THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take you are recommended to seek your own financial advice immediately from an independent financial adviser, who is authorised under the Financial Services and Markets Act 2000 (as amended) if you are in the United Kingdom, or from another appropriately authorised independent financial adviser if you are in a territory outside the United Kingdom.

A copy of this prospectus, which constitutes a prospectus relating to GLI Finance Limited (the "**Company**") prepared in accordance with the Prospectus Rules of the Financial Conduct Authority ("**FCA**") made under Section 84 of FSMA, has been filed with the FCA in accordance with Rule 3.2 of the Prospectus Rules.

The Company and the Directors, whose names are set out on page 27 of this prospectus, accept responsibility for the information contained in this prospectus. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure that such is the case), such information is in accordance with the facts and does not omit anything likely to affect the import of such information.

Application has been made to the UK Listing Authority and to the London Stock Exchange respectively for admission of the ZDP Shares: (i) to the Official List (by way of a Standard Listing under Chapter 14 of the Listing Rules); and (ii) to the London Stock Exchange's main market for listed securities. It is expected that Admission will become effective and that unconditional dealings in the ZDP Shares will commence on the London Stock Exchange at 8.00 a.m. (London time) on 5 October 2015.

Investors should read this prospectus in its entirety. In particular, your attention is drawn to the Risk Factors set out on pages 9 to 21 of this prospectus.

GLI FINANCE LIMITED

(*a company incorporated in Guernsey with registered number 43260*)

Admission to the Official List (by way of a Standard Listing under Chapter 14 of the Listing Rules) and to trading on the London Stock Exchange's Main Market for listed securities of 20,791,418 ZDP Shares

Financial Adviser

PANMURE GORDON (UK) LIMITED

The Company is not offering any ZDP Shares nor any other securities in connection with Admission. This prospectus does not constitute an offer to sell, or the solicitation of an offer to subscribe for or buy, any ZDP Shares nor any other securities in any jurisdiction. The ZDP Shares will not be generally made available or marketed to the public in the UK or any other jurisdiction in connection with Admission.

The ZDP Shares have not been, and will not be, registered under the United States Securities Act of 1933 (as amended) (the "Securities Act"), or under the securities laws or with any securities regulatory authority of any state or other jurisdiction of the United States or of any province or territory of Australia, Canada or Japan. Securities may not be offered or sold in the United States absent: (i) registration under the Securities Act; or (ii) an available exemption from registration under the Securities Act. The ZDP Shares have not been and will not be offered or sold in the United States, Australia, Canada or Japan or to or for the account or benefit of any person resident in the United States, Australia, Canada or Japan and this prospectus does not constitute an offer to sell or a solicitation of an offer to purchase or subscribe for ZDP Shares in such jurisdictions or in any jurisdiction in which such offer or solicitation is unlawful or would impose any unfulfilled registration, publication or approval requirements on the Company. These materials may not be published, distributed or transmitted by any means or media, directly or indirectly, in whole or in part, in or into the United States, Australia, Canada or Japan. The distribution of this prospectus in other jurisdictions may be restricted by law and therefore persons into whose possession this prospectus comes should inform themselves of and observe any restrictions.

Application has been made for the ZDP Shares to be admitted to the standard segment of the Official List. A Standard Listing affords investors in the Company a lower level of regulatory protection than that afforded to investors in companies whose securities are admitted to a Premium Listing, which are subject to additional obligations and to additional eligibility criteria under the Listing Rules.

Panmure Gordon (UK) Limited ("Panmure Gordon"), which is authorised and regulated in the United Kingdom by the FCA, is acting exclusively for the Company and for no one else in relation to Admission and the arrangements referred to in this prospectus. Panmure Gordon will not regard any other person (whether or not a recipient of this prospectus) as its client in relation to Admission and will not be responsible to anyone other than the Company for providing the protections afforded to clients of Panmure Gordon or for providing any advice in relation to Admission, the contents of this prospectus or any transaction or arrangement referred to herein. No liability whatsoever is accepted by Panmure Gordon for the accuracy of any information or opinions contained in this prospectus or for the omission of any material information, for which it is not responsible.

Without prejudice to any obligation of the Company to publish a supplementary prospectus pursuant to section 87G of the FSMA or Rule 3.4 of the Prospectus Rules, the publication of this prospectus does not create any implication that there has been no change in the affairs of the Group since, or that the information contained herein is correct at any time subsequent to, the date of this prospectus. Notwithstanding any reference herein to the Company's website, the information on the Company's website does not form part of this prospectus.

CONTENTS

SUMMARY

Summaries are made up of disclosure requirements known as 'Elements'. These elements are numbered in Sections A-E (A.1-E.7).

This summary contains all the Elements required to be included in a summary for this type of security and issuer. Because some Elements are not required to be addressed there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted into the summary because of the type of security and issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of 'not applicable'.

Section A – Introduction and warnings

A.1	Warning	**This summary should be read as an introduction to this prospectus. Any decision to invest in the ZDP Shares should be based on consideration of this prospectus as a whole.** Where a claim relating to the information contained in this prospectus is brought before a court, the plaintiff investor might, under the national legislation of the Member States, have to bear the costs of translating this prospectus before legal proceedings are initiated. Civil liability attaches to those persons responsible for this summary, including any translation of this summary, but only if this summary is misleading, inaccurate or inconsistent when read together with the other parts of this prospectus or it does not provide, when read together with the other parts of this prospectus, key information in order to aid investors when considering whether to invest in the ZDP Shares.
A.2	Use of prospectus by financial intermediaries	Not applicable. The Company has not given consent for the use of this prospectus for subsequent resale or final placement of the ZDP Shares by financial intermediaries.

Section B – The Company

B.1	Legal and Commercial Name	The Company's legal and commercial name is GLI Finance Limited.
B.2	Domicile/Legal Form/Legislation/ Country of Incorporation	The Company was incorporated and registered in Guernsey on 9 June 2005 as a limited liability company and the principal legislation under which the Company operates is The Companies (Guernsey) Law 2008, as amended.
B.3	Nature of issuer/Current operations/Principal activities	The Ordinary Shares are quoted on AIM. The principal activity of the Company and its Group is the provision of finance to SMEs.
B.4A	Known trends	The current market in which the Company participates is competitive and rapidly changing. The Company may face increasing competition for access to loans and Platforms as the peer-to-peer and peer-to-business lending industry continues to evolve.
B.5	Group structure	The Group's assets are held through subsidiaries. GLI Finance Limited is the ultimate parent entity.

<table>
<tr><td>B.6</td><td>Notifiable interests</td><td>
So far as is known to the Company by virtue of the notifications made to it pursuant to the Articles, as at the Latest Practicable Date the following persons held directly or indirectly three per cent. or more of the Company's voting rights:
<table>
<tr><th>Name</th><th>Number of voting rights held</th><th>Percentage of voting rights</th></tr>
<tr><td>Artemis Investment Management</td><td>23,249,515</td><td>10.96</td></tr>
<tr><td>AXA Investment Managers</td><td>21,488,000</td><td>10.13</td></tr>
<tr><td>Hargreaves Lansdown Asset Management</td><td>14,670,712</td><td>6.91</td></tr>
<tr><td>SHL Employee Benefit Trust</td><td>10,905,571</td><td>5.14</td></tr>
<tr><td>Waverton Investment Management</td><td>10,100,700</td><td>4.76</td></tr>
<tr><td>Unicorn Asset Management Ltd</td><td>9,600,000</td><td>4.52</td></tr>
<tr><td>Barclays Wealth</td><td>7,180,778</td><td>3.38</td></tr>
<tr><td>Insight Investment Management</td><td>6,372,000</td><td>3.00</td></tr>
</table>
None of the shareholders referred to in the table above has different voting rights from any other holder of shares in respect of any shares held by them.
The Company is not aware of any person who directly or indirectly, jointly or severally, owns or could exercise control over the Company.
</td></tr>
<tr><td>B.7</td><td>Historical financial information</td><td>
The key figures that summarise the Company's and the Group's financial condition for the periods ended 31 December 2012, 2013 and 2014 and for the six months ended 30 June 2015 are set out below:
<table>
<tr><th></th><th>Year ended 31 December 2012</th><th>Year ended 31 December 2013</th><th>Year ended 31 December 2014</th><th>Six month period ended 30 June 2015</th></tr>
<tr><td>Total assets (£m)</td><td>215.29</td><td>227.39</td><td>154.48</td><td>171.60</td></tr>
<tr><td>Total liabilities (£m)</td><td>(145.42)</td><td>(152.33)</td><td>(79.94)</td><td>(77.99)</td></tr>
<tr><td>Net assets (£m)</td><td>69.86</td><td>75.06</td><td>74.54</td><td>93.61</td></tr>
<tr><td>Net asset value per share (pence)</td><td>58.09</td><td>52.81</td><td>42.45</td><td>43.32</td></tr>
<tr><td>Retained earnings (£m)</td><td>6.65</td><td>1.50</td><td>(19.15)</td><td>(23.20)</td></tr>
<tr><td>Profit/(loss) (£m)</td><td>(8.15)</td><td>1.54</td><td>(12.97)</td><td>15.41</td></tr>
<tr><td>Dividends per share (pence)</td><td>4.7</td><td>5.0</td><td>5.0</td><td>2.5</td></tr>
</table>
Save as disclosed below, there has been no significant change to the Company's financial condition and operating results during the period covered by the historical financial information.
On 16 June 2015, the Company agreed a loan facility to borrow up to £30 million (the "Loan Facility") through Sancus Limited, a subsidiary of the Company. Interest on the Loan Facility, which is secured over the Group's assets, is charged at 11 per cent. per annum. The current balance outstanding on the Loan Facility is £22.9 million.
</td></tr>
</table>

		On 16 March 2015, a total of 34,500,000 new Ordinary Shares were placed at a price of 58 pence per Ordinary Share (raising in aggregate approximately £20 million) with new and existing institutional and other investors. On 4 March 2015, the Company sold its entire holding of 34,298,425 ordinary shares in FOIF at a price of US$0.9425 per share, raising gross proceeds of approximately US$32.3million. In December 2014, the Company acquired the entire issued share capital of Sancus for total consideration of £37.75 million, satisfied by the issue of 20,000,000 ZDP Shares and 31,415,930 new Ordinary Shares to Sancus Holdings Limited. During 2014, the Company also sold its remaining direct CLO investments, a process which concluded with the sale, in June 2014, of the Company's remaining CLO assets to FOIF for total consideration of US$54.7million. Save as disclosed below there has been no significant change to the Company's financial condition and operating results subsequent to the period covered by the historical financial information. On 23 September 2015, the Company sold loans with a value of approximately £40.3 million from its SME loan book to GLI Alternative Finance plc ("GLIAF"). GLIAF is a newly launched investment fund to which the Company's wholly-owned subsidiary, GLIAM, acts as investment manager. Its IPO completed on 23 September 2015 through the issue of approximately 52.7 million new ordinary shares at a price of 100p per share, which were admitted to trading on the Specialist Fund Market of the London Stock Exchange. In consideration for the sale, the Company received 40,270,763 of the new ordinary shares in the capital of GLIAF, representing approximately 76 per cent. of GLIAF's issued ordinary share capital.
B.8	Pro forma financial information	Not applicable. No pro forma financial information has been included in this prospectus.
B.9	Profit forecast	Not applicable. No profit forecast or estimate is made in this prospectus.
B.10	Qualifications in the audit report	Not applicable. No qualified audit report.
B.11	Working capital insufficiency	Not applicable. The Company is of the opinion that the working capital available to the Group is sufficient for its present requirements, that is for at least the next 12 months from the date of this prospectus.

Section C – Securities

C.1	Type and class of securities admitted to trading	The securities being admitted to trading are the ZDP Shares of the Company, which have no par value, whose ISIN is GG00BTDYD136.
C.2	Currency of the securities issue	Not applicable. The Company is not issuing securities in connection with Admission.
C.3	Number of shares issued	As at the Latest Practicable Date, there were 214,559,865 Ordinary Shares and 20,791,418 ZDP Shares of no par value each in the capital of the Company (fully paid) in issue.

C.4	Description of the rights attaching to the securities	The ZDP Shares carry no right to any dividends but instead entitle the holders to a fixed capital return on the Maturity Date. The ZDP Shares, in general, carry no right to vote at general meetings of the Company save in respect of a resolution to vary the rights attached to the ZDP Shares. In addition, ZDP Shareholders shall have the right to vote, at a separate class meeting, to approve certain specified matters which would be likely to affect materially the position of the ZDP Shareholders. The ZDP Shares will be redeemed on the Maturity Date. On a return of capital or other winding-up: first, there shall be paid to the holders of ZDP Shares an amount equal to 100 pence per ZDP Share as increased each day from 16 December 2014 up to and including the Maturity Date of 5 December 2019 at the daily compound rate which results in a Final Capital Entitlement of 130.696 pence per ZDP Share on the Maturity Date; and second, subject to the terms of the Articles, there shall be paid to the holders of the Ordinary Shares in proportion to their holdings the surplus assets of the Company available for distribution. Certain corporate actions will be subject to the prior approval of ZDP Shareholders unless a Cover Test is met or Cover is otherwise increased as a result of such action.
C.5	Restrictions on the free transferability of the securities	The Board may, in its absolute discretion and without giving any reason, refuse to register the transfer of a ZDP Share which is not fully paid up or on which the Company has a lien provided that this would not prevent dealings from taking place on an open and proper basis. The Directors may also refuse to register any transfer of a ZDP Share unless such transfer is in respect of only one class of shares, it is in favour of a single transferee or no more than four joint transferees, is delivered for registration to the Company's registered office or such other place as the Board may decide, and is accompanied by the relevant share certificate(s) and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer.
C.6	Admission	Application has been made to the UK Listing Authority and to the London Stock Exchange respectively for admission of the ZDP Shares to: (i) the Official List (by way of a Standard Listing under Chapter 14 of the Listing Rules); and (ii) trading on the London Stock Exchange's main market for listed securities. It is expected that Admission will become effective and that dealings will commence on 5 October 2015.
C.7	Dividend policy	The Company aims to provide Ordinary Shareholders with a stable and predictable dividend and a double digit return on equity. A resolution was passed at the annual general meeting of the Company held on 30 April 2015 to authorise the Board, in respect of any dividends declared for any financial period or periods of the Company ending prior to the annual general meeting of the Company to be held in 2016, to offer Ordinary Shareholders the right to elect to receive further Ordinary Shares, credited as fully paid, instead of cash in respect of all or part of any dividend(s) declared in respect of any such period or periods. No dividends will be paid in respect of the ZDP Shares.

Section D – Risks

D.1	Key information on the key risks that are specific to the issuer or its industry	The Company believes that the key risk factors relating to the Group and the provision of finance to SMEs are those listed in this section. The existence or occurrence of these circumstances or any of them, in part or whole, may negatively affect the performance of the Company and/or could have a material adverse effect on the Group's financial position, results of operations, business prospects, returns to investors and the ability to pay the Final Capital Entitlement on the Maturity Date. • There can be no guarantee that the Company will meet its stated objective or that its portfolio will generate the rates of return referred to in this document. • The Company is reliant on the effective operation of the IT systems operated by its Portfolio Companies for the loan acquisition process through their Platforms. Any IT systems failure could have a material adverse effect on the ability to acquire and realise investments. • The Group may borrow money which exposes it to risks associated with borrowings. • The past performance of the Group is not a reliable indicator of future performance. • Loans acquired through Platforms are subject to risks of borrower default. The default history for loans is limited and actual defaults may be greater than indicated by historical data. • The Portfolio Companies are smaller, unlisted companies. Smaller companies, in comparison to larger companies, often have higher risk profiles. Investments in unlisted equity involve a higher degree of valuation and performance uncertainties and liquidity risks than investments in listed securities and may be more difficult to realise. • Any change in the Company's tax status or in taxation legislation or practice in the United Kingdom, Guernsey or elsewhere could adversely affect the Company's ability to meet its obligations in respect of the ZDP Shares.
D.3	Key information on the key risks that are specific to the securities	The key risk factors relating to the ZDP Shares are: • The Final Capital Entitlement is not guaranteed. The Company's ability to pay the Final Capital Entitlement is dependent on it having sufficient cash resources to meet such obligation. Events or changes that will have a material adverse effect on the business of the Group may have a material adverse effect on the Company's ability to meet its obligations to ZDP Shareholders. • Admission should not be taken as implying that there will be a liquid market for the ZDP Shares. The ZDP Shares may not be widely distributed and there is currently no active trading market for the ZDP Shares.

		• The market value of the ZDP Shares will be affected by, *inter alia*, changes in general interest rates, with upward movements in interest rates likely to lead to reductions in the market value of the ZDP Shares and by the financial performance of the Company, including any erosion of the Cover. • All of the Group's assets are held directly by the Company or by subsidiary undertakings of the Company. The Company's obligation to pay the Final Capital Entitlement is subordinated to its own liabilities as well as the liabilities of its subsidiary undertakings and any relevant lenders may have recourse against particular assets of the Group. Accordingly, if there are defaults under such facilities and the lenders were to enforce that security, it could have a material adverse effect on the Company's ability to meet its obligations to the ZDP Shareholders. • Any change in tax legislation in the UK or Guernsey could affect the taxation of returns derived from investing in ZDP Shares. Statements in this prospectus concerning the taxation of investors are based on current law and practice, which is subject to change.

Section E – Offer

E.1	Net proceeds and costs of the Issue	Not applicable. The Company is not offering any ZDP Shares nor any other securities in connection with Admission and therefore the Company is not receiving proceeds.
E.2a	Reason for offer and use of proceeds	Not applicable. The Company is not receiving proceeds in connection with Admission.
E.3	Terms and conditions of the offer	No applicable. There is no offering of ZDP Shares nor any other securities in connection with Admission.
E.4	Material interests	Not applicable. There are no interests, known to the Company, material to Admission or which are conflicting interests.
E.5	Name of person selling securities/lock up agreements	Not applicable. There is no offering of ZDP Shares nor any other securities in connection with Admission.
E.6	Dilution	Not applicable. There is no dilution in connection with Admission.
E.7	Expenses charged to the investor	Not applicable. No expenses will be directly charged to investors in connection with Admission.

RISK FACTORS

You should consider carefully the risks set out below and the other information contained in this prospectus with respect to the Company and the ZDP Shares. Each of the risks highlighted below could have a material adverse effect on the business, operations, financial condition or prospects of the Company and the Group, which, in turn, could have a material adverse effect on the amount which investors will receive in respect of the ZDP Shares. In addition, each of the risks highlighted below could adversely affect the trading price of the ZDP Shares or the rights of investors under the ZDP Shares and, as a result, investors could lose some or all of their investment.

You should note that the risks described below are not the only risks the Company and the Group face. Described below are only those risks relating to the Company, the Group and the ZDP Shares that are considered to be material. There may be additional risks that the Company and the Group currently consider not to be material or of which the Company or the Group is not currently aware, and any of these risks could have the effects set out above.

An investment in the ZDP Shares is suitable only for investors who are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear losses (which may equal the whole amount of their investment) that may result from such an investment. An investment in the ZDP Shares should constitute part of a diversified investment portfolio.

You should read this prospectus in its entirety. Investing in the ZDP Shares involves certain risks.

1 Risks relating to the ZDP Shares

Consequences of a Standard Listing

A Standard Listing affords Shareholders in the Company a lower level of regulatory protection than that afforded to investors in a company with a Premium Listing, which is subject to additional obligations under the Listing Rules.

The Ordinary Shares are quoted on AIM and therefore the Company is subject to the AIM Rules.

The Final Capital Entitlement is not guaranteed

ZDP Shareholders only have the right to receive the Final Capital Entitlement on the Maturity Date. ZDP Shareholders wishing to realise their investment earlier will have to dispose of their ZDP Shares through the market. The Final Capital Entitlement is not guaranteed. The Company's ability to pay such amounts is dependent on it having sufficient cash resources to meet such obligation at the relevant time. If the Company does not have sufficient cash resources to pay the Final Capital Entitlement, ZDP Shareholders may lose some or all of their investment. ZDP Shares are not a protected or guaranteed investment.

The ability of the Company to meet its obligations to pay the Final Capital Entitlement depends on its ability to realise value from its subsidiary undertakings or to borrow or otherwise raise funds at the relevant time. Events or changes that will have a material adverse effect on the business of the Company and its subsidiary undertakings may have a material adverse effect on the Company's ability to meet such obligations.

The Final Capital Entitlement is based on a number of assumptions which may or may not materialise. The assumptions used are not guarantees of future performance and involve uncertainties that are hard to predict.

Subordination of ZDP Share obligations to the Group's other obligations

All the Group's assets are held directly by the Company or by subsidiary undertakings of the Company. The Company's obligation to pay the Final Capital Entitlement is subordinated to its own liabilities as well as the liabilities of its subsidiary undertakings and any relevant lenders may have recourse against particular assets of the Group. Accordingly if there are defaults to the Group under any of the Group's loan facilities and the lenders were to enforce that security, it could have a material adverse effect on the Company's ability to meet its obligations to the ZDP Shareholders.

No guarantee that a listing will be maintained

Listing Rule 14.2.2 requires a minimum of 25 per cent. of the ZDP Shares to be in public hands. Persons in the same group or acting in concert who have an interest in 5 per cent. or more of the ZDP Shares will be excluded from the calculation of the public hands requirement.

If the number of ZDP Shares in public hands falls below the requisite threshold after Admission, then the listing of the ZDP Shares may not be capable of being maintained and this is likely to reduce the liquidity of the ZDP Shares and to have a material adverse effect on the ability to sell the ZDP Shares for value prior to the Maturity Date.

There is no guarantee an active trading market will develop for the ZDP Shares

Admission should not be taken as implying that there will be a liquid market for the ZDP Shares. The ZDP Shares may not be widely distributed and there is currently no active trading market for the ZDP Shares.

There can be no guarantee that an active trading market will develop or be sustained for the ZDP Shares after Admission. If an active trading market is not developed or maintained, the liquidity and trading prices of the ZDP Shares could be adversely affected.

Interest rate rises may lead to reductions in the market value of the ZDP Shares

The market value of the ZDP Shares will be affected by changes in general interest rates, with upward movements in interest rates likely to lead to reductions in the market value of the ZDP Shares.

The ZDP Shares may trade at a discount

If the ZDP Shares are traded after Admission, they may trade at a discount to their accrued capital entitlement, depending upon factors including prevailing interest rates, the market for similar securities, general economic conditions and the financial condition and prospects of the Group. The value of the ZDP Shares can go down as well as up.

Other factors that may impact on market price and the realisable value of the ZDP Shares

The market price and the realisable value of the ZDP Shares will be affected by interest rates, supply and demand for the ZDP Shares, market conditions and general investor sentiment. As such, the market value and the realisable value (prior to redemption) of the ZDP Shares will fluctuate and may vary considerably. In addition, the published market price of the ZDP Shares will be, typically, their middle market price. Due to the potential difference between the middle market price of the ZDP Shares and the price at which the ZDP Shares can be sold, there is no guarantee that the realisable value of the ZDP Shares will be the same as the published market price.

Structural conflicts of interest

The different rights and expectations of the Ordinary Shareholders and the ZDP Shareholders may give rise to conflicts of interest between them. Holders of ZDP Shares can be expected to have little or no interest in the revenue produced by the Group’s assets, save to the extent that the Company’s operating costs exceed that revenue. ZDP Shareholders can be expected to want the Group’s assets to be sufficient to repay the Final Capital Entitlement of the ZDP Shares on the Maturity Date, but can be expected to have little or no interest in any growth in the Group’s assets in excess of that amount. Conversely, holders of Ordinary Shares can be expected to be interested in both the revenue that the Group’s assets produce (and hence the level of dividends which will be capable of being paid on the Ordinary Shares) and increases in the value of the Group’s assets in the period to the Maturity Date, and beyond.

In certain circumstances, such as a major fall in the value of the Group’s assets such that the Final Capital Entitlement of the ZDP Shares is significantly uncovered but where the Group’s assets are still generating revenue, the interests of ZDP Shareholders and the Ordinary Shareholders may conflict. The ZDP Shareholders may wish more revenue to be retained in order to meet their Final Capital Entitlement while the holders of Ordinary Shares may recognise that they then have little prospect of a sizeable capital return and so may be more concerned with maximising dividends in the period to the Maturity Date.

In such circumstances, the Directors may find it impossible to meet fully both sets of expectations and so will need to act in a manner which they consider to be fair and equitable to both Ordinary Shareholders and ZDP Shareholders but having regard to the entitlements of each class of Shares.

2 Risks relating to the Group and its business strategy

The Company may not meet its objective

The Company may not achieve its objective of a 10 to 15 per cent. return on equity. Meeting that objective is a target but the existence of such an objective should not be considered as an assurance or guarantee that it can or will be met.

There can be no guarantee that the Group's portfolio will achieve the target rates of return referred to in this document or that it will not sustain any capital losses through its investments.

The effects of both normal market fluctuations and the current global economic crisis may impact the Group's business, operating results or financial condition

These are factors which are outside the Company's control and which may affect the volatility of underlying asset values and the liquidity and the value of the Group's portfolio. Changes in economic conditions in the US, UK and Europe where the Group predominantly invests (for example, interest rates and rates of inflation, industry conditions, competition, political and diplomatic events, unemployment, consumer spending, consumer sentiment and other factors) could substantially and adversely affect the Group's prospects.

Borrowing and interest rate risk

The Company has introduced a maximum allowable gearing of 500 per cent. of the net asset value of the Company and its subsidiaries on a consolidated basis.

Prospective investors should be aware that, whilst the use of borrowings should enhance the net asset value when the value of the Group's underlying assets is rising, it will have the opposite effect where the underlying asset value is falling. In addition, in the event that the Group's income falls for whatever reason, the use of borrowings will increase the impact of such a fall on the net revenue of the Group and accordingly will have an adverse effect on the Company's ability to pay dividends to Ordinary Shareholders.

The Group will pay interest on any borrowing it incurs. As such, the Group is exposed to interest rate risk due to fluctuations in the prevailing market rates. Interest rate movements may affect the level of income receivable by the Company and the interest payable on the Group's variable rate borrowings (if any). In the event that interest rate movements lower the level of income receivable or raise the interest required to be paid by the Group, returns to investors will be reduced.

The Group may utilise debt facilities in order to finance some of its loans that it makes to borrowers. Although the Company is not currently in breach of any covenants set forth in any agreements related to its debt facilities, if in future the Group were to experience the occurrence of events of default or breaches of financial or performance covenants under its financing arrangements, this could result in the amortisation, default and/or acceleration of such facilities and could reduce or terminate the Group's access to institutional funding. If such an event were to occur, the Group may have to curtail its investment in loans, which could have a material adverse effect on its business, financial condition, operating results and cash flow.

The Company is reliant on the performance of its executive directors and senior employees

The Group's ability to achieve its strategy is partially dependent on the performance of the executive directors and the Group's senior employees. Failure by the executive directors or the senior employees to manage the investment and operation of the Group's assets effectively could materially adversely affect the Group's business, assets or results of operations and, consequently, have a material adverse effect on the Company's ability to meet its obligations to ZDP Shareholders.

Consequently, the future ability of the Company to successfully pursue its strategy may, among other things, depend on the Company retaining its existing executive directors, senior employees and other staff and/or recruiting individuals of similar experience and calibre. Whilst the Company has endeavoured to ensure that the executive directors and senior employees are suitably incentivised, the retention of executive directors and senior employees cannot be guaranteed. Furthermore, in the event of a departure of an executive director or senior employee, there is no guarantee that the Company would be able to recruit a suitable replacement or that any delay in doing so would not adversely affect the performance of the Company.

Past performance

The past performance of the Group is not a reliable indication of future performance.

The Group is reliant on the IT systems operated by its Portfolio Companies to facilitate the loan acquisition process

The Portfolio Companies have developed their own bespoke software and infrastructure to facilitate the loan acquisition process through their Platforms. The Portfolio Companies and, ultimately, the Group is reliant on the functionality of such systems. Any failure of the IT systems developed and maintained by any Portfolio Company could have a material adverse effect on the ability to acquire and realise investments and therefore impact the Group's results of operations.

The IT systems of the Platforms are outside the control of the Company. Technology complications associated with lost or broken data fields as a result of Platform-level changes to the software used by the Platforms may impact the Company's ability to receive and process the data received from the Platforms.

The Company relies extensively on computer systems and proprietary programs to evaluate and purchase loans, to monitor its portfolios and to generate reports that are critical to the oversight of its loans. These programs or systems may be subject to certain defects, failures or interruptions, including those caused by computer "worms", viruses and power failures. Such failures could cause the evaluation and purchase of loans to fail, lead to inaccurate accounting, recording or processing of transactions relating to loans and cause inaccurate reports which may affect the Company's ability to monitor its loans and risks as well as its ability to deploy capital. Any such defect or failure could cause the Company to suffer financial loss, the disruption of its business, regulatory intervention or reputational damage.

The Group may experience fluctuations in its operating results

The Group may experience fluctuations in its operating results due to a number of factors, including changes in the values of the loans made by the Group, changes in the amount of interest paid in respect of loans in the portfolio, changes in the Group's operating expenses, the degree to which the Group encounters competition and general economic and market conditions. Such variability may lead to volatility in the trading price of the Shares and cause the Group's results for a particular period not to be indicative of its performance in a future period.

Changes in laws or regulations governing the Group operations may adversely affect the Group's business

The Group is subject to laws and regulations enacted by national and local governments. In particular, the Company is subject to and required to comply with certain regulatory requirements that are applicable to companies admitted to a Standard Listing on the Official List and to AIM. The Company must comply with certain of the Listing Rules and the Disclosure and Transparency Rules and with the AIM Rules.

Any change in the law and regulation affecting any entity in the Group may have a material adverse effect on the ability of the Group to carry on its business and successfully pursue its business strategy and on the value of the Company and the Shares.

Currency risk

The assets of the Group are invested in assets which are denominated in US Dollars, Euros, Sterling or other currencies. Accordingly, the value of such assets may be affected favourably or unfavourably by fluctuations in currency rates.

Valuation risk

The Group's investments are largely unquoted and the valuation of such investments involves the exercise of judgement. There can be no guarantee that the basis of calculation of the value of the Group's investments used in the valuation process will reflect the actual value on realisation of those investments.

FATCA

The Company may be subject to 30 per cent. withholding on certain US source and other payments under The Foreign Account Tax Compliance Act ("FATCA"). FATCA is US legislation aimed at promoting tax compliance by US citizens. In broad terms, FATCA requires financial institutions outside the US to pass information about their US customers to the US tax authorities. A 30 per cent. withholding tax is imposed on the US source income (and, beginning after 2016, on the gross proceeds from the sale of assets that produce US source income) of any financial institution that fails to comply with this requirement. In addition, withholding tax under FATCA may, depending on future guidance provided by the IRS, also apply on certain non-US source payments received after 31 December 2016 from other non-US financial institutions. The Company is a financial institution for these purposes. Guernsey and the United States have entered into an inter-governmental agreement ("US-Guernsey IGA") on 13 December 2013 to facilitate compliance by Guernsey resident financial institutions with the reporting requirements imposed by FATCA. Under the US-Guernsey IGA, as implemented in Guernsey through domestic legislation, instead of providing information directly to the US tax authority the Company will be required, subject to applicable exemptions, to report certain information about shareholders and other accountholders to the Guernsey authorities, who will in turn provide the information to the US authorities.

Under the US-Guernsey IGA and Guernsey's implementation of that agreement, securities that are "regularly traded" on an established securities market are not considered financial accounts and are not subject to reporting. For these purposes, the ZDP Shares will be considered "regularly traded" if there is a meaningful volume of trading with respect to the ZDP Shares on an ongoing basis. Notwithstanding the foregoing, from 1 January 2016, a ZDP Share will not be considered "regularly traded" and will be considered a financial account if the holder of the ZDP Shares (other than a financial institution acting as an intermediary) is registered as the holder of the ZDP Share on the Company's share register. Such ZDP Shareholders will be required to provide information to the Company to allow the Company to satisfy its obligations under FATCA. Additionally, even if the ZDP Shares are considered regularly traded on an established securities market, ZDP Shareholders that own the ZDP Shares through financial intermediaries may be required to provide information to such financial intermediaries in order to allow the financial intermediaries to satisfy their obligations under FATCA. Notwithstanding the foregoing, the relevant rules under FATCA may change and, even if the ZDP Shares are considered regularly traded on an established securities market, ZDP Shareholders may, in the future, be required to provide information to the Company in order to allow the Company to satisfy its obligations under FATCA. The Company's FATCA diligence and reporting obligations will be governed by the US-Guernsey IGA and the applicable Guernsey implementing legislation.

Following the US implementation of FATCA, certain other jurisdictions are in the process of implementing or have implemented their own versions of FATCA, such as the United Kingdom, which has entered into intergovernmental agreements with its Crown Dependencies and Overseas Territories, including Guernsey. In addition, in February 2014 the Organisation for Economic Co-operation and Development released the "Common Reporting Standard", designed to create a global standard for the automatic exchange of financial account information, similar to the information to be reported under FATCA. On 29 October 2014, 51 jurisdictions, including Guernsey and the UK, signed the multilateral competent authority agreement to automatically exchange information under the Common Reporting Standard. Certain disclosure requirements may be imposed in respect of certain Shareholders in the Company falling within the scope of such measures that are similar to FATCA. As a result, Shareholders may be required to provide any information that the Company determines is necessary to allow the Company to satisfy its obligations under such measures.

It should be noted, however, that the Company's compliance with FATCA and other similar regimes relies on Shareholders providing the requisite information to the Company so compliance by the Company cannot be guaranteed and there can be no assurance that the Company in the future will not be subject to withholding tax under FATCA or required to deduct withholding tax under FATCA. Were the 30 per cent. withholding tax to be imposed on any US source payments received by the Company, this could have a material adverse effect on the level of returns to all Shareholders.

FATCA is particularly complex and the above description is based in part on regulations, official guidance and the US-Guernsey IGA, all of which are subject to change. All prospective investors should consult with their respective tax advisers regarding the possible implications of FATCA and any other similar legislation and/or regulations on their investments in the Company. If a Shareholder fails to provide the Company with information that is required to allow it to comply with any of the above reporting requirements, or any similar reporting requirements, adverse consequences may apply.

3 Risks relating to Platforms

Changes in a Platform's policies may adversely impact the Group's investments

While the Company will review the policies and procedures of the Platforms through which the Group invests, there can be no assurances that the Platforms will continue to adhere to such policies and procedures. The Group will have differing levels of transparency with respect to the loans originated through or issued by various Platforms, and no assurances can be given that the Company will become aware of changes in a Platform's policies and procedures in a timely manner or at all and any such changes to the policies and procedures may result in the Group's portfolio being materially adversely affected.

Lack of Platform operating history

The Platforms through which the Group invests generally have a limited operating history and track record upon which the Company may base an evaluation of the Platform's operations, historical default rates and/or performance of loans or categories of underlying borrowers. No assurances can be given that the amount of data available is sufficient to assess market cycles or long term developments.

Due diligence

Prior to investing in loans through a Platform, the Company will perform due diligence on the proposed Platform. In doing so, it will typically rely on information from the Platform as part of this due diligence. To the extent that the Company underestimates or fails to identify risks and liabilities associated with Platforms through which the Group invests, this may impact on the profitability of any investment through the Platform.

4 Risks relating to compliance and regulation of P2P participants

(a) ***Risks relating to compliance and regulation of P2P participants in the UK***

On 1 April 2014, the regulation of the consumer credit market transferred from the Office of Fair Trading to the FCA, including responsibility for regulating peer-to-peer lending Platforms.

There is a regulated activity of 'operating an electronic system in relation to lending'. The UK Platforms through which the Company invests must hold interim permission or authorisation from the FCA for this activity. The FCA has introduced application periods, giving firms with interim permission a three-month window in which they must apply to the FCA for full authorisation. If any Platform through which the Company invests were to fail to obtain full authorisation, this may result in the Platform being forced to cease its operations and may cause disruption to the servicing and administration of loans in which the Company has invested through that Platform. Any such disruption may impact the quality of debt collection procedures in relation to those loans and may result in reduced returns to the Group from those investments.

The FCA has introduced regulatory controls for Platform operators, including the application of conduct of business rules (in particular, around disclosure and promotions), minimum capital requirements, client money protection rules, dispute resolution rules and a requirement for firms to take reasonable steps to ensure existing loans continue to be administered if the firm goes out of business. The introduction of these regulations and any further new laws and regulations could have a material adverse effect on the UK Platforms' businesses and may result in interruption of operations by the Platforms or these Platforms seeking to pass increased regulatory compliance costs to their lender members, such as the Company, through the lender fees charged to them.

(b) ***Risks relating to compliance and regulation of P2P participants in the US***

The loan industry in the US is highly regulated

The loan industry in the US is highly regulated. Loans made through US Platforms are subject to extensive and complex rules and regulations issued by various federal, state and local government authorities. These authorities also may impose obligations and restrictions on the US Platforms' activities. In particular, these rules require extensive disclosure to, and consents from, applicants and borrowers, prohibit discrimination and may impose multiple qualification and licensing obligations on US Platform activities. In addition, one or more US regulatory authorities may assert that the Company, as a lender member of the US Platforms, is required to comply with certain laws or regulations which govern the commercial loan industry. If the Company were required to comply with additional laws or regulations, this would likely result in increased costs for the Company and may have an adverse effect on its results or operations or its ability to invest in loans through the US Platforms. The US Platforms' failure to comply with the requirements of applicable US rules and regulations may result in, among other things, the US Platform (or its lender members) being required to register with governmental authorities and/or requisite licences being revoked, or loan contracts being voided, indemnification liability to contract counterparties, class action lawsuits, administrative enforcement actions and/or civil and criminal liability. Determining the applicability of and effecting compliance with such requirements is at times complicated by the US Platforms' novel and various business models. Moreover, these requirements are subject to periodic changes. Any such change necessitating new significant compliance obligations could have an adverse effect on the US Platforms' compliance costs and ability to operate. The US Platforms would likely seek to pass through any increase in the US Platforms' costs to their lender members such as the Company.

Some of the US Platforms originate loans through third-party banks which then sell the originated loan to the US Platform after a certain period of time. While it is not clear if regulations relating to exportation of interest rates applies to these loans, if such banks exportation of the interest rates, and related terms and conditions, permitted under an applicable state's law to borrowers in other states were determined to violate applicable lending laws, this could subject the US Platforms to the interest rate restrictions, and related terms and conditions, of the lending laws of all of the US states which a US Platform's business touches in any way. The result would be a complex patchwork of regulatory restrictions that could materially and negatively impact the US Platforms' operations and potentially make them no longer able to operate, in which case they could terminate their business and all activities. This could have a material adverse effect on all lender members of the US Platform because the volume of loans available to invest in would potentially be drastically reduced. In addition, a US Platform that acquires a loan from a national bank may not be able to enforce the interest rate and other terms of the loan to the same extent as the national bank can enforce the terms because of federal law pre-emption privileges of national banks that may not transfer to the US Platform when it acquires the loan (for example, interest rate exportation).

In addition, different US Platforms adhere to different business models, resulting in uncertainty as to the regulatory environment applicable to the US Platforms. Raiseworks, for example, owns a registered broker/dealer in order to comply with US regulations regarding the issuance and trade of securities. Other US Platforms, however, either structure their business model so as to avoid registration requirements, or operate under the assumption that their activities do not implicate the regulations.

US state licensing requirements

The Company is not currently required to hold a licence in connection with the acquisition of loans as a lender member through the US Platforms. However, one or more states could take the position that US Platform lender members are required to be licensed. Lender members becoming licensed could subject lender members to a greater level of regulatory oversight by state government as well as cause lender members to incur additional costs. If unable to obtain any required licences, lender members could be required to cease investing in loans issued to borrowers in the states in which they are not licensed.

Risk of the Company being deemed the true lender

The risk that either the US Platforms, or the Company or another member of the Group (as lender member) is deemed the true lender in any jurisdiction exists with respect to loans made to businesses, although US courts have rarely analysed questions regarding true lenders in the context of business loans. It is expected that US courts' true lender analysis would be the same for both consumer and business loans, however, additional uncertainty exists as to how US courts would analyse questions regarding true lenders in a business loan context.

Although the Directors are not currently aware that any state regulators have taken the position that the US Platforms are the actual providers of loans to borrower members, any action undertaken by state regulators to assert such a position could have a material adverse effect on the lending model utilised by the US P2P industry and, consequently, the ability of the Company to pursue a significant part of its strategy in the US.

In addition to the possible initiation of proceedings by governmental authorities, borrower members could also challenge the legality of the business conducted by the US Platforms or by the Company. The severity of the risks associated with this possibility depends substantially upon whether the borrower member is in a position to assert claims on a class basis.

In certain instances, courts have analysed the third-party bank loan originated arrangement whereby loans or participations in loans are sold to non-bank vendors to determine the true lender, and accordingly, what legal principles apply to the true lender. In one 2014 case involving a California-based vendor that marketed loans originated by a bank chartered in South Dakota and then purchased the loans from the bank three days after origination, the West Virginia Supreme Court determined that the vendor was the true lender because the vendor held the predominant economic interest in the loans originated by the bank. The vendor's sole owner and stockholder guaranteed the vendor's obligations to the bank, the vendor indemnified the bank against all losses arising out of the arrangement, the vendor dictated the loan underwriting guidelines to be followed for loans to be purchased, and for financial reporting purposes, the loans were treated as if the vendor had funded the loans. This case illustrates the types of facts and circumstances that a court might use in determining whether the US Platforms or their lender members may be characterised as the true lender, rather than the bank originating the loans under the program. While this case involved consumer loans, as opposed to SME loans, it is unclear whether the same reasoning might be applied to SME loans. If the same reasoning is applied to SME loans, it could subject the US Platforms to adverse regulatory action, undermine their basic business models and render borrower loans unenforceable if any terms of the US Platforms' respective lending programs are found to violate lending rules or if the costs associated with regulatory compliance are too high.

OFAC and Bank Secrecy Act

The US Platforms may be required to implement the various anti-money laundering and screening requirements of applicable US federal law. The Company is not able to control or monitor the compliance of the US Platforms with these regulations. Moreover, in the Company's participation with the US Platforms, it is subject to compliance with OFAC (Office of Foreign Assets Control), the USA PATRIOT Act and Bank Secrecy Act regulations applicable to all businesses, which for the Company generally involves cooperation with US authorities in investigating any purported improprieties. Any material failure by any of the US Platforms or the Company to comply with OFAC and other similar anti-money laundering restrictions or in connection with any investigation relating thereto could result in additional fines or penalties that, depending on the violations, could amount to US$1,000 to US$25,000 per violation. Such fines or penalties could have a material adverse effect on the Company directly, for amounts owed for fines or penalties, or indirectly, as a negative consequence of the decreased demand for loans from the US Platforms as a result of any such adverse publicity and other reputational risks associated with any such fines and penalties assessed against the US Platforms.

Investment Company Act compliance

The Group may be required to constrain its business activities to avoid being deemed an investment company under the Investment Company Act of 1940 (the Investment Company Act).

In general, a company that is or holds itself out as being engaged primarily in the business of investing, reinvesting or trading in securities may be deemed to be an investment company under the Investment Company Act. The Investment Company Act contains substantive legal requirements that regulate the manner in which "investment companies" are permitted to conduct their business activities. The Directors believe that the business has been conducted, and continues to be conducted, in a manner that does not result in the Company being characterised as an investment company under the Investment Company Act. However, there is no guarantee that the United States

Securities Exchange Commission will agree. If the Company is deemed an investment company under the Investment Company Act, the Company may not be able to broaden its investments, which could require it to forego attractive opportunities. In such event, while the Company may be able to apply for formal exemptive relief to provide additional clarity on its status under the Investment Company Act, it may not receive such relief on a timely basis, if at all, and such relief may require it to modify or curtail its operaitons. If the Company were deemed to be an investment company under the Investment Company Act, it may be required to institute burdensome compliance requirements and its activities may be restricted, which would materially adversely affect its business, financial condition and results of operations.

Investment Advisers Act compliance

If any of the US Portfolio Companies were found to be registered investment advisors, their ability to raise sufficient investor commitments to meet borrower demand could be impaired.

In some circumstances, US Portfolio Companies could be deemed to be acting as an advisor within the meaning of the Investment Advisers Act of 1940, as amended (Advisers Act) to certain investors. Registered investment advisers are subject to a number of regulatory and legal requirements, including conflicts of interest, advertising restrictions and custody requirements. The Directors believe that the US Portfolio Companies have conducted, and intend to continue to conduct, their business in compliance with the Advisers Act. If, however, they are deemed to have breached any of their obligations under the Advisers Act, their activities could be restricted, suspended or even terminated. If this were to occur, the Company's investment in those Portfolio Companies could be materially and adversely impacted.

Broker/Dealer regulatory compliance

If any of the US Portfolio Companies were required to register as a broker-dealer under US federal or state law, their costs could significantly increase or the Group's operations could be impaired.

US regulators may view the US Portfolio Companies as engaged in the business of effecting transactions in securities for the account of others. If the US regulators were to prevail in such a position, some of the US Portfolio Companies may be required to become, or operate through, a registered broker-dealer. In such event, such US Portfolio Companies could be subject to fines, rescission offers or other penalties, and their compliance costs and other costs of operation could increase significantly. Such costs could materially and adversely affect the Group's returns from such companies.

5 Risks relating to the Group's portfolio

Competition and portfolio concentration risks

The current market in which the Group participates is competitive and rapidly changing. The Group faces increasing competition for access to loans as the peer-to-peer and peer-to-business lending industry continues to evolve. The Group faces competition from other institutional lenders such as fund vehicles and commercial banks that are substantially larger and have considerably greater financial, technical and marketing resources than the Company. In the US, there are a number of private funds, commercial banks and managed accounts which have already deployed capital in the P2P lending space. In the UK, there are a number of funds that have also entered the space. Other institutional sources of capital may enter the market in both the UK and US. These potential competitors may have higher risk tolerances or different risk assessments, which could allow them to consider a wider variety of investments and establish more relationships than the Company. There can be no assurance that the competitive pressures the Company faces will not erode the Company's ability to deploy capital and thus impact the financial condition and results of the Group.

Lack of suitable inventory

The Company intends to continue to build relationships with and enter into agreements with additional Platforms. However, if there are not sufficient qualified loan requests through any Platform, the Company may be unable to deploy its capital in a timely or efficient manner. In such event, the Company may be forced to invest in cash or other assets that are generally expected to offer lower returns than the Company's target returns.

There can be no guarantee that the rapid origination growth experienced by certain Platforms in recent periods will continue. Without sufficient number of new qualified loan requests, there can be no assurances that the Group will be able to compete effectively for loans with other market participants.

(a) ***The following risks are specific to the Group's investments in loans:***

Risk of borrower default

The ability of the Group to earn revenue is completely dependent upon payments being made by the borrower of the loan acquired by the Group through a Platform or by borrowers of a Platform to which the Company has provided a credit facility. The Company or relevant member of its Group (as a lender member) will receive payments under any loans it acquires through a Platform only if the corresponding borrower through that Platform (borrower member) makes payments on the loan.

The Platforms and their designated third party collection agencies may be limited in their ability to collect on loans. The Group must rely on the collection efforts of the Platforms and their designated collection agencies and has no direct recourse against borrower members, is not able to obtain the identity of the borrower members in order to contact a borrower about a loan and otherwise has no ability to pursue borrower members to collect payment under loans.

The Platform will retain from the funds received from the relevant borrower and otherwise available for payment to the Group any insufficient payment fees and the amounts of any attorney's fees or collection fees it, a third party service provider or collection agency imposes in connection with such collection efforts.

The return on the Group's portfolio of loans depends on borrower members fulfilling their payment obligations in a timely and complete manner. Borrower members may not view the lending obligations facilitated through a Platform as having the same significance as other credit obligations arising under more traditional circumstances, such as loans from banks. If a borrower neglects its payment obligations on a loan or is unable or chooses not to repay its loan entirely, the Group may not be able to recover any portion of its outstanding principal and interest under such loan.

All loans are credit obligations of individual borrowers and the terms of the borrower members' loans may not restrict the borrowers from incurring additional debt. If a borrower member incurs additional debt after obtaining a loan through a Platform, that additional debt may adversely affect the borrower's creditworthiness generally, and could result in the financial distress or insolvency of the borrower. This circumstance could ultimately impair the ability of that borrower to make payments on its loan and the Group's ability to receive the principal and interest payments that it expects to receive on those loans. To the extent borrower members incur other indebtedness that is secured, such as a mortgage, the ability of the secured creditors to exercise remedies against the assets of that borrower may impair the borrower's ability to repay its loan or it may impair the Platform's ability to collect on the loan if it goes unpaid. The Group will not be made aware of any additional debt incurred by a borrower, or whether such debt is secured.

There is a possibility of material misrepresentation or omission on the part of a borrower or a Platform when a borrower enters into a loan. Such inaccuracy or incompleteness may adversely affect the valuation of the Group's investments.

Inadequacy of collateral

In relation to any loans which are secured by specific collateral, there can be no assurance that the liquidation of any such collateral would satisfy a borrower's obligation in the event of non-payment of principal payments or scheduled interest in respect of the loan. In addition, in the event of the insolvency of a borrower, the Group could experience delays or limitations with respect to its ability to realise the benefits of the collateral. Moreover, the Group's security interests may be unperfected for a variety of reasons, including the failure to make required filings and, as a result, the Group may not have priority over other creditors as anticipated.

Loan default rates may be affected by a number of factors outside the Group's control and actual default rates may vary significantly from historical observations

Loan default rates may be significantly affected by economic downturns or general economic or political conditions beyond the Company's control. In particular, default rates on loans may increase due to factors such as the general interest rate environment, the value of the US Dollar, Euro or Sterling, energy prices, insolvencies, disruptions to the credit markets and other factors. The significant downturn in the global economy over the past several years has caused default rates on loans to increase, and a continuation of the downturn may result in continued high or increased loan default rates.

The default history for loans originated via Platforms is limited and actual defaults may be greater than indicated by historical data and the timing of defaults may vary significantly from historical observations.

Prepayment risk

Borrowers may decide to prepay all or a portion of the remaining principal amount due under a borrower loan at any time without penalty. In the event of a prepayment of the entire remaining unpaid principal amount of a borrower loan acquired by a Group entity, the relevant Group entity will receive such prepayment but further interest will not accrue on such loan after the date of the prepayment. If the borrower prepays a portion of the remaining unpaid principal balance interest will cease to accrue on the prepaid portion, and the relevant Group entity will not receive all of the interest payments that it expected to receive.

Limited secondary market and liquidity

Peer-to-peer loans generally have a maturity between 1 to 5 years. Investors acquiring P2P loans directly through Platforms and hoping to recoup their entire principal must generally hold their loans through maturity. There is currently no formal secondary market operated by any of the Platforms through which the Group invests in relation to the sale of loans. Peer-to-peer loans are not at present listed on any national or international securities exchange. Until an active secondary market develops, the Group will primarily adhere to a "lend and hold" strategy and will not necessarily be able to access significant liquidity. In the event of adverse economic conditions in which it would be preferable for the Group to sell certain of its assets, the Group may not be able to sell a sufficient proportion of its portfolio as a result of liquidity constraints. In such circumstances, the overall returns to the Group from its investments may be adversely affected.

Risks associated with the Platforms' credit scoring models

A prospective borrower is assigned a loan grade by a Platform based on a number of factors, including the borrower's credit score and credit history. A credit score or loan grade assigned to a borrower member by a Platform may not reflect that borrower's actual creditworthiness because the credit score may be based on outdated, incomplete or inaccurate reporting data.

Additionally, it is possible that, following the date of any credit information received, a borrower member may have defaulted on a pre-existing debt obligation, taken on additional debt or sustained other adverse financial events.

The Company is reliant on the borrower credit information provided to it by the Platforms which may be out of date or inaccurate. Unlike traditional lending, the Company is unable to perform any independent follow-up verification with respect to a borrower member, as the borrower member's details remain confidential.

(b) ***The following risks are specific to the Group's investments in trade receivables:***

The Group invests in trade receivables originated by Platforms and will therefore be subject to the Platforms' ability to sufficiently source deals that fall within the Company's investment and risk parameters. The Group will be subject to the Platforms' ability to monitor and curtail factoring fraud which typically stems from the falsification of invoice documents. False invoices can easily be created online to look like they have been issued by legitimate debtors or are otherwise created by legitimate debtors at inflated values. The Group's investment in trade receivables through Platforms will therefore be reliant on the Platforms' ability to carry out appropriate due diligence on all parties involved such that no losses occur due to fraudulent activity.

The Group will be reliant on the internal credit ratings produced by the Platform. In the event of insolvency of any debtor where invoices have been purchased by the Group, the relevant Group entity may only rank as unsecured creditor. Where invoices have been advanced, in the case of insolvency by the creditor, the debtor is made aware that the invoice has been advanced and is obliged to make payment to the relevant Group entity. However, the relevant Group entity will be subject to the risk of payment being delayed or not made.

Platforms that lend to corporations conduct due diligence but do not always conduct on-site visits to verify that the business exists and is in good standing. For this reason, the risk of fraud may be greater with corporate trade receivables.

The Platforms seek to validate that the debtor has received the goods or services and is willing to pay the creditor before making the receivables available for investment. There can however be no assurance that the debtor will not subsequently dispute the quality or price of the goods or services and elect to withhold payments. Fraud, delays or write-offs associated with such disputes could directly impact the earnings of the Group on its investments in trade receivables.

(c) ***The following risks are specific to the Portfolio Companies:***

The Portfolio Companies are smaller companies. Smaller companies, in comparison to larger companies, often have a more restricted depth of management and higher risk profiles. Investors should not expect that the Company will necessarily be able to realise, within a period which they would otherwise regard as reasonable, its investments in such companies and any such realisations that may be achieved may be at considerably lower values than expected.

Investments in unlisted equity, by their nature, involve a higher degree of valuation and performance uncertainties and liquidity risks than investments in listed securities and therefore may be more difficult to realise.

In comparison with listed and quoted investments, unlisted companies are subject to further particular risks, including that they:

- may have shorter operating histories and smaller market shares, rendering them more vulnerable to competitors' actions and market conditions, as well as general economic downturns;
- often operate at a financial loss;
- are more likely to depend on the management talents and efforts of a founder or small group of persons and, if any such persons were to cease to be involved in the management or support of such companies, this could have a material adverse impact on their business and prospects and the investment in them made by the Company; and
- generally have less predictable operating results and may require significant additional capital to support their operations, expansion or competitive position.

Investments which are unlisted at the time of acquisition may remain unlisted and may therefore be difficult to value and/or realise.

6 Risk relating to taxation

Changes in tax status, legislation or practice

Any change in the Company's tax status, or in tax legislation or practice in the United Kingdom, Guernsey or elsewhere could affect the ability of the Company to meet its obligations in respect of the ZDP Shares.

Any change in taxation legislation or practice in the United Kingdom or elsewhere could also affect the tax treatment of the ZDP Shares and the tax treatment of the Final Capital Entitlement, such as treating gains realised on sale of ZDP Shares as income, which is currently taxed at higher rates than capital gains.

Similarly, if the Company is deemed to be engaged in a trade or business in the US or elsewhere, and is subject to tax on its income from such jurisdictions, this could affect the ability of the Company to meet its obligations in respect of the ZDP Shares.

Statements in this prospectus concerning the taxation treatment of ZDP Shareholders are based upon current UK and Guernsey tax law and published practice, which law and practice are in principle subject to change (potentially with retrospective effect) that could adversely affect the Company and/or the Group and/or post-tax returns to ZDP Shareholders.

Tax residence

Failure by the Company to maintain its non-UK tax resident status may subject the Company to additional taxes which may materially adversely affect the Company's business and results of operations. In order to maintain its non-UK tax resident status, the Company is required to be controlled and managed outside the United Kingdom. The composition of the Board of Directors of the Company and the location(s) in which the Board of Directors of the Company makes decisions will, *inter alia*, be important in determining and maintaining the non-UK tax resident status of the Company. Although the Company is established outside the United Kingdom and a majority of the Directors of the Company live outside the United Kingdom, continued attention must be given to ensure that major decisions are not made in the United Kingdom or the Company may lose its non-UK tax resident status. If the Company was found to be UK tax resident this may adversely affect the financial condition of the Company and its results of operations.

Passive Foreign Investment Company

The Company has not determined whether it will be considered to be a passive foreign investment company within the meaning of the US Internal Revenue Code ("PFIC"). If the Company is considered to be a PFIC, US investors in the Company may be subject to certain adverse tax consequences.

IMPORTANT NOTICES

General

No person has been authorised to give any information or to make any representations in connection with Admission other than the information and representations contained in this prospectus and, if any other information is given or representations are made, such information or representations must not be relied upon as having been authorised by or on behalf of the Company, the Directors or Panmure Gordon. The delivery of this prospectus shall not, under any circumstances, create any implication that there has been no change in the affairs of the Company and/or the Group since, or that the information contained herein is correct at any time subsequent to, the date of this prospectus.

Apart from the responsibilities and liabilities, if any, which may be imposed on Panmure Gordon by FSMA or the regulatory regime established thereunder, Panmure Gordon accepts no responsibility whatsoever for the contents of this prospectus or for any other statement made or purported to be made by it, or on its behalf, in connection with the Company, the Group or the ZDP Shares. Panmure Gordon accordingly disclaims all and any liability whether arising in tort, contract or otherwise (save as referred to above), which it might otherwise have in respect of this prospectus or any such statement.

The contents of this prospectus or any subsequent communications from the Company, the Group or any of their respective affiliates, officers, advisers, directors, employees or agents are not to be construed as advice on legal, business, taxation, accounting, regulatory, investment or any other matters. Each investor should consult his or her own lawyer, financial adviser or tax adviser for legal, financial or tax advice, as appropriate.

The distribution of this prospectus in jurisdictions other than the United Kingdom may be restricted by law and persons into whose possession this prospectus comes should inform themselves about and observe any such restrictions.

The Company is not offering any ZDP Shares nor any other securities in connection with Admission. This prospectus does not constitute an offer to sell, or the solicitation of an offer to subscribe for or buy, any ZDP Shares nor any other securities in any jurisdiction. The ZDP Shares will not be generally made available or marketed to the public in the UK or any other jurisdiction in connection with Admission.

The ZDP Shares have not been, and will not be, registered under the United States Securities Act of 1933 (as amended) (the "Securities Act"), or under the securities laws or with any securities regulatory authority of any state or other jurisdiction of the United States or of any province or territory of Australia, Canada or Japan. Securities may not be offered or sold in the United States absent: (i) registration under the Securities Act; or (ii) an available exemption from registration under the Securities Act. The ZDP Shares have not been and will not be offered or sold in the United States, Australia, Canada or Japan or to or for the account or benefit of any person resident in the United States, Australia, Canada or Japan and this prospectus does not constitute an offer to sell or a solicitation of an offer to purchase or subscribe for ZDP Shares in such jurisdictions or in any jurisdiction in which such offer or solicitation is unlawful or would impose any unfulfilled registration, publication or approval requirements on the Company. These materials may not be published, distributed or transmitted by any means or media, directly or indirectly, in whole or in part, in or into the United States, Australia, Canada or Japan. The distribution of this prospectus in other jurisdictions may be restricted by law and therefore persons into whose possession this prospectus comes should inform themselves of and observe any restrictions.

Website

The contents of the Company's website www.glifinance.com do not form part of this prospectus and investors should not rely on such information.

Forward-looking statements

This prospectus includes statements that are, or may be deemed to be "**forward-looking statements**". These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "**believes**", "**estimates**", "**plans**", "**projects**", "**anticipates**", "**expects**", "**intends**", "**may**", "**will**", or "**should**" or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this prospectus and include statements regarding the Group's intentions, beliefs or current expectations concerning, among other things, the Group's financial condition and prospects.

By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. A number of factors could cause results and developments to differ materially from those expressed or implied by the forward-looking statements including, without limitation, the factors discussed in the sections entitled "Risk Factors" on pages 9 to 21 of this prospectus.

Forward-looking statements may and often do differ materially from actual results. Any forward-looking statements in this prospectus reflect the Company's current view with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to the Group. Investors should specifically consider the factors identified in this prospectus which could cause actual results to differ before making an investment decision. Subject to the requirements of the Prospectus Rules, the Listing Rules and Disclosure and Transparency Rules, the Company does not undertake any obligation publicly to release the result of any revisions to any forward-looking statements in this prospectus that may occur due to any change in the Company's expectations or to reflect events or circumstances after the date of this prospectus. For the avoidance of doubt, nothing in this paragraph constitutes a qualification of the working capital statement contained in paragraph 12 of Part IV of this prospectus.

CONSEQUENCES OF A STANDARD LISTING

Application has been made for the ZDP Shares to be admitted to a Standard Listing on the Official List pursuant to Chapter 14 of the Listing Rules, which sets out the requirements for Standard Listings. As a consequence, a significant number of the Listing Rules will not apply to the Company. Shareholders will therefore not receive the full protection of the Listing Rules associated with a Premium Listing.

The Company will comply with Listing Principles 1 and 2 as set out in Chapter 7 of the Listing Rules, as required by the UK Listing Authority. The Company is not required to comply with the Premium Listing Principles as set out in Chapter 7 of the Listing Rules as they only apply to companies which obtain a Premium Listing on the Official List.

An applicant that is applying for a Standard Listing of equity securities must comply with all the requirements listed in Chapter 2 of the Listing Rules, which specifies the requirements for listing for all securities. Where an application is made for the admission to the Official List of a class of shares, at least 25 per cent. of shares of that class must be distributed to the public in one or more EEA states. Listing Rule 14.3 sets out the continuing obligations applicable to companies with a Standard Listing and requires that such companies' listed equity shares must be admitted to trading on a regulated market at all times. Such companies must have a minimum number of shares of any listed class (25 per cent.) in public hands at all times in the relevant jurisdictions and must notify the FCA as soon as possible if these holdings fall below the stated level. There are a number of other continuing obligations set out in Chapter 14 of the Listing Rules that will be applicable to the Company.

These include requirements as to:

(a) the forwarding of circulars and other documentation to the FCA for publication through the national storage mechanism, and related notification to a Regulatory Information Service;

(b) the provision of contact details of appropriate persons nominated to act as a first point of contact with the FCA in relation to compliance with the Listing Rules and the Disclosure and Transparency Rules;

(c) the form and content of temporary and definitive documents of title;

(d) the appointment of a registrar;

(e) Regulatory Information Service notification obligations in relation to a range of debt and equity capital issues; and

(f) compliance with, in particular, Chapters 4 and 6 of the Disclosure and Transparency Rules.

As a company with a Standard Listing, the Company will, following Admission, not be required to comply with, *inter alia*, the provisions of Chapters 6 and 8 to 13 of the Listing Rules, which set out more onerous requirements for issuers with a Premium Listing of equity securities. These include provisions relating to the Listing Principles, the requirement to appoint a sponsor, various continuing obligations, significant transactions, related party transactions, dealings in own securities and treasury shares and contents of circulars. However, as the Ordinary Shares are quoted on AIM, the Company is required to comply with the AIM Rules.

In addition to the additional obligations imposed on companies with a Premium Listing under the Listing Rules, there are additional eligibility criteria for such companies.

Chapter 6 of the Listing Rules contains additional requirements for the listing of equity securities, which are only applicable for companies with a Premium Listing. Consequently, the Company does not intend to comply with such provisions.

The Company is not required, and does not intend, to appoint a listing sponsor under Chapter 8 of the Listing Rules to guide the Company in understanding and meeting its responsibilities under the Listing Rules.

The provisions of Chapter 9 of the Listing Rules (continuing obligations) will not apply to the Company. Chapter 9 includes provisions relating to transactions, including, *inter alia*, requirements relating to further issues of shares, the ability to issue shares at a discount in excess of 10 per cent. of market value, notifications and contents of financial information. The Company is not required to comply with Chapters 10, 11, 12 and 13 under the Listing Rules (significant transactions, related party transactions, dealing in own securities, treasury shares and the content of circulars).

In the event that the Company voluntarily decides to comply with any Listing Rules which are applicable solely to companies with a Premium Listing, it should be noted that neither the UK Listing Authority nor the London Stock Exchange will have the authority to monitor the Company's voluntary compliance with any of the Listing Rules applicable to companies with a Premium Listing (and will not do so) nor will they impose sanctions in respect of any breach of such requirements by the Company.

