GLI Finance Limited

GLI Finance Limited

(Formerly Greenwich Loan Income Fund Limited)

INTERIM REPORT AND UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2013

CONTENTS

	Page
Officers and Professional Advisers	**1-2**
Chairman's Statement	**3-4**
Unaudited Consolidated Statement of Comprehensive Income	**5**
Unaudited Company Statement of Comprehensive Income	**6**
Unaudited Consolidated Statement of Financial Position	**7**
Unaudited Company Statement of Financial Position	**8**
Unaudited Consolidated Statement of Changes in Shareholders' Equity	**9**
Unaudited Company Statement of Changes in Shareholders' Equity	**10**
Unaudited Consolidated Statements of Cash Flows	**11**
Unaudited Company Statements of Cash Flows	**12**
Notes to the Financial Statements (Unaudited)	**13-42**
Portfolio Statement of the Group (Unaudited)	**43-44**

OFFICERS AND PROFESSIONAL ADVISERS

Directors:	Patrick Anthony Seymour Firth (Non-Executive Chairman) Geoffrey Richard Miller (Executive Director) Frederick Peter Forni (Non-Executive Director) James Henry Carthew (Non-Executive Director) The address of the Directors is the registered office.
Chief Executive Officer:	Geoffrey Miller
Chief Financial Officer:	Patrick Conroy
Registered office:	P.O. Box 296 Sarnia House Le Truchot St Peter Port Guernsey, GY1 4NA Channel Islands
Collateral Manager to T2 CLO Portfolio:	T2 Advisers, LLC 8 Sound Shore Drive, Suite 255 Greenwich Connecticut, 06830 United States of America
Investment Adviser:	GMB Partners LLP 22 Hanover Square London, W1S 1JP United Kingdom
Brokers:	Investec Bank plc 2 Gresham Street London, EC2V 7QP United Kingdom Panmure Gordon & Co One New Change London, EC4M 9AF United Kingdom
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OFFICERS AND PROFESSIONAL ADVISERS CONTINUED

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CHAIRMAN'S STATEMENT

I am pleased to report the results of GLI Finance Limited ("GLIF" or the "Company") for the six-month period ended 30 June 2013.

During the period the Company continued to deliver a stable capital performance whilst the continuing strong income flow to the Company underpinned a maintained dividend. The Net Asset Value and revenue rose significantly whilst operating costs continued to fall.

Within the business there have been, and continue to be, significant changes to the way in which your assets are run, as the Company evolves to benefit from more stable financial conditions to those seen in the last five years.

The Company's share price rose by 0.5p or 1% over the period, compared to a rise in the Company's Net Asset Value ("NAV") from 49.1p to 53.1p of 8.1%. The Company's shares went from a 4.6% premium to a 2.3% discount. The total return over the period in share price terms was 5.8%, and in NAV terms 13.2%. The performance is indicative of the Company's delivery of its objective, to produce a stable and predictable dividend yield, with long term preservation of Net Asset Value.

The more stable financial background is drawing more interest into the Financials arena and our Company is adapting to these conditions. Instead of investing only in loans originated by third parties, increasingly we are focused on origination of SME finance through the platforms in which we have an equity interest. We are confident that these management teams are capable of producing strong returns across the economic cycle, and not just because of the aftermath of the financial crisis.

Our first venture into origination, the acquisition of GLIF BMS Holdings Ltd ("GBH", the holding company of BMS Finance ("BMS")) in November 2012, has proved very successful. We funded the acquisition with a loan note of GBP11.6m and GBP1.0m of equity, two-thirds of which was funded by GLIF and one third by the management team. By the period end the value of the equity had more than doubled.

Since the period end we have added Funding Knight, a peer-to-peer lender to SMEs, and Platform Black, a peer-to-peer provider of invoice finance, as partnerships and have begun providing funding through both platforms. Early indications are that there will be significant opportunities for these two businesses and BMS to cross-refer business and to work together when different forms of finance are required. Crucially, all three platforms set out to provide an offering that is complementary to the mainstream banking sector, rather than attempting to take on the banks at their own game. This is important, as we believe that this will ensure a sustainable competitive advantage across the cycle, rather than just a cyclical play due to the weakness of the banks after the financial crisis.

CLO Portfolio

Whilst our three newer businesses will provide the potential to accrete value for the future, the current income of the Company and the majority of its assets remain with the CLO portfolio. The intention has been to look to gradually transition assets from the CLO portfolio to the origination businesses over time but we are aware that the transition period, in which the Company is neither finance business nor pure CLO investor, has the potential to cause uncertainty and confusion.

The Company is now investigating actively the potential to segregate the CLO portfolio in a subsidiary, to which it may be possible to attract third party funding, both to reduce GLIF's exposure and to expand the CLO portfolio, thus reducing our position-specific risk. Our intention would be to consider a separate listing of the CLO portfolio in time. In exploring this potential, our overriding consideration will be to ensure that, in aggregate, GLIF investors will receive at least as high a dividend as they do currently.

HiWave

One other transaction that completed during the period unfortunately added a further layer of complexity to what are already a challenging set of accounts to digest, and that was the acquisition of HiWave.

GLIF BMS Holdings Ltd ("GBH", the holding company of BMS Finance) provided a bridging facility to HiWave whilst that company attempted to sell its business. In March, with no disposal completed, GBH acquired HiWave from its administrators. Subsequent to our period end, HiWave's main operating business, HiWave Audio, was sold to a US company, FLAT Audio Technologies, LLC (which trades as Tectonic). The proceeds will repay BMS's original loan. GBH retains HiWaves's intellectual property and the majority of the economics therefrom but is not intending to finance any further development itself.

Whilst the transaction both enabled GBH to control the repayment of its loan and provided the potential for some significant long term upside, it meant that the HiWave business had to be consolidated within GLIF's Consolidated Statement of Financial Position.

Financials

As of 30 June 2013, the Company had net assets of GBP69.7m, or 53.1p per share, vs net assets of GBP58.5m, or 49.1p per share at 31 December 2012 and GBP47.2m or 47.9p per share at 30 June 2012. The reason for the rise in net assets being greater than the net assets per share is because the Company issued 11.9m shares in January to raise an additional GBP6m.

The comparative Group numbers show net assets attributable to equity holders rising from GBP67.9m as at 30 June 2012 to GBP69.2m as at 31 December 2012 and GBP75.8m as at 30 June 2013. However, at a Group level the debt within T2 CLO 1 Ltd is marked to market and as the discount to par narrowed over the past year the net assets per share at a Group level fell from 68.9p as at 30 June 2012 to 58.1p as at 31 December 2012 and were stable at 57.8p per share at 30 June 2013. The difference in the net assets at a Group and Company level represent the market view of the net present value of the low cost of the T2 CLO 1 Ltd debt.

For the six-month period ended 30 June 2013, GLIF received interest income, dividends and other income totaling GBP8.8m, compared to GBP7.4m for the comparable period in 2012 and GBP15.4m for the year ended 31 December 2012. These numbers do not include the income related to HiWave, which is identified as "Net expense from discontinued operations" and totaled GBP175k in the period. Operating expenses fell from GBP3.1m for the comparable period in 2012 to GBP2.7m in the first six months of 2013. Finance costs also fell, from GBP1.2m in the six months to June 2012 to GBP1.0m in the six months to June 2013.

Market Commentary

The loan markets started the year in buoyant fashion and the first quarter saw accelerating issuance of loans and collateralised structures to package those loans. For the first time since the financial crisis the European market for CLOs reopened in earnest.

In the second quarter the markets were rocked by the prospect of the Federal Reserve indicating that it was considering unwinding its policy of extremely loose monetary policy and this saw an immediate increase in spreads but, by the end of the quarter markets were taking a more measured view and pricing stabilised.

Similarly the sterling/US dollar rate, to which we are exposed through having the majority of the Company's assets in US dollars, saw the US dollar strengthen in the first quarter, weaken significantly in the second quarter but regain its composure before the quarter end.

Outlook

The continuing low interest rate environment and increasing confidence of investors in financial assets has brought more and more competition into the mainstream loan markets. This continues to benefit our existing CLO investments but, to ensure that GLIF continues to provide the double digit returns we are seeking, we will continue to evolve our strategy to reflect these changing market dynamics.

The past four years, since changes to the Company's management, have seen GLIF transformed from a little known investment company with a market capitalisation of less than GBP2m to a significant provider of SME finance. We look forward with the confidence that there remain many opportunities for the Company to exploit and we will continue to build on an increasingly resilient platform.

Patrick Firth
Non-Executive Chairman

Date: 27 September 2013

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	NOTES	Unaudited Period to 30 June 2013 GBP	Unaudited Period to 30 June 2012 GBP	Audited Year to 31 December 2012 GBP
Revenue				
Interest income		**7,013,231**	6,214,178	12,634,355
Dividends revenue		**968,172**	1,209,338	2,229,126
		7,981,403	7,423,516	14,863,481
Investment Income				
Net (loss)/gain on financial assets and liabilities at fair value through profit or loss				
– Realised (losses)/gains	9	**(7,344,076)**	(1,546,239)	3,719,522
– Net movement in unrealised gains/(losses)	9	**6,021,646**	(3,572,140)	(18,578,336)
		(1,322,430)	(5,118,379)	(14,858,814)
Other income		**787,076**	5,294	579,439
Gain/(loss) on foreign currency transactions		**589,954**	(66,160)	(272,547)
Total income		**8,036,003**	2,244,271	311,559
Expenses				
Management fees	4	**1,087,418**	1,583,840	1,852,473
Administration and secretarial fees	4	**70,798**	70,923	167,336
Custodian fees	4	**8,024**	7,500	15,010
Legal and professional fees		**285,649**	155,142	712,629
Directors' remuneration	4	**52,750**	45,000	90,000
Directors' and officers' insurance		**16,306**	30,985	50,730
Audit fees		**21,869**	22,377	46,100
Executive Director's remuneration	4	**75,000**	523,436	1,094,509
Other expenses	4	**1,056,904**	680,693	1,391,042
Operating expenses before finance costs		**2,674,718**	3,119,896	5,419,829
Net expense from discontinued operations	5	**(175,439)**	–	–
Net profit/(deficit) from operations before finance costs		**5,185,846**	(875,625)	(5,108,270)
– Finance costs	13	**(1,045,941)**	(1,238,342)	(2,289,156)
Profit/(deficit) for the period/year after finance costs		**4,139,905**	(2,113,967)	(7,397,426)
Other comprehensive income				
Foreign exchange on consolidation		**405,796**	(126,364)	(755,434)
Total comprehensive income/(deficit) for the period/year		**4,545,701**	(2,240,331)	(8,152,860)
Profit/(loss) attributable to:				
Equity holders of the Company		**3,666,872**	(2,113,967)	(7,699,034)
Non-controlling interest		**473,033**	–	301,608
		4,139,905	(2,113,967)	(7,397,426)
Total comprehensive income/(loss) attributable to:				
Equity holders of the Company		**4,072,668**	(2,240,331)	(8,454,469)
Non-controlling interest		**473,033**	–	301,608
		4,545,701	(2,240,331)	(8,152,861)
Basic earnings/(deficit) per Ordinary Share (p)	6	**2.84p**	(2.14)p	(7.59)p
Diluted earnings/(deficit) per Ordinary Share (p)	6	**2.84p**	(2.14)p	(7.59)p

The accompanying notes on pages 13 to 42 form an integral part of these financial statements.

UNAUDITED COMPANY STATEMENT OF COMPREHENSIVE INCOME

	NOTES	Unaudited Period to 30 June 2013 GBP	Unaudited Period to 30 June 2012 GBP	Audited Year to 31 December 2012 GBP
Revenue	2			
Interest income		**5,262,914**	4,313,201	9,159,796
Dividend revenue		**968,171**	1,926,155	7,020,943
		6,231,085	6,239,356	16,180,739
Investment Income				
Net gain/(loss) on financial assets and liabilities at fair value through profit or loss				
– Realised gains	9	**–**	–	56,950
– Net movement in unrealised gains/(losses)	10	**3,974,042**	(26,208,003)	(30,420,163)
		3,974,042	(26,208,003)	(30,363,213)
Other income		**5,635**	3,019	9,328
Gain/(loss) on foreign currency transactions	2	**514,378**	(38,197)	(183,051)
Total Income/(Loss)		**10,725,140**	(20,003,825)	(14,356,197)
Expenses				
Management fees	4	**1,087,418**	1,583,840	1,852,473
Administration and secretarial fees	4	**70,798**	54,676	111,665
Custodian fees	4	**8,024**	7,500	15,010
Legal and professional fees		**285,649**	155,143	712,629
Directors' remuneration	4	**52,750**	45,000	90,000
Directors' and officers' insurance		**16,306**	30,985	50,730
Audit fees		**21,869**	22,377	46,100
Executive Director's remuneration	4	**75,000**	523,436	1,094,509
Other expenses		**207,139**	242,141	479,946
Operating expenses before finance costs		**1,824,953**	2,665,098	4,453,062
Net profit/(loss) from operations before finance costs		**8,900,187**	(22,668,923)	(18,809,259)
– Finance costs		**(200,797)**	(242,264)	(374,283)
Profit/(loss) for the period/year after finance costs		**8,699,390**	(22,911,187)	(19,183,542)
Total comprehensive income/(loss) for the period/year		**8,699,390**	(22,911,187)	(19,183,542)
Basic earnings/(loss) per Ordinary Share (p)	6	**6.73p**	(23.23p)	(18.92p)
Diluted earnings/(loss) per Ordinary Share (p)	6	**6.73p**	(23.23p)	(18.92p)

All of the profit/(loss) for the current and prior period/year are attributable to the equity holders of the parent.

The accompanying notes on pages 13 to 42 form an integral part of these financial statements.

