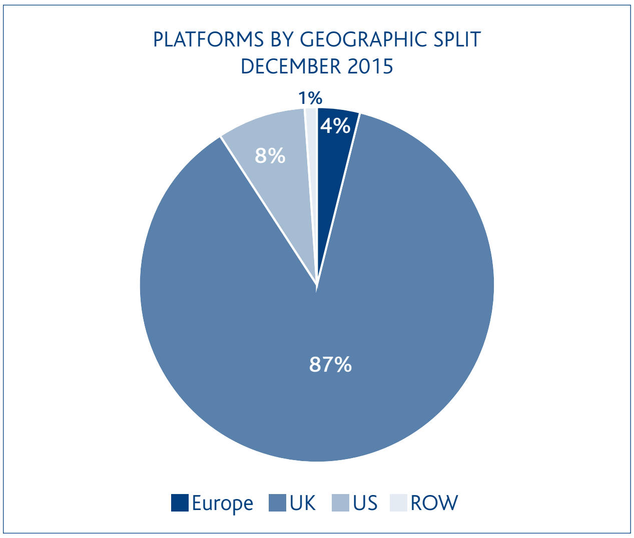
- The value of our SME Platform portfolio increased from GBP49.3m at the end of 2014, to GBP57.8m at the end of 2015, representing a 17.3% increase. This increase was due to the acquisition of four new equity stakes since the end of 2014, plus revaluations in the period.
- The loan book has grown 61.2% from the end of 2014 when the balance was GBP34.8m to GBP56.2m at the end of 2015 as a result of higher platform and working capital loans. Since June 2015 when the loan book was GBP83.3m, the balance reduced due to the partial transfer of the GLI loan book into GLIAF in September 2015.
- GLIAF shares were purchased in September 2015 for an amount of GBP40.3m, of which GBP6.8m was held by Sancus, with GLI Company holding a value of GBP33.5m at 31 December 2015. Post year-end the shares held by Sancus were transferred back up to GLI and offset against inter-company loans.
- Following the disposal of FOIF in March 2015, GLI no longer held any CLO assets at 31 December 2015.

Given that we are partway through our strategic review, we have decided to limit information on the underlying platforms whilst we consider and finalise plans for each platform. Further information will be provided to shareholders during the course of 2016. Details of all of the platforms can however be found on our website www.glifinance.com under 'our platforms' section.

Geographical Split

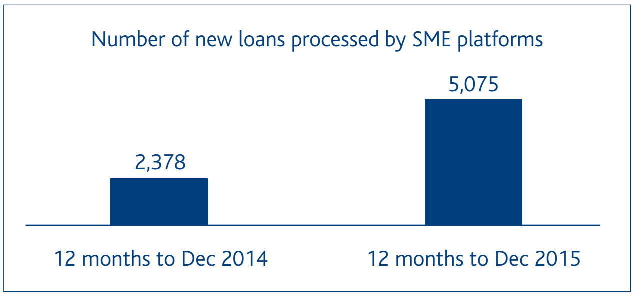
From December 2014 to December 2015, a higher asset weighting towards UK assets can be observed. This is attributable to the disposal of the CLO assets (US based) in the past year and the novation of some US loan assets into GLIAF (UK based).

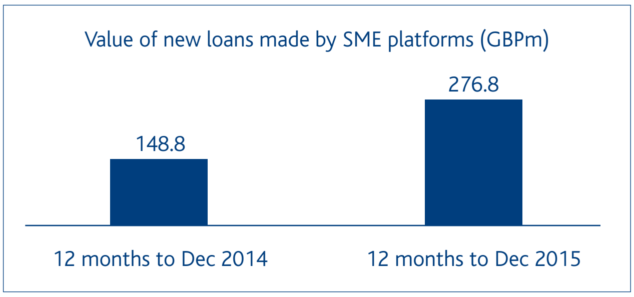


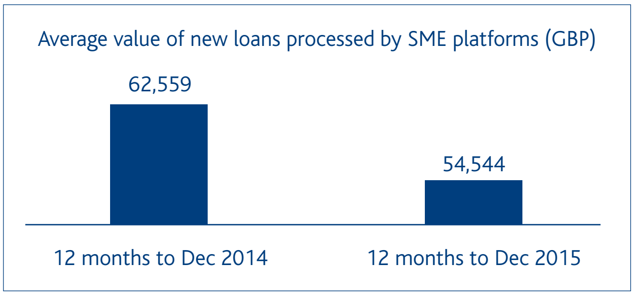


Lending activity

Loans processed by GLI's family of platforms increased significantly in FY15 due to the addition of several platforms and strong origination growth at many of the platforms. The number of loans completed in the period increased by 113.4% from 2014 to 2015 while the average loan size decreased by 12.8% over the same period.







Company Statement of Comprehensive Income – Reanalysed

The below table reanalyses the Company's Statement of Comprehensive Income to show a like for like comparison of income earned by separating out realised gains/losses, unrealised gains/losses and gains/losses on currency transactions.

	Year ended 31 December 2015 GBP	Year ended 31 December 2014 GBP
CLO income	1,105,216	4,693,694
GLIAF Dividends	200,806	-
Interest income	4,124,833	1,835,871
Preference Share Income	362,386	376,393
Other income	58,560	47,133
Total income	**5,851,801**	**6,953,091**
Expenses	(5,657,388)	(5,869,634)
Finance costs	(4,074,474)	(822,307)
(Loss)/profit for the year (reanalysed)	**(3,880,061)**	**261,150**
Reconciliation to Company Statement of Comprehensive Income:		
Realised gain/(loss) on financial assets	642,508	(9,881,535)
Unrealised (loss)/gain on financial assets	(6,754,873)	16,410,565
Gain/(loss) on foreign currency transactions	492,881	(106,279)
(Loss)/profit for the year	**(9,499,545)**	**6,683,901**
Dividends paid in the year	9,774,011	7,036,588

Reanalysed total income for the year ending December 2015 was GBP5.9m compared to GBP7.0m in 2014. The main variance resulting from a drop in CLO income in the year following the final disposal of CLO assets in March 2015. However, this drop in CLO income was partially offset by a GBP2.3m increase in interest income that was driven by the loan book increasing from GBP34.8m in 2014 to GBP56.2m in 2015.

After expenses and legal costs, we saw a loss of GBP3.9m in the year versus a profit of GBP0.3m in 2014. Going forward as noted in the CEO report the Company will be looking to achieve cost savings but also looking to decrease the cost of debt by halving the loan balance and lowering the rate from 11% to 8.75%. The reanalysed loss of GBP3.9m excludes any unrealised gains or losses on financial assets, which although overall in 2015 we had a total loss of GBP6.8m following the strategic review, in future it could be likely that we see this line increase again as the platforms grow and become more successful.

Expenses in 2015 were approximately GBP0.2m lower than the equivalent period in 2014 mainly due to the elimination of CLO Management fees. However, this was offset by increases in the following primary expense categories:

- Legal and professional fees at GBP2.4m were approximately GBP1.5m higher than 2014. These costs rose significantly, particularly in the first six months of the year following a busy start to the year in terms of platform acquisitions and investments.
- Marketing and PR expenses saw an increase in 2015 and were approximately GBP0.7m higher than the equivalent period in 2014. These are considered to be recurring costs however, work is ongoing to try to reduce these costs where possible, by reducing some of the service providers GLI have previously used.
- As anticipated, Staff and Director costs have increased in 2015 in line with the strengthening of several in-house GLI functions.

Company Statement of Comprehensive Income – Reanalysed CONTINUED

We saw an increase in Finance costs during the year at GBP4.1m compared to GBP0.8m in 2014. The higher finance costs were driven by the following:

- Higher Sancus loan interest and facility fees of approximately GBP2.8m (2014 GBP0.8m) due to elevated loan drawdowns as well as further loan amendments; and
- And increased zero dividend preference share uplift charges amounting to approximately GBP1.31m, (2014 GBP0.06m) due to FY15 being the first full year of 2019 ZDP uplift charge.

The loan book includes loans to both platforms in which GLI holds an investment as well as third party platforms. Based on the December platform loans balance, the weighted average return on loans is 7.15%, which is lower than the equivalent figure for December 2014 (9.1%). This is due to a large proportion of the loan book being novated into GLIAF in September 2015, leaving mostly loans with our subsidiaries which return a lower rate of return.

Change in Net Asset Value

During the year, the Company NAV increased from GBP88.2m as at 31 December 2014 to GBP98.2m as at 31 December 2015, representing an 11.4% increase. This comprises net proceeds from the issue of new shares of GBP29.3m, losses of GBP9.5m and dividends paid of GBP9.8m.

During the year the number of shares in issue increased by 32.93% from 172,960,021 Shares (31 December 2014) to 229,917,343 Shares (31 December 2015). The Company NAV per share moved from 51.00p at the end of December 2014, to 42.73p at the end of December 2015 representing a 16.2% decrease for the period. This was largely due to a net write-down of investments and loans at the year end the increase in the number of shares in issue.

	GBP
Balance at 31 December 2014	**88,215,686**
Net proceeds from Ordinary Shares issued	29,298,113
Loss for the year	(9,499,545)
Dividends paid	(9,774,011)
Balance at 31 December 2015	**98,240,243**
Number of Shares in issue at 31 December 2014	172,960,021
Number of Shares in issue at 30 June 2015	214,431,843
Number of Shares in issue at 31 December 2015	**229,917,364**
NAV per Share at 31 December 2014	51.00p
NAV per Share at 30 June 2015	52.48p
NAV per Share at 31 December 2015	**42.73p**

Net Asset Value Summary

	31 December 2015 GBPm	30 June 2015 GBPm	31 December 2014 GBPm
Investment portfolio	147.5	144.6	106.9
Loan payable	(28.9)	(16.5)	(23.3)
ZDP payable	(22.2)	(21.5)	(20.1)
Other net assets	1.8	5.9	24.7
Net asset value	**98.2**	**112.5**	**88.2**

Loan Payable

The loan facility of GBP30m with Sancus Limited which was in place at the year-end stood at GBP28.9m. A new facility was signed on the 15 March 2016 for GBP14.86m and at a lower rate of 8.75% on a twelve month term (see note 23 of the financial statements).

ZDP Payable

The balance of GBP22.2m includes:

- 20,000,000 GBP zero dividend preference (ZDP) shares issued in December 2014 for the Sancus acquisition;
- 791,418 GBP ZDPs issued in March 2015 for the investment in TradeRiver Finance;
- GBP1.4m of entitlement accrued to date on the ZDPs.

Please refer to note 15 of the financial statements for details.

Other Net Assets

The other net assets balance of GBP2.0m is lower than previous periods largely due to the increase in payables.

FX Rates

The Company has transactions in a number of currencies. The table below lists out the rates used for the years/periods ended 31 December 2015, 30 June 2015, 31 December 2014 and 30 June 2014:

Rate of exchange vs. GBP1:00

Currency	31 December 2015	30 June 2015	31 December 2014	30 June 2014
USD	1.4736	1.5712	1.5577	1.7106
EUR	1.3571	1.4103	1.2876	1.2493
DKK	10.1191	10.5146	9.5908	9.3142

Principal Risks and Uncertainties

There are a number of risks and uncertainties that can impact the performance of the Company. Some of these are beyond the control of the Company and its Board. However, the Board and Executive Team do closely monitor market trends and risks on an on-going basis and a review of risks forms part of the quarterly board meetings. The main risks identified by the Board that could affect the Company's performance are as follows:

Business risk:

The Company faces risks from a rapidly changing industry landscape and increased competition. The Executive Team monitor current trends and forecasts on a regular basis.

Interest rate risk:

A shift in interest rates is a risk during the current environment of changing economic conditions and volatility in global financial markets. The portfolio is diversified in fixed and floating rate assets to reduce risk and the Board and Executive Team also monitor data from advisors on a regular basis in order to ensure a balance between funding and returns.

Portfolio Management risk:

There is a risk of underperformance of the underlying investments.

There is Company representation on the majority of the portfolio company boards with the Chief Executive Officer or a member of the Executive Team being involved with portfolio companies' management. The Company closely monitors developments within portfolio companies.

The Company also has a currency risk in that it has transactions in non-GBP currencies. The financial statements are prepared in GBP. The Board monitors the foreign exchange fluctuations and considers using a hedging programme to mitigate loss against foreign exchange. After consideration it was deemed that a hedging programme was not necessary at this time.

Availability of financing risk:

The Company faces the risk of lack of available financing to fund potential acquisitions. The Executive Team continually monitor the working capital requirements and engage independent financing specialists to advise on financing and source loans.

Principal Risks and Uncertainties CONTINUED

Operational risk:

The Company performs ongoing internal monitoring of operational processes and controls and receives regular reports from the administrators of the Company on operational breaches and errors, adherence to policies and procedures and compliance reporting to reduce risk of fraud and bribery. The Board is aware of the UK Bribery Act 2010 and has adopted an anti-bribery and corruption policy relevant to the nature of the Company and its business activities. The Board has also adopted a succession plan to mitigate the risk of disruption from the loss of key individuals.

Default Risk:

The Company is exposed to default risk from the loans made on the underlying platforms. The Executive Team closely monitors the loans made and is confident in the management skills in assessing risk, origination and recovery. The Chief Executive Officer or an Executive Team member is on the majority of the boards of these platforms and are kept informed of procedures around risk and are also alerted to any possible defaults early on.

Compliance/Regulatory risk:

As a Guernsey Investment Company traded on the AIM market, the Company is required to comply with the AIM Rules. In conjunction with the Nomad, the Company Secretary monitors statutory requirements to ensure compliance with AIM Rules. As a Guernsey incorporated company under the AIM Rules for Companies, the Company is not required to comply with the UK Corporate Governance Code issued by the Financial Reporting Council (formerly the Combined Code on Corporate Governance) and applicable for accounting periods beginning on or after 1 October 2014 (the "UK Code"). However, the Directors place a high importance on ensuring that high standards of corporate governance are maintained and have considered the principles and recommendations of the UK Code. The compliance monitoring policies and procedures operated by the Administrator and adopted by the Company provide compliance oversight and regular reporting of the Company's adherence with the Law and applicable legislation issued by the GFSC. Direct responsibility for anti-money laundering and counter financing of terrorism currently lies with the internal MLRO.

GLI Finance Ltd - FATCA compliance:

During 2014, the Company and the relevant financial entities within the Group completed registration with the IRS in order to receive their Global Intermediary Identification Numbers. By 31 December 2015, management confirmed that GLI Finance was fully compliant with the requirements of FATCA. The Foreign Account Tax Compliance Act (FATCA) is a United States federal law that requires United States persons, including individuals who live outside the United States, to report their financial accounts held outside of the United States, and requires foreign financial institutions to report to the Internal Revenue Service about their U.S. clients. Inter-Governmental Agreements are in place with various Governments around the world, including all of the jurisdictions in which our platforms are incorporated, which allows Foreign Financial Institutions (as defined by FATCA) to report to their local tax authorities, who then report the data to the Internal Revenue Service in the US.

In order that GLI Finance is fully compliant with the requirements of FATCA, the Company and its relevant subsidiary companies, as well as the platforms in which GLI Finance has a stake, are all registered and are in possession of their Global Intermediary Identification Number (GIIN), which is an essential part in proceeding towards reporting status.

Conflicts risk:

The Company now invests in a number of platforms and whilst no platform is in direct competition with any other, this is a consideration when looking at potential new platforms and one which the Company looks to avoid. The Chief Executive Officer or a member of the Executive Team is on the board of the majority of the platforms in which the Company invests. There are service agreements in place to confirm that any information acquired as a result of being a Director of each platform remains confidential to that platform. No information is shared with other platforms without the knowledge and consent of the relevant platform.

Emma Stubbs
Chief Financial Officer
Date: 24 March 2016

DIRECTORS' REPORT

The Directors present their Annual Report and Audited Consolidated and Company financial statements (the "financial statements") for the year ended 31 December 2015.

The Directors submit their Report together with the Consolidated and Company Statements of Comprehensive Income, the Consolidated and Company Statements of Financial Position, the Consolidated and Company Statements of Changes in Shareholders' Equity, the Consolidated and Company Statements of Cash Flows and the related notes for the year ended 31 December 2015, which have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union, in accordance with any relevant enactment for the time being in force, and are in agreement with the accounting records, which comply with Section 238 of The Companies (Guernsey) Law, 2008.

Principal Activities

GLI Finance Limited (the "Company") was incorporated and domiciled in Guernsey, Channel Islands, as a company limited by shares and with limited liability on 9 June 2005 in accordance with The Companies (Guernsey) Law, 1994 (since superseded by The Companies (Guernsey) Law, 2008). Until 25 March 2015, the Company was Authorised as a Closed-ended Investment Scheme and was subject to the Authorised Closed-ended Investment Scheme Rules 2008 issued by the Guernsey Financial Services Commission ("GFSC"). On 25 March 2015, the Company was registered with the GFSC as a Non-Regulated Financial Services Business, at which point the Company's authorised fund status was revoked. The Company's Ordinary Shares were admitted to the AIM market of the London Stock Exchange on 5 August 2005. The zero dividend preference ("ZDP") shares were listed and traded on the main market of the London Stock Exchange with effect from 5 October 2015.

The Company does not have a fixed life and the Articles do not contain any trigger events for a voluntary liquidation of the Company.

The Company is currently an investing company for the purpose of the AIM rules. The Executive Team is responsible for the management of the Company.

The Group

As at 31 December 2015, the Group comprises the Company and the entities disclosed in note 18 to the financial statements.

Investment Objective & Policy

Please refer to page 77 for the detailed version of the Company's investment objective and policy.

Directors and Executive Team of the Company

A list of the Directors and the Executive Team who served the Company during the year is shown on page 1.

Results and Dividends

The Group and Company results for the year are set out on pages 32 and 33. Dividends of GBP9,774,010 were paid during the year (31 December 2014: GBP7,036,588).

A detailed review of the Company's performance during the year ended 31 December 2015 is contained in the Chief Financial Officer's Report.

Foreign Account Tax Compliance Act

The Foreign Account Tax Compliance Act ("FATCA") became effective on 1 January 2013. The legislation is aimed at determining the ownership of US assets in foreign accounts and improving US tax compliance with respect to those assets. On 13 December 2013, the States of Guernsey entered into an intergovernmental agreement ("IGA") with US Treasury, in order to facilitate the requirements under FATCA. The relevant legislation to bring the IGA into Guernsey Law is currently being drafted and is expected to be brought into force within the next few months. In May 2014, the US announced a six month delay to the new entity account on-boarding rules, from 1 July 2014 to 1 January 2015, for the operation of the US FATCA regulations, which was extended to the IGA. The Company registered with the Internal Revenue Service ("IRS") and was approved on 30 June 2014 as a Foreign Financial Institution ("FFI") and a lead member of an Expanded Affiliated Group.

Substantial Shareholdings

As at 22 March 2016, the Company was aware of the following substantial shareholders who held more than 3 percent of issued share capital of the Company:

	Number of Ordinary Shares held*	Percentage of total Ordinary Shares issued held
Somerston Group	30,970,611	13.45
Artemis Investment Management	24,220,515	10.52
AXA Investment Managers	21,563,000	9.37
Hargreaves Lansdown Nominees Limited	13,548,802	5.89
Brooks Macdonald Group plc	10,555,814	4.59
Waverton Investment Management	9,492,200	4.12
Chelverton Asset Management	7,800,000	3.39
Ravenscroft	7,578,821	3.29

* Based on the share register as at 22 March 2016.

Directors Interests

As at 31 December 2015, the Directors had the following beneficial interests in the Ordinary Shares of the Company:

	31 December 2015		31 December 2014	
	No. of Ordinary Shares Held	**% of total issued Ordinary Shares**	No. of Ordinary Shares Held	% of total issued Ordinary Shares
Patrick Firth *(Chairman)*	248,197	0.11	227,261	0.13
Frederick Forni	–	–	–	–
James Carthew	300,000	0.14	250,000	0.14
John Whittle (Alternate) *(1)*	–	–	N/A	N/A
Andrew Whelan	3,686,461	1.74	–	–
Emma Stubbs	62,598	0.03	58,994	0.03
Geoff Miller *(2)*	N/A	N/A	2,029,747	1.17

(1) Appointed 8 December 2015
(2) Resigned 19 December 2015 and therefore his shareholding as at 31 December 2015 is not disclosed

See Note 23 of the financial statements for details of the Directors interest in the Ordinary Shares of the Company between the year end and the date of this report.

As at 31 December 2015, there were no unexercised share options for Ordinary Shares of the Company (31 December 2014: nil Ordinary Shares).

Statement of Directors' Responsibilities

The Directors are responsible for preparing the financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU), and The Companies (Guernsey) Law, 2008 for each financial period which give a true and fair view of the state of affairs of the Company and the Group as at the end of the financial period and of the profit or loss for that period. International Accounting Standard 1 requires that financial statements present fairly for each financial period the Company's financial position, financial performance and cash flows. This requires faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's "Framework for the preparation and presentation of financial statements". In virtually all circumstances a fair presentation will be achieved by compliance with all IFRS as adopted by the EU.

Statement of Directors' Responsibilities CONTINUED

In preparing these financial statements, the Directors are required to:

- ensure that the financial statements comply with the Memorandum and Articles of Incorporation and IFRS, as adopted by the European Union;
- select suitable accounting policies and apply them consistently;
- present information including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company and the Group will continue in business.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements have been properly prepared in accordance with The Companies (Guernsey) Law, 2008. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors Statement

The Directors who held office at the date of approval of this Directors' Report confirm that:

- there is no relevant audit information of which the Company's auditors are unaware;
- the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information; and
- the annual report and financial statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group and Company's performance, business model and strategy.

Going Concern

The Directors have considered the going concern basis in the preparation for financial statements as supported by the Director's assessment of the Company's ability to pay its debts as they fall due and have assessed the current position and the principal risks facing the business with a view to assessing the prospects of the Company. Based on this assessment, the Directors are of the opinion that the Company has adequate financial resources to continue in operation and meet its liabilities as they fall due for the foreseeable future. Hence the Directors believe it is appropriate to continue to adopt the going concern basis in preparing the financial statements.

Viability Statement

In accordance with provision C.2.2 of the 2014 revision of the Code, the Directors have assessed the prospects of the Company over a longer period than the 12 months required by the 'Going Concern' provision. The Directors have conducted this review for a three-year period for the following reasons:

- The Group's plan period covers a three-year period, thereby providing a degree of long-term visibility that is not excessive for the rapidly shifting alternative finance sector.
- The Group holds significant investments in relatively early stage companies that become increasingly challenging to forecast for periods beyond three years.