EXPECTED TIMETABLE

Publication of this prospectus	28 September 2015
Admission and dealings in the ZDP Shares commences	8.00 a.m. on 5 October 2015

The dates and times specified are subject to change and will be notified by the Company through a Regulatory Information Service. All references to times in this prospectus are to London times unless otherwise stated.

DEALING CODES

The dealing codes for the ZDP Shares will be as follows:

ISIN	GG00BTDYD136
SEDOL	BTDYD13
Ticker	GLIZ.L

The dealing codes for the Ordinary Shares (which are quoted on AIM) are as follows:

ISIN	GB00BOCL3P62
SEDOL	BOCL3P6
Ticker	GLIF.L

DIRECTORS AND ADVISERS OF THE COMPANY

Directors
Patrick Firth (*Non-Executive Chairman*)
Frederick Forni (*Non-Executive Director*)
James Carthew (*Non-Executive Director*)
Geoff Miller (*Executive Director*)
Emma Stubbs (*Executive Director*)
Andrew Whelan (*Executive Director*)

all of

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Administrator and company secretary
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PART I

INFORMATION ON THE GROUP

Introduction and history

The principal activity of the Group is the provision of finance to SMEs. The Company's primary objective is to achieve a return on equity of 10 to 15 per cent. per annum through the provision of finance to SMEs.

The Company was incorporated in 2005 in Guernsey and was admitted to trading on AIM in August 2005 as an externally managed investment company. The Company is quoted on AIM as an investing company. The Ordinary Shares were admitted to listing on the Channel Islands Stock Exchange in February 2011 and were subsequently de-listed from that exchange in December 2013. The Company was, until March 2015, authorised by the Guernsey Financial Services Commission as an authorised collective investment scheme. With effect from 27 March 2015, the Company has been registered with the Guernsey Financial Services Commission as a non-regulated financial services business.

In December 2014, the Company issued 20,000,000 ZDP Shares to existing preference shareholders of Sancus in connection with its acquisition (see below under "Current trading"). The Board stated its intention to use all reasonable endeavours to obtain admission for the ZDP Shares to trading on AIM or another stock exchange. The Company issued a further 791,418 ZDP Shares in March 2015 in connection with the increase of its stake in TradeRiver Finance (see below under "TradeRiver Finance"). This prospectus is being issued in connection only with Admission of the ZDP Shares.

The ZDP Shares have a redemption value of 130.696 pence per ZDP Share on their Maturity Date of 5 December 2019. The rights, which include class consents, attached to the ZDP Shares are set out in paragraph 7.15 of Part IV of this prospectus.

Current trading

The Company's primary objective has always been to achieve a return on equity of 10 to 15 per cent. per annum through the provision of finance to SMEs. The Company's strategy for achieving this objective has evolved over time with a move from the provision of SME lending primarily through US middle market lending, directly and through CLOs, to providing SME lending through a range of alternative finance Platforms ("Platforms") in which the Company has a material stake.

The Company has, over the past few years, established itself as a leading player in the rapidly growing alternative finance sector. This shift in strategic focus began in 2011 with the acquisition of Asset Management Investment Company plc and the move from being an externally managed investment company to an internally managed finance company, and accelerated in 2012 with the acquisition of BMS Finance, a senior lending business focused on SMEs. In 2014, the Company added eleven Platforms into its portfolio, including the acquisition of the entire issued share capital of Sancus for total consideration of £37.75 million. The acquisition of Sancus provides the Group with in-house loan origination and underwriting capability with an existing loan book and income stream from Sancus's existing loan book. Marking the transition in strategy, during 2014 the Company also sold its remaining direct CLO investments, a process which concluded with the sale, in June 2014, of the Company's remaining CLO assets to Fair Oaks Income Fund Limited ("FOIF") for total consideration of US$54.7 million (US$20.4 million of cash and the remainder in shares in FOIF). In March 2015, the Company sold its entire holding of shares in FOIF at a price of US$0.9425 per share, raising gross proceeds of approximately US$32.3 million.

Through its family of Platforms, the Company is now a provider of finance to SMEs across three continents, with interests in nine Portfolio Companies in the UK, one in Jersey, three in Continental Europe, five in the USA and one in Africa. The Company gains access to origination of SME finance through its Portfolio Companies. This is reflective of the Company's strategy of seeking its own origination capability, rather than loans originated by third parties, which were historically the core of the Group's portfolio.

On 23 September 2015, the Company sold loans with a value of approximately £40.3 million from its SME loan book to GLI Alternative Finance plc ("GLIAF"). GLIAF is a newly launched investment fund to which the Company's wholly-owned subsidiary, GLIAM, acts as investment manager. Its IPO completed on 23 September 2015 through the issue of approximately 52.7 million new ordinary shares at a price of 100p per share, which were admitted to trading on the Specialist Fund Market of the London Stock Exchange. In consideration for the sale, the Company received 40,270,763 of the new ordinary shares in the capital of GLIAF, representing approximately 76 per cent. of GLIAF's issued ordinary share capital.

The Group currently derives its income primarily from the interest earned through the loans it holds on its balance sheet. In 2014 as a whole, the average net return on these loans was 11.1 per cent. The main financial effect of the disposal of part of the SME loan book in exchange for shares in GLIAF and of the appointment of GLIAM as investment manager to GLIAF will be that the Company will receive dividend income and management fees in place of interest income.

As at 30 June 2015, the assets of the Company (audited) were split as follows:

• Loans to SMEs*	£65.2 million	43.1%
• Investment in Platforms	£77.9 million	51.5%
• Cash	£6.8 million	4.5%
• GLI Shares held	£1.4 million	0.9%

* Loans to SMEs excludes the value of the Company's investment in GLIAF.

The Company's two principal business areas are: (i) its equity and debt investments in its partnership Platforms; and (ii) its portfolio of loans, principally originated through those Platforms.

An overview of the Company's current Portfolio Companies, all of which are unquoted, and Platforms is set out below:

Category	*UK (and Jersey)*	*Europe*	*US*	*Rest of the world*
Term Lending:	BMS Finance FundingKnight Finpoint Proplend Sancus	MytripleA	Raiseworks Liftforward The Open Energy Group	
Short Term/ Receivables Finance	Platform Black	European Receivables Exchange Finexkap	The Credit Junction	Ovamba
Trade Finance:	TradeRiver		TradeRiver USA	
Multi-Asset/ Other Assets	CrowdShed UK Bond Network Funding Options			

BMS Finance

The Company has a 66.7 per cent. equity stake in GBHL which at 30 June 2015 had an equity value of £1.8 million. GBHL consists of a 100 per cent. interest in BMS Finance AB Ltd ("BMS") the UK operating business, a 100 per cent. interest in Noble Venture II Nominees Ltd and a 95 per cent. interest in NVF Tech Ltd (previously named HiWave UK). BMS provides senior secured lending between £0.5 million and £5 million to predominantly UK SMEs at or approaching profitability. The funding for the BMS loan portfolio is derived partly from its own balance sheet, partly from GLI and partly through the British Business Bank, under a matched funding agreement. In addition, GLI has a £18.1 million loan note with GLI BMS Holdings Limited that is repayable in November 2018.

FundingKnight

The Company currently has a 24.81 per cent. equity interest in Funding Knight Holdings Limited, with an original investment in July 2013 of £1.5 million for a combination of ordinary and preference shares for a 20 per cent. interest. A further 4.8 per cent. interest was acquired for £736,714 in February 2015 with an additional 66,974 ordinary shares purchased as part of a rights issue. FundingKnight provides SME finance through crowd lending from a broad base of investors. As well as business loans, FundingKnight provides finance for property bridging and green energy projects. The maximum loan size is £500,000 and the maximum term is five years.

Platform Black

The Company initially invested £2.0 million for a combination of ordinary and preference shares in September 2013, acquiring a 20 per cent. interest. It was announced on 1 June 2015 that this was increased to 31.9 per cent. as part of a disposal of equity by a founder of the company. The consideration for this issue was 511,529 Ordinary Shares. On 18 August 2015, the Company acquired further ordinary shares in Platform Black for £307,695.15. This acquisition has resulted in the Company's interest in Platform Black increasing to 44 per cent. Platform Black is a UK based peer-to-peer invoice trading and supply chain finance business. Its investor base is exclusively sophisticated investors, funds or corporate entities and these investors bid for tranches of invoices from 5 per cent. of the principal upwards through Platform Black's proprietary Platform.

Raiseworks

On 19 December 2013, GLI invested US$1.5 million in the US peer-to-peer SME lending business, Raiseworks, LLC ("Raiseworks") for an initial 50 per cent. holding (50,000 Class A Common Shares) which increased to 62.5 per cent. in October 2014 when GLI purchased a further 12.5 per cent. equity stake for a further 33,333 Class A Common Shares bringing the share issue to a total of 83,333 Class A Common Shares. The Raiseworks business began in 2011, to improve small business access to credit and to increase investment opportunities in small businesses. It provides term lending to SMEs through unsecured loans of up to US$250,000.

Sancus

On 16 December 2014, GLI purchased Sancus Limited ("Sancus"), the operating subsidiary of Sancus Holdings Limited (SHL) for a total consideration of £37.75 million (£17.75 million in GLI's Ordinary Shares (31,415,930 Ordinary Shares) and £20.0 million in ZDP Shares). Prior to this, GLI had a holding of 8.4 per cent. of Sancus's ordinary shares and £4.75 million preference shares. Sancus's target market is entrepreneurs, SMEs, high net worth individuals and professionals. Sancus will also co-invest in all deals, making its model somewhat similar to GLI itself, albeit focused on offshore jurisdictions.

Finpoint UK

Finpoint UK is a venture between CRX (the German company that owns Finpoint in Germany) and GLI. The Platform provides financial institutions with the opportunity to acquire loans direct from SMEs; a similar model to P2P, but with larger loan sizes and a solely institutional focus. On 24 January 2014, a new company was created called Finpoint Ltd whereby GLI purchased a 75 per cent. equity stake in the UK business for £0.75 million and CRX subscribed for the remaining 25 per cent. for £0.25 million. GLI also subscribed for £0.5 million of preference shares.

TradeRiver Finance

TradeRiver Finance is a non-bank online funding solution which finances trade, both cross-border and in the UK. It provides businesses with finance to purchase goods and services through an online Platform. GLI has provided TradeRiver with a £2 million subordinated loan facility and acquired a 10 per cent. stake in the equity of the business for £0.8 million on 11 February 2014. On 27 March 2015, GLI increased its stake to 46.398 per cent. of the ordinary shares and 100 per cent. of the preference shares in TradeRiver Finance by way of a stock swap with other existing investors. The consideration for the issue was 6,187,394 Ordinary Shares and 791,418 new ZDP Shares in GLI.

European Receivables Exchange

On 13 February 2014, the Company acquired a 5 per cent. equity stake in European Receivables Exchange for DKK4.5 million (£0.5 million). The company is an online invoice discounting business, currently operating principally in Denmark.

CrowdShed

CrowdShed is creating a new multi-faceted approach to crowd funding, bringing together rewards and donations with equity and commercial debt opportunities. GLI acquired an initial 46.8 per cent. equity stake in Crowdshed (expected to reduce to 25 per cent. over time) for £0.6 million on 21 February 2014, giving GLI exposure to the fast growing financial crowd funding industry. This equity stake reduced in July 2014 to 32.51 per cent. following investment by other investors.

Proplend

On 7 March 2014, the Company acquired a 22.5 per cent. stake in the ordinary shares of Proplend for £0.5 million and conditionally subscribed for £0.5 million of preference shares. Proplend is a secured P2P lending Platform that connects investors directly to borrowers with loans secured against UK income producing commercial property. The company focuses on loan sizes of typically between £100,000 and £5 million. GLI invested £965,000 on the Platform during 2014 and a further £1.6 million during the first half of 2015.

Finexkap

On 22 July 2014, the Company acquired an initial 36.6 per cent. stake in the ordinary shares of Finexkap for EUR3.0 million. This interest was reduced to 26.4 per cent. following a planned further issue of shares to other investors in November 2014. Finexkap is a web-based Platform providing a solution to working capital financing through an innovative financial securitisation structure. In order to provide a scaleable solution, Finexkap finances the receivables through a securitisation structure, harnessing both demand for senior secured lower risk paper and for higher yielding investments.

LiftForward

In August 2014, GLI acquired a 20.9 per cent. interest in Series 'A' Preferred Stock Shares in LiftForward, Inc., a US software as a service ("SaaS") company which operates marketplace financing Platforms for organisations with a large number of small business customers or members. LiftForward's technology enables organisations to connect customers or members with various forms of capital. Services also include portal development, underwriting, servicing and reporting. The Platform and services can be customised to meet the specific needs of each client organisation and the small businesses they serve.

UK Bond Network

In October 2014, GLI invested £1.0 million for a 13.99 per cent. equity stake in UK Bond Network. The holding increased to 15.84 per cent. in June 2015 following a rights issue. UK Bond Network gives listed and unlisted businesses the opportunity to create a bespoke financing structure with terms that suit them, in the form of loans or bonds from £0.5 million to £4.0 million.

The Credit Junction

In September 2014, GLI made a US$1.5 million investment in The Credit Junction. The Credit Junction is a Platform focused on providing working capital and supply chain financing solutions to US SMEs. The Credit Junction focuses on SMEs seeking loans of US$200,000 to US$2,000,000 within the aerospace and defence, oil and gas, automotive, power, transportation, agricultural services, construction and manufacturing sectors.

Ovamba Solutions Inc

In October 2014, GLI invested US$1.3 million for a 20.48 per cent. equity stake in Ovamba Solutions Inc. The Company has also made available to Ovamba a EUR3.0 million revolving loan facility. Ovamba is the first peer-to-business lending Platform in francophone Africa, and also one of the first market lending Platforms to offer investment opportunities to individuals and institutions in Sub-Saharan Africa. Initially operating in Cameroon, Ovamba expects to roll out its offering across the continent over time.

TradeRiver USA

In 2015, GLI invested US$1.5 million for a 30.25 per cent. equity stake in Trade River USA Inc. and US$0.5 million for preference shares with an 8 per cent. dividend per annum. TradeRiver USA is a non-bank online funding solution, which finances trade, both cross-border and in the US. It utilises the same software solution as TradeRiver Finance Limited, and is an associate of the UK business.

Open Energy Group

In March 2015, GLI invested US$1.25 million in Open Energy Group, a US marketplace for commercial solar investment, in return for a 21.6 per cent. stake in the business. The Company has also extended a US$5 million revolving loan facility to Open Energy Group to underwrite solar project loans.

MytripleA

At 31 March 2015, GLI held a convertible loan note with MytripleA for EUR675,000. On 5 May 2015, this was converted to a 9.9 per cent. equity stake in the business. MytripleA is a regulated Spanish peer to peer lending platform that facilitates the provision of alternative financing transactions between SMEs and lending investors. MytripleA offers insurance-guaranteed loans, non-guaranteed loans and receivables finance.

Funding Options

In May 2015, GLI invested £1.25 million in return for a 28.9 per cent. stake in the ordinary shares and £0.75 million in the preference shares of Funding Options Ltd, a so-called "neutral platform". Funding Options uses online technology to scan the alternative finance market for the most suitable funding options available for SMEs.

Outlook

The Directors believe that the majority of the Portfolio Companies have the ability to grow exponentially from a low base, although a few are still in start-up stage and therefore the exact mix of business as the Group develops the Portfolio Companies is difficult to predict. The Directors currently anticipate that the single largest geographical exposure within the Company's portfolio will remain the US. This is a function of the size of the market opportunity, rather than any expectation of better growth prospects for the individual businesses. In the UK, the Board believes the supportive Government attitude to alternative finance should provide a positive backdrop. In Europe, the potential for alternative finance to grow is strong as it is relatively untapped.

The Directors believe that the broad range of Portfolio Companies brings with it opportunities to add value across the businesses, which the Group is just beginning to explore and to exploit. The Directors anticipate that cross-referral and cooperation is likely to enhance the value of the businesses.

The Group is now seeking strategic developments that can leverage its position in the alternative finance market. One such development is the ability to manage third party funds within the alternative finance sector. The Company recently established a new asset management entity, GLI Asset Management Limited ("GLIAM"), a non-cellular company limited by shares registered in Guernsey, as a wholly-owned subsidiary. GLIAM is licensed and regulated by the GFSC under the Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended and is licensed to carry on the activities of promotion, subscription, registration, dealing, management, administration, advising and custody in connection with collective investment schemes and general securities and derivatives.

GLIAM acts as manager to GLIAF, a new investment fund that invests in a range of loans originated principally through the Platforms in which the Company holds a strategic equity investment. In the opinion of the Board, an asset manager with access to nineteen alternative finance platforms could be a useful recurring revenue stream, as well as providing significant capacity to the Portfolio Companies.

It is expected that a number of synergies will be present with GLIAM and GLI Finance Limited. GLIAM is expected to benefit from the experience, expertise and contacts of GLI. For example, from a regulatory point of view GLIAM is expected to benefit from GLI's experience and knowledge around FATCA registration and reporting requirements. Following the launch of GLIAF, GLIAM should also be able to benefit from the marketing and public relations experience which exists within the GLI team and GLIAF will be able to benefit from access to loans made available by the Portfolio Companies.

Competition in the alternative finance and online lending market is expected to increase as the industry matures. There are currently other fund vehicles that offer institutional investors indirect access to investments in, amongst other things, alternative finance SME loans.

GLIAM is dependent upon key individuals who have considerable knowledge of the industry as well as being respected and expert in their field. The management team is led by two key individuals, Geoff Miller, CEO of GLI and Andrew Whelan, director of lending at GLI. Both individuals are executive directors of GLI and in addition Geoff Miller has a board seat on all of the Portfolio Companies and Andrew Whelan is CEO of Sancus.

Other sensitivities to which GLI's plans, and the financial benefits which can accrue, are subject include the level of demand for loan finance from good quality SMEs, the general availability of investors' (including GLI) funds for such financing, and GLI's ability to avoid the need for significant provisioning against its loans.

Funding structure

The Company has funded the expansion of its operations through a combination of equity capital raises (in the form of issues of Ordinary Shares), bank debt finance and more recently the introduction of zero dividend preference shares.

From time to time, the Company has utilised bank debt finance to provide additional resources, where the Board has been comfortable that the utilisation of such finance would be accretive to equity holders. At the Company level, the Board of GLI intend to keep such borrowings below £30 million.

In December 2014, the Company issued 20 million ZDP Shares as part of the consideration for the acquisition of Sancus. The Board believes that zero dividend preference shares provide a funding structure which is appropriate for the funding of the Company's equity investment in Platforms, since the return dynamics, of long term capital appreciation, are similar both in the assets themselves and in the ZDP Shares that fund them.

As at the Latest Practicable Date, the Company's borrowings amounted to £22.99 million and 20,791,418 ZDP Shares were in issue.

Summary financial information

The key figures that summarise the Company's and the Group's financial condition for the periods ended 31 December 2012, 2013 and 2014 and for the six months ended 30 June 2015 are set out below. These figures have been extracted without material adjustment from the Group's accounts which are set out in full in Part VI of this prospectus. The Company believes that this information summarises the financial condition and results of the Company and the Group over the relevant period.

	Year ended 31 December 2012	*Year ended 31 December 2013*	*Year ended 31 December 2014*	*Six month period ended 30 June 2015*
Total assets (£m)	215.29	227.39	154.48	171.60
Total liabilities (£m)	(145.42)	(152.33)	(79.94)	(77.99)
Net assets (£m)	69.86	75.06	74.54	93.61
Net asset value per share (pence)	58.09	52.81	42.45	43.32
Retained earnings (£m)	6.65	1.50	(19.15)	(23.20)
Profit/(loss) (£m)	(8.15)	1.54	(12.97)	15.41
Dividends per share (pence)	4.7	5.0	5.0	2.5

Dividend policy

The Company aims to provide Ordinary Shareholders with a stable and predictable dividend and a double digit return on equity. The Board monitors the appropriate dividend level on a quarterly basis. A resolution was passed at the annual general meeting of the Company held on 30 April 2015 to authorise the Board, in respect of any dividends declared for any financial period or periods of the Company ending prior to the annual general meeting of the Company to be held in 2016, to offer Ordinary Shareholders the right to elect to receive further Ordinary Shares, credited as fully paid, instead of cash in respect of all or part of any dividend(s) declared in respect of any such period or periods.

No dividends will be paid in respect of the ZDP Shares.

The Company paid a dividend of: (i) 5.0 pence per Ordinary Share for the year ended 31 December 2014 (amounting to £7.03 million); (ii) 5.0 pence per Ordinary Share for the year ended 31 December 2013 (amounting to £6.55 million); and (iii) 4.7 pence per Ordinary Share for the year ended 31 December 2012 (amounting to £4.89 million).

Share repurchases and issuance

By special resolution of the Shareholders, passed at the Company's annual general meeting on 30 April 2015, the Company has been granted authority to purchase in the market up to 14.99 per cent. of its issued Ordinary Shares. This authority will expire at the annual general meeting of the Company to be held in 2016 or, if earlier, 30 October 2016. The Board intends to seek renewal of this authority from Shareholders at each annual general meeting.

By special resolution of the Shareholders, passed at the Company's annual general meeting on 30 April 2015, the Company has been granted authority to issue Ordinary Shares, on a non-pre-emptive basis, up to an aggregate number equivalent to 10 per cent. of its issued Ordinary Shares. This authority will expire at the annual general meeting of the Company to be held in 2016 or, if earlier, 30 October 2016.

Directors

Patrick Firth *(Non-Executive Chairman)*

Patrick Firth qualified as a chartered accountant with KPMG in 1991 before building a career in fund administration with roles at Rothschild Asset Management (C.I.) Limited, BISYS where he became Managing Director of BISYS Fund Services (Guernsey) Limited, before joining Bank of Butterfield in 2002. Patrick left Butterfield Fulcrum in 2009 and has since taken on a number of non-executive positions in listed and private companies. Patrick is Chairman of the Guernsey International Business Association and a former Chairman of the Guernsey Investment Fund Association, a position he held for two years to March 2012, and a member of the AIC Offshore Funds Committee.

Mr Firth is Chairman of the Board. He is also a Director of GLIF BMS Holdings Limited, a company which forms part of the Group.

Frederick Forni ***(Non-Executive Director)***

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

Mr Forni is Chairman of the Remuneration Committee.

James Carthew ***(Non-Executive Director)***

James Carthew was for many years a fund manager. He now writes research on closed-end funds quoted in London. His career started at M&G in 1984, where he managed a number of UK equity income funds and the M&G Fund of Investment Trusts. He also covered a variety of sectors as an analyst for M&G, including the Financial Services sector. From 2001–2010 he managed the Advance UK Trust PLC, a quoted global fund of funds that specialised in the promotion of corporate governance within the closed-end fund industry. Today James is head of research at Marten & Co, a boutique specialising in the distribution of sponsored research on UK companies through its quoteddata and martenandco websites. James also writes articles on the closed-end fund industry on a freelance basis for Citywire and sits on the judging panel for the Investment Company of the Year Awards.

Mr Carthew is Chairman of the Audit Committee. He is also a Director of BMS Finance Limited, a company which forms part of the Group.

Geoff Miller ***(Executive Director)***

Geoff Miller spent twenty years in the UK financial services industry, as an analyst and as a fund manager, focused within the Non-Bank Financials sector. As an analyst he led the number one-rated UK small and mid-cap Financials team, and as a fund manager ran the largest listed Financials fund in London. He moved offshore in 2007, working in Moscow and Singapore before moving to Guernsey.

In addition to leading the executive team at GLI, Geoff sits as an independent director on a number of boards of financial and investment companies, including GLI's investee companies.

Emma Stubbs ***(Executive Director)***

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

She sits on a number of investee companies' boards within the Group's investment portfolio.

Andrew Whelan ***(Executive Director)***

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

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

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

Corporate governance arrangements

The Company is committed to meeting high standards of corporate governance and as such the Board acknowledges its contribution to achieving management accountability, improving risk management and ultimately to creating shareholder value. The Ordinary Shares are quoted on AIM and the Company is seeking admission of the ZDP Shares to a Standard Listing on the Official List and therefore does not need to comply with the UK Corporate Governance Code. However, the Board believes that applying the principles and reporting against the provisions of the UK Corporate Governance Code better reflects the nature, scale and complexity of the business and enables the Board to provide better information to Shareholders than would otherwise be possible by using an alternative corporate governance code. The Directors have also considered the provisions of the Finance Sector Code of Corporate Governance published by the Guernsey Financial Services Commission in September 2011.

Operation of the Board

The Board of Directors comprises the non-executive chairman, two other non-executive directors and three executive directors. The Board is responsible to the Company's shareholders for the proper management of the Company. The Directors meet on a quarterly basis and at other unscheduled times when necessary to assess Group operations and the setting and monitoring of strategy and performance. At management meetings, the Board receives from the Administrator and the executive team a full report on the Group's holdings and performance. The Board gives directions to the executive team as to the investment objectives and limitations, and receives reports in relation to the financial position of the Group.

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

Board Committees

The Board has established the following committees, each with defined terms of reference, procedures, responsibilities and powers.

Audit Committee

The Audit Committee is chaired by James Carthew and its other members are Patrick Firth and Frederick Forni. The principal duties of the Audit Committee in discharging its responsibilities include reviewing the annual report and audited financial statements and half yearly report and financial statements, the valuation of the Company's investment portfolio, the system of internal controls and the terms of appointment of the external auditor together with their remuneration. The Audit Committee considers the appointment of the external auditor, discusses and agrees with the external auditor the nature and scope of the audit, keeps under review the agreed scope, reviews the results and effectiveness of the audit and the independence and objectivity of the external auditor, and reviews the external auditor's letter of engagement and management letter.

The Audit Committee is responsible for monitoring the financial reporting process, including the appropriateness of the Company's accounting policies and the effectiveness of the Company's internal control and risk management systems by analysing the key procedures adopted by the Group's service providers. The Audit Committee is also responsible for overseeing the Company's relationship with the external auditor, including making recommendations to the Board on the appointment of the external auditor and their remuneration. The Audit Committee also reviews, considers and, if thought appropriate, recommends for the purposes of the Group's financial statements valuations prepared by the executive team.

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

Remuneration Committee

The Remuneration Committee comprises Frederick Forni (Chairman), Patrick Firth and James Carthew. The key duties include agreeing a framework for Director remuneration, ensuring management staff are appropriately incentivised to enhance performance, and reviewing the effectiveness of the remuneration policy on an ongoing basis.

PART II

INFORMATION ON ADMISSION AND CREST

Admission

Applications have been made to the UK Listing Authority and the London Stock Exchange for admission of the ZDP Shares to listing on the Official List (by way of a Standard Listing under Chapter 14 of the Listing Rules) and to trading on the London Stock Exchange's main market for listed securities respectively. It is expected that Admission will become effective and dealings in the ZDP Shares will commence at 8.00 a.m. on 5 October 2015.

The ISIN number of the ZDP Shares is GG00BTDYD136, the SEDOL code of the ZDP Shares is BTDYD13 and the ticker code of the ZDP Shares is GLIZ.L.

The Company does not guarantee that at any particular time market maker(s) will be willing to make a market in the ZDP Shares, nor does it guarantee the price at which a market will be made in the ZDP Shares.

The Main Market and the Official List

The London Stock Exchange's main market is an EU regulated market. Consequently, upon Admission, the Company will be subject to the Prospectus Rules, certain provisions of the Disclosure and Transparency Rules and the Market Abuse Directive (as implemented in the United Kingdom).

General

In the event that there are any significant changes affecting any of the matters described in this prospectus or where any significant new matters have arisen after the publication of this prospectus and prior to Admission, the Company will publish a supplementary prospectus. The supplementary prospectus will give details of the significant change(s) or the significant new matter(s).

Clearing and settlement relating to the ZDP Shares

ZDP Shares may be held in either certificated or uncertificated form. In the case of ZDP Shares held in uncertificated form, the Articles permit the holding and transfer of ZDP Shares under CREST. CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by certificate and transferred otherwise than by written instrument. The ZDP Shares are already admitted to CREST. The records in respect of ZDP Shares held in uncertificated form are maintained by Euroclear UK & Ireland Limited and the Registrar.

The transfer of ZDP Shares out of the CREST system following Admission should be arranged directly through CREST. However, an investor's beneficial holding held through the CREST system may be exchanged, in whole or in part, only upon the specific request of the registered holder to CREST for share certificates or an uncertificated holding in definitive registered form. If a Shareholder or transferee requests ZDP Shares to be issued in certificated form and is holding such ZDP Shares outside CREST, a share certificate will be dispatched either to him or his nominated agent (at his risk) within 21 days of completion of the registration process or transfer, as the case may be, of the ZDP Shares. Shareholders holding definitive certificates may elect at a later date to hold such ZDP Shares through CREST or in uncertificated form provided they surrender their definitive certificates.

PART III

TAXATION

The following summary of the expected tax treatment in the UK and Guernsey does not constitute legal or tax advice. It is intended as a general and non-exhaustive guide only. The following summary outlines certain aspects of current UK and Guernsey tax legislation and the published practice as at the date of this prospectus; no assurances can be given that courts or other authorities responsible for the administration of such laws will agree with this interpretation or that changes in such laws will not occur. An update of this disclosure for subsequent changes or modifications of the law and regulations, or the judicial and administrative interpretations thereof, will not be made.

Any changes to the taxation environment or a change to the tax treatment of the Company may affect investment returns to Shareholders and each Shareholder will have to consider his own tax position and must take his own advice on the matter.

If you are in any doubt about your tax position, or if you may be subject to tax in a jurisdiction other than the UK or Guernsey, you should consult your professional adviser immediately.

1. UK Taxation

The following will apply only to Shareholders who are resident and domiciled in the UK for tax purposes and who are the absolute beneficial owners of their shares and hold those shares as investments. It does not cover securities held in the course of a trade and does not cover investors who may be subject to special rules, for example, pension funds, insurance companies, brokers, intermediaries, persons holding 10 per cent. or more of the Shares and persons making or holding their investment with the purpose of obtaining a UK tax advantage. Shareholders who receive shares in connection with an employment contract with any member of the Group or as an office holder, should seek specific advice on their tax position.

1.1 ***The Company***

The Directors intend to continue to conduct the affairs of the Company so that it does not become resident in the UK for UK tax purposes. Accordingly, and provided that the Company does not carry on a trade in the UK (whether or not through a branch, agency or permanent establishment situated there), the Company should not be subject to UK income tax or corporation tax other than on certain types of UK source income.

1.2 ***ZDP Shareholders***

1.2.1 *Dividends*

No dividends are payable on the ZDP Shares.

1.2.2 *Redemption and disposals*

The ZDP Shares should not fall within the definition of an "offshore fund" for the purposes of UK tax legislation. Therefore, in principle, any profit on a disposal of ZDP Shares or on receipt of the Final Capital Entitlement by a UK resident ZDP Shareholder should be taxed as a chargeable gain for UK tax purposes, subject to applicable reliefs and allowances. Capital treatment for the ZDP Shares relies on interpretation of both Guernsey corporate law and UK case law rather than an expressly prescribed treatment under UK statute.

There are two exceptions to the treatment described in the preceding paragraph of which ZDP Shareholders should be aware:

(a) ZDP Shareholders subject to UK Corporation Tax

For ZDP Shareholders who are subject to UK Corporation Tax, if the Final Capital Entitlement is received otherwise than pursuant to a liquidation of the Company (for example, by a redemption of the ZDP Shares) the amount by which the Final Capital Entitlement exceeds the amount originally subscribed for the ZDP Shares will instead be treated as a "distribution" for UK corporation tax purposes.

A UK tax resident corporate holder of Shares which receives a dividend paid by the Company will not generally be subject to tax in respect of that dividend as long as they are not "small". This is subject to anti-avoidance rules and certain exceptions.

For a company which is "small", that distribution will be subject to corporation tax as income. A company is "small" for these purposes for any accounting period during which staff headcount is below 50 and either turnover or balance sheet total is less than or equal to c.£10 million.

(b) Disguised Interest

The "Disguised Interest Rules" are UK statutory provisions intended to make returns which are economically equivalent to interest subject to income tax as income.

HMRC considers that the Disguised Interest Rules are in principle capable of applying to zero dividend preference shares. However, there is an exception for shares that are admitted to trading on a regulated market, and at the time of issue, would not of themselves produce an amount which is economically equivalent to interest. As a matter of strict legal interpretation of the legislation, it is not entirely clear whether this exception does apply to the ZDP Shares. However, the Directors and their advisers have considered HMRC guidance and other publicly available information concerning the exception and have concluded that the exception should apply to the ZDP Shares. No assurances can be given that HMRC or the courts will agree with this interpretation or that there will be no change in law.

The exception will not apply if there are arrangements made by any person in relation to any ZDP Shares where the main purpose or one of the main purposes is to ensure that the return is in fact economically equivalent to interest. The Directors do not intend that the Company will make any such arrangements and ZDP Shareholders should consider their position very carefully before making any such arrangements with respect to their own holdings of ZDP Shares and should take appropriate professional advice. Similar disguised interest rules exist for UK Corporation Tax but are subject to an exclusion for arrangements that have no tax avoidance purpose. The Disguised Interest Rules for income tax do not contain such an exclusion.

1.2.3 *Stamp Duty and Stamp Duty Reserve Tax ("SDRT")*

The following comments are intended as a guide to the general UK stamp duty and SDRT position and do not relate to persons such as market makers, brokers, dealers, intermediaries and persons connected with depository arrangements or clearance services to whom special rules apply.

UK stamp duty can apply to any instrument of transfer of Shares executed within, or in certain cases brought into, the UK. Non-payment of the duty may mean that it is not possible to rely on that instrument of transfer in legal proceedings in a UK court. Provided that Shares are not registered in any register of the company kept in the UK and are not paired with shares issued by a UK company, any agreement to transfer Shares should not be subject to UK stamp duty reserve tax.

1.2.4 *SIPPs*

The ZDP Shares should qualify as a permissible asset for inclusion in a SIPP.

2. Guernsey Taxation

2.1 *The Company*

The Company has applied for and has been granted an exemption from liability to income tax in Guernsey under the Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989, as amended. Exemption must be applied for annually and will be granted, subject to the payment of an annual fee, which is currently fixed at £1,200, **provided that** the Company qualifies under the applicable legislation for exemption. It is the intention of the Directors to, where possible, continue to apply for exempt company status for the purposes of Guernsey taxation, but it may be that for 2016 onwards, such status will not apply (see below for the Company's tax treatment in the absence of exempt status).

As an exempt company, the Company will be treated as if it were not resident in Guernsey for the purposes of liability to Guernsey income tax. The exemption from income tax and the treatment of the Company as if it were not resident in Guernsey for the purposes of Guernsey income tax would be effective from the date the exemption is granted and will apply for the year of charge in which the exemption is granted.

Under current law and practice in Guernsey, the Company will only be liable to tax in Guernsey in respect of income arising or accruing from a Guernsey source, other than from a relevant bank deposit. It is not anticipated that such Guernsey source taxable income will arise in this case.

Distributions made by exempt companies to non-Guernsey residents will be free of Guernsey withholding tax and reporting requirements. Where a tax exempt company makes a distribution to shareholders that are Guernsey tax resident individuals the company will only need to report the relevant details of those distributions.

In the absence of tax exempt status, the Company would be Guernsey tax resident and taxable at the Guernsey standard rate of company income tax, which is currently zero per cent. Distributions made by non-exempt companies to non-Guernsey residents will be free of Guernsey withholding tax and reporting requirements. Any distributions to shareholders that are Guernsey tax resident individuals will be subject to a 20 per cent. withholding tax.

Guernsey currently does not levy taxes upon capital, inheritances, capital gains, gifts, sales or turnover. No stamp duty is chargeable in Guernsey on the issue, transfer or redemption of Shares in the Company.

2.2 ***ZDP Shareholders***

2.2.1 *Dividends*

No dividends are payable on the ZDP Shares.

2.2.2 *Redemption and disposals*

As already referred to above, Guernsey currently does not levy taxes upon capital inheritances, capital gains, gifts, sales or turnover, nor are there any estate duties (save for registration fees and *ad valorem* duty for a Guernsey Grant of Representation where the deceased dies leaving assets in Guernsey which require presentation of such a Grant).

2.2.3 *Stamp taxes*

No stamp duty is chargeable in Guernsey on the issue, transfer or redemption of shares in the Company.

2.2.4 *EU Savings Directive*

Although not a Member State of the European Union, Guernsey, in common with certain other jurisdictions, entered into agreements with EU Member States on the taxation of savings income. However, paying agents located in Guernsey are not required to operate the measures on payments made on ZDP Shares.

On 24 March 2014 the Council of the European Union formally adopted a directive to amend the EU Savings Tax Directive (2003/48/EC) (the "EU Savings Tax Directive"). The amendments significantly widen the scope of the EU Savings Tax Directive. EU Member States are required to adopt national legislation to comply with the amended EU Savings Tax Directive by 1 January 2016. The amended EU Savings Tax Directive is anticipated to be applicable in EU Member States from 2017. However, on 18 March 2015 the European Commission announced a proposal to repeal the EU Savings Tax Directive. This proposal is under consideration and has not yet been adopted. Guernsey, along with other dependent and associated territories, will consider the effect of the amendments to, or the repeal of, the EU Savings Tax Directive in the context of existing bilateral agreements and domestic law. If changes to the implementation of the EU Savings Tax Directive in Guernsey are brought into effect, or if it is repealed, the position of the Company and the position of Shareholders in relation to the EU Savings Tax Directive as applied in Guernsey may be different to that set out above.

2.3 ***Foreign Account Tax Compliance***

2.3.1 *The US-Guernsey IGA*

On 13 December 2013 the Chief Minister of Guernsey signed an intergovernmental agreement with the United States ("US-Guernsey IGA") regarding the implementation of FATCA. Under FATCA and legislation enacted in Guernsey to implement the US-Guernsey IGA, the Company is required to report certain information about certain Shareholders who are, or are entities that are controlled by one or more, residents or citizens of the United States, unless a relevant exemption applies. Where applicable, information that will need to be disclosed will include certain information about Shareholders, their ultimate beneficial owners and/or controllers, and their investment in and returns from the Company. If the Company does not comply with these obligations, it may be subject to a FATCA deduction on certain payments to it of US source income (including interest and dividends) (from 1 July 2014) and proceeds from the sale of property that could give rise to US source interest or dividends (from 1 January 2017). The US-Guernsey IGA is implemented through Guernsey's domestic legislation in accordance with guidance that is published in draft form.

2.3.2 *The UK-Guernsey IGA*

On 22 October 2013 the Chief Minister of Guernsey signed an intergovernmental agreement with the United Kingdom ("UK-Guernsey IGA"). Under the UK-Guernsey IGA and legislation enacted in Guernsey to implement the UK-Guernsey IGA, certain disclosure requirements will be imposed in respect of certain Shareholders who are, or are entities that are controlled by one or more, residents of the United Kingdom, unless a relevant exemption applies. Where applicable, information that will need to be disclosed will include certain information about Shareholders, their ultimate beneficial owners and/or controllers, and their investment in and returns from the Company. The UK-Guernsey IGA is implemented through Guernsey's domestic legislation in accordance with guidance that is published in draft form.

If the Company fails to comply with any due diligence and/or reporting requirements under Guernsey legislation implementing the UK-Guernsey IGA and/or the US-Guernsey IGA then the Company could be subject to the imposition of financial penalties introduced pursuant to the relevant implementing regulations in Guernsey. Whilst the Company will seek to satisfy its obligations under the UK-Guernsey IGA and the US-Guernsey IGA and associated implementing legislation in Guernsey to avoid the imposition of any financial penalties under Guernsey law, the ability of the Company to satisfy such obligations will depend on receiving relevant information and/or documentation about each Shareholder and the direct and indirect beneficial owners of the Shares (if any). There can be no assurance that the Company will be able to satisfy such obligations.

2.3.3 *The Multilateral Competent Authority Agreement*

On 13 February 2014, the Organization for Economic Co-operation and Development released the "Common Reporting Standard" ("CRS") designed to create a global standard for the automatic exchange of financial account information, similar to the information to be reported under FATCA. On 29 October 2014, fifty-one jurisdictions signed the multilateral competent authority agreement ("Multilateral Agreement") that activates this automatic exchange of FATCA-like information in line with the CRS. Since then further jurisdictions have also signed the Multilateral Agreement. Pursuant to the Multilateral Agreement, certain disclosure requirements will be imposed in respect of certain Shareholders who are, or are entities that are controlled by one or more, residents of any of the signatory jurisdictions, unless a relevant exemption applies. It is expected that, where applicable, information that would need to be disclosed will include certain information about Shareholders, their ultimate beneficial owners and/or controllers, and their investment in and returns from the Company. Both Guernsey and the UK have signed up to the Multilateral Agreement, but the US has not signed the Multilateral Agreement.

Early adopters who signed the Multilateral Agreement (including Guernsey) have pledged to work towards the first information exchanges taking place by September 2017. Others are expected to follow with information exchange starting in 2018. Guidance and domestic legislation regarding the implementation of the CRS and the Multilateral Agreement in Guernsey is yet to be published in finalised form. Accordingly, the full impact of the CRS and the Multilateral Agreement on the Company and the Company's reporting responsibilities pursuant to the Multilateral Agreement as it will be implemented in Guernsey is currently uncertain.

All prospective investors should consult with their own tax advisers regarding the possible implications of FATCA and any other similar legislation and/or regulations on their investment in the Company.

2.3.4 *Request for information*

The Company reserves the right to request from any Shareholder or potential investor such information as the Company deems necessary to comply with FATCA, any agreement with the US Internal Revenue Service in relation to FATCA from time to time in force, or any obligation arising under the implementation of any applicable intergovernmental agreement, including the US-Guernsey IGA and the UK-Guernsey IGA, relating to FATCA and the automatic exchange of information with any relevant competent authority.

PART IV

ADDITIONAL INFORMATION

1. Responsibility

The Company and the Directors, whose names are set out on page 27 of this prospectus, accept responsibility for the information contained in this prospectus. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure that such is the case), such information is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. The Company

2.1 The Company was incorporated in Guernsey on 9 June 2005. The Company is a limited liability company and the principal legislation under which the Company operates is The Companies (Guernsey) Law 2008, as amended.

2.2 The principal place of business of the Company is at Sarnia House, Le Truchot, St Peter Port, Guernsey GY1 4NA (Tel No. 01481 708 280).

2.3 The Company's auditors during the period covered by the historical financial information (as set out in Part VI of this prospectus) were Grant Thornton Limited, P.O. Box 313, Lefebvre House, Lefebvre Street, St Peter Port, Guernsey GY1 3TF. Grant Thornton Limited is monitored by the Institute of Chartered Accountants in England & Wales.

2.4 The Company is the holding company of the Group. The Company has the following significant subsidiaries as at the date of this prospectus:

Company Name	*Country of Registration*	*Holding (%)*
Sancus Group Limited (previously Secured Loan Investments Limited)	Guernsey	100
GLIF BMS Holdings Limited	United Kingdom	66.7 (33.33% voting power held)
BMS Finance AB Limited	United Kingdom	100
NVF I Limited	United Kingdom	100
NVF I LP	Jersey	100
BMS Equity Limited	Jersey	100
NVF Patents Limited	Guernsey	100
NVF Tech Limited	United Kingdom	95
Finpoint Limited	United Kingdom	75
Raiseworks LLC	United States	62.5
Sageworks Capital Inc	United States	100
GLI Investments Holdings Sarl	Luxembourg	100
BMS Finance Sarl	Luxembourg	50.92
GLI Finance (UK) Limited	United Kingdom	100
Sancus Limited	Jersey	100
Sancus (Guernsey) Limited	Guernsey	100
GLI Asset Management Limited	Guernsey	100

3. Share Capital

3.1 The Company's issued share capital as at the date of this prospectus is as follows:

	Nominal value	*Number*
Ordinary Shares	no par value	214,559,865
ZDP Shares	no par value	20,791,418

All of the Ordinary Shares and ZDP Shares in issue are fully paid up.

The Company's issued and fully paid share capital immediately following Admission is expected to be the same.

3.2 As at the date of this prospectus, the Company held 2,392,865 Ordinary Shares in treasury, accordingly the number of issued Ordinary Shares outside treasury as at the date of this prospectus is 212,167,000.

3.3 No share or loan capital of the Company is under option or has been agreed, conditionally or unconditionally, to be put under option and no convertible securities, exchangeable securities or securities with warrants have been issued by the Company.

3.4 The ZDP Shares are in registered form and are capable of being held in uncertificated form and title to such shares may be transferred by means of a relevant system (as defined in the CREST Regulations).

3.5 As the ZDP Shares are to be admitted to the Official List (by way of a Standard Listing under Chapter 14 of the Listing Rules), the Company will be subject to the Disclosure Rules and Transparency Rules. However, for the purposes of continuing obligations and the application of the Disclosure Rules and Transparency Rules on an ongoing basis, the Company will be subject to the Disclosure Rules and Transparency Rules to a reduced extent. For example, whilst DTR 5 (Vote holder and issuer notification rules) will theoretically apply to the Company, as the ZDP Shares do not entitle holders to vote in all circumstances at general meetings of the Company, the notification obligations in DTR 5 will not apply to ZDP Shareholders.

3.6 The Company had the following changes in share capital during the period from 1 January 2012 to 30 June 2015:

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

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

3.6.3 On 4 June 2015, the Company issued 511,529 new Ordinary Shares in payment for the Company's increased stake in Platform Black Limited.

3.6.4 On 2 April 2015, the Company issued 6,187,394 new Ordinary Shares in part payment for the Company's increased stake in TradeRiver Finance Limited.

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

3.6.6 On 17 March 2015, the Company issued 34,500,000 new Ordinary Shares at a price of 58 pence per share.

3.6.7 On 18 December 2014, 130,289 new Ordinary Shares were issued for an aggregate value of £74,200 relating to shareholders who elected to take shares in lieu of cash from the Company's 2014 second interim dividend.

3.6.8 On 16 December 2014, the Company issued 20,000,000 ZDP Shares to Sancus Holdings Limited as part of the consideration for the entire issued share capitals of Sancus Limited and Sancus (Guernsey) Limited.

3.6.9 On 16 December 2014, 31,415,930 new Ordinary Shares of no par value were issued for an aggregate value of £17,750,000 to Sancus Holdings Limited as part consideration for the entire issued share capitals of Sancus Limited and Sancus (Guernsey) Limited.

3.6.10 On 12 December 2014, 389,938 new Ordinary Shares were issued for an aggregate value of £227,537 to certain of the Company's Directors in accordance with the Company's executive bonus scheme.

3.6.11 On 18 September 2014, 105,600 new Ordinary Shares were issued for an aggregate value of £57,288 relating to shareholders who elected to take shares in lieu of cash from the Company's 2014 second interim dividend.

3.6.12 On 20 June 2014, 199,773 new Ordinary Shares were issued for an aggregate value of £117,826 relating to shareholders who elected to take shares in lieu of cash from the Company's 2014 first interim dividend.

3.6.13 On 20 March 2014, 452,080 new Ordinary Shares were issued for an aggregate value of £228,888 relating to shareholders who elected to take shares in lieu of cash from the Company's 2013 final dividend.

3.6.14 On 5 December 2013, 48,994 new Ordinary Shares were issued for an aggregate value of £25,623 relating to shareholders who elected to take shares in lieu of cash from the Company's 2013 third interim dividend.

3.6.15 On 1 October 2013, the Company announced a placing whereby a further 9,000,000 new Ordinary Shares were issued at a price of 51 pence per Ordinary Share for an aggregate value of £4,590,000 less issue costs paid to the broker.

3.6.16 On 19 September 2013, 89,800 new Ordinary Shares were issued for an aggregate value of £44,541 relating to shareholders who elected to take shares in lieu of cash from the Company's 2013 second interim dividend.

3.6.17 On 3 June 2013, 31,607 new Ordinary Shares were issued for an aggregate value of £16,816 relating to shareholders who elected to take shares in lieu of cash from the Company's 2013 first interim dividend.

3.6.18 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 for an aggregate value of £5,958,500 less issue costs paid to the broker.

3.6.19 On 12 November 2012, following the acquisition of BMS Group, the Company issued 20,545,400 new Ordinary Shares.

4. Substantial Share Interests

4.1 As at the close of business on the Latest Practicable Date, in so far as is notified to the Company, the following persons were directly or indirectly interested in 3 per cent. or more of its issued ordinary share capital:

Name	*No of Shares*	*%*
Artemis Investment Management	23,249,515	10.96
AXA Investment Managers	21,488,000	10.13
Hargreaves Lansdown Asset Management	14,670,712	6.91
SHL Employee Benefit Trust	10,905,571	5.14
Waverton Investment Management	10,100,700	4.76
Unicorn Asset Management Ltd	9,600,000	4.52
Barclays Wealth	7,180,778	3.38
Insight Investment Management	6,372,000	3.00

4.2 Those persons referred to in paragraph 4.1 do not have voting rights in respect of the Company's share capital which differ from those of any other shareholder. The Company is not aware of any person who could, directly or indirectly, jointly or severally, exercise control over the Company.

4.3 Neither the Company nor any of the Directors of the Company are aware of any arrangements, the operation of which may at a subsequent date result in a change of control of the Company.

5. Directors

5.1 The aggregate remuneration paid and benefits in kind granted to the Directors by the Company in respect of the financial year ended 31 December 2014 was approximately £679,883 and was made up as follows:

Directors' Remuneration	*Fees/salary* £	*Executive bonus scheme* £
Executive Directors		
Geoff Miller	152,500	286,696
Emma Stubbs	91,500	21,687
Andrew Whelan	N/A	N/A
Non-Executive Directors		
Patrick Firth	50,000	—
Frederick Forni	37,500	—
James Carthew	40,000	—
Aggregate Remuneration	371,500	308,383

5.2 No amounts have been set aside or accrued by the Company to provide pension retirement or similar benefits for the Directors. None of the service agreements or letters of appointment of the Directors provide for benefits upon termination.

5.3 The service contracts and letters of appointment of the Directors include the following terms:

	Date of Contract	*Unexpired Term (Months)*	*Notice Period (Months)*
Patrick Firth	17 June 2005	None but as Mr Firth has held office for more than 9 years, he is subject to re-appointment at every AGM in accordance with the Articles.	N/A
Frederick Forni	17 June 2005	None but as Mr Forni has held office for more than 9 years, he is subject to re-appointment at every AGM in accordance with the Articles.	N/A
James Carthew	17 May 2011	N/A	N/A
Geoff Miller	10 June 2011	N/A	3 months
Emma Stubbs	23 October 2013	N/A	3 months
Andrew Whelan	16 December 2014	N/A	9 months

5.4 As at the Latest Practicable Date, the following Directors have interests in the Company:

Director	*Number of Ordinary Shares*	*Percentage of issued Ordinary Share capital (%)*
Patrick Firth	242,189	0.11
Frederick Forni	—	—
James Carthew	262,500	0.12
Geoff Miller	2,743,024	1.28
Emma Stubbs	61,083	0.03
Andrew Whelan	3,686,461	1.72

5.5 Save as set out in this Part IV, none of the Directors, including any connected person, the existence of which is known to or who could with reasonable diligence be ascertained by that Director whether or not held through another party, has an interest in the share capital of the Company or in any options in respect of such capital.

5.6 No loan has been granted to, nor any guarantee provided for the benefit of, any of the Directors by any member of the Group.

5.7 None of the Directors has, or has had, any interest in any transaction which is or was unusual in its nature or conditions or significant to the business of the Group and which has been effected by the Group since incorporation and which remains in any way outstanding or unperformed.

5.8 As at the date of this prospectus, there are no potential conflicts of interest between any duties to the Company of the Directors and their private interests and/or other duties.

5.9 The Company maintains directors' and officers' liability insurance for the benefit of the Directors.

5.10 In addition to their directorships of the Company, the Directors hold or have held the directorships and are or were members of the partnerships, as listed below, over or within the past five years.

Name	*Current directorships/partnerships*	*Past directorships/partnerships*
Patrick Firth	Associated Partners GP Limited Bullion Funds GP Limited Celtic Pharma Holdings GP III Limited Celtic Pharma Holdings GP Limited DW Catalyst Limited FF&P Venture Funds Subsidiary Limited GLIF BMS Holdings Limited Guernsey Finance LBG Guernsey Portfolios PCC Limited Heritage Diversified Investments PCC Limited ICG-Longbow Senior Secured UK Property Debt Investments Limited Inflexion (2010) General Partner Limited Inflexion Buyout Fund IV General Partner Limited Inflexion Partnership Capital Fund 1 General Partner Limited	Asset Management Investment Company Limited (formerly Asset Management Investment Company PLC) DWM Inclusive Finance Income Fund EISER Infrastructure II Limited EuroDekania Limited FF&P Alternative Strategy Income Subsidiary Limited FF&P Enhanced Opportunities PCC Limited FF&P General Partner 1 Limited FF&P Russia Real Estate Adviser Holdings Limited FF&P Stonehage Investment Management (Guernsey) Limited FF&P World Equity Fund PCC Limited FP Holdings Limited Global Industrial Investments Limited Global Partners Fund Limited L&S Battersea Limited L&S Business Space II Limited

Name	*Current directorships/partnerships*	*Past directorships/partnerships*
	Ingenious International Asset Management Limited Investec World Axis PCC Limited JZ Capital Partners Limited LMP Bell Farm Limited LMP Dagenham Limited LMP Green Park Holdings Limited LMP Omega 1 Limited LMP Retail Warehouse JV Holdings Limited LMP Retail Warehouse JV Management Limited LMP Thrapston Limited LMP Wakefield Limited London & Stamford Offices Limited London & Stamford Offices Unitholder 2 Limited London & Stamford Property Limited London & Stamford Property Subsidiary Limited LSP Green Park Distribution Holdings Limited LSP Green Park Management Limited LSP London Residential Holdings Limited LSP London Residential Investments Limited LSP Marlow Limited LSP RI Moore House Limited MRIF Guernsey GP Limited NextEnergy Solar Fund Limited Pera Capital Partners GP Limited Riverstone Energy Limited Saltus (Channel Islands) Limited Sierra GP Limited Sniper China Logistics Properties Limited	L&S Business Space Limited L&S Distribution II Limited L&S Distribution III Limited (formerly L&S Distribution II Unitholder 2 Limited) L&S Distribution IV Limited L&S Distribution V Limited L&S Distribution Limited L&S Highbury Limited L&S Leeds Limited LMP Green Park Cinemas Limited London & Stamford (Anglesea) II Limited London & Stamford Offices II Limited London & Stamford Retail Limited (in liquidation) LSP Green Park Logistics Holdings Limited LSP Green Park Offices Holdings Limited LSP Leatherhead Limited (formerly LSP Green Park Leatherhead Limited) LSP RI Moore House (Ground Rents) Limited LSP RI Wandsworth Limited MQ HELIX GP Limited Olivant Limited Patria Brazil Fund Limited Porton Capital Technology Funds Prosperity Quest II Unquoted Limited Suningdale Alpha Fund Limited Victoria Capital PCC Limited
Frederick Forni	None	Diversified CLO Investments No.1 Inc. Diversified CMBS Investments Inc. Macquarie Bermuda Investments Limited Macquarie CPS LLC Macquarie Energy Investments LLC Macquarie Finance (USA) Inc. Macquarie Futures (Asia) Limited Macquarie Germany Holdings GmbH Macquarie PMI LLC Macquarie PMI Manager LLC MEIF Sophisticated Investor Fund Municipal and Infrastructure Assurance Corporation TAC Acquisitions Corp

Name	*Current directorships/partnerships*	*Past directorships/partnerships*
James Carthew	Acclaimworks Ltd BMS Finance AB Limited Marten & Co Ltd Palmerwheeler Ltd	Progressive European Markets Limited
Geoff Miller	Afaafa Limited BMS Equity Limited BMS Finance AB Limited Clarion ICC Limited Clarion 5 IC Limited Crowdshed Limited Dansk Faktura Børs Finexkap SAS Finpoint Limited Funding Knight Holdings Limited Funding Options Limited GLI Alternative Finance Guernsey Limited GLI Asset Management Limited GLI Finance (UK) Ltd GLIF BMS Holdings Limited Globalworth Investment Advisers Limited Globalworth Real Estate Investments Limited Green Street Holdings Limited International Finance Development Company S.A., Holding LiftForward Inc Lombardia Capital Partners, Inc NVF Patents Limited Ovamba Solutions Inc Platform Black Limited Proplend Limited Raiseworks, LLC Sancus (Guernsey) Limited Sancus Gibraltar Holdings Limited Sancus Group Limited Sancus Holdings Limited Sancus Limited Secured Group Limited The Credit Junction Holdings Inc The Open Energy Group TradeRiver Finance Limited TradeRiver USA Inc	Asset Management Investment Company Ltd Aurora Russia Limited Clarion 1 IC Limited Clarion 10 IC Limited Clarion 2 IC Limited Clarion 3 IC Limited Clarion 4 IC Limited Clarion 6 IC Limited Clarion 7 IC Limited Clarion 8 IC Limited Clarion 9 IC Limited Clarion Test Trade IC Limited GLF (GP) Limited Hastings Insurance Group Limited Silkroutefinancial SmartMove Spain Word Play Limited
Emma Stubbs	BMS Equity Limited Finpoint Limited GLI Alternative Finance Guernsey Limited GLI Asset Management Limited GLI Finance (UK) Limited LiftForward Inc NVF Patents Limited Sancus Group Limited	None

Name	*Current directorships/partnerships*	*Past directorships/partnerships*
Andrew Whelan	Bushido Limited Sancus (Gibraltar) Limited Sancus (Guernsey) Limited Sancus Gibraltar Holdings Limited Sancus Group Limited Sancus Holdings Limited Sancus (IOM) Limited Sancus Limited	Ermitage Asset Management Jersey Limited Ermitage Global Wealth Management Jersey Limited Ermitage Jersey Limited Ermitage Limited Ermitage Selz Fund Limited LIBFIN SPC Qannas Investments Limited The Katana Private Equity Fund Limited

5.11 Save as disclosed below, at the date of this prospectus:

5.11.1 none of the Directors has had any convictions in relation to fraudulent offences for at least the previous five years;

5.11.2 none of the Directors has been declared bankrupt or has been a director of a company or been a member of an administrative, management or supervisory body or a senior manager of a company within the previous five years which has entered into any bankruptcy, receivership or liquidation proceedings;

5.11.3 none of the Directors has been subject to any official public incrimination and/or sanctions by statutory or regulatory authorities (including designated professional bodies) or has been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer for at least the previous five years; and

5.11.4 none of the Directors is aware of any contract or arrangement subsisting in which they are materially interested and which is significant to the business of the Company which is not otherwise disclosed in this prospectus.

5.12 Geoff Miller was a director of GLF (GP) Limited and of Asset Management Investment Company Ltd at the time each company was placed into voluntary liquidation, in November 2012 and October 2012 respectively.

6. Employees and executive bonus scheme

The average number of employees of the Company for each financial year covered by the historical financial information up to the date of this prospectus is as follows:

	*Average number of employees**
Financial year ended 31 December 2012	5
Financial year ended 31 December 2013	5
Financial year ended 31 December 2014	6

* Including Directors

Certain executive team members are entitled to a contractual bonus. There is an incentive pool which is allocated at the Remuneration Committee's discretion. To ensure that incentive payments are primarily long term in nature, all payments from the incentive pool are made one third in cash and two-thirds in Ordinary Shares. All shares in the Company issued via the executive bonus scheme will need to be held by the executive bonus scheme members for the entire tenure of their employment by the Company.

7. Memorandum and Articles of Incorporation

7.1 *Memorandum of Association*

The Memorandum provides that the objects and powers of the Company are unrestricted.

7.2 *Articles of Incorporation*

The Articles contain provisions, *inter alia*, to the following effect:

7.3 *Variation of class rights and changes of capital*

(a) The special rights attached to any class of shares may (unless otherwise provided by the terms of the issue) be varied with the consent in writing of the holders of three fourths of the issued shares of the class or with the sanction of a special resolution of the holders of shares of the class.

(b) The Company may issue an unlimited number of shares. Subject to the provisions of the Articles, if the Company proposes to allot equity securities then the Company (i) shall not allot any of them on any terms to a person unless it has made an offer to each member who holds equity securities of the same class in the Company to allot to him on the same or more favourable terms a proportion of those securities that is as nearly as practicable equal to the proportion in number held by him of the share capital of the Company; and (ii) shall not allot any of those securities to a person unless the period during which any such offer may be accepted has expired or the Company has received notice of the acceptance or refusal of every offer so made. These rights in favour of members are called "pre-emption" rights. The Company in general meeting may by special resolution disapply such pre-emption rights, in which case such equity securities may be allotted as if members did not have such pre-emption rights.

(c) Subject to applicable law, the Company may purchase its own shares.

7.4 *Class meetings*

The provisions of the Articles applicable to general meetings apply *mutatis mutandis* to every class meeting but the necessary quorum for a variation of class rights meeting is: (i) for a meeting other than an adjourned meeting, two persons present holding at least one third of the voting rights of that class; (ii) for an adjourned meeting, one person holding shares of that class; or (iii) where the class has only one member, that member. At a variation of class rights meeting, any holder of shares of the class in question may demand a poll.

7.5 *Votes of members*

Subject to any rights or restrictions as to voting attached to any class of shares, at any general meeting, on a show of hands, every member who is present in person or by proxy has one vote and, in the case of a poll, every member present in person or by proxy has one vote for every share of which he is the holder. No member is entitled to vote at a general meeting either personally or by proxy, if he has been duly served with a default notice (as defined in the Articles) for failure to comply with the provisions of Chapter 5 of the Disclosure and Transparency Rules set out in the Articles, or if any calls from him have not been paid.

7.6 *Directors*

(a) No person other than a Director retiring at a general meeting shall be appointed as a Director of the Company at any general meeting unless:

  (i) he is recommended by the Board; or

  (ii) not less than fourteen clear days before the date appointed for the general meeting notice signed by a member qualified to attend and vote at the general meeting has been given to the Company of his intention to propose that person to be appointed, signed by that person evidencing his willingness to be appointed.

(b) The Company may by ordinary resolution appoint any person who is willing to act to be a Director, either to fill a vacancy or as an additional Director. The Board may appoint a person who is willing to act to be a Director, either to fill a vacancy or as an additional Director (subject to any maximum number permitted by the Articles) but any Director so appointed shall hold office only until the next annual general meeting and shall then be eligible for re-election.

(c) A Director is not required to hold any qualification shares unless and until such a share qualification is fixed by the Company in general meeting.

(d) Unless otherwise determined by the Company by ordinary resolution, the amount of any fees payable to Directors (in their capacity as such) shall be determined by the Directors. The Directors are also entitled to be repaid all expenses properly incurred by them respectively in the performance of their duties.

(e) A Director must, immediately after becoming aware of the fact that he is interested in a transaction or proposed transaction with the Company, disclose to the Board in accordance with Section 162 of the Companies Law:

(i) if the monetary value of the Director's interest is quantifiable, the nature and monetary value of that interest; or

(ii) if the monetary value of the Director's interest is not quantifiable, the nature and extent of that interest.

(f) Paragraph (e) does not apply if:

(i) the transaction or proposed transaction is between the Director and the Company; and

(ii) the transaction or proposed transaction is or is to be entered into in the ordinary course of the Company's business and on usual terms and conditions.

(g) A general disclosure to the Board to the effect that a Director has an interest (as director, officer, employee, member or otherwise) in a party and is to be regarded as interested in any transaction which may after the date of the disclosure be entered into with that party is sufficient disclosure of interest in relation to that transaction.

(h) Nothing in paragraphs (e) to (g) applies in relation to:

(i) remuneration or other benefit given to a Director;

(ii) insurance purchased or maintained for a Director in accordance with Section 158 of the Companies Law; or

(iii) a qualifying third party indemnity provision provided for a Director in accordance with Section 159 of the Companies Law.

(i) Subject to paragraph (j), a Director is interested in a transaction to which the Company is a party if the Director:

(i) is a party to, or may derive a material benefit from, the transaction;

(ii) has a material financial interest in another party to the transaction;

(iii) is a director, officer, employee or member of another party (other than a party which is an associated company) who may derive a material financial benefit from the transaction;

(iv) is the parent, child or spouse of another party who may derive a material financial benefit from the transaction; or

(v) is otherwise directly or indirectly materially interested in the transaction.