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	NOTES	Unaudited 30 June 2013 GBP	Unaudited 30 June 2012 GBP	Audited 31 December 2012 GBP
ASSETS				
Non-current assets				
Fixed assets – tangible	*7*	**53,963**	–	–
Fixed assets – intangible intellectual property	*8*	**457,963**	–	–
Fixed assets – intangible goodwill	*10*	**633,341**	–	–
Financial assets at fair value through profit or loss	*9*	**216,330,912**	190,064,060	186,205,113
		217,476,179	190,064,060	186,205,113
Current assets				
Trade and other receivables	*11*	**2,202,363**	646,558	2,116,241
Cash and cash equivalents	*12*	**19,630,640**	17,368,355	26,971,750
		21,833,003	18,014,913	29,087,991
Assets held for sale	*5*	**314,515**	–	–
Total assets		**239,623,697**	208,078,973	215,293,104
EQUITY				
Share premium	*14*	**35,174,495**	19,289,035	29,437,520
Distributable reserve	*14*	**34,802,740**	34,802,740	34,802,740
Foreign exchange reserve		**(1,260,546)**	(1,037,272)	(1,666,342)
Retained earnings		**7,044,471**	14,864,090	6,654,999
Capital and reserves attributable to equity holders of the Company		**75,761,160**	67,918,593	69,228,917
Non-controlling interest		**1,107,974**	–	634,941
Total equity		**76,869,134**	67,918,593	69,863,858
LIABILITIES				
Non-current liabilities				
Loan notes at fair value through profit or loss	*13*	**157,082,117**	137,774,505	142,376,297
Trade and other payables	*13*	**–**	–	869,486
		157,082,117	137,774,505	143,245,783
Current liabilities				
Trade and other payables	*13*	**5,614,641**	2,385,875	2,183,463
Liabilities held for sale	*5*	**57,805**	–	–
Total liabilities		**162,754,563**	140,160,380	145,429,246
Total equity and liabilities		**239,623,697**	208,078,973	215,293,104
Net Asset Value per Ordinary Share (p)	*15*	**57.78p**	68.86p	58.09p

The financial statements were approved by the Board of Directors on 27 September 2013 and were signed on its behalf by:

Director: Geoff Miller

The accompanying notes on pages 13 to 42 form an integral part of these financial statements.

UNAUDITED COMPANY STATEMENT OF FINANCIAL POSITION

	NOTES	Unaudited 30 June 2013 GBP	Unaudited 30 June 2012 GBP	Audited 31 December 2012 GBP
ASSETS				
Non-current assets				
Other financial assets held at fair value through profit or loss	*9*	**22,024,303**	7,512,673	19,611,519
Subsidiaries held at fair value through profit or loss	*10*	**37,629,045**	37,377,853	34,053,889
		59,653,348	44,890,526	53,665,408
Current assets				
Trade and other receivables	*11*	**405,760**	22,590	515,770
Cash and cash equivalents	*12*	**10,249,132**	3,109,242	6,047,250
		10,654,892	3,131,832	6,563,020
Total assets		**70,308,240**	48,022,358	60,228,428
EQUITY				
Share premium	*14*	**35,174,495**	19,289,035	29,437,520
Distributable reserve	*14*	**34,802,740**	34,802,740	34,802,740
Retained earnings		**(318,427)**	(6,844,038)	(5,740,417)
Total equity		**69,658,808**	47,247,737	58,499,843
LIABILITIES				
Non-current liabilities				
Trade and other payables	*13*	**–**	–	869,486
Current liabilities				
Trade and other payables	*13*	**649,432**	774,621	859,099
Total liabilities		**649,432**	774,621	1,728,585
Total equity and liabilities		**70,308,240**	48,022,358	60,228,428
Net Asset Value per Ordinary Share (p)	*15*	**53.12p**	47.90p	49.09p

The financial statements were approved by the Board of Directors on 27 September 2013 and were signed on its behalf by:

Director: Geoff Miller

The accompanying notes on pages 13 to 42 form an integral part of these financial statements.

UNAUDITED 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 2011	–	19,289,035	34,802,740	(910,908)	19,246,630	72,427,497	–	**72,427,497**
Dividends paid*	–	–	–	–	(2,268,573)	(2,268,573)	–	**(2,268,573)**
Transactions with owners	–	–	–	–	(2,268,573)	(2,268,573)	–	**(2,268,573)**
Loss for the period	–	–	–	–	(2,113,967)	(2,113,967)	–	**(2,113,967)**
Other comprehensive income:								
Foreign exchange on consolidation	–	–	–	(126,364)	–	(126,364)	–	**(126,364)**
Total comprehensive loss for the period	–	–	–	(126,364)	(2,113,967)	(2,240,331)	–	**(2,240,331)**
Balance at 30 June 2012	–	19,289,035	34,802,740	(1,037,272)	14,864,090	67,918,593	–	**67,918,593**
Net proceeds from Ordinary Shares issued (note 14)	–	10,148,485	–	–	–	10,148,485	–	**10,148,485**
Acquisition of non-controlling interest	–	–	–	–	–	–	992,123	**992,123**
Dividends paid**	–	–	–	–	(2,624,024)	(2,624,024)	(658,790)	**(3,282,814)**
Transactions with owners	–	10,148,485	–	–	(2,624,024)	7,524,461	333,333	**7,857,794**
(Loss)/profit for the period	–	–	–	–	(5,585,067)	(5,585,067)	301,608	**(5,283,459)**
Other comprehensive income:								
Foreign exchange on consolidation	–	–	–	(629,070)	–	(629,070)	–	**(629,070)**
Total comprehensive (loss)/income for the period	–	–	–	(629,070)	(5,585,067)	(6,214,137)	301,608	**(5,912,529)**
Balance at 31 December 2012	–	29,437,520	34,802,740	(1,666,342)	6,654,999	69,228,917	634,941	**69,863,858**
Net proceeds from Ordinary Shares issued (note 14)	–	5,736,975	–	–	–	5,736,975	–	**5,736,975**
Dividends paid***	–	–	–	–	(3,277,400)	(3,277,400)	–	**(3,277,400)**
Transactions with owners	–	5,736,975	–	–	(3,277,400)	2,459,575	–	**2,459,575**
Profit for the period	–	–	–	–	3,666,872	3,666,872	473,033	**4,139,905**
Other comprehensive income:								
Foreign exchange on consolidation	–	–	–	405,796	–	405,796	–	**405,796**
Total comprehensive income for the period	–	–	–	405,796	3,666,872	4,072,668	473,033	**4,545,701**
Balance at 30 June 2013	–	35,174,495	34,802,740	(1,260,546)	7,044,471	75,761,160	1,107,974	**76,869,134**

*During the period ended 30 June 2012, the Company made two dividend payments, totalling 2.3 pence per Ordinary Share.
**During the year ended 31 December 2012, the Company made four dividend payments, totalling 4.7 pence per Ordinary Share.
***During the period ended 30 June 2013, the Company made two dividend payments, totalling 2.5 pence per Ordinary Share.

The accompanying notes on pages 13 to 42 form an integral part of these financial statements.

UNAUDITED 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 2011	–	19,289,035	34,802,740	18,335,722	**72,427,497**
Dividends paid*	–	–	–	(2,268,573)	**(2,268,573)**
Transactions with owners	–	–	–	(2,268,573)	**(2,268,573)**
Loss for the year	–	–	–	(22,911,187)	**(22,911,187)**
Total comprehensive loss for the period	–	–	–	(22,911,187)	**(22,911,187)**
Balance at 30 June 2012	–	19,289,035	34,802,740	(6,844,038)	**47,247,737**
Net proceeds from Ordinary Shares issued (note 14)	–	10,148,485	–	–	**10,148,485**
Dividends paid**	–	–	–	(2,624,024)	**(2,624,024)**
Transactions with owners	–	10,148,485	–	(2,624,024)	**7,524,461**
Profit for the period	–	–	–	3,727,645	**3,727,645**
Total comprehensive income for the period	–	–	–	3,727,645	**3,727,645**
Balance at 31 December 2012	–	29,437,520	34,802,740	(5,740,417)	**58,499,843**
Net proceeds from Ordinary Shares issued (note 14)	–	5,736,975	–	–	**5,736,975**
Dividends paid***	–	–	–	(3,277,400)	**(3,277,400)**
Transactions with owners	–	5,736,975	–	(3,277,400)	**2,459,575**
Profit for the period	–	–	–	8,699,390	**8,699,390**
Total comprehensive income for the period	–	–	–	8,699,390	**8,699,390**
Balance at 30 June 2013	–	35,174,495	34,802,740	(318,427)	**69,658,808**

*During the period ended 30 June 2012, the Company made two dividend payments, totalling 2.3 pence per Ordinary Share.
**During the year ended 31 December 2012, the Company made four dividend payments, totalling 4.7 pence per Ordinary Share.
***During the period ended 30 June 2013, the Company made two dividend payments, totalling 2.5 pence per Ordinary Share.

The accompanying notes on pages 13 to 42 form an integral part of these financial statements.

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS

	NOTES	**Unaudited 30 June 2013 GBP**	Unaudited 30 June 2012 GBP	Audited 31 December 2012 GBP
Cash flows from/(used in) operating activities				
Cash generated from operations	*16*	**6,803,978**	3,522,658	9,269,487
Purchase of investments		**(84,339,221)**	(61,818,531)	(116,308,742)
Sale of investments		**2,792,234**	13,344,495	15,557,634
Principal received	*9*	**65,113,092**	41,011,156	102,375,553
Net cash (outflow)/inflow from operating activities		**(9,629,917)**	(3,940,222)	10,893,932
Cash flows used in investing activities				
Business combination (acquisition of Subsidiary)	*10*	**(100,000)**	–	(3,166,667)
Fixed assets acquired – tangible		**(7,656)**	–	–
Fixed assets acquired – intangible		**(468,908)**	–	–
Net cash outflow used in investing activities		**(576,564)**	–	(3,166,667)
Cash flows from/(used in) financing activities				
Ordinary Shares issued proceeds received		**5,720,160**	–	1,189,002
Dividends paid		**(3,260,585)**	(2,268,573)	(4,892,597)
Net cash inflow/(outflow) from financing activities		**2,459,575**	(2,268,573)	(3,703,595)
Net (decrease)/increase in cash and cash equivalents		**(7,746,906)**	(6,208,795)	4,023,670
Cash and cash equivalents at beginning of period/year		**26,971,750**	23,703,514	23,703,514
Effect of foreign exchange rate changes during the period/year		**405,796**	(126,364)	(755,434)
Cash and cash equivalents at end of period/year	*12*	**19,630,640**	17,368,355	26,971,750

The accompanying notes on pages 13 to 42 form an integral part of these financial statements.

UNAUDITED COMPANY STATEMENT OF CASH FLOWS

	NOTES	Unaudited 30 June 2013 GBP	Unaudited 30 June 2012 GBP	Audited 31 December 2012 GBP
Cash flows from/(used in) operating activities				
Cash generated from operations	*16*	**3,756,205**	3,622,286	10,919,210
Purchase of investments		**(2,013,898)**	–	–
Principal received		**–**	–	242,773
Net cash inflow from operating activities		**1,742,307**	3,622,286	11,161,983
Cash flows used in investing activities				
Business combination (acquisition of Subsidiary)	*10*	**–**	–	(3,166,667)
Net cash outflow used in investing activities		**–**	–	(3,166,667)
Cash flows from/(used in) financing activities				
Ordinary Shares issued proceeds received		**5,720,160**	–	1,189,002
Dividends paid		**(3,260,585)**	(2,268,573)	(4,892,597)
Net cash inflow/(outflow) used in financing activities		**2,459,575**	(2,268,573)	(3,703,595)
Net increase in cash and cash equivalents		**4,201,882**	1,353,713	4,291,721
Cash and cash equivalents at beginning of period/year		**6,047,250**	1,755,529	1,755,529
Cash and cash equivalents at end of period/year	*12*	**10,249,132**	3,109,242	6,047,250

The accompanying notes on pages 13 to 42 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). The address of the registered office is P.O. Box 296, Sarnia House, Le Truchot, St Peter Port, Guernsey, GY1 4NA. The Company is a Guernsey Authorised Closed-ended Investment Scheme and is subject to the Authorised Closed-ended Investment Scheme Rules 2008. The Company was admitted to the AIM market of the London Stock Exchange on 5 August 2005. On 1 February 2011, the Company's Ordinary Shares were admitted to trading on the Official List of the Channel Island Stock Exchange ("CISX").

The Company is an investing company for the purpose of the AIM rules. The Chief Executive Officer ("CEO"), Geoff Miller, is responsible for the management of the Company. GMB Partners LLP (the "Investment Adviser") is employed by the Company to advise on UK, European and US CLO paper and senior secured loans. T2 Advisers, LLC ("T2 Advisers"), a registered investment adviser in the United States, managed the Company's assets under the terms of an investment manager agreement, until 12 April 2013, at which time the management agreement was terminated by mutual consent. T2 Advisers provides management of the assets within T2 CLO I Ltd ("T2 CLO"), a vehicle of which GLIF owns a 100% interest in the residual economics. For the provision of this management T2 Advisers receives a base fee of GBP10,000 per quarter, 0.25% of the gross assets of T2 CLO, and 20% of the return from T2 CLO to GLIF, over and above USD1,430,000 per quarter. T2 Advisers is also the collateral manager for T2 CLO.

On 30 April 2013, the Company received approval from shareholders and the Guernsey authorities to change its name from Greenwich Loan Income Fund Limited to GLI Finance Limited.

Subsidiaries

A Cayman Islands registered company, T2 CLO, was created on 11 October 2006. The Company owns the residual economic interest of T2 CLO and therefore the operating results of T2 CLO are consolidated in these financial statements.

On 31 January 2011, the Company acquired a wholly owned subsidiary, Asset Management Investment Company plc and the operating results are consolidated in these financial statements. Subsequent to this transaction Asset Management Investment Company plc changed its name to Asset Management Investment Company Limited ("AMIC").

As announced on 7 November 2012, the Company subscribed to 666,667 ordinary shares of GBP1 each (66.7%) in the capital of GLIF BMS Holdings Limited ("BMS"), a joint venture vehicle formed by the Company with the management team of BMS Finance AB Limited, who own the remaining 333,333 ordinary shares of GBP1 each (33.3%) in the capital of BMS. The Company also owns 100% of the issued loan notes of BMS.

This new partly owned subsidiary of the Company was formed to receive the assets of BMS Specialist Debt Fund Limited (the "Seller") acquired by the Company via the Asset Sale and Purchase Agreement, dated 6 November 2012, between the Company and the Seller. The Assets acquired comprised all of the issued share capital of BMS Finance AB Limited ("BMS Finance AB"), which is a UK-based specialist private finance company. BMS Finance AB was being financed by a deep discount bond issued to the Seller standing at the nominal sum of GBP20,738,000 (the "DDB"), as at the transaction date, which was also acquired by the Company pursuant to the Asset Sale and Purchase Agreement. In addition to the shares in BMS Finance AB and the DDB, the Company also acquired the Seller's interest in Noble Venture II Nominees Limited ("NV2N"), formerly Noble Venture Finance II Limited Partnership, and legacy warrants to subscribe for shares in Eazyfone Limited and EGS Group Limited (the "Warrants"). On 18 March 2013, BMS acquired 100% of the equity holding in HiWave Technologies (UK) Limited ("HiWave UK") and HiWave (Hong Kong) Limited ("HiWave HK") via a sale and purchase agreement with HiWave Tchnologies PLC ("HiWave PLC"), the consideration for which was GBP100,000. Together BMS, BMS Finance AB, NV2N, HiWave UK and HiWave HK make up BMS Group.