The Directors confirm that they have a reasonable expectation that the Group will continue to operate and meet its liabilities as they fall due over the three-year period to December 2018. In making this statement, the Directors have taken account of the Group's current position and prospects, the Group's strategy and the principal risks facing the business (please refer to the CEO Report). This assessment has been supported by subjecting the Group's three-year model to severe but reasonable scenarios and reviewing the effectiveness of any mitigating actions. This assessment mainly focused on the risk of default on loans, the underlying investment performance risk, the pricing pressure from competitors as well as risks in lending rates, currency rates and the availability of financing. Furthermore the Directors have considered the credit facility with Sancus Limited, which at the year end was a GBP30m facility but post year end the Company repaid and entered into a new loan for GBP14.86m with a 1 year term at a reduced rate of 8.75%. It is the intention of the Directors to refinance this new loan prior to maturity. The Directors have considered the potential impact of these risks on the business model, future performance, solvency and liquidity over the period.

Approved and signed on behalf of the Board of Directors on 24 March 2016.

Director: Patrick Firth

Director: John Whittle

CORPORATE GOVERNANCE

Compliance

As a Guernsey incorporated company and under the AIM Rules for Companies, it is not a requirement for the Company to comply with The UK Corporate Governance Code ("UK Code"), however, the Directors place a high degree of importance on ensuring that high standards of corporate governance are maintained in order to safeguard and enhance long-term shareholder value. The Directors have reviewed their responsibilities and reporting obligations against the standards included in the UK Code published in September 2014, furthermore, the Directors have considered the provisions of the Finance Sector Code of Corporate Governance published by the Guernsey Financial Services Commission ("GFSC") in September 2011 (the "Guernsey Code").

The Board has in place a coherent and robust corporate governance framework designed to deliver the Company's strategy and grow a diversified business. In recognition of the Company's evolution from a traditional investment fund and the ensuing internalisation of key management functions, the Board believes that applying the principles and reporting against the provisions of the UK Code better reflects the nature, scale and complexity of the business and enables the Board to provide better information to shareholders than would have otherwise been possible by using an alternative corporate governance code.

As at 31 December 2015, the Company complied substantially with the relevant provisions of the UK Code and it is the intention of the Board that the Company will comply with those provisions (save with regard to the following provisions listed below) throughout the year ending 31 December 2016:

- *The appointment of a Senior Independent Director:* Given the size and composition of the Board it is not felt necessary to separate the roles of Chairman and Senior Independent Director. The Board considers that all the independent Directors have different qualities and areas of expertise on which they may lead where issues arise and to whom concerns can be conveyed.

- *Establishment of management engagement committee:* Due to its size and composition, the Board does not consider it necessary to establish a management engagement committee. The Board as a whole monitors the performance of the Company's key service providers, either through Board meetings or, if appropriate, through the use of an appropriately constituted committee.

- *Internal audit function:* The Board has reviewed the need for an internal audit function, as recommended by the Code. Due to the size of the Company and the delegation of day-to-day operations to regulated service providers, an internal audit function is not considered necessary. The Directors will continue to monitor the systems of internal controls in place in order to provide assurance that they operate as intended.

Composition and Independence of Directors

As at 31 December 2015, the Board consisted of five members, three of whom are non-executive and independent. Mrs Stubbs and Mr Whelan are both members of the Group's Executive Team and are therefore not considered independent under the UK Code.

The Chairman of the Board is Patrick Firth and biographies for all Directors can be found on pages 3 and 4. In considering the independence of the Chairman, the Board has considered the provisions of the UK Code relating to independence and has determined that Patrick Firth is an Independent Director.

The Directors recognise the importance of succession planning for the Company's Board and review the composition of the Board annually. As of December 2015, Patrick Firth and Frederick Forni will have each served as Directors of the Company for ten years, however, the Board is of the view that length of service will not necessarily compromise the independence or contribution of Directors where continuity and experience can be a benefit to the Board. In considering the independence of the Chairman and Mr Forni, the Board has considered the provisions of the UK Code relating to independence and remains satisfied that they remain independent of the Company.

The Board believes that long serving Directors should not be prevented from forming part of an independent majority or from acting as Chairman and no limit has been imposed on the overall length of service of the Directors. Each Director will retire, and seek reappointment at every third annual general meeting ("AGM"), with those serving for nine years or more subject to reappointment annually.

The Directors believe that the Board has a balance of skills and experience which enables it to provide effective strategic leadership and proper governance of the Company.

Composition and Independence of Directors CONTINUED

The Board has contractually delegated external service providers for the share registration and the day to day accounting and company secretarial requirements. Each of these contracts was only entered into after proper consideration by the Board of the quality and services offered. The Board is responsible for the appointment and monitoring of these service providers.

The Board, Audit and Risk Committee and Remuneration Committee undertake an annual evaluation of their own performance and that of individual Directors. This includes a formal process of self-appraisal together with the Chairman reviewing each member's balance of skills, experience, independence, performance, contribution and commitment to the Group to ensure that the Board and its committees continue to operate effectively, or to identify areas where action is required. The remainder of the Board is responsible for evaluating the performance of the Chairman. The Chairman also has responsibility for assessing the individual Board members' training requirements.

Executive Team

As at the year end, the Company employs an executive team comprising Andrew Whelan (Chief Executive Officer), Emma Stubbs (Chief Financial Officer), Marc Krombach (Managing Director) and Louise Beaumont (Head of Public Affairs and Marketing) (together the "Executive Team"). The Executive Team is responsible for the management of the Company's investment portfolio. Geoff Miller resigned as Chief Executive Officer on 19 December 2015.

The non-executive independent Directors monitor and evaluate the performance of the Executive Team.

Board Committees

Audit and Risk Committee

An Audit and Risk Committee has been appointed and conducts formal meetings at least three times a year. The Audit and Risk Committee's main role and responsibility is to provide advice to the Board on whether the annual report and financial statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

In addition, the Audit and Risk Committee acts as an integral part of the Company's risk management framework by overseeing and advising the Board on the current and potential risk exposures of the Company. Particular focus is paid to the Company's principal risks, being those with the greatest potential to influence shareholders' economic decisions, and the controls in place to mitigate those risks.

The Audit and Risk Committee is currently chaired by John Whittle (as an alternate interim chairman to James Carthew) and its other members are Patrick Firth and Frederick Forni. The Board has considered the membership of the Audit and Risk Committee and has determined that the members of the Audit and Risk Committee have recent and relevant financial experience. For the principal duties and report of the Audit and Risk Committee please refer to the Audit and Risk Committee Report on pages 23 to 25.

Remuneration Committee

A Remuneration Committee has been appointed and is comprised of Frederick Forni as Chairman, Patrick Firth and James Carthew. The key duties include, but are not limited to, agreeing a framework for Director remuneration, ensuring management staff are appropriately incentivised to enhance performance, and reviewing the effectiveness of the remuneration policy on an on-going basis. The Remuneration Committee, which was formed on 16 August 2011, has adopted a formal terms of reference. Refer to the Remuneration Report on pages 26 to 28 for details of fees paid to the Directors during the year.

Nomination Committee

A Nomination Committee has been appointed and is comprised of Patrick Firth as Chairman, Frederick Forni and James Carthew. The key duties include, but are not limited to, reviewing the structure, size and composition of the Board, to consider the succession planning for directors and senior executives, reviewing the leadership needs of the organisation and identifying candidates for appointment to the Board.

Management Engagement Committee

The Directors do not consider it necessary to establish a separate management engagement committee at this stage. The business, which would have otherwise been delegated to such a committee, is considered by the Board as a whole.

Meetings

The Directors meet on a quarterly basis ("Management" meetings per the table below) and at other unscheduled times ("Other" meetings per the table below) when necessary to assess Group operations and the setting and monitoring of investment strategy and investment performance. At Management meetings, the Board receives from the Administrator and Executive Team a full report on the Group's holdings and performance. The Board gives directions to the Executive Team as to the investment objectives and limitations, and receives reports in relation to the financial position of the Group and the custody of its assets.

The Board is responsible for monitoring and scrutinising the performance of the Executive Team and has formally defined the types of decision which must be taken at Board level from those which have been delegated. Matters reserved for the Board include (but are not limited to) those which affect long-term strategy, appointment and movement of senior personnel, key service providers and their remuneration, communication with shareholders, corporate actions, determining the value of the Company's investments and agreeing the terms for any borrowing arrangement.

The table below, details the attendance at Board and Committee meetings during the year:

	Board				
	Management	Other	Remuneration Committee	Audit and Risk Committee	Nomination Committee
Patrick Firth (Chairman)	4 of 4	16 of 22	3 of 3	3 of 3	1 of 1
Frederick Forni	4 of 4	18 of 22	3 of 3	3 of 3	1 of 1
James Carthew	4 of 4	7 of 22	3 of 3	3 of 3	1 of 1
John Whittle (Alternate) *(1)*	–	2 of 4	–	–	–
Andrew Whelan	4 of 4	14 of 22	–	–	–
Emma Stubbs	4 of 4	18 of 22	–	–	–
Geoffrey Miller *(2)*	4 of 4	13 of 22	–	–	–

(1) Appointed 8 December 2015
(2) Resigned 19 December 2015

Anti-bribery and Corruption

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

Shareholder Views

The Net Asset Value figures are published quarterly. The Board's advisers and the Executive Team maintain regular dialogue with institutional and substantial shareholders, the feedback from which is reported to the Board and the Chairman. Shareholders who wish to communicate with the Board should contact the Company Secretary in the first instance, whose contact details can be found on page 1.

The Board also regularly monitors the shareholder profile of the Company. All shareholders have the opportunity, and are encouraged, to attend the Company AGM at which members of the Board are available in person to meet shareholders and answer questions. In addition, the Company's Corporate Broker and Executive Team each maintain regular contact with major shareholders and report regularly to the Board on shareholder views.

Social, Ethical and Environmental Policies

The Board does not consider it appropriate to directly implement social, ethical and environmental policies in place within a company investing in financial instruments. However, the Board acknowledges that in addition to financial, legal and market due diligence, the Executive Team's investment appraisal process includes a rigorous assessment of a potential Investee company's social, ethical and environmental policies, and therefore the Executive Team monitors such policies and practices following any investment.

AUDIT AND RISK COMMITTEE REPORT

The Company has established an Audit and Risk Committee with formally delegated duties and responsibilities within written terms of reference (which are available from the Company's Secretary). The Audit and Risk Committee has been in operation throughout the year under review.

Chairman and Membership

The Audit and Risk Committee is chaired by James Carthew, and its other members are the other independent Directors of the Company. John Whittle has been appointed as an alternate director to Mr Carthew and is currently acting as the Company's interim chairman of the Audit and Risk Committee. Only independent Directors serve on the Audit and Risk Committee and members of the Audit and Risk Committee have no links with the Company's external auditor and are independent of the Executive Team. The Audit and Risk Committee meets not less than three times a year in Guernsey, and meets the external auditor at least twice a year in Guernsey. The identity of the chairman of the Audit and Risk Committee is reviewed on an annual basis and the membership of the Audit and Risk Committee and its terms of reference are kept under review.

Duties

The principal duties of the Audit and Risk Committee in discharging its responsibilities include reviewing the annual report and audited financial statements and half yearly report and audited financial statements, the valuation of the Company's investment portfolio, the system of internal controls and the terms of appointment of the external auditor together with their remuneration. The Audit and Risk Committee consider the appointment of the external auditor, discuss and agree with the external auditor the nature and scope of the audit, keep under review the agreed scope, review the results and effectiveness of the audit and the independence and objectivity of the external auditor, and review the external auditor's letter of engagement and management letter.

The Audit and Risk Committee is responsible for monitoring the financial reporting process, including the appropriateness of the Company's accounting policies and the effectiveness of the Company's internal control and risk management systems by analysing the key procedures adopted by the Company's service providers. The Audit and Risk Committee oversees the Company's relationship with the external auditor, including making recommendations to the Board on the appointment of the external auditor and their remuneration. The Audit and Risk Committee also reviews, considers and, if thought appropriate, recommends for the purposes of the Group's financial statements valuations prepared by the Executive Team. These valuations are the most critical element in the Group's financial statements and the Audit and Risk Committee questions them carefully.

The Audit and Risk Committee is charged with reviewing the risk appetite, tolerance and strategy of the Company, in addition to overseeing current risk exposures and the future risk strategy. The Audit and Risk Committee reviews the Company's overall risk assessment processes used for the identification and management of new risks and monitoring risks of critical importance. The Audit and Risk Committee is responsible for ensuring timely reporting of information that aids the Board's decision making.

Risk Management and Oversight

The Audit and Risk Committee is responsible for assessing the principal risks facing the business, with particular focus on critical risks or those which might threaten the Company's business model, future performance, solvency or liquidity. At the end of the year under review, the Audit and Risk Committee remained satisfied that each of the principal risks and uncertainties faced by the Company (as described in the Chief Financial Officer's Report) were appropriate.

Financial Reporting and Audit

The Audit and Risk Committee reviews, considers and, if thought appropriate, recommends to the Board the approval of the contents of the half yearly report and audited financial statements and annual report and audited financial statements together with the external auditor's report thereon. The Audit and Risk Committee focuses particularly on compliance with legal requirements, accounting standards and the relevant Listing Rules and ensuring that an effective system of internal financial and non-financial controls is maintained. The ultimate responsibility for reviewing and approving the half yearly report and unaudited financial statements and annual report and audited financial statements remains with the Board.

The Audit and Risk Committee provides a formal forum through which the external auditor reports to the Board and the external auditor is invited to attend Audit and Risk Committee meetings at which annual and half yearly financial statements are considered.

Financial Reporting and Audit CONTINUED

After discussions with the Executive Team and external auditor, the Audit and Risk Committee determined that the key risk of misstatement of the Company and Group's financial statements relates to the valuation of financial assets at fair value through profit or loss, in the context of judgements used to evaluate current fair value, and revenue recognition.

Note 3 to the Financial Statements highlights that the total carrying amount of the Group's financial assets was GBP121.9m. Freely tradeable market prices are not available for these financial assets and liabilities such that the Group's financial assets and liabilities are valued based on the accounting policies described in detail in Note 2(m) to the financial statements. The valuation process and methodology have been discussed with the Executive Team and external auditor. The Executive Team provides a detailed valuation report to the Company on a quarterly basis. The Audit and Risk Committee has reviewed the valuation report and the Executive Team has confirmed to the Audit and Risk Committee that the valuation methodology has been applied consistently during the year and that the external auditor's work had not identified any errors or inconsistencies that were material in the context of the financial statements as a whole.

The accounting policies for revenue recognition are described in detail in Note 2(e) to the financial statements. The Audit and Risk Committee has reviewed the revenue recognition policies of the Group and has determined that they are in accordance with the accounting standards and have been applied consistently. The external auditor's work has not identified any errors or inconsistencies that were material in the context of the financial statements as a whole.

After due consideration the Audit and Risk Committee recommends to the Board that the Annual Report and Financial Statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group and Company's performance, business model and strategy.

External Auditor

The Audit and Risk Committee considers the nature, scope and results of the auditor's work, monitors the independence of the external auditor, and reviews, develops and implements policy on the supply of non-audit services that are to be provided by the external auditor. All non-audit services are pre-approved by the Audit and Risk Committee after they are satisfied that relevant safeguards are in place to protect the auditor's objectivity and independence.

During the 31 December 2015 year end audit process, the Audit Committee assessed the effectiveness of the audit by:

- Meeting with the external auditors and reviewed the audit plan;
- Considering the external auditors' fulfilment of the agreed audit plan and variations from it;
- The Audit Committee Report from the auditor highlighting any major issues that arose during the course of the audit; and
- Conducting interviews to obtain feedback from the Executive Team and Administrator evaluating the performance of the audit team.

For the year ended 31 December 2015, the Audit Committee were satisfied that the audit was effective and that there were no factors which had any bearing on the independence or effectiveness of the external auditor during the course of the audit or the year under review.

Audit Tender

During 2015, the Audit and Risk Committee considered the length of tenure of the external auditor and assessed the suitability of the arrangements in light of the expected future requirements of the business going forward. It was agreed to re-tender the Group's audit and proposal requests were submitted to three of the major audit firms operating in Guernsey. Having met with each firm and after due consideration was given to each proposal, it was agreed by the Audit and Risk Committee that on the grounds of cost, the quality of the service provided and the credentials of the external auditor, it remained appropriate to retain the services of Grant Thornton Limited for the 2015 financial year. This is the sixth year of Grant Thornton Limited's appointment as the Company's external auditor. The Audit and Risk Committee will continue to assess whether a formal re-tendering of the Group's audit is appropriate on an annual basis.

Internal Controls

The Executive Team and Administrator together maintain a system of internal control on which they report to the Audit and Risk Committee. The Audit and Risk Committee has reviewed the need for an internal audit function and has decided that the systems and procedures employed by the Executive Team and Administrator, provide sufficient assurance that a sound system of risk management and internal control, which safeguards shareholders' investment and the Group's assets, is maintained. An internal audit function specific to the Group is therefore considered unnecessary.

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

In accordance with the guidance published in the Guidance on Risk Management, Internal Control and Related Financial and Business Reporting by the Financial Reporting Council (the "FRC"), the Audit and Risk Committee has reviewed the Company's internal control procedures. These internal controls are implemented by the Company's Executive Team and the Administrator. The Audit and Risk Committee has performed reviews of the internal financial control systems and risk management systems during the year. The Audit and Risk Committee is satisfied with the internal financial control systems of the Group.

The Audit and Risk Committee has considered non-financial areas of risk such as disaster recovery and investment management, staffing levels and considers adequate arrangements to be in place.

On behalf of the Audit and Risk Committee

John Whittle
Audit and Risk Committee Interim Chairman
Date: 24 March 2016

REMUNERATION REPORT

Introduction
An ordinary resolution for the approval of the annual remuneration report will be put to the shareholders at the annual general meeting to be held in 2016.

Remuneration Policy
A Remuneration Committee was appointed in 2011 comprised of Frederick Forni as Chairman, Patrick Firth and James Carthew. The key duties include, but are not limited to, agreeing a framework for Director remuneration, ensuring management staff are appropriately incentivised to enhance performance, and reviewing the effectiveness of the remuneration policy on an on-going basis. No Director is involved in determining their own remuneration.

Non-Executive Directors
The Articles of Incorporation provide that, unless otherwise determined by Ordinary Resolution, there shall be paid to the Board such fees for their services in the office of Director as the Board may determine. It is the Board's policy to determine the level of Directors' fees having regard to the fees payable to non-executive directors in the industry generally, the role that individual Directors fulfil in respect of Board and Committee responsibilities and time committed to the Company's affairs.

An Ordinary Resolution will be proposed to shareholders at the 2016 AGM to instate a limit to the aggregate annual remuneration payable by the Company to non-executive Directors.

The Directors shall also be entitled to be repaid all reasonable out of pocket expenses properly incurred by them in or with a view to the performance of their duties or in attending meetings of the Board or of committees or general meetings.

The Board shall have the power at any time to appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors. The number of Directors shall not be less than two and there shall be no maximum number unless otherwise determined by the Company by Ordinary Resolution. Any Director so appointed shall hold office only until the next following annual general meeting and shall then be eligible for re-election.

Executive Team

Fixed Salary
The Executive Team members are entitled to receive a fixed salary (less applicable tax and social security contributions). See below for details.

Executive Bonus Scheme
In addition to the fixed salary referred to above, certain Executive Team members are also entitled to a contractual bonus.

With effect from 21 January 2013, the Remuneration Committee resolved to implement an incentive pool, which is allocated to the Executive Team members at the Remuneration Committee's discretion. The total pool available is 10% of the total shareholder return in excess of 12%, with the amount to be actually paid out capped at 0.5% of net asset value (NAV) in any one year. To ensure that incentive payments are primarily long term in nature, all payments from the incentive pool will be made one third in cash and two-thirds Company equity, the acquisition price of which for the individual will be the prevailing share price or NAV, whichever is higher. All shares in the Company issued via the Executive Bonus Scheme must be retained by the Executive Bonus Scheme members for the entire tenure of their employment by the Company.

Independent Review
The last independent review of the Company's remuneration policy was conducting September 2014 when the Company engaged Patterson Associates LLP to perform this duty. The scope of the review included the remuneration for both executive and non-executive Directors and sampled the remuneration policies published by a number of peer group and comparable listed companies. The findings of the review were considered by the Remuneration Committee before changes were recommended to the Board. Each of the recommendations was approved and took effect from 1 November 2014.

Save for producing the September 2014 remuneration review, Patterson Associates LLP has no other connections with the Company.

Remuneration

Non-executive Directors

As at 31 December 2015, the non-executive Directors' annualised fees, excluding all reasonable expenses incurred in the course of their duties which were reimbursed by the Company, were as detailed in the table below:

	31 December 2015	31 December 2014
	GBP	GBP
Patrick Firth *(Chairman)*	50,000	50,000
Frederick Forni	37,500	37,500
James Carthew	40,000	40,000
John Whittle *(Alternate) (1)*	40,000	N/A

(1) Appointed 8 December 2015

The non-executive Directors base fee increased to GBP35,000 per annum with effect from 1 November 2014. In addition to the base fee, the Chairman receives an additional GBP15,000 per annum, the Audit and Risk Committee Chairman (in their absence their Alternate) receives an additional GBP5,000 per annum and the Remuneration Committee Chairman receives an additional GBP2,500 per annum.

There was no increase in Directors' fees during the year ended 31 December 2015. Total Directors fees charged to the Company for the year ended 31 December 2015 were GBP127,717 (31 December 2014: GBP113,340) with GBPnil (31 December 2014: GBPnil) remaining unpaid at the year end.

Executive Team

For the year ended 31 December 2015, the Executive Team members' annual remuneration from the Company, excluding all reasonable expenses incurred in the course of their duties which were reimbursed by the Company, were as detailed in the table below:

	31 December 2015		31 December 2014	
	Fixed Salary	**Executive Bonus Scheme**	Fixed Salary	Executive Bonus Scheme
	GBP	**GBP**	GBP	GBP
Andrew Whelan *(1)*	N/A	-	N/A	N/A
Emma Stubbs *(2)*	120,000	-	99,000	21,687
Marc Krombach *(3)*	130,000	-	31,667	N/A
Louise Beaumont *(4)*	75,000	-	N/A	N/A
Geoff Miller *(5)*	165,000	N/A	152,500	286,696
Unallocated accrual at year end	N/A	-	N/A	45,906

(1) Annual Salary of GBP150,000 remunerated via Sancus. Annual salary increased to GBP175,000 with effect from 1 January 2016.
(2) Annual salary increase from GBP99,000 to GBP120,000 with effect from 1 September 2015.
(3) Appointed 6 October 2014 with a fixed annualised salary of GBP130,000.
(4) Previously remunerated via Finpoint. During the current year remunerated via the Company.
(5) Annual salary increase from GBP150,000 to GBP165,000 with effect from 1 November 2014. Mr Miller resigned on 19 December 2015.

During the year, the total Executive Bonus Scheme pool charged to the Company's expenses relating to 2015 was GBPNil (31 December 2014: GBP354,289), with GBPNil (31 December 2014: GBP45,906) remaining outstanding as at 31 December 2015. However, within the current year's Company Statement of Comprehensive Income there is a write back of the Executive Bonus Scheme pool expense overall accrual relating to 2014 amounting to GBP45,906.