(j) A Director is not interested in a transaction to which the Company is a party if the transaction comprises only the giving by the Company of security to a third party which has no connection with the Director, at the request of the third party, in respect of a debt or obligation of the Company for which the Director or another person has personally assumed responsibility in whole or in part under a guarantee, indemnity or security.

(k) Save as provided in the Articles, a Director shall not vote in respect of any contract or arrangement or any other proposal whatsoever in which he has any material interest otherwise than by virtue of his interest in shares or debentures or other securities of or otherwise through the Company. A Director may be counted in the quorum at a meeting in relation to any resolution on which he is debarred from voting.

(l) A Director shall (in the absence of some other material interest than is indicated below) be entitled to vote (and be counted in the quorum) in respect of any resolution concerning any of the following matters namely:

(i) the giving of any guarantee, security or indemnity to him in respect of money lent or obligations incurred by him at the request of or for the benefit of the Company or any of its subsidiaries;

(ii) the giving of any guarantee, security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which he himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security;

(iii) any proposal concerning an offer of shares or debentures or other securities of or by the Company or any of its subsidiaries for subscription or purchase in which offer he is or is to be interested as a participant in the underwriting or sub-underwriting thereof;

(iv) any proposal concerning any other company in which he is interested, directly or indirectly and whether as an officer or shareholder or otherwise howsoever, provided that he is not the holder of or beneficially interested in one per cent. (1 per cent.) or more of the issued shares of such company (or of any third company through which his interest is derived) or of the voting rights available to members of the relevant company (any such interest being deemed for the purpose of this paragraph to be a material interest in all circumstances).

(m) Where proposals are under consideration concerning the appointment (including fixing or varying the terms of appointment) of two or more Directors to offices or employment with the Company or any company in which the Company is interested the Directors may be counted in the quorum for the consideration of such proposals and such proposals may be divided and considered in relation to each Director separately and in such case each of the Directors concerned (if not debarred from voting under the provisions of paragraph (k) above) shall be entitled to vote (and be counted in the quorum) in respect of each resolution except that concerning his own appointment.

(n) If any question shall arise at any meeting as to the materiality of a Director's interest or as to the entitlement of any Director to vote and such question is not resolved by his voluntarily agreeing to abstain from voting, such question shall be referred to the chairman of the meeting and his ruling in relation to any other Director shall be final and conclusive except in a case where the nature or extent of the interests of the Director concerned have not been fairly disclosed.

(o) The Company may by ordinary resolution suspend or relax the provisions of paragraphs (k) and (l) above to any extent or ratify any transaction not duly authorised by reason of a contravention of any of the said paragraphs.

(p) Subject to paragraph (k) above the Directors may exercise the voting power conferred by the share in any other company held or owned by the Company or exercisable by them as directors of such other company in such manner in all respects as they think fit (including the exercise thereof in favour of any resolution appointing themselves or any of them director, managing director, managers or other officer of such company or voting or providing for the payment or remuneration to the directors, managing director, manager or other officer of such company).

(q) A Director may hold any other office or place of profit under the Company (other than the office of Auditor) in conjunction with his office of Director on such terms as to tenure of office or otherwise as the Directors may determine.

(r) Subject to due disclosure in accordance with this paragraph, no Director or intending Director shall be disqualified by his office from contracting with the Company as vendor, purchaser or otherwise nor shall any such contract or any contract or arrangement entered into by or on behalf of the Company in which any Director is in any way interested render the Director liable to account to the Company for any profit realised by any such contract or arrangement by reason of such Director holding that office or of the fiduciary relationship thereby established.

(s) Any Director may act by himself or his firm in a professional capacity for the Company and he or his firm shall be entitled to remuneration for professional services as if he were not a Director PROVIDED THAT nothing herein contained shall authorise a Director or his firm to act as Auditor to the Company.

(t) Any Director may continue to be or become a director, managing director, manager or other officer or member of any company in which the Company may be interested and (unless otherwise agreed) no such Director shall be accountable for any remuneration or other benefits received by him as a Director, managing director, manager or other officer or member of any such other company.

(u) A Director shall cease to hold office: (i) if the Director (not being a person holding for a fixed term an executive office subject to termination if he ceases for any reason to be a Director) resigns his office by written notice signed by him sent to or deposited at the registered office of the Company, (ii) if he shall have absented himself from meetings of the Board for a consecutive period of 12 months and the Board resolves that his office shall be vacated, (iii) if he dies or becomes of unsound mind or incapable, (iv) if he becomes insolvent, suspends payment or compounds with his creditors, (v) if he is requested to resign by written notice signed by all his co-Directors, (vi) if the Company in general meeting shall declare that he shall cease to be a Director, (vii) if he becomes resident in the United Kingdom and, as a result thereof, a majority of the Directors are resident in the United Kingdom, (viii) if he becomes ineligible to be a Director in accordance with section 137 of the Companies Law or (ix) he becomes prohibited from being a Director by reason of any order made under any provisions of any law or enactment.

(v) The Company may in general meeting by ordinary resolution remove any Director before the expiration of his period of office notwithstanding anything in the Articles or any agreement between the Company and such Director and such removal shall be without prejudice to any claim the Director may have for damages for breach of any contract of service between him and the Company.

7.7 ***Transfer and transmission of shares***

(a) The Directors shall have the power to implement such arrangements as they may, in their absolute discretion, think fit in order for any class of shares to be admitted to settlement by means of the CREST UK system. Where they do so, paragraph (b) shall commence to have effect immediately prior to the time at which Euroclear admits the class to settlement by means of the CREST UK system.

(b) In relation to any class of shares which, for the time being, Euroclear has admitted to settlement by means of the CREST UK system, and for so long as such class remains so admitted, no provision of the Articles shall apply or have effect to the extent that it is in any respect inconsistent with:

(i) the holding of shares of that class in uncertificated form;

(ii) the transfer of title to shares of that class by means of the CREST UK system; or

(iii) the CREST Guernsey Regulations.

(c) Subject to such of the restrictions of the Articles as may be applicable:

(i) any member may transfer all or any of his uncertificated shares by means of a Relevant System authorised by the Board in such manner provided for, and subject as provided, in any regulations issued for this purpose under the Companies Law or such as may otherwise from time to time be adopted by the Board on behalf of the Company and the rules of any relevant system and accordingly no provision of the Articles shall apply in respect of an uncertificated share to the extent that it requires or contemplates the effecting of a transfer by an instrument in writing or the production of a certificate for the shares to be transferred;

(ii) any member may transfer all or any of his certificated shares by an instrument of transfer in any usual form or in any other form which the Board may approve; and

(iii) an instrument of transfer of a certificated share shall be signed by or on behalf of the transferor and, unless the share is fully paid, by or on behalf of the transferee. An instrument of transfer of a certificated share need not be under seal.

(d) All transfers of shares may be effected by transfer in writing in any usual or common form or in any other form acceptable to the Board or by any other manner as the Board may accept and permitted by the Companies Law and the rules of each stock exchange on which the relevant shares may be listed. Any instrument of transfer shall be signed by or on behalf of the transferor who shall be deemed to remain the holder until the name of the transferee is entered in the Register. A transfer in respect of shares which are not fully paid shall also be signed by the transferee.

(e) Every instrument of transfer shall be left at the registered office of the Company or such other place as the Board may prescribe with the certificate (if applicable) of every share to be transferred and such other evidence as the Board may reasonably require to prove the title of the transferor or his right to transfer the shares; and the transfer and certificate shall remain in the custody of the Board but shall be at all reasonable times produced at the request and expense of the transferor or transferee or their respective representatives.

(f) The Board may, in its absolute discretion and without giving a reason, refuse to register a transfer of any share in certificated form or uncertificated form which is not fully paid or on which the Company has a lien, provided, in the case of a listed or publicly traded share that this would not prevent dealings in the share from taking place on an open and proper basis. In addition, the Directors may refuse to register a transfer of shares unless:

(i) it is in respect of only one class of shares;

(ii) it is in favour of a single transferee or not more than four joint transferees; and

(iii) it is delivered for registration to the registered office of the Company or such other place as the Board may decide, accompanied by the certificate(s) for the shares to which it relates and such other evidence as the Board may reasonably require to prove title of the transferor and the due execution by him of the transfer or, if the transfer is executed by some other person on his behalf, the authority of that person to do so.

(g) The Board may only decline to register a transfer of an uncertificated share in the circumstances set out in the CREST Guernsey Regulations, and where, in the case of a transfer, to joint holders, the number of joint holders to whom the uncertificated share is to be transferred exceeds four.

(h) If the Board refuse to register the transfer of a share they shall, within two months after the date on which the transfer was lodged with the Company, send notice of the refusal to the transferee.

(i) Subject to the provisions of the CREST Guernsey Regulations the registration of transfers may be suspended at such times and for such periods (not exceeding 30 days in any one year) as the Board may decide and either generally or in respect of a particular class of share. Any such suspension shall be communicated to members, giving reasonable notice of such suspension, by means of a recognised regulatory news service.

(j) No fee shall be payable to the Company in respect of the registration of any transfer, probate, letters of administration, certificate or marriage or death, power of attorney, instruction or other document relating to or affecting the title to any shares.

(k) The Company shall keep the Register in accordance with Sections 123 to 128 of the Companies Law and the CREST Guernsey Regulations. The Register may be closed during such periods as the Board thinks fit not exceeding in all thirty days in any year.

(l) On the death of a member the survivors where the deceased was a joint holder and the executors of the deceased where he was a sole holder shall be the only persons recognised by the Company as having any title to or interest in his shares; but nothing herein shall release the estate of a deceased joint holder from any liability in respect of any share jointly held.

(m) A person so becoming entitled to a share in consequence of the death, bankruptcy or incapacity of a member shall have the right to receive and may give a discharge for all dividends and other money payable or other advantages due on or in respect of the share, but he shall not be entitled to receive notice of or to attend or speak or vote at meetings of the Company, or save as aforesaid, to any of the rights or privileges of a member unless and until he shall be registered as a member in respect of the share PROVIDED ALWAYS that the Board may at any time give notice requiring any such person to elect either to be registered himself or to transfer the share and if the notice is not complied with within ninety (90) days the Board may thereafter withhold all dividends or other monies payable or other advantages due in respect of the share until the requirements of the notice have been complied with.

(n) Nothing in the Articles shall preclude the Board from recognising the renunciation of the allotment of any share by the allottee in favour of some other person.

(o) The Directors may, in their absolute discretion, refuse to register a transfer of any shares to a person that they have reason to believe is (i) an "employee benefit plan" (within the meaning of section 3(3) of ERISA) that is subject to Part 4 of Title 1 of ERISA, (ii) a plan, individual retirement account or other arrangement that is subject to section 4975 of the US Internal Revenue Code or any other state, local laws or regulations that would have the same effect as regulations promulgated under ERISA by the US Department of Labor and codified at 29 C.F.R. Section 2510.3-101 to cause the underlying assets of the Company to be treated as assets of that investing entity by virtue of its investment (or any beneficial interest) in the Company and thereby subject the Company (or other persons responsible for the investment and operation of the Company's assets) to laws or regulations that are similar to the fiduciary responsibility or prohibited transaction provisions contained in Title I of ERISA or section 4975 of the US Internal Revenue Code, or (iii) an entity whose underlying assets are considered to include "plan assets" of any such plan, account or arrangement (each of (i), (ii) and (iii), a "Plan") or (iv) any person in circumstances where the holding of shares by such person would (a) give rise to an obligation on the Company to register as an "investment company" under the Investment Company Act; (b) preclude the Company from relying on the exception to the definition of "investment company" contained in section 3(c)(7) of the Investment Company Act; (c) give rise to an obligation on the Company to register under the Exchange Act, as amended; or (d) result in the Company not being considered a "Foreign Private Issuer" as that term is defined by Rule 3b-4(c) promulgated under the Exchange Act; or (e) give rise to an obligation on the Investment Manager to register as a commodity pool operator or commodity trading advisor under the US Commodity Exchange Act of 1974, as amended (each such person, a "Prohibited US Person"). Each person acquiring shares shall by virtue of such acquisition be deemed to have represented to the Company that they are not a Prohibited US Person.

(p) If any shares are owned directly or beneficially by a person believed by the Board to be a Prohibited US Person, the Board may give notice to such person requiring them either (i) to provide the Board within 30 days of receipt of such notice with sufficient satisfactory documentary evidence to satisfy the Board that such person is not a Prohibited US Person or (ii) to sell or transfer their shares to a person qualified to own the same within 30 days and within such 30 days to provide the Board with satisfactory evidence of such sale or transfer. Where condition (i) or (ii) is not satisfied within 30 days after the serving of the notice, the person will be deemed, upon the expiration of such 30 days, to have forfeited their shares.

(q) For the avoidance of doubt, nothing in the Articles shall require the shares to be transferred by written instrument if the Companies Law provides otherwise and the Board shall be empowered to implement such arrangements as they consider fit in accordance with and subject to the Companies Law to evidence and regulate the transfer of title to shares in the Company and for the approval or disapproval as the case may be by the Directors or the operator of any Relevant System of the registration of those shares.

7.8 ***Borrowing powers***

The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge all or any part of the undertaking, property and uncalled capital of the Company and to issue debentures and other securities, whether outright or as collateral security for any liability or obligation of the Company or of any third party.

7.9 ***Disclosures of beneficial interests in Ordinary Shares***

(a) The Directors shall have the power by notice in writing to require any member to disclose to the Company the identity of any person other than the member who has any interest in the shares and the nature of such interest. Where the member fails to comply with the notice within a period of time prescribed by the Articles, the Company may give the holder of those shares a direction notice, which imposes restrictions on those shares while the default continues, which restrictions may include restrictions on any dividend, distribution or other payment which would otherwise be paid on the shares, restrictions on the transfer of such shares, the disentitlement to attend, speak or vote at any general meeting of the Company or at any separate general meeting of the holders of the shares of that class, in person or by proxy, or to exercise any privilege as a member in relation to meetings of the Company.

(b) For so long as the Company has any of its shares admitted to trading on the main market of the London Stock Exchange or on AIM, every member shall comply with the notification and disclosure requirements set out in Chapter 5 of the Disclosure and Transparency Rules as if the Company were classified as a "non UK issuer" (as such term is defined in the FCA's Handbook of Rules and Guidance). If it shall come to the attention of the Directors that any member has not, within the requisite period made or, as the case may be, procured the making of any notification required, the Company may at any time thereafter by notice impose restrictions on those shares while the default continues, which restrictions may include restrictions on any dividend, distribution or other payment which would otherwise be paid on the shares, restrictions on the transfer of such shares, the disentitlement to vote at any general meeting of the Company or at any separate general meeting of the holders of the shares of that class.

7.10 ***General meetings***

All general meetings will be held in Guernsey. A general meeting (other than an adjourned meeting) must be called by notice of at least fourteen clear days. A general meeting may be called by shorter notice if all the members entitled to attend and vote so agree.

7.11 ***Untraceable Shareholders***

The Company shall be entitled to sell at the best price reasonably obtainable the shares of a member or any shares to which a person is entitled by transmission on death or bankruptcy if and provided that:

(a) for a period of twelve years prior to the date of the publication of the advertisements referred to below (or, if published on different dates, the first thereof) at least three dividends in respect of the shares in question have become payable and no dividend in respect of those shares has been claimed;

(b) the Company has at the expiration of the said period of twelve years by advertisement in a national newspaper and/or a newspaper circulating in the area in which the last known address of the member or the address at which service of notices may be effected under the Articles is located giving notice of its intention to sell such shares;

(c) the Company has not during the period of three months after the date of the advertisement received any communication from the shareholder or person so entitled; and

(d) the Company has given notice in writing to the London Stock Exchange of its intention to sell such shares.

7.12 ***Distribution of assets otherwise than in cash***

If the Company is wound up whether voluntarily or otherwise the Liquidator may with the sanction of a special resolution divide among the members in specie any part of the assets of the Company and may with the like sanction vest any part of the assets of the Company in trustees upon such trusts for the benefit of the members as the Liquidator with the like sanction shall think fit.

7.13 ***Unclaimed Dividends***

Any dividend unclaimed after a period of 6 years from the date of its declaration shall be forfeited and shall revert to the Company.

7.14 ***Dividends***

(a) Subject to compliance with Section 304 of the Companies Law and to the rights attaching to any particular class of shares, the Board may at any time declare and pay such dividends as appear to be justified by the position of the Company. The Board may also declare and pay any fixed dividend which is payable on any shares of the Company half-yearly or otherwise on fixed dates whenever the position in the opinion of the Board so justifies.

(b) The method of payment of dividends shall be at the discretion of the Board.

(c) No dividend shall be paid in excess of the amounts permitted by the Companies Law or approved by the Board.

(d) Unless and to the extent that the rights attached to any shares or the terms of issue thereof otherwise provide, all dividends shall be declared and paid *pro rata* according to the number of shares held by each member. For the avoidance of doubt, where there is more than one class of share in issue, dividends declared in respect of any class of share shall be declared and paid *pro rata* according to the number of shares of the relevant class held by each member.

(e) The Board may deduct from any dividend payable to any member on or in respect of a share all sums of money (if any) presently payable by him to the Company on account of calls or otherwise.

(f) The Board may retain any dividend or other moneys payable on or in respect of a share on which the Company has a lien and may apply the same in or towards satisfaction of the liabilities or obligations in respect of which the lien exists.

(g) The Board may retain dividends payable upon shares in respect of which any person is entitled to become a member until such person has become a member.

(h) With the sanction of the Company in general meeting by way of a special resolution, any dividend may be paid wholly or in part by the distribution of specific assets. Where any difficulty arises in regard to such distribution, the Board may settle the same as it thinks expedient and in particular may fix the value for distribution of such specific assets and may determine that cash payments shall be made to any members upon the footing of the value so fixed in order to adjust the rights of members and may vest any such specific assets in trustees for the members entitled as may seem expedient to the Board.

(i) Any dividend interest or other monies payable in cash in respect of shares may be paid by cheque or warrant sent through the post to the registered address of the holder or, in the case of joint holders, to the registered address of that one of the joint holders who is first named on the Register. Any one of two or more joint holders may give effectual receipts for any dividends, interest or other monies payable in respect of their joint holdings. In addition, any such dividend or other sum may be paid by any bank or other funds transfer system or such other means (including, in relation to any dividend or other sum payable in respect of shares held in uncertificated form, by means of a Relevant System in any manner permitted by the rules of the Relevant System concerned) and to or through such person as the holder or joint holders (as the case may be) may in writing direct, and the Company shall have no responsibility for any sums lost or delayed in the course of any such transfer or where it has acted on any such directions. Any one of two or more joint holders may give effectual receipts for any dividends interest bonuses or other monies payable in respect of their joint holdings.

(j) No dividend or other moneys payable on or in respect of a share shall bear interest against the Company.

(k) The Board may, if authorised by an ordinary resolution of the Company, offer any holders of any particular class of shares (excluding treasury shares) the right to elect to receive further shares (whether or not of that class), credited as fully paid, instead of cash in respect of all or part of any dividend specified by the ordinary resolution (a “Scrip Dividend”).

(l) The ordinary resolution may specify a particular dividend (whether or not already declared) or may specify all or any dividends declared within a specified period, but such period may not end later than the conclusion of the fifth annual general meeting of the Company to be held following the date of the meeting at which the ordinary resolution is passed.

(m) The basis of allotment shall be decided by the Board so that, as nearly as may be considered convenient, the value of the further shares, including any fractional entitlement, is equal to the amount of the cash dividend which would otherwise have been paid.

(n) For the purposes of paragraph (m) the value of the further shares shall be calculated by reference to the average of the middle market quotations for a fully paid share of the relevant class, as shown in the Daily Official List of the London Stock Exchange, for the day on which such shares are first quoted ex the relevant dividend and the four subsequent dealing days or in such other manner as the Directors may decide.

(o) The dividend or that part of it in respect of which an election for the Scrip Dividend is made shall not be paid and instead further shares of the relevant class shall be allotted in accordance with elections duly made and the Board shall capitalise a sum to the aggregate nominal amount of the shares to be allotted out of such sums available for the purpose as the Directors may consider appropriate.

(p) The further shares so allotted shall rank *pari passu* in all respects with the fully paid shares of the same class then in issue except as regards participation in the relevant dividend.

7.15 ***ZDP Share rights:***

(a) The ZDP Shares carry no rights to receive dividends out of the revenue or any other profits of the Company.

(b) The assets of the Company available for distribution to members after payment of all of the Company's liabilities in full will be applied as follows (and in each case distributed among the holders of shares of each class rateably according to amounts paid up on such shares held by them):

(i) first, there shall be paid to the holders of ZDP Shares an amount equal to 100 pence per ZDP Share as increased each day from 16 December 2014 up to and including the Maturity Date at the daily compound rate which results in the Final Capital Entitlement per ZDP Share on the Maturity Date, and increasing thereafter (in the event that any ZDP Shares are not redeemed by the Maturity Date) on the same compounded basis in respect of any ZDP Shares not so redeemed; and

(ii) second, subject to the terms of the Articles, there shall be paid to the holders of Ordinary Shares in proportion to their holdings the surplus assets of the Company available for distribution.

(c) The holders of the ZDP Shares shall have the right to receive notice of general meetings of the Company but shall not have the right to attend or vote at any general meeting of the Company unless the business of the meeting includes any resolution to vary, modify or abrogate any of the special rights attached to the ZDP Shares and at any meeting where any such business is to be considered such holders shall be entitled to vote in relation to such business alone.

(d) Where by virtue of the provisions of paragraph (c) above the holders of the ZDP Shares are entitled to vote, every such holder present in person or by a duly authorised representative (if a corporation) at a meeting shall, in relation to such business, have one vote in respect of every ZDP Share held by him.

(e) Subject to paragraphs (g) and (h) below, the Company shall not without the previous sanction of a resolution of the holders of the ZDP Shares passed at a separate class meeting of such holders convened and held in accordance with the provisions of the Articles:

(i) pay dividends to holders of Ordinary Shares in excess of the aggregate of 5 pence per Ordinary Share per annum increased at the rate of 2.5 per cent. per annum;

(ii) issue further shares or securities, or rights to subscribe for or to convert or exchange any securities into shares or securities or reclassify issued share capital into shares or securities of a particular class where such shares or securities would on issue, conversion, exchange or reclassification rank as to capital in priority to or *pari passu* with the ZDP Shares, unless in respect of such issue, conversion, exchange or reclassification (a) the Cover Test would be met immediately following any such issue, conversion, exchange or reclassification; or (b) A Cover and B Cover is otherwise increased as a result of and upon such issue, conversion, exchange or reclassification;

(iii) pass a resolution releasing the Directors from their obligation to redeem the ZDP Shares on the Maturity Date in accordance with paragraph (j) below;

(iv) other than the redemption of the ZDP Shares provided for in paragraph (j) below, pass a resolution to reduce the capital of the Company in any manner, including any resolution authorising the Directors to purchase shares save that the Company may without such sanction take authority to make, and effect purchases of its own shares provided that in any event, (i) the Cover Test would be met immediately following any such purchase; or (ii) A Cover and B Cover is otherwise increased immediately following any such purchase;

(v) incur any borrowings in excess of £30 million (excluding any interest on any such borrowings and excluding Relevant Items being monies borrowed for temporary purposes only and in the ordinary course of business including, without limitation, for the purpose of refinancing existing borrowings or settling transactions and any monies borrowed for the purpose of paying the Final Capital Entitlement or then accrued entitlement of the ZDP Shares) or guarantee the indebtedness of any of its subsidiaries;

(vi) make any material change to the accounting policies adopted by the Directors which are in existence as at 16 December 2014;

(vii) pass a resolution for the voluntary winding up or liquidation of the Company, such winding up to take effect prior to the Maturity Date;

(viii) make a material change to the business of the Company as a whole, which at the time of making such change, appears likely in the reasonable opinion of the Directors to be materially prejudicial to the holders of the ZDP Shares; or

(ix) pass any resolution to vary, modify or abrogate any of the special rights attached to the ZDP Shares.

(f) For the purposes of paragraph (e) above, the "Cover Test" is that the Directors shall have or shall have caused to be calculated that, in their opinion, were the actions detailed in paragraph (e)(ii) or paragraph (e)(iv) (each an "Action") to take place on the date specified by the Directors for such calculation, provided that such date shall not be one which is over 60 days prior to the date on which the relevant Action is due to take place (the "Calculation Date"), those ZDP Shares in issue immediately thereafter would have A Cover of not less than 1.7 times and B Cover of not less than 3.25 times (as adjusted in accordance with the provisions below). For the purpose of this paragraph (f):

(i) the "A Cover" on the ZDP Shares shall represent a fraction where the numerator is equal to the gross assets of the Company less current liabilities and trade and non-borrowing related liabilities (not otherwise current liabilities) (other than the liabilities to ZDP Shareholders) as at the Calculation Date, as determined by the Directors, and the denominator is equal to the aggregate amount which would be paid to the holders of the ZDP Shares in issue on the Calculation Date as a class (and on all shares ranking as to capital in priority thereto or *pari passu* therewith) on the Maturity Date, plus the Company's borrowings (if any) plus, to the extent not included in the current liabilities referred to above, the Directors' estimate of the shortfall (if any) of the Group's revenues less operational expenses (including dividends payable on the Company's Ordinary Shares, finance costs and management expenses), excluding any fair value adjustments over the period from the Calculation Date to the Maturity Date; and

(ii) the "B Cover" on the ZDP Shares shall represent a fraction where the numerator is equal to the gross assets of the Company less current liabilities and trade and non-borrowing related liabilities (not otherwise current liabilities) and all borrowings (other than the liabilities to ZDP Shareholders) as at the Calculation Date, as determined by the Directors, and the denominator is equal to the aggregate amount which would be paid to the holders of the ZDP Shares in issue on the Calculation Date as a class (and on all shares ranking as to capital in priority thereto or *pari passu* therewith) on the Maturity Date provided always, that the B Cover of 3.25 times shall be adjusted downwards when and to the extent that the amount of the Company's borrowings (excluding any interest on any such borrowings and excluding Relevant Items) is less than £30 million and in such event the amount of cover shall be reduced from 3.25 times by "X" where:

X = 0.00000008 x Y; and

Y = the amount of the Company's borrowings (as referred to above) below £30 million,

so that, by way of illustration, if the amount of the Company's borrowings (as referred to above) is £28 million as at the relevant Calculation Date the B Cover amount shall be 3.09 times.

(iii) In calculating such A Cover and B Cover, the Directors shall:

(a) use the portfolio valuations underlying the net assets value figure published by the Company at the end of the immediately preceding quarter (or on such other date as the Board in its absolute discretion may determine);

(b) assume that the Action had been undertaken at the end of the month prior to the Calculation Date (or on such other date as the Board in its absolute discretion may determine);

(c) adjust the aggregate net assets at the end of the said month (or on such other date as the Board in its absolute discretion may determine) by adding the minimum net consideration (if any) which would be received upon such Action and by deducting any consideration payable on such Action;

(d) aggregate the capital entitlements of the existing ZDP Shares and the capital entitlements of any new ZDP Shares to be issued or reclassified as aforesaid, in each case as at the Calculation Date;

(e) disregard any reduction in gross assets caused by the accounting for shares held in treasury held by the Company to the extent it is not matched by a corresponding adjustment to the calculation of the denominator; and

(f) make such other adjustments as they in their absolute discretion consider appropriate.

(g) Notwithstanding paragraphs (c), (d) and (e) above, if any offer is made (whether by the Company or any other person, including proposals for a reduction or cancellation of capital, capitalisation issue, share purchase or repurchase and/or redemption of shares of the relevant class or any shares issued in substitution therefor) to all the holders of ZDP Shares, (other than the offeror and/or persons acting in concert with the offeror) which becomes or is declared unconditional in all respects (or would so become or be declared subject only to the passing of any Recommended Resolution (as defined below)) prior to the Maturity Date, and which enables the holders of the ZDP Shares to receive no later than the Maturity Date an amount in cash not less than that to which the Directors estimate (so far as practicable at the time and on the basis of such assumptions as they may reasonably deem appropriate) that the ZDP Shareholders would otherwise have been entitled on a redemption of their ZDP Shares or on a winding-up of the Company in each case on the Maturity Date (whether or not such offer is accepted in any particular case and ignoring any option to receive alternative consideration) and such offer is recommended by the Directors and stated to be, in the opinion of a financial adviser appointed by the Directors, fair and reasonable, the provisions of paragraph (i) below shall apply to the holders of ZDP Shares in relation to any resolution or resolutions (a "Recommended Resolution") proposed at any general meeting of the Company or at any separate meeting of the holders of ZDP Shares save that the provisions of paragraph (i) below shall cease as regards such shareholders if either the Directors consider that the aforementioned offer is unlikely to be honoured or the offeror breaches a material term of the offer or otherwise manifests an intention not to implement the offer.

(h) Notwithstanding paragraphs (c), (d) and (e) above, if at any time on or before the Maturity Date a resolution (a "Reconstruction Resolution") is proposed at any general meeting of the Company or at any separate meeting of any class(es) of shareholders to sanction any form of arrangement for the transfer of all or part of the Company's assets to another entity or any proposals for the reduction or cancellation of capital, capitalisation issue, share purchase or repurchase and/or redemption of any shares (including, without limitation, any further resolutions which the Directors consider to be necessary or desirable for the purposes of effecting such proposals) and which enables the holders of the ZDP Shares to receive, no later than the Maturity Date, an amount in cash not less than that to which the Directors estimate (so far as practicable at the time and on the basis of such assumptions as they may reasonably deem appropriate) that the ZDP Shareholders would otherwise have been entitled on a redemption of their ZDP Shares or on a winding-up of the Company in each case on the Maturity Date then (ignoring any option to receive their entitlements otherwise than in cash), provided such proposals are recommended by the Directors and stated to be, in the opinion of a financial adviser appointed by the Directors, fair and reasonable, the provisions of paragraph (i) below shall apply to the holders of the ZDP Shares in relation to such resolution(s), save that such provisions shall cease as regards such shareholders if the arrangement is not implemented in accordance with its terms.

(i) Where this paragraph (i) applies in respect of any resolution, the ZDP Shareholders shall not be entitled to vote at any general meeting of the Company and the previous sanction of a special resolution of the ZDP Shareholders shall not be required in any case, provided that where, notwithstanding the foregoing, such sanction is required in any case by law, all ZDP Shareholders present in person, by representative (if a corporation) or by proxy and entitled to vote at such meeting shall (in respect of the votes attached to all such shares) vote in favour of the resolution or resolutions recommended by the Directors and where any vote is not cast or is cast against any such resolution or resolutions recommended by the Directors it shall be deemed to have been cast in favour. The vote on any Recommended Resolution or Reconstruction Resolution shall be taken on a poll.

(j) Unless the Directors have previously been released from their obligations to do so by a special resolution of the Company (such special resolution having been duly passed not earlier than the date falling one month prior to the Maturity Date and having been sanctioned by necessary class approval), the Company shall on the Maturity Date, compulsorily redeem all ZDP Shares in issue at an amount equal to the Final Capital Entitlement per ZDP Share.

(k) In the event that, on the Maturity Date, the Company is not permitted to redeem any of the ZDP Shares by reason of statutory restriction or otherwise by law, it shall redeem the ZDP Shares then due for redemption so soon thereafter as the Company is permitted lawfully to do so (and if the Company is not permitted lawfully to redeem all of the then unredeemed ZDP Shares at one time, such redemption shall take place in tranches at such times as the Company is permitted lawfully to redeem some only of the then unredeemed ZDP Shares, and the ZDP Shares to be redeemed in such circumstances shall be selected *pro rata* to the holdings due to be redeemed at such time).

(l) In the event that, on the Maturity Date, the Company is permitted to redeem some only of the ZDP Shares by reason of statutory restriction or otherwise by law, it shall redeem such ZDP Shares at such time and shall redeem the remaining ZDP Shares then due for redemption so soon thereafter as the Company is permitted lawfully to do so (and if the Company is not permitted lawfully to redeem all of the then unredeemed ZDP Shares at one time, such redemption shall take place in tranches at such times as the Company is permitted lawfully to redeem some only of the then unredeemed ZDP Shares). The ZDP Shares to be redeemed in such circumstances shall be selected *pro rata* to the holdings due to be redeemed at such time.

(m) During such time after the Maturity Date when any of the ZDP Shares remains unredeemed, the Company shall not declare, make or otherwise pay any distributions (whether by way of dividend, redemption, repurchase of shares, reduction of capital or otherwise) to any of the holders of the Ordinary Shares.

8. The Takeover Code

8.1 *Mandatory offers*

The Takeover Code applies to the Company and Shareholders are entitled to the protections afforded by the Takeover Code. Under Rule 9 of the Takeover Code, where (i) any person acquires, whether by a series of transactions over a period of time or not, an interest in shares which (taken together with shares in which persons acting in concert with him are interested) carry 30 per cent. or more of the voting rights of a company subject to the Takeover Code, or (ii) any person who, together with persons acting in concert with him, is interested in shares which in the aggregate carry not less than 30 per cent., but holds shares in the aggregate which carry not more than 50 per cent. of the voting rights of such company, and such person, or any person acting in concert with him, acquires an interest in any other shares which increases the percentage of shares carrying voting rights in which he is interested, then, except with the consent of the Takeover Panel, he, and any person acting in concert with him, must make a general offer in cash to the holders of any class of equity share capital whether voting or non-voting and also to the holders of any other class of transferable securities carrying voting rights to acquire the balance of the shares not held by him and his concert parties.

Save where the Takeover Panel permits otherwise, an offer under Rule 9 of the Takeover Code must be in cash and at not less than the highest price paid within 12 months prior to the announcement of the offer for any shares in the company by the person required to make the offer or any person acting in concert with him. Offers in different classes of equity share capital must be comparable. The Takeover Panel should be consulted in advance of such cases.

8.2 *Squeeze-out rules*

The Companies Law provides that if an offer is made for the shares or any class of shares in the capital of a company and if, within 4 months after the date of such offer, the offer is approved by shareholders comprising 90 per cent. in value of the shares affected (excluding any shares held as treasury shares) then the offeror may, within 2 months after the expiration of those 4 months, send an acquisition notice to any dissenting shareholders informing them that it wishes to acquire their shares (an "Acquisition Notice"). Where an Acquisition Notice is given, the offeror is then entitled and bound to acquire those shares on the terms on which the original offer, approved by the shareholders comprising 90 per cent. in value of the shares affected, was made.

9. Material contracts

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by the Company or any other member of the Group within the two years immediately preceding the date of this prospectus and are, or may be, material. There are no other contracts (not being contracts entered into in the ordinary course of business) entered into by the Company or any member of the Group which include an obligation or entitlement which is material to the Group as at the date of this prospectus.

9.1 *Introduction Agreement*

Pursuant to the Introduction Agreement dated 28 September 2015 between the Company and Panmure Gordon, the Company has agreed to appoint Panmure Gordon as the financial adviser to the Company in connection with Admission. The Introduction Agreement provides for the payment of a fee by the Company to the financial adviser plus its legal and all other expenses incidental to Admission (in each case plus VAT where applicable). The Introduction Agreement also includes certain warranties and indemnities given by the Company to the financial adviser.

9.2 ***Placing agreement***

In connection with the launch of GLIAF, GLI entered into a placing agreement dated 1 September 2015 with GLIAF, GLIAM, Nplus1 Singer Advisory LLP (as placing agent) and others. The Company, acting as guarantor, irrevocably guaranteed to the placing agent and its associates (the indemnified persons) GLIAM's obligations under the agreement to each indemnified person.

9.3 ***Share purchase agreement***

In connection with the launch of GLIAF, GLI entered into a share purchase agreement dated 1 September 2015 with GLIAF pursuant to which GLIAF agreed to acquire the issued share capital of the Initial Portfolio Investor in consideration for the allotment and issue, fully paid, of new ordinary shares in GLIAF to GLI.

Pursuant to the terms of the share purchase agreement, GLI made a number of warranties as to the sale of the shares in the Initial Portfolio Investor, including a warranty that the Initial Portfolio Investor has no liabilities and is the legal and beneficial owner of certain loan assets.

9.4 ***Orderly market deed***

In connection with the launch of GLIAF, GLI entered into a deed with Nplus1 Singer Advisory LLP and GLIAF dated 1 September 2015 pursuant to which GLI has agreed that, subject to certain exceptions, it shall not, and shall procure that no person who is a connected person will, from the date of the deed for a period of 24 months, directly or indirectly, transfer the legal and/or beneficial ownership (or any interest therein) in any of the shares in GLIAF owned by it or such a connected person or any shares which may accrue to it or such a connected person as a result of its or their holding of such shares except through Nplus1 Singer Advisory LLP, provided that the price and settlement terms offered by Nplus1 Singer Advisory LLP are not less than the price and settlement terms offered by any other stockbroker or dealer in securities in respect of the same disposal (and so that Nplus1 Singer Advisory LLP shall be given five business days within which to match any such price and settlement terms), and in accordance with the reasonable requirements of Nplus1 Singer Advisory LLP so as to ensure an orderly market for the issued share capital of GLIAF.

9.5 ***Relationship agreement***

In connection with the launch of GLIAF, GLI entered into a relationship agreement dated 1 September 2015 with GLIAF and Nplus1 Singer Advisory LLP to manage the relationship between GLI and GLIAF so as to ensure that, *inter alia*, (i) GLIAF is able to carry on its business independently of GLI; and (ii) all transactions and relationships between GLIAF and GLI are on an arm's length basis.

Under the terms of the relationship agreement, GLI has agreed, *inter alia*, that it shall not, and shall procure that no member of its group shall, acquire any further interest in shares in GLIAF where such additional interest would (i) mean that the aggregate interest of GLI and its group exceeds 90 per cent. of the issued share capital of GLIAF or (ii) in the event that GLI holds an interest in shares representing not more than 50 per cent. of GLIAF's issued share capital, trigger an obligation for GLI to make a bid for the remaining shares not held by GLI or any member of its group, pursuant to Rule 9 of the Takeover Code.

GLI has also undertaken that, *inter alia*, it shall (i) comply with GLIAF's related party policy, (ii) not exercise its voting rights in favour of any resolution which would, if passed, have the effect that GLIAF is not capable of carrying on its business or making decisions independently, (iii) not exercise its voting rights in favour of any resolution which would, if passed, have the effect that variations are made to GLIAF's articles of association which would be contrary to the maintenance of GLIAF's independence, (iv) not propose or procure the proposal of a shareholders' resolution which is intended to effect any cessation of trading of GLIAF's shares on the Specialist Fund Market of the London Stock Exchange (or any other stock exchange on which the shares may be trading) or vote in favour of any such resolution unless a majority of the independent directors of GLIAF have voted in favour of such a proposal or recommended that shareholders vote in favour of such proposal (or as part of certain offers to acquire the entire issued share capital of GLIAF),

(v) not propose or procure the proposal of a shareholder resolution which is intended or appears to be intended to circumvent the proper application of those of the Listing Rules with which GLIAF has voluntarily chosen to comply and (vi) not take any action that would have the effect of preventing GLIAF from complying with those obligations of the Listing Rules with which GLIAF has voluntarily chosen to comply or the Disclosure and Transparency Rules.

GLI is required to use its reasonable endeavours to ensure that any transaction, dealing or relationship between it, its associates or GLIAF shall be conducted on arm's length terms and on a normal commercial basis.

9.6 ***Management agreement***

Under a management agreement dated 1 September 2015 between GLIAF and GLIAM, GLIAM is appointed to act as investment manager and AIFM of GLIAF with responsibility for portfolio management and risk management of GLIAF's investments. Under the terms of the management agreement, GLIAM is entitled to a management fee together with reimbursement of all reasonable costs and expenses incurred by it in the performance of its duties. GLIAM is not entitled to a performance fee.

The management agreement shall continue in force unless and until terminated by either GLIAM or GLIAF giving to the other not less than 12 months' prior written notice to terminate the same, such notice not to expire prior to 23 September 2018. The management agreement may be terminated with immediate effect on the occurrence of certain events, including insolvency or material and continuing breach.

GLIAF has given an indemnity in favour of GLIAM in respect of GLIAM's potential losses in carrying on its responsibilities under the management agreement.

The management agreement is governed by the laws of England and Wales.

9.7 ***Lock-in deed***

By way of a deed between the Company, Panmure Gordon and Richard Harrop dated 16 December 2014, Richard Harrop has undertaken that he shall not, save in certain limited circumstances, dispose of his interest in the Ordinary Shares acquired by him pursuant to the Company's acquisition of Sancus for a prescribed period. The lock-in deed is governed by English law.

9.8 ***Lock-in deed***

By way of a deed between the Company, Panmure Gordon and Nicola Ann de Veulle dated 16 December 2014 Nicola Ann de Veulle has undertaken that she shall not, save in certain limited circumstances, dispose of her interest in the Ordinary Shares acquired by her pursuant to the Company's acquisition of Sancus for a prescribed period. The lock-in deed is governed by English law.

9.9 ***Lock-in deed***

By way of a deed between the Company, Panmure Gordon and John Davey dated 16 December 2014, John Davey has undertaken that he shall not, save in certain limited circumstances, dispose of his interest in the Ordinary Shares acquired by him pursuant to the Company's acquisition of Sancus for a prescribed period. The lock-in deed is governed by English law.

9.10 ***Lock-in deed***

By way of a deed between the Company, Panmure Gordon and Sancus Holdings Limited dated 16 December 2014, Sancus Holdings Limited has undertaken that it shall not, save in certain limited circumstances, dispose of its interest in the Ordinary Shares acquired by it in part consideration for the Company's acquisition of Sancus for a prescribed period. The lock-in deed is governed by English law.

9.11 ***Acquisition agreement***

On 14 November 2014, the Company entered into a conditional sale and purchase agreement with Sancus Holdings Limited ("SHL"), under which the Company conditionally agreed to acquire the respective entire issued share capitals of Sancus and Sancus (Guernsey) Limited from SHL, and the intragroup loans made by SHL to Sancus, for a total consideration of £37.75 million. The payment of the consideration relating to the acquisition involved the Company issuing to SHL new Ordinary Shares and ZDP Shares in the Company. The agreement contains certain warranties in favour of the Company. The agreement is governed by the laws of the Island of Guernsey.

9.12 ***Loan facility agreement***

Pursuant to a loan agreement dated 15 September 2014, as amended by an amendment agreement dated 13 March 2015, and by an amendment and restatement agreement dated 15 June 2015 and by a further amendment agreement dated 13 August 2015, between the Company (as borrower), Sancus (as facility agent and security trustee) and each of Sancus, Sancus (Gibraltar) Limited and other parties named therein as lenders (as lenders), the lenders made available to the Company a sterling secured term loan facility in an aggregate amount equal to £30million. The final repayment date of the loan is 15 March 2017. The Company may at any time prepay all or part of the loan together with accrued interest on the amount prepaid, provided that, *inter alia*, the amount of the prepayment, if it is less than the aggregate amount of all loans under the facility, must be a minimum amount of £1 million. Interest is payable on the loan at the rate of 11 per cent. per annum. The agreement contains representations and warranties given by the Company in favour of the other parties thereto and provisions governing events of default including, without limitation, cross-default. The agreement is governed by the laws of Jersey.

9.13 ***Debenture***

The loan facility with Sancus referred to in paragraph 9.12 above is secured by way of a debenture dated 15 June 2015, entered into between the Company (as chargor) and Sancus (as security agent) and which creates fixed and floating charges over the Group's assets and undertakings.

9.14 ***Administration and secretarial agreement***

The administration and secretarial agreement dated 25 March 2015 between the Company and Praxis Trust Limited ("Praxis") pursuant to which Praxis has been appointed to provide administrative and company secretarial services to the Company. Praxis is entitled to an annual fee based on the net asset value of the Company of 0.1 per cent., subject to a minimum annual fee of £55,000. Praxis is also entitled to a time-based fee for all company secretarial services and for the provision of a compliance function. Praxis is also entitled to receive fixed fees for the preparation of the Company's financial statements.

The administration and secretarial agreement may be terminated by either party on three months' written notice to the other. The agreement may also be terminated immediately by either party in certain circumstances, including in the case of material and continuing breach or insolvency. The agreement provides that in the absence of negligence, breach of the agreement, dishonesty, fraud, wilful neglect, wilful misconduct or bad faith, Praxis shall not be responsible for any loss the Company may sustain. Under the agreement, the Company shall indemnify Praxis on an after tax basis against all losses and liabilities which may be imposed on Praxis in connection with the carrying out of its duties under the agreement, other than losses or liabilities arising by reason of the negligence, fraud, or wilful default of Praxis. The agreement is governed by Guernsey law.

10. Related party transactions

Related party transactions for the period from 1 January 2012 until 30 June 2015 are as disclosed in the financial statements (see note 16 to the financial statements of the Group for the year ended 31 December 2012, note 20 to the financial statements of the Group for the year ended 31 December 2013, note 21 to the financial statements of the Group for the year ended 31 December 2014 and note 20 to the financial statements of the Group for the six months ended 30 June 2015), all of which are reproduced in Part VI to this prospectus.

Save for payments made to Directors on the bases set out in paragraph 5 above and intra-group transactions in the ordinary course of business, and the transaction with GLIAF described in Part I of this prospectus under the heading "Current trading", there have been no related party transactions since 30 June 2015.

11. Litigation

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) which may have, or have had in the 12 months preceding the date of this prospectus, a significant effect on the financial position or profitability of the Group.

12. Working capital

The Company is of the opinion that the working capital available to the Group is sufficient for its present requirements, that is for at least the next 12 months from the date of this prospectus.

13. Capitalisation and indebtedness

Set out below is a statement of capitalisation and indebtedness of the Group as at 30 June 2015.

	£ million
Current debt	
Guaranteed	0
Secured*	13.6
Unguaranteed/Unsecured	0
Total current debt	13.6
Non-current debt	
Guaranteed	0
Secured	0
Unguaranteed/Unsecured	32.6
Total non-current debt	32.6
Shareholders' equity	
Share Capital	81.6
Legal Reserve	0
Other reserves	34.8
Total capitalisation	116.4

* As at 30 June 2015, the loan facility with Sancus falls due for repayment on 16 March 2016, with no automatic right to extend and as such the liability is classified as a current liability in this Capitalisation and Indebtedness Statement which has been prepared under IFRS. Subsequent to the reporting date, on 13 August 2015, this loan facility was amended with the final repayment dated being extended to 15 March 2017. All other terms and conditions of the loan facility remain unchanged.

Save as set out in paragraph 14 below, there has been no material change in the above since 30 June 2015.

Set out below is a statement of net financial indebtedness of the Group as at 30 June 2015.

	£ million
Cash and cash equivalents	11.7
Trading securities	0
Liquidity	11.7
Current bank debt	0
Other current financial debt	(13.6)
Current financial indebtedness	(13.6)
Net current financial liquidity/(indebtedness)	(1.9)
Non-current bank debt	0
Other non-current loans	(32.6)
Non-current financial indebtedness	(32.6)
Net financial indebtedness	(34.5)

14. Significant change

Save as set out below, there has been no significant change in the financial or trading position of the Group since 30 June 2015, being the date of the last published financial statements.

On 23 September 2015, the Company sold loans with a value of approximately £40.3 million from its SME loan book to GLI Alternative Finance plc ("GLIAF"). GLIAF is a newly launched investment fund to which the Company's wholly-owned subsidiary, GLIAM, acts as investment manager. Its IPO completed on 23 September 2015 through the issue of approximately 52.7 million new ordinary shares at a price of 100p per share, which were admitted to trading on the Specialist Fund Market of the London Stock Exchange. In consideration for the sale, the Company received 40,270,763 of the new ordinary shares in the capital of GLIAF, representing approximately 76 per cent. of GLIAF's issued ordinary share capital.

15. General

15.1 Panmure Gordon has given, and has not withdrawn, its written consent to the issue of this prospectus with the inclusion of its name and references to it in the form and context in which they appear.

15.2 No application is being made for the ZDP Shares to be dealt with in or on any stock exchange or investment exchange other than the London Stock Exchange's main market for listed securities. The Ordinary Shares will continue to be admitted to trading on AIM.

16. Documents available for inspection

Copies of this prospectus, the Memorandum and Articles, the annual reports and audited consolidated financial statements of the Group for each of the three financial years ended 31 December 2012, 2013 and 2014 and the six months ended 30 June 2015 will be available for inspection at the registered office of the Company during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) until the date of Admission.

Dated: 28 September 2015

PART V

DEFINITIONS

The following definitions apply in this prospectus unless the context otherwise requires:

"A Cover"	has the meaning given in paragraph 7.15 of Part IV of this prospectus
"Administrator"	Praxis Fund Services Limited
"Admission"	admission of the ZDP Shares to be issued pursuant to the Issue to: (i) a Standard Listing on the Official List by the UK Listing Authority; and (ii) trading on the London Stock Exchange's main market for listed securities, becoming effective
"AIM"	the market of that name operated by the London Stock Exchange
"AIM Rules"	the AIM Rules for Companies
"Articles"	the articles of incorporation of the Company
"Audit Committee"	the audit and risk committee of the Company
"Auditor"	Grant Thornton Limited
"B Cover"	has the meaning given in paragraph 7.15 of Part IV of this prospectus
"BMS Finance"	BMS Finance AB Limited
"CLO"	collateralised loan obligation
"Companies Law"	The Companies (Guernsey) Law 2008, as amended
"Company" or **"GLI"**	GLI Finance Limited
"Cover"	means A Cover and/or B Cover, as the context requires
"Cover Test"	has the meaning given in paragraph 7.15 of Part IV of this prospectus
"CREST"	the facilities and procedures for the time being of the Uncertificated System of which Euroclear has been approved as 'Authorised Operator' pursuant to the Regulations
"Directors" or **"Board"**	the directors of the Company
"Disclosure and Transparency Rules" or **"DTRs"**	the disclosure rules and transparency rules made by the FCA under Part VI of FSMA
"Euroclear"	Euroclear UK & Ireland Limited
"FATCA"	the United States Foreign Account Tax Compliance Act provisions of the US Hiring Incentives to Restore Employment Act 2010, which implemented sections 1471 through 1474 of the United States Internal Revenue Code 1986, as amended
"Final Capital Entitlement"	130.696 pence per ZDP Share
"Financial Conduct Authority" or **"FCA"**	the UK Financial Conduct Authority or any successor entity
"FOIF"	Fair Oaks Income Fund Limited
"FSMA"	the Financial Services and Markets Act 2000 (as amended)

"GFSC"	Guernsey Financial Services Commission
"GLIAF"	GLI Alternative Finance plc, the investment fund to which GLIAM acts as investment manager
"GLIAM"	GLI Asset Management Limited, the investment manager of GLIAF and a wholly-owned subsidiary of the Company
"Group"	the Company and its subsidiaries from time to time
"IFRS"	International Financial Reporting Standard as issued by the International Accounting Standards Board
"Initial Portfolio Investor"	GLI Alternative Finance Guernsey Limited, being the entity which holds the loans which were sold to GLIAF by the Company
"Introduction Agreement"	the agreement dated 28 September 2015 between the Company and Panmure Gordon, summarised in paragraph 9.1 of Part IV of this prospectus
"ISIN"	International Securities Identification Number
"Latest Practicable Date"	24 September 2015
"Listing Rules"	the listing rules made by the UK Listing Authority pursuant to Part VI of FSMA
"London Stock Exchange" or **"LSE"**	London Stock Exchange plc
"Maturity Date"	the date on which the ZDP Shares are due to be redeemed, being 5 December 2019
"Memorandum"	the memorandum of association of the Company
"Official List"	the official list of the UK Listing Authority
"Ordinary Shareholders"	holders of Ordinary Shares
"Ordinary Shares"	ordinary shares of no par value each issued by the Company
"P2P"	peer-to-peer
"Panmure Gordon"	Panmure Gordon (UK) Limited, the Company's financial adviser and broker
"Platform"	an origination platform that allows principally non-bank capital to: (a) lend or advance capital to SME borrowers; and/or (b) advance capital against trade receivables
"Portfolio Companies"	the SME finance companies in which the Group holds an equity interest, each of which operates a Platform or otherwise operates in the alternative finance space
"Premium Listing"	a premium listing on the Official List under Chapter 6 of the Listing Rules
"Prospectus Rules"	the prospectus rules made by the UK Listing Authority under section 73(A) of FSMA
"Registrar"	Equiniti Limited
"Remuneration Committee"	the remuneration committee of the Company

"Regulations" or **"CREST Regulations"**	the Uncertificated Securities Regulations 2001 (SI 2001 No.3755)
"Regulatory Information Service"	a regulatory information service as defined in the Listing Rules
"Sancus"	Sancus Limited
"SDRT"	Stamp Duty Reserve Tax
"Securities Act"	the US Securities Act of 1933, as amended
"SEDOL"	the Stock Exchange Daily Official List
"Shareholders"	Ordinary Shareholders and, where the context requires, ZDP Shareholders
"Shares"	Ordinary Shares and/or, where the context requires, ZDP Shares
"SIPP"	a self-invested personal pension
"SMEs"	small and medium-sized enterprises
"Standard Listing"	a standard listing on the Official List under Chapter 14 of the Listing Rules
"UK" or **"United Kingdom"**	the United Kingdom of Great Britain and Northern Ireland
"UK Corporate Governance Code"	the UK Corporate Governance Code as published by the UK Financial Reporting Council
"UK Listing Authority"	the Financial Conduct Authority as the competent authority for listing in the United Kingdom
"uncertificated form" or **"in uncertificated form"**	recorded on the register as being held in uncertificated form in CREST and title to which may be transferred by means of CREST
"Uncertificated System"	any computer-based system and its related facilities and procedures that are provided by an authorised operator and by means of which title to units of a security (including shares) can be evidenced and transferred in accordance with the Regulations without a written certificate or instrument
"United States" or **"US"**	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia
"ZDP Shares"	zero dividend redeemable preference shares of no par value each issued by the Company
"ZDP Shareholders"	holders of ZDP Shares

PART VI

FINANCIAL STATEMENTS

PART A – ANNUAL REPORT AND AUDITED CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

Greenwich Loan Income Fund Limited

ANNUAL REPORT AND AUDITED CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012

CONTENTS

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

Investment Manager:
T2 Advisers, LLC
8 Sound Shore Drive, Suite 255
Greenwich
Connecticut, 06830
United States of America

Broker:
Singer Capital Markets
1 Hanover Street
London, W1S 1YZ
United Kingdom
(until 12 March 2012)

Investec Bank plc
2 Gresham Street
London, EC2V 7QP
United Kingdom
(from 12 March 2012)

Nominated adviser:
Grant Thornton UK LLP
30 Finsbury Square
London, EC2P 2YU
United Kingdom
(until 12 March 2012)

Investec Bank plc
2 Gresham Street
London, EC2V 7QP
United Kingdom
(from 12 March 2012)

CISX sponsor:
Mourant Ozannes Securities Limited
P.O. Box 186
1 Le Marchant Street
St Peter Port
Guernsey, GY1 4HP
Channel Islands

Custodian:
Butterfield Bank (Guernsey) Limited
P.O. Box 25
Regency Court
Glategny Esplanade
St Peter Port
Guernsey, GY1 3AP
Channel Islands

Administrator and Company Secretary:
Praxis Fund Services Limited
P.O. Box 296
Sarnia House
Le Truchot
St Peter Port
Guernsey, GY1 4NA
Channel Islands

Bankers:
Investec Bank (Channel Islands) Ltd
P.O. Box 188, Glategny Court
Glategny Esplanade
St Peter Port
Guernsey, GY1 3LP
Channel Islands

Legal Advisers:

In the Channel Islands:
Mourant Ozannes
1 Le Marchant Street
St Peter Port
Guernsey, GY1 4HP
Channel Islands

In the UK:
Stephenson Harwood
1 Finsbury Circus
London, EC2M 7SH
United Kingdom

Auditors:
Grant Thornton Limited
PO Box 313, Lefebvre House
Lefebvre Street
St Peter Port
Guernsey, GY1 3TF
Channel Islands

Registrar:
Equiniti Limited
Aspect House
Spencer Road
Lancing
West Sussex, BN99 6DA
United Kingdom

CHAIRMAN'S STATEMENT

I am pleased to report the results of Greenwich Loan Income Fund Limited ("GLIF" or the "Company") for the year ended 31 December 2012.

In 2010 and 2011 a solid platform had been built from which to grow our business of providing secured lending to small and medium sized businesses. Our increasingly diverse business now lends money directly and indirectly to produce good levels of return that have underpinned a progressive dividend policy and led to a healthy share price performance.

The major corporate event came at the end of the year, with the acquisition of BMS Finance. This acquisition was the culmination of almost a full year's work by our team and advisers, and we are delighted with the way in which BMS is bedding down within GLIF.

Our net income generation continues to grow and for the third quarter of 2012 we announced an 8.7% increase in the Company's quarterly dividend. This increase was underpinned by a combination of a reduction in the cost base of the company and a significant increase in the income generated by the business.

As I have stated on previous occasions, the Board believes that a sustainable and progressive dividend is more valuable to long-term shareholders than achieving the highest possible dividend in any one period and therefore, although our short term net income generation has grown faster than our dividend, the Board will continue to take a longer term view.

Global capital constraints within the financial system remain a major positive for our business. We expect that small and medium sized businesses will continue to find capital in short supply and therefore that capital available will be priced accordingly. However, with the search for yield globally becoming more and more intense, our role is to ensure that we exploit niches in the market that require significant experience and knowledge to lend into and where returns will continue to be good, and not to move more into the mainstream where it is more likely that the weight of money seeking yield may distort parts of the market.

This will also mean that we will need to continue to evolve our lending and be quick to react to changing market conditions. We are strengthening our resources both internally and externally in order that we have these capabilities in hand.

Performance

The strong operational performance of the Company was reflected in a share price increase of 20.2% from 42.75p to 51.38p during the year and the Company paid 4.7p (vs 4p in the previous year) in dividends, producing a total shareholder return of 31.2% for the year. This compares to a total shareholder return of 59.8% in 2011 and 25.5% in 2010. Since the changes to the Board in the middle of 2009, the total shareholder return has been 627%.

Financials

As of 31 December 2012, the Company and its subsidiaries T2 Income Fund CLO I Ltd ("the CLO"), Asset Management Investment Company Ltd and GLIF BMS Holdings Ltd (the "Group") had invested assets with a fair value of approximately GBP186.2m, and cash of GBP27.0m (including GBP16.6m required to be retained within the CLO structure, available for new investment opportunities).

The CLO portfolio is comprised of variable rate investments and, on a weighted average basis, carried a spread of approximately 527 basis points over LIBOR on performing assets.

The Company's Net Asset Value per Share ("NAV") as of 31 December 2012 was 49.1p. This compares to a NAV as of 31 December 2011, on a consistent basis of 48.3p. The previously reported NAV for the end of 2011 of 73.4p valued the debt of the CLO at fair value, where our policy is now to reflect the value of our holding in the CLO by valuing the CLO debt at its par value. This has the effect of reducing the NAV by GBP10.7m, but the effect per share is reduced this year, as the shares in issue increased, as a result of the BMS acquisition.

For the year ended 31 December 2012, GLIF received interest income, dividends and other income totaling GBP15.4m, compared to GBP12.2m for 2011. Operating expenses fell from GBP6.8m in 2011 to GBP5.4m in 2012.

AGM

At this year's AGM there will be a number of resolutions in addition to the normal business of the AGM. As well as some "housekeeping" issues, there are a number of significant areas that reflect GLIF's desire to ensure that as it grows in size and substance, so does its structure and governance.

Firstly we are proposing to update the Company's Articles, which become "Articles of Incorporation", rather than "Articles of Association", in line with Guernsey Company law. Of particular note, we are seeking to enshrine shareholder pre-emption rights within the Articles and update our scrip dividend provisions. It is intended that we introduce a scrip dividend option from the next dividend, to be declared in April.

Name change

We will also be asking shareholders to approve a change in name for GLIF. The name "Greenwich Loan Income Fund Limited" was introduced in 2009, to reflect the fact that at that time all of the Company's assets were managed in Greenwich, Connecticut. Since then we have expanded our business, brought in advisors on assets elsewhere in the world and internalised the management of the business as a whole. We are therefore asking shareholders to approve the change of our name to "GLI Finance Limited". This will allow us to ensure continuity with the great success that the business has seen since we adopted the "GLIF" acronym.

The name change reflects the fact that, as the business has grown from its original shape, so it has gradually become more of a finance business than an investment company. It is true that GLIF has always been a hybrid business that sat somewhere between a finance company and an investment company. As a business we provide loans financed partly with equity, and partly with debt. To that extent we are similar to a bank. The key differences are that all of our lending is secured, we have only corporate loans rather than retail, and our debt is of longer average duration than our loans.

As we develop the business we intend to maintain these differences to the mainstream banking sector, as this should ensure that we have the potential to achieve an attractive return on equity for our shareholders, without the same liquidity risks to which others in the financial sector have been vulnerable.

Corporate Strategy

Our acquisition of BMS Finance in November gave us greater capability to originate our own lending, and it would be our intention to continue to build our origination capability, both in the UK and the rest of the world. This will focus on smaller companies, where the returns to GLIF on an unlevered basis fall within our 10-15% target return.

We are also working actively with funding partners on new CLO projects that will see GLIF able to produce the equity returns we are seeking, but from portfolios of senior secured loans of medium sized businesses. At present we regard UK and Europe as most promising in this regard. We will continue to look for opportunities to develop our US business, but at present it is more of a cash cow, helping to fund the development of the rest of the business.

Executive Team

With the rapid development of the corporate strategy, we have taken action both internally and externally to strengthen the resources available to your Company.

Internally there is a need for GLIF to have the resources necessary to manage its growth, and this will mean adding additional executive personnel over time. We are actively seeking someone to join as the Chief Financial Officer (CFO), a position until now very ably filled by Patrick Conroy of T2 Advisers to assist both in the management of our increasingly diverse existing business but also in analyzing potential new areas for growth, both organic and through acquisition. For shareholders we will want to ensure that any new CFO can ensure that our financial statements are in future slightly less daunting and more easily comparable with other financial businesses.

To reflect the fact that there will in future be an executive team, rather than just one Executive Director, Geoff Miller's title will henceforth be Chief Executive Officer (CEO). Geoff will remain the one executive on the Board, to ensure that the Board remains majority independent at all times.

As we grow the executive resources within GLIF it is necessary to ensure the executives in question are suitably incentivised to continue to deliver superior shareholder returns, whilst having their interests aligned with shareholders. To this end the Remuneration Committee has resolved to amend the current incentive structure, which was applicable solely to Geoff, to an incentive pool, which will be allocated at the Remuneration Committee's discretion. The total pool available will be, 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 GLIF 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 GLIF equity for their entire period of employment by GLIF.

As these changes require amendments to the CEO's service agreement that both significantly reduces the future cash payments made to him and tie his GLIF holding up for the foreseeable future, the Remuneration Committee resolved to pay to him the amount accrued within the incentive pool as at the end of 2012, one half in cash and one half in shares. This payment is subject to clawback, should the GLIF share price fail to retain its current level.

The Board believes that having a remuneration policy that incentivises performance primarily through equity, that has to be held for an executive's entire tenure with the Company aligns those executives with shareholders, and will put GLIF at the forefront of movement towards longer term incentive structures for those in the finance industry.

External Advisers

Externally we are reviewing the ways in which our advisers are remunerated to better align their interests with shareholders. As a finance business we will judge our performance on costs, internally and externally, against the net return we provide our shareholders. The cost/income ratio, more closely associated with finance businesses, will become far more important than the total expense ratio by which investment company costs tend to be measured. There were times in the past when the Company's cost/income ratio exceeded 100%, as a result of the lack of volatility in the assets under management when compared with the volatility in the returns to shareholders.

As a first step in this regard the Board is engaging GMB Partners LLP to advise on UK, European and US CLO paper and senior secured loans. With a modest base fee, it is intended that the vast majority of their return comes from a share in the net return to GLIF shareholders on the assets on which they advise.

Prospects

We expect 2013 to be a year of significant growth in our non-US business, whilst indications remain positive that our US business will continue to produce returns at the upper end of our 10-15% return on equity target. Since the beginning of 2011 when we clarified the investing policy with unanimous shareholder approval, we have been clear that our long term aim is an equal split of the business between US and non-US assets.

As we grow, we will remain a secured corporate lender because we believe that is where there will be a sustainable competitive advantage in specialist niches dependent on in-depth knowledge to unlock the attractive risk adjusted return potential.

We believe that, as a finance business, GLIF is opening a new and potentially exciting chapter in its growth.