The value ascribed to the Assets was GBP1 in respect of the shares of BMS Finance AB, GBP9,977,954 in respect of the DDB, GBP1,613,106 in respect of the interest in NV2N and GBP1 in respect of all of the 4 Warrants. The Company paid for these Assets by issuing 20,545,400 Ordinary Shares in the Company at fair value as at 30 September 2012 (being equal to the Net Asset Value per Ordinary Share of the Company) plus GBP1,310,998 in cash.

Immediately upon completion of the Asset Sale and Purchase Agreement, the Company transferred the Assets to BMS pursuant to the Transfer Agreement.

As at 30 June 2013, the Group comprises the Company, CLO, AMIC, BMS, BMS Finance AB, NV2N, HiWave UK and HiWave HK.

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 issued by the International Accounting Standards Board ("IASB") and adopted by the European Union, and all applicable requirements of Guernsey Company Law. The financial statements have been prepared under the historical cost convention, apart from the inclusion of non-current asset investments, foreign currency derivatives and non-current liabilities at fair value through profit or loss. The principal accounting policies of the Group and Company have remained unchanged from the previous year and are set out below. Comparative information in the primary statements is given for the year ended 31 December 2012.

2. ACCOUNTING POLICIES CONTINUED

(b) Basis of consolidation

The financial statements comprise the financial statements of the Company and its subsidiaries, T2 CLO, AMIC, BMS, BMS Finance AB, NV2N, HiWave UK and HiWave HK (the "Group"). Subsidiaries are all entities over which the Company exercises control or owns greater than 50 per cent of the residual economic interest. Through the ownership of the income notes of the T2 CLO the Company has ownership of the residual economic interest of T2 CLO. The Company obtains and exercises control of the AMIC subsidiary through ownership of 100% of AMIC's equity shares. The Company obtains and exercises control of the BMS Group subsidiary through ownership of 66.7% equity shares and 100% of the loan notes of BMS. BMS Finance AB, NV2N, HiWave UK and HiWave HK are all direct subsidiaries of BMS, with BMS owning 100%, 70.75%, 100% and 100% of the equity shares respectively. 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 period 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.

The Company carries its direct investments in AMIC and BMS at fair value through profit or loss, based upon the fair value of the assets and liabilities held by the AMIC and BMS.

Until 31 December 2011, the Company carried its investment in the T2 CLO at fair value through profit or loss, based upon the fair value of the assets and liabilities held by the T2 CLO, which the Directors considered to be indicative of fair value for financial reporting purposes. However, the disparity between the Company's NAV per Ordinary Share, as determined under IFRS, and share price was acknowledged by the Directors and in their opinion reflected significant dislocations in the global credit markets, practical limitations on the Company's ability to realise the discount reflected in the fair value of the CLO loan notes and disparity between the valuations of portfolio investments and the likely sales price of such investments.

As disclosed in the 2011 annual financial statements, with effect from 1 January 2012, the Board decided that the T2 CLO equity would be accounted for in the Statement of Financial Position of the Company as a discrete investment and it is held at its discrete fair value, rather than as previously at its consolidated value based on the fair value of the aggregated underlying assets and liabilities. The Board believes this provides investors with a better guide to the fair value of the assets held, were they not to be held to maturity.

The change in accounting estimate described above, resulted in a write down in the fair value of the T2 CLO of GBP10,727,442 during the prior year and this was recognised in the Company's Statement of Comprehensive Income.

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.

Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of a) fair value of consideration transferred, b) the recognised amount of any non-controlling interest in the acquiree, and c) acquisition-date fair value of any existing equity interest in the acquiree, over the acquisition-date fair values of identifiable net assets. If the fair values of identifiable net assets exceed the sum calculated above, the excess amount (i.e. gain on a bargain purchase) is recognised in profit or loss immediately.

(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 and the Group operates (its functional currency). The Directors have considered the primary economic currency of the Company and considered the currency in which the original finance was 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 and the AMIC, BMS, BMS Finance AB NV2N and HiWave UK subsidiaries, with US Dollars the functional currency of the T2 CLO subsidiary and Hong Kong Dollar the functional currency of the HiWave HK subsidiary. Therefore the books and records are maintained in Sterling, US Dollars and Hong Kong Dollars respectively and for the purpose of the financial statements the results and financial position of the Group are presented in Sterling, which is 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. The rates of exchange as at 30 June 2013 are as follows:

GBP1: USD1.5213
GBP1: €1.1693
GBP1: HKD11.7994

(iii) Subsidiary companies

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

1. assets and liabilities of the Consolidated Statement of Financial Position presented are translated at the closing rate at the date of the period/year end;
2. income and expenses for the Consolidated Statement of Comprehensive Income are translated at average exchange rates for the period/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 interest income received and bargain purchase gains, if any, on acquisitions of subsidiaries (refer to note 2c). Interest income is recognised on a time-proportionate basis using the effective interest method and includes interest income from cash and cash equivalents.

(g) Expenditure

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

(h) Non-current assets and liabilities classified as held for sale and discontinued operations

When the Group intends to sell a non-current asset or a group of assets (a disposal group), and if sale within 12 months is highly probable, the asset or disposal group is classified as held for sale and presented separately in the statement of financial position. Liabilities are classified as held for sale and presented as such in the Consolidated Statement of Financial Position if they are directly associated with a disposal group.

Assets classified as held for sale are measured at the lower of their carrying amounts immediately prior to their classification as held for sale and their fair value less costs to sell. Once classified as held for sale, the assets are not subject to depreciation or amortisation.

Any profit or loss arising from the sale or re-measurement of discontinued operations is presented as part of a single line item, profit or loss from discontinued operations (see note 5).

(i) Profit or loss from discontinued operations

A discontinued operation is a component of the Group that either has been disposed of, or is classified as held for sale, and:

- represents a separate major line of business or geographical area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

2. ACCOUNTING POLICIES CONTINUED

(i) Profit or loss from discontinued operations continued

Profit or loss from discontinued operations, including prior year components of profit or loss, is presented in a single amount in the Consolidated Statement of Comprehensive Income. This amount, which comprises the post-tax profit or loss of discontinued operations and the post-tax gain or loss resulting from the measurement and disposal of assets classified as held for sale, is further analysed in note 5.

(j) Taxation

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

(k) Dividends

Dividend distributions are at the discretion of the Group. A dividend distribution to the shareholders is accounted 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.

(l) 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.

(m) 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.

(n) Trade and other payables

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

(o) Investments and loan notes

The Group classifies its financial assets and financial liabilities into the following categories in accordance with IAS 39.

(i) Financial assets and liabilities at fair value through profit or loss

Purchases and sales of all investments are recognised on trade date - the date on which the Group acquires or disposes of the economic benefits of the asset. All investments are initially recognised at fair value, and transaction costs for all financial assets and financial liabilities carried at fair value through profit or loss are expensed as incurred. 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.

The CLO loan notes were designated at fair value through profit or loss because the purpose of issuing the CLO loan notes was to be able to make investments in syndicated loans which were based upon the same or similar variable interest rates, and the fair value designation avoided an accounting mismatch between the sources of financing for the purchase of investments and the investments themselves. The Company has designated CLO loan notes and receivables at fair value through profit or loss since they are managed and their performance are 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 Directors recognise that the magnitude of fair value movement of the CLO loan notes has been substantially greater than the movement of the investments, due to variations in the different markets in which these instruments are traded.

Unquoted equity security investments and unquoted CLO equity securities, at fair value through profit or loss, are valued 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.

The fair value of financial instruments traded in active markets is based on quoted market prices at the year end date. The quoted market price used for financial assets held by the Group is the current bid price. The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. Valuation techniques used include the use of comparable recent arm's length transactions.

For broadly syndicated loans the Company receives market quotes from agent banks on a quarterly basis. In addition, because of the generally limited trading activity in the syndicated loan market in those instances where there has been a significant change in the credit profile of a portfolio company, T2 Advisers prepares an analysis of the portfolio company's recent and projected financial performance as well as other relevant business developments. In those instances where the T2 Advisers believes additional analysis is necessary, for example due to a significant change in the market quote without related transaction volume, an outside valuation firm will provide a valuation estimate based upon their proprietary methodologies and techniques. Factors considered in these independent 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.

2. ACCOUNTING POLICIES CONTINUED

(o) Investments and loan notes continued

(i) Financial assets and liabilities at fair value through profit or loss continued

The fair value of the CLO loan notes is determined primarily by reference to a market value report provided by the independent broker-dealer which makes the market in the CLO notes. Due to the very limited trading activity in this security, and the significant dislocations which have occurred in the credit markets generally and in the CLO markets in particular, the Directors consider the market value report to be the best indicator of fair value for the notes. The market value report reflects the proprietary analysis of the broker-dealer, specifically considering the cash flows projections of the T2 CLO subsidiary, the credit quality of the investments included in the CLO, and the credit spread required by the marketplace for CLO notes with these particular characteristics. The Directors also consider any trading activity in the CLO notes, if any, as well as other indicators of value based upon discussions between the T2 Advisers and the few holders of the notes. The Directors believe that the market value report is the best reflection of fair value of the notes, consistent with the requirements of IFRS, and is consistent with the other factors which have been taken into consideration.

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.

Income from financial instruments at fair value through profit or loss relates to financial assets and liabilities designated at fair value through profit or loss and includes all realised and unrealised fair value changes, interest (using the effective interest rate method), dividends, finance costs and foreign exchange differences.

(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 6 derivatives held by the Group as at 30 June 2013 (30 June 2012: 2 & 31 December 2012: 6).

(iii) Subsidiaries

Investments in the directly held subsidiaries are initially recorded at 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 the T2 CLO, AMIC and BMS subsidiaries at fair value through profit or loss. This is based upon the fair value of the assets and liabilities held by T2 CLO, AMIC and BMS which the Directors consider to be indicative of fair value for financial reporting purposes. Through its ownership of the residual economic interest of T2 CLO the Directors account for T2 CLO as a wholly owned subsidiary and the operating results are consolidated in these financial statements. The Company directly owns all of the equity shares of AMIC, and it is therefore a wholly owned subsidiary with its operating results being consolidated in these financial statements. The Company directly owns 66.7% of the equity shares of BMS, and it is therefore a partly owned subsidiary with its operating results being consolidated in these financial statements. BMS owns 100%, 70.75%, 100% and 100% of the equity shares of BMS Finance AB, NV2N, HiWave UK and HiWave HK respectively. These subsidiaries of BMS, are therefore all partly owned subsidiaries of the Group with their operating results being consolidated in these consolidated financial statements.

With effect from 1 January 2012, the Board accounts for the T2 CLO subsidiary in the Company Statement of Financial Position as a discrete investment and it will be held at its fair value rather than at its consolidated value based on the fair value of the underlying assets and liabilities, in order to provide investors with a better guide to the value of the assets held, were they not to be held to maturity. The Board has estimated that the best approach to assess the fair value of the T2 CLO equity is to take the market value of the assets within the CLO, less the par value of the debt.

(p) Fixed assets - tangible

Tangible fixed assets includes 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.

(q) Fixed assets – 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 2s for the impairment testing procedures). Acquired intellectual property rights are amortised on a straight-line basis over the term of the license of the intellectual property asset acquired. All amortisation and impairment charges are included within Other Expenses in the Consolidated Statement of Comprehensive Income.

(r) Fixed assets – intangible goodwill

Goodwill represents the future economic benefits arising from a business combination that are not individually identified and separately recognised. See note 2c for information on how goodwill is initially determined. Goodwill is carried at cost less accumulated impairment losses. Refer to note 2s for a description of impairment testing procedures.

2. ACCOUNTING POLICIES CONTINUED

(s) Impairment testing of goodwill, other intangible assets and property, plant and equipment

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which management monitors goodwill.

Cash-generating units to which goodwill has been allocated (determined by the Group's management as equivalent to its operating segments) are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

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.

(t) 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.

The Group also makes assumptions on the classification of financial assets.

Fair values of investments and loan notes designated as financial assets and liabilities at fair value

The Group invests in broadly syndicated loans that have limited trading activity. The CLO loan notes in issue also trade infrequently. The fair value of such instruments is determined by using valuation techniques. Details of the assumptions used are given in the notes regarding financial assets and liabilities.

The Group's liabilities likewise are not traded in active markets, and the independent analysis which provides the basis for the fair value determination is based, in part, upon observable market data including interest rates and credit spreads. The fair value change in the Group's liabilities may differ substantially from the change in the investment portfolio, even though both are related to interest rates generally, because the assumptions relative to the value of CLO liabilities specifically include the assumptions about credit quality of the individual component companies of the CLO investment portfolio, the anticipated cash flow from those investments, and the resulting possibility of covenant defaults which could dramatically effect the sustainability of the CLO structure and therefore the fair value of the loan notes.

Fair values of Unlisted Debt Securities and Unlisted Equity Securities

The Group can invest 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. Where valuation techniques, such as the Market Capitalisation Approach, are used to determine fair values they are carried out by an independent valuation firm specifically engaged by the Group to carry out the valuations. Changes in assumptions could affect the reported fair value of financial instruments. See Note 9 for carrying amount at the period end.

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.

Going Concern

The Board has assessed of the Company's financial position as at 30 June 2013 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.

2. ACCOUNTING POLICIES CONTINUED

(u) New Accounting Standards Effective and Adopted

The following changes in accounting policies are also expected to be reflected in the Group's audited annual consolidated financial statements for the year ending 31 December 2013.

The following new standard, which became effective and has been applied for the current period, are relevant to the Group's operations:

- IFRS 13, 'Fair value measurement', establishes a single framework for measuring fair value and making disclosures about fair value measurements, when such measurements are required or permitted by other IFRSs. In particular, it unifies the definition of fair value as the price at which an orderly transaction to sell an asset or to transfer a liability would take place between willing market participants at the measurement date. It also replaces and expands the disclosure requirements about fair value measurements in other IFRSs, including IFRS 7 "Financial Instruments: Disclosures". Some of these disclosures are specifically required in interim financial statements for financial instruments and accordingly have been included in note 12 to these Financial Statements. Notwithstanding the above, the adoption of this new Standard has had no significant impact on the measurements of the Group's assets and liabilities.