As the Executive Bonus Scheme is a non-fixed amount, the total Executive Team remuneration will fluctuate year on year.

Remuneration CONTINUED

Discretionary Executive Bonus Payments

In addition to their fixed salaries and participation in the Executive Bonus Scheme, the Executive Team members were awarded the following discretionary executive bonus payments, by the Remuneration Committee, for duties performed during the year ended 31 December 2015:

	Total GBP	Cash Element GBP	Shares Element GBP
Andrew Whelan *(1)*	150,000	150,000	–
Emma Stubbs	90,000	90,000	–
Marc Krombach	97,500	97,500	–
Louise Beaumont	37,500	18,750	18,750

(1) Remunerated via Sancus.

On behalf of the Remuneration Committee

Frederick Forni
Remuneration Committee Chairman
Date: 24 March 2016

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF GLI FINANCE LIMITED

Our opinion on the financial statements is unmodified
In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 December 2015 and of the Group's and the parent Company's loss for the year then ended;
- are in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- comply with The Companies (Guernsey) Law, 2008.

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

What we have audited
GLI Finance Limited's financial statements for the year ended 31 December 2015 comprise the Consolidated and Company Statements of Comprehensive Income, the Consolidated and Company Statements of Financial Position, the Consolidated and Company Statements of Changes in Shareholders' Equity, the Consolidated and Company Statements of Cash Flows and the related notes.

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

Our assessment of risk
In arriving at our opinions set out in this report, we highlight the following risks that are, in our judgement, likely to be most important to users' understanding of our audit.

Financial assets designated at fair value through profit or loss
The risk: The principal activity of the Group is the provision of secured lending to small and medium sized companies with the objective of producing a stable and predictable dividend yield, with long term preservation of net asset value. Accordingly, the investment portfolio is the largest asset in the financial statements and the unquoted investments therein are designated at fair value through profit or loss ("FVTPL") in accordance with International Accounting Standard (IAS) 39 "Financial Instruments: Recognition and Measurement". Measurement of the fair value of an unquoted investment includes significant assumptions and judgments and we have therefore identified the valuation of financial assets as a significant risk requiring special audit consideration.

Our response: Our audit work included, but was not restricted to, obtaining an understanding of how valuations are performed and Board's process to recognise and measure investments. Our audit work also included agreeing the valuation of the investment portfolio to valuation reports prepared by third party experts, discussion with management and challenging the valuation in conjunction with inspection of supporting documents.

The Group's accounting policy and other disclosures on financial assets and liabilities designated at FVTPL are included in Notes 2 and 3 to the financial statements. The Audit and Risk Committee identified valuation of financial assets at fair value through profit or loss as a key risk of misstatement in its report on pages 23 to 25, where the Committee also described the action it has taken to address this risk.

Revenue recognition
The risk: Under International Standards on Auditing (ISAs) (UK and Ireland), there is a presumption that there are risks of fraud in revenue recognition. Due to the nature of this risk we are required to assess it as a significant risk requiring special audit consideration.

Our response: Our audit work included, but was not restricted to, assessing whether the Group's revenue recognition policies are in accordance with IFRSs as adopted by the European Union, understanding management's process to recognise revenue in accordance with those policies and reviewing significant contracts to determine whether interest and/or dividends have been accounted for in accordance with that policy.

The Group's accounting policy in respect of revenue recognition is included in Note 2. The Audit and Risk Committee identified revenue recognition as a key risk of misstatement in its report on pages 23 to 25, where the Committee also described the action it has taken to address this risk.

Management override of controls
The risk: Under ISAs (UK and Ireland), for all our audits we are required to consider the risk of management override of controls. Due to the unpredictable nature of this risk we are required to assess it as a significant risk requiring special audit consideration.

Our response: Our audit work included, but was not restricted to, specific procedures relating to this risk that are required by ISA (UK and Ireland) 240, The Auditors Responsibilities relating to Fraud in an Audit of the Financial Statements. This includes tests of journal entries, the evaluation of judgments and assumptions in management's estimates and tests of significant transactions outside the normal course of business.

In particular, our work on financial assets at FVTPL addressed key aspects of ISA (UK and Ireland) 240.

Our application of materiality and an overview of the scope of our audit

Materiality
We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality in determining the nature, timing and extent of our audit work and in evaluating the results of that work.

We determined materiality for the audit of the Group financial statements as a whole to be £3,744,000, which is 4% of the Group's net asset value. This benchmark is considered the most appropriate because Group's net asset value (NAV) is the primary performance measure and the quarterly NAV report published by the Group is used to provide financial information to the Group's investors.

Materiality for the current year is higher than the level that we determined for the year ended 31 December 2014 to reflect the increase in the measurement percentage from 2% in 2014 to 4% in the current year. We increased the measurement percentage as we have considered the control environment of the Group to be effective, and the business operations of the Group remain consistent with prior periods and there have been no changes that would require significant additional audit focus.

We use a different level of materiality, performance materiality, to drive the extent of our testing and this was set at 60% of financial statement materiality for the audit of the Group financial statements. We also determine a lower level of specific materiality for certain areas such as revenues, Directors' remuneration and related party transactions.

We determined the threshold at which we will communicate misstatements to the audit committee to be £187,200. In addition we will communicate misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

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

We conducted our audit in accordance with ISA (UK and Ireland). Our responsibilities under those standards are further described in the 'Responsibilities for the financial statements and the audit' section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the Group in accordance with the Auditing Practices Board's Ethical Standards for Auditors, and we have fulfilled our other ethical responsibilities in accordance with those Ethical Standards.

Our audit approach was based on a thorough understanding of the Group's business and is risk-based. The maintenance of the Group's accounting records is outsourced to third-party service providers. Accordingly, our audit work included:

- obtaining an understanding of, and evaluating, internal controls at the Group and the third-party service providers, and inspecting records and documents held by these third-party service providers; and
- undertaking substantive testing on significant transactions, balances and disclosures, the extent of which was based on various factors such as our overall assessment of the control environment, the effectiveness of controls over individual systems and the management of specific risks.

Matters on which we are required to report by exception
Under The Companies (Guernsey) Law, 2008 we are required to report to you if, in our opinion:
- proper accounting records have not been kept by the Company; or
- the Company's financial statements are not in agreement with the accounting records; or
- we have not obtained all the information and explanations, which to the best of our knowledge and belief, are necessary for the purposes of our audit.

Under the ISAs (UK and Ireland), we are required to report to you if, in our opinion, information in the annual report is:
- materially inconsistent with the information in the audited financial statements; or
- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Group acquired in the course of performing our audit; or
- otherwise misleading.

In particular, we are required to report to you if:
- we have identified any inconsistencies between our knowledge acquired during the audit and the Directors' statement that they consider the annual report is fair, balanced and understandable; or
- the annual report does not appropriately disclose those matters that were communicated to the audit committee which we consider should have been disclosed.

We have nothing to report in respect of the above.

We also confirm that we do not have anything material to add or to draw attention to in relation to:

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

Responsibilities for the financial statements and the audit

What the Directors are responsible for:
As explained more fully in the Directors' Responsibilities Statement set out on pages 18 and 19, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

What are we responsible for:
Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISA (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Grant Thornton Limited
Chartered Accountants
St Peter Port, Guernsey, Channel Islands

Date: 24 March 2016

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	31 December 2015 GBP	31 December 2014 GBP
Revenue			
Interest income		**7,905,095**	5,572,385
Dividend revenue		**1,206,633**	627,857
		9,111,728	6,200,242
Investment income			
Net gain/(loss) on financial assets and liabilities at fair value through profit or loss			
- Realised gains/(losses)	3 & 9	**906,201**	(6,422,956)
- Net movement in unrealised (losses)/gains	9	**(5,031,228)**	7,001,715
- Loss on disposal of subsidiary	9	**–**	(10,056,443)
		(4,125,027)	(9,477,684)
Other net income	4	**3,713,536**	3,903,393
Gain/(loss) on foreign currency transactions		**897,538**	(41,583)
Total income		**9,597,775**	584,368
Expenses			
Management fees	5	**(378,235)**	2,640,470
Administration and secretarial fees		**526,632**	317,580
Custodian fees		**6,849**	77,224
Legal and professional fees	5	**2,981,677**	1,385,598
Directors' remuneration	5	**158,987**	113,340
Directors' and officers' insurance		**79,047**	49,271
Audit fees		**155,455**	100,900
Executive Team remuneration	5	**880,094**	639,135
Independent valuation fees		**309,812**	212,155
Other expenses	5	**7,399,734**	5,769,583
Operating expenses before finance costs		**12,120,052**	11,305,256
Net loss from operations before finance costs		**(2,522,277)**	(10,720,888)
- Finance costs	13	**(4,408,009)**	(1,307,999)
Loss for the year after finance costs		**(6,930,286)**	(12,028,887)
Net losses on Associates	9	**(3,094,632)**	(620,670)
Reclassification of foreign exchange reserve on sale of subsidiary		**–**	(1,892,799)
Loss for the year		**(10,024,918)**	(14,542,356)
Other comprehensive income			
Reclassification of foreign exchange reserve on sale of subsidiary		**–**	1,892,799
Items that may subsequently be reclassified to profit or loss:			
Foreign exchange on consolidation		**163,812**	(326,773)
Total other comprehensive income		**163,812**	1,566,026
Total comprehensive loss for the year		**(9,861,106)**	(12,976,330)
(Loss)/profit attributable to:			
Equity holders of the Company		**(11,270,098)**	(13,626,441)
Non-controlling interest		**1,245,180**	(915,915)
		(10,024,918)	(14,542,356)
Total comprehensive (loss)/income attributable to:			
Equity holders of the Company		**(11,106,286)**	(12,060,415)
Non-controlling interest		**1,245,180**	(915,915)
		(9,861,106)	(12,976,330)
Basic & diluted loss per Ordinary Share	6	**(5.49)p**	(9.59)p

The accompanying notes on pages 40 to 76 form an integral part of these financial statements.

COMPANY STATEMENT OF COMPREHENSIVE INCOME

	Notes	31 December 2015 GBP	31 December 2014 GBP
Revenue			
Interest income		**4,487,219**	6,210,810
Dividend revenue		**1,306,022**	627,857
		5,793,241	6,838,667
Investment income			
Net gain/(loss) on financial assets and liabilities at fair value through profit or loss			
- Realised gains/(losses)	9	**642,508**	(9,881,535)
- Net movement in unrealised (losses)/gains	9	**(6,754,873)**	16,410,565
		(6,112,365)	6,529,030
Other net (losses)/income	4	**(340,191)**	114,424
Gain/(loss) on foreign currency transactions		**891,631**	(106,279)
Total income		**232,316**	13,375,842
Expenses			
Management fees	5	**(378,235)**	2,640,470
Administration and secretarial fees	5	**389,198**	217,084
Custodian fees	5	**-**	15,000
Legal and professional fees	5	**2,434,161**	926,672
Directors' remuneration	5	**127,717**	113,340
Directors' and officers' insurance		**69,757**	39,271
Audit fees		**61,500**	75,742
Executive Team remuneration	5	**580,094**	639,135
Independent valuation fees		**309,812**	212,155
Other expenses	5	**2,063,383**	990,765
Operating expenses before finance costs		**5,657,387**	5,869,634
Net (loss)/profit from operations before finance costs		**(5,425,071)**	7,506,208
- Finance costs		**(4,074,474)**	(822,307)
(Loss)/profit for the year after finance costs		**(9,499,545)**	6,683,901
Total comprehensive (loss)/income for the year		**(9,499,545)**	6,683,901
Basic & diluted (loss)/earnings per Ordinary Share	6	**(4.62)p**	4.71p

All of the (loss)/profit for the current and prior years is attributable to the equity holders of the parent.

The accompanying notes on pages 40 to 76 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	31 December 2015 GBP	31 December 2014 GBP
ASSETS			
Non-current assets			
Property and equipment		**91,414**	97,760
Intangible intellectual property	7	**1,001,594**	5,530,598
Goodwill	8	**14,254,652**	14,500,007
Trade and other receivables	11	**29,172,634**	27,104
Financial assets available for sale	9	**–**	816,469
Financial assets at fair value through profit or loss	9	**48,430,315**	60,682,236
Associates at equity method accounting	9	**19,325,379**	29,648,508
		112,275,988	111,302,682
Current assets			
Financial assets held at fair value through profit or loss	9	**10,077,220**	20,566,299
Trade and other receivables	11	**17,091,637**	8,880,215
Cash and cash equivalents	12	**17,415,157**	13,734,130
		44,584,014	43,180,644
Total assets		**156,860,002**	154,483,326
EQUITY			
Share premium	14	**87,404,910**	58,106,797
Distributable reserve	14	**34,802,740**	34,802,740
Foreign exchange reserve		**(162,961)**	(326,773)
Retained earnings		**(40,411,825)**	(19,155,408)
Capital and reserves attributable to equity holders of the Company		**81,632,864**	73,427,356
Non-controlling interest		**13,791,640**	1,114,312
Total equity		**95,424,504**	74,541,668
LIABILITIES			
Non-current liabilities			
Loans payable	13	**35,527,972**	5,790,631
ZDP shares payable	13&15	**22,160,765**	20,054,090
Trade and other payables	13	**–**	26,357,439
		57,688,737	52,202,160
Current liabilities			
Loan payable	13	**–**	20,330,000
Trade and other payables	13	**3,746,761**	7,409,498
		3,746,761	27,739,498
Total liabilities		**61,435,498**	79,941,658
Total equity and liabilities		**156,860,002**	154,483,326
Net Asset Value per Ordinary Share	16	**35.51p**	42.45p

The financial statements were approved by the Board of Directors on 24 March 2016 and were signed on its behalf by:

Director: Patrick Firth

Director: John Whittle

The accompanying notes on pages 40 to 76 form an integral part of these financial statements.

COMPANY STATEMENT OF FINANCIAL POSITION

	Notes	31 December 2015 GBP	31 December 2014 GBP
ASSETS			
Non-current assets			
Property and equipment		**11,225**	–
Intangible intellectual property		**1,594**	–
Other financial assets held at fair value through profit or loss	9	**57,290,453**	31,400,766
Subsidiaries held at fair value through profit or loss	9	**57,258,016**	25,521,827
Associates held at fair value through profit or loss	9	**30,783,799**	35,647,052
		145,345,087	92,569,645
Current assets			
Financial assets held at fair value through profit or loss	9	**554,603**	5,329,307
Trade and other receivables	11	**3,444,287**	30,370,236
Cash and cash equivalents	12	**7,036,130**	5,479,656
		11,035,020	41,179,199
Total assets		**156,380,107**	133,748,844
EQUITY			
Share premium	14	**87,404,910**	58,106,797
Distributable reserve	14	**34,802,740**	34,802,740
Retained earnings		**(23,967,406)**	(4,693,851)
Total equity		**98,240,244**	88,215,686
LIABILITIES			
Non-current liabilities			
Loan payable	13	**28,890,000**	–
ZDP shares payable	13&15	**22,160,765**	20,054,090
		51,050,765	20,054,090
Current liabilities			
Loan payable	13	**–**	23,330,000
Trade and other payables	13	**7,089,098**	2,149,068
		7,089,098	25,479,068
Total liabilities		**58,139,863**	45,533,158
Total equity and liabilities		**156,380,107**	133,748,844
Net Asset Value per Ordinary Share	16	**42.73p**	51.00p

The financial statements were approved by the Board of Directors on 24 March 2016 and were signed on its behalf by:

Director: Patrick Firth

Director: John Whittle

The accompanying notes on pages 40 to 76 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Share Capital GBP	Share Premium GBP	Distributable Reserve GBP	Foreign Exchange Reserve GBP	Retained Earnings GBP	Capital and reserves attributable to equity holders of the Company GBP	Non-controlling Interest GBP	**Total Equity GBP**
Balance at 31 December 2013	–	39,651,059	34,802,740	(1,892,799)	1,507,621	74,068,621	992,344	**75,060,965**
Net proceeds from Ordinary Shares issued (note 14)	–	18,455,738	–	–	–	18,455,738	–	**18,455,738**
Acquisition of non-controlling interest	–	–	–	–	–	–	1,264,095	**1,264,095**
Disposal of non-controlling interest	–	–	–	–	–	–	(226,212)	**(226,212)**
Dividends paid*	–	–	–	–	(7,036,588)	(7,036,588)	–	**(7,036,588)**
Transactions with owners	–	18,455,738	–	–	(7,036,588)	11,419,150	1,037,883	**12,457,033**
Loss for the year	–	–	–	–	(13,626,441)	(13,626,441)	(915,915)	**(14,542,356)**
Other comprehensive income:								
Foreign exchange reserve reclassification	–	–	–	1,892,799	–	1,892,799	–	**1,892,799**
Foreign exchange on consolidation	–	–	–	(326,773)	–	(326,773)	–	**(326,773)**
Total comprehensive income/(loss) for the year	–	–	–	1,566,026	(13,626,441)	(12,060,415)	(915,915)	**(12,976,330)**
Balance at 31 December 2014	–	58,106,797	34,802,740	(326,773)	(19,155,408)	73,427,356	1,114,312	**74,541,668**
Net proceeds from Ordinary Shares issued (note 14)	–	29,298,113	–	–	–	29,298,113	–	**29,298,113**
Acquisition of non-controlling interest	–	–	–	–	–	–	12,420,620	**12,420,620**
Disposal of non-controlling interest	–	–	–	–	(212,309)	(212,309)	(988,472)	**(1,200,781)**
Dividends paid**	–	–	–	–	(9,774,010)	(9,774,010)	–	**(9,774,010)**
Transactions with owners	–	29,298,113	–	–	(9,986,319)	19,311,794	11,432,148	**30,743,942**
(Loss)/profit for the year	–	–	–	–	(11,270,098)	(11,270,098)	1,245,180	**(10,024,918)**
Other comprehensive income:								
Foreign exchange reserve reclassification	–	–	–	–	–	–	–	**–**
Foreign exchange on consolidation	–	–	–	163,812	–	163,812	–	**163,812**
Total comprehensive income/(loss) for the year	–	–	–	163,812	(11,270,098)	(11,106,286)	1,245,180	**(9,861,106)**
Balance at 31 December 2015	–	87,404,910	34,802,740	(162,961)	(40,411,825)	81,632,864	13,791,640	**95,424,504**

*During the year ended 31 December 2014, the Company made four dividend payments, totalling 5.0 pence per Ordinary Share.
**During the year ended 31 December 2015, the Company made four dividend payments, totalling 5.0 pence per Ordinary Share.

The accompanying notes on pages 40 to 76 form an integral part of these financial statements.

COMPANY STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Share Capital GBP	Share Premium GBP	Distributable Reserve GBP	Retained Earnings GBP	**Total Equity GBP**
Balance at 31 December 2013	–	39,651,059	34,802,740	(4,341,164)	**70,112,635**
Net proceeds from Ordinary Shares issued (note 14)	–	18,455,738	–	–	**18,455,738**
Dividends paid*	–	–	–	(7,036,588)	**(7,036,588)**
Transactions with owners	–	18,455,738	–	(7,036,588)	**11,419,150**
Profit for the year	–	–	–	6,683,901	**6,683,901**
Total comprehensive income for the year	–	–	–	6,683,901	**6,683,901**
Balance at 31 December 2014	–	58,106,797	34,802,740	(4,693,851)	**88,215,686**
Net proceeds from Ordinary Shares issued (note 14)	–	29,298,113	–	–	**29,298,113**
Dividends paid**	–	–	–	(9,774,010)	**(9,774,010)**
Transactions with owners	–	29,298,113	–	(9,774,010)	**19,524,103**
Loss for the year	–	–	–	(9,499,545)	**(9,499,545)**
Total comprehensive loss for the year	–	–	–	(9,499,545)	**(9,499,545)**
Balance at 31 December 2015	–	87,404,910	34,802,740	(23,967,406)	**98,240,244**

*During the year ended 31 December 2014, the Company made four dividend payments, totalling 5.0 pence per Ordinary Share.

**During the year ended 31 December 2015, the Company made four dividend payments, totalling 5.0 pence per Ordinary Share.

The accompanying notes on pages 40 to 76 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	31 December 2015 GBP	31 December 2014 GBP
Cash flows (used in)/from operating activities			
Cash generated from operations	17	**(22,499,433)**	14,198,819
Purchase of investments		**(69,369,014)**	(61,399,746)
Sale of investments		**27,831,140**	16,116,779
Principal received		**30,941,469**	56,070,787
Net cash flow (used in)/from operating activities		**(33,095,838)**	24,986,639
Cash flows from/(used in) investing activities			
Business combination (acquisition of subsidiary)		**11,991,232**	3,924,229
Business combination (disposal of subsidiary)		**–**	(25,187,441)
Property and equipment acquired		**(11,225)**	(97,384)
Intangible assets acquired		**(1,594)**	(3,165,592)
Net cash flow/(used in) investing activities		**11,978,413**	(24,526,188)
Cash flows from/(used in) financing activities			
Cash paid on repurchase of loan notes		**–**	(26,841,752)
Cash received on loan payables		**19,337,341**	29,120,631
Cash repaid on loan payables		**(4,280,000)**	–
Ordinary Shares issued proceeds received		**19,163,082**	–
Non-controlling interest acquired		**(225,807)**	(226,212)
Dividends paid	14	**(9,359,976)**	(6,558,386)
Net cash flow from/(used in) financing activities		**24,634,640**	(4,505,719)
Net increase/(decrease) in cash and cash equivalents		**3,517,215**	(4,045,268)
Cash and cash equivalents at beginning of year		**13,734,130**	18,106,171
Effect of foreign exchange rate changes during the year		**163,812**	(326,773)
Cash and cash equivalents at end of year	12	**17,415,157**	13,734,130

The accompanying notes on pages 40 to 76 form an integral part of these financial statements.

COMPANY STATEMENT OF CASH FLOWS

	Notes	31 December 2015 GBP	31 December 2014 GBP
Cash flows (used in)/from operating activities			
Cash generated used in operations	17	**(21,997,383)**	(4,144,540)
Purchase of investments		**(31,256,913)**	(28,234,009)
Sale of investments		**26,256,929**	11,043,680
Principal received		**8,663,406**	686,024
Net cash flow used in operating activities		**(18,333,961)**	(20,648,845)
Cash flows (used in)/from investing activities			
Business combination (acquisition of subsidiary)	10	**(1,109,851)**	(2,329,576)
Business combination (disposal of subsidiary)	9	**–**	7,645,800
Property and equipment acquired		**(11,225)**	–
Intangible assets acquired		**(1,594)**	–
Net cash flow (used in)/from investing activities		**(1,122,670)**	5,316,224
Cash flows from/(used in) financing activities			
Ordinary Shares issued proceeds received		**19,163,081**	–
Loans received		**20,990,000**	23,330,000
Loans paid		**(9,780,000)**	–
Dividends paid	14	**(9,359,976)**	(6,558,386)
Net cash flow from financing activities		**21,013,105**	16,771,614
Net increase in cash and cash equivalents		**1,556,474**	1,438,993
Cash and cash equivalents at beginning of year		**5,479,656**	4,040,663
Cash and cash equivalents at end of year	12	**7,036,130**	5,479,656

The accompanying notes on pages 40 to 76 form an integral part of these financial statements.