Finally I would like to thank shareholders for their continued support as we have sought to establish a solid base from which to drive our Company forward. As a finance company, the Board of GLIF believes that our Company has an exciting future ahead.

Patrick Firth
Non-Executive Chairman

Date: 2 April 2013

CHIEF EXECUTIVE OFFICER'S REVIEW

The past year has seen further significant changes within Greenwich Loan Income Fund, as the business continues to develop its portfolio of businesses. The most notable addition to the business was the acquisition of BMS Finance, our UK finance business, but at a Group level we also saw significant change, which we are now asking shareholders to reflect in changing the name of the business at the forthcoming AGM.

Whilst Greenwich Loan Income Fund accurately described our business when expansion outside of the US was an aspiration rather than a reality, GLI Finance will reflect our growth as a more broadly based finance business, providing secured finance to small and medium sized businesses in increasingly geographically diverse locations. The choice of name allows the acronym "GLIF" to be retained, as it has become closely associated with the business in the past three years, and given the success we have had we feel that this is something that is important.

As we develop the Company it will be necessary to build more resource at the Group level. At present I am the only employee at the Group level, but we hope to appoint a Chief Financial Officer shortly, and as the Chairman has laid out, preparations in terms of changes to the executive bonus scheme have already been agreed by the Board. I was more than happy to both commit to retaining all of my GLIF stock for my remaining tenure within the Company, and also to receive the majority of any future bonus in stock, as I remain confident in the long term prospects for the business.

The strategy remains as it has been for the past three years:

- Focus on secured lending to small and medium sized enterprises;
- Diversify that lending across geographies and types of business;
- Drive down cost/income ratio;
- Optimise capital structure.

Our vocabulary in expressing these strategic goals in the past has been hampered by our classification as an investment company. Concluding that we are more akin to a finance business than an investment company does allow a more comprehensive explanation of these key strategies.

Focus on Secured Lending to Small and Medium Sized Enterprises

Our business is positioned in an area that is likely to see above average returns for some years to come, as the scarcity of capital for corporate lending continues to have an effect. However, at the same time there are both political pressures to boost lending by banks and a hunger for yield from investors and both will put downward pressure on returns. The key to avoiding the erosion of return is seeking the more niche lending, where it is possible to maintain good returns, as the loans require specialist expertise and knowledge, rather than straightforward banking skills. These more niche areas of lending have higher barriers to entry, hence returns are far less likely to be competed away by yield-seeking investors, and neither are they subject to the same political pressures as more mainstream lending, because these loans would attract a premium cost of funding in any market conditions.

Diversify that Lending Across Geographies and Types of Business

Our business historically was focused on the US, although originally it was intended that there would be exposure to Europe. The GLIF Board has been comfortable with maintaining a high exposure to the US as credit conditions stabilised in the aftermath of the global financial crisis, but it is clearly better for us as a sterling-based business if we diversify the currency exposure we are running over time. We continue to examine a number of opportunities in the UK, Europe and the rest of the world. Where we expand into a new geography or type of business it will be along the lines that we have adopted with BMS, that we took some time to get to understand the business, acquired it through a deal which exposed a relatively modest amount of the GLIF balance sheet initially but we then intend to build out the platform extensively in the future.

Drive Down Cost/Income Ratio

This is one of the key differences from an investment company within our business, and will be a central focus of our strategy in future. An investment company judges its costs based on the proportion of its gross or net assets those costs represent, the assumption being that the capital value will rise over time, as markets rise with the growth in the underlying companies and economies. However, within our type of business the asset levels should remain relatively stable, and in the case of a pure loan may offer only downside rather than upside in capital terms. Therefore the proportion of our assets paid in costs is not as relevant as the proportion of our return that we are paying by way of costs. Hence we are seeking wherever possible to drive down our cost/income ratio. This may seem odd for investment company investors, but would be quite normal for financial businesses. As a result we expect to see a far greater proportion of our costs being variable in future, as opposed to relatively fixed cost of fees based on assets under management.

Optimise Capital Structure

We have used debt within our business since early in the Company's life, both at the Group level and at the subsidiary level, and it has added significantly to the Company's returns to shareholders. For investment companies leverage has been a controversial subject since the split capital investment company sector ran into trouble a decade ago. The implementation of the Retail Distribution Review has only reinforced the view that leveraged funds are unsuitable for many clients, although ironically those same investors may hold a financial company directly or indirectly that is significantly more geared than any fund. Within our business debt-funding is matching our assets with liabilities with the same characteristics, except that the average duration of our debt is longer than our assets. We will look at utilising debt within our business, both at the Group and at a subsidiary level, where we feel this can add to the return without significantly adding to the risk profile of the business as a whole. We will also look at alternative forms of capital at the Group level, just as banks will utilise preference shares and other instruments. However, this will be only one aspect of the capital management. We will also look to utilise the capital structure to align the interests of managers with shareholders. For example, the BMS management subscribed for stock in GLIF BMS Holdings Ltd ("GBH"), the holding company of BMS Finance, alongside GLIF. Whilst this provides the management team with a share in the success of BMS, it also puts them in a "first loss" position within the capital structure, as the GBP1m of share capital of GBH ranks behind GLIF's GBP11.6m loan note.

Review of Businesses

As a whole 2012 saw continued success in the US business, a winding down of the business of Asset Management Investment Company Ltd ("AMIC") and the acquisition of BMS Finance.

US Business

The US business has a number of elements that at present fall under the remit of T2 Advisers, but this will in future be reorganised so as to ensure the correct focus on key aspects of performance delivery by external advisers, whilst the overall strategy is brought in-house.

T2 CLO I Ltd, the Company's largest asset and the main focus of T2 Advisers' efforts on the Company's behalf, continues to perform well. During 2012 the CLO paid out a record level of income, but with the reinvestment period of the CLO coming to an end in July of this year, it is imperative that the managers are correctly incentivized to deliver returns to GLIF. It is therefore intended that the existing management contract amended to focus on T2 CLO I Ltd in the future, and that the majority of return under the management contract come by way of incentive fees, based on the returns to GLIF shareholders. It is expected that the initial cost of these arrangements will be similar to the fee currently paid to T2 Advisers.

On the other CLO equity positions, it is intended that the Company be advised in future by GMB Partners LLP, with the intention of optimising the returns on an ongoing basis. Both Halcyon and GSC produced strong cash flows during 2012, and as both have reinvestment periods stretching into 2014, we would expect healthy results in 2013 as well.

The remaining positions in the US business that will in future be managed internally are two positions purchased from T2 CLO I Ltd in 2009, namely Stratus Technologies equity and Koosharem 2nd Lien Loan, and Lombardia Capital Partners loan and warrant we acquired through the AMIC transaction.

AMIC

The remaining assets within AMIC were transferred to the Group during the year, with only a small amount of cash left remaining in AMIC, pending its winding up. The acquisition proved highly successful and the Group will retain the relationship with two of the holdings, IFDC and Lombardia Capital Partners.

BMS Finance

We completed the acquisition of BMS Finance, a specialist lender to small growth companies, primarily in the UK, in November. This was financed through the setting up of a new subsidiary, GLIF BMS Holdings Ltd, financed with GBP11.6m of a loan note to GLIF, which paid for the acquisition, and GBP1m of equity capital that was subsequently subscribed GBP667k by GLIF and GBP333k by the BMS management.

What was acquired for GBP11.6m was a 70% interest in Noble Venture Finance II LLP ("NVF") and 100% interest in BMS Finance AB Ltd, the UK operating business.

The NVF limited partnership was in wind down when we acquired BMS, and will continue to be run off by the BMS team. Of the GBP1.6m we paid for NVF, GBP1.4m had been returned in cash by the year end and what remains within the structure is a series of positions that may or may not realise any value in years to come, but do not represent any potential downside for GLIF and may provide some upside.

The principal business of BMS Finance is BMS Finance AB Ltd. This business lends to small growth companies, typically with revenue in single digit millions, approaching profitability and with a need for cash to expand their business and a value to the assets or the business that allows BMS to get comfortable that the loan can be recovered. The loans normally fall in the GBP0.5m to GBP2.0m range and usually come with a warrant in the business. The combination of a senior secured loan position and a warrant potentially enables BMS to realise a mezzanine style level of return, but with senior security.

We are working with the management team on a strategy to build the business from its current level. This will involve both enhanced distribution and enhancing the analytical resources within the firm.

It is early days, but we have been impressed with the management team, results continue to look promising, the pipeline of business is good and we regard this as an exciting addition to the Group.

Europe

At present we have only one small holding in Europe, that of IFDC equity. This Japanese long-only equity manager has an unparalleled track record, and correctly turned bullish before the recent strong run in the market. Although Japan remains out of favour with many investors, the company is very well placed for a pick up in demand. We receive a strong dividend from the business, and hence our retention of 30% of the stake we acquired from the AMIC transaction.

There may be opportunities opening up with the first CLOs beginning to be structured once more in Europe. We have been looking closely at this area and we do believe that some interesting returns may be available as we move forward. Any CLO would naturally have to focus heavily on Northern Europe for us to be comfortable with the risk/reward.

Outlook

We have multiple opportunities for growth in the business across a number of jurisdictions, both in structured finance such as CLOs, where we can deploy capital rapidly, and in finance businesses such as BMS, which take longer to consummate but carry the advantage of a sustainable competitive advantage.

The intention remains to deliver a mid-teens ROE to our investors and to pay a good proportion of that as a predictable sterling dividend, whilst reinvesting the remainder for growth in the loan book in the future.

Geoffrey Miller
Chief Executive Officer

Date: 2 April 2013

DIRECTORS' REPORT

The Directors present their annual report and the audited consolidated and Company financial statements (the "financial statements") for the year ended 31 December 2012.

The Directors submit their Report together with the Consolidated and Company Statements of Comprehensive Income, the Consolidated and Company Statements of Financial Position, the Consolidated and Company Statements of Changes in Shareholders' Equity, the Consolidated and Company Statements of Cash Flows and the related notes for the year ended 31 December 2012, which have been prepared in accordance with International Financial Reporting Standards, in accordance with any relevant enactment for the time being in force, and are in agreement with the accounting records, which comply with Section 238 of the Companies (Guernsey) Law, 2008.

Principal Activities

Greenwich Loan Income Fund 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.

The Company is an investment company, and its investment policies and strategies are managed by an outside investment manager, T2 Advisers, LLC ("T2 Advisers" or the "Investment Manager"), a registered investment adviser in the United States, under the terms of an investment management agreement. T2 Advisers is also the collateral manager for T2 Income Fund CLO I Ltd ("T2 CLO" or the "CLO").

On 26 October 2009, the Company received approval from shareholders and the Guernsey authorities to change its name from T2 Income Fund Limited to Greenwich Loan Income Fund Limited.

A Cayman Islands registered company, T2 CLO, was created on 11 October 2006. The Company owns the residual economic interest of T2 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 a result of this acquisition 11,333,610 new Ordinary Shares in the Company were issued. These additional new Ordinary Shares were admitted to the AIM market of the London Stock Exchange ("AIM") on 1 February 2011.

On 1 February 2011, all the Company's 98,633,610 Ordinary Shares in issue were admitted to trading on the Official List of the Channel Island Stock Exchange ("CISX").

Formation of Additional Subsidiary

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.

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").

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 a total of 20,545,400 Ordinary Shares (split between 2,518,271 Placing Shares and 18,027,129 Consideration Shares) at their Net Asset 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 has agreed to transfer the Assets to BMS pursuant to the Transfer Agreement.

The 20,545,400 additional new Ordinary Shares issued by the Company to facilitate this transaction were admitted to AIM and the CISX on 12 November 2012. Following admission the Company's total issued Ordinary Shares totalled 119,179,010.

Group

As at 31 December 2012, the Group comprised the Company, CLO, AMIC, BMS, BMS Finance AB and NV2N.

Directors

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

Results and Dividends

The Group and Company results for the year are set out on pages 14 and 15. Dividends of GBP4,892,597 were paid during the year (31 December 2011: GBP3,832,008).

CORPORATE GOVERNANCE

Compliance

As a Guernsey incorporated company and under the AIM Rules for Companies, it is not a requirement for the Company to comply with The UK Corporate Governance Code issued by the Financial Reporting Council in September 2012 (formerly the Combined Code) and applicable for accounting periods beginning on or after 1 October 2012 (the "new Code"). However, the Directors place a high degree of importance on ensuring that high standards of corporate governance are maintained and have considered the principles and recommendations of the new Code. Furthermore, the Directors have considered the provisions of the Finance Sector Code of Corporate Governance published by the Guernsey Financial Services Commission ("GFSC") in September 2011 (the "Guernsey Code"), and the AIC Code of Corporate Governance (the "AIC Code").

The AIC Code, as explained by the AIC Guide, addresses all the principles set out in the new Code and the Board considers that reporting against the principles and recommendations of the AIC Code will provide better information to shareholders, therefore, the Company will continue to adopt the relevant provisions of the AIC Code.

As at 31 December 2012, the Company complied substantially with the relevant provisions of the new Code and the AIC Code and it is the intention of the Board that the Company will comply with those provisions (save with regard to the following provisions listed below) throughout the year ending 31 December 2013:

- *The appointment of a Senior Independent Director:* Given the size and composition of the Board it is not felt necessary to separate the roles of Chairman and Senior Independent Director. The Board considers that all the independent Directors have different qualities and areas of expertise on which they may lead where issues arise and to whom concerns can be conveyed.
- *Establishment of nomination committee:* Due to its size and composition, the Board does not consider it necessary to establish a nomination committee. The Board as a whole monitors performance and plans for director succession, either through Board meetings or, if appropriate, through the use of an appropriately constituted committee. Prospective candidates will be considered on merit, against objective criteria and with due regard for the benefits of diversity on the Board, including gender.
- *Establishment of management engagement committee:* Due to its size and composition, the Board does not consider it necessary to establish a management engagement committee. The Board as a whole monitors the performance of the Company's service providers, either through Board meetings or, if appropriate, through the use of an appropriately constituted committee.
- *Internal audit function:* The Board has reviewed the need for an internal audit function, as recommended by the Code. Due to the size of the Company and the delegation of day-to-day operations to regulated service providers, an internal audit function is not considered necessary. The Directors will continue to monitor the systems of internal controls in place in order to provide assurance that they operate as intended.

Independence of Directors

As at 31 December 2012, the Board consisted of four members, three of whom are non-executive and independent. During the prior year, Mr Miller became an executive Director of the Company under a Service Agreement effective from 31 March 2011.

The Directors recognise the importance of succession planning for the Company's Board and review the composition of the Board annually. However, the Board is of the view that length of service will not necessarily compromise the independence or contribution of Directors of an investment company where continuity and experience can be a benefit to the Board. Furthermore, the Board agrees with the view expressed in the AIC Code that long serving Directors should not be prevented from forming part of an independent majority or from acting as Chairman. Consequently no limit has been imposed on the overall length of service of the Directors.

CORPORATE GOVERNANCE (continued)

Independence of Directors (continued)
Each Director will retire, and seek reappointment at every third annual general meeting ("AGM").

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

The Board has contractually delegated external agencies for the management of the investment portfolio, the custodial services and the day to day accounting and company secretarial requirements. Each of these contracts was only entered into after proper consideration by the Board of the quality and services offered.

The Board conducts an annual evaluation of its own performance and that of its committees and individual Directors.

Board Committees

Audit Committee
An Audit Committee has been appointed and is responsible for reviewing and monitoring internal financial control systems and risk management systems on which the Group is reliant, considering the annual accounts and audit report, considering the appointment and remuneration of the Company's auditors and monitoring and reviewing annually their independence, objectivity, effectiveness and qualifications. The members of the Audit Committee are James Carthew (Chairman), Patrick Firth and Frederick Forni. The Audit Committee has performed reviews of the internal financial control systems and risk management systems during the year. The Audit Committee is satisfied with the internal financial control systems of the Group. The Audit Committee will meet at least twice a year.

Remuneration Committee
Further to the appointment of Geoffrey Miller as an executive Director, the Board resolved in 2011 to appoint a Remuneration Committee comprised of Fred Forni as Chairman, Patrick Firth and James Carthew. The key duties include, but are not limited to, agreeing a framework for Director remuneration, ensuring management staff are appropriately incentivised to enhance performance, and reviewing the effectiveness of the remuneration policy on an ongoing basis. The Remuneration Committee was formed on 16 August 2011 and has adopted a formal terms of reference.

Executive Directors Remuneration
As detailed in note 4 to the financial statements, in addition to his fixed salary, Mr Miller is entitled to a contractual bonus equivalent to 10% of the total return, from dividends and from the Company's share price, in excess of 12%, full details of which are available on the Company's website (www.glifund.com). As this bonus is a non-fixed amount, total Directors remuneration will fluctuate year on year.

Management Engagement and Nomination Committees
The Directors do not consider it necessary to establish separate management engagement and nomination committees at this stage. The business which would have otherwise been delegated to such committees is considered by the Board as a whole.

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

	Board*			
	Management	Other	Remuneration Committee**	Audit Committee***
Patrick Firth *(Chairman)*	5	7	1	3
Geoffrey Miller	5	8	–	–
Frederick Forni	5	6	1	3
James Carthew	5	5	1	3

** 13 Board meetings have been held during the year ended 31 December 2012*
*** 1 Remuneration Committee meeting has been held during the year ended 31 December 2012*
**** 3 Audit Committee meetings have been held during the year ended 31 December 2012*

Internal Controls

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

In accordance with the guidance published in the Turnbull Report by the Financial Reporting Council (the "FRC"), the Board has reviewed the Company's internal control procedures. These internal controls are implemented by the Company's three main service providers, the Investment Manager, the Administrator and the Custodian. The Audit Committee contacts each service provider on an annual basis to seek confirmation that each service provider had effective controls in place to control the risks associated with the services that they are contracted to provide to the Group. The Board is satisfied with the internal controls of the Group.

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

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

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

Anti-bribery and Corruption

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

Shareholder Views

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

Substantial Shareholdings

As at 18 March 2013, the Company was aware of the following substantial shareholders who held more than 3 per cent. of issued share capital of the Company:

	Number of Ordinary Shares held*	Percentage of total Ordinary Shares issued held
Henderson Global Investors (UK)	18,400,000	14.04%
Artemis Investment Managers	17,742,112	13.53%
BMS Specialist Debt Fund Ltd	17,377,129	13.26%
AXA Framlington Investment Management	16,813,000	12.82%
J O Hambros Investment Management	11,553,000	8.81%
Philip J Milton & Company Plc**	7,112,367	5.43%
Reliance Mutual Insurance Society	4,365,720	3.33%

** Based on the share register as at 18 March 2013*

***For or on behalf of Philip J Milton & Company Plc or its discretionary clients*

CORPORATE GOVERNANCE (continued)

Directors Interests
As at 31 December 2012, the Directors had the following beneficial interests in the Ordinary Shares of the Company:

	31 December 2012		31 December 2011	
	No. of Ordinary Shares Held	% of total issued Ordinary Shares	No. of Ordinary Shares Held	% of total issued Ordinary Shares
Patrick Firth *(Chairman)*	125,000	0.11	100,000	0.10
Geoff Miller *(Executive Director)*	850,000	0.71	812,627	0.82
Frederick Forni	–	–	–	–
James Carthew	200,000	0.17	175,000	0.18

As at 31 December 2012, there were no unexercised share options for Ordinary Shares of the Company (31 December 2011: nil Ordinary Shares).

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

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

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

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

Directors Statement
In accordance with section 249 of The Companies (Guernsey) Law, 2008, the Directors who held office at the date of approval of this Directors' Report confirm that:

- there is no relevant audit information of which the Company's auditors are unaware; and
- the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Auditors
A resolution for the reappointment of Grant Thornton Limited will be proposed at the forthcoming Annual General Meeting.

Approved and signed on behalf of the Board of Directors on 2 April 2013.

Director: Patrick Firth

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF GREENWICH LOAN INCOME FUND LIMITED

We have audited the consolidated and Company financial statements (the "financial statements") of Greenwich Loan Income Fund Limited (the "Company") for the year ended 31 December 2012 which comprise Consolidated and Company Statements of Comprehensive Income, Consolidated and Company Statements of Financial Position, Consolidated and Company Statements of Changes in Equity, Consolidated and Company Statements of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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

Respective responsibilities of Directors and auditors
As described in the Statement of Directors' Responsibilities on page 12 the Company's Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable legal and regulatory requirements and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements
In our opinion the financial statements:

- give a true and fair view of the state of the Company's and Group's affairs as at 31 December 2012 and of the Company's and Group's loss for the year then ended;
- have been properly prepared in accordance with IFRS as adopted by the European Union; and
- have been prepared in accordance with the requirements The Companies (Guernsey) Law, 2008.

Matters on which we are required to report by exception
We have nothing to report in respect of the following where The Companies (Guernsey) Law, 2008 requires us to report to you, if in our opinion:

- the Company has not kept proper accounting records; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations, which to the best of our knowledge and belief, are necessary for the purposes of our audit.

Grant Thornton Limited
Chartered Accountants
St Peter Port, Guernsey, Channel Islands
Date: 2 April 2013

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	NOTES	31 December 2012 GBP	31 December 2011 GBP
Revenue	2		
Interest income		**12,634,355**	10,934,279
Dividend revenue		**2,229,126**	484,706
		14,863,481	11,418,985
Investment Income			
Net gain/(loss) on financial assets and liabilities at fair value through profit or loss			
– Realised gain	6	**3,719,522**	57,392
– Net movement in unrealised loss	6	**(18,578,336)**	(1,109,389)
		(14,858,814)	(1,051,997)
Net gain on financial assets and liabilities at amortised cost			
– Realised gain	6	**–**	1,489,252
– Net movement in unrealised foreign currency loss	6	**–**	(116,499)
		–	1,372,753
Other income		**579,439**	800,930
Loss on foreign currency transactions	2	**(272,547)**	(198,610)
Total Income		**311,559**	12,342,061
Expenses			
Management fees	4	**1,852,473**	4,002,524
Administration and secretarial fees	4	**167,336**	181,655
Custodian fees	4	**15,010**	18,600
Legal and professional fees		**712,629**	273,156
Directors' remuneration	4	**90,000**	85,659
Directors' and officers' insurance		**50,730**	62,482
Audit fees		**46,100**	47,000
Executive Directors' remuneration	4	**1,094,509**	444,295
Other expenses	4	**1,391,042**	1,638,409
Operating expenses before finance costs		**5,419,829**	6,753,780
Net (loss)/profit from operations before finance costs		**(5,108,270)**	5,588,281
– Finance costs	2	**(2,289,156)**	(2,363,289)
(Loss)/profit for the year after finance costs		**(7,397,426)**	3,224,992
Other comprehensive income			
Foreign exchange on consolidation		**(755,434)**	681,013
Total comprehensive (loss)/income for the year		**(8,152,860)**	3,906,005
(Loss)/profit attributable to:			
Equity holders of the Company		**(7,699,034)**	3,224,992
Non-controlling interest		**301,608**	–
		(7,397,426)	3,224,992
Total comprehensive (loss)/income attributable to:			
Equity holders of the Company		**(8,454,469)**	3,906,005
Non-controlling interest		**301,608**	–
		(8,152,861)	3,906,005
Basic (loss)/earnings per Ordinary Share (p)	5	**(7.59p)**	3.30p
Diluted (loss)/earnings per Ordinary Share (p)	5	**(7.59p)**	3.30p

The accompanying notes on pages 22 to 44 form an integral part of these financial statements.

COMPANY STATEMENT OF COMPREHENSIVE INCOME

	NOTES	31 December 2012 GBP	31 December 2011 GBP
Revenue	2		
Interest income		**9,159,796**	7,408,074
Dividend revenue		**7,020,943**	8,606,597
		16,180,739	16,014,671
Investment Income			
Net gain/(loss) on financial assets and liabilities at fair value through profit or loss			
– Realised gains	6	**56,950**	279,411
– Net movement in unrealised losses	6&7	**(30,420,163)**	(6,262,373)
		(30,363,213)	(5,982,962)
Net gain/(loss) on financial assets and liabilities at amortised cost			
– Realised gains	6	**–**	1,489,252
– Net movement in unrealised foreign currency loss	6	**–**	(116,499)
		–	1,372,753
Other income		**9,328**	78,283
(Loss)/gain on foreign currency transactions	2	**(183,051)**	67,361
Total (Loss)/Income		**(14,356,197)**	11,550,106
Expenses			
Management fees		**1,852,473**	4,002,524
Administration and secretarial fees		**111,665**	127,129
Custodian fees		**15,010**	18,600
Legal and professional fees		**712,629**	273,156
Directors' remuneration		**90,000**	85,659
Directors' and officers' insurance		**50,730**	62,482
Audit fees		**46,100**	47,000
Executive Directors' remuneration		**1,094,509**	444,295
Other expenses		**479,946**	775,794
Operating expenses before finance costs		**4,453,062**	5,836,639
Net (loss)/profit from operations before finance costs		**(18,809,259)**	5,713,467
– Finance costs		**(374,283)**	(702,508)
(Loss)/profit for the year after finance costs		**(19,183,542)**	5,010,959
Total comprehensive (loss)/income for the year		**(19,183,542)**	5,010,959
Basic (loss)/earnings per Ordinary Share (p)		**(18.92p)**	5.13p
Diluted (loss)/earnings per Ordinary Share (p)		**(18.92p)**	5.13p

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

The accompanying notes on pages 22 to 44 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	NOTES	31 December 2012 GBP	31 December 2011 GBP
ASSETS			
Non-current assets			
Financial assets at fair value through profit or loss	*6*	**186,205,113**	193,264,197
		186,205,113	193,264,197
Current assets			
Trade and other receivables	*8*	**2,116,241**	944,699
Cash and cash equivalents	*9*	**26,971,750**	23,703,514
		29,087,991	24,648,213
Total assets		**215,293,104**	217,912,410
EQUITY			
Share premium	*11*	**29,437,520**	19,289,035
Distributable reserve	*11*	**34,802,740**	34,802,740
Foreign exchange reserve		**(1,666,342)**	(910,908)
Retained earnings		**6,654,999**	19,246,630
Capital and reserves attributable to equity holders of the Company		**69,228,917**	72,427,497
Non-controlling interest		**634,941**	–
Total equity		**69,863,858**	72,427,497
LIABILITIES			
Non-current liabilities			
Loan notes at fair value through profit or loss	*10*	**142,376,297**	135,309,055
Trade and other payables	*10*	**869,486**	–
Current liabilities			
Trade and other payables	*10*	**2,183,463**	10,175,858
Total liabilities		**145,429,246**	145,484,913
Total equity and liabilities		**215,293,104**	217,912,410
Net Asset Value per Ordinary Share (p)	*12*	**58.09p**	73.43p

The financial statements were approved by the Board of Directors on 2 April 2013 and were signed on its behalf by:

Director: James Carthew

Director: Patrick Firth

The accompanying notes on pages 22 to 44 form an integral part of these financial statements.

COMPANY STATEMENT OF FINANCIAL POSITION

	NOTES	31 December 2012 GBP	31 December 2011 GBP
ASSETS			
Non-current assets			
Other financial assets held at fair value through profit or loss	6	**19,611,519**	9,209,927
Subsidiaries held at fair value through profit or loss	7	**34,053,889**	61,888,602
		53,665,408	71,098,529
Current assets			
Trade and other receivables	8	**515,770**	67,876
Cash and cash equivalents	9	**6,047,250**	1,755,529
		6,563,020	1,823,405
Total assets		**60,228,428**	72,921,934
EQUITY			
Share premium	11	**29,437,520**	19,289,035
Distributable reserve	11	**34,802,740**	34,802,740
Retained earnings		**(5,740,417)**	18,335,722
Total equity		**58,499,843**	72,427,497
LIABILITIES			
Non-current liabilities			
Trade and other payables	10	**869,486**	–
Current liabilities			
Trade and other payables	10	**859,099**	494,437
Total liabilities		**1,728,585**	494,437
Total equity and liabilities		**60,228,428**	72,921,934
Net Asset Value per Ordinary Share (p)		**49.09p**	73.43p

The financial statements were approved by the Board of Directors on 2 April 2013 and were signed on its behalf by:

Director: James Carthew

Director: Patrick Firth

The accompanying notes on pages 22 to 44 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Share Capital GBP	Share Premium GBP	Distributable Reserve GBP	Foreign Exchange Reserve GBP	Retained Earnings GBP	Capital and Reserves attributable to equity holders of the Company GBP	Non-controlling Interest GBP	**Total Equity GBP**
Balance at 31 December 2010	–	16,087,290	34,802,740	(1,591,921)	19,853,646	69,151,755	–	**69,151,755**
Net proceeds from Ordinary Shares issued	–	3,201,745	–	–	–	3,201,745	–	**3,201,745**
Dividends paid**	–	–	–	–	(3,832,008)	(3,832,008)	–	**(3,832,008)**
Transactions with owners	–	3,201,745	–	–	(3,832,008)	(630,263)	–	**(630,263)**
Profit for the year	–	–	–	–	3,224,992	3,224,992	–	**3,224,992**
Other comprehensive income:								
Foreign exchange on consolidation	–	–	–	681,013	–	681,013	–	**681,013**
Total comprehensive income for the year	–	–	–	681,013	3,224,992	3,906,005	–	**3,906,005**
Balance at 31 December 2011	–	19,289,035	34,802,740	(910,908)	19,246,630	72,427,497	–	**72,427,497**
Net proceeds from Ordinary Shares issued	–	10,148,485	–	–	–	10,148,485	–	**10,148,485**
Acquisition of non-controlling interest	–	–	–	–	–	–	992,123	**992,123**
Dividends paid*	–	–	–	–	(4,892,597)	(4,892,597)	(658,790)	**(5,551,387)**
Transactions with owners	–	10,148,485	–	–	(4,892,597)	5,255,888	333,333	**5,589,221**
(Loss)/profit for the year	–	–	–	–	(7,699,034)	(7,699,034)	301,608	**(7,397,426)**
Other comprehensive income:								
Foreign exchange on consolidation	–	–	–	(755,434)	–	(755,434)	–	**(755,434)**
Total comprehensive (loss)/income for the year	–	–	–	(755,434)	(7,699,034)	(8,454,468)	301,608	**(8,152,860)**
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**

*During the year ended 31 December 2012, the Company made four dividend payments, totalling 4.7 pence per Ordinary Share
**During the year ended 31 December 2011, the Company made four dividend payments, totalling 4 pence per Ordinary Share

The accompanying notes on pages 22 to 44 form an integral part of these financial statements.

COMPANY STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Share Capital GBP	Share Premium GBP	Distributable Reserve GBP	Retained Earnings GBP	**Total Equity GBP**
Balance at 31 December 2010	–	16,087,290	34,802,740	17,156,771	**68,046,801**
Net proceeds from Ordinary Shares issued	–	3,201,745	–	–	**3,201,745**
Dividends paid**	–	–	–	(3,832,008)	**(3,832,008)**
Transactions with owners	–	3,201,745	–	(3,832,008)	**(630,263)**
Profit for the year	–	–	–	5,010,959	**5,010,959**
Total comprehensive income for the year	–	–	–	5,010,959	**5,010,959**
Balance at 31 December 2011	–	19,289,035	34,802,740	18,335,722	**72,427,497**
Net proceeds from Ordinary Shares issued	–	10,148,485	–	–	**10,148,485**
Dividends paid*	–	–	–	(4,892,597)	**(4,892,597)**
Transactions with owners	–	10,148,485	–	(4,892,597)	**5,255,888**
Loss for the year	–	–	–	(19,183,542)	**(19,183,542)**
Total comprehensive loss for the year	–	–	–	(19,183,542)	**(19,183,542)**
Balance at 31 December 2012	–	29,437,520	34,802,740	(5,740,417)	**58,499,843**

*During the year ended 31 December 2012, the Company made four dividend payments, totalling 4.7 pence per Ordinary Share
**During the year ended 31 December 2011, the Company made four dividend payments, totalling 4 pence per Ordinary Share

The accompanying notes on pages 22 to 44 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

	NOTES	31 December 2012 GBP	31 December 2011 GBP
Cash flows from/(used in) operating activities			
Cash generated from operations	13	**9,269,487**	3,165,618
Purchase of investments		**(116,308,742)**	(119,134,617)
Sale of investments		**15,557,634**	14,809,435
Principal received	6	**102,375,553**	100,396,647
Net cash inflow/(outflow) from operating activities		**10,893,932**	(762,917)
Cash flows used in investing activities			
Business combination (acquisition of Subsidiary)	7	**(3,166,667)**	(9,051,524)
Net cash outflow from investing activities		**(3,166,667)**	(9,051,524)
Cash flows used in financing activities			
Ordinary Shares issued proceeds received		**1,189,002**	–
Bank loan received		**–**	12,000,000
Bank loan repaid		**–**	(12,000,000)
Dividends paid		**(4,892,597)**	(3,832,008)
Net cash outflow used in financing activities		**(3,703,595)**	(3,832,008)
Net increase/(decrease) in cash and cash equivalents		**4,023,670**	(13,646,449)
Cash and cash equivalents at beginning of year		**23,703,514**	36,668,950
Effect of foreign exchange rate changes during the year		**(755,434)**	681,013
Cash and cash equivalents at end of year	9	**26,971,750**	23,703,514

The accompanying notes on pages 22 to 44 form an integral part of these financial statements.

COMPANY STATEMENT OF CASH FLOWS

	NOTES	31 December 2012 GBP	31 December 2011 GBP
Cash flows from operating activities			
Cash generated from operations	13	**10,919,210**	8,838,021
Purchase of investments		**–**	(4,306,777)
Sale of investments		**–**	2,047,999
Principal received	6	**242,773**	1,838,842
Net cash inflow from operating activities		**11,161,983**	8,418,085
Cash flows used in investing activities			
Business combination (acquisition of Subsidiary)	7	**(3,166,667)**	(9,051,524)
Net cash outflow used in investing activities		**(3,166,667)**	(9,051,524)
Cash flows used in financing activities			
Ordinary Shares issued proceeds received		**1,189,002**	–
Bank loan received		**–**	12,000,000
Bank loan repaid		**–**	(12,000,000)
Dividends paid		**(4,892,597)**	(3,832,008)
Net cash outflow used in financing activities		**(3,703,595)**	(3,832,008)
Net increase/(decrease) in cash and cash equivalents		**4,291,721**	(4,465,447)
Cash and cash equivalents at beginning of year		**1,755,529**	6,220,976
Cash and cash equivalents at end of year	9	**6,047,250**	1,755,529

The accompanying notes on pages 22 to 44 form an integral part of these financial statements.

1. GENERAL INFORMATION

Greenwich Loan Income Fund 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.

The Company is an investment company, and its investment policies and strategies are managed by an outside investment manager, T2 Advisers, LLC ("T2 Advisers" or the "Investment Manager"), a registered investment adviser in the United States, under the terms of an investment manager agreement. T2 Advisers is also the collateral manager for T2 CLO.

On 26 October 2009, the Company received approval from shareholders and the Guernsey authorities to change its name from T2 Income Fund Limited to Greenwich Loan Income Fund Limited.

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 a result of this acquisition 11,333,610 new Ordinary Shares in the Company were issued. These additional new Ordinary Shares were admitted to the AIM market of the London Stock Exchange on 1 February 2011.

On 1 February 2011, the Company's 11,333,610 new Ordinary Shares and the 87,300,000 existing Ordinary Shares were admitted to trading on the Official List of the Channel Island Stock Exchange ("CISX").

Formation of Additional Subsidiary

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"). Together BMS, BMS Finance AB and NV2N 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 (split between 2,518,271 Placing Shares and 18,027,129 Consideration 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 has agreed to transfer the Assets to BMS pursuant to the Transfer Agreement.

The 20,545,400 additional new Ordinary Shares issued by the Company to facilitate this transaction were admitted to AIM and the CISX on 12 November 2012. Following admission the Company's total issued Ordinary Shares totalled 119,179,010.

As at 31 December 2012, the Group comprises the Company, CLO, AMIC, BMS, BMS Finance AB and NV2N.

Investing Policy

The full investment policy is disclosed on pages 47 and 48.

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 2011.

2. ACCOUNTING POLICIES CONTINUED

(b) Basis of consolidation

The financial statements comprise the financial statements of Greenwich Loan Income Fund Limited and its subsidiaries, T2 CLO, AMIC, BMS, BMS Finance AB and NV2N. Subsidiaries are all entities for which the Company has 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, BMS Finance AB and NV2N subsidiary through ownership of 66.7% equity shares and 100% of the loan notes of BMS. BMS Finance AB and NV2N are both direct subsidiaries of BMS, with BMS owning 100% and 70.75% of the equity share 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 year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable. Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated in full on consolidation.

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 last 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, for the fair value of T2 CLO, has resulted in a write down in the fair value of the T2 CLO of GBP10,727,442 being recognised in the Company Statement of Comprehensive income during the current year compared to the fair value had the previously used accounting estimate methodology been used.

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

(c) Business combination

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

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

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

(d) Foreign currency translation

(i) Functional and presentation currency

The financial statements of the Company and the Group are presented in the currency of the primary economic environment in which the Company 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 and NV2N subsidiaries, with US Dollars the functional currency of the T2 CLO subsidiary. Therefore the books and records are maintained in Sterling and US 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.

(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 31 December 2012 are as follows:
GBP1: US$1.6255
GBP1: €1.2317
GBP1: CHF1.4873

2. ACCOUNTING POLICIES CONTINUED

(d) Foreign currency translation continued

(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 on the acquisition of AMIC. Interest income is recognised on a time-proportionate basis using the effective interest method and includes interest income from cash and cash equivalents. Bargain purchase gains represent the excess of the fair values of the assets received and liabilities assumed over the consideration paid in acquiring a subsidiary.

(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) 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.

(i) 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.

(j) Cash and cash equivalents

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

(k) Trade and other receivables

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

(l) Trade and other payables

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

(m) Investments and loan notes

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.

2. ACCOUNTING POLICIES CONTINUED

(m) Investments and loan notes continued

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

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, the Investment Manager 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 Investment Manager 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.

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 Investment Manager 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.

Total finance costs for the year were GBP2,289,156 (31 December 2011: GBP2,363,289). 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 31 December 2012 were GBP142,376,297 (31 December 2011: GBP135,309,055) (see note 10).

(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 31 December 2012 (31 December 2011: 2).

(iii) Subsidiaries

Investments in the subsidiaries are initially recorded at cost. The Company has designated its investments in 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 investments in the T2 CLO, AMIC, BMS, BMS Finance AB and NV2N 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, BMS, BMS Finance AB and NV2N 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% and 70.75% of the equity shares of BMS Finance AB and NV2N respectively are both direct subsidiaries of BMS, with BMS owning respectively, and are therefore both partly owned subsidiaries with its operating results being consolidated in these 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.

2. ACCOUNTING POLICIES CONTINUED

(n) 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.

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 6 for carrying amount at the year 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.

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.

Going Concern

The Board has assessed of the Company's financial position as at 31 December 2012 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.

(o) Standards issued but not yet effective

At the date of authorisation 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 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 standard is not expected to have a significant impact on the Group's financial position or performance, as it is expected that the Fund will continue to classify its financial assets and financial liabilities as being at fair value through profit or loss.
- IFRS 10, 'Consolidated financial statements', effective for annual periods beginning on or after 1 January 2013, builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess.
- IFRS 12, 'Disclosures of interests in other entities', effective for annual periods beginning on or after 1 January 2013, 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.
- IFRS 13, 'Fair value measurement', aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP. The group is yet to assess IFRS13's full impact but will adopt IFRS 13 no later than the accounting period beginning on or after 1 January 2013.
- Amendments to IFRS 10, IFRS 12 and IAS 27, Investment Entities - The amendments provide an exception to the consolidation requirements in IFRS 10 Consolidated Financial Statements and require investment entities to measure particular subsidiaries at fair value through profit or loss, rather than consolidate them. An investment entity is required to measure its investments in controlled entities at fair value through profit or loss in accordance with IFRS 9 'Financial Instruments' and to provide additional disclosures to enable users of its financial statements to evaluate the nature and financial effects of its investment entities. The amendments are effective from 1 January 2014 with early adoption permitted. However, these amendments have not been endorsed by the EU.

There are no other standards, interpretations or amendments to existing standards that are not yet effective that would be expected to have a significant impact on the Group.

The Board is in the process of assessing how material the effects of the standards, interpretations or amendments noted above will have on the financial statements of the Company in future periods.

(p) 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 year.

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.

Categories of financial instruments

	CARRYING VALUE AT 31 DECEMBER 2012			
	Designated Fair Value through Profit or Loss	**Loans and receivables measured at amortised cost**	**Financial Liabilities measured at amortised cost**	**Other**
	GBP	**GBP**	**GBP**	**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 31 DECEMBER 2011			
	Designated Fair Value through Profit or Loss	Loans and receivables measured at amortised cost	Financial Liabilities measured at amortised cost	Other
	GBP	GBP	GBP	GBP
Financial assets				
Financial assets at fair value through profit or loss	193,264,197	–	–	–
Trade and other receivables	–	944,699	–	–
Cash and cash equivalents	–	–	–	23,703,514
Total assets	193,264,197	944,699	–	23,703,514
Financial liabilities				
Loan notes at fair value through profit or loss	135,309,055	–	–	–
Trade and other payables	–	–	10,175,858	–
Total liabilities	135,309,055	–	10,175,858	–

Capital Risk Management

The Group's capital is represented by the net assets attributable to shareholders and the objective when managing capital is to enable the Group to continue as a going concern in order to provide a consistent appropriate risk-adjusted return to shareholders, and to maintain a strong capital base to support the continued development of its investment activities. The Group manages its capital to ensure that its objective is met. It does this by investing available cash whilst maintaining sufficient liquidity to meet on-going expenses and dividend payments. The Group considers its capital to include share capital, share premium, distributable reserves, foreign exchange reserves and retained earnings. The Group is not subject to regulatory or industry specific limitations on its capital, other than the legal requirements for Guernsey incorporated entities. The Group considers the amount and composition of its capital in proportion to risk. Adjustments to the capital structure will be taken in response to economic conditions, the cost of debt, the ability to raise share capital, and other opportunities and factors which the Board may consider. At 31 December 2012, the Group had total equity of GBP69,228,917 (31 December 2011: GBP72,427,497).

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.

3. FINANCIAL RISK MANAGEMENT CONTINUED

Capital Risk Management continued

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 Principal	>=125.00%
Interest Coverage Test: Class C Principal	>=110.00%
Interest Coverage Test: Class D Principal	>=105.00%
Interest Coverage Test: Class E Principal	>=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 Investment Manager 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 US$248.9 million; GBP154.1 million or 222.26% at cost, US$231.4 million; GBP142.4 million or 205.66% at fair value as at the year end) through its CLO subsidiary in the form of long-term notes.

Concentration Risk

While the Investment Manager 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.

(a) 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 31 December 2012, 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, with 5% being the sensitivity rate used when reporting price risk to key management and represents management's assessment of the possible change in market price.

If market prices had increased by 5% with all other variables held constant, this would have had the following effect:

	Net assets attributable to holders of equity shares		Statement of Comprehensive Income	
	2012	2011	**2012**	2011
	GBP	GBP	**GBP**	GBP
5% increase	**2,191,441**	2,897,757	**2,191,441**	2,897,757
5% decrease	**(2,191,441)**	(2,897,757)	**(2,191,441)**	(2,897,757)

The above changes are due to the following:

	Financial Assets at FVTPL		Financial Liabilities at FVTPL	
	2012	2011	**2012**	2011
	GBP	GBP	**GBP**	GBP
5% increase	**9,310,256**	9,663,210	**(7,118,815)**	(6,765,453)
5% decrease	**(9,310,256)**	(9,663,210)	**7,118,815**	6,765,453

3. FINANCIAL RISK MANAGEMENT CONTINUED

(b) 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 31 December 2012	**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	**62,575,803**	**–**	**7,288,055**	**69,863,858**

At 31 December 2011	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	180,452,763	–	12,811,434	193,264,197
Trade and other receivables	–	–	944,699	944,699
Cash and cash equivalents	23,703,514	–	–	23,703,514
Total assets	204,156,277	–	13,756,133	217,912,410
Liabilities				
Loan notes	135,309,055	–	–	135,309,055
Trade and other payables	–	–	10,175,858	10,175,858
Total liabilities	135,309,055	–	10,175,858	145,484,913
Total interest sensitivity gap	68,847,222	–	3,580,275	72,427,497

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.

3. FINANCIAL RISK MANAGEMENT CONTINUED

(b) Interest rate risk continued

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

At 31 December 2012, 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		Statement of Comprehensive Income	
	2012	2011	**2012**	2011
	GBP	GBP	**GBP**	GBP
200 basis point increase in interest spread	**3,817,411**	3,897,904	**3,817,411**	3,897,904
200 basis point decrease in interest spread	**(3,817,411)**	(3,897,904)	**(3,817,411)**	(3,987,904)
25 basis point increase in interest rates	**159,310**	161,201	**159,310**	161,201
25 basis point decrease in interest rates	**(159,310)**	(161,201)	**(159,310)**	(161,201)

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.

(c) 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 and Swiss Franc, 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, Euro and Swiss Franc translated at the year end date.

	Net assets & Statement of Comprehensive Income			
	USD	**EUR**	**CHF**	**TOTAL**
31 December 2012	**GBP2,889,660**	**GBP66,292**	**GBP285**	**GBP2,956,237**
31 December 2011	GBP3,355,805	GBP269,769	GBP–	GBP3,625,574

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

(d) 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 6. The loan portfolio of the Group reflects a secured interest in the general corporate assets of the borrowers, and all loans remain unsubordinated.

3. FINANCIAL RISK MANAGEMENT CONTINUED

(d) Credit risk continued

The following amounts on debt instruments were considered impaired:

	31 December 2012	Movement/ impairment transferred in during the year	31 December 2011
Debt instruments held through T2 CLO – Principal (including PIK interest)	**US$20.0m**	US$5.9m	US$14.1m
Debt instruments held through BMS – Principal	**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 riskof the assets, which is no longer consider recoverable by the Group.*

As at the year end, there is no accrued interest which is considered uncollectable (31 December 2011: US$nil).

Included within the fair value of the loan portfolio is an amount of GBP99,995 (relating to loan held via BMS) which was past due as at the year 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 Investment Manager at the time of the agreements, and the Investment Manager continues to evaluate the loan instruments in the context of these agreements.

The Group continuously monitors defaults of counterparties, identified either individually or by group, and incorporates this information into its credit risk controls. The Group's management considers the above financial assets as impaired due to its credit quality rating of 5.

The Group has established a credit rating system. The purpose of the rating system is to monitor the credit quality of the Company's broadly syndicated loan portfolio on both an individual and portfolio basis and the future on-going monitoring required.

Portfolio by rating category	31 December 2012	31 December 2011
1	**0%**	1%
2	**89%**	85%
3	**9%**	12%
4	**1%**	0%
5	**1%**	2%
Total	**100%**	100%

Credit Ratings Level	Ratings Criteria Methodology (1) (General Parameters)
1	Company is ahead of expectations and/or outperforming financial covenant requirements and this trend is expected to continue.
2	Full repayment of principal and interest is expected.
3	Closer monitoring is required. Full repayment of principal and interest is expected.
4	A reduction of interest income has occurred or is expected to occur. No loss of principal is expected.
5	A loss of some portion of principal is expected. (2)

(1) The above methodology outlines the general parameters adopted to determine ratings, and other facts and circumstances may be considered when determining an appropriate Credit Ratings Level.

(2) An estimate of the potential amount of principal loss will be determined on a quarterly basis. The Group considers a loss attributable to credit risk to exist in those instances where the loan has been determined to be impaired, and in accordance with the credit ratings methodology above has been rated 5. The amount of the loss is considered to be equal to the entire amount of the loss, since in such instances the relationship of the value of such loans to normal market indices is less reliable.

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.

3. FINANCIAL RISK MANAGEMENT CONTINUED

(e) 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 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 31 December 2012					
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 31 December 2011					
Loan notes	607,435	614,110	4,876,171	163,207,755	–
Trade and other payables	10,175,858	–	–	–	–
Total financial liabilities	10,783,293	614,110	4,876,171	163,207,755	–

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

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 year end, by relevant maturity groupings based on the remaining period at the 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 31 December 2012					
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 31 December 2011					
Loan notes – contractual undiscounted cash flows	607,435	614,110	4,876,171	163,207,755	–
Loan notes – fair value*	485,463	490,798	3,897,039	130,435,755	–
Difference	121,972	123,312	979,132	32,772,000	–

**The loan notes are carried at fair value, all changes in 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 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:

Financial instruments measured at fair value continued

– 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.

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 31 December 2012	*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 31 December 2011	*Note*	Level 1 GBP	Level 2 GBP	Level 3 GBP	Total GBP
Assets					
Broadly syndicated loans	*a*	–	–	180,452,763	180,452,763
Equity securities	*b*	–	–	8,351,992	8,351,992
CLO equity securities	*b*	–	–	4,070,015	4,070,015
Warrant securities	*c*	–	–	389,427	389,427
Total		–	–	193,264,197	193,264,197
Liabilities					
CLO loan notes	*d*	–	–	135,309,055	135,309,055
Total		–	–	135,309,055	135,309,055
Net Fair Value		–	–	57,955,142	57,955,142

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.

3. FINANCIAL RISK MANAGEMENT CONTINUED

Measurement of fair value continued

(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 Investment Manager, 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 the 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:

31 December 2012	**Broadly Syndicated loans GBP**	**Equity GBP**	**CLO Equity GBP**	**Warrants 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**

31 December 2011	Broadly Syndicated loans GBP	Equity GBP	CLO Equity GBP	Warrants GBP	CLO Loan Notes GBP	Total GBP
Opening fair value	160,456,433	1,088,906	–	–	(129,207,450)	32,337,889
Purchases/loans advanced	129,912,980	–	3,701,819	–	–	133,614,799
Transfers in*	7,025,939	2,602,748	–	–	–	9,628,687
Consolidated reinstatement**	–	–	–	–	(1,251,654)	(1,251,654)
Restructure	–	(311,960)	–	311,960	–	–
Sales	(14,809,436)	–	–	–	(1,489,252)	(16,298,688)
Capital repayments	(100,396,647)	–	–	–	–	(100,396,647)
Gains and losses recognised in profit and loss:						
– realised	(68,989)	126,381	–	–	1,489,252	1,546,644
– unrealised	(1,667,517)	4,845,917	368,196	77,467	(4,849,951)	(1,225,888)
Closing fair value	180,452,763	8,351,992	4,070,015	389,427	(135,309,055)	57,955,142

** On acquisition of subsidiaries during the year.*

*** Previously this would be eliminated in the consolidated Group financial statements as the Company directly held some of the CLO loan notes issued by T2 CLO. During 2011, the Company sold these CLO loan notes to a third party.*

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

The Investment Manager, T2 Advisers, LLC, is entitled to receive an annual fee payable quarterly in advance. The management fee is 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. With effect from 1 July 2010, the management fee payable was reduced by 25 basis points from 2.00% of gross assets to 1.75% of gross assets. With effect from 30 June 2011 to 31 March 2012, the management fee will be fixed at the payment for the previous quarter of GBP911, 272. Thereafter, from the management fee payable at the end of the first quarter of 2012, the management fee will be calculated on the Company's gross assets, less the fair value of the liabilities within the CLO, to the extent that the CLO remains consolidated by the Company. The new fee will be subject to a minimum fee of GBP155,000 per quarter. As announced on 18 May 2011, the Board and the Company's then nominated adviser considered the aforementioned amendments to the investment management agreement to be fair and reasonable insofar as the Company's shareholders are concerned.

Total fees charged for the year ended 31 December 2012 amounted to GBP1,852,473 (31 December 2011: GBP4,002,524). The total amount prepaid at the year end amounted to GBP343,110 (31 December 2011: GBPnil).

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 Administration and secretarial fees charged for the year ended 31 December 2012 amounted to GBP167,336 (31 December 2011: GBP181,655). The total amount due and payable at the year end amounted to GBP45,990 (31 December 2011: GBP48,240).

Custodian fees

The Custodian, 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 fees charged for the year ended 31 December 2012 amounted to GBP15,010 (31 December 2011: GBP18,600). The total amount payable at the year end amounted to GBPnil (31 December 2011: GBP3,750 payable).

Other expenses

For the year ended 31 December 2012, other expenses include those of the CLO and AMIC. The table below details other charges during the year:

Other expenses:	**Group 31 December 2012 GBP**	Group 31 December 2011 GBP	**Company 31 December 2012 GBP**	Company 31 December 2011 GBP
Directors' expenses	**70,280**	197,031	**70,280**	97,031
T2 CLO investment management fees	**478,991**	468,870	**–**	–
Portfolio analysis fees	**12,690**	131,133	**12,690**	131,133
NOMAD fees	**63,966**	20,000	**63,966**	20,000
Listing fees	**8,457**	7,867	**8,457**	7,867
Broker fees	**7,510**	198,331	**7,510**	198,331
CFO fees	**125,000**	125,000	**125,000**	125,000
Marketing expenses	**92,519**	105,032	**92,519**	105,032
AIC fees	**7,214**	4,492	**7,214**	4,492
Registrar fees	**25,745**	28,381	**25,745**	28,381
Other AMIC expenses	**76,724**	145,519	**–**	–
Other T2 CLO expenses	**261,259**	252,380	**–**	–
Other BMS expenses	**9,234**	–	**–**	–
Other NV2N expenses	**25,728**	–	**–**	–
Other BMS Finance AB expenses	**59,160**	–	**–**	–
Sundry	**66,565**	54,373	**66,565**	58,527
	1,391,042	1,638,409	**479,946**	775,794

4. FUND EXPENSES CONTINUED

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

As at 31 December 2012, 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 31 December 2012, 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	**31 December 2012 GBP**	31 December 2011 GBP
Patrick Firth *(Chairman)*	**40,000***	40,000*
Frederick Forni	**25,000**	25,000
James Carthew	**25,000**	25,000
Geoff Miller *(only non-executive until 31 March 2011)***	**N/A**	N/A

**Mr Firth's Director's fee increased from GBP25,000 per annum to GBP40,000 per annum on 28 April 2011 when he was elected as Chairman of the Board. Total Director's fee paid to Mr Firth during the year ended 31 December 2011 was GBP35,137.*

***For the period to 31 March 2011, Mr Miller acted as non-executive Chairman of the Board and was entitled to an annual fee of GBP40,000.*

Total Directors fees charged to the Group for the year ended 31 December 2012 amounted to GBP90,000 (31 December 2011: GBP85,659). The total amount due and payable at the year end amounted to GBP22,500 (31 December 2011: GBPnil).

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 year ended 31 December 2012 relating to Mr Miller amounted to GBP150,000 (31 December 2011: GBP118,394). In addition to the fixed salary referred to above, Mr Miller shall be entitled to a contractual bonus, details of which are available on the Company's website (www.glifund.com). In accordance with the Employment Contract the actual bonus amount paid to Mr Miller for any financial period is 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 shall be deferred and added to any contractual bonus payable (if any) in the next financial year. For the year ended 31 December 2012, the total contractual bonus cost relating to Mr Miller amounted to GBP936,367, of which GBPnil was physically paid during the year (31 December 2011: GBP325,901, of which GBP217,282 was physically paid and GBP108,619 deferred to the next financial year). The total amount due and payable at the year end relating to Mr Miller's contractual bonus for the current and prior years amounted to GBP1,044,986 (31 December 2011: GBP108,619), of this amount only GBP175,500 is payable within 1 year.

5. (DEFICIT)/EARNINGS PER ORDINARY SHARE

(Deficit)/earnings per Ordinary Share has been calculated by dividing the deficit attributable to Ordinary Shareholders of GBP7,699,034 (31 December 2011: GBP3,224,992 profit) by the weighted average number of Ordinary Shares outstanding during the year of 101,384,224 (31 December 2011: 97,671,029).
Fully diluted (deficit)/earnings per Ordinary Share has been calculated by dividing the deficit attributable to Ordinary Share holders of GBP7,699,034 (31 December 2011: GBP3,224,992 profit), by the weighted average number of Ordinary Shares outstanding during the year adjusted for the effects of all dilutive potential Ordinary Shares of 101,384,224 (31 December 2011: 97,671,029).

Basic & Diluted (deficit)/earnings per Ordinary Share

Date	No. of shares	No. of days	Weighted average no. of shares
01/01/2012	98,633,610	317	85,428,564
12/11/2012	119,179,010	49	15,955,660
31/12/2012		366	101,384,224
01/01/2011	87,300,000	31	7,414,520
31/01/2011	98,633,610	334	90,256,509
31/12/2011		365	97,671,029

There was no dilutive effect for potential Ordinary Shares.

6. FINANCIAL ASSETS AND LIABILITIES

	Group 31 December 2012 GBP	Group 31 December 2011 GBP	Company 31 December 2012 GBP	Company 31 December 2011 GBP
Debt securities of listed companies	**29,744,756**	27,134,616	**–**	–
Debt securities of unlisted companies	**148,235,594**	153,318,147	**12,814,009**	3,811,155
Unlisted equity securities	**3,335,241**	8,351,992	**1,907,988**	939,330
Unlisted CLO equity securities	**4,479,376**	4,070,015	**4,479,376**	4,070,015
Unlisted warrant securities	**410,146**	389,427	**410,146**	389,427
	186,205,113	193,264,197	**19,611,519**	9,209,927
Realised (loss)/gains recognised on financial assets and liabilities (1)				
Realised (loss)/gain on investments at fair value through profit or loss	**3,719,522**	57,392	**56,950**	279,411
Realised gain on financial liabilities at amortised cost	**–**	1,489,252	**–**	1,489,252
	3,719,522	1,546,644	**56,950**	1,768,663
Unrealised (loss)/gains recognised on financial assets and liabilities at fair value through profit or loss (2)				
Unrealised (loss)/gain on financial assets investments at fair value through profit or loss	**(11,511,093)**	3,624,063	**(1,918,783)**	557,558
Unrealised loss on financial liabilities investments at fair value through profit or loss	**(7,067,243)**	(4,733,452)	**–**	–
Unrealised loss on financial liabilities investments at amortised cost	**–**	(116,499)	**–**	(116,499)
	(18,578,336)	(1,225,888)	**(1,918,783)**	441,059

	Group 31 December 2012 GBP	Group 31 December 2011 GBP	Company 31 December 2012 GBP	Company 31 December 2011 GBP
Opening cost of financial assets	**154,646,906**	126,552,111	**12,569,424**	8,332,912
Purchases	**111,449,134**	133,614,799	**12,506,198**	5,483,983
Transfers in*	**20,501,230**	9,628,687	**–**	311,960
Sales	**(16,491,798)**	(14,809,436)	**(242,773)**	(1,838,842)
Realised gain/(loss) of investments	**3,719,522**	57,392	**56,950**	279,411
Capital repayments	**(102,375,553)**	(100,396,647)	**–**	–
Cost of investments at year end	**171,449,441**	154,646,906	**24,889,799**	12,569,424
Unrealised gain/(loss) at year end**	**14,755,672**	38,617,291	**(5,278,280)**	(3,359,497)
Closing value at year end	**186,205,113**	193,264,197	**19,611,519**	9,209,927

** On acquisition of subsidiaries during the 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.*

(1) For the year ended 31 December 2012, the Group had a realised gain of GBP3,719,522 (year ended 31 December 2011: GBP1,546,644 realised gain) which comprised a realised gain on investments of GBP3,719,522 (year ended 31 December 2011: realised gain of GBP57,392 realised gain). During the prior year the Company also had a realised gain on the sale of some of the CLO loan notes by the parent company, Greenwich Loan Income Fund Limited, of GBP1,489,252.

(2) For the year ended 31 December 2012, the Group had an unrealised loss on financial assets and liabilities of GBP18,578,336 (year ended 31 December 2011: GBP1,225,888 realised loss). This is comprised of an unrealised loss on financial assets of GBP11,511,093 (year ended 31 December 2011: GBP3,624,063 unrealised gain) and an unrealised loss on liabilities of GBP7,067,243 (year ended 31 December 2011: GBP4,849,951 unrealised loss).

7. SUBSIDIARIES HELD AT FAIR VALUE THROUGH PROFIT OR LOSS

	Company 31 December 2012 GBP	Company 31 December 2011 GBP
Opening cost of investment in Subsidiaries	**42,181,497**	29,928,228
Additions at cost	**666,667**	12,253,269
Cost of investment in Subsidiaries at year end	**42,848,164**	42,181,497
Unrealised (loss)/gain*	**(8,794,275)**	19,707,105
Closing fair value of investment in Subsidiaries	**34,053,889**	61,888,602
Movement in unrealised loss on Subsidiaries	**(28,501,380)**	(6,819,931)
Movement in unrealised loss on financial assets at amortised cost	**–**	(116,499)
Movement in unrealised (loss)/gain on financial assets at fair value through profit or loss (see note 6)	**(1,918,783)**	557,558
Total movement in unrealised (loss)/gain	**(30,420,163)**	(6,378,872)

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

On 12 November 2012 ("transaction date"), the Company acquired a partly owned subsidiary, BMS Group, in order to put the capital that was becoming available to work and diversify the Group's portfolio. 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 **Acquisition of BMS Group by asset/liability class:**	**Net Assets Acquired 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 happened at the beginning of the year, the combined net revenues and net loss of the Company , attributable to equity holders, plus that of BMS for the year ended 31 December 2012 would have been GBP15,735,655 and GBP8,376,893 respectively.

On 31 January 2011, the Company acquired a wholly owned subsidiary, AMIC, for a total consideration of GBP12,253,269. At the date of acquisition the fair value of AMIC's net assets was GBP12,969,481, resulting in a bargain gain of GBP716,212. This bargain gain was included in other income in the Consolidated Statement of Comprehensive Income for the prior year. Post acquisition net profits of GBP2,880,211 (revenue: GBP5,194,752), relating to AMIC, were included in the Consolidated Statement of Comprehensive Income for the year ended 31 December 2011. AMIC's net profits for the full 12 months to 31 December 2011, including both pre acquisition and post acquisition profits, amounted to GBP1,419,249 (revenue: GBP4,462,237).

Had the acquisition happened at the beginning of the prior year, the combined net revenues and net loss of the Company plus that of AMIC for the year ended 31 December 2011 would have been GBP7,405,748 and GBP2,176,387 respectively.

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

During the current year, AMIC made dividends of the net cash proceeds from investment sales and the remaining investments held up to GLIF. As at the year end, AMIC was only retaining a cash balance sufficient to settle remaining payables and to fund its intended liquidation.

Company – year ended 31 December 2011 **Acquisition of AMIC by asset/liability class:**	Net Assets Acquired GBP	Consideration GBP	Bargain Purchase Gain/(Loss) GBP
Investments at fair value through profit or loss	8,475,107	8,007,083	468,024
Cash and cash equivalents	4,421,045	4,176,900	244,145
Trade and other receivable	123,266	116,459	6,807
Trade and other payables	(49,937)	(47,173)	(2,764)
Total	12,969,481	12,253,269	716,212

In consideration for the AMIC acquisition, the Company paid cash of GBP9,051,525 and issued 11,333,610 shares for a total value of GBP3,201,745 or 28.25p per share (please see Note 11).

As disclosed in last year's annual financial statements, under the terms of the acquisition, the basic offer was based on a discounted Formula Asset Value of AMIC. This led to the Company acquiring, on consolidation, total net assets above the consideration amount and resulted in the bargain purchase gain.

Professional fees relating to the acquisition of AMIC in the prior year amounted to GBP235,972. These are included in the Statements of Comprehensive Income within legal and professional fees.

8. TRADE AND OTHER RECEIVABLES

	Group 31 December 2012 GBP	Group 31 December 2011 GBP	**Company 31 December 2012 GBP**	Company 31 December 2011 GBP
Accrued bank interest	**6,150**	1,124	**6,150**	–
Dividends receivable	**–**	395,374	**–**	–
Loan interest receivable (1)	**734,329**	434,508	**127,026**	18,163
Security sales receivable (2)	**987,854**	53,692	**–**	–
Prepaid expenses (3)	**387,908**	60,001	**382,594**	49,713
	2,116,241	944,699	**515,770**	67,876

(1) Interest receivable on the investment loans held by the Group.
(2) Unsettled security sales.
(3) Includes prepaid investment management fees of GBP343,110.