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

- IFRS 10, 'Consolidated financial statements', effective for annual periods beginning on or after 1 January 2014, introduces a new control model that is applicable to all investees, by focusing on whether a company has power over an investee, exposure or rights to variable returns from its involvement in the investee and the ability to use its power to affect those returns. Amendments to this Standard for investment entities are also effective for annual periods beginning on or after 1 January 2014. The Company will follow the guidance contained in this Standard.

- IFRS 12, 'Disclosures of interests in other entities', effective for annual periods beginning on or after 1 January 2014, includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. Under the Standard, the Company would classify interests in joint arrangements as either joint operations or joint ventures depending on whether the Company had rights to the assets and obligations for the liabilities of the arrangement. When making this assessment, the Company will need to consider the structure of any arrangements that might exist, the legal form of any separate vehicles, the contractual terms of such arrangements and other fact or circumstances that may exist.

- IFRS 9, 'Financial instruments', effective for annual periods beginning on or after 1 January 2015, 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. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged. The standard applies a consistent approach to classifying financial assets and replaces the numerous categories of financial assets in IAS 39, each of which had its own classification criteria.

The Board is currently considering the impact of the above standards.

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 Company and Group for the period to which it relates and does not omit any matter or development of significance.

(v) Share based payments

Share options are valued in accordance with IFRS 2 "Share Based Payments". In accordance with IFRS 2, share options issued are measured using the fair value of the options at the grant date or an estimate of the fair value of the services received. See note 11 for details. No additional share options were issued during the period.

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. The Directors are of the opinion that the ultimate risk exposure of the Company is the same as that of the Group and as such the Note 3 risk disclosures are only provided at the Group level.

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.

3. FINANCIAL RISK MANAGEMENT CONTINUED

Categories of financial instruments

CARRYING VALUE AT 30 JUNE 2013 UNAUDITED	Designated Fair Value through Profit or Loss GBP	Loans and receivables measured at amortised cost GBP	Financial Liabilities measured at amortised cost GBP	Other GBP
Financial assets				
Financial assets at fair value through profit or loss	**216,330,912**	**–**	**–**	**–**
Trade and other receivables	**–**	**2,202,363**	**–**	**–**
Cash and cash equivalents	**–**	**–**	**–**	**19,630,640**
Total assets	**216,330,912**	**2,202,363**	**–**	**19,630,640**
Financial liabilities				
Loan notes at fair value through profit or loss	**157,082,117**	**–**	**–**	**–**
Trade and other payables	**–**	**–**	**5,614,641**	**–**
Total Liabilities	**157,082,117**	**–**	**5,614,641**	**–**

CARRYING VALUE AT 31 DECEMBER 2012 AUDITED	Designated Fair Value through Profit or Loss GBP	Loans and receivables measured at amortised cost GBP	Financial Liabilities measured at amortised cost GBP	Other GBP
Financial assets				
Financial assets at fair value through profit or loss	186,205,113	–	–	–
Trade and other receivables	–	2,116,241	–	–
Cash and cash equivalents	–	–	–	26,971,750
Total assets	186,205,113	2,116,241	–	26,971,750
Financial liabilities				
Loan notes at fair value through profit or loss	142,376,297	–	–	–
Trade and other payables	–	–	3,052,949	–
Total Liabilities	142,376,297	–	3,052,949	–

CARRYING VALUE AT 30 JUNE 2012 UNAUDITED	Designated Fair Value through Profit or Loss GBP	Loans and receivables measured at amortised cost GBP	Financial Liabilities measured at amortised cost GBP	Other GBP
Financial assets				
Financial assets at fair value through profit or loss	190,064,060	–	–	–
Trade and other receivables	–	646,558	–	–
Cash and cash equivalents	–	–	–	17,368,355
Total assets	190,064,060	646,558	–	17,368,355
Financial liabilities				
Loan notes at fair value through profit or loss	137,774,505	–	–	–
Trade and other payables	–	–	2,385,875	–
Total Liabilities	137,774,505	–	2,385,875	–

3. FINANCIAL RISK MANAGEMENT CONTINUED

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 30 June 2013, the Group had total equity of GBP75,761,160 (30 June 2012: GBP67,918,593 & 31 December 2012: GBP69,228,917).

The Group monitors the ratio of debt to other capital which, based upon shareholder approval, is limited to 5 to 1. Since the debt of the Group is currently contained within its CLO subsidiary, its debt is collateralized by investments held in the CLO portfolio. The portfolio is subject to various financial and other covenant tests which may result in required paydowns of its debt from time to time; in the absence of such required paydowns, the debt matures in 2019.

Presented below is a summary of the "coverage" covenants around the CLO loan notes. These covenants could cause diversion of income and early repayment of notes. They are measured by comparing the amount of collateral assets and the debt outstanding.

Covenant Test	Requirement
Collateral Coverage Test: Class A/B Principal	>=133.95%
Collateral Coverage Test: Class C Principal	>=123.40%
Collateral Coverage Test: Class D Principal	>=120.20%
Collateral Coverage Test: Class E Principal	>=115.36%
Interest Coverage Test: Class A/B Interest	>=125.00%
Interest Coverage Test: Class C Interest	>=115.00%
Interest Coverage Test: Class D Interest	>=110.00%
Interest Coverage Test: Class E Interest	>=105.00%
Interest Division Test	>=116.36%

The CLO Loan Notes contain other covenants, such as portfolio diversification. These are "maintain or improve" covenants which generally do not cause much concern.

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 CEO ensures that not more than 15% of the Group's gross assets are invested in any one investment. 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. The Group has incurred net indebtedness (approximately USD248.9 million; GBP154.1 million or 202.43% at cost, USD239.0 million; GBP157.1million or 207.34% at fair value as at the period end) through its CLO subsidiary in the form of long-term notes.

Concentration Risk

While the CEO 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. Please refer to the Portfolio of the Group that follows the Notes to the financial statements.

Market risk

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

As at 30 June 2013, the Group'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 at (b) and (c) below.

The following details the Group'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.

3. FINANCIAL RISK MANAGEMENT CONTINUED

Market risk continued

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

	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
30 June 2013 (unaudited)	2,962,440	(2,962,440)	2,962,440	(2,962,440)
31 December 2012 (audited)	2,191,441	(2,191,441)	2,191,441	(2,191,441)
30 June 2012 (unaudited)	2,614,478	(2,614,478)	2,614,478	(2,614,478)

The above changes are due to the following:

	Financial Assets at FVTPL		Financial Liabilities at FVTPL	
	5% increase	5% decrease	5% increase	5% decrease
	GBP	GBP	GBP	GBP
30 June 2013 (unaudited)	10,815,546	(10,816,546)	(7,854,106)	7,854,106
31 December 2012 (audited)	9,310,256	(9,310,256)	(7,118,815)	7,118,815
30 June 2012 (unaudited)	9,503,203	(9,503,203)	(6,888,725)	6,888,725

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 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 is comprised of two elements: spread risk and rate risk.

The Group 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 cash balances, debt instruments and loan notes are open to interest rate risk.

The Group may, but is not required to, hedge against interest rate fluctuations by using standard hedging instruments such as futures, options and forward contracts. The Group did not enter into any such transactions during the current or prior years.

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

At 30 June 2013 Unaudited	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	**204,843,325**	**–**	**11,487,587**	**216,330,912**
Trade and other receivables	**–**	**–**	**2,202,363**	**2,202,363**
Cash and cash equivalents	**19,630,640**	**–**	**–**	**19,630,640**
Total assets	**224,473,965**	**–**	**13,689,950**	**238,163,915**
Liabilities				
Loan notes	**157,082,117**	**–**	**–**	**157,082,117**
Trade and other payables	**–**	**–**	**5,614,641**	**5,614,641**
Total liabilities	**157,082,117**	**–**	**5,614,641**	**162,696,758**
Total interest sensitivity gap	**67,391,848**	**–**	**8,075,309**	**75,467,157**

3. FINANCIAL RISK MANAGEMENT CONTINUED

Interest rate risk continued

At 31 December 2012 Audited	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	177,980,350	–	8,224,763	186,205,113
Trade and other receivables	–	–	2,116,241	2,116,241
Cash and cash equivalents	26,971,750	–	–	26,971,750
Total assets	204,952,100	–	10,341,004	215,293,104
Liabilities				
Loan notes	142,376,297	–	–	142,376,297
Trade and other payables	–	–	3,052,949	3,052,949
Total liabilities	142,376,297	–	3,052,949	145,429,246
Total interest sensitivity gap	63,393,659	–	6,470,199	69,863,858

At 30 June 2012 Unaudited	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	181,314,560	–	8,749,500	190,064,060
Trade and other receivables	–	–	646,558	646,558
Cash and cash equivalents	17,368,355	–	–	17,368,355
Total assets	198,682,915	–	9,396,058	208,078,973
Liabilities				
Loan notes	137,774,505	–	–	137,774,505
Trade and other payables	–	–	2,385,875	2,385,875
Total liabilities	137,774,505	–	2,385,875	140,160,380
Total interest sensitivity gap	60,908,410	–	7,010,183	67,918,593

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 30 June 2013, 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:

	Net assets attributable to holders of equity shares			Consolidated Statement of Comprehensive Income		
	Unaudited 30 June 2013	Audited 31 December 2012	Unaudited 30 June 2012	Unaudited 30 June 2013	Audited 31 December 2012	Unaudited 30 June 2012
	GBP	GBP	GBP	GBP	GBP	GBP
200 basis point increase in interest spread	4,452,909	3,817,411	3,906,912	4,452,909	3,817,411	3,906,912
200 basis point decrease in interest spread	(4,452,909)	(3,817,411)	(3,906,912)	(4,452,909)	(3,817,411)	(3,906,912)
25 basis point increase in interest rates	220,395	159,310	146,489	220,395	159,310	146,489
25 basis point decrease in interest rates	(220,395)	(159,310)	(146,489)	(220,395)	(159,310)	(146,489)

The Group's exposure to interest rate risk is limited to its financial assets at fair value through profit or loss, loan notes held at financial assets at fair value through profit or loss and its cash and cash equivalents. These are all floating rate 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 may make investments in currencies other than Sterling. To the extent that it does, the Group will be exposed to a potentially adverse currency risk. Changes in the rate of exchange may affect the value of the Group's investments, and the level of income that it receives from those investments.

The majority of the Group's financial assets and liabilities are also denominated in US Dollars and therefore the Group is exposed to fluctuations in the GBP:US Dollar foreign exchange rate. There is also some exposure to Euro, Swiss Franc and Hong Kong Dollar, however, not 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 5% increase/decrease in the Sterling against US Dollar, Hong Kong Dollar, Euro and Swiss Franc translated at the period/year end date.

	Net Assets & Statement of Comprehensive Income				
	USD	HKD	EUR	CHF	Total
30 June 2013 (Unaudited)	GBP2,934,683	GBP(11,260)	GBP8,783	GBP–	GBP2,932,206
31 December 2012 (Audited)	GBP2,889,660	GBP–	GBP66,292	GBP285	GBP2,956,237
30 June 2012 (Unaudited)	GBP3,364,357	GBP–	GBP69	GBP–	GBP3,364,426

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

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. The loan portfolio of the Group reflects a secured interest in the general corporate assets of the borrowers, and all loans remain unsubordinated.

The following amounts on debt instruments were considered impaired:

	30 June 2013	Movement/ impairment transferred in during the period	31 December 2012	Movement/ impairment transferred in during the period	30 June 2012
Debt instruments held through T2 CLO - Principal (including PIK interest)	USD20.2m	USD0.2m	USD20.0m	USD5.9m	USD14.1m
Debt instruments held through BMS - Principal	GBP3.3m*	GBP(9.0)m	GBP12.3m	GBP12.3m	GBP–

*This is the cumulative unrealised loss which represents the amount of change in its fair attributable to changes in credit risk of the assets, which is no longer consider recoverable by the Group.

3. FINANCIAL RISK MANAGEMENT CONTINUED

Credit risk continued

As at the period end, there is no accrued interest which is considered uncollectable (30 June 2012 & 31 December 2012: GBPnil & USDnil).

Included within the fair value of the loan portfolio is an amount of GBP8,754 (30 June 2012: GBPnil & 31 December 2012: GBP99,995) (relating to loan held via BMS) which was past due as at the period end but unimpaired.

The Group mitigates credit risk by only entering into agreements related to loan instruments in which the collateral and/or operating strength of the investee companies is sufficient to support the loan amounts outstanding. This determination of whether the loan instruments are sufficiently collateralised is made by the T2 Advisers and/or the CEO at the time of the agreements, and the T2 Advisers and/or the CEO continues to evaluate the loan instruments in the context of these agreements.

In respect of 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 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.

The movements in and cumulative losses on the CLO Loan Notes held at fair value through profit or loss are not considered to be related to credit risk.

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. Since the Group intends to invest in debt securities with a term of up to seven years, and hold investments in debt securities until maturity of the debt, the Group does not expect realisation events to occur in the near term.

The Company's investment in its subsidiary, T2 CLO, is also considered to be an illiquid investment.

The table below 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 period/year end.

	CURRENT		NON-CURRENT		
	Within 6 months GBP	6 to 12 months GBP	1 to 5 years GBP	5 years to maturity* GBP	No stated maturity GBP
At 30 June 2013 Unaudited					
Loan notes	**627,432**	**617,202**	**4,981,945**	**164,886,217**	**–**
Trade and other payables	**5,614,641**	**–**	**–**	**–**	**–**
Total financial liabilities	**6,242,073**	**617,202**	**4,981,945**	**164,886,217**	**–**
At 31 December 2012 Audited					
Loan notes	577,637	587,211	4,662,585	154,894,095	–
Trade and other payables	2,007,963	175,500	869,486	–	–
Total financial liabilities	2,585,600	762,711	5,532,071	154,894,095	–
At 30 June 2012 Unaudited					
Loan notes	985,606	969,537	5,870,786	164,391,139	–
Trade and other payables	2,385,875	–	–	–	–
Total financial liabilities	3,371,481	969,537	5,870,786	164,391,139	–

* The contractual maturity of the Group's financial liabilities details in the table above is 15 July 2019.

3. FINANCIAL RISK MANAGEMENT CONTINUED

Liquidity risk continued

In addition to the above, the table below analyses the contractual undiscounted cash flows of Group's loan notes payable at maturity (as above) compared to the fair value carrying amount of the loan notes as at the period/year end, by relevant maturity groupings based on the remaining period at the period/year end date.