1. GENERAL INFORMATION

GLI Finance Limited (the "Company") was incorporated and domiciled in Guernsey, Channel Islands, as a company limited by shares and with limited liability on 9 June 2005 in accordance with The Companies (Guernsey) Law, 1994 (since superseded by The Companies (Guernsey) Law, 2008). Until 25 March 2015, the Company was an Authorised Closed-ended Investment Scheme and was subject to the Authorised Closed-ended Investment Scheme Rules 2008 issued by the Guernsey Financial Services Commission ("GFSC"). On 25 March 2015, the Company was registered with the GFSC as a Non-Regulated Financial Services Business, at which point the Company's authorised fund status was revoked. The Company's Ordinary Shares were admitted to trading on the AIM market of the London Stock Exchange on 5 August 2005 and its issued zero dividend preference shares were listed and traded on the main market of the London Stock Exchange with effect from 5 October 2015.

The Company does not have a fixed life and the Articles do not contain any trigger events for a voluntary liquidation of the Company.

The Company is an investing company for the purpose of the AIM rules. The Executive Team is responsible for the management of the Company.

As at 31 December 2015, the Group comprises the Company and its subsidiaries (please refer to note 18 for full details of the Company's subsidiaries).

2. ACCOUNTING POLICIES

(a) Basis of preparation

The consolidated and separate financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as adopted by the European Union ("EU"), and all applicable requirements of Guernsey Company Law. The financial statements have been prepared under the historical cost convention, apart from the valuation of investments. The principal accounting policies of the Group and Company have remained unchanged from the previous year, except for the application of new standards, and are set out below. Comparative information in the primary statements is given for the year ended 31 December 2014.

The Company does not operate in an industry where significant or cyclical variations, as a result of seasonal activity, are experienced during the financial period.

(b) Basis of consolidation

The financial statements comprise the results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2015. Subsidiaries are all entities over which the Company exercises control or owns greater than 50 per cent of the voting rights during the year. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are deconsolidated from the date that control ceases. Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable. Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated in full on consolidation.

As at the year end, the Company carries its direct investments in subsidiaries at fair value through profit or loss.

Non-controlling interests, presented as part of equity, represent the portion of a subsidiary's profit or loss and net assets that is not held by the Group. The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests measured at their proportionate share of net assets acquired.

(c) Business combination

The Group applies the acquisition method in accounting for business combinations. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred and included in operating expenses before finance costs.

The Group recognises identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognised in the acquiree's financial statements prior to the acquisition. Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values.

At acquisition date, the Group measures the components of non-controlling interests in the acquiree at fair value.

(d) Foreign currency translation

(i) Functional and presentation currency

The financial statements of the Company and the Group are presented in the currency of the primary economic environment in which the Company operates (its functional currency). The Directors have considered the primary economic currency of the Company and considered the currency in which finance is raised, distributions made, and ultimately what currency would be returned if the Company was wound up. The Directors have also considered the currency to which the underlying investments are exposed. On balance, the Directors believe Sterling best represents the functional currency of the Company. Therefore the books and records are maintained in Sterling and for the purpose of the financial statements the results and financial position of the Group are presented in Sterling, which is also the presentation currency of the Group.

2. ACCOUNTING POLICIES CONTINUED

(d) Foreign currency translation CONTINUED

(ii) Transactions and balances

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

Non-monetary items measured at historical cost are translated using the exchange rates at the date of the transaction (not retranslated). Non-monetary items measured at fair value are translated using the exchange rates at the date when fair value was determined.

Translation differences on non-monetary items are reported as part of the fair value gain or loss reported in the Consolidated Statement of Comprehensive Income.

Foreign exchange differences arising on consolidation of the Group's foreign operations are taken to the foreign exchange reserve. The rates of exchange as at the year end are as follows:

31 December 2015	**31 December 2014**
GBP1: USD1.4736	GBP1: USD1.5577
GBP1: EUR1.3571	GBP1: EUR1.2876
GBP1: DKK10.1191	GBP1: DKK9.5908

(iii) Subsidiary companies

The results and financial position of the subsidiary entity that has a functional currency different to the presentation currency of the Group are translated into the presentation currency as follows:

1. assets and liabilities per the Consolidated Statement of Financial Position presented are translated at the closing rate at the date of the year end;
2. income and expenses for the Consolidated Statement of Comprehensive Income are translated at average exchange rates for the year (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
3. all resulting exchange differences are recognised in other comprehensive income and accumulated as a separate component of equity.

(e) Revenue recognition

Revenue is recognised as follows:

- Dividend income - dividend income is recognised when the right to receive payment is established.
- Interest income on fair value through profit or loss assets - interest income on fair value through profit or loss assets is recognised on a time-proportionate basis using the effective interest method.

(f) Other income

Other income relates to bank interest income, arrangement fees received, IP license fee income and bargain purchase gains, if any, on acquisitions of subsidiaries (refer to note 2(c)). Bank interest income is recognised on a time-proportionate basis using the effective interest method and includes interest income from cash and cash equivalents. Arrangement fees are recognised at the trade date of the transaction. IP license fees are received in advance but are recognised in the financial statements on a straight line basis over the term of the license.

(g) Expenditure

All expenses are accounted for on an accruals basis. The management fees, administration fees, finance costs and all other expenses (excluding share issue expenses which were offset against share premium) are charged through the Consolidated Statement of Comprehensive Income.

(h) Taxation

The Company is exempt from Guernsey taxation under the Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989. A fixed annual fee of GBP1,200 (31 December 2014: GBP600) is payable to the States of Guernsey in respect of this exemption.

(i) Dividends

Dividend distributions are made at the discretion of the Company. A dividend distribution to the shareholders is accounted for as a reduction in retained earnings. A proposed dividend is recognised as a liability in the period in which it has been approved and declared.

(j) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held on call with banks, bank overdrafts and other short term highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

2. ACCOUNTING POLICIES CONTINUED

(k) Trade and other receivables

Receivables are recognised initially at fair value plus transaction costs that are directly attributable to their acquisition or origination. They are subsequently measured at amortised cost.

(l) Trade and other payables

Payables are recognised initially at fair value and subsequently stated at amortised cost using the effective interest rate method.

(m) Investments and loan notes

(i) Financial assets and liabilities

Recognition and initial measurement

Financial assets and financial liabilities are initially recognised on the trade date, which is the date on which the Group becomes party to the contractual provisions of the instrument.

Financial assets and financial liabilities at fair value through profit or loss are initially recognised at fair value, with transaction costs recognised in Consolidated Statement of Comprehensive Income. Financial assets and financial liabilities not at fair value through profit or loss are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue.

Subsequent to initial recognition, financial assets are either measured at fair value or amortised cost. Financial liabilities are either measured at fair value or amortised cost (see 2(n)). Realised gains and losses on disposal of investments, where the disposal proceeds are higher/lower than the book cost of the investment are recognised in the period in which they arise. Unrealised gains and losses arising on the fair value of investments are recognised in the period in which they arise.

Fair value measurement

"Fair value" is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between 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.

When available, the Group measures the fair value of an instrument using quoted price in an active market for that instrument. A market is regarded as "active" if transactions of the asset or liability take place with sufficient frequency and volume to provide pricing information on an on-going basis. The Group measure financial instruments quoted in an active market at a mid price.

If there is no quoted price in an active market, the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction. Please refer to note 3.

The Group recognises transfers between levels of the fair value hierarchy as at the end of the reporting period during which the change has occurred.

If in the case of any investment the Directors at any time consider that the above basis of valuation is inappropriate or that the value determined in accordance with the foregoing principles is unfair, they are entitled to substitute what in their opinion, is a fair value.

Gains and losses arising from changes in the fair value of the financial assets and liabilities at fair value through profit or loss are included in the Consolidated Statement of Comprehensive Income in the period in which they arise.

Derecognition

Sales of all investments are recognised on trade date - the date on which the Group disposes of the economic benefits of the asset. Investments are derecognised when the rights to receive cash flows from the investments have expired or the Group has transferred substantially all risks and rewards of ownership.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the consideration received (including any new asset obtained less any new liability assumed) is recognised in the Consolidated Statement of Comprehensive Income. Any interest in such transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

(ii) Derivative Financial Instruments

Derivatives are categorised as financial assets or liabilities held for trading and valued at fair value through profit or loss. There were 2 derivatives held by the Group as at 31 December 2015 (31 December 2014: 1).

2. ACCOUNTING POLICIES CONTINUED

(m) Investments and loan notes CONTINUED

(iii) Subsidiaries

Investments in the directly held subsidiaries are initially recorded at fair value (acquisition cost) by the Company. The Company has designated its investments in directly held subsidiaries as fair value through profit or loss since they are managed and their performance is evaluated on a fair value basis, and information about the Group is provided internally on that basis to the entity's key management personnel including the entity's Board of Directors. The Company carries its directly held investments in subsidiaries at fair value through profit or loss. Please refer to note 3 for fair value techniques used.

(iv) Investment in Associates

Associates are those entities over which the Group is able to exert significant influence but which are not subsidiaries.

Investments in associates are accounted for by the Group using the equity method.

Any goodwill or fair value adjustment attributable to the Group's share in the associate is not recognised separately and is included in the amount recognised as investment.

The carrying amount of the investment in associates is increased or decreased to recognise the Group's share of the profit or loss and other comprehensive income of the associate, adjusted where necessary to ensure consistency with the accounting policies of the Group.

Unrealised gains and losses on transactions between the Group and its associates are eliminated to the extent of the Group's interest in those entities. Where unrealised losses are eliminated, the underlying asset is also tested for impairment.

The Company has designated its investments in associates as fair value through profit or loss since they are managed and their performance is evaluated on a fair value basis, and information about the Group is provided internally on that basis to the entity's key management personnel including the entity's Board of Directors. The Company carries its directly held investments in associates at fair value through profit or loss. Please refer to note 3 for fair value techniques used.

(n) Loans payable

Loans payable are recognised initially at fair value less directly attributable transaction costs. Subsequent to initial recognition, loans payable are stated at amortised cost using the effective interest rate method.

(o) Zero Dividend Preference Shares ("ZDP Shares")

The ZDP shares are contractually required to be redeemed on the maturity date and they will be settled in cash, thus, ZDP shares are recognised as liabilities (please refer to note 15 for full rights of the ZDP shares) in the Company and Group Statements of Financial Position in accordance with IAS 32 Financial Instruments: Presentation. After initial recognition, these liabilities are measured at amortised cost, which represents the initial proceeds of the issuance plus the accrued entitlement to the date of these financial statements.

(p) Share Based Payments

As explained in the Remuneration Report, the Company provides a contractual bonus, part of which is satisfied through the issuance of Company's own shares, to its Executive Team (i.e. the Executive Bonus Scheme).

The number of shares granted is based on the monetary amount of the Executive Bonus Scheme over the published NAV per share.

(q) Property and equipment

Tangible fixed assets include computer equipment and this is stated at cost less accumulated depreciation. Depreciation is provided at rates calculated to write off the cost on a straight line basis over its expected useful economic life, being 2 years.

(r) Intangible intellectual property

The cost of acquired intellectual property rights are stated at purchase price plus any directly attributable costs incurred in preparing the asset for use.

The intangible assets are assessed for impairment annually, or as required if there are indications of impairment (please see Note 2 (t) for the impairment testing procedures). Acquired intellectual property rights (except for assets with an indefinite useful life) are amortised on a straight-line basis over the term of the license of the intellectual property asset acquired (10 years). All amortisation and impairment charges are included within Other Expenses in the Consolidated Statement of Comprehensive Income.

(s) Goodwill

Goodwill represents the future economic benefits arising from a business combination that are not individually identified and separately recognised. Goodwill is measured as the excess of (a) the aggregate of: (i) the consideration transferred measured in accordance with this IFRS, which generally requires acquisition-date fair value; (ii) the amount of any non-controlling interest in the acquiree measured in accordance with this IFRS; and (iii) in a business combination achieved in stages, the acquisition-date fair value of the acquirer's previously held equity interest in the acquire; over (b) the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed measured in accordance with this IFRS. Goodwill is then carried at cost less accumulated impairment losses. Refer to Note 2 (t) for a description of impairment testing procedures.

2. ACCOUNTING POLICIES CONTINUED

(t) Impairment testing of intangible assets and property and equipment

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs of disposal and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risks factors.

Impairment losses for cash-generating units reduce first the carrying amount of any goodwill allocated to that cash-generating unit. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment loss is reversed if the asset's or cash-generating unit's recoverable amount exceeds its carrying amount.

(u) Critical accounting estimates and judgements in applying accounting policies

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results. These financial statements have been prepared on a going concern basis which the Directors of the Company believe to be appropriate.

Fair values of Unlisted Debt Securities and Unlisted Equity Securities designated as financial assets and liabilities at fair value

The Group invests in financial instruments which are not quoted in active markets and may receive such financial instruments as distributions on certain investments. Fair values are determined by using valuation techniques as detailed on page 52.

Because the Group's portfolio investments are generally not traded in active markets, fair value determinations are based upon additional information, including internal analysis and projections as well as independent valuation work performed by outside firms, beyond the indicative quotes which are generally also available for portfolio investments. These other analyses rely upon observable data including comparable transactions, interest rates and credit spreads. Please refer to Note 3.

Investment Entity

The Company does not meet the definition of an Investment Entity in accordance with IFRS10. Therefore under IFRS 10 the Company, as a parent company, is required to present consolidated financial statements of the Group.

Going Concern

The Board has assessed the Company's financial position as at 31 December 2015 and the factors that may impact its performance in the forthcoming year and are of the opinion that it is appropriate to prepare these financial statements on a going concern basis.

(v) New Accounting Standards, interpretations and amendments adopted

The IASB completed its Annual Improvements 2010-2012 Cycle and Annual improvements 2011-2013 Cycle in December 2013. These projects amended a number of existing standards and interpretations effective for accounting periods commencing on or after 1 July 2014.

The adoption of these amended standards has had no material impact on the financial statements of the Company.

Accounting Standards or interpretations, not yet adopted

A number of new standards, amendments to standards and interpretations which have been issued or amended by the IASB, are not yet effective and have not been applied in preparing these financial statements. The following standards will in the future apply to the Company:

- IAS 1 (amended) "Presentation of Financial Statements" (amendments effective 1 January 2016);
- IAS 28 (amended), "Investments in Associates and Joint Ventures" (amendments effective for periods commencing on or after 1 January 2016);
- IAS 39 (amended), " Financial Instruments: Recognition and Measurement" (amendments effective for periods commencing on or after 1 January 2018, or on application of IFRS 9 if earlier);
- IFRS 7 (amended), "Financial Instruments: Disclosures" (amendments effective for periods commencing on or after 1 January 2018, or on application of IFRS 9 if earlier);
- IFRS 9, 'Financial Instruments' (relating to the classification and measurement of financial assets and liabilities, effective for periods commencing on or after 1 January 2018). This standard specifies how an entity should classify and measure financial assets and liabilities, including some hybrid contracts. The standard improves and simplifies the approach for classification and measurement of financial assets compared with the requirements of IAS 39 'Financial Statements: Recognition and Measurement' ("IAS 39").
- IFRS 10 (amended), "Consolidated Financial Statements" (amendments effective for periods commencing on or after 1 January 2016). These amendments relate to the application of the consolidation exception; and
- IFRS 12 (amended), "Disclosure of Interests in Other Entities" (amendments effective for periods commencing on or after 1 January 2016). These amendments relate to the application of the consolidation exception contained in IFRS 10.

2. ACCOUNTING POLICIES CONTINUED

Accounting Standards or interpretations, not yet adopted CONTINUED

In addition, the IASB completed its latest Annual Improvements to IFRS 2012-2014 project in September 2014. This project has amended a number of existing standards and interpretations effective for accounting periods commencing on or after 1 January 2016.

The Directors are considering the above standards, however, at this time they are not expected to have a significant impact on the Company.

The Directors believe that the financial statements contain all of the information required to enable shareholders and potential investors to make an informed appraisal of the investment activities and profits and losses of the Group and Company for the period to which it relates and does not omit any matter or development of significance.

3. FINANCIAL RISK MANAGEMENT

Financial risk factors

The Group is exposed to a variety of financial risks: market risk (including price risk, fair value interest rate risk, cash flow interest rate risk and currency risk), credit risk and liquidity risk. The risk management policies employed by the Group to manage these risks are discussed below. The primary objectives of the financial risk management function are to establish risk limits, and then ensure that exposure to risks stays within these limits. The operational and legal risk management functions are intended to ensure proper functioning of internal policies and procedures to minimise operational and legal risks.

Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 2 to the financial statements.

Categories of financial instruments

GROUP - 31 December 2015	**Designated Fair Value through Profit or Loss GBP**	**Loans and receivables measured at amortised cost GBP**	**Financial Liabilities measured at amortised cost GBP**
Financial assets			
Financial assets at fair value through profit or loss	**58,507,535**	**–**	**–**
Trade and other receivables*	**–**	**45,949,087**	**–**
Cash and cash equivalents	**–**	**17,415,157**	**–**
Total assets	**58,507,535**	**63,364,244**	**–**
Financial liabilities			
Loans payable	**–**	**–**	**35,527,972**
ZDP shares payable	**–**	**–**	**22,160,765**
Trade and other payables**	**–**	**–**	**3,682,764**
Total liabilities	**–**	**–**	**61,371,501**

GROUP - 31 December 2014	Designated Fair Value through Profit or Loss GBP	Available for Sale GBP	Loans and receivables measured at amortised cost GBP	Financial Liabilities measured at amortised cost GBP
Financial assets				
Financial assets at fair value through profit or loss	81,248,535	–	–	–
Available for sale financial assets	–	816,469	–	–
Trade and other receivables*	–	–	8,457,798	–
Cash and cash equivalents	–	–	13,734,130	–
Total assets	81,248,535	816,469	22,191,928	–
Financial liabilities				
Loan notes at fair value through profit or loss	–	–	–	26,120,631
ZDP shares payable	–	–	–	20,054,090
Trade and other payables**	–	–	–	4,119,853
Total liabilities	–	–	–	50,294,574

3. FINANCIAL RISK MANAGEMENT CONTINUED

Categories of financial instruments CONTINUED

COMPANY - 31 December 2015	Designated Fair Value through Profit or Loss GBP	Loans and receivables measured at amortised cost GBP	Financial Liabilities measured at amortised cost GBP
Financial assets			
Financial assets at fair value through profit or loss	**57,845,056**	–	–
Subsidiaries at fair value through profit or loss	**57,258,016**	–	–
Associates at fair value through profit or loss	**30,783,799**	–	–
Trade and other receivables*	–	**3,332,563**	–
Cash and cash equivalents	–	**7,036,130**	–
Total assets	**145,886,871**	**10,368,693**	–
Financial liabilities			
Loan notes at fair value through profit or loss	–	–	**28,890,000**
ZDP shares payable	–	–	**22,160,765**
Trade and other payables**	–	–	**7,089,098**
Total liabilities	–	–	**58,139,863**

COMPANY - 31 December 2014	Designated Fair Value through Profit or Loss GBP	Loans and receivables measured at amortised cost GBP	Financial Liabilities measured at amortised cost GBP
Financial assets			
Financial assets at fair value through profit or loss	36,730,073	–	–
Subsidiaries at fair value through profit or loss	25,521,827	–	–
Associates at fair value through profit or loss	35,647,052	–	–
Trade and other receivables*	–	30,209,733	–
Cash and cash equivalents	–	5,479,656	–
Total assets	97,898,952	35,689,389	–
Financial liabilities			
Loan notes at fair value through profit or loss	–	–	23,330,000
ZDP shares payable	–	–	20,054,090
Trade and other payables**	–	–	2,149,068
Total liabilities	–	–	45,533,158

* In accordance with IFRS 7 excludes prepayments.
** In accordance with IFRS 7 excludes deferred income.

Capital Risk Management

The Group's capital is represented by the net assets attributable to shareholders and the objective when managing capital is to enable the Group to continue as a going concern in order to provide a consistent appropriate risk-adjusted return to shareholders, and to maintain a strong capital base to support the continued development of its investment activities. The Group manages its capital to ensure that its objective is met. It does this by investing available cash whilst maintaining sufficient liquidity to meet on-going expenses and dividend payments. The Group considers its "capital" to include share capital, share premium, distributable reserves, foreign exchange reserves and retained earnings. The Group is not subject to regulatory or industry specific limitations on its capital, other than the legal requirements for Guernsey incorporated entities. The Group considers the amount and composition of its capital in proportion to risk.

Adjustments to the capital structure will be taken in response to economic conditions, the cost of debt, the ability to raise share capital, and other opportunities and factors which the Board may consider. At 31 December 2015, the Company had total equity of 98,240,244 (31 December 2014: GBP88,215,686) and the Group had total equity of GBP81,623,864 (31 December 2014: GBP73,427,356).

3. FINANCIAL RISK MANAGEMENT CONTINUED

Capital Risk Management CONTINUED

The Group monitors the ratio of debt (loans payable and ZDP Shares) to other capital which, based upon shareholder approval, is limited to 5 to 1. The Group has sought to achieve an attractive risk adjusted return by investing in debt securities, consisting primarily of senior debt across multiple industries. The Group intends to invest primarily in companies with attractive fundamental characteristics including experienced management, a significant financial or strategic sponsor or partner, a strong competitive position and positive cash flow.

The Executive Team ensures that not more than 15% of the Group's gross assets is invested in any one investment without shareholder consent. Consistent with shareholder approval obtained in December 2006, the Group may apply leverage up to 500%, or five times, the net asset value of the Group. Leverage is the ability to incur indebtedness for the purpose of making investments. As at 31 December 2015, the Group has incurred net indebtedness of GBP57.7m (or 70.67% of Group NAV as at the year end) in the form of short and longer-term loans held directly by the Company and indirectly through its BMS Finance (UK) Sarl subsidiary.

Concentration Risk

While the Executive Team will attempt to spread the Group's assets among a number of investments in accordance with the investment policies adopted by the Group, at times the Group may hold a relatively small number of investments each representing a relatively large portion of the Group's net assets and/or hold a number of investments denominated in non-base currencies each representing a relatively large portion of the Group's net assets. Losses incurred in such investments could have a materially adverse effect on the Group's overall financial condition. Whilst the Group's portfolio is diversified in terms of the companies in which it invests, the investment portfolio of the Group may be subject to more rapid change in value than would be the case if the Group were required to maintain a wide diversification among types of securities, countries and industry groups.

Market risk

The Group and Company's exposure to market risk comprises mainly movements in the Group and Company's investments fair value. The investment portfolio is managed within parameters disclosed in the Company's offering memorandum. All investments present a risk of loss of capital.