9. CASH AND CASH EQUIVALENTS

	Group 31 December 2012 GBP	Group 31 December 2011 GBP	**Company 31 December 2012 GBP**	Company 31 December 2011 GBP
Call account	**26,971,750**	23,703,514	**6,047,250**	1,755,529

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

10. TRADE AND OTHER PAYABLES

	Group 31 December 2012 GBP	Group 31 December 2011 GBP	Company 31 December 2012 GBP	Company 31 December 2011 GBP
Current liabilities				
Due to Subsidiary	**–**	–	**68,843**	71,996
Administrator's fees	**45,990**	48,240	**29,379**	31,036
Custodian's fees	**18,515**	3,750	**3,750**	3,750
Audit fees	**44,100**	55,100	**44,100**	32,200
Directors' fees	**22,500**	–	**22,500**	–
Executive Directors' remuneration payable (see note 4)	**175,500**	336,292	**175,500**	336,292
Finance cost (1)	**357,157**	394,667	**–**	–
Security purchases payable (2)	**–**	9,168,385	**–**	–
Other accruals	**1,519,701**	169,424	**515,027**	19,163
	2,183,463	10,175,858	**859,099**	494,437
Non current liabilities				
Executive Directors' remuneration payable (see note 4)	**869,486**	–	**869,486**	–
CLO loan notes at fair value through profit of loss*	**142,376,297**	135,309,055	**–**	–
	143,245,783	135,309,055	**869,486**	–

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

(1) Interest on the loan notes is calculated on a weighted average interest rate of LIBOR plus 76 basis points.
(2) Unsettled security purchases.

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 US$309,050,000 with a twelve year term. In 2008, approximately US$380,000 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".

During June 2009, the Company purchased from third parties some of the loan notes of its subsidiary, T2 Income Fund CLO 1 Ltd. Class B loan notes of par value US$1,137,000 and Class D loan notes of par value US$3,000,000 were purchased at a price of 0.435 and 0.1425 respectively. The internally purchased loan notes were eliminated within the comparative year's consolidated financial statements for consolidation purposes. During the prior year ended 31 December 2011, the Company sold its holdings in the Class B loan notes of par value US$1,137,000 and Class D loan notes of par value US$3,000,000 to a third party at a price of 0.825 and 0.780 respectively.

11. SHARE CAPITAL, SHARE PREMIUM & DISTRIBUTABLE RESERVE

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

As at 31 December 2012, no share options remained unexercised (31 December 2011: nil). Under IFRS2, share options granted are measured at fair value at the grant date based on market prices. On exercise of the share options the change in fair value is also recognised and expensed in the Consolidated Statement of Comprehensive Income. There was no share option expense for current or prior years.

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 1 February 2011, following the acquisition of AMIC, the Company issued 11,333,610 new Ordinary Shares at a value of 28.25p, being the mid-market closing share price of a GLIF Ordinary Share on 25 October 2010, the business day prior to the acquisition indicative offer announcement.

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

As at 31 December 2012 and 31 December 2011, the Distributable Reserve stood at GBP34,802,740.

11. SHARE CAPITAL, SHARE PREMIUM & DISTRIBUTABLE RESERVE CONTINUED

Share Capital	31 December 2012 Shares in issue	31 December 2011 Shares in issue
Ordinary shares – nil par value		
Balance at start of the year	**98,633,610**	87,300,000
Issued during the year	**20,545,400**	11,333,610
Balance at end of the year	**119,179,010**	98,633,610

Share Premium	31 December 2012 GBP	31 December 2011 GBP
Balance at start of the year	**19,289,035**	16,087,290
Issued during the year	**10,148,485**	3,201,745
Balance at end of the year	**29,437,520**	19,289,035

12. NET ASSET VALUE PER ORDINARY SHARE

The net asset value per Ordinary Share is calculated by dividing the total net assets attributable to Ordinary Share holders at the year end of GBP69,228,917 (31 December 2011: GBP72,427,497) by the Ordinary Shares in issue at the end of the year being 119,179,100 (31 December 2011: 98,633,610).

13. CASH GENERATED FROM OPERATIONS

Group:	31 December 2012 GBP	31 December 2011 GBP
(Loss)/profit for the year	**(7,397,426)**	3,224,992
Adjustments for:		
Net losses on financial assets and liabilities at fair value through profit or loss	**14,858,815**	1,051,997
Net gains on financial assets and liabilities at amortised cost	**–**	(1,372,753)
Changes in working capital:		
Trade and other receivables	**(237,378)**	(105,946)
Trade and other payables	**2,045,476**	367,328
Cash inflow from operations	**9,269,487**	3,165,618

Company:	31 December 2012 GBP	31 December 2011 GBP
(Loss)/profit for the year	**(19,183,542)**	5,010,959
Adjustments for:		
Net losses on financial assets and liabilities at fair value through profit or loss	**30,363,213**	5,982,962
Net gains on financial assets and liabilities at amortised cost	**–**	(1,372,753)
Dividend in specie	**(1,046,714)**	(1,489,166)
Changes in working capital:		
Trade and other receivables	**(447,895)**	435,201
Trade and other payables	**1,234,148**	270,818
Cash inflow from operations	**10,919,210**	8,838,021

14. 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 and NV2N are both direct subsidiaries of BMS, with BMS owning 100% and 70.75% of the equity share 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%*

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

15. SEGMENTAL REPORTING

Operating segments are reported in a manner consistent with the internal reporting used by the Investment Committee of the Investment Manager ("ICIM"). The ICIM 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 ICIM is responsible for the entire portfolio, including assets held at the Company level as well as the portfolios of its CLO, 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 95% of the Group's portfolio 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.

The internal reporting provided to the ICIM for the Group's assets, liabilities and performance is prepared on a consistent basis with the measurement and recognition principles of IFRS.

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

16. 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	**31 December 2012 GBP**	31 December 2011 GBP
Amounts incurred during the year to related parties		
Fees to P Conroy as Chief Financial Officer to the Company	**125,000**	125,000
Fees to the Investment Manager, T2 Advisers, LLC	**1,852,473**	4,002,524
Amounts due to related parties at the year end		
Fees due to P Conroy as Chief Financial Officer to the Company	**10,413**	10,417

** Please refer to note 4 for details of the reduction to the management fees payable during the prior year.*

During the 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. Also during the current year, BMS Finance AB held an investment loan with BMI Healthcare Ltd, a company sharing a common director with BMS Finance AB. As at the year end, the total outstanding loan due was GBP2.39 million.

During the year ended 31 December 2011, the Company acquired two investment holdings, both in Lombardia Capital Partners Inc, from AMIC for aggregated proceeds of GBP1.49 million. On a consolidated basis this transaction had no net impact on the Group's Consolidated Statement of Financial Position.

There is no ultimate controlling party of the Company.

16. RELATED PARTY TRANSACTIONS CONTINUED

Directors shareholdings in the Company

As at 31 December 2012, the Directors had the following beneficial interests in the Ordinary Shares of the Company:

	31 December 2012		31 December 2011	
	No. of Ordinary Shares Held	**% of total issued Ordinary Shares**	No. of Ordinary Shares Held	% of total issued Ordinary Shares
Patrick Firth *(Chairman)*	**125,000**	**0.11**	100,000	0.10
Geoff Miller	**850,000**	**0.71**	812,627	0.82
Frederick Forni	**–**	**–**	–	–
James Carthew	**200,000**	**0.17**	175,000	0.18

At 31 December 2012, there were no unexercised share options for Ordinary Shares of the Company (31 December 2011: nil Ordinary Shares).

17. COMMITMENTS AND CONTINGENCIES

There were no commitments or contingencies as at 31 December 2012 (31 December 2011: none).

18. POST YEAR END EVENTS

Dividend

On 23 January 2013, the Directors of the Company declared a dividend of 1.25p per Ordinary Share for the third quarter of 2012. The dividend was be payable to shareholders on the register on the record date of 1 February 2013.

Placing

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. These new Ordinary Shares were admitted to AIM and the CISX on 28 January 2013. Following this placing the Company's total issued Ordinary Shares totalled 131,096,010.

Changes to the Incentive Structure

The Remuneration Committee has resolved to amend the current incentive structure, which was applicable solely to Geoff Miller, to an incentive pool, which will be allocated at the Remuneration Committee's discretion. The total pool available will be, 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 GLIF 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 GLIF equity for their entire period of employment by GLIF.

Further detail can be found in the Chairman's Statement.

Appointment of Joint Broker

As announced on 23 January 2012, Panmure Gordon (UK) Limited were appointed joint broker to the Company.

18. POST YEAR END EVENTS CONTINUED

Significant Portfolio Movements

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

Closing Date	Par Amount US$		Purchase Price
15/01/13	2,475,000.00	FAPS	100.875
09/01/13	5,000,000.00	Sourcecorp	99.000
28/01/13	1,590,909.09	Global Tel Link	99.875
05/02/13	1,000,000.00	Renfro	99.500
14/02/13	1,666,666.67	Healogics	99.500
12/02/13	1,440,000.00	SESAC	99.000
14/02/13	3,333,333.33	ABB Concise	99.500
28/02/13	119,047.62	First Data	100.000
13/02/13	3,125,000.00	First Advantage	99.000
11/03/13	1,333,333.33	Renfro	101.500
01/03/13	2,880,000.00	Integra Telecom	99.000
26/02/13	3,240,000.00	SESAC	101.500
28/02/13	246,951.22	Plato	99.990
15/02/13	640,000.00	Integra Telecom	100.625
*	5,000,000.00	Merrill Corp	99.000
*	3,750,000.00	ARES 2013-26A SUB	81.250
*	1,000,000.00	Merrill Corp	100.750
*	1,000,000.00	Merrill Corp	100.750

**At the date of release of these financial statements the closing date was not yet known.*

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

Closing Date	Par Amount US$		Realised gain/(loss) US$
03/01/13	5,819,999.96	Dean Food	341,925
22/01/13	2,962,500.00	Neustar Inc	44,438
05/02/13	1,980,000.00	National Healing Corporation – 1st Lien	99,000
05/02/13	3,500,000.00	National Healing Corporation – 2nd Lien	210,000
13/02/13	658,569.69	First Data Corporation – 2014 Term Loan B-1	18,781
14/03/13	2,917,642.65	Skillsoft	39,978

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

PORTFOLIO STATEMENT OF THE GROUP
AS AT 31 December 2012

US$ Loans - debt securities of listed companies (31 December 2011: 37.46%)	Principal Currency	Fair Value US$	Fair Value GBP	% of net assets
Alere US Holdings LLC	6,927,424.4400	6,949,661	4,275,399	6.18%
Community Health Extended	5,000,000.0000	5,026,850	3,092,495	4.47%
Dean Foods	5,819,999.9600	5,809,815	3,574,171	5.16%
DG Fastchannel Inc	5,603,877.5600	5,356,354	3,295,204	4.76%
Neustar Inc	2,962,500.0000	2,975,476	1,830,499	2.64%
Roundy's Supermarkets Inc	6,952,474.9400	6,524,481	4,013,830	5.80%
Rovi Corp.	5,959,974.9400	5,937,625	3,652,799	5.27%
UniTek Global Services	5,895,000.0000	5,762,363	3,544,978	5.12%
Web.com Group Inc	3,990,000.3300	4,007,477	2,465,381	3.56%
			29,744,756	42.96%

US$ Loans – debt securities of unlisted companies (31 December 2011: 211.69%)

Aramark Corp LC-1 US Term Loan Non-Extending	1,754,112.8300	1,755,043	1,079,694	1.56%
Aramark Corp LC-2 Term Loan B Extended	3,701,754.6300	3,703,717	2,278,509	3.29%
ASP HHI ACQ	5,500,000.0000	5,555,000	3,417,410	4.94%
AVG Holding Cooperatief UA	2,575,231.5300	2,568,793	1,580,310	2.28%
Biomet Inc - $ Term B-1 Loan	4,910,587.8500	4,934,453	3,035,653	4.39%
Blue Coat Systems Inc	5,280,882.3500	5,310,614	3,267,065	4.72%
BNY ConvergEx Group LLC	1,125,000.0000	1,058,209	651,005	0.94%
Corel	5,174,329.7800	5,174,330	3,183,223	4.60%
Deltek	4,650,000.0000	4,679,900	2,879,052	4.16%
Drew Marine Partners LP	3,412,500.0000	3,421,031	2,104,602	3.04%
First Data Corporation - 2014 Term Loan B-1 ($)	658,569.6800	657,654	404,586	0.58%
First Data Corporation 2017	8,000,000.0000	7,846,240	4,826,970	6.97%
Global Tel Link Corp	6,665,322.5300	6,675,654	4,106,831	5.93%
Grede	6,228,571.4300	6,228,571	3,831,788	5.54%
Hoffmaster Group Inc - First Lien	4,874,705.5800	4,846,286	2,981,413	4.31%
Hoffmaster Group Inc - Second Lien	2,000,000.0000	1,995,000	1,227,315	1.77%
Immucor Inc - Term B-1 Loan	4,443,918.7400	4,495,690	2,765,728	4.00%
InfoNXX - 2nd Lien	2,155,200.0000	2,025,888	1,246,317	1.80%
Mediacom TL-C	3,856,410.2600	3,841,949	2,363,549	3.41%
Mercury Payment Systems	2,468,760.8100	2,487,277	1,530,161	2.21%
Merrill Corp 2nd Lien	1,091,605.1200	932,777	573,840	0.83%
Mirion Technologies	2,464,417.4000	2,464,417	1,516,098	2.19%
Mold-Masters (2007) Limited	4,812,832.2500	4,796,806	2,950,972	4.26%
NAB Holdings LLC	5,850,000.0000	5,879,250	3,616,887	5.22%
National Healing Corporation – 1st Lien	1,980,000.0000	1,984,950	1,221,132	1.76%
National Healing Corporation – 2nd Lien	3,500,000.0000	3,570,000	2,196,247	3.17%
National Vision Inc	2,646,666.6600	2,673,133	1,644,499	2.38%
Nextag Inc	5,045,422.9500	4,885,634	3,005,619	4.34%
Pegasus	7,094,272.3000	6,763,183	4,160,678	6.01%
Petco Animal Supplies	7,411,821.5300	7,460,814	4,589,858	6.63%
Philips Plastics Corporation	2,962,500.0000	2,940,281	1,808,847	2.61%
Physiotherapy Associates Holdings Inc	3,980,000.0000	3,970,050	2,442,356	3.53%
Plato Inc	4,875,000.0000	4,826,250	2,969,086	4.29%
Presidio Inc.	5,985,000.0000	5,985,000	3,681,944	5.32%
Protection One	6,947,504.0300	7,016,979	4,316,813	6.24%
Provo Craft	3,180,765.3300	693,407	426,581	0.62%
RBS Holding Company LLC	5,895,000.0000	2,791,283	1,717,184	2.48%
Renaissance Learning Inc	2,992,500.0000	2,998,126	1,844,433	2.66%
Securus Technologies - Tranche 1 Term Loan	1,970,000.0000	1,974,925	1,214,965	1.75%
Securus Technologies Inc 2nd Lien Tranche 1	3,600,000.0000	3,601,512	2,215,633	3.20%
Shield Finance Loan	5,970,000.0000	5,962,538	3,668,125	5.30%
Ship Luxco	4,946,969.4000	4,961,415	3,052,239	4.41%
Sirius Computer Solutions	2,206,730.7700	2,220,523	1,366,055	1.97%
SkillSoft	2,917,642.7600	2,939,525	1,808,382	2.61%
SourceHov LLC	3,940,000.0000	3,878,930	2,386,300	3.45%
Sportsman's Warehouse	6,000,000.0000	5,940,000	3,654,260	5.28%
Sterling Infosystems Inc	2,736,250.0000	2,729,409	1,679,120	2.43%
Stratus Technologies 2nd Lien	6,856,250.1900	4,113,750	2,530,760	3.66%
Sumtotal Systems	3,750,000.0000	3,693,750	2,272,378	3.28%
Sub-total US$ loans – debt securities of unlisted companies carried forward			119,292,472	172.32%

US$ Loans – debt securities of unlisted companies continued	**Principal Currency**	**Fair Value US$**	**Fair Value GBP**	**% of net assets**
Sub-total US$ debt securities of unlisted companies brought forward continued			119,292,472	172.32%
Syniverse Holdings Inc	3,980,000.0000	4,009,850	2,466,841	3.56%
Teleguam Holdings LLC	1,831,884.9500	1,802,117	1,108,654	1.60%
Teleguam Holdings LLC	2,812,500.0000	2,756,250	1,695,632	2.45%
Topps	7,956,332.2000	7,638,079	4,698,911	6.79%
US FT Holdco Inc	5,940,000.0000	5,966,017	3,670,266	5.30%
US TelePacific Corp	3,937,216.5100	3,880,639	2,387,351	3.45%
Vision Solutions	6,000,000.0000	5,820,000	3,580,437	5.17%
Koosharem (Select Remedy) 2nd lien	9,000,000.0000	229,500	141,187	0.21%
Koosharem (Select Remedy) 2nd lien PIK	1,912,638.5500	48,772	30,004	0.04%
Lombardia Capital Partners Inc - Convertible Note	1,709,628.0000	1,709,628	1,051,755	1.52%
			140,123,510	202.41%
GBP Loans – debt securities of unlisted companies				
Omnium	29,896.9700	–	–	0.00%
Instem	250,000.0000	–	250,000	0.36%
HLC	1,537,393.0000	–	1,537,393	2.22%
Destiny	205,094.4500	–	205,095	0.30%
Touch Local	968,431.2500	–	968,431	1.40%
Excitor	2,385,077.7600	–	2,385,078	3.44%
Hiwave	350,000.0000	–	350,000	0.51%
BMI Healthcare Ltd - assignment advance	2,316,092.1400	–	2,316,092	3.35%
Vegastream	583,194.7400	–	–	0.00%
SpinX	3,037,114.0700	–	–	0.00%
IKIVO	1,230,615.7000	–	–	0.00%
Replisaurus	7,824,765.8000	–	99,995	0.14%
			8,112,084	11.72%
Total Loans			177,980,350	257.09%
CLO Equity (31 December 2011: 5.62%)				
GSC Group CDO VII Ltd	3,790,000.0000	3,373,100	2,075,116	3.00%
Halcoyn Structured Asset Management CLO	4,625,000.0000	3,908,125	2,404,260	3.47%
Total CLO Equity			4,479,376	6.47%
Equity (31 December 2011: 11.53%)				
Stratus Technologies Bermuda Holdings Limited	775,631.8730	203,280	125,057	0.18%
Stratus Technologies Bermuda Limited	176,648.8226	1,196,720	736,216	1.06%
IFDC Ordinary Shares 2012	5,017.0000	1,046,715	1,046,715	1.51%
Provo Craft Holdings LLC	1,160.3467	20,000	12,304	0.02%
UI Acquisition Holding Co	10.6267	2,185,997	1,344,815	1.95%
UI Acquisition Holding Co	0.5542	114,003	70,134	0.10%
Total Equity			3,335,241	4.82%
Warrants (31 December 2011: 0.54%)				
Koorsharem -warrant	6,029.0000	–	–	0.00%
Lombardia Capital Partners Inc - Warrant	1.0000	666,692	410,146	0.59%
Eazyfone Limited - 08/01/2008 Warrants	5,617.0000	–	–	0.00%
Eazyfone Limited - 15/10/2008 Warrants	122.0000	–	–	0.00%
EGS Group Limited - 08/01/2008 Warrants	120,717.0000	–	–	0.00%
EGS Group Limited - 29/05/2009 Warrants	426,554.0000	–	–	0.00%
Total warrants			410,146	0.59%
Total financial assets at fair value through profit or loss			186,205,113	268.97%
Cash balances			26,971,750	38.96%
Other net liabilities			(143,313,005)	(207.01%)
Non-controlling interest			(634,941)	(0.92%)
Net Assets Attributable to Equity Holders			69,228,217	100.00%

INVESTMENT OBJECTIVE

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

INVESTMENT POLICY

General

Greenwich Loan Income Fund Limited (the "Company") has appointed T2 Advisers, LLC to act as the discretionary investment manager of the assets of the Company. Subject to the overall supervision of the Board and to the investment objectives, policies and restrictions of the Company, T2 Advisers: determines the composition of the portfolio, the nature and timing of changes thereto, and the manner of implementing such changes; identifies, evaluates and negotiates the structure of investments; arranges financing for the Company, subject to Board approval; and closes, monitors and services the investments.

The investment policies of the Company and its subsidiary T2 CLO (the "Group") are described herein. At the current time, a substantial majority of the consolidated portfolio of the Company is invested in the T2 CLO. While there are investment limitations that the T2 CLO has to maintain as required under its financing indenture (which is described in further detail below), the Company has no such limitations other than at the time of purchase an investment is limited to 15% of the Company's consolidated gross assets. However, if the Company makes a large investment, in such circumstances it has the sole discretion to syndicate or sell a portion of its initial investment.

The Group invests primarily in syndicated corporate loans issued primarily by companies traditionally defined as "middle market", with experienced management, a significant financial or strategic sponsor, a strong competitive position and positive cash flow. The Company began with a particular focus on technology related companies and continues to utilise the technology-based expertise of its principals. The investments are senior debt and have either a first or second lien collateral position in the issuer's assets. Investments made by the T2 CLO must also meet certain tests as required in the financing indenture which include but are not limited to debt ratings levels, currency denomination, issuer's location and investment concentration limits. The T2 CLO must also maintain portfolio limitations which include but are not limited to weighted average maturity, minimum credit spread and maximum risk profile.

Investment Policy

The Company seeks to achieve its investment objective through a policy of investing principally in syndicated corporate loans issued primarily by companies with experienced management, a significant financial or strategic sponsor, a strong competitive position and positive cash flow. The main focus of these investments is US middle-market companies.

Investment will be either direct or indirect. Indirect investment will be effected by investment in collateralised loan obligations ("CLOs"). The Company may invest 100 per cent. of its assets in CLOs and will not seek to limit its exposure to any one issuer of CLOs.

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

Subject to prior approval by the Company's Board, where it is deemed appropriate and beneficial to do so, the Company may also invest in equity, debt instruments (other than loans and CLOs) and other investment funds. Investment in equity and debt instruments (other than loans and CLOs) are subject to a maximum of 20 per cent. of gross assets at the time of investment and any investment in the equity or debt instrument (other than loans or CLOs) of a single issuer will be subject to a maximum of 15 per cent. of gross assets at the time of investment. Investment in closed-ended investment funds shall be subject to a maximum of 10 per cent. of gross assets at the time of investment.

The Company's maximum exposure to US issuers is 100 per cent. of gross assets. Investments outside of the US are limited to a maximum 50 per cent. of gross assets at the time of investment.

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

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

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

Any material change to the investment policy would require Shareholder approval in accordance with the AIM Rules. In the event of any breach of the investment restrictions applicable to the Company, Shareholders will be informed of the remedial actions to be taken by the Company's Board and the Investment Manager by an announcement issued through a Regulatory Information Service.

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

Greenwich Loan Income Fund Limited

Greenwich Loan Income Fund Limited
P.O. Box 296
Sarnia House
Le Truchot
St Peter Port
Guernsey GY1 4NA
Channel Islands

PART B – ANNUAL REPORT AND AUDITED CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

GLI Finance Limited

GLI Finance Limited

ANNUAL REPORT AND AUDITED CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

CONTENTS

OFFICERS AND PROFESSIONAL ADVISERS

Directors:	Patrick Anthony Seymour Firth (Non-Executive Chairman) Frederick Peter Forni (Non-Executive Director) Geoffrey Richard Miller (Executive Director) James Henry Carthew (Non-Executive Director) The address of the Directors is the registered office.
Executive Team:	
Chief Executive Officer:	Geoffrey Miller
Chief Financial Officer:	Emma Stubbs *(appointed 18 November 2013)*
Chief Financial Officer:	Patrick Conroy *(ceased 31 January 2014)*
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:	Panmure Gordon & Co One New Change London, EC4M 9AF United Kingdom
Nominated Adviser:	Panmure Gordon & Co One New Change London, EC4M 9AF United Kingdom *(appointed 28 October 2013)*
CISX Sponsor:	Mourant Ozannes Securities Limited P.O. Box 186 1 Le Marchant Street St Peter Port Guernsey, GY1 4HP Channel Islands *(terminated 10 December 2013)*
Administrator and Company Secretary:	Praxis Fund Services Limited P.O. Box 296 Sarnia House Le Truchot St Peter Port Guernsey, GY1 4NA Channel Islands

Custodian:	Butterfield Bank (Guernsey) Limited P.O. Box 25 Regency Court Glategny Esplanade St Peter Port Guernsey, GY1 3AP Channel Islands
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Auditors:	Grant Thornton Limited P.O. Box 313, Lefebvre House Lefebvre Street St Peter Port Guernsey, GY1 3TF Channel Islands
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Public Relations:	FTI Consulting Holborn Gate 26 Southampton Buildings London, WC2A 1PB United Kingdom

CHAIRMAN'S STATEMENT

I am pleased to report the results of GLI Finance Limited ("GLIF" or the "Company") for the year ended 31 December 2013.

Although the Company's Net Asset Value was stable during the year, it was nonetheless a year of significant change, as our Company continues to develop its strategy of moving from investing only in loans originated by third parties towards origination of Small and Medium Enterprises ("SMEs") finance through the platforms in which we have an equity interest. Although it is relatively early days, the signs are encouraging that we have a range of businesses and management teams capable of producing strong returns through the economic cycle.

Our first origination platform, BMS Finance ("BMS") continues its progress and towards the end of the year a matched funding facility from the UK Government's Business Bank was agreed. We believe that this is a very positive step for the Company as the management team seek to build on their impressive track record.

New Investments

In contrast to 2012, 2013 was a busy year for strategic transactions, with four new investments being made during the second half of the year. In accordance with our stated strategy, these investments were all in SME finance companies. The first was in FundingKnight, a peer-to-peer lender to UK SMEs, the second was Platform Black, a UK peer-to-peer provider of invoice finance and supply chain finance, the third was Raiseworks, a peer-to-peer lender to SMEs based in the US and finally Sancus, an offshore peer-to-peer lending platform.

As with all of the platforms in which we have invested, these companies are seeking 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.

A further five investments have been made since the year end. Additional details on these are included in the Chief Executive Officer's Report, Strategic Review and in the Post Year End Events note at the back of these financial statements. All five investments are in complementary areas to the current portfolio.

Performance

In 2013 despite the hive of activity going on with the new investments, we continued to deliver a stable capital performance whilst the continuing strong income flow to the Company underpinned an increased dividend. During the year the Company paid 5.0p in dividends (vs 4.7p in the previous year).

The Company Net Asset Value ("NAV") increased by 20% during the year, from GBP58.5m in 2012 to GBP70.1m at the end of 2013. The NAV per share at the year end was 49.99p compared to 49.09p last year.

The Company's share price remained stable over the year with a slight decline in the year by 0.4p or 1% over the period. This year's total return of 9% compared to 31.2% in the previous year, as the discount to the Company's Net Asset Value was closed during 2012.

CLO Portfolio

Whilst our new 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 the potential to segregate the CLO portfolio in a subsidiary, to which it may be possible to attract third party funding, both to reduce the Company'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, Company shareholders will receive at least as high a dividend as they do currently.

Financials

As of 31 December 2013, the Company had net assets of GBP70.1m, or 49.99p per share, compared to net assets of GBP58.5m, or 49.09p per share at 31 December 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 2013 to raise an additional GBP5.96m (gross of broker fees) and a further 9.0m shares were issued in October 2013 raising GBP4.59m (gross of broker fees).

The comparative Group numbers show net assets attributable to equity holders rising from GBP69.2m as at 31 December 2012 to GBP74.1m as at 31 December 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 58.09p as at 31 December 2012 to 52.81p as at 31 December 2013. The difference in the net assets at a Group and Company level represents the market view of the net present value of the low cost of the T2 CLO 1 Ltd debt. The Board continues to believe that the performance of the net asset value at the Company level as opposed to the Group level is the more appropriate in assessing the performance of the underlying business.

For the year ended 31 December 2013, GLIF received interest income, dividends and other income totalling GBP12.5m, compared to GBP16.2m for the comparable period in 2012. However the 2012 numbers included GBP5.2m which related to one off dividends received from Asset Management Investment Company Ltd ("AMIC"), the subsidiary acquired in 2011. If the effect of these dividends is excluded the revenue increased year on year by 13.5%. In the Chief Financial Officer's Report there is a reanalysed Company Statement of Comprehensive Income which splits out these adjustments to hopefully make the numbers more understandable. Operating expenses fell from GBP4.5m for the year in 2012 to GBP3.6m in 2013.

In November 2013, the Company made an application to the CISX for the cancellation of the listing of its Ordinary Shares on the CISX Official List. The reason for this was due to a change to the ISA rules with effect from 5 August 2013 which permits investors to hold some or all of their annual ISA allowance in AIM shares. Previously the shares were only able to be held in ISAs by virtue of the listing on the CISX and this was the primary reason for this listing. This will reduce the Company's costs going forward as we will no longer need to incur the administrative and compliance costs in connection with the maintenance of its CISX listing. Furthermore this has allowed the Company's listing structure to be simplified by having shares admitted to trading only on AIM.

As the Company is an investing company under AIM Rules, we are required to have an investing policy. The shareholders approved a new investing policy in November 2013, reflecting the broadening of the business beyond its origins as a passive loan investor. Details of the new investing policy form part of these annual financial statements.

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, or tapering, 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.

In the second half of the year despite tapering concerns, overall credit markets remained healthy due to the continuing demand for yield.

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 until March 2013 but since then there has been significant weakness; in part due to policy decisions in the US, and in part due to a positive response to more healthy economic numbers in the UK and a positive reception for the new Governor of the Bank of England.

Executive Team

In the last annual report I reported that with the rapid development of the corporate strategy there was a need for GLIF to have the resources necessary to manage its growth and this would mean adding additional executive personnel over time.

On the 18 November 2013, Emma Stubbs joined the company as Chief Financial Officer ("CFO") as part of the Executive Team.

For the first time we include a Chief Financial Officer's Report, and it is my hope and belief that Emma will make a great contribution to both the clarity of reporting of our historic performance and our planning for the future. Previously, from the launch of the business, Patrick Conroy of T2 Advisors was filling the role and I would like to thank Patrick for his contribution to the success of GLIF and helping make it the business it is today.

Corporate Strategy

Our strategy remains that we will continue to focus on smaller companies where the returns to GLIF on an unlevered basis fall within our 10-15% target return.

With the acquisition of BMS Finance in November 2012 and the more recent investments this has given us greater capability to originate our own lending and ensure that our money is put to work through the most profitable channels.

As has been flagged previously, the Company is working closely with GMB Partners on the optimal way for the Company to realise value from its CLO investments over time. Preparatory work for the potential transfer of the CLO portfolio into a separately listed fund is underway and we are intending to assess market support for an offering in the first half of the year.

Outlook

As I have noted above, in the last twelve months we have seen nine new investments being made with SME Lenders. We now have a diversity of platforms which should provide some very substantial potential with an acceptable level of risk.

We believe we have a comprehensive range of SME finance solutions and no further deals are needed to enable us to reinvest the proceeds of exits from the CLO portfolio or further diversify our portfolio. However, the management team remains alert to any opportunities that may arise.

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, and hence our Company's preference to seek more niche opportunities where there is greater potential for sustainable competitive advantage across the economic cycle.

I would like to thank shareholders for their continued support and enthusiasm for the changes we have made over the past year and hope that they agree with the GLIF Board's belief that we have an exciting and profitable future ahead.

Patrick Firth
Non-Executive Chairman
Date: 25 March 2014

CHIEF EXECUTIVE OFFICER'S REVIEW

As the Chairman has said, 2013 was a transitional year and we expect the coming twelve months to continue this reshaping of our business, with the goal of becoming a leading alternative provider of SME finance across the US and Europe, but with the heart of the business in the UK, reflecting the sterling investor base, share price and dividend policy.

In order to achieve our goal we are building a range of partnerships with online and offline finance platforms that we believe have a sustainable competitive advantage, strong and experienced management teams, are complementary in approach to the traditional finance industry and have a strong qualitative and quantitative approach towards their business. We invest in and through these platforms to optimise return to our shareholders.

In pursuing this strategy our focus remains on an optimal return on equity for our shareholders. Whilst other alternative finance providers are seeking growth for its own sake, and are seeking to be valued by investors on the basis of the number of clients that they have or the size of their loan book, we wish to achieve a good rate of return for our investors from our investments as we believe this will provide an optimal risk/return balance, and reflects the significant experience in the finance industry that I and the rest of the Board bring to the decision making. We target a 10-15% return on equity across the economic cycle, in order that we can both support our current dividend and grow the equity within our loan book.

Our Chief Financial Officer's report which follows this report covers the progress made in 2013 and therefore I will not dwell on the operational results of 2013. From a strategic standpoint, GLIF BMS Holdings Limited ("BMS") continues to develop its business in line with its plans and the matched funding agreed with the Business Bank is an important strategic milestone in the development of the business. As for the earlier stage businesses in which we invested during the year, FundingKnight, and Platform Black are rapidly developing their reputations in their respective fields, Raiseworks is generating considerable interest in the US and Sancus is already showing a strong pipeline of business.

Since the year end we announced a number of other transactions that build out our range of platforms and put us in a position that, although we continue to see opportunities to build out our family of businesses, we do not have to do any further transactions.

The other transactions announced in January were:

Investment	Strategy
TradeRiver Finance	Global Trade finance
Finpoint UK	UK SME lending
European Receivables Exchange	European invoice discounting
Crowdshed	Global multi-asset crowd funding
Proplend	UK property-backed lending

We also confirmed in our January trading update that it is our intention to exit our CLO portfolio over time. The Company is working closely with GMB Partners on the optimal way for the Company to realise value from its CLO investments over time. Preparatory work for the potential transfer of the CLO portfolio into a separately listed fund is underway and we are intending to assess market support for an offering in the first half of 2014. As the CLO portfolio is exited, so the monies realised will be reinvested through to the Company's finance platforms.

Looking beyond the exit of our CLO portfolio, our strategy will be to add value to each finance platform in which we are invested and to seek benefits from different platforms working together. The most obvious area in which GLIF can benefit the businesses is to make capital available, either within the business or investing into the assets originated by the business, but beyond that we believe that a number of competitive advantages can be gained by our platforms through their relationship with GLIF.

Firstly there is the potential for cross-referral between the various platforms. Our strategy of backing entrepreneurs building their own businesses, rather than owning and controlling subsidiaries, we believe enhances the propensity for cross-referral of business, rather than diminishing it. Entrepreneurs will see clear mutual benefit in working together, where managers of two business units within an organisation might not. Cross-referral applies not only to borrowers but also to investors. As the platforms grow they will develop their investor base beyond GLIF and for investors our family of platforms offers a wide array of types of asset, of which we must ensure that they are all aware.

Secondly there is the pooling of knowledge across platforms. Many of our platforms are in the peer-to-peer space and are facing being regulated entities for the first time this year, and all of our businesses face an array of other regulatory challenges. Being able to discuss these amongst a peer group will bring best practice across the group and where professional advice is needed on specific issues the costs can be defrayed across a range of platforms.

Finally there is the ability to seek efficiencies from a broader relationship with service providers. Many platforms use similar services and being able to pool this service provision could add value.

It is early days in the development of these synergies, and we have factored nothing into our assessment of each platform's prospects for such benefits, but so far the indications are encouraging that such benefits will flow across the platforms, resulting in better results at a group level.

This year will be a critical one in the development of the alternative finance industry, both in the UK and the US. Regulatory changes brought about by the JOBS Act in the US and by the introduction of FCA regulation of certain online platforms will begin to create an environment where investors can feel that standards are being met across the online finance industry and platforms can more readily be compared.

I believe that this and the increasing size of the alternative finance market will bring SME finance assets into the investment mainstream as a discrete asset class. We are already seeing institutional interest in alternative finance taking off, although amounts invested are tempered by the amount of SME finance assets available.

In this environment the management of supply and demand will be critical. Fortunately our platforms have a partner in GLIF that can help in managing this, but within the industry as a whole mis-pricing is almost inevitable and there have already been signs that certain parts of the yield curve within the peer-to-peer market are witnessing such a mismatch. In extremis this could present too great a challenge for platforms without sufficient capital behind them and looking forward it is my view that there will be both failures and consolidation in the sector. Given that our platforms have our balance sheet behind them this represents less of a challenge for the platforms in our portfolio than for others lacking such support, but it is nevertheless something of which we must be cognisant and plan accordingly.

The other feature of the alternative finance market I believe will become more important over the next year will be the blurring of the lines between peer-to-peer and other forms of alternative finance, due to the increasing institutionalisation of the market. As fund managers seek to gain exposure to SME finance assets as a discrete asset class, so peer-to-peer and other non-bank finance businesses will increasingly have an alternative source of funding to broad based peer-to-peer or the banks that would have traditionally funded the market. In the US there are already businesses that would have once been launched as peer-to-peer models that are now entirely institutionally funded, and I think the model will migrate to Europe in time.

Our approach has been to avoid focussing on one aspect of the market, be it peer-to-peer or directly funded, online or offline, but rather to seek to find a series of complementary niches that can exploit the areas within SME finance in which the banks cannot or will not compete, and so there is the potential for sustainable competitive advantage across the economic cycle. The reason the banks cannot compete in certain niches is because their need for a scaleable and efficient model has removed their ability to service business requiring a significant amount of human interaction; where they will not compete is in areas that due to capital requirements it is no longer economic for them to write the business. Our platforms cover both areas.

In conclusion, within GLIF we have built a unique origination capability within SME finance, diversified by geography, industry, size of lending and type of lending. We have the ability to put significant capital to work and intend to do so as we exit the CLO portfolio. With no fixed investment criteria we have the flexibility to adapt to changing conditions, which we believe will be a crucial competitive advantage in years to come.

This year will be a further year of significant change within GLIF, and we are well placed to take advantage of the opportunities and address the challenges that doubtless will present themselves as the business and the alternative finance industry matures.

Geoffrey Miller
Chief Executive Officer
Date: 25 March 2014

GLIF has an interest in ten SME finance platforms, five of which were held at the year end, five of which were acquired since the year end. The intention is that these platforms will form the core of the Company's business in future, with investment made by the Company into these platforms and through these platforms into the underlying SME finance assets.

Platforms Held At Year End

BMS Finance (through GLIF BMS Holdings LTD)
Size of loan book at year end GBP12.5m
GLIF economic interest 31 December 2013 GBP14.6m
The company finances high growth SMEs, predominantly in the UK. Typically these businesses have up to GBP25m of revenue, but do not require a three year track record of profits. The loans are two to three year senior secured amortising loans of GBP500k-GBP4.5m and in addition to the loan itself; BMS typically obtains a warrant or exit fee. The focus of the portfolio is business services and technology companies.

The business is relationship banking; keeping a close engagement with borrowers to ensure effective monitoring. Covenants set as an 'amber' warning level allowing time for remedial action to be taken.

Towards the end of 2013 BMS agreed a GBP15m matched funding facility with the Business Bank and it is expected that this money will start to be put to work in the first half of 2014.

GLIF owns GBP14.1m out of a total GBP14.6m enterprise value (67% of equity plus GBP12.6m debt).

FundingKnight
Size of loan book at year end GBP2.58m
(GBP3.24m as at 13 March 2014)
GLIF economic interest 31 December 2013 GBP2.8m
FundingKnight provides SME finance through crowd funding from a broad base of investors. The maximum loan size is GBP150k and the maximum term is five years. An experienced in-house team of SME bankers, using both quantitative and qualitative analysis, underwrites the loans. The loan book has grown rapidly since our investment in July 2013 and we expect this to continue.

The business provides traditional small business banking delivered through modern architecture, in a way that is no longer possible through the "computer says yes/computer says no" approach of the larger banks. GLIF invested GBP1.5m in the ordinary shares and preference shares of FundingKnight for at least 20% of the business, and had a loan book originated through FundingKnight of GBP1.291m by the year end. This is a broadly based book of UK SME loans.

Platform Black
Total invoices financed in 2013 GBP36.4m
GLIF economic interest 31 December 2013 GBP2.2m
Platform Black is a UK based peer-to-peer invoice trading and supply chain finance business. Its investor base is exclusively sophisticated investors, funds or corporate entities and these investors bid for tranches of invoices from 5% of the principal upwards through Platform Black's proprietary platform.

Platform Black launched in June 2012 and has financed invoices of over GBP45m, advancing over GBP40m to date in approximately 1,000 auctions for periods of 30, 60 or 90 days. The average auction size has been rising and the average cost of funding invoices falling, indicating that the building blocks are in place for growth in 2014. GLIF invested GBP163k over the Platform in 2013, all of the invoices acquired have matured and repaid in full generating an average IRR in excess of 13%.

Raiseworks
GLIF economic interest USD1.5m
GLIF invested USD1.5m in the US peer-to-peer SME lending business, Raiseworks, LLC ("Raiseworks"). In return for the investment, GLIF expects to retain a 20% to 30% holding. The Raiseworks business began in 2011, to improve small business access to credit and to increase investment opportunities in small businesses. The Raiseworks team has spent the past two years building the platform, developing the credit underwriting model, establishing partnerships, and securing a broker dealer license.

The Raiseworks platform automates the private capital formation process by bringing increased efficiency and transparency to businesses and investors. It utilizes one of the largest private company databases in the United States and a suite of proprietary, predictive algorithms in an effort to provide community members with an information advantage.

Sancus
GLIF economic interest 31 December 2013 - 7.4% of ordinary shares and the option of acquiring up to GBP2.75m preference shares
GLIF acquired a 7.4% stake in Sancus, an offshore peer-to-peer secured lender with significant permanent capital, run by a highly experienced team of professionals who have been in the financial sector for over 25 years.

Its target market is entrepreneurs, SMEs, HNWIs and professionals and it offers attractive returns to clients who wish to participate in co-investment lending opportunities. Sancus takes a holistic approach when reviewing complex borrowing opportunities and takes into consideration a potential borrower's total asset base, while making decisions quickly and providing certainty to potential borrowers. Sancus will also co-invest in all deals, providing comfort to fellow lenders. The loan book is growing rapidly, since the company opened for business in January. The company has now written GBP3.93m of loans, average size GBP1.31m and 20 months average duration.

Platforms Acquired Since Year End

Finpoint UK
GLIF economic interest GBP1.25m
Finpoint UK is a joint venture between CRX (the German company that owns Finpoint) and GLIF. The platform provides financial institutions with the opportunity to acquire loans direct from SMEs; a similar model to P2P, but with larger loan sizes and a solely institutional focus.

After a successful three years in Germany, Finpoint approached GLIF, as it wished to enter the UK market but wanted a local partner to help shape the strategy. On 24 January 2014, a new Company was created called Finpoint Ltd whereby GLIF purchased a 75% equity stake in the UK business for GBP0.75m and CRX subscribed for the remaining 25% for GBP0.25m. GLIF also subscribed to GBP0.5m of preference shares. The Company has been granted an exclusive perpetual license from CRX to use the Finpoint platform in the UK.

TradeRiver Finance
Total financed in 2013 GBP14.8m
GLIF economic interest 10% of equity plus GBP2m loan facility
TradeRiver Finance is a non-bank online funding solution which finances trade, both cross-border and in the UK. The company provides businesses with finance to purchase goods and services through a convenient online platform. Over the last three months, the amount TradeRiver has loaned to businesses has grown by 18 per cent to a total of GBP24m. The average loan term is approximately 100 days and loan sizes average approximately GBP80,000.

GLIF has provided TradeRiver with a GBP2m subordinated facility, and has acquired a 10% stake in the equity of the business for GBP800k. We expect the loan to be drawn down over time, as TradeRiver's book of business grows.

European Receivables Exchange (Dansk Faktura Børs)
GLIF economic interest 5% of equity
The company is an invoice discounting business, currently operating principally in Denmark but has the potential to broaden its reach across Europe. It is different from Platform Black not only geographically but also in the fact that there is no fractional bidding and the individual bids for the entire invoices are quoted as a percentage of the invoice face value, rather than the return per month. GLIF has acquired a 5% stake in the business.

CrowdShed
GLIF economic interest at least 26% of equity
CrowdShed is creating a new multi-faceted approach to crowd funding, bringing together rewards and donations with equity and commercial debt opportunities. GLIF has acquired at least a 26% stake in the business, giving GLIF exposure to the fast growing financial crowd funding industry. CrowdShed will also provide opportunities for GLIF to participate in a variety of assets as different products and funding campaigns are launched on the platform.

Proplend
GLIF economic interest 22.5% ordinary shares plus preference shares
GLIF has investing GBP1m in Proplend, in a combination of equity and preference shares, for a 22.5% stake in the business. Proplend is a secured P2P lender run by an experienced property team with a differentiated product, it has already completed its first commercial property loan and is expected to be fully launched online by the end of Q1 2014. The company expects to focus on the UK commercial property market and loan sizes of typically between GBP100k and GBP5m.

CLO Investments
As has been previously flagged, the Company is working closely with GMB Partners on the optimal way for the Company to realize value from its CLO investments over time. Preparatory work for the potential transfer of the CLO portfolio into a separately listed fund is underway and we are intending to assess market support for an offering in the first half of the year.

Future strategy
It is expected that the partnerships now agreed will form the core of the GLIF business in the future. We continue to actively examine other opportunities where we believe that a partnership would both add value to and be complementary with the existing platforms, but we now have the breadth of business required to ensure that we can redeploy the proceeds of realisation of the CLO assets in a timely manner. As the Board would expect at least a comparable long term return from the new platforms as those delivered by the CLO investments, the Company remains committed to its current dividend policy.

CHIEF FINANCIAL OFFICER'S REVIEW

In 2013, the Company saw a successful continuation of the diversification begun in late 2012 with the acquisition of BMS Finance, moving away from reliance on the CLO portfolio towards becoming a leading alternative provider of SME finance. Although there has been this change in the strategy, the Company has been able to maintain the 5p dividend to its shareholders, supported by continued good returns from its CLO investments. It is expected in time that the newer investments will provide at least as high a return as has been provided by the CLO portfolio, and investment has been made on that basis.

Over the coming years we anticipate seeing a shift in the make up of the Company's income from income earned by the CLO investments to income from the increased investment in SME lending, which we believe offers sustainable high risk-adjusted returns. These returns are expected to come both from the investments in the platforms themselves, as well as from investing through the platforms, into finance assets.

As we have started to see changes in the way in which the Company's income is derived, the make-up of the income numbers has changed. The "Portfolio Update" set out immediately below describes the changes in the asset composition of the portfolio from the close of 2012 to the close of 2013. In addition, we have also included below a reanalysed statement of income to show clearly the changes in the composition of the income earned during the calendar years 2012 and 2013. Note that total income grew from GBP11.0m to GBP12.5m in 2013, an increase of 13.6%.

Portfolio Update

As at the 31 December 2013, at a Company level our Portfolio was valued at GBP68.9m, with net current assets of GBP1.2m bringing the total Net Asset Value ("NAV") to GBP70.1m. This was in comparison to a NAV of GBP58.5m last year, comprising GBP53.7m in investments and GBP4.8m net current assets.

During the year the Company completed investments in four new platforms, FundingKnight, Platform Black, Raiseworks and Sancus, details of these are noted later in this report.

As we have started to expand into alternative finance providers for SMEs it has diversified the Company's portfolio geographically and by asset class. Some statistics on our portfolio are set out in the tables below:

	31 December 2013		31 December 2012	
	GBPm	**%**	GBPm	%
CLO Portfolio	43.1	61%	37.6	64%
SME Platforms	8.9	13%	0.9	2%
Loans	15.5	22%	13.3	23%
Other	1.4	2%	1.9	3%
Net Cash	1.2	2%	4.8	8%
Total	**70.1**	**100%**	**58.5**	**100%**

	31 December 2013		31 December 2012	
	GBPm	**%**	GBPm	%
Europe	5.7	8%	1.1	2%
UK	22.0	31%	12.5	21%
US	41.2	59%	40.1	69%
Total investments	68.9	98%	53.7	92%
Net current assets	1.2	2%	4.8	8%
Total	**70.1**	**100%**	**58.5**	**100%**

CLO Portfolio

The CLO Portfolio comprises the T2 CLO 1 and other CLO equity positions.

T2 CLO 1 remains our largest investment of GBP32.8m at the end of 2013 (GBP33.1m 2012). Interest earned in the year of GBP9.6m was up on last year by 6.2% from GBP9.0m, providing a return of 27.99%. During the year, T2CLO 1 reached the end of its reinvestment period. A portion of the continuing positive cash flows going forward will be used to repay the loan notes held in the structure.

CLO Portfolio CONTINUED

In addition to the T2 CLO 1 we also hold other CLO equity positions with a total value of GBP10.3m (31 December 2012: GBP4.5m). These are Halcyon Structured Asset Management CLO, GSC Group CDO VIII Ltd, Ares XXVI CLO Ltd and Harvest CLO VII Limited. GMB Partners LLP advises us on all these. Income from these equity positions has increased by 8% in the year from GBP1.6m to GBP1.7m

SME Platforms

The total value held in SME Platforms increased during the year from GBP0.9m in 2012 to GBP8.9m in 2013, following the new investments in FundingKnight, Platform Black, Sancus and Raiseworks. Previously this balance was made up solely of GLIF BMS Holdings Ltd ("GBHL").

BMS

The Company has a 66.7% equity stake in GBHL which has continued to perform well in 2013 and we have seen a strong growth in equity over the year of 65%. At the close of 2013, the value of equity was GBP1.5m compared to GBP0.9m at the close of 2012.

GBHL comprises of a 100% interest in BMS Finance AB Ltd ("BMS") the UK operating business, a 70% interest in Noble Venture II Nominees Ltd ("NVF") and a 95% interest in NVF Tech Ltd (previously named HiWave UK).

Raiseworks

On the 19 December 2013, we invested USD1.5m in Raiseworks, LLC ("Raiseworks") a national US peer-to-peer SME lending business to fund the purchase of certain peer-to-peer business assets in a deal led by Gary Chodes, CEO of Raiseworks. In return for the investment, we expect to retain a 20% to 30% holding.

Sancus

On 6 December 2013, the Company acquired a 7.4% equity stake in Sancus and the option of acquiring up to GBP2.725m preference shares.

Subsequent to the year end, a further five investments in SME platforms were made, which has been referred to earlier in the CEO Report.

Loans

At the year end, the Company's loan balance had increased from GBP13.3m in 2012 to GBP15.5m in 2013. This comprises loans with Koosharem (Select Remedy), Lombardia Capital Partners ("LCP"), BMS Finance AB Ltd ("BMS AB"), FundingKnight and Platform Black.

Koosharem (Select Remedy) loan value was GBP0.7m at the year end (31 December 2012: GBP0.2m).

During the year, Lombardia Capital Partners ("LCP") agreed to buy the Company out of its warrant position, via a swap of the warrant for an increased balance on its loan from GLIF of USD0.8m (a 60% uplift on the acquisition value in 2011). In addition, LCP repaid USD1.1m of the existing principal and thus the outstanding loan overall reduced during the year by USD0.3m. As at 31 December 2013, the loan principal was GBP0.7m (31 December 2012: GBP1m). During the year GBP55k was received as income (31 December 2012: GBP64k).

In November 2012, we invested GBP11.6m in the acquisition of BMS Finance, a specialist lender to small growth companies, based primarily in the UK. This was financed through the setting up of GBHL, funded by a GBP11.6m loan note issued to GLIF (which paid for the acquisition) and GBP1m of equity capital of which GBP667k was subscribed by GLIF and GBP333k by the BMS management. In December 2013, GLIF invested a further GBP1m into GBHL through an increase in the principal of the loan notes issued by GBHL, bringing this to GBP12.6m. The coupon rate of the loan is 8%.

At the year end, the Company had GBP1.291m invested through the FundingKnight platform, typically with gross returns in excess of 11%.

The Company also provides funding through the platform of Platform Black. In 2013, the Company had invested GBP163k in invoices, all of which have been repaid at an average IRR (in excess) of 13%.

Other

Other balances held by the Company at the year end include IFDC, Stratus and in 2012 there was a small balance held with AMIC of GBP32,829.

IFDC is a Japanese long-only equity manager which has an unparalleled track record and from which we receive a healthy dividend. During 2013, GBP169,430 was received in way of dividends (31 December 2012: GBP163,020) from our investment of GBP1.0m, producing a 16.2% return.

Other CONTINUED

The equity value of Stratus Technologies Inc at the year end was GBP0.4m (31 December 2012: GBP0.9m).

AMIC was wound up in the year and was formally dissolved on 16 January 2014.The acquisition of AMIC proved highly successful and the Group was able to retain the relationship with two of the holdings, IFDC and LCP.

Company Statement of Comprehensive Income – Reanalysed

As the Company increases its investment in SME lending platforms, the breakdown of the income received will expand. The below table reanalyses the Company Statement of Comprehensive Income to separate out the realised and unrealised gains and losses and gains and losses on currency transactions to try and show a like for like comparison of income earned in the year.

In 2012, the dividend income line included GBP5.2m which related to AMIC. As this subsidiary was being wound down in the year, the dividend payment was received from AMIC to the Company. For comparison purposes for income received in the year, this dividend of GBP5.2m has been excluded.

	31 December 2013	31 December 2012
	GBP	GBP
CLO investment income	11,309,643	10,626,487
BMS	930,135	127,026
Lombardia	54,905	63,770
IFDC	169,430	163,020
Interest income	10,649	9,328
Total income	12,474,762	10,989,631
Expenses	(4,085,439)	(4,827,345)
Profit for the year (reanalysed)	**8,389,323**	6,162,286
Reconciliation to Company Statement of Comprehensive Income:		
Dividends received (AMIC)	-	5,200,436
Realised gain/(loss) on financial asset	(11,941,112)	56,950
Unrealised gain/(loss) on financial asset	11,162,100	(30,420,163)
Gain/(loss) on foreign currency transactions	345,655	(183,051)
Profit/(Loss) for the year	**7,955,966**	**(19,183,542)**
Dividends paid in the year	6,556,713	4,892,597

In the reanalysed numbers, total income has increased by 13.6% this year from GBP11m in 2012 to GBP12.5m in 2013. A large reason for this is the interest earned on the loan with BMS finance as 2013 was the first full year the loan was held for. The original loan was for GBP11.6m at a rate of 8%. This was increased during the year to GBP12.6m.

Investment income received from the CLOs was also up 6.4%, with an increase in the T2 CLO I Ltd as well as an increase in return from the other CLO equity positions. Expenses decreased by 15% in 2013, from GBP4.8m last year to GBP4.1m in 2013.

In the reanalysed Company Statement of Comprehensive Income, the 2013 profit was GBP8.4m, compared to a profit of GBP6.2m in 2012 producing an increase of 36%. Out of the profits, GBP6.5m was paid in the way of dividends to shareholders in 2013 with GBP4.9m paid last year.

Change in Net Asset Value

During the year, we have seen the NAV increase from GBP58.5m to GBP70.1m, representing a 20% increase. GBP10.2m of this was from the issue of new shares with the remainder from profits in the year of GBP8.0m and dividends paid out of GBP6.6m. During the year the number of shares in issue has increased by 18% and the NAV per share has gone from 49.09p at the end of 2012, to 49.99p at the end of this year, being an increase of 2%.

Change in Net Asset Value CONTINUED

	GBP
Balance at 31 December 2012	58,499,843
Net Proceeds from Ordinary Shares issued	10,213,539
Profit for the year	7,955,966
Dividends Paid	(6,556,713)
Balance at 31 December 2013	**70,112,635**
Number of Shares in issue at 31 December 2012	119,179,010
Number of Shares in issue at 31 December 2013	**140,266,411**
NAV per Share at 31 December 2012	49.09p
NAV per Share at 31 December 2013	**49.99p**

FX Rates

The Company has transactions in numerous non-base currencies. The table below lists out the foreign exchange rates used for the years ended 31 December 2013, 31 December 2012 and 31 December 2011:

	Rates of exchange v's GBP1		
Currency	**31 December 2013**	**31 December 2012**	**31 December 2011**
USD	1.6557	1.6255	1.5543
EUR	1.2041	1.2317	1.1987
HKD	12.8394	N/A	N/A
SEK	10.6562	N/A	N/A
CHF	1.4782	1.4873	N/A

Principal Risks and Uncertainties

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

Business risk:

The Company faces risks in a change in economic conditions as well as changes to lending rates and increased competition. The Executive Team monitor current economic information, trends and forecasts on a regular basis as well as the Board and Executive team monitoring data from the advisors and investee companies. The portfolio diversification in fixed and floating rate assets as well as robust underwriting by original platforms is in place to mitigate this risk.

Portfolio Management risk:

There is a risk of underperformance of the underlying investments. Investment advisors provide quarterly reports on the CLO portfolios and there is Company representation on the portfolio company boards with the Chief Executive Officer being involved with portfolio companies' management. The Company closely monitors developments within portfolios companies. The Company also has a currency risk in that it has transactions in non-GBP. The financial statements are prepared in GBP. The Board monitors the foreign exchange fluctuations and considers using a hedging programme to mitigate loss against foreign exchange.

Principal Risks and Uncertainties CONTINUED

Operational risk:

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

Default Risk:

The Company is exposed to default risk from the loans made on the underlying platforms. The Executive Team closely monitor the loans being invested in and are confident in the management skills in accessing risk, origination and recovery. The CEO is on the board of these platforms and is kept informed of procedures around risk and is also alerted to any possible defaults early on. To date the Company has a zero default rate in the loans it has invested in.

Compliance/Regulatory risk:

As a Guernsey Investment Company listed on the AIM market, the Company is required to comply with the AIM Rules. In conjunction with the Nomad, the Company Secretary monitors statutory requirements to ensure compliance with listing rules. As a Guernsey incorporated company under AIM Rules for Companies, the Company is not required to comply with the UK Corporate Governance Code issued by the Financial Reporting Council (formerly the Combined Code on Corporate Governance) and applicable for accounting periods beginning on or after 1 October 2012 (the "UK Code"). However, the Directors place a high importance on ensuring that high standards of corporate governance are maintained and have considered the principles and recommendations of the UK Code. As at 31 December 2013, the Company applies and reports against the principles of the AIC Code. The compliance monitoring policies and procedures operated by the administrator and adopted by the Company provides compliance oversight and regular reporting of the Company's adherence with the Law, applicable legislation issued by the GFSC and provides the Company with reporting channels under anti-money laundering legislation.

Conflicts risk:

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

Note 3 of the Financial Statements gives further details of the 'Risks associated with financial instruments'.

Emma Stubbs
Chief Financial Officer
Date: 25 March 2014

BOARD MEMBERS & EXECUTIVE TEAM

BOARD MEMBERS

James Carthew – Independent Non-Executive Director

James Carthew was for many years a fund manager. He now writes research on closed-end funds quoted in London. His career started at M&G in 1984, where he managed a number of UK equity income funds and the M&G Fund of Investment Trusts. He also covered a variety of sectors as an analyst for M&G, including the Financial Services sector. From 2001-2010 he managed the Advance UK Trust PLC, a quoted global fund of funds that specialised in the promotion of corporate governance within the closed-end fund industry. Today James is head of research at Marten & Co, a boutique specialising in the distribution of sponsored research on UK companies through its quoteddata and martenandco websites. James also writes articles on the closed-end fund industry on a freelance basis for Citywire and sits on the judging panel for the Investment Company of the Year Awards.

Mr Carthew is Chairman of the Audit Committee. He is also a Director on BMS Finance AS Limited, a company which forms part of the GLIF Group.

Patrick Firth – Independent Non-Executive Director

Patrick Firth qualified as a chartered accountant with KPMG in 1991 before building a career in fund administration with roles at Rothschild Asset Management (C.I.) Limited, BISYS where he became Managing Director of BISYS Fund Services (Guernsey) Limited, before joining Bank of Butterfield in 2002. Patrick left Butterfield Fulcrum in 2009 and has since taken on a number of non-executive positions in listed and private companies. Patrick is a former Chairman of the Guernsey Investment Fund Association, a position he held for two years to March 2012, and a member of the AIC Offshore Funds Committee.

Mr Firth is Chairman of the Board. He is also a Director on GLIF BMS Holdings Limited, a company which forms part of the GLIF Group.

Fred Forni – Independent Non-Executive Director

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

Mr Forni is Chairman of the Remuneration Committee.

Geoff Miller – Executive Director

Geoff Miller spent twenty years in the UK financial services industry, as an analyst and as a fund manager, focused within the Non-Bank Financials sector. As an analyst he led the number one-rated UK small and mid-cap Financials team, and as a fund manager ran the largest listed Financials fund in London. He moved offshore in 2007, working in Moscow and Singapore before moving to Guernsey.

In addition to leading the executive team at GLIF, Geoff sits as an independent director on a number of boards of financial and investment companies, including GLIF's investee companies.

EXECUTIVE TEAM

Geoff Miller – Chief Executive Officer

See above.

Emma Stubbs – Chief Financial Officer

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

She is also a Director on Secured Loan Investments Limited, a company which forms part of the GLIF Group, and a director of Finpoint Limited, an investee company within GLIF Group's investment portfolio.

DIRECTORS' REPORT

The Directors present their Annual Report and Audited Consolidated and Company financial statements (the "financial statements") for the year ended 31 December 2013.

The Directors submit their Report together with the Consolidated and Company Statements of Comprehensive Income, the Consolidated and Company Statements of Financial Position, the Consolidated and Company Statements of Changes in Shareholders' Equity, the Consolidated and Company Statements of Cash Flows and the related notes for the year ended 31 December 2013, which have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union, in accordance with any relevant enactment for the time being in force, and are in agreement with the accounting records, which comply with Section 238 of the Companies (Guernsey) Law, 2008.

Principal Activities

GLI Finance Limited (the "Company" or "GLIF") 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 Islands Stock Exchange ("CISX"). In accordance with the terms of the circular to shareholders dated 13 November 2013, application was made to the CISX for the cancellation of the listing of the Company's ordinary shares from the Official List of the CISX. The de-listing took effect on 10 December 2013.

The Company is an investing company for the purpose of the AIM rules. The Executive Team is responsible for the management of the Company. GMB Partners LLP (the "Investment Adviser" or "GMB") 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 management agreement, until 12 April 2013, at which time the investment management agreement was terminated by mutual consent. T2 Advisers provides management of the assets within T2 CLO I Ltd (the "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 CLO, and 20% of the return from CLO to GLIF, over and above USD1,430,000 per quarter. T2 Advisers is also the collateral manager for the 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.

The Group

As at 31 December 2013, the Group comprises the Company and the entities disclosed in note 17 to the financial statements.

Investment Objective & Policy

The Company's objective is to produce a stable and predictable dividend yield, with long term preservation of net asset value. The Company aims to achieve this through the provision of secured lending to small and medium sized companies.

Please refer to pages 68 and 69 for detailed version of the Company's investment objective and policy.

Directors and Executive Team of the Company

A list of the Directors and the Executive Team who served the Company during the year is shown on page 14.

On 18 November 2013, in accordance with a Service Agreement dated 23 October 2013, Emma Stubbs was appointed Chief Financial Officer ("CFO") of the Company. The CFO reports to the Audit Committee.

Results and Dividends

The Group and Company results for the year are set out on pages 28 and 29. Dividends of GBP6,556,713 were paid during the year (31 December 2012: GBP4,892,597).

A detailed review of the Company's performance to 31 December 2013 is contained in the Chief Financial Officer's Report.

Foreign Account Tax Compliance Act

The Foreign Account Tax Compliance Act ("FATCA") became effective on 1 January 2013. The legislation is aimed at determining the ownership of assets of US persons in non-US accounts and improving US tax compliance with respect to those assets. The States of Guernsey has recently announced that it has decided to enter into an intergovernmental agreement ("IGA") with US Treasury in order to facilitate the requirements under FATCA and is currently in negotiations with regards to how this is to be implemented and, as a result, the impact this will have on the Company remains unknown. The Board is in the process of ensuring the Company complies with FATCA's requirements.

Alternative Investment Fund Managers Directive

The Board acknowledges that the Alternative Investment Fund Managers Directive is due to take effect during 2014. We are currently giving this matter consideration and liaising with the Company's advisers to determine the necessary action to be taken.