	CURRENT		NON-CURRENT		
	Within 6 months GBP	6 to 12 months GBP	1 to 5 years GBP	5 years to maturity* GBP	No stated maturity GBP
At 30 June 2013 Unaudited					
Loan notes – contractual undiscounted cash flows	**627,432**	**617,202**	**4,981,945**	**164,886,217**	**–**
Loan notes – fair value*	**575,984**	**566,593**	**4,573,442**	**151,366,098**	**–**
Difference	**51,448**	**50,609**	**408,503**	**13,520,119**	**–**
At 31 December 2012 Audited					
Loan notes – contractual undiscounted cash flows	577,637	587,211	4,662,585	154,894,095	–
Loan notes – fair value*	511,704	520,185	4,130,384	137,214,024	–
Difference	65,933	67,026	532,201	17,680,071	–
At 30 June 2012 Unaudited					
Loan notes – contractual undiscounted cash flows	985,606	969,537	5,870,786	164,391,139	–
Loan notes – fair value*	788,490	775,634	4,696,658	131,513,723	–
Difference	197,116	193,903	1,174,128	32,877,416	–

*The loan notes are carried at fair value, all changes in fair value are attributable to market risk.

Fair value estimation

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

Financial instruments measured at fair value

The following table presents financial assets and liabilities measured at fair value in the Consolidated Statement of Financial Position in accordance with the fair value hierarchy. This hierarchy groups financial assets and liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and liabilities. The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

Financial instruments measured at fair value continued

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:

At 30 June 2013 Unaudited	Note	Level 1 GBP	Level 2 GBP	Level 3 GBP	Total GBP
Assets					
Broadly syndicated loans	*a*	**–**	**–**	**204,843,325**	**204,843,325**
Equity securities	*b*	**–**	**–**	**4,389,743**	**4,389,743**
CLO equity securities	*b*	**–**	**–**	**6,556,301**	**6,556,301**
Warrant securities	*c*	**–**	**–**	**541,543**	**541,543**
Total		**–**	**–**	**216,330,912**	**216,330,912**
Liabilities					
CLO loan notes	*d*	**–**	**–**	**(157,082,117)**	**(157,082,117)**
Total		**–**	**–**	**(157,082,117)**	**(157,082,117)**
Net Fair Value		**–**	**–**	**59,248,795**	**59,248,795**

At 31 December 2012 Audited	Note	Level 1 GBP	Level 2 GBP	Level 3 GBP	Total GBP
Assets					
Broadly syndicated loans	*a*	–	–	177,980,350	177,980,350
Equity securities	*b*	–	–	3,335,241	3,335,241
CLO equity securities	*b*	–	–	4,479,376	4,479,376
Warrant securities	*c*	–	–	410,146	410,146
Total		–	–	186,205,113	186,205,113
Liabilities					
CLO loan notes	*d*	–	–	142,376,297	142,376,297
Total		–	–	142,376,297	142,376,297
Net Fair Value		–	–	43,828,816	43,828,816

At 30 June 2012 Unaudited	Note	Level 1 GBP	Level 2 GBP	Level 3 GBP	Total GBP
Assets					
Broadly syndicated loans	*a*	–	–	181,314,560	181,314,560
Equity securities	*b*	–	–	3,965,796	3,965,796
CLO equity securities	*b*	–	–	4,344,878	4,344,878
Warrant securities	*c*	–	–	438,826	438,826
Total		–	–	190,064,060	190,064,060
Liabilities					
CLO loan notes	*d*	–	–	(137,774,505)	(137,774,505)
Total		–	–	(137,774,505)	(137,774,505)
Net Fair Value		–	–	52,289,555	52,289,555

3. FINANCIAL RISK MANAGEMENT CONTINUED

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 with the exception of the addition of warrant security valuation.

(a) Broadly syndicated loans

All the broadly syndicated loans are denominated in USD. The loans have significant unobservable inputs, as they trade infrequently. The fair value of the broadly syndicated loans is based primarily on the average of all indicative bids provided by brokers making a market in these loans; these average bid prices are accumulated and calculated by an outside pricing service. Generally, the vast majority of the broadly syndicated loans have multiple bids. In those instances where the average bid price of a loan indicates a potential for a significant variance to its approximate value, a third-party valuation will provide a valuation analysis.

(b) Equity securities and CLO equity securities

With the exception of a single equity holding which is denominated in GBP, all the equity securities are denominated in USD. The equity securities have significant unobservable inputs, as they trade infrequently or are unlisted. CLO equity securities are valued based upon the indicative bid price provided by the broker that sold the security to the Company which is considered to be equal to fair value. As observable prices are not available for the other equity securities, the Board uses an independent third-party valuer to provide a valuation analysis of the equities to 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 the equity securities which is considered to be the fair value of the equity securities. Assumptions used by the expert include discount rates, growth rates, EBITDA margins and tax rates.

(c) Warrant security

With the exception of a single warrant which is denominated in USD, all other warrant securities are denominated in GBP. The warrant securities have unobservable inputs, as they are unlisted. As observable prices are not available for these securities, the Board, assisted by the CEO, uses earnings multiple valuation techniques in its determining of their fair value (being 2 times revenue).

(d) CLO loan notes

The CLO loan notes are denominated in US Dollar. The loan notes also have significant unobservable inputs, as they trade infrequently. The fair value of the loan notes is determined primarily by reference to a market value report provided by an independent broker-dealer.

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 instruments within this level can be reconciled from beginning to ending balances as follows:

Period ended 30 June 2013 Unaudited	**Broadly Syndicated loans GBP**	**Equity GBP**	**CLO Equity GBP**	**Warrants GBP**	**CLO Loan Notes GBP**	**Total GBP**
Opening fair value	**177,980,350**	**3,335,241**	**4,479,376**	**410,146**	**(142,376,297)**	**43,828,816**
Purchases/loans advanced	**82,319,114**	**664,723**	**2,013,898**	**–**	**–**	**84,997,735**
Sales	**(3,142,234)**	**–**	**–**	**–**	**–**	**(3,142,234)**
Capital repayments	**(65,113,092)**	**–**	**–**	**–**	**–**	**(65,113,092)**
Gains and losses recognised in profit and loss:						
– realised	**(7,344,076)**	**–**	**–**	**–**	**–**	**(7,344,076)**
– unrealised	**20,143,263**	**389,779**	**63,027**	**131,397**	**(14,705,820)**	**6,021,646**
Closing fair value	**204,843,325**	**4,389,743**	**6,556,301**	**541,543**	**(157,082,117)**	**59,248,795**

Year ended 31 December 2012 Audited	Broadly Syndicated loans GBP	Equity GBP	CLO Equity GBP	Warrents GBP	CLO Loan Notes GBP	Total GBP
Opening fair value	180,452,763	8,351,992	4,070,015	389,427	(135,309,055)	57,955,142
Purchases/loans advanced	111,021,460	–	–	427,674	–	111,449,134
Transfers in*	20,337,952	163,277	–	1	–	20,501,230
Sales	(12,937,952)	(2,735,688)	–	(818,158)	–	(16,491,798)
Capital repayments	(102,375,553)	–	–	–	–	(102,375,553)
Gains and losses recognised in profit and loss:						
– realised	2,127,081	1,201,957	–	390,484	–	3,719,522
– transfers in*	(12,350,525)	–	–	–	–	(12,350,525)
– unrealised	(8,294,876)	(3,646,297)	409,361	20,718	(7,067,242)	(18,578,336)
Closing fair value	177,980,350	3,335,241	4,479,376	410,146	(142,376,297)	43,828,816

3. FINANCIAL RISK MANAGEMENT CONTINUED

Level 3 fair value measurements continued

Period ended 30 June 2012 Unaudited	Broadly Syndicated loans GBP	Equity GBP	CLO Equity GBP	Warrents GBP	CLO Loan Notes GBP	Total GBP
Opening fair value	180,452,763	8,351,992	4,070,015	389,427	(135,309,055)	57,955,142
Purchases/loans advanced	53,764,300	–	–	–	–	53,764,300
Sales	(10,734,664)	(2,565,688)	–	–	–	(13,300,352)
Capital repayments	(41,011,156)	–	–	–	–	(41,011,156)
Gains and losses recognised in profit and loss:						
– realised	(2,419,909)	873,670	–	–	–	(1,546,239)
– unrealised	1,263,226	(2,694,178)	274,863	49,399	(2,465,450)	(3,572,140)
Closing fair value	181,314,560	3,965,796	4,344,878	438,826	(137,774,505)	52,289,555

* On acquisition of subsidiaries during the prior year.

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. FUND EXPENSES

Management fee

T2 Advisers, LLC

In April 2013, the Investment Management Agreement between the Company and T2 Advisers, LLC ("T2") was terminated by mutual consent. With effect from 12 April 2013, the parties agreed revised terms (the "T2 Agreement") whereby T2 is entitled to receive a quarterly fee payable of GBP10,000 per calendar quarter plus other activity based fees.

The T2 Agreement is terminable at the earlier of (a) the acquisition by T2 (or an affiliate) of all the Company's outstanding income notes, (b) the date on which the full liquidation and/or dissolution of T2 CLO is completed; and (c) 15 July 2019 at which time the T2 Agreement shall automatically terminate.

Prior to this, T2 was entitled to receive an annual fee payable quarterly in advance. The management fee was calculated based on the average value of the Company's gross assets at the most recently completed calendar quarter and the projected gross assets as of the end of the current calendar quarter.

GMB Partners LLP

During April 2013, the Company engaged GMB Partners LLP ("GMB") to advise on UK, European and US CLO paper and senior secured loans. In accordance with the Advisory Agreement dated 12 April 2013 (the "GMB Agreement"), GMB is entitled to a base advisory fee, a performance advisory fee, and a structuring advisory fee (GMB is entitled to a monthly retainer of USD50,000 per month, however shall be credited against and deducted from any and/or each advisory fee).

The base advisory fee is payable monthly in arrears equal to one twelfth of 0.75 per cent of the total net portfolio value invested by the Company in new CLOs on the relevant calculation day; and one twelfth of 0.75 per cent of the total net portfolio value invested by the Company in secondary CLOs on the relevant calculation day.

GMB is also entitled to a performance advisory fee and structuring advisory fee calculated as follows:

Performance fee - GMB

(a) 17.75 per cent of proceeds received by the Company from a New CLO in excess of the Company's original investment in that New CLO (including, for the avoidance of doubt, any proceeds from a disposal of an investment in such New CLOs) such fee to be payable within 14 days of receipt of such proceeds by the Company. For the avoidance of doubt the Performance Advisory Fee for New CLOs will be calculated separately for each New CLO; and

4. FUND EXPENSES CONTINUED

GMB Partners LLP continued

Performance fee - GMB continued

(b) 17.75 per cent of the amount by which the value of the financial year-end Net Portfolio Value of Secondary US CLOs plus distributions received by the Company in the period of the relevant financial year from Secondary US CLOs (including, for the avoidance of doubt, any proceeds from a disposal of an investment in such Secondary US CLOs) exceeds the value of (a) the Net Portfolio Value of Secondary US CLOs as at the end of the most recent previously completed accounting period of the relevant CLO or, if greater, (b) the Net Portfolio Value of Secondary US CLOs as at the end of the previous completed accounting reference period in respect of which a Performance Advisory Fee was paid, such fee to be payable within 14 days of the publication of the relevant audited accounts of the Company. For the avoidance of doubt the Performance Advisory Fee for Secondary US CLOs will be calculated using the aggregated Net Portfolio Value for all Secondary US CLOs; and

(c) 17.75 per cent of the amount by which the value of the financial year-end Net Portfolio Value of Secondary European CLOs plus distributions received by the Company in the period of the relevant financial year from Secondary European CLOs (including, for the avoidance of doubt, any proceeds from a disposal of an investment in such Secondary European CLOs) exceeds the value of (a) the Net Portfolio Value of Secondary European CLOs as at the end of the most recent previously completed accounting period of the relevant CLO or, if greater, (b) the Net Portfolio Value Secondary European CLOs as at the end of the previous completed accounting reference period in respect of which a Performance Advisory Fee was paid, such fee to be payable to GMB within 14 days of the publication of the relevant audited accounts of the Company. For the avoidance of doubt the Performance Advisory Fee for Secondary European CLOs will be calculated using the aggregated Net Portfolio Value for all Secondary European CLOs.

Structuring fee – GMB

(a) 50 per cent of the surplus of i) the Company's proportionate share of the Total Initial Forecasted Expenses for each New CLO over and above ii) the Company's proportionate share of the actual expenses at closing for each New CLO (including, for the avoidance of doubt, the present value of any deferred amount as calculated by the relevant lead underwriter or as otherwise reasonably agreed prior to closing where in reasonable opinion such calculation leads to an unfair result); and

(b) 50 per cent of the surplus of i) the Base Collateral Manager Fees for each New US CLO as defined in Appendix 2 to this Agreement over and above and ii) the Company's proportionate share of the actual Collateral Manager Fees at closing for each New US CLO.

The GMB Agreement is terminable by either party for any reason upon giving ninety days' prior written notice, through the loss of key staff by GMB or by reasons of material breach.

Total total fees charged for the period ended 30 June 2013 amounted to GBP1,087,418 (period ended 30 June 2012: GBP1,583,840 & 31 December 2012: GBP1,852,473). The total amount due at the period end amounted to GBP292,501, being GBP259,635 payable to T2 and GBP32,867 payable to GMB (30 June 2012: GBP145,693 payable & 31 December 2012: GBP343,110 prepaid).

Administration and secretarial fees

On 23 July 2010, the administration and secretarial services to the Company were transferred from Butterfield Fulcrum Group (Guernsey) Limited to Praxis Fund Services Limited.

For the period since 24 July 2010, Praxis Fund Services is entitled to an annualised fee for its service, as administrator of 0.1% of the Net Asset Value of the Group, 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 period ended 30 June amounted to GBP70,798 (period ended 30 June 2012: GBP54,676 & year ended 31 December 2012: GBP111,665). The total amount due and payable by the Company at the year end amounted to GBP35,169 (30 June 2012: GBP25,602 & 31 December 2012: GBP29,379).

Custodian fees

The Custodian to the Company, Butterfield Bank (Guernsey) Limited is entitled to custody fees of 0.02% of the Net Asset Value of the Group subject to a minimum of GBP15,000 per annum. The fee is payable quarterly in arrears.

Total Company fees charged for the period ended 30 June 2013 amounted to GBP8,024 (period ended 30 June 2012: GBP7,500 & year ended 31 December 2012: GBP15,010). The total amount payable by the Company at the period end amounted to GBP3,750 (30 June 2012: GBPnil & 31 December 2012: GBP3,750).