Fair value estimation is detailed on pages 52 and 53 and Portfolio Management Risk is detailed in the CFO Report on page 15.

As at 31 December 2015, the Group and Company's market risk is affected by three main components: changes in actual market prices, interest rates and foreign currency movements. Interest rates and foreign currency movements are covered below.

The following details the Group and Company's sensitivity to a 5% increase and decrease in the market prices of financial instruments, with 5% being the sensitivity rate used when reporting price risk to the Board bi-annually and represents the Board's assessment of the possible change in market price.

If market prices of financial instruments held by the Group increased or decreased by 5% with all other variables held constant, this would have had the following effect during the year:

GROUP	Net assets attributable to holders of equity shares		Consolidated Statement of Comprehensive Income	
	5% increase	5% decrease	5% increase	5% decrease
	GBP	GBP	GBP	GBP
31 December 2015	277,377	(5,002,604)	277,377	(5,002,604)
31 December 2014	419,567	(4,103,250)	419,567	(4,103,250)

If market prices of financial instruments held by the Company increased or decreased by 5% with all other variables held constant, this would have had the following effect during the year:

COMPANY	Net assets attributable to holders of equity shares		Consolidated Statement of Comprehensive Income	
	5% increase	5% decrease	5% increase	5% decrease
	GBP	GBP	GBP	GBP
31 December 2015	4,539,290	(7,294,344)	4,539,290	(7,294,344)
31 December 2014	3,437,188	(4,763,046)	3,437,188	(4,763,046)

The above changes would be due to the changes in fair value of financial assets held at fair value through profit or loss.

Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Group has exposure to interest rate risk because it has borrowed to fund investments. The exposure arises on the difference between the rate of interest the Group and Company is required to pay on borrowed funds and the rate of interest which it receives on the debt securities in which it invests. Interest rate risk comprises two elements: spread risk and rate risk.

The Group and Company is exposed to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The Group's and Company's cash balances, debt instruments and loan notes are open to interest rate risk.

The Group and Company may, but are not required to, hedge against interest rate fluctuations by using standard hedging instruments such as futures, options and forward contracts. Neither the Group nor the Company entered into any such transactions during the current or prior years.

3. FINANCIAL RISK MANAGEMENT CONTINUED

Interest rate risk CONTINUED

The table below summarises the Group's exposure to interest rate risk:

GROUP **At 31 December 2015**	**Floating rate Financial Instruments GBP**	**Fixed rate Financial Instruments GBP**	**Non-interest Bearing Financial Instruments GBP**	**Total GBP**
Assets				
Financial assets at fair value through profit or loss	**–**	**52,959,997**	**5,547,538**	**58,507,535**
Trade and other receivables	**–**	**41,544,549**	**4,404,538**	**45,949,087**
Cash and cash equivalents	**17,415,157**	**–**	**–**	**17,415,157**
Total assets	**17,415,157**	**94,504,546**	**9,952,076**	**121,871,779**
Liabilities				
Loans payable	**14,087,972**	**21,440,000**	**–**	**35,527,972**
ZDP shares payable	**–**	**22,160,765**	**–**	**22,160,765**
Trade and other payables	**–**	**–**	**3,682,764**	**3,682,764**
Total liabilities	**14,087,972**	**43,600,765**	**3,682,764**	**61,371,501**
Total interest sensitivity gap	**3,327,185**	**50,903,781**	**6,269,312**	**60,500,278**

At 31 December 2014	Floating rate Financial Instruments GBP	Fixed rate Financial Instruments GBP	Non-interest Bearing Financial Instruments GBP	Total GBP
Assets				
Financial assets at fair value through profit or loss	795,743	76,602,919	3,849,873	81,248,535
Available for sale financial assets	–	–	816,469	816,469
Trade and other receivables	–	–	8,457,798	8,457,798
Cash and cash equivalents	13,734,130	–	–	13,734,130
Total assets	14,529,873	76,602,919	13,124,140	104,256,932
Liabilities				
Loans payable	5,790,631	20,330,000	–	26,120,631
ZDP shares payable	–	20,054,090	–	20,054,090
Trade and other payables	–	–	4,119,853	4,119,853
Total liabilities	5,790,631	40,384,090	4,119,853	50,294,574
Total interest sensitivity gap	8,739,242	36,218,829	9,004,287	53,962,358

The sensitivity analysis below has been determined based on the Group's exposure to interest rates for interest bearing assets and liabilities (included in the interest rate exposure table above) at the year end date and the stipulated change taking place at the beginning of the financial period and held constant through the reporting period in the case of instruments that have floating rates.

A 200 basis point increase or decrease is used when reporting interest spread risk internally on financial assets at fair value through profit or loss and represents management's assessment of the possible change in interest spreads, and 25 basis points is used when reporting interest rate risk for all interest bearing assets and liabilities.

3. FINANCIAL RISK MANAGEMENT CONTINUED

Interest rate risk CONTINUED

At 31 December 2015, should the interest spread have increased or decreased by 200 basis points, or had the interest rate have increased or decreased by 25 basis points, with all other variables remaining constant, this would have had the following effect:

GROUP	Net assets attributable to holders of equity shares		Consolidated Statement of Comprehensive Income	
	31 December 2015	31 December 2014	**31 December 2015**	31 December 2014
	GBP	GBP	**GBP**	GBP
200 basis point increase in interest spread	**–**	15,915	**–**	15,915
200 basis point decrease in interest spread	**–**	(15,915)	**–**	(15,915)
25 basis point increase in interest rates	**8,318**	21,848	**8,318**	21,848
25 basis point decrease in interest rates	**(8,318)**	(21,848)	**(8,318)**	(21,848)

The table below summarises the Company's exposure to interest rate risk:

COMPANY At 31 December 2015	Floating rate Financial Instruments GBP	Fixed rate Financial Instruments GBP	Non-interest Bearing Financial Instruments GBP	Total GBP
Assets				
Financial assets at fair value through profit or loss	**–**	**55,101,073**	**90,785,798**	**145,886,871**
Trade and other receivables	**–**	**1,556,396**	**1,776,167**	**3,332,563**
Cash and cash equivalents	**7,036,130**	**–**	**–**	**7,036,130**
Total assets	**7,036,130**	**56,657,469**	**92,561,965**	**156,255,564**
Liabilities				
Loans payable	**–**	**28,890,000**	**–**	**28,890,000**
ZDP shares payable	**–**	**22,160,765**	**–**	**22,160,765**
Trade and other payables	**–**	**–**	**7,089,098**	**7,089,098**
Total liabilities	**–**	**51,050,765**	**7,089,098**	**58,139,863**
Total interest sensitivity gap	**7,036,130**	**5,606,704**	**85,472,867**	**98,115,701**

At 31 December 2014	Floating rate Financial Instruments GBP	Fixed rate Financial Instruments GBP	Non-interest Bearing Financial Instruments GBP	Total GBP
Assets				
Financial assets at fair value through profit or loss	795,743	34,584,479	62,518,730	97,898,952
Trade and other receivables	–	6,187,058	24,022,675	30,209,733
Cash and cash equivalents	5,479,656	–	–	5,479,656
Total assets	6,275,399	40,771,537	86,541,405	133,588,341
Liabilities				
Loans payable	–	23,330,000	–	23,330,000
ZDP shares payable	–	20,054,090	–	20,054,090
Trade and other payables	–	–	2,149,068	2,149,068
Total liabilities	–	43,384,090	2,149,068	45,533,158
Total interest sensitivity gap	6,275,399	(2,612,553)	84,392,337	88,055,183

The sensitivity analysis below has been determined based on the Company's exposure to interest rates for interest bearing assets and liabilities (included in the interest rate exposure table above) at the year end date and the stipulated change taking place at the beginning of the financial period and held constant through the reporting period in the case of instruments that have floating rates.

3. FINANCIAL RISK MANAGEMENT CONTINUED

Interest rate risk CONTINUED

A 200 basis point increase or decrease is used when reporting interest spread risk internally on financial assets at fair value through profit or loss and represents management's assessment of the possible change in interest spreads, and 25 basis points is used when reporting interest rate risk for all interest bearing assets and liabilities.

As at 31 December 2015, should the interest spread have increased or decreased by 200 basis points, or had the interest rate have increased or decreased by 25 basis points, with all other variables remaining constant, this would have had the following effect:

COMPANY	**Net assets attributable to holders of equity shares**		**Consolidated Statement of Comprehensive Income**	
	31 December 2015	31 December 2014	**31 December 2015**	31 December 2014
	GBP	GBP	**GBP**	GBP
200 basis point increase in interest spread	–	15,915	–	15,915
200 basis point decrease in interest spread	–	(15,915)	–	(15,915)
25 basis point increase in interest rates	**17,590**	15,688	**17,590**	15,688
25 basis point decrease in interest rates	**(17,590)**	(15,688)	**(17,590)**	(15,688)

The Company's exposure to interest rate risk is limited to its financial assets at fair value through profit or loss and its cash and cash equivalents. These are all floating rate or non-interest bearing financial assets.

Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Group or Company may make investments in currencies other than Sterling. To the extent that it does, the Group and Company will be exposed to a potentially adverse currency risk. Changes in the rate of exchange may affect the value of the Group and Company's investments, and the level of income that it receives from those investments.

As at 31 December 2015, some of the Group's net financial assets and liabilities are denominated in US Dollars and therefore the Company is exposed to fluctuations in the GBP:US Dollar exchange rate. There is also exposure to Euro and Danish Krone, however, this is less significant.

The sensitivity analysis below has been determined based on the sensitivity of the Group's outstanding foreign currency denominated financial assets and liabilities to a 15% increase/decrease in Sterling against US Dollar, Euro and Danish Krone and translated at the year end date.

GROUP	**Net Assets & Statement of Comprehensive Income**			
	USD (in GBP)	**EUR (in GBP)**	**DKK (in GBP)**	**Total (in GBP)**
31 December 2015	1,135,273	615,581	–	1,750,854
31 December 2014	528,943	77,856	70,380	677,179

In accordance with the Group's policy, the Executive Team monitors the Group's currency position on a regular basis, and the Board of Directors reviews it on a quarterly basis.

As at 31 December 2015, some of the Company's net financial assets and liabilities are denominated in US Dollars and therefore the Company is exposed to fluctuations in the GBP:US Dollar exchange rate. There is also exposure to Euro and Danish Krone, however, this is less significant.

The sensitivity analysis below has been determined based on the sensitivity of the Company's outstanding foreign currency-denominated financial assets and liabilities to a 15% increase/decrease in Sterling against US Dollar, Euro and Danish Krone translated at the year end date.

COMPANY	**Net Assets & Statement of Comprehensive Income**			
	USD (in GBP)	**EUR (in GBP)**	**DKK (in GBP)**	**Total (in GBP)**
31 December 2015	1,893,746	907,528	–	2,801,274
31 December 2014	5,341,862	426,186	70,380	5,838,428

In accordance with the Company's policy, the Executive Team monitors the Company's currency position on a regular basis, and the Board of Directors reviews it on a quarterly basis.

3. FINANCIAL RISK MANAGEMENT CONTINUED

Credit risk

Credit risk arises when a failure by counterparties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the year end date. The Group invests primarily in senior debt, senior subordinated debt and junior subordinated debt. The maximum investment size, at the time of the investment, will generally be limited to 15% of the Group's Gross Assets. However, the Group may make larger investments and it may seek to syndicate or sell down a portion of any such investment, after it has been acquired.

The investment portfolio of the Group is subject to a number of diversification requirements including size, industry and ratings to ensure that it is sufficiently diversified.

The maximum credit risk associated with the investment portfolio is represented by the fair value of the investments as shown in Note 9 plus the Platform accounts classified within receivables. The loan portfolio and Platform accounts of the Group reflects a secured or unsecured interest in the general assets of the underlying borrowers.

As at the year end, there is no loan principal, which is included in the fair value of the Group's loan portfolio, which is in default or considered impaired (31 December 2014: GBPnil). In addition, there is no accrued interest which is considered uncollectable (31 December 2014: GBPnil).

The Group mitigates credit risk on its loan portfolio by only entering into agreements related to loan instruments in which the operating strength of the investee companies is considered sufficient to support the loan amounts outstanding. This determination of whether the loan instruments are sufficiently supported is made by the Executive Team at the time of the agreements, and the Executive Team continues to evaluate the loan instruments in the context of these agreements.

GBHL Group

The Group also mitigates risk relating to the BMS loan portfolio by having the ability to purchase equity, via warrants, in an investee company should it default on a loan.

GLIAF

GLIAF's credit risks principally arise through exposure to loans provided by GLIAF to/through Platforms. These loans are subject to the risk of borrower default. Where a loan has been made by GLIAF through a Platform, GLIAF will only receive payments on those loans if the corresponding borrower through that Platform makes payments on that loan. The Investment Manager ("GLIAM") has sought to reduce the credit risk by obtaining security on the majority of the loans and by investing across various Platforms, geographic areas and asset classes, thereby ensuring diversification and also seeking to mitigate concentration risks.

The cash pending investment or held on deposit under the terms of an Investment Instrument may be held without limit with a financial institution with a credit rating of "single A" (or equivalent) or higher to protect against counterparty failure.

GLIAF may implement hedging and derivative strategies designed to protect against credit risk. Such strategies may include (but are not limited to) credit default swaps and will only be entered into when they are available in a timely manner and on terms acceptable to GLIAF. The Company may also bear risks that could otherwise be hedged where it is considered appropriate. There can be no certainty as to the efficacy of any hedging transactions.

Sancus

The directors of Sancus have set up a credit committee who are responsible for evaluating all of Sancus loan proposals and making decisions on whether to accept or reject the proposals, and on the level of security to be taken to support the loan. The credit committee have the ultimate responsibility for managing the risks associated with lending of Sancus. The Sancus operations team notifies the credit committee of changes in circumstances of the Borrowers, including factors that might indicate issues with the Borrowers ability to repay the loan, and decide as a committee the appropriate action to take. All lending undertaken by Sancus is secured and therefore loan amounts may be recoverable against the security. The credit committee report to the Sancus directors on a quarterly basis.

In respect of the Group's trade and other receivables, the Group is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The maximum credit risk associated with the Group's trade and other receivables (including Platform accounts) is GBP45,949,057 (31 December 2014: GBP8,457,798). There is no collateral in place against these trade and other receivables. As at the year end there were no trade and other receivable amounts consider uncollectable or impaired.

The credit risk for liquid funds and other short-term financial assets is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

Liquidity risk

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. As the Group's investments will not generally be in publicly traded securities, they are likely to be subject to legal and other restrictions on resale or otherwise be less liquid than publicly traded securities. The illiquidity of the Group's investments may make it difficult for them to be sold quickly if the need arises (please refer to capital risk management on pages 46 and 47 for details on how the Executive Team manage this risk). The Group invests in the equity of a number of businesses that have a limited number of shareholders, often principally the management team of the business. Until an exit is obtained for all shareholders it is highly likely in the majority of instances that a sale of the Group holding would be difficult and the level at which it is possible may not reflect the fair value of the investment. As many of the businesses in which the Group invests are at an early stage in their development, the Group does not expect realisation of these investments in the near term.

3. FINANCIAL RISK MANAGEMENT CONTINUED

Liquidity risk CONTINUED

Similarly within the debt portfolio, the Group invests in debt securities with a term of up to seven years, and generally holds investments in debt securities until maturity of the debt and therefore the Group does not expect realisation of the portfolio to occur in the near term. The loans have been designated as fair value through profit or loss.

The following table analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the year end date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows, assuming interest rates in effect at the year end.

GROUP	CURRENT		NON-CURRENT		
	Within 6 months GBP	6 to 12 months GBP	1 to 5 years GBP	Over 5 years to maturity* GBP	No stated maturity GBP
At 31 December 2015					
Loans payable	**–**	**–**	**23,800,603**	**14,087,972**	**–**
ZDP shares payable	**–**	**–**	**26,139,200**	**–**	**–**
Trade and other payables*	**3,682,764**	**–**	**–**	**–**	**–**
Total financial liabilities	**3,682,764**	**–**	**49,939,803**	**14,087,972**	**–**
At 31 December 2014					
Loans payable	23,025,814	–	–	5,790,631	–
ZDP shares payable	–	–	26,139,200	–	–
Trade and other payables*	4,119,853	–	–	–	–
Total financial liabilities	27,145,667	–	26,139,200	5,790,631	–

* In accordance with IFRS 7 excludes deferred income.

Fair value estimation

When available, the Group measures the fair value of an instrument using quoted price in an active market for that instrument. A market is regarded as "active" if transactions of the asset or liability take place with sufficient frequency and volume to provide pricing information on an on-going basis. The Group measures financial instruments quoted in an active market at a bid price.

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

The Group recognises transfers between levels of the fair value hierarchy (see below) as at the end of the reporting period during which the change has occurred.

Unquoted equity security investments, at fair value through profit or loss, are appraised in accordance with the International Private Equity and Venture Capital valuation guidelines or any other valuation model and techniques which can provide a reasonable estimate of fair value of the investment involved. These valuations are consistent with the requirements of IFRS.

Factors considered in these valuation analyses include discounted cash flows, comparable company and comparable transaction analysis, and credit spread analysis based upon the independent valuation firms' view of the implied credit rating of the investment and the corresponding required spread in the marketplace. The Board considers all the information presented to it, including indicative bids, internal analysis, and independent valuations, in order to reach, in good faith, their fair value determination.

If in the case of any investment the Directors at any time consider that the above basis of valuation is inappropriate or that the value determined in accordance with the foregoing principles is unfair, they are entitled to substitute what in their opinion, is a fair value.

Where this is the case or where no value is provided by the independent valuers of the underlying investment, then the fair value is estimated with care and in good faith by the Directors in consultation with the Executive Team with a view to establishing the probable realisation value for such shares as at close of business on the relevant valuation day.

The fair values of the Group's short-term trade receivables and payables approximate their carrying amounts at the year end date.

3. FINANCIAL RISK MANAGEMENT CONTINUED

Fair value hierarchy

The fair value of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or broker price quotations. For all other financial instruments, the Group determines fair values using other valuation techniques.

For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

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 are quoted market prices (unadjusted) in active markets for identical instruments.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.
- Level 3 – Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments but for which significant unobservable adjustments or assumptions are required to reflect difference between the instruments.

The financial assets and liabilities measured at fair value in the Consolidated Statement of Financial Position are grouped into the fair value hierarchy as follows:

Group		**31 December 2015**	31 December 2014
At 31 December 2015		**Level 3 & Total**	Level 3 & Total
Assets	**Note**	**GBP**	GBP
Loans	a	**42,882,777**	53,107,364
Equity securities	b	**5,547,538**	7,574,872
Warrant security	c	**–**	–
Current asset loans	a	**10,077,220**	20,566,299
Total		**58,507,535**	81,248,535
Net Fair Value		**58,507,535**	81,248,535

Company		**31 December 2015**			31 December 2014
At 31 December 2015		**Level 1**	**Level 3**	**Level 3 & Total**	Level 3 & Total
Assets	**Note**	**GBP**	**GBP**	**GBP**	GBP
Loans	a	**–**	**54,546,470**	**54,546,470**	23,825,894
Equity securities	b	**–**	**2,743,983**	**2,743,983**	7,574,872
Warrant securities	c	**–**	**–**	**–**	–
Current asset loans		**–**	**554,603**	**554,603**	5,329,307
Subsidiaries held at fair value through profit or loss	b	**33,468,490**	**23,789,526**	**57,258,016**	35,647,052
Associates held at fair value through profit or loss	b	**–**	**30,783,799**	**30,783,799**	25,521,827
Net Fair Value		**33,468,490**	**112,418,381**	**145,886,871**	97,898,952

Measurement of fair value

The methods and valuation techniques used for the purposes of measuring fair value are unchanged compared to the previous reporting year.

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

3. FINANCIAL RISK MANAGEMENT CONTINUED

Measurement of fair value CONTINUED

(a) Loans – non current and current asset loans

The loans held by the Group are bilateral agreements and thus there are no external valuation metrics available. The fair value is established by considering the financial data provided by the underlying businesses to the Group. If the loan remains within its covenants, continues to meet all of its obligations and management expect this to continue to be the case, the loans are valued at par. If the borrowers fail to meet their obligations, or management are of the view that it is likely in the future that the borrower may not meet its obligations in the future, an allowance is made against the loan.

As at 31 December 2015, the loan agreements held by the Group were across various industry sectors within the United Kingdom 97.68% (31 December 2014: 97.28%), Europe 0.32% (31 December 2014: 0.66%) and the United States 2.00% (31 December 2014: 2.05%). The table below details each sector with greater than 10% coverage within the bilateral loan agreements portfolio:

	Coverage	
Sector	**31 December 2015**	31 December 2014
Financial services	**33.25%**	21.42%
Media	**24.88%**	4.41%
Business services	**11.55%**	2.21%
Property	**9.35%**	11.58%
Leisure	**7.93%**	8.61%
Software/IT	**5.71%**	3.54%
Healthcare	**3.47%**	4.11%
Technology	**2.26%**	0.47%
Private clients	**1.07%**	38.66%
Retail	**0.53%**	4.99%

(b) Equity securities

The Group has a number of equity investments, which fall into four categories:

1. Investment in a listed Fund
2. Investments in finance platforms
3. Investments in equity investments received from loan restructurings
4. Other equity investments

The equity securities, except for the listed Fund, have significant unobservable inputs, as they trade infrequently and are unlisted. There is a discrete valuation approach to each category of equity investments.

Investment in listed Fund (Subsidiary)

At Company Level, the investment in GLIAF, a listed Fund, is valued at quoted market bid price. At Group level the fair value is ascertained by reference to the underlying assets and liabilities of GLIAF, as GLIAF is consolidated into the Group consolidated financial statements.

Investments in finance platforms (including Subsidiaries and Associates)

At the year end, the Group held investments in nineteen finance platforms: BMS Finance, Raiseworks LLC, Finpoint Limited, FundingKnight Holdings Limited, Platform Black Limited, CrowdShed Limited, Proplend Limited, TradeRiver Finance Limited, TradeRiver USA Inc, Sancus Group Limited, European Receivables Exchange A/S, Finexkap, UK Bond Network Group Limited, Liftforward Inc, Ovamba Solutions Inc, Open Energy Group Inc, Funding Options Limited, MytripleA and The Credit Junction Holdings Inc.

At Company Level, the investments in the platforms were initially recognised at fair value, being the acquisition cost of each investment. Subsequently to that, the Board assesses fair value based on independent third-party valuations, the net asset values of the investee companies, the latest available financial information and consideration of any material alterations to the prospects of these investments during the time since the assets were acquired. Any changes in carrying fair value are reflected in the Company Statement of Comprehensive Income.