Substantial Shareholdings

As at 10 March 2014, the Company was aware of the following substantial shareholders who held more than 3 per cent. of issued share capital of the Company:

	Number of Ordinary Shares held*	Percentage of total ordinary shares issued held
AXA Framlington Investment Management	19,813,000	14.13
Affiliated Managers Group	18,712,515	13.34
Waverton Investment Management	12,287,900	8.76
Henderson Group	7,706,578	5.49
Hargreaves Lansdown PLC	6,533,515	4.66
Philip J Milton & Company Plc**	6,039,131	4.31
Barclays Bank	4,862,651	3.47
Unicorn Asset Management	4,625,000	3.30
Bank of New York Mellon	4,372,000	3.12
Brewin Holdings plc	4,369,324	3.12
Reliance Mutual Group	4,365,720	3.11

* Based on the share register as at 10 March 2014

**For or on behalf of Philip J Milton & Company Plc or its discretionary clients

Directors Interests

As at 31 December 2013, the Directors had the following beneficial interests in the Ordinary Shares of the Company:

	31 December 2013		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)*	134,292	0.10	125,000	0.11
Geoff Miller *(Executive Director)*	1,525,223	1.09	850,000	0.71
Frederick Forni	–	–	–	–
James Carthew	200,000	0.14	200,000	0.17

See Note 22 of the financial statements for details of the Directors interest in the Ordinary Shares of the Company as at the date of this report.

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

Statement of Directors' Responsibilities

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

Statement of Directors' Responsibilities CONTINUED

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

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

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

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

Going Concern

The Directors have considered the going concern basis of preparation for financial statements supported by the Director's assessment of the Company's ability to pays its debts as they fall due. The Directors are of the opinion that the Company has adequate financial resources to continue in operational existence for the foreseeable future. Hence the Directors believe it is appropriate to continue to adopt the going concern basis in preparing the financial statement.

Directors Statement

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

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

Approved and signed on behalf of the Board of Directors on 25 March 2014.

Director: Patrick Firth

Director: James Carthew

CORPORATE GOVERNANCE

Compliance

As a Guernsey incorporated company and under the AIM Rules for Companies, it is not a requirement for the Company to comply with The UK Corporate Governance Code ("UK Code"), however, the Directors place a high degree of importance on ensuring that high standards of corporate governance are maintained and have considered the principles and recommendations of the UK Code. Furthermore, the Directors have considered the provisions of the Finance Sector Code of Corporate Governance published by the Guernsey Financial Services Commission ("GFSC") in September 2011 (the "Guernsey Code"), and the AIC Code of Corporate Governance (the "AIC Code").

The Board has considered the principles and recommendations of the AIC Code by reference to the AIC Corporate Governance Guide for Investment Companies ("AIC Guide"). The AIC Code, as explained by the AIC Guide, addresses all the principles set out in the UK Code, as well as setting out additional principles and recommendations on issues that are of specific relevance to the Company.

The Board considers that reporting against the principles and recommendations of the AIC Code, and by reference to the AIC Guide (which incorporates the UK Code), will provide better information to Shareholders.

As at 31 December 2013, the Company complied substantially with the relevant provisions of the UK Code and the AIC Code and it is the intention of the Board that the Company will comply with those provisions (save with regard to the following provisions listed below) throughout the year ending 31 December 2014:

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

- *Establishment of nomination committee:* Due to its size and composition, the Board does not consider it necessary to establish a nomination committee. The Board as a whole monitors performance and arrangements for director succession, either through Board meetings or, if appropriate, through the use of an appropriately constituted committee or through the appointment of an external search consultancy. Prospective candidates will be considered on merit, against objective criteria and with due regard for the benefits of diversity on the Board, including gender. The Company did not engage the services of an external search consultancy during the year.

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

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

During the year under review, the Board authorised Mr Carthew and Mr Miller to review the suitability of the Company adopting the UK Code. As at 31 December 2013, the Company continues to apply and report against the principles of the AIC Code pending the outcome of this review and a possible transition to the UK Code.

Composition and Independence of Directors

As at 31 December 2013, the Board consisted of four members, three of whom are non-executive and independent. During 2011, Mr Miller became an executive Director of the Company and is therefore not considered independent under the AIC Code.

The Chairman of the Board is Patrick Firth and biographies for all Directors can be found on page 14. In considering the independence of the Chairman, the Board has taken note of the provisions of the AIC Code relating to independence and has determined that Patrick Firth is an Independent Director.

The Directors recognise the importance of succession planning for the Company's Board and review the composition of the Board annually. As of June 2014, Patrick Firth and Fred Forni will have each served as Directors of the Company for nine years, however, the Board is of the view that length of service will not necessarily compromise the independence or contribution of Directors of an investment company where continuity and experience can be a benefit to the Board. In considering the independence of the Chairman and Mr Forni, the Board has considered the provisions of the AIC Code relating to independence and remains satisfied that they remain independent of the Company, despite their length of service.

Composition and Independence of Directors CONTINUED

The Board agrees with the view expressed in the AIC Code that long serving Directors should not be prevented from forming part of an independent majority or from acting as Chairman and no limit has been imposed on the overall length of service of the Directors. Each Director will retire, and seek reappointment at every third annual general meeting ("AGM").

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

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

The Board, Audit Committee and Remuneration Committee undertake an annual evaluation of their own performance and that of individual Directors on an annual basis. This includes a formal process of self-appraisal together with the Chairman reviewing each member's performance, contribution and commitment to the Group. The remainder of the Board is responsible for evaluating the performance of the Chairman. The Chairman also has responsibility for assessing the individual Board members' training requirements.

Executive Team

The Company employs an executive team comprising Geoff Miller, who became Chief Executive Officer ("CEO") during 2011, and Emma Stubbs who was appointed as the Company's Chief Financial Officer ("CFO") on 18 November 2013 (together the "Executive Team").

The non-executive independent Directors monitor and evaluate the performance of the CEO and CFO.

Board Committees

Audit Committee

An Audit Committee has been appointed and conducts formal meetings at least three times a year. The Audit Committee's main role and responsibilities is to provide advice to the Board on whether the annual report and financial statement, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy. The other principal duties, amongst others, is to consider the appointment, independence, effectiveness of the audit and remuneration of the auditor and to review and recommend the annual statutory accounts and interim report to the Board of Directors. Where non-audit services are to be provided to the Group by the auditor, full consideration of the financial and other implications on the independence of the auditor arising from any such engagement will be considered before proceeding. The Audit Committee is chaired by James Carthew and its other members are Patrick Firth and Fred Forni. The Board have considered the membership of the Audit Committee and have determined that the members of the Audit Committee have recent and relevant financial experience. For the principal duties and report of the Audit Committee please refer to the Audit Committee Report on pages 21 and 22.

Remuneration Committee

Further to the appointment of Geoffrey Miller as an executive Director, the Board resolved in 2011 to appoint a Remuneration Committee comprised of Fred Forni as Chairman, Patrick Firth and James Carthew. The key duties include, but are not limited to, agreeing a framework for Director remuneration, ensuring management staff are appropriately incentivised to enhance performance, and reviewing the effectiveness of the remuneration policy on an on going basis. The Remuneration Committee, which was formed on 16 August 2011,has adopted a formal terms of reference. Refer to the Remuneration Report on pages 23 and 24 for details of fees paid to the Directors during the year.

Management Engagement and Nomination Committees

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

Meetings

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

Meetings CONTINUED

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

	Board			
	Management	Other	Remuneration Committee	Audit Committee
Patrick Firth *(Chairman)*	4 of 4	12 of 12	1 of 1	5 of 5
Geoffrey Miller	4 of 4	11 of 12	-	-
Frederick Forni	4 of 4	10 of 12	1 of 1	5 of 5
James Carthew	4 of 4	7 of 12	1 of 1	5 of 5

Anti-bribery and Corruption

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

Shareholder Views

The Net Asset Value figures are published monthly. The Boards advisers and the Executive Team plans to implement regular dialogue with institutional shareholders, the feedback from which will be reported to the Board and the Chairman. Shareholders who wish to communicate with the Board should contact the Administrator in the first instance, whose contact details can be found on page 1.

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

Social, Ethical and Environmental Policies

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

AUDIT COMMITTEE REPORT

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

Chairman and Membership

The Audit Committee is chaired by James Carthew, and its other members are the other independent Directors of the Company. Only independent Directors serve on the Audit Committee and members of the Audit Committee have no links with the Company's external auditor and are independent of the Executive Team and the Investment Adviser. The Audit Committee meets not less than three times a year in Guernsey, and meets the external auditor at least twice a year in Guernsey. The identity of the chairman of the Audit Committee is reviewed on an annual basis and the membership of the Audit Committee and its terms of reference are kept under review.

Duties

The principal duties of the Audit Committee in discharging its responsibilities include reviewing the Annual Report and Audited Financial Statements and Interim Report and Unaudited Financial Statements, the valuation of the Company's investment portfolio, the system of internal controls and the terms of appointment of the external auditor together with their remuneration. The Audit Committee consider the appointment of the external auditor, discuss and agree with the external auditor the nature and scope of the audit, keep under review the agreed scope, review the results and effectiveness of the audit and the independence and objectivity of the external auditor, and review the external auditor's letter of engagement and management letter. The Audit Committee is responsible for monitoring the financial reporting process, including the appropriateness of the Company's accounting policies, and the effectiveness of the Company's internal control and risk management systems by analysing the key procedures adopted by the Group's service providers. The Audit Committee is also responsible for overseeing the Company's relationship with the external auditor, including making recommendations to the Board on the appointment of the external auditor and their remuneration. The Audit Committee also reviews, considers and, if thought appropriate, recommends for the purposes of the Group's Financial Statements valuations prepared by the Investment Adviser or Executive Team. These valuations are the most critical element in the Group's Financial Statements and the Audit Committee questions them carefully.

Financial Reporting and Audit

The Audit Committee reviews, considers and, if thought appropriate, recommends to the Board the approval of the contents of the Half Yearly Report and Unaudited Financial Statements and Annual Report and Audited Financial Statements together with the external auditor's report thereon. The Audit Committee focuses particularly on compliance with legal requirements, accounting standards and the relevant Listing Rules and ensuring that an effective system of internal financial and non-financial controls is maintained. The ultimate responsibility for reviewing and approving the Half Yearly Report and Unaudited Financial Statements and Annual Report and Audited Financial Statements remains with the Board.

The Audit Committee provides a formal forum through which the external auditor reports to the Board and the external auditor is invited to attend Audit Committee meetings at which Annual and Half Yearly Financial Statements are considered.

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

Note 3 to the Financial Statements highlights that the total carrying amount of the Group's financial assets and liabilities was GBP220.7m and GBP142.3m respectively. Freely tradeable market prices are not available for these financial assets and liabilities such that the Group's financial assets and liabilities are valued based on the accounting policies described in detail in Note 2(m) to the Financial Statements. The valuation process and methodology have been discussed with the Investment Adviser, Executive Team and external auditor. The Investment Adviser and Executive Team provide a detailed valuation report to the Company on a quarterly basis. The Audit Committee has reviewed the valuation report and the Investment Adviser and Executive Team have confirmed to the Audit Committee that the valuation methodology has been applied consistently during the year and that the external auditor's work had not identified any errors or inconsistencies that were material in the context of the Financial Statements as a whole.

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

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

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

During 2013, the Audit Committee considered the length of tenure of the external auditor and assessed the suitability of the current arrangements in light of the expected future requirements of the business. It was subsequently agreed to re-tender the Group's audit and proposal requests were submitted to three of the major audit firms operating in Guernsey. Having met with each firm and after due consideration given to each proposal, it was agreed by the Audit Committee that on the grounds of cost, the quality of the service provided and the credentials of the external auditor, it remained appropriate to retain the services of Grant Thornton Limited for the current period. This is the fourth year of Grant Thornton Limited's appointment as the Company's external auditor. The Audit Committee will assess whether a formal re-tendering of the Group's audit is appropriate on an annual basis.

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

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

In accordance with the guidance published in the Turnbull Report by the Financial Reporting Council (the "FRC"), the Audit Committee has reviewed the Company's internal control procedures. These internal controls are implemented by the Company's two main service providers, the Investment Adviser and the Administrator. The Audit Committee has performed reviews of the internal financial control systems and risk management systems during the year. The Audit Committee is satisfied with the internal financial control systems of the Group.

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

On behalf of the Audit Committee

James Carthew
Audit Committee Chairman
Date: 25 March 2014

REMUNERATION REPORT

Introduction

An ordinary resolution for the approval of the annual remuneration report will be put to the shareholders at the annual general meeting to be held in 2014.

Remuneration Policy

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

Non-Executive Directors

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

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

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

Executive Team

Fixed Salary

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

Executive Bonus Scheme

In addition to the fixed salary referred to above, the Executive Team members are also entitled to a contractual bonus. Prior to 21 January 2013, in accordance with the Employment Contract the actual bonus amount paid 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 at that time, 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. Mrs Stubbs became eligible to participate in the Executive Bonus Scheme with effect from 1 December 2013.

In addition to participation in the Executive Bonus Scheme, Mrs Stubbs is entitled to a guaranteed cash bonus of GBP10,000 for the year 1 December 2013 to 30 November 2014. As at 31 December 2013, the accrued cash bonus recognised in the Company's Statement of Total Comprehensive Income was GBP821.

Remuneration

Non-Executive Directors

For the year then ended 31 December 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:

	31 December 2013	31 December 2012
	GBP	GBP
Patrick Firth *(Chairman)*	42,500	40,000
Frederick Forni	27,500	25,000
James Carthew	35,000	25,000

The increase in Directors' fees noted above became effective 1 January 2013.

Executive Team

For the year ended 31 December 2013, the Executive Team members' annual salaries, excluding all reasonable expenses incurred in the course of their duties which were reimbursed by the Company, were as detailed in the table below:

	31 December 2013		31 December 2012	
	Fixed Salary	**Executive Bonus Scheme**	Fixed Salary	Executive Bonus Scheme
	GBP	**GBP**	GBP	GBP
Geoff Miller (CEO)	150,000	–	150,000	936,367
Emma Stubbs (CFO)	10,962*	–	N/A	N/A

*appointed 18 November 2013 with a fixed annualised salary of GBP90,000.

During the current year, the Remuneration Committee resolved to settle to Mr Miller's deferred bonus accrual as at 31 December 2012, one half in cash and one half in shares which the Company purchased from the market.

Other than the above, there were no other fees paid to the Board and or Executive Team. Please note as the Executive Bonus Scheme is a non-fixed amount, total Executive Team remuneration will fluctuate year on year. The Company did not engage the services of an external remuneration consultant during the year.

On behalf of the Remuneration Committee

Fred Forni
Remuneration Committee Chairman
Date: 25 March 2014

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

We have audited the Consolidated and Company financial statements (the "financial statements") of GLI Finance Limited (the "Company") for the year ended 31 December 2013 which comprise the Consolidated and Company Statements of Comprehensive Income, the Consolidated and Company Statements of Financial Position, the Consolidated and Company Statements of Changes in Shareholders' Equity, the Consolidated and Company Statements of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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

Respective responsibilities of Directors and auditors

As explained more fully in the Statement of Directors' Responsibilities on pages 16 and 17, the Directors are responsible for the preparation of the financial statements which give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable legal and regulatory requirements and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Auditor commentary

An overview of the scope of our audit

Our audit approach was based on a thorough understanding of the Company's business and is risk-based. The day-to-day management of the Company's investment portfolio, the custody of its investments and the maintenance of the Company's accounting records is outsourced to third-party service providers. Accordingly, our audit work is focussed on obtaining an understanding of, and evaluating, internal controls at the Company and the third-party service providers, and inspecting records and documents held by the third-party service providers. We undertook substantive testing on significant transactions, balances and disclosures, the extent of which was based on various factors such as our overall assessment of the control environment, the effectiveness of controls over individual systems and the management of specific risks.

The Group financial statements are a consolidation of 9 reporting units comprising the parent company, T2 CLO 1 Limited ("T2 CLO"), Asset Management Investment Company Limited ("AMIC"), Secured Loan Investments Limited ("SLI"), GLIF BMS Holdings Limited ("GLIF BMS") and its subsidiaries including BMS Finance AB Limited ("BMS Finance"), Noble Venture II Nominees Limited ("NV2N"), NVF Tech Limited ("NVF Tech") and Hiwave (Hong Kong) Limited ("Hiwave HK"). The overall approach to the group audit included performing a full audit of the parent company and the group consolidation, and the financial information of T2 CLO and GLIF BMS. Specified audit procedures were performed on certain material balances and transactions for BMS Finance, NV2N and NVF Tech.

In establishing the overall approach to the Group audit, we determined the work that needed to be performed at the subsidiary undertakings, as the Group engagement team, or component auditors operating under our instruction. Where the work was performed by component auditors, we determined the level of involvement we needed to have in the audit work of those reporting units to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis for our opinion on the Group financial statements as a whole.

Our application of materiality

We apply the concept of materiality in planning and performing our audit, in evaluating the effect of any identified misstatements and in forming our opinion. For the purpose of determining whether the financial statements are free from material misstatement we define materiality as the magnitude of a misstatement or an omission from the financial statements or related disclosures that would make it probable that the judgement of a reasonable person relying on the information would have been changed or influenced by the misstatement or omission. We also determine a level of performance materiality which we use to determine the extent of testing needed to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole. For the group audit, we established a materiality for the Group financial statements

Our application of materiality CONTINUED

taken as a whole to be GBP773,000, which is 1% of the Group's net asset value. For the financial information of the individual parent and subsidiary undertakings, we set our materiality based on a proportion of group materiality appropriate to the relative scales of each of the businesses.

We have determined the threshold at which we communicate misstatements to the Audit Committee to be GBP37,850. In addition, we communicate misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

Our assessment of risk

Without modifying our opinion, we highlight the following matters that are, in our judgement, likely to be most important to users' understanding of our audit. Our audit procedures relating to these matters were designed in the context of our audit of the financial statements as a whole, and not to express an opinion on individual transactions, account balances or disclosures.

Financial assets designated at fair value through profit or loss

The principal activity of the Group is the provision of secured lending to small and medium sized companies with the objective to produce a stable and predictable dividend yield, with long term provision of net asset value. Accordingly, the investment portfolio is the largest asset in the financial statements and is designated at fair value through profit or loss ("FVTPL") in accordance with IAS 32 "Financial Instruments: Recognition and Measurement". Measurement of the value of an unquoted investment includes significant assumptions and judgements and we have therefore identified the valuation of financial assets as a significant risk requiring special audit consideration.

Our audit work included, but was not restricted to, obtaining an understanding of how valuations are performed and Board's process to recognise and measure investments.

For broadly syndicated loans, we obtained confirmation of investments held at the year end directly from the independent custodian and reconciled these to the records maintained by the Group's Administrator, testing a selection of investment additions and disposals to supporting documentation, and agreeing the valuation of the broadly syndicated loans to an independent source of market prices specifically market quotes from agent banks and analysis from the Investment Manager of the portfolio company in cases wherein a significant change in the credit profile of the said portfolio company has been noted. In such instances, we obtained an external valuation report to support the carrying amount at the year end.

For unquoted investments, our audit work included reviewing share certificates held by the Group and reconciling these to the records maintained by the Group's Administrator, obtaining an understanding of how valuations are performed, assessment of whether the valuations were made in accordance with published guidance, discussions with the Administrator and Investment Manager and challenging the valuation in conjunction with inspection of supporting documentation.

The Group's accounting policy and other disclosures on financial assets designated at FVTPL are included in Notes 2 and 3 to the financial statements.

Financial liabilities designated at fair value through profit or loss ("FVTPL")

The Group obtains financing from third parties through the issuance of collateralised loan notes ("CLO"). The recognition and measurement of the CLO is accounted for in accordance with IAS 32 "Financial Instruments: Recognition and Measurement" and is based on significant judgements and assumptions. We therefore identified the measurement of the CLO as a significant risk that requires special audit consideration.

Our audit work included, but was not restricted to, obtaining confirmation of loan notes outstanding at the year end directly from the independent trustee of T2 CLO and reconciling these to the records maintained by the Group's Administrator, testing capital repayments to supporting documentation, and agreeing prices from independent valuation experts to the prices recorded in the books of the Group. We obtained the market value report provided by the independent broker-dealer which makes the market in the CLO notes.

The Group's accounting policy and other disclosures on financial liabilities designated at FVTPL are included in Notes 2 and 3 to the financial statements.

Revenue recognition

Under ISAs (UK & Ireland), there is a presumed risk that revenue may be misstated due to improper recognition of revenues. Due to the nature of this risk we are required to assess it as a significant risk requiring special audit considerations.

Our audit work included, but was not restricted to, assessing whether the Group's revenue recognition policies conform to IAS 18 Revenues and reviewing significant contracts to determine whether interest and/or dividends have been accounted for in accordance with that policy.

The Group's accounting policy in respect of revenue recognition is included in Note 2.

Management override of internal control

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

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

In particular, our work on financial assets and liabilities at FVTPL addressed key aspects of ISA 240.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and Company's affairs as at 31 December 2013 and of the Group's and Company's profit for the year then ended;
- are in accordance with IFRSs as adopted by the European Union; and
- comply with The Companies (Guernsey) Law 2008.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

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

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

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

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

- proper accounting records have not been kept by the Company; or
- the Company financial statements are not in agreement with the accounting records; or
- we have not obtained all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

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

Date: 25 March 2014

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	31 December 2013 GBP	31 December 2012 GBP
Revenue			
Interest income		**13,110,495**	12,634,355
Dividend revenue		**1,944,179**	2,229,126
		15,054,674	14,863,481
Investment income			
Net (loss)/gain on financial assets and liabilities at fair value through profit or loss			
- Realised (losses)/gains	3 & 9	**(11,295,684)**	3,719,522
- Net movement in unrealised gains/(losses)	9	**4,544,547**	(18,578,336)
		(6,751,137)	(14,858,814)
Other income	4	**1,835,913**	579,439
Gain/(loss) on foreign currency transactions		**399,541**	(272,547)
Total income		**10,538,991**	311,559
Expenses			
Management fees	5	**2,090,615**	1,852,473
Administration and secretarial fees	5	**153,540**	111,665
Custodian fees	5	**15,572**	15,010
Legal and professional fees		**446,093**	712,629
Directors' remuneration	5	**105,000**	90,000
Directors' and officers' insurance		**28,891**	50,730
Audit fees		**44,100**	46,100
Executive Team remuneration	5	**161,783**	1,086,367
Other expenses	5	**3,467,750**	1,454,855
Operating expenses before finance costs		**6,513,344**	5,419,829
Net profit/(loss) from operations before finance costs		**4,025,647**	(5,108,270)
- Finance costs	13	**(2,140,193)**	(2,289,156)
Profit/(loss) for the year after finance costs		**1,885,454**	(7,397,426)
Net losses on Associates	9	**(118,716)**	-
Profit/(loss) for the year		**1,766,738**	(7,397,426)
Other comprehensive income			
Foreign exchange on consolidation		**(226,457)**	(755,434)
Total comprehensive income/(loss) for the year		**1,540,281**	(8,152,860)
Profit/(loss) attributable to:			
Equity holders of the Company		**1,116,837**	(7,699,034)
Non-controlling interest		**649,901**	301,608
		1,766,738	(7,397,426)
Total comprehensive income/(loss) attributable to:			
Equity holders of the Company		**890,380**	(8,454,469)
Non-controlling interest		**649,901**	301,608
		1,540,281	(8,152,861)
Basic earnings/(loss) per Ordinary Share	6	**0.84p**	(7.59)p
Diluted earnings/(loss) per Ordinary Share	6	**0.84p**	(7.59)p

The accompanying notes on pages 36 to 67 form an integral part of these financial statements.

COMPANY STATEMENT OF COMPREHENSIVE INCOME

	Notes	31 December 2013 GBP	31 December 2012 GBP
Revenue			
Interest income		**10,574,839**	9,159,796
Dividend revenue		**1,889,274**	7,020,943
		12,464,113	16,180,739
Investment income			
Net loss on financial assets and liabilities at fair value through profit or loss			
- Realised (losses)/gains	9	**(11,941,112)**	56,950
- Net movement in unrealised gains/(losses)	9	**11,162,100**	(30,420,163)
		(779,012)	(30,363,213)
Other income	4	**10,649**	9,328
Gain/(loss) on foreign currency transactions		**345,655**	(183,051)
Total income/(loss)		**12,041,405**	(14,356,197)
Expenses			
Management fees	5	**2,090,615**	1,852,473
Administration and secretarial fees	5	**153,540**	111,665
Custodian fees	5	**15,572**	15,010
Legal and professional fees		**446,093**	712,629
Directors' remuneration	5	**105,000**	90,000
Directors' and officers' insurance		**28,891**	50,730
Audit fees		**44,100**	46,100
Executive Team remuneration	5	**161,783**	1,086,367
Other expenses	5	**539,808**	488,088
Operating expenses before finance costs		**3,585,402**	4,453,062
Net profit/(loss) from operations before finance costs		**8,456,003**	(18,809,259)
- Finance costs		**(500,037)**	(374,283)
Profit/(loss) for the year after finance costs		**7,955,966**	(19,183,542)
Total comprehensive income/(loss) for the year		**7,955,966**	(19,183,542)
Basic earnings/(loss) per Ordinary Share	6	**6.01p**	(18.92)p
Diluted earnings/(loss) per Ordinary Share	6	**6.01p**	(18.92)p

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

The accompanying notes on pages 36 to 67 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	31 December 2013 GBP	31 December 2012 GBP
ASSETS			
Non-current assets			
Fixed assets – tangible	7	**376**	-
Fixed assets – intangible intellectual property	8	**1,466,397**	-
Financial assets available for sale	9	**791,126**	-
Financial assets at fair value through profit or loss	9	**198,734,550**	186,205,113
Associates at equity method accounting	9	**5,001,161**	-
		205,993,610	186,205,113
Current assets			
Trade and other receivables	11	**3,295,679**	2,116,241
Cash and cash equivalents	12	**18,106,171**	26,971,750
		21,401,850	29,087,991
Total assets		**227,395,460**	215,293,104
EQUITY			
Share premium	14	**39,651,059**	29,437,520
Distributable reserve		**34,802,740**	34,802,740
Foreign exchange reserve		**(1,892,799)**	(1,666,342)
Retained earnings		**1,507,621**	6,654,999
Capital and reserves attributable to equity holders of the Company		**74,068,621**	69,228,917
Non-controlling interest		**992,344**	634,941
Total equity		**75,060,965**	69,863,858
LIABILITIES			
Non-current liabilities			
Loan notes at fair value through profit or loss	13	**137,767,085**	142,376,297
Trade and other payables	13	**8,971,204**	869,486
		146,738,289	143,245,783
Current liabilities			
Trade and other payables	13	**5,596,206**	2,183,463
Total liabilities		**152,334,495**	145,429,246
Total equity and liabilities		**227,395,460**	215,293,104
Net Asset Value per Ordinary Share	15	**52.81p**	58.09p

The financial statements were approved by the Board of Directors on 25 March 2014 and were signed on its behalf by:

Director: Patrick Firth

Director: James Carthew

The accompanying notes on pages 36 to 67 form an integral part of these financial statements.

COMPANY STATEMENT OF FINANCIAL POSITION

	Notes	31 December 2013 GBP	31 December 2012 GBP
ASSETS			
Non-current assets			
Other financial assets held at fair value through profit or loss	9	**28,776,739**	19,611,519
Subsidiaries held at fair value through profit or loss	9	**34,285,809**	34,053,889
Associates held at fair value through profit or loss	9	**4,405,948**	-
		67,468,496	53,665,408
Current assets			
Trade and other receivables	11	**1,664,543**	515,770
Cash and cash equivalents	12	**4,040,663**	6,047,250
		5,705,206	6,563,020
Total assets		**73,173,702**	60,228,428
EQUITY			
Share premium	14	**39,651,059**	29,437,520
Distributable reserve		**34,802,740**	34,802,740
Retained earnings		**(4,341,164)**	(5,740,417)
Total equity		**70,112,635**	58,499,843
LIABILITIES			
Non-current liabilities			
Trade and other payables	13	**-**	869,486
Current liabilities			
Trade and other payables	13	**3,061,067**	859,099
Total liabilities		**3,061,067**	1,728,585
Total equity and liabilities		**73,173,702**	60,228,428
Net Asset Value per Ordinary Share	15	**49.99p**	49.09p

The financial statements were approved by the Board of Directors on 25 March 2014 and were signed on its behalf by:

Director: Patrick Firth

Director: James Carthew

The accompanying notes on pages 36 to 67 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Share Capital GBP	Share Premium GBP	Distributable Reserve GBP	Foreign Exchange Reserve GBP	Retained Earnings GBP	Capital and reserves attributable to equity holders of the Company GBP	Non-controlling Interest GBP	**Total Equity GBP**
Balance at 31 December 2011	–	19,289,035	34,802,740	(910,908)	19,246,630	72,427,497	–	**72,427,497**
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*	–	–	–	–	(4,892,597)	(4,892,597)	(658,790)	**(5,551,387)**
Transactions with owners	–	10,148,485	–	–	(4,892,597)	5,255,888	333,333	**5,589,221**
(Loss)/profit for the year	–	–	–	–	(7,699,034)	(7,699,034)	301,608	**(7,397,426)**
Other comprehensive income:								
Foreign exchange on consolidation	–	–	–	(755,434)	–	(755,434)	–	**(755,434)**
Total comprehensive (loss)/income for the year	–	–	–	(755,434)	(7,699,034)	(8,454,468)	301,608	**(8,152,860)**
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)	–	10,213,539	–	–	–	10,213,539	–	**10,213,539**
Dividends paid**	–	–	–	–	(6,556,713)	(6,556,713)	–	**(6,556,713)**
Dividends paid to non-controlling interest	–	–	–	–	292,498	292,498	(292,498)	**–**
Transactions with owners	–	10,213,539	–	–	(6,264,215)	3,949,324	(292,498)	**3,656,826**
Profit for the year	–	–	–	–	1,116,837	1,116,837	649,901	**1,766,738**
Other comprehensive income:								
Foreign exchange on consolidation	–	–	–	(226,457)	–	(226,457)	–	**(226,457)**
Total comprehensive (loss)/income for the year	–	–	–	(226,457)	1,116,837	890,380	649,901	**1,540,281**
Balance at 31 December 2013	–	39,651,059	34,802,740	(1,892,799)	1,507,621	74,068,621	992,344	**75,060,965**

*During the year ended 31 December 2012, the Company made four dividend payments, totalling 4.7 pence per Ordinary Share.
**During the year ended 31 December 2013, the Company made four dividend payments, totalling 5.0 pence per Ordinary Share.

The accompanying notes on pages 36 to 67 form an integral part of these financial statements.

COMPANY STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Share Capital GBP	Share Premium GBP	Distributable Reserve GBP	Retained Earnings GBP	**Total Equity GBP**
Balance at 31 December 2011	–	19,289,035	34,802,740	18,335,722	**72,427,497**
Net proceeds from Ordinary Shares issued (note 14)	–	10,148,485	–	–	**10,148,485**
Dividends paid*	–	–	–	(4,892,597)	**(4,892,597)**
Transactions with owners	–	10,148,485	–	(4,892,597)	**5,255,888**
Loss for the year	–	–	–	(19,183,542)	**(19,183,542)**
Total comprehensive loss for the year	–	–	–	(19,183,542)	**(19,183,542)**
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)	–	10,213,539	–	–	**10,213,539**
Dividends paid**	–	–	–	(6,556,713)	**(6,556,713)**
Transactions with owners	–	10,213,539	–	(6,556,713)	**3,656,826**
Profit for the year	–	–	–	7,955,966	**7,955,966**
Total comprehensive income for the year	–	–	–	7,955,966	**7,955,966**
Balance at 31 December 2013	–	39,651,059	34,802,740	(4,341,164)	**70,112,635**

*During the year ended 31 December 2012, the Company made four dividend payments, totalling 4.7 pence per Ordinary Share.

**During the year ended 31 December 2013, the Company made four dividend payments, totalling 5.0 pence per Ordinary Share.

The accompanying notes on pages 36 to 67 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	31 December 2013 GBP	31 December 2012 GBP
Cash flows from/(used in) operating activities			
Cash generated from operations	16	**14,061,389**	9,269,487
Purchase of investments		**(117,309,344)**	(116,308,742)
Sale of investments		**5,658,879**	15,557,634
Principal received		**94,647,752**	102,375,553
Net cash (outflow)/inflow (used in)/from operating activities		**(2,941,324)**	10,893,932
Cash flows (used in)/from investing activities			
Business combination (acquisition of Subsidiary)	10	**(60,658)**	(3,166,667)
Fixed assets acquired - tangible		**(11,129)**	-
Fixed assets disposed - tangible		**63,018**	-
Fixed assets acquired - intangible		**(927,837)**	-
Net cash outflow used in investing activities		**(936,606)**	(3,166,667)
Cash flows from/(used in) financing activities			
Cash paid on repurchase of loan notes		**(8,418,018)**	-
Ordinary Shares issued proceeds received		**10,126,560**	1,189,002
Dividends paid		**(6,469,734)**	(4,892,597)
Net cash outflow used in financing activities		**(4,761,192)**	(3,703,595)
Net (decrease)/increase in cash and cash equivalents		**(8,639,122)**	4,023,670
Cash and cash equivalents at beginning of year		**26,971,750**	23,703,514
Effect of foreign exchange rate changes during the year		**(226,457)**	(755,434)
Cash and cash equivalents at end of year	12	**18,106,171**	26,971,750

The accompanying notes on pages 36 to 67 form an integral part of these financial statements.

COMPANY STATEMENT OF CASH FLOWS

	Notes	31 December 2013 GBP	31 December 2012 GBP
Cash flows from/(used in) operating activities			
Cash generated from operations	16	**6,193,688**	10,919,210
Purchase of investments		**(12,647,207)**	-
Sale of investments		**504,237**	-
Principal received		**285,869**	242,773
Net cash (outflow)/inflow (used in)/from operating activities		**(5,663,413)**	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		**10,126,560**	1,189,002
Dividends paid		**(6,469,734)**	(4,892,597)
Net cash inflow/(outflow) from/(used in) financing activities		**3,656,826**	(3,703,595)
Net (decrease)/increase in cash and cash equivalents		**(2,006,587)**	4,291,721
Cash and cash equivalents at beginning of year		**6,047,250**	1,755,529
Cash and cash equivalents at end of year	12	**4,040,663**	6,047,250

The accompanying notes on pages 36 to 67 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's Ordinary Shares were cancelled from the Official List of the CISX on 10 December 2013. The Company does not have a fixed life and the Articles do not contain any trigger events for a voluntary liquidation of the Company.

The Company is an investing company for the purpose of the AIM rules. The Executive Team is responsible for the management of the Company. 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. 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"). During 2013, having sold or transferred all its investments, AMIC was liquidated.

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 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"). 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.

On 18 March 2013, BMS acquired 100% of the equity holding in NVF Tech Limited (formerly HiWave Technologies (UK) Limited) ("NVF Tech") and HiWave (Hong Kong) Limited ("HiWave HK") via a sale and purchase agreement with HiWave Technologies PLC ("HiWave PLC"). The consideration for this transaction was GBP100,000. Together BMS, BMS Finance AB, NV2N, NVF Tech and HiWave HK make up BMS Group. During the latter part of 2013 the ownership of Hiwave HK was transferred from BMS to NVF Tech before being sold by the Group.

On 27 December 2013, the Company incorporated a wholly own subsidiary called Secured Loan Investments Limited ("SLI"). As at the year end SLI was yet to commence trading.

As at 31 December 2013, the Group comprises the Company, CLO, BMS, BMS Finance AB, NV2N, NVF Tech and SLI.

2. ACCOUNTING POLICIES

(a) Basis of preparation

The consolidated and separate financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as adopted by the European Union ("EU"), and all applicable requirements of Guernsey Company Law. The financial statements have been prepared under the historical cost convention, apart from the 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, except for the application of new standards, and are set out below. Comparative information in the primary statements is given for the year ended 31 December 2012.

2. ACCOUNTING POLICIES CONTINUED

(b) Basis of consolidation

The financial statements comprise the results of the Company and its subsidiaries T2 CLO, AMIC, BMS, BMS Finance AB, NV2N, NVF Tech, SLI and HiWave HK (the "Group") for the year ended 31 December 2013. Subsidiaries are all entities over which the Company exercises control or owns greater than 50 per cent of the residual economic interest during the year. 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 obtained and exercised control of the AMIC subsidiary through ownership of 100% of AMIC's equity shares during the year (as at 31 December 2013 had been liquidated). 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 and NVF Tech are all direct subsidiaries of BMS, with BMS owning 100%, 70.75%, and 95% of the equity shares respectively. Hiwave HK was a direct subsidiary of NVF Tech during the year, with NVF Tech owning 100% of the equity shares in Hiwave HK. The Group disposed of Hiwave HK during 2013. The Company obtained and exercised control of the SLI subsidiary through ownership of 100% of SLI's equity shares. As at the year end SLI was yet to commence trading. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are deconsolidated from the date that control ceases. Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable. Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated in full on consolidation.

As at the year end, the Company carries its direct investments in subsidiaries at fair value through profit or loss, based upon the fair value of the assets and liabilities held by subsidiaries.

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.

(d) Foreign currency translation

(i) Functional and presentation currency

The financial statements of the Company and the Group are presented in the currency of the primary economic environment in which the Company operates (its functional currency). The Directors have considered the primary economic currency of the Company and considered the currency in which 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, NVF Tech and SLI subsidiaries held during the year, with US Dollars the functional currency of the T2 CLO subsidiary. Therefore the books and records are maintained in Sterling and US 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.

(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.

2. ACCOUNTING POLICIES CONTINUED

(d) Foreign currency translation CONTINUED

(ii) Transactions and balances CONTINUED

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 31 December 2013 are as follows:

GBP1: USD1.6557
GBP1: EUR1.2041
GBP1: HKD12.8394
GBP1: SEK10.6562
GBP1: CHF1.4782

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

(e) Revenue recognition

Revenue is recognised as follows:

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

(f) Other income

Other income relates to interest income, arrangement fees received and bargain purchase gains, if any, on acquisitions of subsidiaries (refer to note 2(c)). 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 share issue expenses which were offset against share premium) are charged through the Consolidated Statement of Comprehensive Income.

(h) Taxation

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

(i) Dividends

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

(j) Cash and cash equivalents

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

(k) Trade and other receivables

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

(l) Trade and other payables

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

(m) Investments and loan notes

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

Recognition and initial measurement

Financial assets and financial liabilities at fair value through profit or loss are initially recognised on the trade date, which is the date on which the Group becomes party to the contractual provisions of the instrument. Other financial assets and liabilities are recognised on the date on which they are originated.

2. ACCOUNTING POLICIES CONTINUED

(m) Investments and loan notes CONTINUED

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

Recognition and initial measurement CONTINUED

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

Fair value measurement

Fair value policy applicable from 1 January 2013

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

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

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

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

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.

For broadly syndicated loans the Group 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.

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 Group 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.

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.

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

Where this is the case or where no value is provided by the managers or administrators of the underlying funds, then the fair value is estimated with care and in good faith by the Directors in consultation with the Investment Manager with a view to establishing the probable realisation value for such units or shares as at close of business on the relevant valuation day. This process is also applied, where the Directors deem it necessary, to those funds subject to suspension, gating, side pockets, orderly wind down or liquidation.

2. ACCOUNTING POLICIES CONTINUED

(m) Investments and loan notes CONTINUED

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

Fair value measurement CONTINUED

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 include all realised and unrealised fair value changes, interest (using the effective interest rate method), dividends, finance costs and foreign exchange differences.

Policy applicable before 1 January 2013

"Fair value" was the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date.

When available, then the Group measures the fair value of an instrument using quoted prices in an active market for that instrument. A market is regarded as "active" if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions on an arm's length basis.

If a market for financial instruments is not active, the Group establishes fair value using a valuation technique. Valuation techniques include using recent arm's length transactions between knowledgeable, willing parties (if they are available) or reference to the current fair value of other instruments that are substantially the same.

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.

Derecognition

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

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

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

(ii) Derivative financial instruments

Derivatives are categorised as financial assets or liabilities held for trading and valued at fair value through profit or loss. There were 6 derivatives held by the Group as at 31 December 2013 (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, BMS and SLI subsidiaries at fair value through profit or loss.

This is based upon the fair value of the assets and liabilities held by T2 CLO, BMS and SLI 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 owned all of the equity shares of AMIC during the year, and it was therefore a wholly owned subsidiary with its operating results to the date of liquidation being consolidated in these financial statements.

The Company directly owns 66.7% of the equity shares of BMS, which is therefore a partly owned subsidiary, with its operating results being consolidated in these financial statements. As at 31 December 2013, BMS owns 100%, 70.75% and 95% of the equity shares of BMS Finance AB, NV2N and NVF Tech respectively. Hiwave HK was a direct subsidiary of NVF Tech during the year, with NVF Tech owning 100% of the equity shares in Hiwave HK. The Group disposed of Hiwave HK during 2013 with its operating results to the date of disposal being consolidated in these financial statements. These subsidiaries of BMS, are therefore all partly owned subsidiaries of the Group with their operating results being consolidated in these 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.

2. ACCOUNTING POLICIES CONTINUED

(m) Investments and loan notes CONTINUED

(iv) Investment in Associates

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

Investments in associates and joint ventures are accounted for by the Group using the equity method.
Any goodwill or fair value adjustment attributable to the Group's share in the associate is not recognised separately and is included in the amount recognised as investment.

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

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

The Company has designated its investments in associates as fair value through profit or loss.

(n) Fixed assets - tangible

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

(o) 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 2(p) 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.

(p) Impairment testing of intangible assets and property, plant and equipment

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

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

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

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

Fair values of 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. Please refer to Note 9 for details of the carrying amounts as at the year end.

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. Please refer to Note 13 for details of the carrying amounts as at the year end.

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 details of the carrying amounts at the year 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.

2. ACCOUNTING POLICIES CONTINUED

(q) Critical accounting estimates and judgements in applying accounting policies CONTINUED

Going Concern

The Board has assessed the Company's financial position as at 31 December 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.

(r) New Accounting Standards Effective and Adopted

The following new standard, which became effective and has been applied for the current period, is 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". Notwithstanding the above, the adoption of this new Standard has had no significant impact on the measurements of the Group's assets and liabilities.

The following new standard, which is not yet effective, has been early adopted for the current period and is relevant to the Group's operations:

- 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.

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. The amendments provide an exemption to consolidation requirements in IFRS 10, for controlled "investment entities" meeting IFRS 10's exemption criteria, and require "investment entities" to measure particular subsidiaries at fair value through profit or loss, rather than consolidating them. It is expected that the Company will be able to apply this exemption in its statutory financial statements, and therefore, in accordance with this exemption the Company will only have to present Company financial statements going forward.

- IFRS 9, 'Financial instruments', no mandatory effective date has yet been determined, 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.

(t) 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. No additional share options were issued during the current or prior year.

3. FINANCIAL RISK MANAGEMENT

Financial risk factors

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

Significant accounting policies

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

Categories of financial instruments

GROUP - 31 December 2013

	Designated Fair Value through Profit or Loss GBP	Available for Sale GBP	Loans and receivables measured at amortised cost GBP	Financial Liabilities measured at amortised cost GBP
Financial assets				
Financial assets at fair value through profit or loss	**198,734,550**	**–**	**–**	**–**
Available for sale financial assets	**–**	**791,126**	**–**	**–**
Trade and other receivables*	**–**	**–**	**3,041,636**	**–**
Cash and cash equivalents	**–**	**–**	**18,106,171**	**–**
Total assets	**198,734,550**	**791,126**	**21,147,807**	**–**
Financial liabilities				
Loan notes at fair value through profit or loss	**137,767,085**	**–**	**–**	**–**
Trade and other payables**	**–**	**–**	**–**	**4,575,304**
Total liabilities	**137,767,085**	**–**	**–**	**4,575,304**

GROUP - 31 December 2012

	Designated Fair Value through Profit or Loss GBP	Loans and receivables measured at amortised cost GBP	Financial Liabilities measured at amortised cost GBP
Financial assets			
Financial assets at fair value through profit or loss	186,205,113	–	–
Trade and other receivables*	–	1,728,333	–
Cash and cash equivalents	–	29,971,750	–
Total assets	186,205,113	28,700,083	–
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

* In accordance with IFRS7 excludes prepayments.

** In accordance with IFRS7 excludes deferred income.

COMPANY	31 December 2013	31 December 2012
Financial assets	**GBP**	**GBP**
Associates at fair value through profit or loss	4,405,948	-

Capital Risk Management

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

Adjustments to the capital structure will be taken in response to economic conditions, the cost of debt, the ability to raise share capital, and other opportunities and factors which the Board may consider. At 31 December 2013, the Group had total equity of GBP74,068,621 (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 T2 CLO subsidiary, its debt is collateralised 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.

3. FINANCIAL RISK MANAGEMENT CONTINUED

Capital Risk Management CONTINUED

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 Principal	>=125.00%
Interest Coverage Test: Class C Principal	>=115.00%
Interest Coverage Test: Class D Principal	>=110.00%
Interest Coverage Test: Class E Principal	>=105.00%
Interest Coverage Test	>=116.36%

* As at 31 December 2013, the CLO loan notes met the all the requirements

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 Executive Team 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 USD235.6million; GBP145.7million or 196.71% at cost (based on Group NAV), USD228.1million; GBP137.8 or 186.00% at fair value (based on Group NAV) as at the year end) through its CLO subsidiary in the form of long-term notes.

Concentration Risk

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

Market risk

The Group and Company's exposure to market risk comprises mainly movements in the Group and Company's investments. 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 31 December 2013, the Group and Company's market risk is affected by three main components: changes in actual market prices, interest rates and foreign currency movements. Interest rates and foreign currency movements are covered below.

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

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

GROUP	Net assets attributable to holders of equity shares		Consolidated Statement of Comprehensive Income	
	5% increase	5% decrease	5% increase	5% decrease
	GBP	GBP	GBP	GBP
31 December 2013	**3,087,930**	(3,087,930)	**3,087,930**	(3,087,930)
31 December 2012	**2,191,441**	(2,191,441)	**2,191,441**	(2,191,441)

The above changes are due to the following:

GROUP	Financial Assets at FVTPL		Financial Liabilities at FVTPL	
	5% increase	5% decrease	5% increase	5% decrease
	GBP	GBP	GBP	GBP
31 December 2013	**9,976,284**	(9,976,284)	**(6,888,354)**	6,888,354
31 December 2012	**9,310,256**	(9,310,256)	**(7,118,815)**	7,118,815

3. FINANCIAL RISK MANAGEMENT CONTINUED

Market risk CONTINUED

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

GROUP	Net assets attributable to holders of equity shares		Consolidated Statement of Comprehensive Income	
	5% increase	5% decrease	**5% increase**	5% decrease
	GBP	GBP	**GBP**	GBP
31 December 2013	**3,373,425**	(3,373,425)	**3,373,425**	(3,373,425)
31 December 2012	**2,683,270**	(2,683,270)	**2,683,270**	(2,683,270)

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

Interest rate risk

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

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

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

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

At 31 December 2013	**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	**182,648,147**	**–**	**16,086,403**	**198,734,550**
Available for sale financial assets	**–**	**–**	**791,126**	**791,126**
Trade and other receivables	**–**	**–**	**3,041,636**	**3,041,636**
Cash and cash equivalents	**18,106,171**	**–**	**–**	**18,106,171**
Total assets	**200,754,318**	**–**	**19,919,165**	**220,673,483**
Liabilities				
Loan notes	**137,767,085**	**–**	**–**	**137,767,085**
Trade and other payables	**–**	**–**	**4,575,304**	**4,575,304**
Total liabilities	**137,767,085**	**–**	**4,575,304**	**142,342,389**
Total interest sensitivity gap	**62,987,233**	**–**	**15,343,861**	**78,331,094**

At 31 December 2012	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	–	–	1,728,333	1,728,333
Cash and cash equivalents	26,971,750	–	–	26,971,750
Total assets	204,952,100	–	9,953,096	214,905,196
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	62,575,803	–	6,900,147	69,475,950

3. FINANCIAL RISK MANAGEMENT CONTINUED

Interest rate risk CONTINUED

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.

At 31 December 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:

GROUP	Net assets attributable to holders of equity shares		ConsolidatedStatement of Comprehensive Income	
	31 December 2013	31 December 2012	**31 December 2013**	31 December 2012
	GBP	GBP	**GBP**	GBP
200 basis point increase in interest spread	**3,878,322**	3,817,411	**3,878,322**	3,817,411
200 basis point decrease in interest spread	**(3,878,322)**	(3,817,411)	**(3,878,322)**	(3,817,411)
25 basis point increase in interest rates	**165,805**	159,310	**165,805**	159,310
25 basis point decrease in interest rates	**(165,805)**	(159,310)	**(165,805)**	(159,310)

The Group's exposure to interest rate risk is limited to its financial assets at fair value through profit or loss, loan notes held as financial assets at fair value through profit or loss and its cash and cash equivalents. These are all floating rate financial assets.

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

At 31 December 2013	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	**1,407,739**	**12,591,062**	**53,469,695**	**67,468,496**
Trade and other receivables	**–**	**–**	**1,645,652**	**1,645,652**
Cash and cash equivalents	**4,040,663**	**–**	**–**	**4,040,663**
Total assets	**5,448,402**	**12,591,062**	**55,115,347**	**73,154,811**
Liabilities				
Trade and other payables	**–**	**–**	**3,061,067**	**3,061,067**
Total liabilities	**–**	**–**	**3,061,067**	**3,061,067**
Total interest sensitivity gap	**5,448,402**	**12,591,062**	**52,054,280**	**70,093,744**

At 31 December 2012	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	1,222,947	11,591,062	40,851,399	53,665,408
Trade and other receivables	–	–	138,920	138,920
Cash and cash equivalents	6,047,250	–	–	6,047,250
Total assets	7,270,197	11,591,062	40,990,319	59,851,578
Liabilities				
Trade and other payables	–	–	1,728,585	1,728,585
Total liabilities	–	–	1,728,585	1,728,585
Total interest sensitivity gap	7,270,197	11,591,062	39,261,734	58,122,993

3. FINANCIAL RISK MANAGEMENT CONTINUED

Interest rate risk CONTINUED

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

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

As at 31 December 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:

COMPANY	**Net assets attributable to holders of equity shares**		**ConsolidatedStatement of Comprehensive Income**	
	31 December 2013	31 December 2012	**31 December 2013**	31 December 2012
	GBP	GBP	**GBP**	GBP
200 basis point increase in interest spread	**146,792**	155,303	**146,792**	155,303
200 basis point decrease in interest spread	**(146,792)**	(155,303)	**(146,792)**	(155,303)
25 basis point increase in interest rates	**28,451**	34,531	**28,451**	34,531
25 basis point decrease in interest rates	**(28,451)**	(34,531)	**(28,451)**	(34,531)

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

Currency risk

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

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 exchange rate. There is also some exposure to Euro, Swiss Franc, Hong Kong Dollar and Swedish Kroner, however these are not considered 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 Sterling against US Dollar, Euro, Swiss Franc, Hong Kong Dollar and Swedish Kroner, translated at the year end date.

GROUP	**Net Assets & Statement of Comprehensive Income**					
	USD (in GBP)	**EUR (in GBP)**	**CHF (in GBP)**	**HKD (in GBP)**	**SEK (in GBP)**	**Total (in GBP)**
31 December 2013	2,365,628	234,278	41	(994)	8,133	2,607,086
31 December 2012	2,889,660	66,292	285	-	-	2,956,237

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

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

The sensitivity analysis below has been determined based on the sensitivity of the Company's outstanding foreign currency-denominated financial assets and liabilities to a 5% increase/decrease in Sterling against US Dollar and Euro, translated at the year end date.

COMPANY	**Net Assets & Statement of Comprehensive Income**		
	USD (in GBP)	**EUR (in GBP)**	**Total (in GBP)**
31 December 2013	2,160,086	242,062	2,402,148
31 December 2012	2,293,866	8,223	2,302,089

3. FINANCIAL RISK MANAGEMENT CONTINUED

Interest rate risk CONTINUED

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

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 or unsecured interest in the general corporate assets of the borrowers.

The following amounts on debt instruments were considered impaired:

	31 December 2013	Movement/ impairment transferred in during the year	31 December 2012
Debt instruments held through T2 CLO – Principal and GLIF (including PIK interest)	**US$31.5m**	US$11.5m*	US$20.0m
Debt instruments held through BMS – Principal	**GBPNil**	GBP(12.3)m**	GBP12.3

**This is the cumulative source currency unrealised losses which represents the amount of change in the fair value attributable to these investments due to changes in credit risk of the assets.*
***This relates to previously impaired loans held as at 31 December 2012 written off during the current year.*

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

Included within the fair value of the loan portfolio is an amount of GBPnil (31 December 2012: GBP99,995) (relating to loan held via BMS) which was past due as at the year 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 Executive Team at the time of the agreements, and the T2 Advisers and/or the Executive Team continues to evaluate the loan instruments in the context of these agreements. The Group also mitigates risk relating to the BMS loan portfolio by having the ability to purchase equity, via warrants, in an investee company should it default on a loan.

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. The Group invests in the equity of a number of businesses that have a limited number of shareholders, often principally the management team of the business. Until an exit is obtained for all shareholders it is highly likely in the majority of instances that a sale of the Group holding would be difficult and the level at which it is possible may not reflect the fair value of the investment. As many of the businesses in which the Group invests are at an early stage in their development, the Group does not expect realisation of these investments in the near term.

3. FINANCIAL RISK MANAGEMENT CONTINUED

Liquidity risk CONTINUED

Similarly within the debt portfolio, the Group invests in debt securities with a term of up to seven years, and generally holds investments in debt securities until maturity of the debt and therefore the Group does not expect realisation of the portfolio to occur in the near term.

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

The following table analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the year end date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows, assuming interest rates in effect at the year end. The allocation of the contractual undiscounted cash flows on the loan notes represents the apportionment to the interest payable within each category in addition to the repayment of the loan note on maturity.

GROUP	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 31 December 2013					
Loan notes - contractual undiscounted cash flows*	**555,452**	**564,659**	**4,483,513**	**142,923,351**	**–**
Trade and other payables**	**4,575,304**	**–**	**–**	**–**	**–**
Total financial liabilities	**5,130,756**	**564,659**	**4,483,513**	**142,923,351**	**–**
At 31 December 2012					
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	–

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

*** In accordance with IFRS7 excludes deferred income.*

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 year end, by relevant maturity groupings based on the remaining period at the year end date.

GROUP	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 31 December 2013					
Loan notes – contractual undiscounted cash flows	**555,452**	**564,659**	**4,483,513**	**142,923,351**	**–**
Loan notes – fair value*	**515,213**	**523,753**	**4,158,709**	**132,569,410**	**–**
Difference	**40,239**	**40,906**	**324,804**	**10,353,941**	**–**
At 31 December 2012					
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	–

**The loan notes are carried at fair value, all changes in 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 year end date.

3. FINANCIAL RISK MANAGEMENT CONTINUED

Financial instruments measured at fair value

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

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

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

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

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

		31 December 2013	31 December 2012
At 31 December 2013		**Level 3 & Total**	**Level 3 & Total**
Assets	**Note**	**GBP**	**GBP**
Loans - broadly syndicated	a	**162,460,743**	169,868,266
Loans - held through GLIF BMS	b	**20,187,404**	8,112,084
Equity securities	c	**5,733,763**	3,335,241
CLO equity securities	c	**10,352,640**	4,479,376
Warrant securities	d	**-**	410,146
Total		**198,734,550**	186,205,113
Liabilities			
CLO loan notes	e	**137,767,085**	142,376,297
Total		**137,767,085**	142,376,297
Net Fair Value		**60,967,465**	43,828,816

Measurement of fair value

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

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

(a) Loans – broadly syndicated

All the broadly syndicated loans are denominated in USD and, other than Koosharem 2nd Lien Loan, are held within T2 CLO 1 Ltd, the collateral manager of which is T2 Advisers. These 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 and supplied to both the trustee of the CLO and the Company by the collateral manager. Generally, the vast majority of the broadly syndicated loans have multiple bids and hence the average bid price in the Board's view represents a fair reflection of the fair value of those loans. 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. In the case of Koosharem 2nd Lien Loan it is held directly by the Company and is in default. In coming to a fair value for the loan the Board has taken into account not only the bid prices from the market but also any communication from Koosharem and its advisers.

3. FINANCIAL RISK MANAGEMENT CONTINUED

Measurement of fair value CONTINUED

(a) Loans – broadly syndicated CONTINUED

As at 31 December 2013, the broadly syndicated loans are held with companies across various industry sectors within the United States. The table below details each sector with a greater than 10% coverage within the broadly syndicated loans portfolio:

Sector	Coverage
Electronics	14.13%
Banking	11.99%
Healthcare, Education and Childcare	10.67%
Diversified/Conglomerate Service	10.12%
Other	53.09%

(b) Loans – held through GLIF BMS

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

As at 31 December 2013, the bilateral loan agreements held through GLIF BMS were across various industry sectors within the United Kingdom (84.41%), Denmark (13.17%) and the United States (2.42%). The table below details each sector with a greater than 10% coverage within the bilateral loan agreements portfolio:

Sector	Coverage*
Media	21.26%
Software/IT	21.03%
Financial Services	20.06%
Healthcare	18.59%
Publishing	13.10%
Other	5.96%

*These are loans which GLIF BMS have made themselves and in addition there is GBP7.7m loans held through GLIF BMS which relate to private clients.

(c) Equity securities

The Group has a number of equity positions, which fall into three categories:

1. Investments in finance platforms
2. Investments in equity positions received from loan restructurings
3. Other equity investments

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

Investments in finance platforms

At the year end, the Group held investments in five finance platforms: BMS Finance, FundingKnight Holdings Limited, Platform Black Limited, Sancus Limited and Raiseworks LLC.

In the case of GLIF BMS Holdings Limited, the fair value is ascertained by reference to the underlying assets and liabilities of GLIF BMS Holdings Limited, as the company is consolidated onto the Group consolidated financial statements.

The investments in the remaining four platforms were acquired during the year. It is the view of the Board that the prospects for these investments has not materially altered in the time since the assets were acquired and thus no change has been made to their fair valuation at the year end at the Company level. The Company will continually assess whether it is appropriate to retain the cost the holdings as their fair value. At Group level, where an investment in a platform is classified as an investment in an Associate the Group accounts for these investment using the equity method.

Investments in equity positions received from loan restructurings

As observable prices are not available for these equity securities, the Board uses an independent third-party valuer to provide a valuation analysis of the equities 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 each company. These Total Enterprise Value is used to ascertain the fair value of the equity securities. Assumptions used by the expert include discount rates, growth rates, EBITDA margins and tax rates. These assumptions are made by the independent valuation firm and the Group has no input to the process.

Other equity investments

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

3. FINANCIAL RISK MANAGEMENT CONTINUED

Measurement of fair value CONTINUED

(d) Warrant security

With the exception of a single warrant which is denominated in USD, all other warrant securities are denominated in GBP and held within GLIF BMS holdings Limited. The warrant securities have unobservable inputs, as they are unlisted. There is a significant degree of uncertainty as to whether any of the warrant positions will ever be of any value. The warrants held within GLIF BMS Holdings are issued by companies that are relatively small and relatively early stage and thus there is a high degree of uncertainty as to the value within the equity of the business and thus whether any value will ever attach to the warrants. In relation to the other warrant position, this company is in default on its loan obligations. For these reasons all of the warrants held by the Company are valued at zero, unless and until cash has been received by the Company in exchange for the warrant.

(e) CLO loan notes (also referred to as "CLO equity")

The CLO loan notes held within the portfolio provide a return equal to the residual economic value of the CLO structures of which they form a part after the obligations to all other loan notes within the structure are met. As such their returns resemble an equity return and hence they are referred to as "CLO equity" although in reality they are loan notes. All but one of the positions are denominated in US Dollars, the other is denominated in Euros. 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 at least one independent broker-dealer.

The exception to this is T2 CLO 1 Limited, where the Company holds 100% of the income notes that entitle the Company to 100% of the residual economics. As a result the underlying assets and liabilities of T2 CLO 1 Limited are consolidated onto the Group balance sheet and valued accordingly. At the Company level, the par value of the CLO loan notes is taken as the level of liability, as opposed to the fair value of the loan notes, as the Board believes that this gives a fairer reflection of the underlying value attributable to the Company. Please see Note 2(m)(i).

In addition to the Group policies above the Company implements the following methods and valuation techniques:

(f) Subsidiaries

The Subsidiaries are denominated in GBP and US Dollar. The Subsidiaries have significant unobservable inputs, as they trade infrequently and unlisted. The fair value of the Subsidiaries is estimated primarily by using the methodologies disclosed in Note 2(m)(iii).

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:

31 December 2013	Loans - Broadly Syndicated GBP	Loans - GLIF BMS GBP	Equity GBP	CLO Equity GBP	Warrants GBP	CLO Loan Notes GBP	Total GBP
Opening fair value	**169,868,266**	**8,112,084**	**3,335,241**	**4,479,376**	**410,146**	**(142,376,297)**	**43,828,816**
Purchases/loans advanced	**89,561,215**	**16,474,319**	**3,154,978**	**6,924,937**		**-**	**116,115,449**
Sales/loan notes repaid	**(3,607,680)**	**-**	**-**	**-**	**(1,063,344)**	**8,418,017**	**3,746,993**
Transfers out on consolidation	**-**	**(713,744)**	**-**	**-**	**-**	**-**	**(713,744)**
Capital repayments	**(91,264,677)**	**(3,994,235)**	**-**	**-**	**-**	**-**	**(95,258,912)**
Gains and losses recognised in profit and loss:							
- realised	**(46,132)**	**(12,000,936)**	**-**	**-**	**751,384**	**-**	**(11,295,684)**
- unrealised	**(2,050,249)**	**12,309,916**	**(756,456)**	**(1,051,673)**	**(98,186)**	**(3,808,805)**	**4,544,547**
Closing fair value	**162,460,743**	**20,187,404**	**5,733,763**	**10,352,640**	**-**	**(137,767,085)**	**60,967,465**

31 December 2012	Loans - Broadly Syndicated GBP	Loans - GLIF BMS GBP	Equity GBP	CLO Equity GBP	Warrants 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	110,671,460	350,000	-	-	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	(102,145,709)	(229,844)	-	-	-	-	(102,375,553)
Gains and losses recognised in profit and loss:							
- realised	2,157,222	(30,141)	1,201,957	-	390,484	-	3,719,522
- transfers in*	-	(12,350,525)	-	-	-	-	(12,350,525)
- unrealised	(8,329,518)	34,642	(3,646,297)	409,361	20,718	(7,067,242)	(18,578,336)
Closing fair value	169,868,266	8,112,084	3,335,241	4,479,376	410,146	(142,376,297)	43,828,816

** 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. OTHER INCOME

The table below details other income during the year:

GROUP	31 December 2013	31 December 2012
Other income:	**GBP**	**GBP**
Net sales revenue	**678,402**	-
Assignment arrangement fees	**505,498**	97,597
Bank interest	**34,559**	18,045
Sundry income	**617,454**	463,797
	1,835,913	579,439

COMPANY	31 December 2013	31 December 2012
Other income:	**GBP**	**GBP**
Bank interest	**10,649**	9,328

5. FUND EXPENSES

Management Agreement

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,. 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.

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

(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.

5. FUND EXPENSES CONTINUED

Management Agreement CONTINUED

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 fees charged for the year ended 31 December 2013 amounted to GBP2,090,615 (31 December 2012: GBP1,852,473). The total amount due at the year end amounted to GBP60,746, being GBPnil payable to T2 and GBP60,746 payable to GMB (31 December 2012: GBP343,110 prepaid to T2).

Administration and secretarial fees

Praxis Fund Services Limited is entitled to an annualised fee for its services, 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 year ended 31 December 2013 amounted to GBP153,540 (31 December 2012: GBP111,665). The total amount due and payable by the Company at the year end amounted to GBP48,178 (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 custodian fees charged for the year ended 31 December 2013 amounted to GBP15,572 (31 December 2012: GBP15,010). The total amount payable by the Company at the year end amounted to GBP3,750 (31 December 2012: GBP3,750).