4. FUND EXPENSES CONTINUED

Other expenses

The table below details other charges during the period/year:

GROUP Other expenses:	**Unaudited Period ended 30 June 2013 GBP**	Audited Year ended 31 December 2012 GBP	Unaudited Period ended 30 June 2012 GBP
Directors' expenses	**30,922**	70,280	35,637
T2 CLO investment management fees	**246,619**	478,991	240,452
Portfolio analysis fees	**–**	12,690	6,315
NOMAD fees	**34,712**	63,966	21,288
Listing fees	**9,884**	8,457	3,660
Broker fees	**7,753**	7,510	7,510
CFO fees	**62,506**	125,000	62,502
Marketing expenses	**19,071**	92,519	45,715
AIC fees	**3,330**	7,214	3,667
Registrar fees	**9,918**	25,745	15,690
Other AMIC expenses	**–**	76,724	59,168
Other T2 CLO expenses	**122,059**	261,259	140,952
Other BMS expenses	**40,512**	9,234	–
Other NV2N expenses	**130,191**	25,728	–
Other BMS Finance AB expenses	**256,825**	59,160	–
Other HiWave UK & HiWave HK expenses	**53,555**	–	–
Sundry	**29,047**	66,565	38,137
	1,056,904	1,391,042	680,693

COMPANY Other expenses:	**Unaudited Period ended 30 June 2013 GBP**	Audited Year ended 31 December 2012 GBP	Unaudited Period ended 30 June 2012 GBP
Directors' expenses	**30,922**	70,280	35,637
Portfolio analysis fees	**–**	12,690	6,315
NOMAD fees	**34,712**	63,966	21,288
Listing fees	**9,884**	8,457	3,660
Broker fees	**7,753**	7,510	7,510
CFO fees	**62,506**	125,000	62,502
Marketing expenses	**19,071**	92,519	45,715
AIC fees	**3,330**	7,214	3,667
Registrar fees	**9,918**	25,745	15,690
Sundry	**29,043**	66,565	40,157
	207,139	479,946	242,141

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

As at 30 June 2013, each of the non-executive Directors had entered into an agreement with the Company providing for them to act as a Director of the Company.

As at 30 June 2013, the non-executive Directors' annual 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:

Non-executive Directors	**Unaudited 30 June 2013 GBP**	Audited 31 December 2012 GBP	Unaudited 30 June 2012 GBP
Patrick Firth (Chairman)	**42,500**	40,000	40,000
Frederick Forni	**27,500**	25,000	25,000
James Carthew	**35,000**	25,000	25,000

The increase in Director fees noted above became effective 1 January 2013. Total Directors fees charged to the Group for the period ended 30 June 2013 amounted to GBP52,750 (period ended 30 June 2012: GBP45,000 & year ended 31 December 2012: GBP90,000). The total amount due and payable at the period end amounted to GBPnil (30 June 2012: GBPnil & 31 December 2012: GBP22,500).

4. FUND EXPENSES CONTINUED

Non-executive Directors' fees & Executive Director's remuneration continued

Under an employment contract (the "Employment Contract"), effective from 31 March 2011, Mr Miller became an Executive Director of the Company and is entitled to a fixed salary of GBP150,000 per annum (less applicable tax and social security contributions). Mr Miller's salary cost is included in the Consolidated Statement of Comprehensive Income. The total salary cost for the period ended 30 June 2013 relating to Mr Miller amounted to GBP75,000 (period ended 30 June 2012: GBP75,000 & year ended 31 December 2012: GBP150,000). In addition to the fixed salary referred to above, Mr Miller is also entitled to a contractual bonus. Prior to 21 January 2013, in accordance with the Employment Contract the actual bonus amount paid to Mr Miller for any financial period was capped at a maximum of 0.3 per cent of the Company's Net Asset Value (adjusted pro rata for period less or more than one year) (the "Cap"). Any excess contractual bonus payable above this Cap was deferred and added to any contractual bonus payable (if any) in the next financial year. With effect from 21 January 2013, the Remuneration Committee resolved to amend the current incentive structure, which was applicable solely to Mr Miller, to an incentive pool, which is allocated at the Remuneration Committee's discretion. The total pool available is, as before, 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 executives will have to hold all of their Company equity for their entire period of employment by the Company. For the period ended 30 June 2013, as the current sole member of the executive team, the total contractual bonus cost relating to Mr Miller amounted to GBPnil, (period ended 30 June 2012: GBP444,365 of which GBPnil was physically paid during that period and GBP444,365 deferred to the next financial year & year ended 31 December 2012: GBP936,367, of which GBPnil was physically paid and GBP936,367 deferred to the next financial year). The total amount due and payable at the period end relating to Mr Miller's contractual bonus for the current period and prior years/periods amounted to GBPnil (30 June 2012: GBP552,984 & 31 December 2012: GBP1,044,986). During the current period, the Remuneration Committee resolved to settle to Mr Miller's bonus accrual as at 31 December 2012, one half in cash and one half in shares. This payment is subject to clawback, should the Company's share price fail to retain its current level.

5. NET EXPENSE FROM DISCONTINUED OPERATIONS & ASSETS HELD FOR SALE

The Group's "net expense from discontinued operations" and "assets held for sale", as disclosed in the Unaudited Consolidated Statement of Comprehensive Income and Unaudited Consolidated Statement of Financial Position respectively, relates to the Audio business of the HiWave UK subsidiary, which supplied audio components to consumer electronics companies. Subsequent to the period end the HiWave Audio business was sold. During the period under review, the Group charged the following income and expenses relating to these discontinued operations to the Unaudited Consolidated Statement of Comprehensive Income:

GROUP	Unaudited Period ended 30 June 2013 GBP
Sales revenue	**267,948**
Less: cost of sales	**(189,891)**
Gross profit	**78,057**
Administrative costs	**(253,496)**
Net expense from discounted operations	**(175,439)**

As at 30 June 2013, the Group's net assets held for sale recognised in the Unaudited Statement of Financial Position consisted of:

GROUP	Unaudited 30 June 2013 GBP
Assets:	
Fixed assets – tangible	**36,185**
Fixed assets – intangible	**252,313**
Inventory	**26,017**
Assets held for sale	**314,515**
Liabilities:	
Contingent consideration payable	**(57,805)**
Liabilities held for sale	**(57,805)**
	256,710

Please refer to note 21 for details of the sale of the HiWave Audio business, which occurred after the period end.

6. EARNINGS/(DEFICIT) PER ORDINARY SHARE

Consolidated earnings/(deficit) per Ordinary Share has been calculated by dividing the consolidated profit attributable to Ordinary Shareholders of GBP3,666,872 (period ended 30 June 2012: GBP(2,113,967) & year ended 31 December 2012: GBP(7,699,034)) by the weighted average number of Ordinary Shares outstanding during the period of 129,254,766 (period ended 30 June 2012: 98,633,610 & year ended 31 December 2012: 101,384,224). Fully diluted consolidated earnings/(deficit) per Ordinary Share has been calculated by dividing the consolidated profit attributable to Ordinary Share holders of GBP3,666,872 (period ended 30 June 2012: GBP(2,113,967) & year ended 31 December 2012: GBP(7,699,034)), by the weighted average number of Ordinary Shares outstanding during the period adjusted for the effects of any dilutive potential Ordinary Shares of 129,254,766 (period ended 30 June 2012: 98,633,610 & year ended 31 December 2012: 101,384,224).

Company earnings/(deficit) per Ordinary Share has been calculated by dividing the Company profit attributable to Ordinary Shareholders of GBP8,699,390 (period ended 30 June 2012: GBP(22,911,187) & year ended 31 December 2012: GBP(19,183,542)) by the weighted average number of Ordinary Shares outstanding during the period of 129,254,766 (period ended 30 June 2012: 98,633,610 & year ended 31 December 2012: 101,384,224). Fully diluted Company earnings/(deficit) per Ordinary Share has been calculated by dividing the Company profit attributable to Ordinary Share holders of GBP8,699,390 (period ended 30 June 2012: GBP(22,911,187) & year ended 31 December 2012: GBP(19,183,542)), by the weighted average number of Ordinary Shares outstanding during the period adjusted for the effects of any dilutive potential Ordinary Shares of 129,254,766 (period ended 30 June 2012: 98,633,610 & year ended 31 December 2012: 101,384,224).

Basic & Diluted earnings/(deficit) per Ordinary Share

GROUP & COMPANY Date	No. of shares	No. of days	Weighted average no. of shares
01/01/2013	119,179,010	28	18,436,532
28/01/2013	131,096,010	140	101,400,229
17/06/2013	131,127,617	13	9,418,005
30/06/2013 Unaudited		181	129,254,766
01/01/2012	98,633,610	317	85,428,564
12/11/2012	119,179,010	49	15,955,660
31/12/2012 Audited		366	101,384,224
1/1/2012 & 30 June 2012 Unaudited	98,633,610	181	98,633,610

There was no dilutive effect for potential Ordinary Shares during the current or prior period/year.

7. FIXED ASSETS – TANGIBLE

Period ended 30 June 2013 Unaudited	**Leasehold Improvements GBP**	**Plant & Equipment GBP**	**Fixtures & Fittings GBP**	**Total GBP**
Net book value 1 January	–	–	–	–
Additions – purchases	–	7,054	602	7,656
Net book value transferred in*	4,383	44,341	53,027	101,751
Depreciation charge for the period	(318)	(8,490)	(10,451)	(19,259)
Transferred to "Assets Held for Sale" (refer to note 5)	–	(35,000)	(1,185)	(36,185)
Net book value 30 June	4,065	7,905	41,993	53,963

*On acquisition of HiWave UK and HiWave HK subsidiaries.

The Group did not hold any tangible fixed assets as at 31 December 2012 and 30 June 2012.

8. FIXED ASSETS – INTANGIBLE INTELLECTUAL PROPERTY

	Intellectual Property Rights		
	Acquisition Cost	Amortisation and Impairment	Net Book value
Period ended 30 June 2013 Unaudited	**GBP**	**GBP**	**GBP**
Brought forward	–	–	–
Additions	469,769	–	469,769
Charge for the period	–	(11,806)	(11,806)
Carried forward	469,769	(11,806)	457,963

The Group did not hold any intangible fixed assets as at 31 December 2012 and 30 June 2012.

Impairment tests for intangible assets

The acquired intellectual property rights are amortised over the term of the license acquired, and assessed for impairment annually.

The intangible intellectual property rights relate to the license of Swedish and USA patents regarding the IP of user interfaces on domestic and consumer electronics. The license covers the period until 4 April 2023. The acquisition of the license includes a minimum contractual amount of GBP400,000, which has been paid in full, and further payments subject to future sales.

9. FINANCIAL ASSETS AND LIABILITIES

GROUP	**Unaudited 30 June 2013 GBP**	Audited 31 December 2012 GBP	Unaudited 30 June 2012 GBP
Debt securities of listed companies	**36,121,533**	29,744,756	25,016,476
Debt securities of unlisted companies	**168,721,792**	148,235,594	156,298,084
Unlisted equity securities	**4,389,743**	3,335,241	3,965,796
Unlisted CLO equity securities	**6,556,301**	4,479,376	4,344,878
Unlisted warrant securities	**541,543**	410,146	438,826
	216,330,912	186,205,113	190,064,060
Realised (loss)/gain on investments at fair value through profit or loss	**(7,344,076)**	3,719,522	(1,546,239)
	(7,344,076)	3,719,522	(1,546,239)
Unrealised gain/(loss) recognised on financial assets and liabilities at fair value through profit or loss			
Unrealised gain/(loss) on financial assets investments at fair value through profit or loss	**20,727,466**	(11,511,093)	(1,106,690)
Unrealised loss on financial liabilities investments at fair value through profit or loss	**(14,705,820)**	(7,067,243)	(2,465,450)
	6,021,646	(18,578,336)	(3,572,140)

GROUP	**Unaudited 30 June 2013 GBP**	Audited 31 December 2012 GBP	Unaudited 30 June 2012 GBP
Opening cost of financial assets	**172,512,937**	155,710,402	155,710,402
Purchases	**84,997,735**	111,449,134	53,764,300
Transfers in*	**–**	20,501,230	–
Sales	**(3,142,234)**	(16,491,798)	(13,300,352)
Realised (loss)/gain of investments	**(7,344,076)**	3,719,522	(1,546,239)
Capital repayments	**(65,113,092)**	(102,375,553)	(41,011,156)
Cost of investments at period/year end	**181,911,270**	172,512,937	153,616,955
Unrealised gain at period/year end**	**34,419,642**	13,692,176	36,447,105
Closing value at period/year end	**216,330,912**	186,205,113	190,064,060

* On acquisition of subsidiaries during the prior year.

** GBP12,350,525 of unrealised losses on investments at fair value through profit or loss were transferred in with the acquisition of BMS Group during the prior year.

9. FINANCIAL ASSETS AND LIABILITIES CONTINUED

COMPANY	Unaudited 30 June 2013 GBP	Audited 31 December 2012 GBP	Unaudited 30 June 2012 GBP
Debt securities of listed companies	**13,432,179**	12,814,009	1,964,979
Unlisted equity securities	**1,494,280**	1,907,988	763,990
Unlisted CLO equity securities	**6,556,301**	4,479,376	4,344,878
Unlisted warrant securities	**541,543**	410,146	438,826
	22,024,303	19,611,519	7,512,673
Realised gain on investments at fair value through profit or loss	**–**	56,950	–
	–	56,950	–
Unrealised gain/(loss) on financial assets investments at fair value through profit or loss	**398,886**	(1,918,783)	(1,697,254)
	398,886	(1,918,783)	(1,697,254)

COMPANY	Unaudited 30 June 2013 GBP	Audited 31 December 2012 GBP	Unaudited 30 June 2012 GBP
Opening cost of financial assets	**24,889,799**	12,569,424	12,569,424
Purchases	**2,013,898**	12,506,198	–
Realised gain of investments	**–**	56,950	–
Capital repayments	**–**	(242,773)	–
Cost of investments at period/year end	**26,903,697**	24,889,799	12,569,424
Unrealised loss at period/year end	**(4,879,394)**	(5,278,280)	(5,056,751)
Closing value at period/year end	**22,024,303**	19,611,519	7,512,673

10. SUBSIDIARIES HELD AT FAIR VALUE THROUGH PROFIT OR LOSS

COMPANY	Unaudited 30 June 2013 GBP	Audited 31 December 2012 GBP	Unaudited 30 June 2012 GBP
Opening cost of investment in Subsidiaries	**42,848,164**	42,181,497	42,181,497
Additions at cost	**–**	666,667	–
Closing cost of investment in Subsidiaries	**42,848,164**	42,848,164	42,181,497
Unlisted (loss)/gain*	**(5,219,119)**	(8,794,275)	(4,803,644)
Closing fair value of investment in Subsidiaries	**37,629,045**	34,053,889	37,377,853
Movement in unrealised loss on Subsidiaries	**3,575,156**	(28,501,380)	(24,510,479)
Movement in unrealised (loss)/gain on financial assets at fair value through profit or loss (see note 9 above)	**398,886**	(1,918,783)	(1,697,254)
Total movement in unrealised (loss)/gain	**3,974,042**	(30,420,163)	(26,208,003)

* See note 2(m)(iii) for details of the change in fair value measurement of the T2 CLO subsidiary during the prior year.