The Group uses the equity method to account for any investment in a platform which is classified as an investment in an Associate. As at 31 December 2015, FundingKnight Holdings Limited, Platform Black Limited, CrowdShed Limited Finexkap, Proplend Limited, TradeRiver Finance Limited, TradeRiver USA Inc, Liftforward Inc, Ovamba Solutions Inc, Open Energy Group Inc, Funding Options Limited and The Credit Junction Holdings Inc. are classified as Associates.

The remaining investments in platforms, being European Receivables Exchange A/S, MytripleA and UK Bond Network Group Limited, are valued at Group level on the same basis as at Company level described above.

3. FINANCIAL RISK MANAGEMENT CONTINUED

Measurement of fair value CONTINUED

(b) Equity securities CONTINUED

Investments in equity positions received from loan restructurings

As observable prices are not available for these equity securities, the Board uses an independent third-party valuer to provide a valuation analysis of the equities in its determining of the fair value. The valuation expert used the Income Approach – Discounted Cash Flow Method and the Market Approach – Guideline Comparable Method and Comparable Transaction Method to estimate the indicated Total Enterprise Value of each company. The Total Enterprise Value is used to ascertain the fair value of the equity securities. Assumptions used by the expert include discount rates, growth rates, EBITDA margins and tax rates. These assumptions are made by the independent valuation firm and the Group has no input to the process.

Other equity investments

At the prior year end, the Group had one other equity investment and that was the holding of IFDC, denominated in Euro. GLIF was the only external investor in this company and thus the Board did not believe that a fair value using comparable more broadly held companies would be appropriate. Instead the Board valued the investment in IFDC with reference to the net asset value of the business, as the Board believed that this was the basis against which any realisation of the Group's position will be valued in the future.

(c) Warrant security

There are two warrants security held within the Group. By nature of the warrant security being issued by a company that is relatively small and relatively early stage and unlisted, it has unobservable inputs and thus there is a high degree of uncertainty as to the equity value of the business and thus whether any value will ever attach to the warrant. For these reasons the warrant held by the Group is valued at zero, unless and until cash has been received by the Group in exchange for the warrant.

Level 3 fair value measurements

The Group's financial assets and liabilities classified in Level 3 use valuation techniques based on significant inputs that are not based on observable market data. The financial assets within this level can be reconciled from beginning to ending balances as follows:

31 December 2015	**Loans* - Other GBP**	**Equity GBP**	**Warrants GBP**	**Total GBP**
Opening fair value	**73,673,663**	**7,574,872**	**–**	**81,248,535**
Purchases/loans advanced	**58,757,261**	**3,443,671**	**–**	**62,200,932**
Classification transfer out	**(15,507,345)**	**(808,188)**	**–**	**(16,315,533)**
Sales	**(26,370,878)**	**(5,124,162)**	**(345,485)**	**(31,840,525)**
Capital repayments	**(30,941,469)**	**–**	**–**	**(30,941,469)**
Gains and (losses) recognised in profit and loss:				
- realised	**(1,120,942)**	**1,099,161**	**345,485**	**323,704**
- unrealised	**(5,530,293)**	**(637,816)**	**–**	**(6,168,109)**
Closing fair value	**52,959,997**	**5,457,538**	**–**	**58,507,535**

31 December 2014	Loans - Broadly Syndicated GBP	Loans* - Other GBP	Equity GBP	CLO Equity GBP	Warrants GBP	Total GBP
Opening fair value	162,460,743	20,187,404	5,733,763	10,352,640	–	198,734,550
Purchases/loans advanced	–	48,278,999	3,303,386	–	–	51,582,385
Classification transfer in/(out)	(795,743)	795,743	–	–	–	–
Sales	(4,721,642)	(353,139)	(1,034,207)	(9,703,304)	(306,916)	(16,119,208)
In-specie transfer in on acquisition of Sancus	–	16,437,775	–	–	–	16,437,775
Capital repayments	(44,499,597)	(11,571,190)	–	–	–	(56,070,787)
In-specie transfer out on sale of T2 CLO	(115,224,866)	–	(129,979)	–	–	(115,354,845)
Gains and (losses) recognised in profit and loss:						
- realised	(4,609,707)	(120,708)	(1,076,005)	(923,452)	306,916	(6,422,956)
- unrealised	5,889,298	18,779	777,914	274,116	–	6,960,107
- net gain on transfer out of assets on sale of T2 CLO	1,501,514	–	–	–	–	1,501,514
Closing fair value	–	73,673,663	7,574,872	–	–	81,248,535

*As at 31 December 2015, GBP10,077,220 (31 December 2014: GBP20,566,299) of the total loans balance of the Group is due within 12 months and has been classified as current assets on the Consolidated Statement of Financial Position.

Changing inputs to the Level 3 valuations to reasonably possible alternative assumptions would not change significantly amounts recognised in profit or loss, total assets or total liabilities or total equity.

3. FINANCIAL RISK MANAGEMENT CONTINUED

Level 3 fair value measurements CONTINUED

As at 31 December 2015, the Group had no financial liabilities being carried at fair value. In prior years, the Group's financial liabilities, at fair value, classified in Level 3 used valuation techniques based on significant inputs that are not based on observable market data. The financial liabilities within this level can be reconciled balances as follows:

CLO Loan Notes	**31 December 2015 GBP**	31 December 2014 GBP
Opening fair value	**–**	(137,767,085)
Transferred out on disposal of T2 CLO	**–**	113,975,940
Repurchases	**–**	26,841,752
Gains/(losses) recognised in profit and loss (see note 9):		
- realised on transferred out on disposal of T2 CLO	**–**	4,882,527
- unrealised	**–**	(7,933,134)
Closing fair value	**–**	–

Changing inputs to the Level 3 valuations to reasonably possible alternative assumptions would not change significantly amounts recognised in profit or loss, total assets or total liabilities or total equity.

There have been no transfers into or out of Level 3 in the reporting periods under review.

4. OTHER INCOME

The table below details other income during the year:

GROUP **Other income:**	**31 December 2015 GBP**	31 December 2014 GBP
Other income on sale of business combination	**143,558**	67,290
Assignment arrangement fees	**2,082,640**	965,688
Bank interest	**24,985**	15,553
Net IP license fees/gains	**392,884**	2,273,018
Earn out (exit) fees	**286,250**	381,677
Sundry income	**783,219**	200,167
	3,713,536	3,903,393

COMPANY	**31 December 2015**	31 December 2014
Other income:	**GBP**	GBP
Other income on sale of business combination	**–**	67,290
Arrangement fees	**–**	8,000
Bank interest	**19,109**	11,379
Sundry (losses)/income	**(359,300)**	27,755
	(340,191)	114,424

5. EXPENSES

Management fees

Total management fees written back during the year by the Company amounted to a credit of GBP378,235 (31 December 2014: expense of GBP2,640,740). The write back is as a result of over accrued management expenses as at 31 December 2014.

Administration and secretarial fees

PraxisIFM Trust Limited is entitled to an annualised fee for its services, as administrator of 0.1% of the Net Asset Value of the Company, calculated on the last business day of each quarter and payable quarterly in arrears. The fee is subject to a minimum of GBP55,000 per annum. With regard to company secretarial services, the Administrator is compensated on a time cost basis. Total Company administration and secretarial fees charged in accordance with this agreement for the year ended 31 December 2015 amounted to GBP389,198 (31 December 2014: GBP217,084). The total amount due and payable by the Company at the year end amounted to GBP90,497 (31 December 2014: GBP73,291).

5. EXPENSES CONTINUED

Legal and professional fees

The majority of legal and professional fees relate to due diligence or other professional services in connection with the acquisition and disposal of investments.

Other expenses

The table below details other charges during the year of the Group:

GROUP **Other expenses:**	**31 December 2015 GBP**	31 December 2014 GBP
Directors' expenses	**456**	6,140
Other staff costs	**2,706,779**	1,913,414
Other office and administration costs	**1,006,615**	791,549
Other investment management fees	**53,204**	232,473
NOMAD fees	**76,643**	75,581
Listing fees	**38,952**	15,897
Risk Advisory fees	**13,699**	–
Broker fees	**103,183**	115,000
Marketing/PR expenses	**1,170,042**	409,596
Registrar fees	**55,782**	38,313
Investments expenses	**237,068**	357,056
Amortisation	**1,060,463**	613,944
Sundry	**876,848**	1,200,620
	7,399,734	5,769,583

The table below details other charges during the year of the Company:

COMPANY **Other expenses:**	**31 December 2015 GBP**	31 December 2014 GBP
Directors' expenses	**456**	6,140
Other staff costs	**447,678**	51,926
Other office and administration costs	**186,952**	89,674
Other investment management expenses	**59,690**	224,004
NOMAD fees	**76,643**	75,581
Listing fees	**35,367**	15,897
Broker fees	**86,983**	115,000
Consultancy fees	**50,000**	–
CFO fees	**–**	10,417
Marketing/PR expenses	**899,204**	236,068
Registrar fees	**54,121**	38,313
Sundry	**166,289**	127,745
	2,063,383	990,765

Non-executive Directors' fees & Executive Team's remuneration

Please refer to the Remuneration Report on pages 26 to 28 for full details of the non-executive Directors' and Executive Team's remuneration.

6. (LOSS)/EARNINGS PER ORDINARY SHARE

Consolidated loss per Ordinary Share has been calculated by dividing the consolidated loss attributable to Ordinary Shareholders of GBP(11,270,098) (31 December 2014: GBP(13,626,441)) by the weighted average number of Ordinary Shares outstanding during the year of 205,475,679 (31 December 2014: 142,072,917). There was no dilutive effect for potential Ordinary Shares during the current or prior years, therefore fully diluted consolidated loss per Ordinary Share is calculated in the same way as the undiluted consolidated loss per Ordinary Share described above.

Company (loss)/earnings per Ordinary Share has been calculated by dividing the Company (loss)/profit attributable to Ordinary Shareholders of GBP(9,499,545) (31 December 2014: GBP6,683,901) by the weighted average number of Ordinary Shares outstanding during the year of 205,475,679 (31 December 2014: 142,072,917). There was no dilutive effect for potential Ordinary Shares during the current or prior years, therefore fully diluted Company earnings per Ordinary Share is calculated in the same way as the Company's undiluted earnings per Ordinary Share described above.

Basic & Diluted (loss)/earnings per Ordinary Share

GROUP & COMPANY

Date	No. of shares	No. of days	Weighted average no. of shares
01/01/2015	172,960,021	76	36,013,593
17/03/2015	207,460,021	3	1,705,151
20/03/2015	207,590,523	10	5,687,412
30/03/2015	213,777,917	60	35,141,575
29/05/2015	214,289,446	21	12,328,982
19/06/2015	214,431,843	88	51,698,636
15/09/2015	214,559,865	105	61,722,701
29/12/2015	214,917,364	2	1,177,629
31/12/2015	229,917,364	–	–
31/12/2015		365	205,475,679
01/01/2014	140,266,411	79	30,359,032
20/03/2014	140,718,491	92	35,468,770
20/06/2014	140,918,264	90	34,746,969
18/09/2014	141,023,864	85	32,841,174
12/12/2014	141,413,802	4	1,549,740
16/12/2014	172,829,732	2	947,012
18/12/2014	172,960,021	13	6,160,220
31/12/2014		365	142,072,917

There was no dilutive effect for potential Ordinary Shares during the current or prior years.

7. INTANGIBLE INTELLECTUAL PROPERTY

		Intellectual Property Rights	
31 December 2015	**Acquisition Cost**	**Amortisation and Impairment**	**Net Book value**
	GBP	**GBP**	**GBP**
Brought forward	**5,832,550**	**(301,952)**	**5,530,598**
Additions	**1,594**	**–**	**1,594**
Disposals	**(3,470,135)**	**–**	**(3,470,135)**
Charge for the year	**–**	**(1,060,463)**	**(1,060,463)**
Carried forward	**2,364,009**	**(1,362,415)**	**1,001,594**

		Intellectual Property Rights	
31 December 2014	Acquisition Cost	Amortisation and Impairment	Net Book value
	GBP	GBP	GBP
Brought forward	1,561,179	(94,782)	1,466,397
Additions	4,271,371	–	4,271,371
Charge for the year	–	(207,170)	(207,170)
Carried forward	5,832,550	(301,952)	5,530,598

7. INTANGIBLE INTELLECTUAL PROPERTY CONTINUED

During the year, the intangible intellectual property relating to BMS Equity Limited (formerly NVF Equity) was transferred out of the Group as part of the sale of NVF Patents Limited. The intangible intellectual property which was acquired as part of the Raiseworks purchase was considered impaired and written down to GBPnil.

During the prior year, the intangible intellectual property was acquired as part of the purchase of Raiseworks, Finpoint and the on-going operations of BMS Equity Limited.

Impairment tests for intangible assets

Intangible intellectual property with a carrying amount of GBP1,000,000, in the Board's opinion, has an indefinite useful economic life. As such no amortisation has been charged against this asset during the current or prior years.

The intangible intellectual property in question relates to acquired IT software which receives regular industry enhancements, therefore an indefinite useful economic life is deemed appropriate. The carrying amount is however assessed for impairment on an annual basis.

8. GOODWILL

31 December 2015	**Acquisition Cost GBP**
Brought forward	**14,500,007**
Impairment of Goodwill relating to Raiseworks acquisition	**(245,355)**
Carried forward	**14,254,652**

31 December 2014	Acquisition Cost GBP
Brought forward	–
Additions:	
Acquired on gaining control of Raiseworks	245,355
On acquisition of Sancus	14,254,652
Carried forward	14,500,007

Impairment tests for Goodwill assets

The carrying amount for goodwill is assessed for impairment on an annual basis.

As at 31 December 2015, goodwill relates to the acquisition of Sancus. For the purpose of annual impairment testing the Board has assessed the recoverable amount of the Sancus goodwill in relation to the fair value of Sancus' business at acquisition, as determined by third party experts.

The recoverable amount was determined based on fair value less cost of disposal. The fair value was based on the valuation analysis carried out by third party experts based on the 30 June 2015. The valuation experts applied the Discounted Cash Flow ("DCF") method using management's forecast over five years which applied a growth rate of 2.5% and used a discount rate of 11% which is reflective of Sancus' average cost of debt and the average lending rate to borrowers. The cost of disposal was estimated at 10% of the equity value computed using the DCF method.

The estimated recoverable amount is sensitive to the discount rate. A 10% increase / decrease in the discount rate will decrease / increase the fair value by GBP3.3m. However, as the recoverable amount exceeds goodwill by GBP4.3m, no impairment loss will have to be recognised.

Further, the Board have considered Sancus' past and expected future performance. In the Board's opinion, the carrying amount for goodwill is not deemed to be impaired.

9. FINANCIAL ASSETS AND LIABILITIES

GROUP	31 December 2015 GBP	31 December 2014 GBP
Debt securities of unlisted companies*	**52,959,997**	73,673,663
Unlisted equity securities	**5,547,538**	7,574,872
Available for sale unlisted equity securities**	**–**	816,469
Unlisted warrant securities	**–**	–
Unlisted investments in Associate at equity method accounting	**19,325,379**	29,648,508
	77,832,914	111,713,512
Realised gain recognised on financial assets and liabilities at fair value through profit or loss:		
Realised gain on investments at fair value through profit or loss	**332,389**	22,668,199
Realised gains on financial liabilities investments at fair value through profit or loss	**–**	4,882,527
	332,389	27,550,726
Unrealised loss recognised on financial assets and liabilities at fair value through profit or loss:		
Unrealised loss on financial assets investments at fair value through profit or loss	**(6,193,449)**	(20,604,190)
Unrealised loss on financial liabilities investments at fair value through profit or loss	**–**	(7,933,134)
	(6,193,449)	(28,537,324)
Net losses on associates:		
Unrealised gain/(loss) adjustment – due to loss of significant influence	**1,162,221**	(1,162,221)
Realised gain adjustment – due to loss of significant influence	**573,812**	–
Share in net losses on associates	**(3,094,632)**	(620,670)
	(1,358,599)	(1,782,891)

*As at 31 December 2015, GBP10,077,220 (31 December 2014: GBP20,566,299) of the total loans balance of the Group is due within 12 months and has been classified as current assets on the Consolidated Statement of Financial Position.

**The Group acquired an investment in a private company whose shares were not actively traded on a recognised exchange or any other active market and fair value could not be reliably measured. As such this investment had been designated as available for sale with the carrying value being equal to the acquisition cost of the investment plus directly attributable financial cost relating to its acquisition. The Directors had no reason to believe the investments carrying amounts should have been impaired as at the prior year end. This investment was sold during the current year.

GROUP	31 December 2015 GBP	31 December 2014 GBP
Opening cost of investments	**80,617,698**	177,480,148
Purchases	**62,200,927**	51,582,385
Transfer in on acquisition of Sancus	**–**	16,437,775
Transfers out on sale of T2 CLO	**–**	(115,360,813)
Sales	**(6,269,457)**	(16,119,208)
Transfer out - classification change to Associate and receivables**	**(16,315,533)**	–
Realised gain/(loss) on sale of investments	**332,389**	(6,422,956)
Gain on transfer out of assets on sale of T2 CLO	**–**	29,091,154
Capital repayments/redemption of loans	**(57,312,346)**	(56,070,787)
Closing cost of investments	**63,253,678**	80,617,698
Closing unrealised gain	**(4,746,143)**	1,447,306
Closing fair value of investments	**58,507,535**	82,065,004

9. FINANCIAL ASSETS AND LIABILITIES CONTINUED

Associates: **GROUP**	**31 December 2015** **GBP**	31 December 2014 GBP
Opening cost of Associates at equity method accounting	**31,550,115**	5,119,877
Purchases	**12,586,534**	27,352,520
Transfer out on business combination-classification change to Subsidiary*	**–**	(922,282)
Transfer in - classification change from equity investment**	**808,188**	–
Sale	**(22,359,252)**	–
Realised gain	**573,812**	–
Closing cost of Associates at equity method accounting	**23,159,397**	31,550,115
Unrealised loss adjustment – due to loss of significant influence	**–**	(1,162,221)
Cumulative share in losses of associates	**(3,834,018)**	(739,386)
Closing value of Associates at equity method accounting	**19,325,379**	29,648,508

*During the prior year, the Company gained control of one of its Associates resulting in a transfer in classification to a Subsidiary within the Group.
** GBP15,507,345 related to loans which changed classification to "balances held by Platforms on behalf of the Company" (see note 11). GBP808,188 relates to an investment's book cost brought forward that was reclassified from investment to an Associate during the period when the Company gained significant influence over this underlying investment.

COMPANY	**31 December 2015** **GBP**	31 December 2014 GBP
Debt securities of unlisted companies*	**55,101,073**	29,155,201
Unlisted equity securities	**2,743,983**	7,574,872
Unlisted warrant securities	**–**	–
Other financial assets held at fair value through profit or loss	**57,845,056**	36,730,073
Subsidiaries held at fair value through profit or loss	**57,258,016**	25,521,827
Associates held at fair value through profit or loss	**30,783,799**	35,647,052
	145,886,871	97,898,952
Realised loss on other financial assets at fair value through profit or loss	**(78,571)**	(7,859,267)
Realised loss on Subsidiaries at fair value through profit or loss	**–**	(2,022,268)
Realised gain on Associate at fair value through profit or loss	**721,079**	–
	642,508	(9,881,535)

*As at 31 December 2015 GBP554,603, (31 December 2014: GBP5,329,307) of the total loans balance of the Company is due within 12 months and has been classified as current assets on the Company Statement of Financial Position.

COMPANY	**31 December 2015** **GBP**	31 December 2014 GBP
Unrealised (loss)/gain on other financial assets at fair value through profit or loss	**(7,138,144)**	8,119,814
Unrealised (loss)/gain on Subsidiaries at fair value through profit or loss	**(1,935,353)**	2,968,653
Unrealised gain on Associates at fair value through profit or loss	**2,318,624**	5,322,098
	(6,754,873)	16,410,565

9. FINANCIAL ASSETS AND LIABILITIES CONTINUED

Other financial assets held at fair value through profit or loss: **COMPANY**	**31 December 2015 GBP**	31 December 2014 GBP
Opening cost of other financial assets at fair value through profit or loss	**35,195,310**	35,361,787
Transfer out – classification change *(1)*	**(1,808,188)**	–
Purchases	**31,083,031**	19,424,921
Sales	**(4,974,162)**	(10,737,511)
Realised gain on sales	**(78,571)**	(7,859,267)
Capital repayments	**(9,113,406)**	(994,620)
Conversion of preference shares	**20,000,000**	–
Conversion of receivable	**2,816,625**	–
Transfer out – GLIAF seed portfolio *(2)*	**(9,672,202)**	–
Cost of investments	**63,448,437**	35,195,310
Unrealised (loss)/gain	**(5,603,381)**	1,534,763
Closing fair value of other financial assets at fair value through profit or loss	**57,845,056**	36,730,073

(1) GBP1,000,000 related to a loan which changed classification to "balances held by Platforms on behalf of the Company" (see note 11). GBP808,188 relates to an investment which during the year the Company gained significant influence over, resulting in a transfer in classification between Investments and Associates within the Company.
(2) During the year, the Company acquired a Subsidiary of the Company via a non-cash in-specie transfer of assets in exchange for equity ownership in the Subsidiary. This resulted in GBP9,672,202 of other financial assets held at fair value through profit or loss being novated from the Company to the Subsidiary.

Subsidiaries: **COMPANY**	**31 December 2015 GBP**	31 December 2014 GBP
Opening cost of investment in Subsidiaries	**18,862,260**	30,594,895
Purchases	**203,052**	17,273,311
Sales	**–**	(27,905,960)
Transfer in on business combination acquisition of a Subsidiary *(3)*	**33,468,490**	–
Transfer in on business combination classification change to Subsidiary *(4)*	**–**	922,282
Realised loss on sales	**–**	(2,022,268)
Closing cost of investment in Subsidiaries	**52,533,802**	18,862,260
Unrealised gain	**4,724,214**	6,659,567
Closing fair value of investment in Subsidiaries at fair value through profit or loss	**57,258,016**	25,521,827

(3) During the year, the Company acquired a Subsidiary of the Company via a non-cash in-specie transfer of assets in exchange for equity ownership in the Subsidiary amounting to GBP33,468,490.
(4) During the prior year, the Company gained control of one of its Associates resulting in a transfer in classification to a Subsidiary of the Company.

Associates: **COMPANY**	**31 December 2015 GBP**	31 December 2014 GBP
Opening cost of investment in Associates	**30,341,276**	4,422,269
Purchases	**12,270,094**	26,841,289
Transfer in – classification change from equity investment *(5)*	**808,188**	–
Sale	**(20,981,238)**	–
Transfer out on business combination classification change to Subsidiary (see *(4)* above)	**–**	(922,282)
Realised gain on sale	**721,079**	–
Closing cost of investment in Associates	**23,159,399**	30,341,276
Unrealised gain	**7,624,400**	5,305,776
Closing fair value of investment in Associates at fair value through profit or loss	**30,783,799**	35,647,052

(5) During the year, the Company gained significant influence over one of its minority stake equity investments resulting in a transfer between Investments and Associates within the Group.