Other expenses

For the year ended 31 December 2012, other expenses include those of the CLO and AMIC. The table below details other charges during the year:

GROUP	**31 December 2013**	**31 December 2012**
Other expenses:	**GBP**	**GBP**
Directors' expenses	**65,863**	70,280
T2 CLO investment management fees	**501,695**	478,991
Portfolio analysis fees	**-**	12,690
NOMAD fees	**58,059**	63,966
Listing fees	**16,967**	8,457
Broker fees	**33,588**	7,510
CFO fees	**125,000**	125,000
Marketing expenses	**63,020**	92,519
AIC fees	**3,903**	7,214
Registrar fees	**36,134**	25,745
Other AMIC expenses	**4,615**	76,724
Other T2 CLO expenses	**259,421**	261,259
Other BMS Group expenses	**2,125,364**	149,793
Amortisation	**52,767**	-
Sundry	**121,354**	74,707
Total other expenses	**3,467,750**	1,454,855

COMPANY	**31 December 2013**	**31 December 2012**
Other expenses:	**GBP**	**GBP**
Directors' expenses	**65,863**	70,280
Portfolio analysis fees	**-**	12,690
NOMAD fees	**58,059**	63,966
Listing fees	**16,967**	8,457
Broker fees	**33,588**	7,510
CFO fees	**125,000**	125,000
Marketing expenses	**63,020**	92,519
AIC fees	**3,903**	7,214
Registrar fees	**36,134**	25,745
Sundry	**137,274**	74,707
Total other expenses	**539,808**	488,088

5. FUND EXPENSES CONTINUED

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

As at 31 December 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 31 December 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	**31 December 2013 GBP**	31 December 2012 GBP
Patrick Firth *(Chairman)*	**42,500**	40,000
Frederick Forni	**27,500**	25,000
James Carthew	**35,000**	25,000

The increase in Directors' fees noted above became effective 1 January 2013. Total Directors fees charged to the Group for the year ended 31 December 2013 amounted to GBP105,000 (31 December 2012: GBP90,000). The total amount due and payable at the year end amounted to GBPnil (31 December 2012: GBP22,500).

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 employee social security contributions). Mr Miller's salary cost is included in the Consolidated Statement of Comprehensive Income. The total salary cost for the year ended 31 December 2013 relating to Mr Miller amounted to GBP150,000 (31 December 2012: GBP150,000).

Under an employment contract (the "Employment Contract"), effective from 18 November 2013, Mrs Stubbs became an Executive of the Company and is entitled to a fixed salary of GBP90,000 per annum (less applicable tax and employee social security contributions). Mrs Stubbs' salary cost is included in the Consolidated Statement of Comprehensive Income. The total salary cost for the year ended 31 December 2013 relating to Mrs Stubbs amounted to GBP10,962 (31 December 2012: GBPnil).

In addition to the fixed salary referred to above, the Executive Team is also entitled to a contractual bonus. Prior to 21 January 2013 when Mr Miller was the sole member of the Executive Team, 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 periods 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. For the year ended 31 December 2012, as the current sole member of the executive team, the total contractual bonus cost relating to Mr Miller amounted to GBP936,367, of which GBPnil was physically paid and GBP936,367 deferred to the next financial year). The total amount due and payable as at 31 December 2012 was GBP1,044,986. During the current year, the Remuneration Committee resolved to settle Mr Miller's deferred bonus accrual as at 31 December 2012, one half being paid in cash and one half in shares. This payment is subject to clawback, should the Company's share price fail to retain the level it was trading at as at the date of the bonus settlement.

With effect from 21 January 2013, the Remuneration Committee resolved to amend the current incentive structure, to an incentive pool ("Executive Bonus Scheme"), 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 in 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 year ended 31 December 2013, the total contractual bonus cost relating to the Executive Team amounted to GBPnil. Mrs Stubbs was eligible to participate in the Executive Bonus Scheme with effect from 1 December 2013.

In addition to participation in the Executive Bonus Scheme, Mrs Stubbs is entitled to a guaranteed cash bonus of GBP10,000 for the year 1 December 2013 to 30 November 2014. As at 31 December 2013, the accrued cash bonus recognised in the Consolidated Statement of Total Comprehensive Income was GBP821.

6. EARNINGS/(LOSS) PER ORDINARY SHARE

Consolidated earnings/(loss) per Ordinary Share has been calculated by dividing the consolidated profit attributable to Ordinary Shareholders of GBP1,116,837 (31 December 2012: GBP(7,699,034)) by the weighted average number of Ordinary Shares outstanding during the year of 132,471,555 (31 December 2012: 101,384,224). There was no dilutive effect for potential Ordinary Shares during the current or prior years, therefore fully diluted consolidated earnings/ (loss) per Ordinary Share is calculated in the same way as the undiluted consolidated earnings/(loss) per Ordinary Share described above.

Company earnings/(loss) per Ordinary Share has been calculated by dividing the Company profit attributable to Ordinary Shareholders of GBP7,955,966 (31 December 2012: GBP(19,183,542)) by the weighted average number of Ordinary Shares outstanding during the year of 132,471,555 (31 December 2012: 101,384,224). There was no dilutive effect for potential Ordinary Shares during the current or prior years, therefore fully diluted Company earnings/(loss) per Ordinary Share is calculated in the same way as the Company's undiluted earnings/(loss) per Ordinary Share described above.

6. EARNINGS/(LOSS) PER ORDINARY SHARE CONTINUED

Basic & Diluted (deficit)/earnings per Ordinary Share

GROUP & COMPANY

Date	No. of shares	No. of days	Weighted average no. of shares
01/01/2012	98,633,610	317	85,428,564
12/11/2012	119,179,010	49	15,955,660
31/12/2012		366	101,384,224
01/01/2013	119,179,010	28	9,142,500
28/01/2013	131,096,010	140	50,283,401
17/06/2013	131,127,617	94	33,769,852
19/09/2013	131,217,417	12	4,313,997
01/10/2013	140,217,417	65	24,970,225
05/12/2013	140,266,411	26	9,991,580
31/12/2013		365	132,471,555

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

7. FIXED ASSETS – TANGIBLE

31 December 2013	Leasehold Improvements	Plant & Equipment	Fixtures & Fittings	Total
	GBP	GBP	GBP	GBP
Net book value 1 January	-	-	-	-
Additions - purchases	-	10,579	550	11,129
Net book value transferred in*	4,379	44,576	53,034	101,989
Depreciation charge for the year	(936)	(9,963)	4,966	(5,933)
Disposals	(142)	(9,672)	(53,204)	(63,018)
Net book value transferred out on disposal of subsidiary **	(3,301)	(35,144)	(5,346)	(43,791)
Net book value 31 December	–	376	-	376

*On acquisition of NVF Tech and HiWave HK subsidiaries.

**On disposal of HiWave HK subsidiary.

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

8. FIXED ASSETS – INTANGIBLE INTELLECTUAL PROPERTY

31 December 2013	Acquisition Cost GBP	Intellectual Property Rights Amortisation and Impairment GBP	Net Book value GBP
Brought forward	-	-	-
Additions	1,663,073	-	1,663,073
Disposals	(101,894)	-	(101,894)
Charge for the year	-	(94,782)	(94,782)
Carried forward	1,561,179	(94,782)	1,466,397

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

The intangible intellectual property was acquired as part of the purchase of the NVF Tech subsidiary. The acquisition of intangible intellectual property is not part of the Company's on going investment policy.

Impairment tests for intangible assets

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

The intangible intellectual property rights relate to a number of geographical patents in the domestic and consumer electronic user interface markets. The licences cover the period to April 2023. The acquisition of the licences includes minimum contractual amounts totalling GBP0.927 million, which have been paid in full. Further payments are dependent on future receipts from the commercial exploitation of the intellectual property.

9. FINANCIAL ASSETS AND LIABILITIES

GROUP	31 December 2013 GBP	31 December 2012 GBP
Debt securities of listed companies	**33,483,894**	29,744,756
Debt securities of unlisted companies	**149,164,253**	148,235,594
Unlisted equity securities	**5,733,763**	3,335,241
Available for sale unlisted equity securities*	**791,126**	-
Unlisted CLO equity securities	**10,352,640**	4,479,376
Unlisted warrant securities	**-**	410,146
Unlisted investments in Associate at equity method accounting	**5,001,161**	-
	204,526,837	186,205,113
Realised (loss)/gain on investments at fair value through profit or loss	**(11,295,684)**	3,719,522
Unrealised gain/(loss) recognised on financial assets and liabilities at fair value through profit or loss:	**8,353,352**	(11,511,093)
Unrealised gain/(loss) on financial assets investments at fair value through profit or loss	**(3,808,805)**	(7,067,243)
Unrealised loss on financial liabilities investments at fair value through profit or loss	**4,544,547**	(18,578,336)
Net losses on Associates	**(118,716)**	-

*During the current year, the Group acquired an investment in a private company whose shares are not actively traded on a recognised exchange or any other active market and fair value cannot be reliably measured. As such this investment has been designated as available for sale and, as at 31 December 2013, the carrying value was equal to the acquisition cost of the investment plus directly attributable financial cost relating to its acquisition. The Directors have no reason to believe the investments carrying amounts should be impaired as at the year end.

GROUP	31 December 2013 GBP	31 December 2012 GBP
Opening cost of investments	**172,512,937**	155,710,402
Purchases (1), (2) & (3)	**116,906,576**	111,449,134
Transfers in (4)	**-**	20,501,230
Sales (2)	**(4,671,024)**	(16,491,798)
Conversions (5)	**(713,744)**	-
Realised (loss)/gain of investments	**(11,295,684)**	3,719,522
Capital repayments (3)	**(95,258,913)**	(102,375,553)
Cost of investments at year end	**177,480,148**	172,512,937
Unrealised gain at year end (6)	**22,045,528**	13,692,176
Closing value of investments	**199,525,676**	186,205,113

(1) Included in purchases is an unsettled investment purchase of GBP2,725,000 (see note 13), there was also a non-cash purchase of £709,361 during the current year.
(2) Includes a non-cash restructuring of debt of GBP307,844 debt.
(3) Includes a non-cash restructuring of capital repayments of GBP611,141.
(4) On acquisition of subsidiaries during the prior year.
(5) GBP363,744 was converted into an equity stake within an Associate and GBP350,000 was transferred out on sale of subsidiary during the current year. Both conversions were non-cash transactions.
(6) 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

GROUP	31 December 2013 GBP	31 December 2012 GBP
Opening cost of Associates at equity method accounting	**-**	-
Purchases	**4,756,133**	-
Conversions*	**363,744**	-
Cost of investments at year end	**5,119,877**	-
Net losses on Associates	**(118,716)**	-
Closing value of Associates at equity method accounting	**5,001,161**	-

* On conversion of debt instrument.

COMPANY	31 December 2013 GBP	31 December 2012 GBP
Debt securities of unlisted companies	**13,998,801**	12,814,009
Unlisted equity securities	**4,425,298**	1,907,988
Unlisted CLO equity securities	**10,352,640**	4,479,376
Unlisted warrant securities	**-**	410,146
Other financial assets held at fair value through profit or loss	**28,776,739**	19,611,519
Subsidiaries held at fair value through profit or loss	**34,285,809**	34,053,889
Associates held at fair value through profit or loss	**4,405,948**	-
	67,468,496	53,665,408
Realised gain on other financial assets at fair value through profit or loss	**282,205**	56,950
Realised loss on Subsidiaries at fair value through profit or loss	**(12,223,317)**	-
	(11,941,112)	56,950
Unrealised loss on other financial assets at fair value through profit or loss	**(1,306,768)**	(1,918,783)
Unrealised gain/(loss) on Subsidiaries at fair value through profit or loss*	**12,485,189**	(28,501,380)
Unrealised loss on Associates at fair value through profit or loss	**(16,321)**	-
	11,162,100	(30,420,163)

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

COMPANY	31 December 2013 GBP	31 December 2012 GBP
Opening cost of other financial assets at fair value through profit or loss	**24,889,799**	12,569,424
Purchases	**10,949,937**	12,506,198
Sales	**(474,285)**	-
Realised gain on sales	**282,205**	56,950
Capital repayments	**(285,869)**	(242,773)
Cost of investments at year end	**35,361,787**	24,889,799
Unrealised loss at year end	**(6,585,048)**	(5,278,280)
Closing fair value of other financial assets at fair value through profit or loss	**28,776,739**	19,611,519

9. FINANCIAL ASSETS AND LIABILITIES CONTINUED

COMPANY	31 December 2013 GBP	31 December 2012 GBP
Opening cost of investment in Subsidiaries	**42,848,164**	42,181,497
Purchases	**-**	666,667
Sales	**(29,952)**	-
Realised loss on sales	**(12,223,317)**	-
Closing cost of investment in Subsidiaries	**30,594,895**	42,848,164
Unrealised gain/(loss)*	**3,690,914**	(8,794,275)
Closing fair value of investment in Subsidiaries at fair value through profit or loss	**34,285,809**	34,053,889

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

COMPANY	31 December 2013 GBP	31 December 2012 GBP
Opening cost of investment in Associates	**-**	-
Purchases	**4,422,269**	-
Closing cost of investment in Associates	**4,422,269**	-
Unrealised loss	**(16,321)**	-
Closing fair value of investment in Associates at fair value through profit or loss	**4,405,948**	-

10. SUBSIDIARIES HELD AT FAIR VALUE THROUGH PROFIT OR LOSS

On 18 March 2013 ("transaction date"), the Company acquired 100% of the equity shares of NVF Tech (formerly Hiwave UK) and HiWave HK subsidiaries (the "HiWave Group"). The total consideration was GBP100,000 plus a recorded contingent consideration of GBP57,805. Post acquisition net losses of GBP223,117 (revenue: GBP691,185), relating to HiWave Group, were included in the Consolidated Statement of Comprehensive Income for the year ended 31 December 2013.

Hiwave HK was sold prior to the year end resulting in a loss on disposal of GBP3,881 which was recognised in Consolidated Statement of Comprehensive Income for the year ended 31 December 2013. As at 31 December 2013, Hiwave HK was no longer part of the Group.

31 December 2013	**Net Assets Acquired**	**Consideration**	**Goodwill Gain/(Loss)**
Acquisition of Hiwave Group by asset/liability class:	**GBP**	**GBP**	**GBP**
Fixed assets - intangible	735,092	-	735,092
Cash and cash equivalents	39,342	-	39,342
Trade and other receivable	761,943	-	761,943
Trade and other payables	(1,378,572)	-	(1,378,572)
Contingent consideration	-	(57,805)	(57,805)
Cash consideration	-	(100,000)	(100,000)
Total	157,805	(157,805)	-

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

Had the acquisition of HiWave Group occurred at the beginning of the year, the combined net revenues and net profits of the Group plus that of HiWave Group for the year ended 31 December 2013 would have been GBP15,310,317 and GBP740,502 respectively.

31 December 2013	**Net Assets Sold**	**Consideration**	**Loss on disposal**
Disposal of Hiwave HK by asset/liability class:	**GBP**	**GBP**	**GBP**
Fixed assets - tangible	**7,606**	**-**	**7,606**
Cash and cash equivalents	**1,250**	**-**	**1,250**
Trade and other receivable	**38,280**	**-**	**38,280**
Trade and other payables	**(43,254)**	**-**	**(43,254)**
Cash consideration	**-**	**(1)**	**(1)**
Total	**3,882**	**(1)**	**3,881**

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.

31 December 2012	Net Assets Acquired	Consideration	Bargain Purchase Gain/(Loss)
Acquisition of BMS Group by asset/liability class:	GBP	GBP	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 14).

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	31 December 2013 GBP	31 December 2012 GBP
Balances held by Associates on behalf of the Group*	**1,404,986**	-
Accrued bank interest	**4,090**	6,150
Loan interest receivable	**767,548**	734,329
Security sales receivable	**-**	987,854
Other trade receivables and prepaid expenses**	**1,119,055**	387,908
	3,295,679	2,116,241

COMPANY		
Balances held by Associates on behalf of the Company*	**1,404,986**	-
Accrued bank interest	**4,090**	6,150
Loan interest receivable	**236,576**	127,026
Prepaid expenses**	**18,891**	382,594
	1,664,543	515,770

*Other short term loans held through platforms.

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

12. CASH AND CASH EQUIVALENTS

GROUP	31 December 2013 GBP	31 December 2012 GBP
Call account	**18,106,171**	26,971,750

COMPANY		
Call account	**4,040,663**	6,047,250

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	31 December 2013	31 December 2012
Current liabilities	**GBP**	GBP
Management fees	**60,746**	-
Administrator's fees	**48,178**	29,379
Custodian's fees	**3,750**	3,750
Audit fees	**18,900**	44,100
Directors' fees	**-**	22,500
Executive Team's remuneration payable (see note 5)	**821**	175,500
Finance costs*	**310,452**	357,157
Deferred income**	**1,074,921**	-
Unsettled security investment purchases payable	**2,725,000**	-
Other payables	**1,353,438**	1,551,077
	5,596,206	2,183,463

Non current liabilities		
Executive Team's remuneration payable (see note 5)	**-**	869,486
Deferred income**	**8,971,204**	-
CLO loan notes at fair value through profit or loss***	**137,767,085**	142,376,297
	146,738,289	143,245,783

*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.

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

13. TRADE AND OTHER PAYABLES CONTINUED

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 originally issued in the total amount of USD309,050,000 with a twelve year term. During the current year, approximately USD13.2m, (GBP8.4m) 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 year were GBP2,140,193 (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 31 December 2013 was GBP137,767,085 (31 December 2012: GBP142,376,297) (see note 3).

GROUP	**31 December 2013**	31 December 2012
Current liabilities	**GBP**	GBP
Due to Subsidiary	**67,587**	68,843
Management fees	**60,746**	-
Administrator's fees	**48,178**	29,379
Custodian's fees	**3,750**	3,750
Audit fees	**18,900**	44,100
Directors' fees	**-**	22,500
Executive Team's remuneration payable (see note 5)	**821**	175,500
Unsettled security investment purchases payable	**2,725,000**	-
Other payables	**136,085**	515,027
	3,061,067	859,099
Non current liabilities		
Executive Team's remuneration payable (see note 5)	**-**	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 5 December 2013, 48,994 new Ordinary Shares were issued for an aggregate value of GBP25,623 relating to shareholders who elected to take shares in lieu of cash from the Company's 2013 third interim dividend.

On 1 October 2013, the Company announced a placing whereby a further 9,000,000 new Ordinary Shares were issued at a price of 51 pence per Ordinary Share for an aggregate value of £4,590,000 less £183,600 issue costs paid to the Broker.

On 19 September 2013, 89,800 new Ordinary Shares were issued for an aggregate value of GBP44,541 relating to shareholders who elected to take shares in lieu of cash from the Company's 2013 second interim dividend.

On 3 June 2013, 31,607 new Ordinary Shares were issued for an aggregate value of GBP16,816 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 for an aggregate value of £5,958,500 less £238,340 issue costs paid to the Broker.

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 31 December 2013, no share options remained unexercised (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 years.

14. SHARE CAPITAL, SHARE PREMIUM & DISTRIBUTABLE RESERVE CONTINUED

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

Share Capital	**31 December 2013**	31 December 2012
Ordinary Shares - nil par value	**Shares in issue**	Shares in issue
Balance at start of the year	**119,179,010**	98,633,610
Issued during the year	**21,087,401**	20,545,400
Balance at end of the year	**140,266,411**	119,179,010

	31 December 2013	31 December 2012
Share Premium	**GBP**	GBP
Balance at start of the year	**29,437,520**	19,289,035
Issued during the year	**10,213,539**	10,148,485
Balance at end of the year	**39,651,059**	29,437,520

15. NET ASSET VALUE PER ORDINARY SHARE

GROUP

The Group net asset value per Ordinary Share is calculated by dividing the total consolidated net assets attributable to Ordinary Share holders at the year end of GBP74,068,621 (31December 2012: GBP69,228,917) by the Ordinary Shares in issue at the end of the year being 140,266,411 (31 December 2012: 119,179,010).

COMPANY

The Company net asset value per Ordinary Share is calculated by dividing the total Company net assets attributable to Ordinary Share holders at the year end of GBP70,112,635 (31December 2012: GBP58,499,843) by the Ordinary Shares in issue at the end of the year being 140,266,411 (31 December 2012: 119,179,010).

16. CASH GENERATED FROM OPERATIONS

	31 December 2013	31 December 2012
Group:	**GBP**	GBP
Profit/(loss) for the year	**1,766,738**	(7,397,426)
Adjustments for:		
Net losses on financial assets and liabilities at fair value through profit or loss	**6,751,137**	14,858,815
Net losses on Associates	**118,716**	-
Non-cash income	**(709,361)**	-
Amortisation/depreciation of fixed assets	**100,715**	-
Changes in working capital:		
Trade and other receivables	**(1,769,782)**	(237,378)
Trade and other payables	**7,803,226**	2,045,476
Cash inflow from operations	**14,061,389**	9,269,487

	31 December 2013	31 December 2012
Company:	**GBP**	GBP
Profit/(loss) for the year	**7,955,966**	(19,183,542)
Adjustments for:		
Net losses on financial assets and liabilities at fair value through profit or loss	**779,012**	30,363,213
Dividend in specie	**-**	(1,046,714)
Changes in working capital:		
Trade and other receivables	**(1,148,773)**	(447,895)
Trade and other payables	**(1,392,517)**	1,234,148
Cash inflow from operations	**6,193,688**	10,919,210

17. CONSOLIDATED SUBSIDIARY UNDERTAKINGS

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

Subsidiary entity	Date of incorporation	Country of incorporation	Nature of holding	Percentage holding
CLO	11 October 2006	Cayman Islands	Directly held - Income Notes	100% residual economic interest
GLIF BMS Holdings Limited ("BMS")	5 November 2012	United Kingdom	Directly held - Equity Shares	66.67%
Secured Loan Investments Limited ("SLI")	27 December 2013	Guernsey	Directly held - Equity Shares	100%
BMS Finance AB Limited ("BMS Finance AB")	24 November 2006	United Kingdom	Indirectly held - Equity Shares	100%**
Noble Venture II Nominees Limited ("NV2N")	30 May 2007	United Kingdom	Indirectly held - Equity Shares	70.75%**
NVF Tech Limited ("NVF Tech")*	7 December 1995	United Kingdom	Indirectly held - Equity Shares	95%**
Subsidiaries disposed of/liquidated during the year				
Asset Management Investment Company Limited ("AMIC")	13 April 1994	United Kingdom	Directly held - Equity Shares	100%
HiWave (Hong Kong) Limited ("Hiwave HK")	8 June 2001	Hong Kong	Indirectly held - Equity Shares	100%****

* Formerly Hiwave Technologies (UK) Limited
** Subsidiaries of BMS, percentage holding represents BMS's holding in the underlying subsidiaries.
*** Subsidiary of NVF Tech, percentage holding represents NVF Tech's holding in the underlying subsidiary.
**** Direct subsidiary of NVF Tech, percentage holding represents NVF Tech's holding in the underlying subsidiary.

18. ASSOCIATED UNDERTAKINGS

The Directors consider the following entities as material associated undertakings of the Group and Company as at 31 December 2013 (31 December 2012: no associated undertakings were held).

	Name of Associate			
Disclosure Requirement:	**FundingKnight Holdings Limited***	**Platform Black Limited**	**Raiseworks LLC**	**IKIVO**
Nature of holding	Directly held - Equity and Preference Shares	Directly held - Equity and Preference Shares	Directly held - Equity Shares	Indirectly held - Equity and Preference Shares
Country of incorporation	United Kingdom	United Kingdom	United Kingdom	Sweden
Percentage holding	20.0%	20.0%	43%	37.37%
Measurement – Group level	Equity Method	Equity Method	Equity Method	Equity Method
Measurement – Company level	Fair Value	Fair Value	Fair Value	N/A

*As at 31 December 2013, Mr Miller held 1,000 shares (representing 0.1% of share capital) in FundingKnight Holdings Limited.

All the Associates are individually immaterial. The table below details aggregated financial information for the associated undertakings:

	31 December 2013 Aggregated Total GBP
Aggregated dividends received from Associate during the year	-
Aggregated current assets	2,711,058
Aggregated non-currents assets	2,509,318
Aggregated current liabilities	(544,433)
Aggregated non-current liabilities	(5,000)
Aggregated total revenue	1,503,632
Aggregated net loss from continuing operations	(2,508,661)
Aggregated other comprehensive income	-
Aggregated total comprehensive loss*	(2,508,661)

* As would be expected in early stage companies, the Directors note that the associated undertakings are currently of an aggregated loss position, but are confident about the long-term profitability of these investments.

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

The accounting period ends, of the Associates listed above, used for the equity method in the Group's consolidated financial statements, are the same date as the Group's year end date.

As at 31 December 2013, there is no unrecognised share in losses of any of the Associates when applying the equity method.

As at 31 December 2013, there are no unrecognised commitments from the Group that relate to any of its Associates.

19. SEGMENTAL REPORTING

Operating segments are reported in a manner consistent with the reporting of the executive management to the Board. The Executive Team is responsible for allocating resources and assessing performance of the portfolio, as well as making strategic investment decisions, subject to the oversight of the Board of Directors. The Executive Team is responsible for the entire portfolio, 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 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 82% (31 December 2012: 86%) of the Group's gross financial assets is based in the US with the remainder of investments being based in the UK and Europe. 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 year.

20. RELATED PARTY TRANSACTIONS

The following transactions were carried out with related parties in addition to the related party transactions already disclosed in note 5:

GROUP & COMPANY	**31 December 2013 GBP**	31 December 2012 GBP
Amounts incurred during the year to related parties		
Fees to P Conroy as Chief Financial Officer to the Company	**125,000**	125,000
Fees to T2 Advisers, LLC*	**1,792,467**	1,852,473
Amounts (prepaid)/due to related parties at the year end		
Fees due to P Conroy as Chief Financial Officer to the Company	**-**	10,413
Fees prepaid T2 Advisers, LLC	**-**	(343,110)

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 year end, the total outstanding assignment advance due was GBP2.36m.

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

Entity	**Relationship**	**Nature of Transaction**	**Balance 31 December 2013 GBP**	**Amount year ended 31 December 2013 GBP**
T2 CLO 1 Limited	Subsidiary	Receipt of interest from the loan note	-	9,589,798
GLIF BMS Holdings Limited	Subsidiary	Loan payable to GLIF (and corresponding interest)	12,591,062	930,135
Funding Knight Holdings Limited	Associate	Amount held by the entity on behalf of the Company	1,291,000	-
Platform Black Limited	Associate	Amount held by the entity on behalf of the Company	163,057	-

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 GBP1.05m.

There is no ultimate controlling party of the Company.

20. RELATED PARTY TRANSACTIONS CONTINUED

Directors' shareholdings in the Company

As at 31 December 2013, and for the year then ended, the Directors had the following beneficial interests in the Ordinary Shares of the Company:

	31 December 2013		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)*	134,292	0.10	125,000	0.11
Geoff Miller	1,525,223	1.09	850,000	0.71
Frederick Forni	-	-	-	-
James Carthew	200,000	0.14	200,000	0.17

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

21. COMMITMENTS AND CONTINGENCIES

There were no commitments or contingencies as at 31 December 2013 (31 December 2012: none).

22. POST YEAR END EVENTS

Post year end platform purchases

Please refer to page 8 for details of platforms purchased since the Company's year end.

Directors Interests

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

	No. of Ordinary Shares Held	% of total issued Ordinary Shares
Patrick Firth *(Chairman)*	214,458	0.15
Geoff Miller	1,612,878	1.15
Frederick Forni	-	-
James Carthew	235,000	0.17

Executive Team Shareholding

On 23 January 2014, Mrs Stubbs purchased 20,000 shares in the Company.

Dividend

On 21 January 2014, the Directors of the Company declared a dividend of 1.25p per Ordinary Share for the fourth quarter of 2013. The dividend was payable to shareholders on the register on the record date of 31 January 2014.

Scrip Dividend Shares – Additional Listing

On 19 March 2014, 452,080 new Ordinary Shares were issued relating to shareholders who elected to take shares in lieu of cash from the Company's 2013 fourth quarter dividend.

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

INVESTMENT OBJECTIVE

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

CHANGES TO THE INVESTMENT POLICY DURING THE YEAR

Reasons for Change in Investing Policy (taken from the Company's announcement dated 13 November 2013)

Following the termination of the investment management agreement between the Company and T2 Advisers, LLC in April 2013, the Company has made investments in two alternative lending platforms: Platform Black Limited and FundingKnight Limited which were announced in July and September of this year respectively. These investments complement the Company's earlier acquisition of certain assets of BMS Specialist Debt Fund Limited, including BMS Finance AB Limited which completed in November 2012.

All three platforms set out to provide an offering that is complementary to, rather than seeking to directly compete with, the mainstream banking sector. The Board believes that this will ensure a sustainable competitive advantage across the cycle, rather than just a cyclical play due to the weakness of many banks after the financial crisis. The Company therefore intends to continue its focus on providing finance to SMEs, and will look to exploit synergies between the complementary offerings of the platforms into which it has invested, whilst maintaining its focus on ROE-driven targets.

In light of this, the Board felt that the Company's previous investing policy required clarification in order properly to reflect the investing policy adopted by the Company. Accordingly, Shareholder approval was given at an Extraordinary General Meeting, held on 13 November 2013, to amend the Company's investing policy.

Change in Investing Policy

The key changes proposed to the Company's investing policy were as follows:

- to change the main focus of investment by the Company from investing principally in syndicated corporate loans issued primarily by United States middle-market companies to providing finance to SMEs across the world, but with particular focus on the United States and the United Kingdom;
- to enable investment in entities that will themselves provide finance to SMEs as well as in structured vehicles such as CLOs that are themselves invested in substantial part in SMEs;
- to remove the current limit on investment in equity or debt instruments (other than loans or CLOs) which is currently 20 per cent. of the Company's gross assets at the time of investment; and
- to permit investment in the United Kingdom at the same levels as are currently permitted in the United States, i.e. the Company's maximum exposure to both United States and United Kingdom issuers will be capped at 100 per cent. of the Company's gross assets.

INVESTING POLICY

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

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

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

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

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

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

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

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

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

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

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

GLI Finance Limited

GLI Finance Limited
P.O. Box 296
Sarnia House
Le Truchot
St Peter Port
Guernsey, GY1 4NA
Channel Islands

PART C – ANNUAL REPORT AND AUDITED CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

GLI Finance Limited

GLI Finance Limited

ANNUAL REPORT AND AUDITED CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

CONTENTS

OFFICERS AND PROFESSIONAL ADVISERS

Directors:

Non-executive:	Patrick Anthony Seymour Firth (Chairman) Frederick Peter Forni James Henry Carthew
Executive:	Geoffrey Richard Miller Emma Stubbs *(appointed 16 September 2014)* Andrew Noel Whelan *(appointed 16 December 2014)* The address of the Directors is the registered office.

Executive Team:

Chief Executive Officer:	Geoffrey Miller
Chief Financial Officer:	Emma Stubbs
Director of Lending:	Andrew Whelan
Managing Director:	Marc Krombach
Head of Public Affairs and Marketing:	Louise Beaumont
Registered office:	P.O. Box 296 Sarnia House Le Truchot St Peter Port Guernsey, GY1 4NA Channel Islands
Nominated Adviser and Broker:	Panmure Gordon (UK) Limited One New Change London, EC4M 9AF United Kingdom
Administrator and Company Secretary:	Praxis Fund Services Limited P.O. Box 296 Sarnia House Le Truchot St Peter Port Guernsey, GY1 4NA Channel Islands
Custodian:	Butterfield Bank (Guernsey) Limited P.O. Box 25 Regency Court Glategny Esplanade St Peter Port Guernsey, GY1 3AP Channel Islands *(ceased 23 February 2015)*

Legal Advisers in the Channel Islands:	Carey Olsen P.O. Box 98 Carey House Les Banques St Peter Port Guernsey, GY1 4BZ Channel Islands
Legal Advisers in the UK:	Stephenson Harwood 1 Finsbury Circus London, EC2M 7SH United Kingdom
Legal Advisers in the US:	Pepper Hamilton LLP 3000 Two Logan Square Eighteenth and Arch Streets Philadelphia, PA 19103-2799 United States
Bankers:	Lloyds Bank International Sarnia House, Le Truchot St Peter Port Guernsey, GY1 4EF Channel Islands
Auditors:	Grant Thornton Limited P.O. Box 313, Lefebvre House Lefebvre Street St Peter Port Guernsey, GY1 3TF Channel Islands
Receiving Agent:	Equiniti Limited Aspect House Spencer Road Lancing West Sussex, BN99 6DA United Kingdom
Public Relations:	Camarco 107 Cheapside London, EC2V 6DN United Kingdom Instinctif Partners Limited 65 Gresham Street London, EC2V 7NQ United Kingdom

BOARD MEMBERS AND EXECUTIVE TEAM

BOARD MEMBERS

James Carthew – Independent Non-Executive Director

James Carthew was for many years a fund manager. He now writes research on closed-end funds quoted in London. His career started at M&G in 1984, where he managed a number of UK equity income funds and the M&G Fund of Investment Trusts. He also covered a variety of sectors as an analyst for M&G, including the Financial Services sector. From 2001-2010 he managed the Advance UK Trust PLC, a quoted global fund of funds that specialised in the promotion of corporate governance within the closed-end fund industry. Today James is head of research at Marten & Co, a boutique specialising in the distribution of sponsored research on UK companies through its quoteddata and martenandco websites. James also writes articles on the closed-end fund industry on a freelance basis for Citywire and sits on the judging panel for the Investment Company of the Year Awards.

Mr Carthew is Chairman of the Audit and Risk Committee. He is also a Director on BMS Finance AB Limited, a company which forms part of the GLIF Group.

Patrick Firth – Independent Non-Executive Director

Patrick Firth qualified as a chartered accountant with KPMG in 1991 before building a career in fund administration with roles at Rothschild Asset Management (C.I.) Limited, BISYS where he became Managing Director of BISYS Fund Services (Guernsey) Limited, before joining Bank of Butterfield in 2002. Patrick left Butterfield Fulcrum in 2009 and has since taken on a number of non-executive positions in listed and private companies. Patrick is Chairman of the Guernsey International Business Association and a former Chairman of the Guernsey Investment Fund Association, a position he held for two years to March 2012, and a member of the AIC Offshore Funds Committee.

Mr Firth is Chairman of the Board. He is also a Director on GLIF BMS Holdings Limited, a company which forms part of the GLIF Group.

Fred Forni – Independent Non-Executive Director

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

Mr Forni is Chairman of the Remuneration Committee.

Geoff Miller – Executive Director

Geoff Miller spent twenty years in the UK financial services industry, as an analyst and as a fund manager, focused within the Non-Bank Financials sector. As an analyst he led the number one-rated UK small and mid-cap Financials team, and as a fund manager ran the largest listed Financials fund in London. He moved offshore in 2007, working in Moscow and Singapore before moving to Guernsey.

In addition to leading the executive team at GLIF, Geoff sits as an independent director on a number of boards of financial and investment companies, including GLIF's investee companies.

Emma Stubbs – Executive Director

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

She is also a Director on Secured Loan Investments Limited, a company which forms part of the GLIF Group, and a director of Finpoint Limited, an investee company within GLIF Group's investment portfolio.

BOARD MEMBERS CONTINUED

Andrew Whelan – Executive Director

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

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

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

EXECUTIVE TEAM

Geoff Miller – Chief Executive Officer

See above.

Emma Stubbs – Chief Financial Officer

See above.

Andrew Whelan – Director of Lending

See above.

Marc Krombach – Managing Director

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

Louise Beaumont – Head of Public Affairs and Marketing

Louise Beaumont's career has been based on helping multi-national companies to create and implement effective growth strategies. Having previously worked for organisations such as Siemens, Hewlett Packard, Microsoft, and Capgemini, Louise has spent the last four years focusing on the UK's fast growing alternative finance sector. She was co-founder of invoice trading and supply chain finance platform Platform Black, a company in which GLI Finance is a significant shareholder.

Louise has provided advice to key UK government departments and units on FinTech and AltFin including; Number 10 Downing Street's Policy Unit, HM Treasury, Office for Science's Blackett Review, Cabinet Office, UK Trade & Industry, and the Department for Business, Innovation & Skills.

CHAIRMAN'S STATEMENT

I am pleased to report the results of GLI Finance Limited ("GLI" or the "Company") for the year ended 31 December 2014.

Last year marked an inflexion point in the transition of GLI from the provision of small and medium sized enterprise ("SME") lending primarily through US middle market lending, directly and through Collateralised Loan Obligations ("CLOs"), to providing SME lending through a range of alternative finance platforms in which GLI has a material stake. This process has involved a significant amount of corporate activity, but the core activity of the business remains, as it always has, the provision of finance to the SME sector. The geographic focus has broadened, as envisaged in the amended investing policy approved by shareholders in December 2013, and the range of businesses financed has widened, but we remain an SME lender.

Despite a large amount of changes within the assets of the Company, we have continued to deliver a stable capital performance. The two most significant changes to the Company's assets by value were firstly the disposal of our remaining CLO portfolio, with the Company receiving part cash and partly an investment in Fair Oaks Income Fund Limited ("FOIF") in June 2014. Secondly was the acquisition of Sancus Limited ("Sancus") on 16 December 2014 for GBP37.75m. With the first transactions we began the process of exiting the CLO portfolio in its entirety (completed in March 2015 with the sale of our stake in FOIF), and in the second transaction we have brought in-house an underwriting and origination capability. The Sancus acquisition also introduced a Zero Dividend Preference Share (ZDP") into the capital structure for the first time, which will better align our assets and liabilities.

However, just as important as the large deals for the long term success of our Company was the acquisition of ten new investments in SME finance platforms in the US, UK, Europe and in Sub-Saharan Africa. Our range of platforms in which we have strategic stakes gives GLI a unique position in the alternative finance sector and one that we hope to exploit in years to come.

This reflects our strategy of seeking unique origination capability, rather than loans originated by third parties, which had historically been the core of the portfolio. It is the Board's belief that, as the global economy moves slowly from a cycle of yield compression to a more normalised yield environment, it will no longer be sufficient to hold higher yielding assets, but we shall need to have the ability to originate assets capable of producing a high risk-adjusted return across the economic cycle.

We gain access to origination of SME finance through the platforms in which we have an equity interest and with whom we are working to develop our unique SME finance business; combining traditional SME finance disciplines with the fast-growing online alternative finance providers. The acquisitions made in the year brought the total number of investments in platforms by GLI up to fifteen at the year end. We have started to see significant increased valuations to some of the mature business that we have acquired during the year.

Whilst the majority are still in relatively early stages of development, the signs are encouraging that we have a range of businesses and management teams capable of producing strong returns through the economic cycle and across a number of jurisdictions.

Since the end of the year we have completed a further three transactions, details of which are within this report. It is expected that the platforms with whom we now have a relationship will form the core of the Company's business in the future, although we remain alert to opportunities to add value to the Company's leading position within SME finance globally.

SME Platforms

The fifteen platforms that we held at the end of 2014 provide lending diversity by duration, geography and asset type and also provide highly differentiated origination capability. With our new expanded executive team, the platforms are able to benefit from the shared learning, common services and availability of capital from GLI.

Details of the platforms held by the Company are included in the report but the ten new SME finance platform investments made in the year are shown below.

- Finpoint UK, a platform for UK lenders to finance SMEs
- TradeRiver Finance, a global online trade finance company
- European Receivables Exchange, a Danish invoice financing company
- CrowdShed, a multi-asset and multi-jurisdiction crowd funding company
- Proplend, a UK property-backed lending company
- Finexkap, a French provider of solutions to working capital financing
- Liftoward, a US-based global marketplace financing platform for small businesses
- The Credit Junction, a US supply chain finance business
- UK Bond Network, an online peer to peer bond platform
- Ovamba, a lending platform in Sub-Saharan Africa

As with all of the platforms in which we have invested, these companies are seeking to provide an offering that is complementary to the mainstream banking sector, rather than attempting to compete directly with the banks. This is important, as we believe that this will ensure our businesses can maintain a strong market position across economic cycles, rather than being just a cyclical play due to the weakness of the banks after the financial crisis.

A further three investments have been made since 31 December 2014, the investment in TradeRiver USA agreed in principle during 2014, with a further two more investments completed in March 2015.

- TradeRiver USA, a non-bank online funding solution which finances trade, both cross-border and in the US;
- MyTripleA, peer to peer lending platform operating in the Spanish market that facilitates alternative financing transactions between borrowers and lending investors; and
- The Open Energy Group, which is a financing platform for US commercial and small utility-scale solar projects.

Performance and Dividend

We are pleased to report that the Company continued to deliver a stable capital performance in 2014 whilst the continuing income flow to the Company underpinned the stable dividend. During the year the Company paid 5.0p per share in dividends (vs 5.0p in 2013). Although in the future we will no longer be receiving the CLO investment income, it is expected in time that the newer investments will provide at least as high a total cash return as has been provided by the CLO portfolio, and hence the Board has maintained the dividend throughout the Company's period of transition. The Board will continue to monitor the appropriate dividend level on a quarterly basis.

The Company's directly invested CLO portfolio produced excellent returns over the period in which it was held. The longest held and by far the largest position was the 100% residual economic interest in T2 CLO 1 Ltd ("T2 CLO"), which had been held since T2 CLO was formed in August 2007. Over the time from the original investment to our sale to Fair Oaks Income Fund, T2 CLO produced an annual IRR of 17%, and it is this order of magnitude of return against which our new investments will be measured over time. The return from T2 CLO was offset by the external management of the CLO assets by an investment manager, which no longer applies since the management of GLI is now entirely internalised at a lower cost, despite the increased size and complexity of the Company. If the costs of the external manager are taken into account, the return received by the Company over the lifetime of its investment in T2 CLO is approximately halved.

Existing platforms continue to grow their businesses, deploying increasing amounts of GLI's capital across a wide range of maturities. Over the year the volume of loans originated through GLI's platforms totalled GBP148.8m, an increase of 289% compared to 2013. The amount of investment made by GLI through the platforms during the year increased from GBP14.1m as at 31 December 2013 to GBP27.6m as at 31 December 2014, an increase of 96%.

The Company's aim continues to be to provide our shareholders with a stable and predictable dividend and a double digit return on equity ("ROE"). During the year, annualised in sterling terms, the ROE was 11.8% (11.8% as at 31 December 2013).

CLO Portfolio

As we stated in our last annual report, it has been the intention to look to transition gradually assets away from the CLO portfolio to origination over time. During 2014, the Company disposed of its remaining direct CLO investments through sales in the market and the IPO of FOIF. On 12 June 2014, the Company transferred its remaining CLO investments to FOIF in consideration for a cash element of approximately USD20.4 million and the issue of 34,298,425 shares in FOIF at a price of USD1.00 per share. The cash received from the transaction was fully invested into GLI's underlying SME finance assets and the remaining holding in FOIF was valued, as at 31 December 2014, at GBP22.8m (30 June 2014 GBP19.8m). Post year-end the holding in FOIF was fully disposed of which completed the transition away from the CLO.

In order to fund the growth of the loan origination within our family of platforms we raised a further GBP20m in ordinary share capital in March 2015. The proceeds of sale of the Company's holding in FOIF was used to reduce the level of our loan facility, and the term of the remaining amount of GBP13.525m has been extended to 15 June 2015.

Financials

As at 31 December 2014, the Company had net assets of GBP88.2m, or 51.00p per share, compared to net assets of GBP70.1m, or 49.99p per share at 31 December 2013 which represented a 2.0% increase in NAV per share.

The comparative Group numbers show net assets attributable to equity holders decreasing from GBP74.1m as at 31 December 2013 to GBP73.4m as at 31 December 2014. The difference in the net assets at a Group and Company level represents the difference in accounting treatment of our subsidiaries and associates in the Group accounts versus fair value treatment of assets held in the Company's financial statements. The Board continues to believe that the performance of the net asset value at the Company level, as opposed to the Group consolidated level, is the more appropriate in assessing the performance of the underlying business.

For the year ended 31 December 2014, GLI received interest income, dividends and other income totalling GBP7.0m, compared to GBP12.5m in 2013. The decline in income during the current year is attributed to the transfer of the remaining CLO investments to FOIF. Although the CLO investments did continue to generate income, it was within the FOIF structure, which did not pay out its first dividend until after GLI's year end. In the Chief Financial Officer's Report there is a reanalysed Company Statement of Comprehensive Income which provides a detailed breakdown and explains the variance on previous years. As noted in our interims, for the first time in 2014 we incurred costs for independent valuations of our SME platforms. As our portfolio increases in this sector the Board wishes to ensure that the valuations reported reflect a true and fair view of current fair values.

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

Market Commentary

The provision of finance to SMEs globally continues to be problematic, but this presents our alternative finance platforms with multiple opportunities. The banks appear unable or unwilling to provide finance to anything other than extremely straightforward credit risks, and seek larger loan sizes as a way to optimise profitability and put the maximum amount of capital to work.

Market Commentary CONTINUED

In the UK it is promising to see the Government stimulating the alternative finance sector, through the proposed requirement for banks compulsorily to refer business to alternative finance providers if turned down by the bank. Other jurisdictions are looking at ways to assist in the development of alternative finance to fill the gaps left by the banks.

The explosion in the number of alternative finance platforms to provide SME finance, particularly in the UK but increasingly elsewhere in the world, is likely to lead to a number of failures in the coming months and years. We work closely with our platforms to ensure that they are amongst the most resilient to external risk factors, and on regulatory matters we are sharing best practice across all of our platforms and working with the regulators in the various jurisdictions in which our platforms operate to ensure that effective and adequate regulation is being applied across the industry.

Executive Team

As the Company has continued to expand and make further investments in SME finance companies the Executive Team, which in 2013 comprised, Geoff Miller our Chief Executive Officer ("CEO"), and Emma Stubbs, our Chief Financial Officer ("CFO"), has increased in 2014 to a total of five following the appointment of Marc Krombach as Managing Director in October 2014, Louise Beaumont as Head of Public Affairs and Marketing in November 2014 and Andrew Whelan as Director of Lending in December 2014.

Emma and Andrew were appointed to the Board on 16 September 2014 and 16 December 2014 respectively.

Corporate Strategy

Our objective has always been, since the Company was founded in 2005, to provide a 10-15% return from the provision of SME finance and that remains the case. To achieve this, the corporate strategy has evolved over time, from an externally managed investment into third party originated loans, to an internally managed finance company with the appointment of Geoff Miller as an Executive Director in April 2011. It is now a leading player in the alternative finance sector, managing a unique range of financing solutions for SMEs globally.

Outlook

There is every sign that 2015 with be a breakthrough year for the Company following the investments made during 2014. We have a diversity of platforms, which should provide some very substantial potential with an acceptable level of risk.

Over a four year period, from the acquisition of Asset Management Investment Company PLC in January 2011 to the completion of a range of transactions culminating in the complete exit of the CLO business in early 2015, GLI has moved its SME finance business to a unique position within the alternative finance sector. The Company now has a coherent family of businesses with which it works. Whilst the majority of platforms are yet to reach profitability, we are confident as to the trajectory each is following and would expect a greater number to be profitable this time next year. The next twelve months and beyond will be a period in which we begin the process of building each of these businesses to operate on a significantly larger scale. As the businesses scale, so there will be further opportunities to develop revenue streams to capture more of the value chain, such as the potential for GLI to manage third party funds to invest through our family of platforms. There will be further examples of potential areas we can exploit over time, but we will only do so where there is a manifest, relatively short term and measurable benefit to our own shareholders. Strategic expansion for its own sake is tempting in a fast growing market, such as the alternative finance sector, but this is why we have sought to ensure that our remuneration policy aligns management with shareholders. The future looks extremely promising; although there are bound to be challenges along the way, the potential is considerable.

I would like to thank shareholders for their continued support and enthusiasm for the changes we have made over the past few years. We endeavour to run our Company in a manner which embraces shareholders of all sizes, and I am always grateful for any feedback that anyone wishes to provide.

Patrick Firth

Non-Executive Chairman

Date: 25 March 2015

CHIEF EXECUTIVE OFFICER'S REVIEW

In our last annual report I stated that we expected the coming twelve months to continue the reshaping of our business, with the goal of becoming a leading alternative provider of SME finance. Although the work of transitioning the business to its new shape has yet to be completed, today we have a business that has all of its assets within the alternative finance sector, we have a unique range of platforms through which to build substantial origination capability. Within our advisors and our in-house team we have a huge amount of experience within the alternative finance sector, built up over a period in which most investors were yet to see this as an asset class at all. Our challenge now is to convert our unique position, strategy, skill sets and experience into returns for investors.

Our strategy has been one of developing a range of partnerships with online and offline finance platforms that we believe have a sustainable competitive advantage, strong and experienced management teams, are complementary in approach to the traditional finance industry and have a strong qualitative and quantitative approach towards their business. We have not sought managerial control of the businesses, but rather to partner with entrepreneurial management teams and help them to build world class businesses. We invest in and through these platforms to optimise returns to our shareholders.

As we have approached these partnerships as a provider of SME finance, not as a pure financial investor, we seek to optimise our total return from the platforms through providing lending capacity as well as equity capital to the platforms.

In providing lending capacity as well as equity to our platforms we achieve several goals. Firstly there is straightforward certainty for our platforms that, providing we are happy with their underwriting processes and procedures we will ensure that all of their loans are filled. This is increasingly important in the sector, where a number of marketplace lenders have discovered that there are not always lenders available for every loan. Secondly we achieve an excellent risk adjusted return from a relatively predictable asset class. We believe that this will stand us in good stead to manage third party monies seeking to enter the sector in the future. Thirdly, as we have a material equity position in the platforms, we are in a position to benefit if cheaper third party funding is found. Whilst other investors in the sector are seeking to oblige platforms to maintain very high returns on lending capacity, if we can obtain cheap funding for our platforms from bank or non-bank sources, we will be more than happy to do so.

This final point, that cheap funding may be available to platforms may seem at odds with the second point, that some platforms are struggling to find lending capacity, but I believe that these are two sides of the same coin and relate to the early stage nature of the industry. Many platforms have grown their origination capability to a point that has outgrown their initial high net worth investors, but they lack the size necessary to attract significant institutional capital. Once those institutional investors can look "across the valley" and beyond the relatively small origination capability today and towards a very significant deal flow in the future, they will be willing to provide capital at what would be very modest rates in comparison with what may be available today. If platforms cannot find a way to bridge the valley, they will wither and die. What GLI provides to its family of platforms is the ability to bridge the current funding gap and to ensure that the platforms can focus on origination and optimising value within their business, rather than sourcing lending capacity in the short term.

The largest movement in the Company's portfolio during the year was exiting our direct investment in CLO investments for the first time since 2007. It had been an excellent asset class for the Company over the period of our investment but as returns on CLO equity came down to a similar level towards that which can be obtained from unleveraged specialist lending assets, we had devised the strategy of moving towards origination of specialist lending assets through alternative finance platforms, and as the alternative finance business was, so it was logical for us to seek a staged exit to the CLO business altogether. During the year, Fair Oaks Income Fund Limited ("FOIF") was listed and our remaining CLO positions were exchanged for shares in the resultant vehicle and cash. We received GBP20.4m in cash and 34,298,425 shares in FOIF. Post year end, our FOIF holding was disposed of for GBP21.86m at close of business FX rate:1.4744. The cash will be put to work within and through our finance platforms.

More important than the exit from our legacy business, for the long term development of our Company, was the acquisition of Sancus at the end of 2014. This acquisition accelerated the development of our business in several important areas.

Firstly in terms of the size of our loan book, we added GBP18.4m of secured loan assets of relatively short duration and with a high return attached, combined with the ability to source a very significant deal flow as we move forward. We expect not only to develop Sancus's current Channel Islands presence but also build out similar operations across a number of other offshore jurisdictions with local partners.

Secondly the transaction allowed us to build our internal management team. Andrew Whelan, the Sancus CEO, has joined the GLI Board as Director of Lending and will take a lead on the lending side of our balance sheet in the future. His underwriting and operations team have dovetailed with the existing GLI team and will provide us with a significantly enhanced in-house underwriting and origination capability.

Thirdly we offered the Sancus preference shareholders a ZDP in exchange for each Sancus preference share they previously held. The ZDPs carry a fixed capital return over their five year life equivalent to a gross annual redemption yield of 5.5%. It is intended that this security will be listed as soon as possible. The ZDPs not only lower our overall cost of capital but also align our assets and liabilities more than simply funding our assets with ordinary shares, since the ZDPs are pure capital instruments in the same way as the equity positions within our platforms produce capital rather than income return. The absence of a coupon also frees up cash flow to service the dividend. Details of the rights attached to the ZDPs are detailed in the notes to the accounts.

Whilst last year was a landmark year in terms of the changes within the business, I would expect this year to be a breakthrough year in terms of the size and profitability of the platforms in which we have invested. Although we do not disclose the profitability numbers of individual platforms, some are already profitable and many will be profitable by the end of this year. We are invested in businesses for their profitability and will judge the long term success or failure of our business on the profitability of the underlying platforms.

Our Chief Financial Officer's Report that follows this report covers the results of 2014 and therefore I will not dwell on the operational results. From a strategic standpoint, 2014 saw ten additional platforms brought into our family of businesses and our position cemented as a leading provider of SME finance to alternative platforms in the UK, with some exposure to Europe and to the US. By the end of the year we had fifteen platforms and these could be grouped into broad categories as shown in the table below.

Since the year end, three further transactions took place as well as the disposal of our holding in FOIF. We now hold a wide range of businesses in which we have a stake and have increased the range of activities in the US and Europe. This meant we have been able to diversify the asset classes served in the UK and introduced for the first time a business outside of the UK, US and Europe. To this end, the following strategic partnerships have been agreed:

TradeRiver USA

Post year end, GLI agreed to make an investment in TradeRiver USA a non-bank online funding solution, which finances trade, both cross-border and in the US. Companies registering with TradeRiver USA gain access to a one-stop purchasing system that removes complexity from the supply chain and provides much needed working capital, enabling them to transact with the confidence of a cash buyer. It works by providing the buyer, at any point in the supply chain, with a pre-approved revolving facility that can be used to finance trade with multiple suppliers. Payments and administration are paperless and transparent via a secure on-line platform.

An affiliate of the UK based company and another platform of GLI's, TradeRiver Finance, TradeRiver USA is ready to serve a fast-growing community of forward-thinking businesses looking for an alternative to traditional trade finance. Buyers and sellers in any supply chain can benefit from a level of flexibility, responsiveness and agility that simply isn't available from traditional bank-based finance.

The Open Energy Group

On 3 March 2015, GLI completed a new investment in The Open Energy Group ("OEG"), which is a financing platform for US commercial and small utility-scale solar. OEG provides innovative financing solutions to support the growth of commercial and utility-scale solar infrastructure, using a marketplace to direct investment from institutional and accredited investors to high quality borrowers, based on a foundation of technology-driven underwriting processes.

For borrowers, OEG provides US solar developers and project operators with much needed loan finance backed by their solar project fundamentals, using innovative approaches to traditional project finance to find the best financing solution for the borrower. Loans are typically USD500,000 - USD5 million and the terms range from 7 to 15 years.

Investors earn attractive yields on a risk-return basis from OEG Green Notes that are backed by cashflows from high quality solar power generation assets with strong long term power contracts. Accredited and Institutional investors choose their investments from a marketplace, and investments start from USD5,000.

MyTripleA

MyTripleA is an emerging peer to peer lending platform operating in the Spanish market that facilitates alternative financing transactions between borrowers and lending investors. We believe that the company is uniquely positioned within the Spanish market to originate loans with an excellent risk-adjusted return profile. We will be updating the market further on the company's plans in coming months but we see the Spanish market as an ideal place in which alternative finance can flourish, with the key requirements from an investor's perspective being rigorous risk control and ensuring the correct regulatory approach.

The range of activities within the GLI family now provide a broadly based, multi-asset group of complementary businesses that can add significant value to one another through working with each other.

Category	UK	Europe	US	Rest of the World
Term Lending:	BMS Finance	Finpoint Europe	Raiseworks	
	FundingKnight	MyTripleA	LiftForward	
	Finpoint		The Open Energy Group	
	Proplend			
	Sancus			
Short Term/ Receivables Finance:	Platform Black	European Receivables Exchange	The Credit Junction	Ovamba
		Finexkap		
Trade Finance:	TradeRiver		TradeRiver USA	
Multi-Asset/Other Assets:	CrowdShed			
	UK Bond Network			

Having, for the past two years been working to build a global network of leading SME finance businesses, we now feel that we have a comprehensive group of relationships. Although we have made 2 small additional investments in the first quarter of 2015, and whilst we would not rule out relationships with further parts of the value chain in delivering SME finance, it is unlikely that the overall shape and extent of the family of relationships that we have will alter materially in the near future.

The Future

The majority of the businesses within our family of relationships have the ability to grow exponentially from a low base, although a few are still in start-up stage and therefore the exact mix of business as we develop the GLI family is difficult to predict at this time. However, I would expect our single largest geographical exposure within the Company's portfolio to remain the US. This is a function of the size of the market opportunity, rather than any expectation of better growth prospects for the individual businesses. I would expect the UK waterfront coverage that we have should ensure good growth, and hopefully the supportive Government attitude to alternative finance should provide a positive backdrop. In Europe the potential for alternative finance is tremendous because it is relatively untapped, but it is coming from a lower base than the UK. However the relative growth rates emerge the company will have a broadly based currency exposure. Rather than hedge our exposures back into sterling the Company has for the past five years taken the view that diversification is a more efficient and less costly way to manage exposures than hedging.

Our broad range of platforms brings with it opportunities to add value across the family of businesses, which we are just beginning to explore and to exploit. We have deliberately described our strategic relationships as a family of businesses, since they are complementary to one another and together form a formidable group that have the potential to work together across and within jurisdictions. Over time we will want to ensure that cross-referral and cooperation enhance the value of all of our family of businesses.

In addition, our service providers now have experience of working with a wide range of platforms and can add value to individual platforms or to the group of platforms as a whole. An example of this is the work GLI has commissioned on behalf of our non-US platforms in respect of the Foreign Account Tax Compliance Act under US Federal Law ("FATCA"). As detailed in the Chief Financial Officer's Review, this is an important area for smaller financial institutions and requires action by almost all non-US platforms. It would be costly for an individual platform to obtain the necessary advice, but in our case we were able to absorb the cost within the work being done on GLIs behalf to ensure that we are FATCA compliant.

Although there has been much focus on regulation of the alternative finance industry, and particular peer to peer platforms, FATCA is just one example of the additional areas where policies, procedures and reporting need to be adhered to. We continue to strive to ensure that platforms in which we have a stake have best in class policies, procedures and compliance thereto in such areas as Anti-Money Laundering, Countering the Financing of Terrorism, and Anti-Bribery and Corruption, to ensure that our family of alternative finance businesses meet or exceed Financial Action Task Force standards. For many emerging platforms such areas may not be a focus, as they see themselves first and foremost as technology businesses, but we regard such standards as a core part of the culture necessary within financial services and of paramount importance in building confidence in the sector as an essential part of the overall global financial ecosystem.

The Future CONTINUED

As flagged in our last annual report issued March 2014, this year has seen an increasing institutionalisation of the alternative finance sector. This reflects both the increasing scale of the asset class and the diversity of paper available. Once platforms can reach a certain size, institutional interest is now significant, but the challenge remains for many to achieve that initial scale.

We have seen the first handful of securitisations in the US of marketplace lending, and we would expect Europe to start to see more this year. Finexkap, our French receivables business, for example is fully authorised to issue securitised paper and it is intended to fund its business in this way, thus ensuring significant scaleability. As securitisations become more commonplace the funding of loans becomes potentially easier and cheaper, although the question will become whether these alternative finance platforms should become more akin to balance sheet lenders if they can fund the business themselves. From our perspective, as participants in both the equity and loans, we are agnostic as to how the businesses grow because our return will come from one side or the other. To the extent that securitisations, or other types of Special Purpose Vehicles, require junior note holders, we may well find opportunities for enhanced returns as the businesses grow.

As the alternative finance industry grows, so the increased attention has naturally brought in other potential investors wishing to participate in the equity of the platforms themselves. This is putting some upward pressure on the valuation of platform equity. We have maintained a firm line on how we believe these platforms should be valued, and refused to bid up to participate in fund raisings. We can continue to execute deals at below the price that others may be prepared to pay since we bring a wealth of experience of the sector and an appetite to share it with the platform principals, we can be flexible in how we fund the platforms themselves, through equity and/or debt, and we are happy to write the underlying loans. Few other participants wish to be active across all of these areas.

Having built a market-leading position in the past three years it is important that we now seek strategic developments that can leverage this position. We recently announced that the Board is considering the development of an ability to manage third party funds within the alternative finance sector. A manager with a market leading position, and preferred access to eighteen alternative finance platforms, to provide a diversified range of lending type, security, geography and term could be attractive to investors and development of an asset management capability could be a useful recurring revenue stream, as well as providing very significant lending capacity to our platforms.

In conclusion, our goal four years ago when we started the reshaping of the business was to build within GLI a unique SME finance business that could originate loan assets diversified by geography, industry, size of lending and type of lending. We now have the range of platforms required to deliver on the objective we set ourselves and the short and medium term goal will now be to drive value through the growth in these businesses.

This year has been a year of momentous change within GLI, and we are now positioned to take advantage of the opportunities and address the challenges that doubtless will present themselves as our business and the alternative finance industry matures.

Geoffrey Miller
Chief Executive Officer
Date: 25 March 2015

CHIEF FINANCIAL OFFICER'S REVIEW

The 2014 results reflect a year of great change and multiple acquisitions. As the Company nears its completion of moving its assets entirely to SME lending from its CLO holdings, it has maintained its current dividend level of 5.0 pence in the year as well as, at the Company level, remaining profitable. As expected profit levels have reduced this year as the Company has made the switch from income predominantly arising from CLO assets in the past being replaced by income earned from the increased investment in SME lending. This year we have seen an increase in one off costs reflecting the large number of acquisitions that have taken place. We do expect our cost base to continue to reduce as the management fees for the CLO business cease and the effects of one off costs due to our transition over the past three years fall away. The income has fallen during the period as the business has transitioned away from investment in high yielding CLO paper. However, we believe that the investment in alternative finance offers long term returns at least as attractive as the CLO portfolio. In order to fund the growth of the loan origination within our family of platforms we raised a further GBP20m in ordinary share capital in March 2015. The proceeds of sale of the Company's holding in FOIF was used to reduce the level of our loan facility, and the term of the remaining amount of GBP13.525m has been extended to 15 June 2015.

During 2014 the Company made ten new investments in SME finance companies as well as the acquisition of Sancus, in which we held 8.4% of the ordinary shares and 3.725m of the preference shares at the beginning of 2014. The strategic rationale and benefits of the transaction are detailed in the Chief Executive Officers ("CEO's") report. Also in the year the entire CLO portfolio was disposed of for USD20.4m cash the issue of 34,298,425 shares in FOIF. As detailed in the CEO's report, subsequent to the year end the FOIF holding was sold.

Portfolio Update

As at 31 December 2014 the Company level portfolio was valued at GBP88.2m as detailed in the table below. This was compared to a NAV of GBP70.1m at 31 December 2013.

Asset Class	**31 December 2014**		**30 June 2014**		**31 December 2013**	
	GBPm	**%**	**GBPm**	**%**	**GBPm**	**%**
CLO Portfolio	-	0%	-	0%	43.1	61%
SME Platforms	49.3	56%	16.7	24%	8.9	13%
Loans Receivable	34.8	39%	24.7	36%	15.5	22%
Loan Payable	(23.3)	(26)%	-	0%	-	0%
Net Loans	*11.5*	*13%*	*24.7*	*36%*	*15.5*	*22%*
Other	22.8	26%	21.0	31%	1.4	2%
Net Cash	4.6	5%	6.0	9%	1.2	2%
Total	**88.2**	**100%**	**68.4**	**100%**	**70.1**	**100%**

Geographical Split	**31 December 2014**		**30 June 2014**		**31 December 2013**	
	GBPm	**%**	**GBPm**	**%**	**GBPm**	**%**
Europe	6.2	7%	1.6	2%	5.7	8%
UK	39.6	45%	36.8	54%	22.0	31%
US	37.8	43%	23.9	35%	41.2	59%
Total Investments	83.6	95%	62.3	91%	68.9	98%
Net Current assets	4.6	5%	6.0	9%	1.2	2%
Total	**88.2**	**100%**	**68.3**	**100%**	**70.1**	**100%**

CLO Portfolio

The balance at the end of December 2014 was nil following the disposal of all of the CLO Portfolio during the year.

SME Platforms

The total value held in SME Platforms increased in the year from GBP8.9m at 31 December 2013 to GBP49.2m at 31 December 2014 following the addition of ten new investments and the acquisition of Sancus.

The Board, informed by independent valuations carried out on its behalf, considered the fair value of the platforms and where applicable adjusted the valuation of the platforms, details of which are noted below.