On 18 March 2013 ("transaction date"), the Company acquired 100% of the equity shares of HiWave UK and HiWave HK subsidiaries (the "HiWave Group"). The total consideration was GBP100,000 plus a recorded contingent consideration of GBP57,805. At the date of acquisition the fair value of HiWave Group's net liabilities was GBP(475,536), resulting in goodwill of GBP633,341. The goodwill on consolidation was as a result of the purchase consideration being different to the fair value of the net liabilities acquired on the transaction date. Goodwill was included in intangible fixed assets in the Unaudited Consolidated Statement of Financial Position as at 30 June 2013. Post acquisition net losses of GBP39,125 (revenue: GBP266,580), relating to HiWave Group, were included in the Unaudited Consolidated Statement of Comprehensive Income for the period 30 June 2013.

10. SUBSIDIARIES HELD AT FAIR VALUE THROUGH PROFIT OR LOSS CONTINUED

Company – period ended 30 June 2013 Unaudited

Acquisition of Hiwave Group by asset/liability class:	Net Assets Aquired GBP	Consideration GBP	Goodwill Gain/(Loss) GBP
Fixed assets – intangible	101,751	–	101,751
Cash and cash equivalents	39,454	–	39,454
Trade and other receivable	761,831	–	761,831
Trade and other payables	(1,378,572)	–	(1,378,572)
Contingent consideration	–	(57,805)	(57,805)
Equity cash consideration	–	(100,000)	(100,000)
Total	(475,536)	(157,805)	(633,341)

Had the acquisition of HiWave Group occurred at the beginning of the period, the combined net revenues and net profits of the Group plus that of HiWave Group for the period ended 30 June 2013 would have been GBP8,237,046 and GBP3,247,322 respectively.

On 12 November 2012 ("transaction date"), the Company acquired a partly owned subsidiary by acquiring 66.7% of the parent company of BMS Group. The total consideration was GBP11,459,483. At the date of acquisition the fair value of BMS Group's net assets was GBP11,672,078, resulting in a bargain gain of GBP212,595. The bargain gain on consolidation was as a result of the basic offer (based on the NAV of the BMS Group as at 30 September 2012 when the transaction was negotiated) being different to the fair value of the net assets acquired on the transaction date. This bargain gain was included in other income in the Consolidated Statement of Comprehensive Income for the year. Post acquisition net profits of GBP360,855 (revenue: GBP855,508), relating to BMS Group, were included in the Consolidated Statement of Comprehensive Income for the year ended 31 December 2012.

Company – year ended 31 December 2012 Audited

Acquisition of BMS Group by asset/liability class:	Net Assets Aquired GBP	Consideration GBP	Bargain Purchase Gain/(Loss) GBP
Investments at fair value through profit or loss	8,114,470	7,966,673	147,797
Cash and cash equivalents	3,779,665	3,710,822	68,843
Trade and other receivable	526,708	517,115	9,593
Trade and other payables	(748,765)	(735,127)	(13,638)
Total	11,672,078	11,459,483	212,595

In consideration for acquiring the net assets of BMS Group, the Company paid cash of GBP2,500,000 and issued 18,027,129 Consideration Shares for a total value of GBP8,959,483 or 49.70p per Consideration Share (please see Note 11).

As a result of the above acquisition, the Company acquired trade and other receivables with a total fair value of GBP8,641,178 (classified as investments at fair value through profit or loss and trade and other receivables in the table above). The gross contractual amount receivable totalled GBP21,065,598. The difference amounting to GBP12,390,964 represents amounts not expected to be collected.

In addition, the Company paid cash of GBP666,667 to subscribe to 66.7% of the issued share capital of BMS.

Professional fees relating to the acquisition of BMS Group in the year amounted to GBP300,726. These are included in the Statements of Comprehensive Income within legal and professional fees.

Had the acquisition of BMS occurred at the beginning of the prior year, the combined net revenues and net loss of the Group plus that of BMS for the year ended 31 December 2012 would have been GBP15,735,655 and GBP8,376,893 respectively.

11. TRADE AND OTHER RECEIVABLES

GROUP	**Unaudited 30 June 2013 GBP**	Audited 31 December 2012 GBP	Unaudited 30 June 2012 GBP
Accrued bank interest	**5,092**	6,150	4,911
Loan interest receivable	**1,059,383**	734,329	612,142
Security sales receivable	**170,000**	987,854	9,550
Other trade receivables and prepaid expenses*	**967,888**	387,908	19,955
	2,202,363	2,116,241	646,558

COMPANY	**Unaudited 30 June 2013 GBP**	Audited 31 December 2012 GBP	Unaudited 30 June 2012 GBP
Accrued bank interest	**5,092**	6,150	2,635
Loan interest receivable	**231,186**	127,026	–
Prepaid expenses*	**169,482**	382,594	19,955
	405,760	515,770	22,590

*31 December 2012 included prepaid investment management fees of GBP343,110.

12. CASH AND CASH EQUIVALENTS

GROUP	**Unaudited 30 June 2013 GBP**	Audited 31 December 2012 GBP	Unaudited 30 June 2012 GBP
Call account	**19,630,640**	26,971,750	17,368,355

COMPANY	**Unaudited 30 June 2013 GBP**	Audited 31 December 2012 GBP	Unaudited 30 June 2012 GBP
Call account	**10,249,132**	6,047,250	3,109,242

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	**Unaudited 30 June 2013 GBP**	Audited 31 December 2012 GBP	Unaudited 30 June 2012 GBP
Current liabilities			
Administrator's fees	**35,169**	29,379	25,602
Custodian's fees	**3,750**	3,750	–
Audit fees	**21,869**	44,100	22,877
Directors' fees	**–**	22,500	–
Executive Director's remuneration payable (see note 4)	**13,461**	175,500	563,636
Finance cost*	**354,855**	357,157	401,361
Deferred income**	**2,131,000**	–	–
Unsettled security investment purchases payable	**658,514**	–	1,114,153
Other payables	**2,396,023**	1,533,077	258,246
	5,614,641	2,183,463	2,385,875

*Interest on the loan notes is calculated on a weighted average interest rate of LIBOR plus 76 basis points.

**The deferred income represents the non-refundable advance royalty payment received from the licensees. This is amortised on a straight-line basis over 10 years.

13. TRADE AND OTHER PAYABLES CONTINUED

GROUP	**Unaudited 30 June 2013 GBP**	Audited 31 December 2012 GBP	Unaudited 30 June 2012 GBP
Non current liabilities			
Executive Director's remuneration payable (see note 4)	**–**	869,486	–
CLO loan notes at fair value through profit of loss***	**157,082,117**	142,376,297	137,774,505
	157,082,117	143,245,783	137,774,505

***A reconciliation of the movements in CLO loan notes during the year is provided in Note 3.

The loan notes represent the indebtedness of the CLO. The CLO was created and the loan notes were issued as part of the Company's leveraging plan. On 19 July 2007, the loan notes were issued by the CLO in five tranches, Class A through E, and sold to third parties, as well as subordinated income loan notes which were issued to the Company at inception, representing the residual economic interest (i.e. the equity) in the CLO. The loan notes were issued in the total amount of USD309,050,000 with a twelve year term. In 2008, approximately USD380,000 of the Class A loan notes were repaid under the terms of the Indenture. The "Indenture" dated 19 July 2007 is among T2 Income Fund CLO I Ltd as the "Issuer", T2 Income Fund CLO I LLC as the "Co-Issuer" and The Bank of New York Mellon as the "Trustee".

Total finance costs for the period were GBP1,045,941 (30 June 2012: GBP1,238,2342 & 31 December 2012: GBP2,289,159). These finance costs are for interest due to the loan note holders, loan facility fees and loan interest paid. The fair value of long-term notes outstanding at 30 June 2013 were GBP157,082,117 (30 June 2012: GBP137,774,505 & 31 December 2012: GBP142,376,297) (see note 10).

COMPANY	**Unaudited 30 June 2013 GBP**	Audited 31 December 2012 GBP	Unaudited 30 June 2012 GBP
Current liabilities			
Due to Subsidiary	**73,558**	68,843	71,245
Administrator's fees	**35,169**	29,379	25,602
Custodian's fees	**3,750**	3,750	–
Audit fees	**21,869**	44,100	20,377
Directors' fees	**–**	22,500	–
Executive Director's remuneration payable (see note 4)	**13,461**	175,500	563,636
Other payables	**501,625**	515,027	93,761
	649,432	859,099	774,621
Non current liabilities			
Executive Director's remuneration payable (see note 4)	**–**	869,486	–
	–	869,486	–

14. SHARE CAPITAL, SHARE PREMIUM & DISTRIBUTABLE RESERVE

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

On 3 June 2013, 31,607 new Ordinary Shares were issued for an aggregate value of GBP16,815.56 relating to shareholders who elected to take shares in lieu of cash from the Company's 2013 first interim dividend.

On 23 January 2013, the Company announced a placing whereby a further 11,917,000 new Ordinary Shares were issued at a price of 50 pence per Ordinary Share.

On 12 November 2012, following the acquisition of BMS Group, the Company issued 20,545,400 new Ordinary Shares (2,518,271 Placing Shares at a value of 47.215p per share and 18,027,129 Consideration Shares at a value of 49.7p per share).

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 30 June 2013, no share options remained unexercised (30 June 2012 & 31 December 2012: nil). Under IFRS2, share options granted would be measured at fair value at the grant date based on market prices. On exercise of the share options the change in fair value would be recognised and expensed in the Consolidated Statement of Comprehensive Income. There was no share option expense for current or prior periods/year.

14. SHARE CAPITAL, SHARE PREMIUM & DISTRIBUTABLE RESERVE CONTINUED

As at 30 June 2013, 31 December 2012 and 30 June 2012 the Distributable Reserve stood at GBP34,802,740.

Share Capital	**Unaudited 30 June 2013 Shares in issue**	Audited 31 December 2012 Shares in issue	Unaudited 30 June 2012 Shares in issue
Ordinary Shares – nil par value			
Balance at start of the period/year	**119,179,010**	98,633,610	98,633,610
Issued during the period/year	**11,948,607**	20,545,400	–
Balance at end of the period/year	**131,127,617**	119,179,010	98,633,610

Share Premium	**Unaudited Period to 30 June 2013 GBP**	Audited Year to 31 December 2012 GBP	Unaudited Period to 30 June 2012 GBP
Balance at start of the period/year	**29,437,520**	19,289,035	19,289,035
Issued during the period/year	**5,736,975**	10,148,485	–
Balance at end of the period/year	**35,174,495**	29,437,520	19,289,035

15. NET ASSET VALUE PER ORDINARY SHARE

The Group net asset value per Ordinary Share is calculated by dividing the total consolidated net assets attributable to Ordinary Share holders at the period end of GBP75,761,160 (30 June 2012: GBP67,918,593 & 31December 2012: GBP69,228,917) by the Ordinary Shares in issue at the end of the period being 131,127,617 (30 June 2012: 98,633,610 & 31 December 2012: 119,179,010).

The Company net asset value per Ordinary Share is calculated by dividing the total Company net assets attributable to Ordinary Share holders at the period end of GBP69,658,808 (30 June 2012: GBP47,247,737 & 31December 2012: GBP58,499,843) by the Ordinary Shares in issue at the end of the period being 131,127,617 (30 June 2012: 98,633,610 & 31 December 2012: 119,179,010).

16. CASH GENERATED FROM OPERATIONS

Group:	**Unaudited Period to 30 June 2013 GBP**	Audited Year to 31 December 2012 GBP	Unaudited Period to 30 June 2012 GBP
Profit/(loss) for the period/year	**4,139,905**	(7,397,426)	(2,113,967)
Adjustments for:			
Net losses on financial assets and liabilities at fair value through profit or loss	**1,322,430**	14,858,815	5,118,379
Amortisation/depreciation of fixed assets	**30,982**	–	–
Changes in working capital:			
Trade and other receivables	**385,125**	(237,378)	253,998
Trade and other payables	**925,536**	2,045,476	264,248
Cash inflow from operations	**6,803,978**	9,269,487	3,522,658

16. CASH GENERATED FROM OPERATIONS CONTINUED

Company:	Unaudited Period to 30 June 2013 GBP	Audited Year to 31 December 2012 GBP	Unaudited Period to 30 June 2012 GBP
Profit/(loss) for the period/year	**8,699,390**	(19,183,542)	(22,911,187)
Adjustments for:			
Net (gains)/losses on financial assets and liabilities at fair value through profit or loss	**(3,974,043)**	30,363,213	26,208,003
Dividend in specie	**–**	(1,046,714)	–
Changes in working capital:			
Trade and other receivables	**110,010**	(447,895)	45,286
Trade and other payables	**(1,079,152)**	1,234,148	280,184
Cash inflow from operations	**3,756,205**	10,919,210	3,622,286

17. CONSOLIDATED SUBSIDIARY UNDERTAKINGS

Through its direct 100% ownership of the residual economic interest in T2 CLO, the direct ownership of 100% of the equity shares of AMIC, the direct ownership of 66.7% of BMS's equity shares and with BMS Finance AB, NV2N, HiWave UK and HiWave HK all direct subsidiaries of BMS, with BMS owning 100%, 70.75%, 100% and 100% of the equity shares respectively, 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.

	Date of incorporation	Country of incorporation	Nature of holding	Percentage holding
T2 CLO	11 October 2006	Cayman Islands	Directly held - Income Notes	100%
AMIC	13 April 1994	United Kingdom	Directly held - Equity Shares	100%
BMS	5 November 2012	United Kingdom	Directly held - Equity Shares	66.67%
BMS Finance AB*	24 November 2006	United Kingdom	Indirectly held - Equity Shares	100%*
NV2N*	30 May 2007	United Kingdom	Indirectly held - Equity Shares	70.75%*
HiWave UK*	7 December 1995	United Kingdom	Indirectly held - Equity Shares	100%*
HiWave HK*	8 June 2001	Hong Kong	Indirectly held - Equity Shares	100%*

* Direct subsidiaries of BMS, percentage holding represents BMS direct holding in the underlying subsidiaries.