10. SUBSIDIARIES HELD AT FAIR VALUE THROUGH PROFIT OR LOSS

The following business combinations were acquired / control was gained during the year:

Subsidiary	Acquisition/ Control Established Date	Consideration Transferred GBP	Fair Value of Net Assets on recognition of business combination GBP	Non-Controlling Interest at recognition of business combination GBP	Post Acquisition Revenue Recognised During the Current Year GBP	Post Acquisition (Losses)/Profit Recognised During the Current Year GBP
GLI Asset Management Limited ("GLIAM") *(1)*	22 May 2015	200,000	200,000	–	105,436	(77,179)
GLI Alternative Finance Guernsey Limited *(1)*	20 April 2015	Nil	Nil	–	–	–
GLI Alternative Finance plc ("GLIAF") *(2)*	13 July 2015	40,270,763	51,720,270	(12,169,780)	1,226,127	1,463,381

(1) Acquisition made upon subsidiaries incorporation, net assets acquired was due to capitalisation only.
(2) Acquisition made upon subsidiaries incorporation, net assets acquired was due to majority stake of capitalisation only.

GLIAM

GLIAM is licensed by the Guernsey Financial Services Commission to manage collective investment schemes and general securities and derivatives. This licence permits promotion, subscription, registration, dealing, management, administration, advising and custody of the abovementioned instruments. As at the year end, GLIAM acts as Manager to GLIAF.

GLIAF

On 22 September 2015, the Company announced that it has successfully launched GLI Alternative Finance plc ("GLIAF"), a Subsidiary of the Group. GLIAF raised aggregate gross proceeds of GBP52.7m pursuant to the issue, as described in the prospectus published by GLIAF on 1 September 2015, under which a portfolio of loans has been transferred by GLI to GLIAF (via GLI Alternative Finance Guernsey Limited) in consideration for the issue to GLIF of 40,270,763 shares in GLIAF. GLIAF is a closed end fund focusing on a loan portfolio diversified by geography, asset class, duration and security. GLIAF intends to achieve its investment objective by investing in a range of loans originated principally through the investee platforms in which the Company holds strategic equity investments. GLIAF may also make investments through other third party alternative lending platforms that present suitable investment opportunities.

Assets transferred from GLI to GLIAF:

	GBP
Loan Portfolio	38,782,017
Cash and cash equivalents	906,439
Loan interest receivables	582,307
	40,270,763

Subsequent to the transfer of assets between GLI and GLIAF on 22 September 2015, a GBP4,870,000 loan and GBP439,757 associated loan interest receivable were considered impaired. On 23 December 2015, the Company agreed to buy back this loan and associated loan interest receivable from GLIAF. This in included in the Company's payables as at the year end (see note 13).

11. TRADE AND OTHER RECEIVABLES

GROUP – Non-current	31 December 2015 GBP	31 December 2014 GBP
Balances held by Platforms on behalf of the Group*	**29,113,674**	–
Loan interest receivable	**58,960**	27,104
	29,172,634	27,104

GROUP – Current	31 December 2015 GBP	31 December 2014 GBP
Balances held by Platforms on behalf of the Group*	**12,430,875**	6,187,058
Unsettled investment sales	**800,000**	–
Loan assignment receivable	**1,270,687**	–
Accrued bank interest	**532**	2,603
Loan interest receivable	**663,042**	707,528
Dividend income receivable	**73,693**	–
Preference share dividends receivable	**1,053,553**	252,497
Other trade receivables and prepaid expenses	**799,255**	1,730,529
	17,091,637	8,880,215

COMPANY – Current	31 December 2015 GBP	31 December 2014 GBP
Balances held by Platforms on behalf of the Company*	**1,556,396**	6,187,058
Accrued bank interest	**532**	2,603
Dividend income receivable	**200,806**	–
Platform loan gain receivable	**-**	2,431
Loan interest receivable	**617,193**	891,559
Preference shares awaiting conversion – Sancus	**-**	20,000,000
Other receivables re Sancus acquisition	**-**	2,816,265
Preference share dividends receivable	**754,001**	309,817
Other receivables	**203,635**	–
Prepaid expenses	**111,724**	160,503
	3,444,287	30,370,236

*Other loans held through platforms.

12. CASH AND CASH EQUIVALENTS

GROUP	31 December 2015 GBP	31 December 2014 GBP
Call account	**15,515,942**	13,734,130
Cash held by Platforms on behalf of the Company	**1,899,215**	–
	17,415,157	13,734,130

COMPANY	31 December 2015 GBP	31 December 2014 GBP
Call account	**7,036,130**	5,479,656

For the purposes of the Consolidated and Company Cash Flow Statements, the above items represent the year end cash and cash equivalents balances.

13. TRADE AND OTHER PAYABLES

GROUP **Current liabilities**	**31 December 2015** **GBP**	31 December 2014 GBP
Loan payable (1)	**–**	20,330,000
Management fees	**–**	1,545,109
Administrator's fees	**156,207**	76,882
Custodian's fees	**6,849**	7,500
Risk advisory fees	**12,603**	–
Audit fees	**126,750**	90,750
Valuation fees	**84,000**	54,100
Legal and professional fees	**973,647**	135,354
Executive Team's remuneration payable (see note 5)	**375,000**	45,906
Finance costs	**996,948**	119,929
Other staff costs	**439,093**	486,011
Deferred income*	**63,997**	3,289,645
Other payables	**511,667**	1,558,312
	3,746,761	7,409,498

GROUP **Non-current liabilities**	**31 December 2015** **GBP**	31 December 2014 GBP
Loan payable (1) & (2)	**35,527,972**	5,790,631
ZDP shares payable (see note 15)	**22,160,765**	20,054,090
Deferred income*	**–**	26,357,439
	36,248,737	52,202,160

*As at 31 December 2014, the deferred income represented the non-refundable advance royalty payment received from the licensees. This was being amortised on a straight-line basis over 10 years. All patents licensees were disposed by the Group during the current year.

Total finance costs for the year were GBP4,408,009 (31 December 2014: GBP1,307,999). These finance costs are for interest due to the loan holders, loan facility fees and uplift in ZDP shares. The fair value of loans outstanding at 31 December 2015 was GBP35,527,972 (31 December 2014: GBP26,120,631) (see note 3).

13. TRADE AND OTHER PAYABLES CONTINUED

COMPANY **Current liabilities**	**31 December 2015 GBP**	31 December 2014 GBP
Loan payable (1)	**–**	23,330,000
Due to Subsidiary	**125,734**	118,675
Management fees	**–**	1,545,109
Administrator's fees	**90,497**	73,291
Custodian's fees	**–**	7,500
Directors and officers insurance	**–**	25,150
Valuation fees	**84,000**	54,100
Listing fees	**–**	5,927
Legal and professional fees	**920,995**	120,854
Audit fees	**30,250**	19,250
Brokers fees	**–**	100,000
Executive Team's remuneration payable (see note 5)	**225,000**	45,906
Staff costs payable	**109,695**	–
Unsettled security investment purchases payable	**5,452,695**	–
Other payables	**50,232**	33,306
	7,089,098	2,149,068
Non-current liabilities		
Loan payable (1)	**28,890,000**	–
ZDP shares payable (see note 15)	**22,160,765**	20,054,090
	51,050,765	20,054,090
	58,139,863	45,533,158

(1) Sancus Loan Facility with the Company
During the year ended and as at 31 December 2015, the Company had a loan facility to borrow up to GBP30m ("the Loan Facility") through Sancus Limited ("Sancus"), a subsidiary of the Company as at the year end. Interest on the Loan Facility, which is secured over the Company's assets, is charged at 11% per annum.

As at 31 December 2015, the total loan payable under the Loan Facility was GBP28,890,000 (31 December 2014: GBP23,330,000). GBP7,450,000 (31 December 2014: GBP3,000,000) of this balance was funded directly by Sancus, a subsidiary of the Company, and this element is eliminated on consolidation in the Group's Consolidated Statement of Financial Position. During the year ended 31 December 2015, the interest expensed in the Group financial statements was GBP1,824,949 (31 December 2014: GBP585,483) and the interest expensed in the Company financial statements was GBP2,241,258 (31 December 2014: GBP599,949). The outstanding accrued interest payable on the loan at year end is GBP125,734 (31 December 2014: GBP118,675) in the Company's financial statements and GBP125,734 (31 December 2014: GBP104,209) in the Group's consolidated financial statements.

Previously this Loan Facility fell due for repayment on 16 March 2016, with no automatic right to extend. However, on 13 August 2015, this Loan Facility was amended with the final repayment dated being extended to 15 March 2017. All other terms and conditions of the Loan Facility remain unchanged.

Please refer to note 23 for changes agreed to this facility after the year end date.

(2) Loan Facility with BMS Finance (UK) Sarl (the "Subsidiary")
During the year, BMS Finance (UK) Sarl issued Asset-Linked Notes, each having a par value of GBP1, to a provider of matched funding. The Notes have a term of ten (10) years from the initial closing date of 7 August 2014, subject to two (2) consecutive extensions of one (1) year each. Amounts payable relating to Asset-Linked Notes are subordinated to all other commercial debts of BMS Finance (UK) Sarl. As at 31 December 2015, GBP14,087,972 (31 December 2014: GBP5,790,631) has been subscribed to parties outside the Group. In addition, as at 31 December 2015, GBP14,181,895 (31 December 2014: GBP5,790,631) has been subscribed by Group entities and this element is eliminated on consolidation in the Group's Consolidated Statement of Financial Position.

The interest accrued on the Asset-Linked Notes has a fixed interest amount equal to 1% per annum of the Asset-Linked Notes par value, plus, a variable interest amount equal to the adjusted net profits of BMS Finance (UK) Sarl, less a margin of 11.94% per annum of the operating costs borne by BMS Finance (UK) Sarl in relation to the specified assets. It is understood that the variable interest amount cannot be less than zero.

During the year ended 31 December 2015, GBP855,495 (31 December 2014: GBP15,720) interest had been expensed in relation to the Asset-Linked Notes, with GBP871,215 (31 December 2014: GBP15,720) remaining outstanding as at the year end.

14. SHARE CAPITAL, SHARE PREMIUM & DISTRIBUTABLE RESERVE

The Company has the power to issue an unlimited number of Ordinary Shares of no par value.

During the current and prior year the Company issued the following additional Ordinary Shares:

On 31 December 2015, a total of 15,000,000 new Ordinary Shares in the Company (the "Placing Shares") were placed at a price of 37 pence per Placing Share (the "Placing Price") (in aggregate approximately GBP5.55m).

On 29 December 2015, 357,499 new Ordinary Shares were issued relating to shareholders who elected to take shares in lieu of cash from the Company's 2015 third quarter dividend (in aggregate approximately GBP180k).

On 18 September 2015, 128,022 new Ordinary Shares were issued relating to shareholders who elected to take shares in lieu of cash from the Company's 2015 second quarter dividend (in aggregate approximately GBP74k).

On 19 June 2015, 142,397 new Ordinary Shares were issued relating to shareholders who elected to take shares in lieu of cash from the Company's 2015 first quarter dividend (in aggregate approximately GBP80k).

On 4 June 2015, the Company issued 511,529 new Ordinary Shares to Louise Beaumont in payment for the Company's increased stake in Platform Black Limited (in aggregate approximately GBP180k).

On 2 April 2015, the Company issued 6,187,394 new Ordinary Shares in part payment for the Company's increased stake in TradeRiver Finance Limited (in aggregate approximately GBP3.77m).

On 20 March 2015, 130,502 new Ordinary Shares were issued relating to shareholders who elected to take shares in lieu of cash from the Company's 2014 fourth quarter dividend (in aggregate approximately GBP81k).

On 17 March 2015, a total of 34,500,000 new Ordinary Shares in the Company (the "Placing Shares") were placed at a price of 58 pence per Placing Share (the "Placing Price") (in aggregate approximately GBP20.0m before placing costs).

On 18 December 2014, 130,289 new Ordinary Shares were issued for an aggregate value of GBP74,200 relating to shareholders who elected to take shares in lieu of cash from the Company's 2014 second interim dividend.

On 16 December 2014, 31,415,930 new Ordinary Shares of no par value were issued for an aggregate value of GBP17,750,000 to Sancus Holdings Limited as part consideration for the entire issued share capital of Sancus Limited and Sancus (Guernsey) Limited.

On 12 December 2014, 389,938 new Ordinary Shares were issued for an aggregate value of GBP227,537 to certain of the Company's Directors in accordance with the Company's Executive Bonus Scheme.

On 18 September 2014, 105,600 new Ordinary Shares were issued for an aggregate value of GBP57,288 relating to shareholders who elected to take shares in lieu of cash from the Company's 2014 second interim dividend.

On 20 June 2014, 199,773 new Ordinary Shares were issued for an aggregate value of GBP117,826 relating to shareholders who elected to take shares in lieu of cash from the Company's 2014 first interim dividend.

On 20 March 2014, 452,080 new Ordinary Shares were issued for an aggregate value of GBP228,888 relating to shareholders who elected to take shares in lieu of cash from the Company's 2013 final dividend.

Share Capital **Ordinary Shares – nil par value**	**31 December 2015** **Shares in issue**	31 December 2014 Shares in issue
Balance at start of the year	**172,960,021**	140,266,411
Issued during the year	**56,957,343**	32,693,610
Balance at end of the year	**229,917,364**	172,960,021

Share Premium	**31 December 2015** **GBP**	31 December 2014 GBP
Balance at start of the year	**58,106,797**	39,651,059
Issued during the year*	**29,298,113**	18,455,738
Balance at end of the year	**87,404,910**	58,106,797

*During the year, a total of 758,420 (31 December 2014: 1,172,080) new Ordinary Shares were issued for an aggregate value of GBP414,034 (31 December 2014: GBP478,202) relating to shareholders who elected to take shares in lieu of cash from the Company's dividends paid during 2015.

14. SHARE CAPITAL, SHARE PREMIUM & DISTRIBUTABLE RESERVE CONTINUED

Distributable Reserve

On 15 June 2007, Court approval was received to reduce the issued share premium of the Company by an amount of GBP0.95 per Ordinary Share. The reduction was credited as a Distributable Reserve.

As at 31 December 2015 and 31 December 2014, the Distributable Reserve stood at GBP34,802,740.

15. ZDP SHARES PAYABLE

At the Extraordinary General Meeting on 12 December 2014, a special resolution to approve the adoption of the New Articles in connection with the creation of a new class of redeemable zero dividend preference shares in the Company (the "ZDP Shares") and attached rights was duly passed by shareholders.

On 27 March 2015, the Company issued 791,418 ZDPs in part payment for the Company's increased stake in TradeRiver Finance Limited.

On 16 December 2014, the Company issued 20,000,000 ZDP Shares of GBP1 each to Sancus Holdings Limited as part consideration for the entire issued share capital of Sancus Limited and Sancus (Guernsey) Limited. The ZDP Shares have a maturity date of 5 December 2019 with a final capital entitlement of GBP1.30696 per ZDP Share.

Please refer to the Company's Memorandum and Articles of Association for full detail of the rights attached to the ZDP Shares. This document can be accessed via the Company's website - www.glifinance.com.

16. NET ASSET VALUE PER ORDINARY SHARE

GROUP

The Group net asset value per Ordinary Share is calculated by dividing the total consolidated net assets attributable to Ordinary Shareholders at the year end of GBP81,623,864 (31 December 2014: GBP73,427,356) by the Ordinary Shares in issue at the end of the year being 229,917,364 (31 December 2014: 172,960,021).

COMPANY

The Company net asset value per Ordinary Share is calculated by dividing the total Company net assets attributable to Ordinary Shareholders at the year end of GBP98,240,244 (31 December 2014: GBP88,215,686) by the Ordinary Shares in issue at the end of the year being 229,917,364 (31 December 2014: 172,960,021).

17. CASH GENERATED FROM OPERATIONS

Group:	**31 December 2015 GBP**	31 December 2014 GBP
Loss for the year	**(10,024,918)**	(14,542,356)
Adjustments for:		
Net losses on financial assets and liabilities at fair value through profit or loss	**4,125,027**	9,477,684
Net losses on Associates	**3,094,632**	620,670
Non-cash interest income	**(556,037)**	–
Non-cash recognised losses/expenses	**3,470,133**	227,537
Amortisation/depreciation of fixed assets	**1,323,389**	207,170
Other non-cash	**(974,975)**	–
Reclassification of foreign exchange reserve on sale of business combination	**–**	1,892,799
Changes in working capital:		
Trade and other receivables	**(21,414,062)**	(5,609,210)
Trade and other payables	**(1,542,622)**	21,924,525
Cash inflow from operations	**(22,499,433)**	14,198,819

17. CASH GENERATED FROM OPERATIONS CONTINUED

Company:	31 December 2015 GBP	31 December 2014 GBP
(Loss)/profit for the year	**(9,499,545)**	6,683,901
Adjustments for:		
Net losses/(gains) on financial assets and liabilities at fair value through profit or loss	**6,112,365**	(6,529,030)
Non-cash Executive Team Bonus	**–**	227,537
Non-cash interest income	**(1,435,968)**	(507,039)
Non-cash inter-company write back	**–**	(67,589)
Changes in working capital:		
Trade and other receivables	**(18,768,245)**	(5,886,997)
Trade and other payables	**1,594,010**	1,934,677
Cash outflow from operations	**(21,997,383)**	(4,144,540)

18. CONSOLIDATED SUBSIDIARY UNDERTAKINGS

The Directors consider the following entities as wholly and partly owned subsidiaries of the Company and their results and financial positions are included within the consolidated results of the Group..

Subsidiary entity	Date of incorporation	Country of incorporation	Nature of holding	Percentage holding
Sancus Group Limited (formerly Secured Loan Investments Limited ("SGL"))	27 December 2013	Guernsey	Directly held - Equity Shares	100%
GLIF BMS Holdings Limited ("GBHL")(1)	5 November 2012	United Kingdom	Directly held - Equity Shares	62.5%
BMS Finance AB Limited ("BMS Finance AB")	24 November 2006	United Kingdom	Indirectly held - Equity Shares	100%*
NVF I Limited	10 September 2002	United Kingdom	Indirectly held - Equity Shares	100%*
NVF I LP	12 January 2003	Jersey	Indirectly held - Equity Shares	100%*
BMS Equity Limited (formerly NVF Equity Limited)	30 May 2007	Jersey	Indirectly held - Equity Shares	100%*
Finpoint Limited ("Finpoint")	15 January 2014	United Kingdom	Directly held - Equity Shares	75%
Raiseworks LLC ("Raiseworks")	5 December 2013	United States	Directly held - Equity Shares	100%
Sageworks Capital Inc (Sageworks")	4 May 2011	United States	Indirectly held - Equity Shares	100%**
GLI Investments Holdings Sarl	13 May 2014	Luxembourg	Directly held - Equity Shares	100%
BMS Finance (UK) Sarl (formerly BMS Finance Sarl)	29 July 2014	Luxembourg	Directly & Indirectly held - Equity Shares	50.17%***
GLI Finance (UK) Limited	21 October 2014	United Kingdom	Directly held - Equity Shares	100%
Sancus Limited ("Sancus")	1 July 2013	Jersey	Indirectly held - Equity Shares	100%
Sancus (Guernsey) Limited	18 June 2014	Guernsey	Indirectly held - Equity Shares	100%
Subsidiaries acquired during the year				
GLI Asset Management Limited ("GLIAM")	22 May 2015	Guernsey	Directly held - Equity Shares	100%
GLI Alternative Finance Guernsey Limited	20 April 2015	Guernsey	Directly held - Equity Shares	100%
GLI Alternative Finance plc ("GLIAF") (2)	13 July 2015	United Kingdom	Directly and indirectly held - Equity Shares	76.47%
NACFB Business Finance Limited	11 September 2015	United Kingdom	Directly held - Equity Shares	100%
Sancus UK Holdings Limited	9 December 2015	Guernsey	Indirectly held - Equity Shares	100%

18. CONSOLIDATED SUBSIDIARY UNDERTAKINGS CONTINUED

Subsidiaries disposed of/liquidated during the current year

NVF Tech Limited ("NVF Tech")	7 December 1995	United Kingdom	Indirectly held - Equity Shares	95%*
NVF Patents Limited	8 March 2013	Incorporated in Jersey, re-domiciled to Guernsey	Indirectly held - Equity Shares	100%*

Subsidiaries disposed of/liquidated during the prior year

Noble Venture II Nominees Limited ("NV2N")	30 May 2007	United Kingdom	Indirectly held - Equity Shares	100%*
T2 CLO	11 October 2006	Cayman Islands	Directly held - Income Notes	100% residual economic interest

* Subsidiaries within the GBHL Group, percentage holding represents GBHL Group's holding in the underlying subsidiaries.
** Subsidiary of Raiseworks, percentage holding represents Raiseworks' holding in the underlying subsidiary.
*** GLIF directly controls 24.92% of the issued share capital and indirectly controls 25.25% of the issued share capital through GBHL.

Subsidiaries with significant non-controlling interests

(1) GBHL

- The non-controlling interest and voting rights percentage in GBHL is 37.5%;
- During the current year the profit allocated to the non-controlling interest amounted to GBP358,704 (31 December 2014: GBP26,354);
- As at 31 December 2015, the accumulated non-controlling interests in GBHL was GBP1,286,840 (31 December 2014: GBP773,471); and
- During the year ended 31 December 2015, there were no dividends paid to the non-controlling interest.

	31 December 2015 GBP	31 December 2014 GBP
Dividends received from GBHL during the year	–	–
Current assets	5,157,997	5,190,001
Non-current assets	16,809,295	45,189,884
Current liabilities	(433,055)	(4,985,295)
Non-current liabilities	(18,878,842)	(43,455,540)
Total revenue	6,258,527	4,943,460
Net profit from continuing operations	1,273,232	304,067
Other comprehensive income	–	–
Total comprehensive income	1,273,232	304,067
Net cash flow used in operating activities	(405,950)	(4,275,072)
Net cash flow used in financing activities	–	4,000,000

(2) GLIAF

- The non-controlling interest and voting rights percentage in GLIAF is 23.53%;
- During the current year the profit allocated to the non-controlling interest amounted to GBP344,333;
- As at 31 December 2015, the accumulated non-controlling interests in GLIAF was GBP12,514,113; and
- During the year ended 31 December 2015, dividends paid to the non-controlling interest were GBP74,341.

	31 December 2015 GBP
Dividends received from GLIAF during the year	241,622
Current assets	32,854,130
Non-current assets	20,596,663
Current liabilities	267,143
Non-current liabilities	–
Total revenue	1,226,127
Net profit from continuing operations	1,779,342
Other comprehensive income	–
Total comprehensive income	1,779,342
Net cash flow used in operating activities	(11,352,467)
Net cash flow used in financing activities	12,077,283

19. ASSOCIATED UNDERTAKINGS

The Directors consider the following entities as material associated undertakings of the Group and Company as at 31 December 2015.

Name of Associate:	Nature of holding	Country of incorporation	Percentage holding	Measurement – Group level	Measurement – Company level
FundingKnight Holdings Limited ("FundingKnight")	Directly held - Equity and Preference Shares	United Kingdom	24.81%	Equity Method	Fair Value
Platform Black Limited ("Platform Black")	Directly held - Equity and Preference Shares	United Kingdom	43.90%	Equity Method	Fair Value
Proplend Limited	Directly held - Equity	United Kingdom	22.50%	Equity Method	Fair Value
CrowdShed Limited	Directly held - Equity	United Kingdom	32.51%	Equity Method	Fair Value
LiftForward Inc.	Directly held - Equity	United States of America	20.9%	Equity Method	Fair Value
Finexkap	Directly held - Equity	France	24.71%	Equity Method	Fair Value
Ovamba Solutions Inc.	Directly held - Equity	United States of America	20.48%	Equity Method	Fair Value
The Credit Junction Holdings	Directly held - Equity	United States of America	23.10%	Equity Method	Fair Value
Funding Options Limited	Directly held - Equity and Preference Shares	United Kingdom	28.90%	Equity Method	Fair Value
TradeRiver Finance Limited *(1)*	Directly held - Equity and Preference Shares	Guernsey	46.39%	Equity Method	Fair Value
TradeRiver USA Inc	Directly held - Equity and Preference Shares	United States of America	30.25%	Equity Method	Fair Value
Open Energy Group Inc	Directly held - Equity	United States of America	21.57%	Equity Method	Fair Value
Associates disposed of during the year:					
Fair Oaks Income Fund Limited ("FOIF") *(2)*	Directly held - Equity	Guernsey	29.96%	Equity Method	Fair Value
Peratech Limited *(2)*	Indirectly held - Equity	United Kingdom	25.00%	Equity Method	N/A

(1) During the current year, the Company increased its stake in TradeRiver Finance Limited resulting in a change in classification of this entity from an investment to an Associate.
(2) During the current year, the Group sold its entire holdings in FOIF and Peratech limited, resulting in FOIF and Peratech being derecognised as Associated undertakings of the Group in these annual financial statements.

No significant restrictions exist on the ability of these Associates to transfer funds to the Group in the form of cash dividends, or to repay loans or advances made by the Group.

As at 31 December 2015, there was GBPNil (31 December 2014: GBP32,007) relating to the Group's share in an Associate's losses that remained unrecognised when applying the equity method.

Please refer to note 22 for unrecognised commitments from the Group at 31 December 2015 and 31 December 2014.

19. ASSOCIATED UNDERTAKINGS CONTINUED

All the Associates held as at 31 December 2015, are considered individually immaterial. During 2014, FOIF was considered material. The table below details the aggregated Platform Associates financial information, with FOIF shown separately in the comparative year due to it being considered individually material:

	31 December 2015	31 December 2014	
	Other Aggregated Total*	FOIF	Other Aggregated Total*
	GBP	GBP	GBP
Aggregated dividends received from Associates during the year	**1,267,955**	–	–
Current assets	**39,609,712**	79,778,654	5,168,495
Non-current assets	**18,703,369**	–	6,116,992
Current liabilities	**(15,162,359)**	(36,001)	(672,228)
Non-current liabilities	**(33,746,696)**	–	(2,946,449)
Total revenue	**4,768,286**	3,144,897	1,022,120
Net (loss)/profit from continuing operations	**(9,235,836)**	2,838,031	(7,114,817)
Other comprehensive income	**–**	–	–
Total comprehensive (loss)/income	**(9,235,836)**	2,838,031	(7,114,817)

*The Directors note that the associated undertakings are currently of an aggregated loss position, but are confident about the long-term profitability of these investments.

20. SEGMENTAL REPORTING

Operating segments are reported in a manner consistent with the reporting of the Executive Team to the Board. The Executive Team is responsible for allocating resources and assessing performance of the portfolio, as well as making strategic investment decisions, subject to the oversight of the Board of Directors. The Executive Team is responsible for the entire portfolio and considers the business to have a single operating segment. Although the Group's Subsidiaries are legally distinct entities, investment allocation decisions are based upon an integrated investment strategy and performance is evaluated on an overall basis and therefore the Group is considered to be a single operating segment.

The vast majority of the Group's investment income arises from investments in entities incorporated the UK, USA and Europe. The Group has a diversified portfolio of investments and no single investment accounts for more than 10% of the Group's income.

There were no changes in reportable segments during the current or prior years.

21. RELATED PARTY TRANSACTIONS

Transaction with the Directors/Executive Team

Please refer to the Remuneration Report on pages 26 to 28 for full details of other transactions between the Company and the Directors/Executive Team.

Directors' and PDMR shareholdings in the Company

As at 31 December 2015, the Directors had the following beneficial interests in the Ordinary Shares of the Company:

	31 December 2015		31 December 2014	
	No. of Ordinary Shares Held	**% of total issued Ordinary Shares**	No. of Ordinary Shares Held	% of total issued Ordinary Shares
Patrick Firth *(Chairman)*	**248,197**	**0.11**	227,261	0.13
Frederick Forni	**–**	**–**	–	–
James Carthew	**300,000**	**0.14**	250,000	0.14
John Whittle (Alternate)	**–**	**–**	N/A	N/A
Andrew Whelan	**3,686,461**	**1.74**	–	–
Emma Stubbs	**62,598**	**0.03**	58,994	0.03
Geoff Miller*	**N/A**	**N/A**	2,029,747	1.17

*Resigned 19 December 2015

During the year Mr Firth, Mr Carthew, Mr Whelan, Mrs Stubbs and Mr Miller received total amounts of GBP11,729, GBP12,968, GBP92,162, GBP2,995 and GBP120,537 (31 December 2014: GBP10,794, GBP12,125, GBPNil, GBP750 and GBP75,708) respectively from the Company by way of dividends on their ordinary share holdings in the Company.

21. RELATED PARTY TRANSACTIONS CONTINUED

Directors' and PDMR shareholdings in the Company CONTINUED

See Note 23 for details of the Directors interests in the Ordinary Shares of the Company between the year end and the date of this report.

As at 31 December 2015, there were no unexercised share options for Ordinary Shares of the Company (31 December 2014: nil Ordinary Shares).

In addition to the Directors interests above, Marc Krombach, a member of the Executive Team and a person discharging managerial responsibility ("PDMR"), held 184,566 Ordinary Shares in the Company (0.08%) as at 31 December 2015.

Transactions with GLIAF

On 22 September 2015, the Company announced that it has successfully launched GLI Alternative Finance plc ("GLIAF"), a Subsidiary of the Group. GLIAF raised aggregate gross proceeds of GBP52.7m pursuant to the issue, as described in the prospectus published by GLIAF on 1 September 2015, under which a portfolio of loans has been transferred by GLI to GLIAF in consideration for the issue to GLIF of 40,270,763 shares in GLIAF.

In addition, during the year GLIAF purchased loans and associated interest of GBP4,675,000 from GLI and GBP1,250,000 from Sancus. Further on 23 December 2015, GLI agreed to buy back a loan and associated accrued interest from GLIAF. As at 31 December 2015, GLI owed GLIAF GBP5,252,000, which was made up of GBP5,310,000 relating to the above mentioned loan off set by GBP58,000 debtors balance relating to various immaterial items.

Sale of BMS Equity assets to Tranquil

During the year, the following arms length transactions took place between the GBHL Group and Tranquil Insurance Company Limited ("Tranquil"). GBHL and Tranquil have a common director.

- Sale of NVF Patents Limited, previously a Subsidiary from GBHL to Tranquil;
- Sale of Peratech, previously an Associate of the Group, from GBHL to Tranquil; and
- Sale of an investment, previously classified as an investment Available for Sale, from GBHL to Tranquil.

Intra-Group Transactions

The following significant intra-group company transactions took place during the year:

Entity	Relationship	Nature of Transaction	Balance 31 December 2015 GBP	Amount for the year ended 31 December 2015 GBP
Platform loans & corresponding interest				
GLIF & GBHL	Subsidiaries	Loan payable to GLIF from GBHL	18,878,842	–
GLIF & GBHL	Subsidiaries	Loan interest payable to GLIF from GBHL	–	1,435,968
GBHL & BMS Finance AB	Subsidiaries	Loan receivable by GBHL from BMS Finance AB	9,973,244	–
GBHL & BMS Finance AB	Subsidiaries	Loan interest receivable by GBHL from BMS Finance AB	47,534	1,016,698
GLIF & BMS Finance (UK) Sarl	Subsidiaries	Loan receivable by GLIF from BMS Finance (UK) Sarl	7,043,986	-
GLIF & BMS Finance (UK) Sarl	Subsidiaries	Loan interest receivable by GLIF from BMS Finance (UK) Sarl	435,607	427,747
GBHL & BMS Finance (UK) Sarl	Subsidiaries	Loan receivable by GBHL from BMS Finance (UK) Sarl	7,137,909	-
GBHL & BMS Finance (UK) Sarl	Subsidiaries	Loan interest receivable by GBHL from BMS Finance (UK) Sarl	441,415	443,451
GLIF & Finexkap	Associates	Loan interest payable to GLIF from Finexkap	-	103,434
GLIF & LiftForward	Associates	Loan interest payable to GLIF from LiftForward	-	70,411
GLIF & Open Energy Group	Associates	Loan interest payable to GLIF from Open Energy Group	-	9,870
GLIF & Ovamba Solutions	Associates	Loan payable to GLIF from Ovamba Solutions	326,043	-
GLIF & Ovamba Solutions	Associates	Loan interest payable to GLIF from Ovamba Solutions	-	45,840
GLIF & The Credit Junction	Associates	Loan interest payable to GLIF from The Credit Junction	-	43,120
GLIF & CrowdShed	Associates	Loan payable to GLIF from CrowdShed	140,000	-
GLIF & CrowdShed	Associates	Loan interest payable to GLIF from CrowdShed	5,389	12,044
GLIF & Finpoint	Subsidiaries	Loan payable to GLIF from Finpoint	300,000	-
GLIF & Finpoint	Subsidiaries	Loan interest payable to GLIF from Finpoint	13,956	31,431
GLIF & Raiseworks	Subsidiaries	Loan payable to GLIF by Raiseworks	-	-
GLIF & Raiseworks	Subsidiaries	Loan interest payable to GLIF by Raiseworks	-	(118,083)
GLIAF & Finpoint	Subsidiaries & Subsidiaries	Loan payable to GLIAF by Finpoint	450,000	-

21. RELATED PARTY TRANSACTIONS CONTINUED

Intra-Group Transactions CONTINUED

Entity	Relationship	Nature of Transaction	Balance 31 December 2015 GBP	Amount for the year ended 31 December 2015 GBP
Platform loans & corresponding interest				
GLIAF & Finpoint	Subsidiaries & Subsidiaries	Loan interest payable to GLIAF by Finpoint	13,322	12,362
GLIAF & TradeRiver Finance Limited	Subsidiaries & Associates	Loan payable to GLIAF by TradeRiver Finance Limited	500,000	-
GLIAF & TradeRiver Finance Limited	Subsidiaries & Associates	Loan interest payable GLIAF by TradeRiver Finance Limited	17,420	9,036
GLIAF & Platform Black Limited	Subsidiaries & Associates	Loan payable to GLIAF by Platform Black Limited	1,370,000	-
GLIAF & Platform Black Limited	Subsidiaries & Associates	Loan interest payable GLIAF by Platform Black Limited	130,317	36,479
GLIAF & Open Energy Group	Subsidiaries & Associates	Loan payable to GLIAF from Open Energy Group	500,000	-
GLIAF & FundingKnight	Subsidiaries & Associates	Loan payable to GLIAF by FundingKnight	200,000	-
GLIAF & FundingKnight	Subsidiaries & Associates	Loan interest payable to GLIAF by FundingKnight	1,653	1,653
GLIAF & Ovamba Solutions	Subsidiaries & Associates	Loan payable to GLIAF from Ovamba Solutions	101,792	-
GLIAF & Ovamba Solutions	Subsidiaries & Associates	Loan interest payable to GLIAF from Ovamba Solutions	435	435
GLIF & FundingKnight	Associates	Loan payable to GLIF by FundingKnight	254,602	-
GLIF & FundingKnight	Associates	Loan interest payable to GLIF by FundingKnight	4,687	23,509
GLIF & Platform Black Limited	Associates	Loan payable to GLIF by Platform Black	250,000	-
GLIF & Platform Black Limited	Associates	Loan interest payable to GLIF by Platform Black	28,035	103,159
GLIF & TradeRiver Finance Limited	Associates	Loan interest payable to GLIF by TradeRiver Finance Limited	-	33,924
GLIF & TradeRiver USA	Associates	Loan payable to GLIF by TradeRiver USA	169,653	-
GLIF & TradeRiver USA	Associates	Loan interest payable to GLIF by TradeRiver USA	3,179	9,980
Platform preference shares & corresponding interest				
GLIF & TradeRiver Finance Limited	Associates	Preference shares held by GLIF in TradeRiver Finance Limited	729,864	-
GLIF & TradeRiver Finance Limited	Associates	Preference shares interest due to GLIF by TradeRiver Finance Limited	121,509	40,555
GLIF & TradeRiver USA	Associates	Preference shares held by GLIF in TradeRiver USA	339,305	-
GLIF & TradeRiver USA	Associates	Preference shares interest due to GLIF by TradeRiver USA	25,731	24,888
GLIF & Finpoint	Subsidiaries	Preference shares held by GLIF in Finpoint	500,000	-
GLIF & Finpoint	Subsidiaries	Preference shares interest due to GLIF by Finpoint	90,959	48,795
GLIF & FundingKnight	Associates	Preference shares held by GLIF in FundingKnight	1,000,114	-
GLIF & FundingKnight	Associates	Preference share accrued coupon due to GLIF by FundingKnight	237,930	105,997
GLIF & Funding Options Limited	Associates	Preference shares held by GLIF in Funding Options Limited	749,882	-
GLIF & Funding Options Limited	Associates	Preference share interest due to GLIF by Funding Options Limited	45,486	45,486
GLIF & Platform Black Limited	Associates	Preference shares held by GLIF in Platform Black	999,908	-
GLIF & Platform Black Limited	Associates	Preference share accrued coupon due to GLIF by Platform Black	224,406	103,842
GLIF & Proplend	Associates	Preference shares held by GLIF in Proplend	500,013	-
GLIF & Ovamba Solutions	Associates	Preference shares held by GLIF in Ovamba Solutions	874,050	-
GLIF & LiftForward	Associates	Preference shares held by GLIF in LiftForward	5,843,377	-
GLIF & The Credit Junction	Associates	Preference shares held by GLIF in The Credit Junction	2,351,384	-

21. RELATED PARTY TRANSACTIONS CONTINUED

Intra-Group Transactions CONTINUED

Entity	Relationship	Nature of Transaction	Balance 31 December 2015 GBP	Amount for the year ended 31 December 2015 GBP
Other transactions				
GBHL & NVF Tech	Subsidiaries	Loan receivable by GBHL from NVF Tech assigned via BMS Finance AB	863,867	-
GBHL & BMS Equity Ltd	Subsidiaries	Loan receivable by GBHL from BMS Equity	422,050	-
GBHL & BMS Equity Ltd	Subsidiaries	Distribution to GBHL from BMS Equity	-	272,050
GBHL & BMS Finance (UK) Sarl	Subsidiaries	Advisory fees payable to GBHL from BMS Finance (UK) Sarl	-	488,875
GLIF & Finpoint	Subsidiaries	Director fee payable to GLIF by Finpoint	20,000	50,000
GLIF & Sancus	Subsidiaries	Loan payable to GLIF from Sancus	22,816,625	-
GLIF & Sancus	Subsidiaries	Loan interest payable to GLIF from Sancus	-	1,200,072
Sancus & GLIF	Subsidiaries	Loan payable by GLIF to Sancus	28,890,000	-
Sancus & GLIF	Subsidiaries	Loan interest payable by GLIF to Sancus	125,734	2,241,258
GLI & GLIAF	Subsidiaries	Dividend income from GLIAF to GLI	200,806	-
Sancus & GLIAF	Subsidiaries	Dividend income from GLIAF to Sancus	40,814	-
GLIAF & GLIAM	Subsidiaries	Management fees payable to GLIAM from GLIAF	105,146	105,146
GLI & GLIAM	Subsidiaries	Expenses recharged by GLI to GLIAM	78,505	78,505
GLIAF & Platform Associates	Associates	Aggregate cash balances of GLIAF held with Platforms classified as Associates of the Group	1,899,215	-

There is no ultimate controlling party of the Company.

22. COMMITMENTS AND CONTINGENCIES

As at 31 December 2015, the Company and Group had the following aggregate unrecognised commitments to loans denominated in Sterling, Euro and US Dollar, due to its Subsidiaries, Associates and other underlying investments:

Aggregate Loan Currency Commitment	31 December 2015 GBP	31 December 2014 GBP
Sterling	**2,903,490**	12,534,693
Euro	**342,692**	3,056,063
US Dollar	**976,502**	2,481,638
	4,222,684	18,072,394

23. POST YEAR END EVENTS

Directors and PDMR Interests

At the date of these financial statements, the Directors beneficial interests in the Ordinary Shares of the Company were:

	No. of Ordinary Shares Held	% of total issued Ordinary Shares
Patrick Firth *(Chairman)*	252,813	0.11%
Frederick Forni	–	–
James Carthew	300,000	0.13%
Andrew Whelan	3,800,000	1.65%
Emma Stubbs	63,762	0.03%

In addition to the Directors interests above, Marc Krombach, a member of the Executive Team and a person discharging managerial responsibility ("PDMR"), held 184,566 Ordinary Shares in the Company (0.08%) as at the date of these financial statements.

23. POST YEAR END EVENTS CONTINUED

Associate – change of Domicile

TradeRiver Finance Limited, an Associate of the Company changed domicile from a Guernsey registered company to a UK registered company with effect from 18 January 2016.

Issue of Ordinary Shares

On 20 January 2016, 51,020 new Ordinary Shares were issued at a price of 36.75p per Ordinary Share to Louise Beaumont, a member of the Company's Executive Team. This issue represents a portion of Louise Beaumont's bonus entitlement for the 2015 calendar year, the remainder of which was settled by the Company in cash.

Dividend

On 21 January 2016, the Directors of the Company declared a dividend of 0.625p per Ordinary Share for the fourth quarter of 2015. The dividend was payable to shareholders on the register on the record date of 29 January 2016.

Purchase of additional shares in Platform Black

On 5 February 2016, the Company completed the acquisition of an additional 92,272 shares in Platform Black, an Associate of the Company, for a consideration of GBP1.3m. This transaction resulted in Company owning 84% of the issued share capital, making Platform Black a Subsidiary of the Company.

Issue of Warrants

On 25 February 2016, shareholders approved special resolutions authorising the issue of warrants to Golf Investments which confer the warrant holder the right to subscribe for up to 32,000,000 new Ordinary Shares in the capital of the Company at the following subscription prices:

- 10,000,000 Ordinary Shares at 40 pence per Ordinary Share;
- 10,000,000 Ordinary Shares at 45 pence per Ordinary Share; and
- 12,000,000 Ordinary Shares at 55 pence per Ordinary Share.

Sale of shares in GLIAF

On 3 March 2016, the Company completed the sale of 15,000,000 Ordinary Shares in GLIAF, a Subsidiary of the Group, at a price of GBP1 per ordinary share to Golf Investments. This transaction resulted in the loss of control of GLIAF by the Group.

Refinancing of Sancus Loan Facility

On 15 March 2016, the Loan Facility with Sancus was amended. The Loan Facility amount is up to GBP14.86m and the interest charged against the Loan Facility was amended to 8.75%. All other significant terms and conditions remained unchanged.

Transfer of GLIAF shares from Sancus to GLIF

In March 2016, Sancus transferred its shares in GLIAF to the Company to repay GBP6.8m of inter-company loans due to the Company.

Subsidiary – Name Change

On 18 March 2016, GLIAM changed its name to Amberton Asset Management Limited.

Scrip Dividend Shares – Additional Listing

On 22 March 2016, 237,230 new Ordinary Shares were issued relating to shareholders who elected to take shares in lieu of cash from the Company's fourth quarter dividend.

There were no other significant post year end events that require disclosure in these financial statements.

INVESTMENT OBJECTIVE

The Company's objective is to produce a stable and predictable dividend yield, with long term preservation of net asset value, and the investment policy is to invest primarily in senior secured loans.

INVESTING POLICY

The Company seeks to achieve its investing objective primarily through providing finance to SMEs across the world, but with particular focus on the United States and the United Kingdom.

Investment will be either direct or indirect. Indirect investment will be effected by investment in entities that will themselves provide finance to SMEs. This may be through investment in finance companies or in structured vehicles such as CLOs that are themselves invested in substantial part in SMEs.

Whilst there are no limits to the portfolio make up in terms of industry sector, market capitalisation, credit rating or proportion in listed or unlisted securities, it is intended that the portfolio, when viewed on the basis of the underlying businesses to which the investments provide exposure, is spread across a broad range of geographic, industry and business sectors.

Subject to prior Board approval, where it is deemed appropriate and beneficial to do so, the Company may also invest in other investment funds.

Any investment in the equity or debt instrument (other than CLOs, finance companies and other business platforms) of a single issuer will be subject to a maximum of 15 per cent of gross assets at the time of investment. Investment in closed-ended investment funds shall be subject to a maximum of 10 per cent of gross assets at the time of investment.

The Company's maximum exposure to United States and United Kingdom issuers is 100 per cent of gross assets. Investments outside of the United States and the United Kingdom are limited to a maximum 50 per cent of gross assets in aggregate at the time of investment.

The maximum allowable gearing is 500 per cent. of the Net Asset Value of the Company and its subsidiaries on a consolidated basis. Where investment is made into CLOs that are not considered subsidiaries of the Company, the borrowings of such CLOs will not be accounted for in the Company's consolidated balance sheet and such gearing shall not be taken into account in calculating the maximum allowable gearing of the Company. To manage the risk of such additional gearing the Company may only invest a maximum of 50 per cent of the Company's consolidated Net Asset Value at the time of investment in CLOs that are not considered subsidiaries of the Company for accounting purposes.

It is expected that the portfolio will be at least 90 per cent invested in most market conditions, although the Company may maintain larger cash weightings from time to time, to protect capital returns or pending identification of appropriate investment opportunities.

The Company may enter into derivative transactions for the purpose of efficient portfolio management (for example, hedging interest rate, currency, or market exposure).

Any material change to the investing policy requires shareholder approval in accordance with the AIM Rules. In the event of any breach of the investment restrictions applicable to the Company, shareholders will be informed of the remedial actions to be taken by the Board by an announcement issued through a regulatory information service.

GLIF is currently an "investing company" for AIM rule purposes and therefore has an "investing policy" per above, although the Company intends to run itself as a finance company in the future.

GLI Finance Limited

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