18. SEGMENTAL REPORTING

Operating segments are reported in a manner consistent with the reporting of the executive management to the Board. The Chief Executive Officer ("CEO") 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 CEO is responsible for the entire portfolio, including assets held at the Company level, AMIC and BMS Group subsidiaries, and considers the business to have a single operating segment. Although T2 CLO, AMIC and BMS Group 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 in the US. Approximately 86% of the Group's gross assets is based in the US with the remainder of investments being based in the UK and Luxembourg. The Group has a highly 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 period/year.

19. RELATED PARTY TRANSACTIONS

The following transactions were carried out with related parties in addition to the related party transactions disclosed in note 4:

Group & Company	**Unaudited Period to 30 June 2013 GBP**	Audited Year to 31 December 2012 GBP	Unaudited Period to 30 June 2012 GBP
Amounts incurred during the period/year to related parties			
Fees to P Conroy as Chief Financial Officer to the Company	**62,500**	125,000	62,500
Fees to T2 Advisers, LLC	**971,254**	1,852,473	1,583,840
Amounts due to related parties at the period/year end			
Fees due to P Conroy as Chief Financial Officer to the Company	**10,417**	10,413	–
Fees due to/(prepaid) T2 Advisers, LLC	**259,635**	(343,100)	–

*please refer to note 4 for details of the reduction to the management fees payable during the current period and prior year.

During the current year, BMS Finance AB held an assignment advance with BMI Healthcare Ltd. BMI Healthcare Ltd has an outsourcing arrangement with Sunstone Outsourcing LLP, a partnership who's designated members have directors common to those of with BMS Finance AB. As at the period end, the total outstanding assignment advance due was GBP2.39 million.

During the prior year ended 31 December 2012, the Company acquired one investment holding, in IFDC Ordinary Shares 2012, from AMIC for aggregated proceeds of GBP1.05 million.

There is no ultimate controlling party of the Company.

Directors shareholdings in the Company

As at 30 June 2013, the Directors had the following beneficial interests in the Ordinary Shares of the Company:

	Unaudited 30 June 2013		Audited 31 December 2012	
	No. of Ordinary Shares Held	**% of total issued Ordinary Shares**	No. of Ordinary Shares Held	% of total issued Ordinary Shares
Patrick Firth (Chairman)	**127,936**	**0.10**	125,000	0.11
Geoff Miller	**1,493,251**	**1.14**	850,000	0.71
Frederick Forni	**–**	**–**	–	–
James Carthew	**200,000**	**0.15**	200,000	0.17

At 30 June 2013, there were no unexercised share options for Ordinary Shares of the Company (31 December 2012: nil Ordinary Shares).

20. COMMITMENTS AND CONTINGENCIES

At the period end, in accordance with the sales agreement for the HiWave Audio business (see note 21 below) the Group had accrued a contingent consideration of £57,805 and this was included in the Consolidated Statement of financial Position. There were no other commitments or contingencies as at 30 June 2013 (31 December 2012: none).

21. POST PERIOD END EVENTS

Dividend

On 25 July 2013, the Directors of the Company declared a dividend of 1.25p per Ordinary Share for the second quarter of 2013. The dividend was payable to shareholders on the register on the record date of 2 August 2013.

HiWave UK - Name Change

On 4 August 2013, HiWave UK changed it's name to NVF Tech Ltd.

HiWave – sale

Subsequent to the period end the main operating business of HiWave, HiWave Audio, was sold to a US company, FLAT Audio Technologies, LLC (which trades as Tectonic).

FundingKnight

On 15 July 2013, the Company invested GBP1.5m in Funding Knight Holdings Limited ("FundingKnight"). The investment is in the form of equity and preference shares in FundingKnight, in return for which GLIF will own at least a 20% stake in FundingKnight. Geoff Miller, CEO of GLIF, has joined the FundingKnight board.

Platform Black

On 30 August 2013, the Company completed a GBP2m investment in Platform Black Limited ("Platform Black"). The investment is in the form of equity and preference shares, in return for which GLIF will own at least a 20% stake in the business. Geoff Miller, CEO of GLIF, has joined the Platform Black board.

Significant Portfolio Movements

Since the period end the Group has made the following significant investment purchases, these are detailed below:

Closing Date	Par Amount USD		Purchase Price USD
03/07/2013	1,000,000	Merrill Corp 1st Lien	100.25
29/08/2013	3,200,000	Nextag	98.50
12/09/2013	400,000	Mercury Payment Systems	101.50
18/09/2013	4,900,000	Ipreo	101.75
24/09/2013	1,000,000	NAB Holdings LLC	100.75
*	6,000,000	Biomet	99.75

Since the period end the Group made the following significant investment sales/repayments:

Closing Date	Par Amount USD		Realised gain/(loss) USD
31/07/2013	3,400,000	Provo Craft	43,421
11/09/2013	900,000	Merrill Corp PIK Notes	3,654

*At the date of release of these financial statements the closing date, and any corresponding realised gain/(loss) was not yet known.

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

PORTFOLIO STATEMENT OF THE GROUP

AS AT 30 JUNE 2013

USD Loans - debt securities of listed companies (31 December 2012: 42.97%)	Principal Currency	Fair Value USD	Fair Value GBP	% of net assets
Alere US Holdings LLC	6,892,348.88	6,916,059	4,546,150	6.00%
Community Health Extended	5,000,000.00	4,999,450	3,286,301	4.34%
DG Fastchannel Inc	9,766,139.64	9,611,542	6,317,978	8.33%
iEngergizer	12,000,000.00	11,790,000	7,749,951	10.23%
Roundy's Supermarkets Inc	6,915,423.33	6,736,798	4,428,317	5.85%
Rovi Corp.	5,529,593.47	5,501,946	3,616,608	4.77%
UniTek Global Services	6,102,959.37	5,584,208	3,670,682	4.85%
Web.com Group Inc	3,789,593.50	3,811,687	2,505,546	3.31%
			36,121,533	47.68%
USD Loans - debt securities of unlisted companies (31 December 2012: 202.41%)				
ABB/Con-Cise Optical Group	3,325,000.00	3,283,438	2,158,310	2.85%
Aramark Corp LC-1 US Term Loan Non-Extending	1,754,112.83	1,752,780	1,152,159	1.52%
Aramark Corp LC-2 Term Loan B Extended	3,701,754.63	3,698,941	2,431,434	3.21%
ASP HHI ACQ	5,105,061.88	5,122,062	3,366,898	4.44%
Attachmate	6,000,000.00	5,973,780	3,926,760	5.18%
Berlin Packaging - Term Loan	2,000,000.00	2,000,000	1,314,665	1.74%
Biomet Inc - $ Term B-1 Loan	4,885,973.37	4,857,488	3,192,985	4.21%
Blue Coat Systems Inc	12,000,000.00	11,919,960	7,835,378	10.34%
Deltek	4,626,750.00	4,605,559	3,027,384	4.00%
Drew Marine Partners LP	3,324,999.76	3,337,469	2,193,827	2.90%
Edmentum Inc	4,993,902.44	4,993,902	3,282,654	4.33%
First American Payment Systems	2,462,625.00	2,468,264	1,622,471	2.14%
First Data Corp	2,119,047.62	2,063,423	1,356,355	1.79%
First Data Corporation 2017 New $ Term Loan	8,000,000.00	7,807,520	5,132,137	6.77%
Grede I LLC	7,600,587.09	7,572,085	4,977,378	6.57%
Healogics	1,662,500.00	1,664,578	1,094,181	1.44%
Hoffmaster Group Inc - First Lien	4,774,470.03	4,762,534	3,130,568	4.13%
Hoffmaster Group Inc - Second Lien	2,000,000.00	1,990,000	1,308,092	1.73%
Immucor Inc - Term B-1 Loan	4,421,699.14	4,429,437	2,911,613	3.84%
InfoNXX - 2nd Lien	1,440,000.00	1,395,000	916,979	1.21%
Integra Telecom	3,511,200.00	3,509,444	2,306,872	3.04%
Mercury Payment Systems	2,456,281.82	2,474,704	1,626,703	2.15%
Merrill Corp 1st Lien	6,982,500.00	6,999,956	4,601,299	6.07%
Merrill Corp PIK Notes	932,507.17	906,863	596,111	0.79%
Mirion Technologies - New Term Loan	2,452,014.17	2,452,014	1,611,789	2.13%
NAB Holdings LLC	5,679,000.00	5,700,296	3,746,990	4.95%
National Vision Inc	2,633,333.33	2,633,333	1,730,976	2.29%
Nextag Inc	6,863,620.44	6,314,531	4,150,748	5.49%
Otter Products	8,460,000.00	8,470,575	5,567,985	7.35%
Petco Animal Supplies	7,374,006.11	7,360,217	4,838,110	6.39%
Philips Plastics Corporation	2,947,687.54	2,947,688	1,937,611	2.56%
Physiotherapy Associates Holdings Inc	3,960,000.00	3,779,345	2,484,286	3.28%
Presidio Inc.	5,955,000.00	5,865,675	3,855,699	5.09%
Protection One	6,912,533.61	6,906,796	4,540,062	5.99%
Provo Craft	3,419,349.76	256,451	168,574	0.22%
RBS Holding Company LLC	5,865,000.00	2,052,750	1,349,339	1.78%
Renaissance Learning Inc	2,977,500.00	2,981,222	1,959,654	2.59%
Renfro Corp	2,327,500.00	2,327,500	1,529,941	2.02%
SESAC Holdings	4,656,600.00	4,668,242	3,068,587	4.05%
Shield Finance Loan	5,940,000.00	5,917,725	3,889,913	5.13%
Sirius Computer Solutions	1,968,750.00	1,958,906	1,287,653	1.70%
SourceHov LLC	2,700,000.00	2,712,150	1,782,784	2.35%
Sportsman's Warehouse	5,970,000.00	5,970,000	3,924,275	5.18%
Sterling Infosystems Inc	2,585,000.00	2,591,463	1,703,453	2.25%
STG-Fairway Acquisitions	3,117,187.50	3,093,809	2,033,661	2.68%
Stratus Technologies 2nd Lien	7,171,757.65	4,518,207	2,969,965	3.92%
Sumtotal Systems	3,750,000.00	3,731,250	2,452,672	3.24%
Syniverse Holdings Inc	3,960,000.00	3,942,695	2,591,662	3.42%
Technimark LLC	6,885,714.19	6,920,143	4,548,835	6.00%
Sub-total USD loans - debt securities of unlisted companies carried forward			135,188,437	178.44%

USD Loans - debt securities of unlisted companies Continued	Principal Currency	Fair Value USD	Fair Value GBP	% of net assets
Sub-total USD debt securities of unlisted companies brought forward			135,188,437	178.44%
Teleguam Holdings LLC	7,000,000.01	6,930,000	4,555,315	6.02%
Topps	7,956,332.20	7,876,769	5,177,657	6.83%
US FT Holdco Inc	8,328,860.79	8,313,286	5,464,593	7.21%
US TelePacific Corp	3,919,278.37	3,898,702	2,562,744	3.38%
Vision Solutions	6,000,000.00	5,880,000	3,865,115	5.10%
Koosharem (Select Remedy) 2nd lien	9,000,000.00	900,000	591,599	0.78%
Koosharem (Select Remedy) 2nd lien PIK	1,912,638.55	191,264	125,724	0.17%
Lombardia Capital Partners Inc - Convertible Note	1,709,628.00	1,709,628	1,123,794	1.48%
			158,654,978	209.41%
GBP Loans - debt securities of inlisted companies (31 December 2012: 11.72%)				
Destiny	162,661.45		162,661	0.21%
Touch Local	664,208.25		664,208	0.88%
Excitor	2,025,070.76		2,025,071	2.67%
BMI Healthcare	2,316,092.00		2,316,092	3.06%
bfinance	2,500,000.00		2,500,000	3.30%
Sentronex	716,037.00		716,037	0.95%
Replisaurus	3,269,485.26		8,745	0.01%
Jeffrey Bacon	124,000.00		124,000	0.16%
Michael Bloch	1,550,000.00		1,550,000	2.05%
			10,066,814	13.29%
Total Loans			204,843,325	270.38%
CLO Equity (31 December 2012: 6.47%)				
Ares XXVI CLO Ltd	3,750,000.00	3,187,500	2,095,248	2.77%
GSC Group CDO VIII Ltd	3,790,000.00	2,994,100	1,968,119	2.60%
Halcyon Structured Asset Management CLO	4,625,000.00	3,792,500	2,492,934	3.29%
			6,556,301	8.65%
Equity (31 December 2012: 4.82%)				
Merrill Corp - Class A Common Stock	123,463.00	1,439,998	946,558	1.25%
Stratus Technologies Inc (Ordinary Shares)	232,684.00	29,653	19,492	0.03%
UI Acquisition Holding Co	10.63	1,853,345	1,218,264	1.61%
UI Acquisition Holding Co	0.55	96,655	63,534	0.08%
Stratus Technologies Inc (Preference Shares)	52,989.00	174,592	114,765	0.15%
Stratus Technologies Bermuda Holdings Limited	775,631.87	98,846	64,975	0.09%
Stratus Technologies Bermuda Limited	176,648.82	582,035	382,590	0.50%
IFDC Ordinary Shares 2012	5,017.00	1,046,715	1,046,715	1.38%
IKIVO "A" Common share	34,232,958.00		532,850	0.70%
			4,389,743	5.79%
Warrants (31 December 2012: 0.59%)				
Eazyfone Limited - 08/01/2008 Warrants	5,617.00		-	0.00%
Eazyfone Limited - 15/10/2008 Warrants	122.00		-	0.00%
EGS Group Limited - 08/01/2008 Warrants	120,717.00		-	0.00%
EGS Group Limited - 29/05/2009 Warrants	426,554.00		-	0.00%
Koorsharem -warrant	6,029.00		-	0.00%
Lombardia Capital Partners Inc - Warrant	1.00	823,849	541,543	0.71%
			541,543	0.71%
Total financial assets at fair value through profit or loss			216,330,912	285.54%
Net financial assets held for sale			256,710	0.34%
Other non-current assets			1,145,267	1.51%
Cash balances			19,630,640	25.91%
Other net liabilities			(160,494,395)	(211.84%)
Non-controlling interest			(1,107,974)	(1.46%)
Net Assets Attributable to Equity Holders			75,761,160	100.00%

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