SME Platforms CONTINUED

BMS

The Company has a 66.7% equity stake in GBHL which at 31 December 2014 had an equity value or GBP1.6m (30 June 2014 GBP1.2m, and GBP1.5m at 31 December 2013).

GBHL comprises of a 100% interest in BMS Finance AB Ltd ("BMS") the UK operating business, a 100% interest in Noble Venture II Nominees Ltd ("NV2N") and a 95% interest in NVF Tech Ltd (previously named HiWave UK) ("NVF").

The company finances high growth SMEs, predominantly in the UK. Typically these businesses have up to GBP25m of revenue, but lack a three year track record of profits. The loans are two to three year senior secured amortising loans of GBP0.5m-GBP4.5m and in addition to the loan itself, BMS typically obtains a warrant or exit fee. The focus of the portfolio is business services and technology companies.

Towards the end of 2013 BMS agreed a GBP15m matched funding facility, which was put to work in the second half of 2014. At 31 December 2014, a total of GBP2.9m had been drawn down, representing GLI's proportion of this arrangement.

The GBP15m will be matched by GBP7.5m from GLI and GBP7.6m from BMS Finance.

Deal flow for BMS continues to be good and we would expect deployment of the matched funding facility ahead of previous expectations.

	31 December 2014 (GBPm)	30 June 2014 (GBPm)	31 December 2013 (GBPm)
GLI Ordinary Shares	1.6	1.2	1.5
GLI Preference Shares	-	-	-
Loan Book	20.0	17.1	12.6
GLI Economic Interest	21.6	18.3	14.1

FundingKnight

The Company has a 20% equity stake in FundingKnight Holdings Limited with an original investment in July 2013 of GBP1.5m for a combination of ordinary and preference shares. The Board reviewed the fair value of the holding at 30 June 2014 and this was increased to GBP3.0m. This valuation remained the same at the year end.

FundingKnight provides SME finance through crowd funding from a broad base of investors. The maximum loan size is GBP150k and the maximum term is five years. An experienced in-house team of SME bankers, using both quantitative and qualitative analysis, underwrites the loans.

The introduction of two new products, a bridging loan and the funding of small scale wind turbine projects, as well as an increase in the maximum size of loan, has accelerated origination growth. Origination in March 2015 was at an annualised GBP36m, vs GBP6m for the whole of 2014.

GLI also had a loan book originated through FundingKnight of GBP4.311m (GBP1.291m at 31 December 2013) and a further working capital loan of GBP 250k which was drawn down in the last quarter of 2013.

	31 December 2014 (GBPm)	30 June 2014 (GBPm)	31 December 2013 (GBPm)
GLI Ordinary Shares	2.0	2.0	0.5
GLI Preference Shares	1.0	1.0	1.0
Loan Book	4.6	3.1	1.3
GLI Economic Interest	7.6	6.1	2.8

Platform Black

The Company invested GBP2.0m for a combination of ordinary and preference shares in September 2013. At the end of June 2014 the Board increased the valuation to GBP3.0m, but at 31 December 2014 after due consideration of the independent valuation report, the Board reduced this back to the original investment valuation of GBP2.0m (GBP1.0m for Ordinary Shares, and GBP1.0m for Preference Shares).

Platform Black is a UK based peer-to-peer invoice trading and supply chain finance business. Its investor base is exclusively sophisticated investors, funds or corporate entities and these investors bid for tranches of invoices from 5% of the principal upwards through Platform Black's proprietary platform.

SME Platforms CONTINUED

Platform Black CONTINUED

Platform Black launched in June 2012 and by the end of December 2014 had financed invoices of over GBP89.5m. More recent growth has come from supply chain finance, and we would expect this, and strategic partnerships with organisations that could provide multiple invoices for auction as being key to the acceleration of growth in 2015. A number of such relationships are being discussed.

The amount of loans held by GLI at the year end 31 December 2014 was GBP1.66m (GBP163k at 31 December 2013).

	31 December 2014 (GBPm)	30 June 2014 (GBPm)	31 December 2013 (GBPm)
GLI Ordinary Shares	1.0	2.0	1.0
GLI Preference Shares	1.0	1.0	1.0
Loan Book	1.6	1.1	0.2
GLI Economic Interest	3.6	4.1	2.2

Raiseworks

On the 19 December 2013, GLI invested USD1.5m in the US peer-to-peer SME lending business, Raiseworks, LLC ("Raiseworks") for an initial 50% holding (50,000 Class A Common Shares) which increased to 62.5% in October 2014 when GLI purchased a further 12.5% equity stake for a further 33,333 Class A Common Shares bringing the share issue to a total of 83,333 Class A Common Shares.

The Raiseworks business began in 2011, to improve small business access to credit and to increase investment opportunities in small businesses. The Company has significant lending capacity agreed with a third party and is now making loans.

The Directors' valuation of the GLI equity stake in Raiseworks was increased from USD3.75m at 30 June 2014, to USD12.5m as at 31 December 2014 The increase in the valuation in the period reflects the increased fair value of Raiseworks reflecting the purchase of an additional 12.5% equity stake in October 2014. During 2014 GLI also made a USD2m loan to the Company for working capital purposes.

In addition to the third party capital provider that has committed to providing USD1bn of lending capacity, the Company expects to write USD1-2m per month in the second quarter of 2015.

	31 December 2014 (GBPm)	30 June 2014 (GBPm)	31 December 2013 (GBPm)
GLI Ordinary Shares	8.0	2.2	0.9
GLI Preference Shares	–	–	-
Loan Book	1.4	1.2	-
GLI Economic Interest	9.4	3.4	0.9

Sancus

On 16 December 2014, GLI purchased Sancus Limited ("Sancus"), the operating subsidiary of Sancus Holdings Limited (SHL) for a total consideration of GBP37.75m (GBP17.75m in GLI Ordinary Shares (31,415,930 ordinary shares) and GBP20.0m in new ZDPs). Prior to this GLI had a holding of 8.4% of Sancus Ordinary Shares and GBP4.75m preference shares.

As at 31 December 2014, the Directors valuation remained at GBP37.75m for Sancus Limited as per the recent acquisition.

Sancus's target market is entrepreneurs, SMEs, HNWIs and professionals and it offers attractive returns to clients who wish to participate in co-investment lending opportunities. Sancus takes a holistic approach when reviewing complex borrowing opportunities and takes into consideration a potential borrower's total asset base, while making decisions quickly and providing certainty to potential borrowers. Sancus will also co-invest in all deals, providing comfort to fellow lenders, making its model somewhat similar to GLI itself, albeit focused on offshore jurisdictions.

The loan book is growing rapidly, since the company opened for business in January 2014. As at 31 December 2014, the company had written GBP57.63m of loans (GBP28.78m in Q4 2014), average Loan Agreement GBP2.3m and 11 months average duration. The Loan book had significantly increased from June 2014 at GBP11.95m, with an average loan of GBP1.1m and 22 months average term.

SME Platforms CONTINUED

Sancus CONTINUED

In addition, as at 31 December 2014, GLI had loaned GBP1.0m as a co-lender with Sancus.

	31 December 2014 (GBPm)	30 June 2014 (GBPm)	31 December 2013 (GBPm)
GLI Ordinary Shares (SHL)	17.75	0.7	0.3
GLI Preference Shares (SHL)	20.00	2.7	2.7
Loan Book	1.00	-	-
GLI Economic Interest	38.75	3.4	3.0

Finpoint UK

Finpoint UK is a venture between CRX (the German company that owns Finpoint) and GLI. The platform provides financial institutions with the opportunity to acquire loans direct from SMEs; a similar model to P2P, but with larger loan sizes and a solely institutional focus.

After a successful three years in Germany, Finpoint approached GLI, as it wished to enter the UK market but wanted a local partner to help shape the strategy. On 24 January 2014, a new Company was created called Finpoint Ltd whereby GLI purchased a 75% equity stake in the UK business for GBP0.75m and CRX subscribed for the remaining 25% for GBP0.25m. GLI also subscribed to GBP0.5m of preference shares. The Company has been granted an exclusive perpetual license from CRX to use the Finpoint platform in the UK. The Company has started to make loans and is making good progress signing up new lenders.

The Board has reviewed the fair value of the holding in Finpoint UK as at December 2014, and the valuation remains unchanged from the carrying value as at June 2014 at GBP1.0m Ordinary Shares, and GBP0.5m of Preference shares.

	31 December 2014 (GBPm)	30 June 2014 (GBPm)	31 December 2013 (GBPm)
GLI Ordinary Shares	1.0	1.0	-
GLI Preference Shares	0.5	0.5	-
Loan Book	0.1	-	-
GLI Economic Interest	1.6	1.5	-

TradeRiver Finance

TradeRiver Finance is a non-bank online funding solution which finances trade, both cross-border and in the UK. The company provides businesses with finance to purchase goods and services through a convenient online platform. The average credit period (days) is approximately 111 days and the average transaction size is approximately GBP78,000. The Company has shown impressive growth rates in the last twelve months, financing GBP24.3m in loans from January to December 2014, representing 357 new loans, vs. GBP14.8m in the full twelve months of 2013.

GLI has provided TradeRiver with a GBP2m subordinated loan facility and acquired a 10% stake in the equity of the business for GBP0.8m on 11 February 2014. The Board has considered the year end valuation and has kept this at cost (which is deemed fair value).

As at 31 December 2014, GBP0.125m of the subordinated loan facility had been drawn down.

	31 December 2014 (GBPm)	30 June 2014 (GBPm)	31 December 2013 (GBPm)
GLI Ordinary Shares	0.8	0.8	-
GLI Preference Shares	-	-	-
Loan Book	0.1	0.1	-
GLI Economic Interest	0.9	0.9	-

SME Platforms CONTINUED

European Receivables Exchange (Dansk Faktura Børs)

On 13 February 2014, the Company acquired a 5% equity stake in European Receivables Exchange for DKK4.5m (GBP0.5m). At 31 December 2014, the valuation remained unchanged from that at 30 June 2014 at GBP0.5m.

The company is an invoice discounting business, currently operating principally in Denmark but has the potential to broaden its reach across Europe. It is different from Platform Black not only geographically but also in the fact that there is no fractional bidding and the individual bids for the entire invoices are quoted as a percentage of the invoice face value, rather than the return per month.

Origination has been maintained at a healthy level within the spot invoice finance market, and discussions continue with third parties capable of delivering significant growth in the number of invoices auctioned across the platform.

	31 December 2014 (GBPm)	30 June 2014 (GBPm)	31 December 2013 (GBPm)
GLI Ordinary Shares	0.5	0.5	-
GLI Preference Shares	-	-	-
Loan Book	-	-	-
GLI Economic Interest	0.5	0.5	-

CrowdShed

CrowdShed is creating a new multi-faceted approach to crowd funding, bringing together rewards and donations with equity and commercial debt opportunities. GLI acquired an initial 46.8% equity stake in Crowdshed (expected to reduce to 25% over time) for GBP0.6m on 21 February 2014, giving GLI exposure to the fast growing financial crowd funding industry. This equity stake reduced in July 2014 to 32.51%. CrowdShed will also provide opportunities for GLI to participate in a variety of assets as different products and funding campaigns are launched on the platform. After consideration, the Directors' fair value as at 31 December 2014 was reduced to GBP0.5m from GBP0.6m at 30 June 2014.

	31 December 2014 (GBPm)	30 June 2014 (GBPm)	31 December 2013 (GBPm)
GLI Ordinary Shares	0.5	0.6	-
GLI Preference Shares	-	-	-
Loan Book	-	-	-
GLI Economic Interest	0.5	0.6	-

Proplend

On 7 March 2014, the Company acquired a 22.5% equity stake in Proplend for GBP0.5m ordinary shares and the option of acquiring up to GBP0.5m preference shares. The valuation at 31 December 2014 remains unchanged from that at 30 June 2014 being GBP0.5m.

Proplend is a secured P2P lender run by an experienced property team with a differentiated product. The company focuses on the UK commercial property market and loan sizes of typically between GBP100k and GBP5m. It is fully launched online and GLI has invested GBP965,000 on the platform during 2014.

Proplend has a strong pipeline of potential deals and strong growth in the loan book is expected for 2015.

	31 December 2014 (GBPm)	30 June 2014 (GBPm)	31 December 2013 (GBPm)
GLI Ordinary Shares	0.5	0.5	-
GLI Preference Shares	-	-	-
Loan Book	1.0	-	-
GLI Economic Interest	1.5	0.5	-

SME Platforms CONTINUED

Finexkap

On 22nd July 2014 the Company acquired an initial 36.6% equity stake in Finexkap for EUR3.0m of ordinary shares. The equity stake was reduced to 26.4% through dilution of shares in November 2014 as planned.

Finexkap SAS, is a web-based platform providing a revolutionary solution to working capital financing. Bringing together SMEs and professional investors, Finexkap provides a unique approach to receivables financing in a fast, user-friendly and highly secure environment. Finexkap offers a short-term, flexible and paperless funding solution with no volume or timeframe conditions. The service focuses on simplicity and easy-to-use features in just a few clicks, SMEs can sell receivables and gain access to working capital financing with competitive advantages compared to traditional factoring services.

Having gained the last of its required regulatory approvals in December, Finexkap is now growing its book of business rapidly. Average monthly growth in the loan book thus far has been in excess of 100% per month.

The valuation at 31 December 2014 was GBP2.3m, no change from the purchase price in July 2014.

	31 December 2014 (GBPm)	30 June 2014 (GBPm)	31 December 2013 (GBPm)
GLI Ordinary Shares	2.3	-	-
GLI Preference Shares	-	-	-
Loan Book	0.5	-	-
GLI Economic Interest	2.8	-	-

LiftForward

In August 2014, GLI acquired a 20.9% interest in Series 'A' Preferred Stock Shares in LiftForward, Inc., a software as a service ("SaaS") company which operates marketplace financing platforms for organisations with a large number of small business customers or members. LiftForward's technology enables organisations to connect customers or members with various forms of capital. Services also include portal development, underwriting, servicing and reporting. The platform and services can be customised to meet the specific needs of each client organisation and the small businesses they serve. The Company has announced a significant deal with Microsoft to provide small business loans through 100 Microsoft Stores in the US and through the Microsoft Store website and further significant partnerships are expected during 2015 that will greatly increase the origination capability.

The valuation at 31 December 2014 was GBP1.5m, no change from the purchase price.

	31 December 2014 (GBPm)	30 June 2014 (GBPm)	31 December 2013 (GBPm)
GLI Ordinary Shares	-	-	-
GLI Preference Shares	1.5	-	-
Loan Book	-	-	-
GLI Economic Interest	1.5	-	-

UK Bond Network

In October GLI invested GBP1.0m for a 16.6% equity stake in UK Bond Network. UK Bond Network gives listed and unlisted businesses the opportunity to create a bespoke financing structure with terms that suit them, in the form of loans or bonds from GBP0.5m to GBP4.0m. The platform bridges the gap in the market between the small alternative finance providers (private debt funds) and the retail bond market, which is typically not a viable option for businesses seeking less than GBP20m. UK Bond Network has a very healthy pipeline of transactions and, having participated in our first transaction during the first quarter of 2015, we expect significant activity in the second quarter of 2015.

SME Platforms CONTINUED

UK Bond Network CONTINUED

The valuation at 31 December 2014 remains at cost of GBP1.0m.

	31 December 2014 (GBPm)	30 June 2014 (GBPm)	31 December 2013 (GBPm)
GLI Ordinary Shares	1.0	-	-
GLI Preference Shares	-	-	-
Loan Book	-	-	-
GLI Economic Interest	1.0	-	-

The Credit Junction

In September 2014, GLI made a USD1.5M investment in The Credit Junction. The Credit Junction is an online marketplace lending platform focused on providing working capital and supply chain financing solutions to industrial and manufacturing SMEs.

The Credit Junction focuses on SMEs seeking loans of USD200K to USD2M within the aerospace and defence, oil and gas, automotive, power, transportation, agricultural services, construction and manufacturing sectors.

The platform will transform how SMEs finance supply chain working capital by creating working capital flexibility, alleviating cash flow problems due to changing payment terms, facilitating and simplifying access to capital and decreasing time to borrow and overall funding costs.

The Credit Junction completed its first transactions in the first quarter of 2015, and having spent over a year building its relationships on which its relationships will be based, we expect strong origination from the second quarter of 2015 onwards.

The valuation at 31 December 2014 of USD3.5m/GBP2.2m reflected an additional equity transaction agreed with a third party.

	31 December 2014 (GBPm)	30 June 2014 (GBPm)	31 December 2013 (GBPm)
GLI Ordinary Shares	2.2	-	-
GLI Preference Shares	-	-	-
Loan Book	-	-	-
GLI Economic Interest	2.2	-	-

Ovamba Solutions Inc

In October 2014, GLI invested USD1.3m for a 20.45% equity stake in Ovamba Solutions Inc. Ovamba is the first peer-to-business lending platform in francophone Africa, and also one of the first market lending platforms to offer investment opportunities to individuals and institutions in Sub-Saharan Africa. It was established to address two issues: solve the problem of restricted access to affordable credit for the small and medium enterprise sector of Africa; and connect institutional investors and the diaspora to their home countries by offering safe, viable investment opportunities with good returns.

Ovamba began writing modest amounts in 2014 but, having tested its systems and processes, the business is deploying significant amounts of capital in the first quarter of 2015 and expects to be originating at an annualised rate of over GBP50m by the end of this year.

The valuation at 31 December 2014 was at cost of GBP0.8m.

	31 December 2014 (GBPm)	30 June 2014 (GBPm)	31 December 2013 (GBPm)
GLI Ordinary Shares	0.8	-	-
GLI Preference Shares	-	-	-
Loan Book	-	-	-
GLI Economic Interest	0.8	-	-

Gross Loans Receivable

The gross loans receivable balance had increased from GBP15.5m at 31 December 2013 to GBP34.8m. The balance is made up of platform loans and other loans as detailed below.

Platform Loans

Of the GBP34.8m loan balance, GBP30.6m of this related to loans on our platforms. This is in comparison to last year when the balance was GBP14.0m. Weighted average of return on loans is 9.2%, including loan to GBHL to fund underlying loans. Excluding the loan to GBHL at 8% interest rate, the blended interest rate on platforms is 11.1%.

We have continued to increase the amount invested through the FundingKnight platform GBP1.3m at 31 December 2013 to GBP4.6m at the end December 2014, typically with gross returns in excess of 11%.

The Company also provides funding through the platform of Platform Black and at the 31 December 2013 this balance was GBP0.2m, which increased to GBP1.6m at 31 December 2014. The average IRR on Platform Black was greater than 13%.

In addition, loans were made to some of the new platforms acquired since the December 2013 year end.

Other Loans

The other Loans balance of GBP4.2m (GBP1.4m 31 December 2013) is made up of the loan with Lombardia Capital Partners ("LCP") with a carrying value of GBP0.8m as at 31 December 2014, (GBP:0.7m 31 December 2013) and two further loans with non-owned platforms for GBP0.6m at a rate of 12.5% and GBP2.85m at 12%.

In 2013, this balance also included Koosharem (Select Remedy). A deal was accepted during the year for ten cents in the dollar plus a warrant for the sale of the loan with Koosharem (Select Remedy) which had a loan value of GBP0.7m at the 31 December 2013. GBP0.7m was received in cash in May 2014.

Loan Payable

During the year, the Company agreed to a GBP30m loan facility with Sancus Limited, which as at the year end, GBP23.3m had been drawn down. This resulted in a net loan balance shown in the table above of GBP11.5m. This loan facility was rolled forward in March 2015 for a further 3 months now repayable 15 June 2015 (see note 23 of the financial statements).

Other

Other balances held by the Company at the year end came to a total of GBP22.8m (31 December 2013: GBP1.4m).

The main reason for the increase in this balance is FOIF, which at 31 December 2014 was valued at GBP22.8m.

During 2014 GLI sold IFDC, a Japanese long-only equity manager at GBP1.1m on 1 July 2014. As at 30 June 2014, the value was GBP1.1m (31 December 2013: GBP1.1m).

On 28 April 2014, Stratus Technologies Bermuda Holdings Ltd completed the sale of Stratus Technologies business to an affiliate of Siris Capital Group, the transaction did not result in the distribution of any proceeds to the Members (valuation at 31 December 2013 GBP0.4m).

Borrowings

As at 31 December 2014, the Company's net loan balance had decreased from GBP15.5m at 31 December 2013 to GBP11.5m as at 31 December 2014. The reason for the decline is that GLI now have a loan with Sancus, details of which are shown below.

Company Statement of Comprehensive Income – Reanalysed

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

	Year ended 31 December 2014 GBP	6 months ended 30 June 2014 GBP	Year ended 31 December 2013 GBP
CLO investment income	4,693,694	4,693,695	11,309,643
BMS interest income	1,204,445	505,333	930,135
Interest on Platform Loans (non-BMS)	431,938	163,488	-
Interest on Other Loans	199,488	25,770	54,905
IFDC	-	-	169,430
Interest income and other fee income	47,133	9,558	10,649
Preference Share Income	376,393	181,646	-
Total income	6,953,091	5,579,490	12,474,762
Expenses	(6,691,941)	(2,184,236)	(4,085,439)
Profit for the year/period (reanalysed)	**261,150**	**3,395,254**	**8,389,323**
Reconciliation to Company Statement of Comprehensive Income:			
Realised loss on financial asset	(9,881,535)	(8,346,678)	(11,941,112)
Unrealised gain on financial asset	16,410,565	6,656,199	11,162,100
(Loss)/gain on foreign currency transactions	(106,279)	(262,495)	345,655
Profit for the year/period	**6,683,901**	**1,442,280**	**7,955,966**
Dividends paid in the year/period	7,036,588	3,512,312	6,556,713

In the reanalysed numbers, total income for the year was GBP7.0m compared to GBP12.5m in 2013. Interest income from the CLO investment income playing a large factor for this decrease as the CLO portfolio was disposed of partway through the year. Interest earned on the BMS loan of GBP1.2m versus GBP0.9m last year increased as the loan balance increased from GBP12.6m in 2013 to GBP17.1m 2014. We have started to see a larger proportion of our income earned from the platforms increasing in the year to GBP605k where in the previous year this was GBPnil.

Expenses in 2014 were up by GBP2.6m on 2013 from GBP4.1m at 31 December 2013 to GBP6.7m at 31 December 2014. Part of the increase was due to the CLO Management fee whereby we incurred the final payment on completion of the disposal of the CLO assets. As mentioned above, we also incurred a number of one off costs in relation to the acquisitions in the year. Finance costs which are included in total expense line increased this year from GBP0.5m to GBP0.8m as this included the loan facility fees and interest due to Sancus which was not in place in the 2013. Finally to note this year's expenses include an increase in salary costs as we have built up the Executive Team and the Executive Team Bonus amounts are included in the expense line above which was nil in 2013.

In the reanalysed Company Statement of Comprehensive Income which excludes realised and unrealised gains and losses on financial assets and foreign currency transactions, the profit for the year ended 31 December 2014 was GBP0.3m, compared to a profit of GBP8.4m in 2013. During 2014 GBP7.0m was paid in the way of dividends to shareholders with GBP6.6m paid out in the similar period last year.

The realised loss of GBP9.9m (31 December 2013 11.9m) relates to GBP4.4m net FX gain and GBP14.3m capital loss which resulted in net realised losses on investments of GBP9.9m.

Change in Net Asset Value

During the year, the Company NAV has increased from GBP70.1m as at 31 December 2013 to GBP88.2m as at 31 December 2014, representing a 20.5% increase. This comprises net proceeds from the issue of new shares of GBP18.5m, profits of GBP6.7m and dividends paid out of GBP7.0m.

During the year the number of shares in issue increased by 22.7% and the Company NAV per share went from 49.99p at the end of December 2014, to 51.00p at the end of December 2014 being an increase 2.02%.

	GBP
Balance at 31 December 2013	**70,112,635**
Net proceeds from Ordinary Shares issued	18,455,738
Profit for the year	6,683,901
Dividends paid	(7,036,588)
Balance at 31 December 2014	**88,215,686**
Number of Shares in issue at 31 December 2013	140,266,411
Number of Shares in issue at 30 June 2014	140,918,264
Number of Shares in issue at 31 December 2014	**172,960,021**
NAV per Share at 31 December 2013	49.99p
NAV per Share at 30 June 2014	48.53p
NAV per Share at 31 December 2014	**51.00p**

FX Rates

The Company has transactions in a number of currencies. The table below lists out the rates used for the years/periods ended 31 December 2014, 30 June 2014, 31 December 2013, and 30 June 2013:

Rate of exchange vs. GBP1:00

Currency	31 December 2014	30 June 2014	31 December 2013	30 June 2013
USD	1.5577	1.7106	1.6557	1.5213
EUR	1.2876	1.2493	1.2041	1.1693
DKK	9.5908	9.3142	8.9852	8.7192

Principal Risks and Uncertainties

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

Business risk:

The Company faces risks in a change in economic conditions as well as changes to lending rates and increased competition. The Executive Team monitor current economic information, trends and forecasts on a regular basis. The Board and Executive team also monitor data from the advisors and investee companies. To mitigate this risk, the portfolio is diversified in fixed and floating rate assets as well as robust underwriting by original platforms.

Portfolio Management risk:

There is a risk of underperformance of the underlying investments. There is Company representation on the portfolio company boards with the Chief Executive Officer being involved with portfolio companies' management. The Company closely monitors developments within portfolio companies. The Company also has a currency risk in that it has transactions in non-GBP currencies. The financial statements are prepared in GBP. The Board monitors the foreign exchange fluctuations and considers using a hedging programme to mitigate loss against foreign exchange. No hedging programme was considered necessary during the current year.

Principal Risks and Uncertainties CONTINUED

Operational risk:

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

Default Risk:

The Company is exposed to default risk from the loans made on the underlying platforms. The Executive Team closely monitors the loans made and is confident in the management skills in accessing risk, origination and recovery. The CEO is on the board of these platforms and is kept informed of procedures around risk and is also alerted to any possible defaults early on. To date the Company has a zero default rate in the loans it has invested in.

Compliance/Regulatory risk:

As a Guernsey Investment Company traded on the AIM market, the Company is required to comply with the AIM Rules. In conjunction with the Nomad, the Company Secretary monitors statutory requirements to ensure compliance with the AIM Rules. As a Guernsey incorporated company under the AIM Rules for Companies, the Company is not required to comply with the UK Corporate Governance Code issued by the Financial Reporting Council (formerly the Combined Code on Corporate Governance) and applicable for accounting periods beginning on or after 1 October 2012 (the "UK Code"). However, the Directors place a high importance on ensuring that high standards of corporate governance are maintained and have considered the principles and recommendations of the UK Code. The compliance monitoring policies and procedures operated by the administrator and adopted by the Company provide compliance oversight and regular reporting of the Company's adherence with the Law, applicable legislation issued by the GFSC and provide the Company with reporting channels under anti-money laundering legislation.

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

GLI Finance Ltd - FATCA compliance

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

Please find below, the list of companies and their GIINs.

GLI Group of Companies	Country	GIIN No
GLI Finance Limited	Guernsey	LBF2XD.00000.LE.831
GLI BMS Holdings Ltd	Guernsey	LBF2XD.00010.ME.831
CrowdShed Limited	UK	NLZ0HB.00000.LE.826
The European Receivables Exchange A/S	Denmark	RGZ0F2.00000.LE.208
Finexkap SAS	France	GFE.99999.SL.250
Finpoint (UK) Limited	UK	Non-Financial Foreign entity
FundingKnight Limited	UK	TMDVTA.0000.LE.826
Ovamba Cameroon Solutions Inc	Cameroon	WAD6IW.00001.ME.120
Platform Black Limited	UK	3SZIGN.99999.SL.826
Proplend Ltd	UK	3Z89KF.99999.SL.826
Sancus Limited	Jersey	LBF2XD.00020.ME.832
Sancus Group Limited	Guernsey	LBF2XD.00013.ME.831
TradeRiver (UK) Limited	Guernsey	2BFB8U.00001.ME.826
UK Bond Network Limited	UK	MB8FD2.99999.SL.826

Principal Risks and Uncertainties CONTINUED

Conflicts risk:

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

Emma Stubbs
Chief Financial Officer
Date: 25 March 2015

The Directors present their Annual Report and Audited Consolidated and Company financial statements (the "financial statements") for the year ended 31 December 2014.

The Directors submit their Report together with the Consolidated and Company Statements of Comprehensive Income, the Consolidated and Company Statements of Financial Position, the Consolidated and Company Statements of Changes in Shareholders' Equity, the Consolidated and Company Statements of Cash Flows and the related notes for the year ended 31 December 2014, which have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union, in accordance with any relevant enactment for the time being in force, and are in agreement with the accounting records, which comply with Section 238 of the Companies (Guernsey) Law, 2008.

Principal Activities

GLI Finance Limited (the "Company" or "GLIF") 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.

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

The Group

As at 31 December 2014, the Group comprises the Company and the entities disclosed in note 18 to the financial statements.

Investment Objective & Policy

The Company's objective is to produce a stable and predictable dividend yield, with long term preservation of net asset value. The Company aims to achieve this through the provision of secured lending to small and medium sized companies.

Please refer to page 85 for the detailed version of the Company's investment objective and policy.

Directors and Executive Team of the Company

A list of the Directors and the Executive Team who served the Company during the year is shown on pages 3 to 4.

Results and Dividends

The Group and Company results for the year are set out on pages 38 and 39. Dividends of GBP7,036,588 were paid during the year (31 December 2013: GBP6,556,713).

A detailed review of the Company's performance during the year ended 31 December 2014 is contained in the Chief Financial Officer's Report.

Foreign Account Tax Compliance Act

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

Alternative Investment Fund Managers Directive

The Board has resolved to be a Self-Managed Alternative Investment Fund for the purpose of the Alternative Investment Fund Managers Directive and they will act as the Alternative Investment Fund Manager. Under the Marketing Rules, the Company will advise the relevant jurisdictions, when marketing commences and has engaged the Administrator to make the necessary initial and ongoing filings.

Substantial Shareholdings

As at 20 March 2015, the Company was aware of the following substantial shareholders who held more than 3 percent of issued share capital of the Company:

	Number of Ordinary Shares held*	Percentage of total ordinary shares issued held
Sancus Holdings Limited	31,415,930	15.13
AXA Investment Managers	21,488,000	10.35
Artemis Investment Management	18,349,515	8.84
Hargreaves Lansdown Asset Management	12,518,517	6.03
Brewin Dolphin	10,666,225	5.14
Waverton Investment Management	10,395,700	5.01
Unicorn Asset Management	9,275,000	4.47
Barclays Wealth	7,571,353	3.65
Insight Investment Management	6,372,000	3.07

* Based on the share register as at 20 March 2015

Directors Interests

As at 31 December 2014, the Directors had the following beneficial interests in the Ordinary Shares of the Company:

	31 December 2014		31 December 2013	
	No. of Ordinary Shares Held	**% of total issued Ordinary Shares**	No. of Ordinary Shares Held	% of total issued Ordinary Shares
Patrick Firth *(Chairman)*	227,261	0.13	134,292	0.10
Geoff Miller	2,029,747	1.17	1,525,223	1.09
Frederick Forni	–	–	–	–
James Carthew	250,000	0.14	200,000	0.14
Emma Stubbs	58,994	0.03	N/A	N/A
Andrew Whelan	–	–	N/A	N/A

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

As at 31 December 2014, there were no unexercised share options for Ordinary Shares of the Company (31 December 2013: nil Ordinary Shares).

Statement of Directors' Responsibilities

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

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

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

Statement of Directors' Responsibilities CONTINUED

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

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

Going Concern

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

Directors Statement

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

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

Approved and signed on behalf of the Board of Directors on 25 March 2015.

Director: Patrick Firth

Director: James Carthew

CORPORATE GOVERNANCE

Compliance

As a Guernsey incorporated company and under the AIM Rules for Companies, it is not a requirement for the Company to comply with The UK Corporate Governance Code ("UK Code"), however, the Directors place a high degree of importance on ensuring that high standards of corporate governance are maintained in order to safeguard and enhance long-term shareholder value. The Directors have reviewed their responsibilities and reporting obligations against the standards included in the UK Code published in September 2012, furthermore, the Directors have considered the provisions of the Finance Sector Code of Corporate Governance published by the Guernsey Financial Services Commission ("GFSC") in September 2011 (the "Guernsey Code").

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

As at 31 December 2014, the Company complied substantially with the relevant provisions of the UK Code and the AIC Code and it is the intention of the Board that the Company will comply with those provisions (save with regard to the following provisions listed below) throughout the year ending 31 December 2015:

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

- *Establishment of nomination committee:* Due to its size and composition, the Board does not consider it necessary to establish a nomination committee. The Board as a whole monitors performance and arrangements for director succession, either through Board meetings or, if appropriate, through the use of an appropriately constituted committee or through the appointment of an external search consultancy. Prospective candidates will be considered on merit, against objective criteria and with due regard for the benefits of diversity on the Board, including gender. The Company did not engage the services of an external search consultancy during the year.

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

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

During the year under review, the Board authorised Mr Carthew and Mr Miller to review the suitability of the Company adopting the UK Code. As at 31 December 2014, the Company continues to apply and report against the principles of the AIC Code pending the outcome of this review and a possible transition to the UK Code.

Composition and Independence of Directors

As at 31 December 2014, the Board consisted of six members, three of whom are non-executive and independent. Mr Miller, Mrs Stubbs and Mr Whelan are all members of the Group's Executive Team and are therefore not considered independent under the AIC Code.

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

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

Composition and Independence of Directors CONTINUED

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

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

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

The Board, Audit and Risk Committee and Remuneration Committee undertake an annual evaluation of their own performance and that of individual Directors. This includes a formal process of self-appraisal together with the Chairman reviewing each member's performance, contribution and commitment to the Group. The remainder of the Board is responsible for evaluating the performance of the Chairman. The Chairman also has responsibility for assessing the individual Board members' training requirements.

Executive Team

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

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

Board Committees

Audit and Risk Committee

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

The Audit and Risk Committee is chaired by James Carthew and its other members are Patrick Firth and Fred Forni. The Board has considered the membership of the Audit and Risk Committee and has determined that the members of the Audit and Risk Committee have recent and relevant financial experience. For the principal duties and report of the Audit and Risk Committee please refer to the Audit and Risk Committee Report on pages 30 to 31.

Remuneration Committee

Further to the appointment of Geoffrey Miller as an executive Director, the Board resolved in 2011 to appoint a Remuneration Committee comprised of Fred Forni as Chairman, Patrick Firth and James Carthew. The key duties include, but are not limited to, agreeing a framework for Director remuneration, ensuring management staff are appropriately incentivised to enhance performance, and reviewing the effectiveness of the remuneration policy on an on going basis. The Remuneration Committee, which was formed on 16 August 2011, has adopted a formal terms of reference. Refer to the Remuneration Report on pages 32 to 34 for details of fees paid to the Directors during the year.

Management Engagement and Nomination Committees

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

Meetings

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

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

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

	Board			
	Management	Other	Remuneration Committee	Audit and Risk Committee
Patrick Firth *(Chairman)*	4 of 4	12 of 12	2 of 2	4 of 4
Geoffrey Miller	4 of 4	9 of 12	-	-
Frederick Forni	4 of 4	10 of 12	2 of 2	4 of 4
James Carthew	4 of 4	7 of 12	0 of 2	4 of 4
Emma Stubbs*	1 of 1	2 of 5	-	-
Andrew Whelan**	0 of 0	-	-	-

*only appointed 16 September 2014
**only appointed 16 December 2014

Anti-bribery and Corruption

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

Shareholder Views

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

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

Social, Ethical and Environmental Policies

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

AUDIT AND RISK COMMITTEE REPORT

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

Chairman and Membership

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

Duties

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

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

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

Risk Management and Oversight

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

Financial Reporting and Audit

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

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

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

Note 3 to the Financial Statements highlights that the total carrying amount of the Group's financial assets was GBP104.3m. Freely tradeable market prices are not available for these financial assets and liabilities such that the Group's financial assets and liabilities are valued based on the accounting policies described in detail in Note 2(m) to the financial statements. The valuation process and methodology have been discussed with the Executive Team and external auditor. The Executive Team provides a detailed valuation report to the Company on a quarterly basis. The Audit and Risk Committee has reviewed the valuation report and the Executive Team has confirmed to the Audit and Risk Committee that the valuation methodology has been applied consistently during the year and that the external auditor's work had not identified any errors or inconsistencies that were material in the context of the financial statements as a whole.

Financial Reporting and Audit CONTINUED

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

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

External Auditor

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

During 2013, the Audit and Risk Committee considered the length of tenure of the external auditor and assessed the suitability of the arrangements in light of the expected future requirements of the business. It was agreed to re-tender the Group's audit and proposal requests were submitted to three of the major audit firms operating in Guernsey. Having met with each firm and after due consideration given to each proposal, it was agreed by the Audit and Risk Committee that on the grounds of cost, the quality of the service provided and the credentials of the external auditor, it remained appropriate to retain the services of Grant Thornton Limited for the 2014 financial year. This is the fifth year of Grant Thornton Limited's appointment as the Company's external auditor. The Audit and Risk Committee will continue to assess whether a formal re-tendering of the Group's audit is appropriate on an annual basis.

Internal Controls

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

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

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

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

On behalf of the Audit and Risk Committee

James Carthew
Audit and Risk Committee Chairman
Date: 25 March 2015

REMUNERATION REPORT

Introduction

An ordinary resolution for the approval of the annual remuneration report will be put to the shareholders at the annual general meeting to be held in 2015.

Remuneration Policy

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

Non-Executive Directors

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

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

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

Executive Team

Fixed Salary

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

Executive Bonus Scheme

In addition to the fixed salary referred to above, certain Executive Team members are also entitled to a contractual bonus. Prior to 21 January 2013, in accordance with the Employment Contract the actual bonus amount paid 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"). With effect from 21 January 2013, the Remuneration Committee resolved to amend the current incentive structure, which had been applicable solely to Mr Miller at that time, 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 shares in the Company issued via the Executive Bonus Scheme will need to be held by the Executive Bonus Scheme members for the entire tenure of their employment by the Company. As at, and for the year ended, 31 December 2014, only Mr Miller and Mrs Stubbs were eligible to participate in the Executive Bonus Scheme. During the year, the total Executive Bonus Scheme charged to the Company's expenses was GBP354,289, with GBP45,906 remaining outstanding as at 31 December 2014.

In addition to participation in the Executive Bonus Scheme, Mrs Stubbs was entitled to a guaranteed cash bonus of GBP10,000 for the year 1 December 2013 to 30 November 2014. For the year ended 31 December 2014, the accrued cash bonus recognised in the Company's Statement of Total Comprehensive Income was GBP9,179.

Remuneration Policy CONTINUED

Independent Review

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

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

Remuneration

Non-executive Directors

As at 31 December 2014, the non-executive Directors' annualised fees, excluding all reasonable expenses incurred in the course of their duties which were reimbursed by the Company, were as detailed in the table below:

	31 December 2014	31 December 2013
	GBP	GBP
Patrick Firth *(Chairman)*	50,000	42,500
Frederick Forni	37,500	27,500
James Carthew	40,000	35,000

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

The increase in Directors' fees noted above became effective 1 November 2014. Total Directors fees charged to the Company for the year ended 31 December 2014 were GBP113,340 with GBPnil remaining unpaid at the year end.

Executive Team

For the year ended 31 December 2014, the Executive Team members' annual remuneration from the Company, excluding all reasonable expenses incurred in the course of their duties which were reimbursed by the Company, were as detailed in the table below:

	31 December 2014		31 December 2013	
	Fixed Salary GBP	**Executive Bonus Scheme GBP**	Fixed Salary GBP	Executive Bonus Scheme GBP
Geoff Miller (1)	152,500	286,696	150,000	-
Emma Stubbs (2)	91,500	21,687	10,962*	-
Marc Krombach	31,667**	N/A	N/A	N/A
Andrew Whelan (3)	N/A	N/A	N/A	N/A
Louise Beaumont (4)	N/A	N/A	N/A	N/A
Unallocated accrual at year end	N/A	45,906	N/A	-

(1) Annual salary increase from GBP150,000 to GBP165,000 with effect from 1 November, 2014.
(2) Annual salary increase from GBP90,000 to GBP99,000 with effect from 1 November, 2014.
(3) paid via Sancus
(4) paid via Finpoint
*appointed 18 November 2013 with a fixed annualised salary of GBP90,000.
**appointed 6 October 2014 with a fixed annualised salary of GBP130,000.

Remuneration CONTINUED

Executive Team CONTINUED

With effect from 1 November, Mr Miller's and Mrs Stubbs' fixed annual salaries were increased to GBP165,000 and GBP99,000 respectively.

Mr Miller and Mr Whelan each have a beneficial interest in the issued share capital of Sancus Holdings Limited ("SHL"). Subject to SHL satisfying the lock-in conditions agreed as part of the Company's acquisition of Sancus Limited, the consideration shares issued to SHL will be distributed pro-rata to its shareholders, following which Mr Miller will be entitled to receive 628,319 ordinary shares in the Company, and Mr Whelan will be entitled to receive 3,686,463 ordinary shares in the Company.

Other than the above, there were no other fees paid to the Board and or Executive Team. Please note, as the Executive Bonus Scheme is a non-fixed amount, total Executive Team remuneration will fluctuate year on year.

On behalf of the Remuneration Committee

Fred Forni
Remuneration Committee Chairman
Date: 25 March 2015

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

We have audited the consolidated and Company financial statements (the "financial statements") of GLI Finance Limited (the "Company") for the year ended 31 December 2014 which comprise Consolidated and Company Statements of Comprehensive Income, Consolidated and Company Statements of Financial Position, Consolidated and Company Statements of Changes in Shareholders' Equity, Consolidated and Company Statements of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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

Respective responsibilities of Directors and auditors

As explained more fully in the Statement of Directors' Responsibilities on page 25 and 26, the Directors are responsible for the preparation of the financial statements which give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable legal and regulatory requirements and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Auditor commentary

An overview of the scope of our audit

Our audit approach was based on a thorough understanding of the Company's business and is risk-based. The Executive Team is involved in the day-to-day management of the Company's investment portfolio. The custody of its investments and the maintenance of the Company's accounting records are outsourced to third-party service providers. Accordingly, our audit work is focussed on obtaining an understanding of, and evaluating, internal controls at the Company and the third-party service providers, and inspecting records and documents held by the third-party service providers. We undertook substantive testing on significant transactions, balances and disclosures, the extent of which was based on various factors such as our overall assessment of the control environment, the effectiveness of controls over individual systems and the management of specific risks.

The Group financial statements are a consolidation of 12 reporting units comprising the parent company, T2 CLO 1 Limited ("T2 CLO"), Finpoint UK Limited ("Finpoint"), Raiseworks LLC ("Raiseworks"), BMS Finance S.a.r.l., Sancus Limited ("Sancus"), Sancus (Guernsey) Limited, GLI Investment Holdings S.a.r.l., Secured Loans Investments Limited, GLIF BMS Holdings Limited ("GLIF BMS") and its subsidiaries including BMS Finance AB Limited ("BMS Finance"), Noble Venture group of companies ("Noble Venture") and NVF Tech Limited ("NVF Tech"). The overall approach to the group audit included performing a full audit of the parent company and the group consolidation. Specified audit procedures were performed on certain material balances and transactions for T2 CLO, Raiseworks, Sancus, BMS Finance, Noble Venture and NVF Tech.

In establishing the overall approach to the Group audit, we determined the work that needed to be performed at the subsidiary undertakings, as the Group engagement team, or component auditors operating under our instruction. Where the work was performed by component auditors, we determined the level of involvement we needed to have in the audit work of those reporting units to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis for our opinion on the Group financial statements as a whole.

Our application of materiality

We apply the concept of materiality in planning and performing our audit, in evaluating the effect of any identified misstatements and in forming our opinion. For the purpose of determining whether the financial statements are free from material misstatement we define materiality as the magnitude of a misstatement or an omission from the financial statements or related disclosures that would make it probable that the judgement of a reasonable person relying on the information would have been changed or influenced by the

Our application of materiality CONTINUED

misstatement or omission. We also determine a level of performance materiality which we use to determine the extent of testing needed to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole. For the group audit, we established a materiality for the group financial statements taken as a whole to be GBP1,363,000, which is 2% of the Group's net asset value ("NAV"). This benchmark is considered the most appropriate because the Group provides information to its shareholders through its NAV reporting. For the financial information of the individual subsidiary undertakings, we set our materiality based on a proportion of group materiality appropriate to the relative scales of each of the businesses.

We have determined the threshold at which we communicate misstatements to the Audit and Risk Committee to be GBP68,000. In addition, we communicate misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

Our assessment of risk

Without modifying our opinion, we highlight the following matters that are, in our judgement, likely to be most important to users' understanding of our audit. Our audit procedures relating to these matters were designed in the context of our audit of the financial statements as a whole, and not to express an opinion on individual transactions, account balances or disclosures.

Financial assets designated at fair value through profit or loss

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

Our audit work included, but was not restricted to, obtaining an understanding of how valuations are performed and Board's process to recognise and measure investments.

Our audit work also included reviewing share certificates held by the Group and agreeing these to the records maintained by the Group's administrator, testing a selection of investment additions and disposals to supporting documentation, and agreeing the valuation of the investment portfolio to valuation reports, discussion with management and challenging the valuation in conjunction with inspection of supporting documents including share purchase agreements, signed term sheets and NAV reports.

The Company's accounting policy and other disclosures on financial assets and liabilities designated at FVTPL are included in Notes 2 and 3 to the financial statements.

Revenue recognition

Under ISAs (UK & Ireland), there is a presumed risk that revenue may be misstated due to improper recognition of revenues. Due to the nature of this risk we are required to assess it as a significant risk requiring special audit considerations.

Our audit work included, but was not restricted to, assessing whether the revenues are recognised in accordance with the Group's revenue recognition policies and with IAS 18 "Revenues" and reviewing significant contracts to determine whether interest and/or dividends have been accounted for in accordance with that policy.

The Group's accounting policy in respect of revenue recognition is included in Note 2.

Management override of internal control

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

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

In particular, our work on financial assets at FVTPL addressed key aspects of ISA 240.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's and Group's affairs as at 31 December 2014 and of the Company's and Group's profit for the year then ended;
- are in accordance with IFRSs as adopted by the European Union; and
- comply with The Companies (Guernsey) Law, 2008.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

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

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

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

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

- proper accounting records have not been kept by the Company; or
- the financial statements are not in agreement with the accounting records; or
- we have not obtained all the information and explanations, which to the best of our knowledge and belief, are necessary for the purposes of our audit.

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

Date: 25 March 2015

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	31 December 2014 GBP	31 December 2013 GBP
Revenue			
Interest income		**5,572,385**	13,110,495
Dividend revenue		**627,857**	1,944,179
		6,200,242	15,054,674
Investment income			
Net (loss)/gain on financial assets and liabilities at fair value through profit or loss			
- Realised losses	3 & 9	**(6,422,956)**	(11,295,684)
- Net movement in unrealised gains	9	**7,001,715**	4,544,547
- Loss on disposal of subsidiary	9	**(10,056,443)**	–
		(9,477,684)	(6,751,137)
Other income	4	**3,903,393**	1,534,570
(Loss)/gain on foreign currency transactions		**(41,583)**	399,541
Total income		**584,368**	10,237,648
Expenses			
Management fees		**2,640,470**	2,090,615
Administration and secretarial fees		**317,580**	206,072
Custodian fees		**77,224**	77,395
Legal and professional fees	5	**1,385,598**	629,825
Directors' remuneration	5	**113,340**	105,000
Directors' and officers' insurance		**49,271**	28,891
Audit fees		**100,900**	107,058
Executive Team remuneration	5	**639,135**	161,783
Independent valuation fees		**212,155**	–
Other expenses	5	**5,769,583**	2,660,715
Operating expenses before finance costs		**11,305,256**	6,067,354
Net (loss)/profit from operations before finance costs		**(10,720,888)**	4,170,294
- Finance costs	13	**(1,307,999)**	(2,284,840)
(Loss)/profit for the year after finance costs		**(12,028,887)**	1,885,454
Net losses on Associates	9	**(620,670)**	(118,716)
Reclassification of foreign exchange reserve on sale of subsidiary		**(1,892,799)**	–
(Loss)/profit for the year		**(14,542,356)**	1,766,738
Other comprehensive income			
Reclassification of foreign exchange reserve on sale of subsidiary		**1,892,799**	–
Items that may subsequently be reclassified to profit or loss:			
Foreign exchange on consolidation		**(326,773)**	(226,457)
Total comprehensive (loss)/income for the year		**(12,976,330)**	1,540,281
(Loss)/profit attributable to:			
Equity holders of the Company		**(13,626,441)**	1,116,837
Non-controlling interest		**(915,915)**	649,901
		(14,542,356)	1,766,738
Total comprehensive (loss)/income attributable to:			
Equity holders of the Company		**(12,060,415)**	890,380
Non-controlling interest		**(915,915)**	649,901
		(12,976,330)	1,540,281
Basic & diluted (loss)/earnings per Ordinary Share	6	**(9.59)p**	0.84p

The accompanying notes on pages 46 to 84 form an integral part of these financial statements.

COMPANY STATEMENT OF COMPREHENSIVE INCOME

	Notes	31 December 2014 GBP	31 December 2013 GBP
Revenue			
Interest income		**6,210,810**	10,574,839
Dividend revenue		**627,857**	1,889,274
		6,838,667	12,464,113
Investment income			
Net loss on financial assets and liabilities at fair value through profit or loss			
- Realised losses	9	**(9,881,535)**	(11,941,112)
- Net movement in unrealised gains	9	**16,410,565**	11,162,100
		6,529,030	(779,012)
Other income	4	**114,424**	10,649
(Loss)/gain on foreign currency transactions		**(106,279)**	345,655
Total income		**13,375,842**	12,041,405
Expenses			
Management fees	5	**2,640,470**	2,090,615
Administration and secretarial fees	5	**217,084**	153,540
Custodian fees	5	**15,000**	15,572
Legal and professional fees	5	**926,672**	446,093
Directors' remuneration	5	**113,340**	105,000
Directors' and officers' insurance		**39,271**	28,891
Audit fees		**75,742**	44,100
Executive Team remuneration	5	**639,135**	161,783
Independent valuation fees		**212,155**	–
Other expenses	5	**990,765**	539,808
Operating expenses before finance costs		**5,869,634**	3,585,402
Net profit from operations before finance costs		**7,506,208**	8,456,003
- Finance costs		**(822,307)**	(500,037)
Profit for the year after finance costs		**6,683,901**	7,955,966
Total comprehensive income for the year		**6,683,901**	7,955,966
Basic & diluted earnings per Ordinary Share	6	**4.71p**	6.01p

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

The accompanying notes on pages 46 to 84 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	31 December 2014 GBP	31 December 2013 GBP
ASSETS			
Non-current assets			
Property and equipment		**97,760**	376
Intangible intellectual property	7	**5,530,598**	1,466,397
Goodwill	8	**14,500,007**	–
Other receivables		**27,104**	–
Financial assets available for sale	9	**816,469**	791,126
Financial assets at fair value through profit or loss	9	**60,682,236**	198,734,550
Associates at equity method accounting	9	**29,648,508**	5,001,161
		111,302,682	205,993,610
Current assets			
Financial assets held at fair value through profit or loss	9	**20,566,299**	–
Trade and other receivables	11	**8,880,215**	3,295,679
Cash and cash equivalents	12	**13,734,130**	18,106,171
		43,180,644	21,401,850
Total assets		**154,483,326**	227,395,460
EQUITY			
Share premium	14	**58,106,797**	39,651,059
Distributable reserve	14	**34,802,740**	34,802,740
Foreign exchange reserve		**(326,773)**	(1,892,799)
Retained earnings		**(19,155,408)**	1,507,621
Capital and reserves attributable to equity holders of the Company		**73,427,356**	74,068,621
Non-controlling interest		**1,114,312**	992,344
Total equity		**74,541,668**	75,060,965
LIABILITIES			
Non-current liabilities			
Loan notes at fair value through profit or loss	13	**–**	137,767,085
Loans payable	13	**5,790,631**	–
ZDP shares payable	13&15	**20,054,090**	–
Trade and other payables	13	**26,357,439**	8,971,204
		52,202,160	146,738,289
Current liabilities			
Loan payable	13	**20,330,000**	–
Trade and other payables	13	**7,409,498**	5,596,206
		27,739,498	5,596,206
Total liabilities		**79,941,658**	152,334,495
Total equity and liabilities		**154,483,326**	227,395,460
Net Asset Value per Ordinary Share	16	**42.45p**	52.81p

The financial statements were approved by the Board of Directors on 25 March 2015 and were signed on its behalf by:

Director: Patrick Firth

Director: James Carthew

The accompanying notes on pages 46 to 84 form an integral part of these financial statements.

COMPANY STATEMENT OF FINANCIAL POSITION

	Notes	31 December 2014 GBP	31 December 2013 GBP
ASSETS			
Non-current assets			
Other financial assets held at fair value through profit or loss	9	**31,400,766**	28,776,739
Subsidiaries held at fair value through profit or loss	9	**25,521,827**	34,285,809
Associates held at fair value through profit or loss	9	**35,647,052**	4,405,948
		92,569,645	67,468,496
Current assets			
Financial assets held at fair value through profit or loss	9	**5,329,307**	–
Trade and other receivables	11	**30,370,236**	1,664,543
Cash and cash equivalents	12	**5,479,656**	4,040,663
		41,179,199	5,705,206
Total assets		**133,748,844**	73,173,702
EQUITY			
Share premium	14	**58,106,797**	39,651,059
Distributable reserve	14	**34,802,740**	34,802,740
Retained earnings		**(4,693,851)**	(4,341,164)
Total equity		**88,215,686**	70,112,635
LIABILITIES			
Non-current liabilities			
ZDP shares payable	13&15	**20,054,090**	–
Current liabilities			
Loan payable	13	**23,330,000**	–
Trade and other payables	13	**2,149,068**	3,061,067
		25,479,068	3,061,067
Total liabilities		**45,533,158**	3,061,067
Total equity and liabilities		**133,748,844**	73,173,702
Net Asset Value per Ordinary Share	16	**51.00p**	49.99p

The financial statements were approved by the Board of Directors on 25 March 2015 and were signed on its behalf by:

Director: Patrick Firth

Director: James Carthew

The accompanying notes on pages 46 to 84 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Share Capital GBP	Share Premium GBP	Distributable Reserve GBP	Foreign Exchange Reserve GBP	Retained Earnings GBP	Capital and reserves attributable to equity holders of the Company GBP	Non-controlling Interest GBP	**Total Equity GBP**
Balance at 31 December 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)	–	10,213,539	–	–	–	10,213,539	–	**10,213,539**
Dividends paid*	–	–	–	–	(6,556,713)	(6,556,713)	–	**(6,556,713)**
Dividends paid to non-controlling interest	–	–	–	–	292,498	292,498	(292,498)	**–**
Transactions with owners	–	10,213,539	–	–	(6,264,215)	3,949,324	(292,498)	**3,656,826**
Profit for the year	–	–	–	–	1,116,837	1,116,837	649,901	**1,766,738**
Other comprehensive income:								
Foreign exchange on consolidation	–	–	–	(226,457)	–	(226,457)	–	**(226,457)**
Total comprehensive (loss)/income for the year	–	–	–	(226,457)	1,116,837	890,380	649,901	**1,540,281**
Balance at 31 December 2013	–	39,651,059	34,802,740	(1,892,799)	1,507,621	74,068,621	992,344	**75,060,965**
Net proceeds from Ordinary Shares issued (note 14)	–	18,455,738	–	–	–	18,455,738	–	**18,455,738**
Acquisition of non-controlling interest	–	–	–	–	–	–	1,264,095	**1,264,095**
Disposal of non-controlling interest	–	–	–	–	–	–	(226,212)	**(226,212)**
Dividends paid**	–	–	–	–	(7,036,588)	(7,036,588)	–	**(7,036,588)**
Transactions with owners	–	18,455,738	–	–	(7,036,588)	11,419,150	1,037,883	**12,457,033**
Loss for the year	–	–	–	–	(13,626,441)	(13,626,441)	(915,915)	**(14,542,356)**
Other comprehensive income:								
Foreign exchange reserve reclassification	–	–	–	1,892,799	–	1,892,799	–	**1,892,799**
Foreign exchange on consolidation	–	–	–	(326,773)	–	(326,773)	–	**(326,773)**
Total comprehensive income/(loss) for the year	–	–	–	1,566,026	(13,626,441)	(12,060,415)	(915,915)	**(12,976,330)**
Balance at 31 December 2014	–	58,106,797	34,802,740	(326,773)	(19,155,408)	73,427,356	1,114,312	**74,541,668**

*During the year ended 31 December 2013, the Company made four dividend payments, totalling 5.0 pence per Ordinary Share.
**During the year ended 31 December 2014, the Company made four dividend payments, totalling 5.0 pence per Ordinary Share.

The accompanying notes on pages 46 to 84 form an integral part of these financial statements.

COMPANY STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Share Capital GBP	Share Premium GBP	Distributable Reserve GBP	Retained Earnings GBP	**Total Equity GBP**
Balance at 31 December 2012	–	29,437,520	34,802,740	(5,740,417)	**58,499,843**
Net proceeds from Ordinary Shares issued (note 14)	–	10,213,539	–	–	**10,213,539**
Dividends paid*	–	–	–	(6,556,713)	**(6,556,713)**
Transactions with owners	–	10,213,539	–	(6,556,713)	**3,656,826**
Profit for the year	–	–	–	7,955,966	**7,955,966**
Total comprehensive income for the year	–	–	–	7,955,966	**7,955,966**
Balance at 31 December 2013	–	39,651,059	34,802,740	(4,341,164)	**70,112,635**
Net proceeds from Ordinary Shares issued (note 14)	–	18,455,738	–	–	**18,455,738**
Dividends paid**	–	–	–	(7,036,588)	**(7,036,588)**
Transactions with owners	–	18,455,738	–	(7,036,588)	**11,419,150**
Profit for the year	–	–	–	6,683,901	**6,683,901**
Total comprehensive income for the year	–	–	–	6,683,901	**6,683,901**
Balance at 31 December 2014	–	58,106,797	34,802,740	(4,693,851)	**88,215,686**

*During the year ended 31 December 2013, the Company made four dividend payments, totalling 5.0 pence per Ordinary Share.
**During the year ended 31 December 2014, the Company made four dividend payments, totalling 5.0 pence per Ordinary Share.

The accompanying notes on pages 46 to 84 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	31 December 2014 GBP	31 December 2013 GBP
Cash flows (used in)/from operating activities			
Cash generated from operations	17	**14,198,819**	14,061,389
Purchase of investments		**(61,399,746)**	(117,309,344)
Sale of investments		**16,116,779**	5,658,879
Principal received		**56,070,787**	94,647,752
Net cash inflow/(outflow) from/(used in) operating activities		**24,986,639**	(2,941,324)
Cash flows from/(used in) investing activities			
Business combination (acquisition of subsidiary)		**3,924,229**	(60,658)
Business combination (disposal of subsidiary)		**(25,187,441)**	–
Property and equipment acquired		**(97,384)**	(11,129)
Property and equipment disposed		**–**	63,018
Intangible assets acquired		**(3,165,592)**	(927,837)
Net cash outflow used in investing activities		**(24,526,188)**	(936,606)
Cash flows (used in)/from financing activities			
Cash paid on repurchase of loan notes		**(26,841,752)**	(8,418,018)
Cash received on loan payables		**29,120,631**	–
Ordinary Shares issued proceeds received		**–**	10,126,560
Non-controlling interest acquired		**(226,212)**	–
Dividends paid	14	**(6,558,386)**	(6,469,734)
Net cash outflow used in financing activities		**(4,505,719)**	(4,761,192)
Net decrease in cash and cash equivalents		**(4,045,268)**	(8,639,122)
Cash and cash equivalents at beginning of year		**18,106,171**	26,971,750
Effect of foreign exchange rate changes during the year		**(326,773)**	(226,457)
Cash and cash equivalents at end of year	12	**13,734,130**	18,106,171

The accompanying notes on pages 46 to 84 form an integral part of these financial statements.

COMPANY STATEMENT OF CASH FLOWS

	Notes	31 December 2014 GBP	31 December 2013 GBP
Cash flows (used in)/from operating activities			
Cash generated (used in)/from operations	17	**(4,144,540)**	6,193,688
Purchase of investments		**(28,234,009)**	(12,647,207)
Sale of investments		**11,043,680**	504,237
Principal received		**686,024**	285,869
Net cash outflow used in operating activities		**(20,648,845)**	(5,663,413)
Cash flows (used in)/from investing activities			
Business combination (acquisition of subsidiary)	10	**(2,329,576)**	–
Business combination (disposal of subsidiary)	9	**7,645,800**	–
Net cash inflow from investing activities		**5,316,224**	–
Cash flows from/(used in) financing activities			
Ordinary Shares issued proceeds received		**–**	10,126,560
Loans received		**23,330,000**	–
Dividends paid	14	**(6,558,386)**	(6,469,734)
Net cash inflow from financing activities		**16,771,614**	3,656,826
Net increase/(decrease) in cash and cash equivalents		**1,438,993**	(2,006,587)
Cash and cash equivalents at beginning of year		**4,040,663**	6,047,250
Cash and cash equivalents at end of year	12	**5,479,656**	4,040,663

The accompanying notes on pages 46 to 84 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 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. The Company does not have a fixed life and the Articles do not contain any trigger events for a voluntary liquidation of the Company.

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

As at 31 December 2014, the Group comprises the Company and its subsidiaries (please refer to note 18 for full details of the Company's subsidiaries).

2. ACCOUNTING POLICIES

(a) Basis of preparation

The consolidated and separate financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as adopted by the European Union ("EU"), and all applicable requirements of Guernsey Company Law. The financial statements have been prepared under the historical cost convention, apart from the valuation of investments. The principal accounting policies of the Group and Company have remained unchanged from the previous year, except for the application of new standards, and are set out below. Comparative information in the primary statements is given for the year ended 31 December 2013.

Certain expense items included in the prior year comparatives have been reclassified during the current period.

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

(b) Basis of consolidation

The financial statements comprise the results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2014. Subsidiaries are all entities over which the Company exercises control or owns greater than 50 per cent of the voting rights during the year. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are deconsolidated from the date that control ceases. Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable. Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated in full on consolidation.

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

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

(c) Business combination

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

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

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

(d) Foreign currency translation

(i) Functional and presentation currency

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

(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.

2. ACCOUNTING POLICIES CONTINUED

(d) Foreign currency translation CONTINUED

(ii) Transactions and balances CONTINUED

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

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

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

31 December 2014	31 December 2013
GBP1: USD1.5577	GBP1: USD1.6557
GBP1: EUR1.2876	GBP1: EUR1.2041
GBP1: DKK9.5908	N/A
	GBP1: HKD12.8394
	GBP1: SEK10.6562
	GBP1: CHF1.4782

(iii) Subsidiary companies

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

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

(e) Revenue recognition

Revenue is recognised as follows:

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

(f) Other income

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

(g) Expenditure

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

(h) Taxation

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

(i) Dividends

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

(j) Cash and cash equivalents

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

2. ACCOUNTING POLICIES CONTINUED

(k) Trade and other receivables

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

(l) Trade and other payables

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

(m) Investments and loan notes

(i) Financial assets and liabilities

Recognition and initial measurement

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

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

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

Fair value measurement

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

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

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

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

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

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

Derecognition

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

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

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

(ii) Derivative financial instruments

Derivatives are categorised as financial assets or liabilities held for trading and valued at fair value through profit or loss. There was 1 derivative held by the Group as at 31 December 2014 (31 December 2013: 6).

2. ACCOUNTING POLICIES CONTINUED

(m) Investments and loan notes CONTINUED

(iii) Subsidiaries

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

(iv) Investment in Associates

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

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

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

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

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

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

(n) Loans payable

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

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

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

(p) Share Based Payments

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

The equity instruments granted based on the above vest immediately, thus, on grant date the Company recognises the services received in full with a corresponding increase in equity. The number of shares granted is based on the monetary amount of the Executive Bonus Scheme over the published NAV per share.

(q) Property and equipment

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

(r) Intangible intellectual property

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

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

2. ACCOUNTING POLICIES CONTINUED

(s) Goodwill

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

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

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

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

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

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

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

The Group invests in financial instruments which are not quoted in active markets and may receive such financial instruments as distributions on certain investments. Fair values are determined by using valuation techniques. Where valuation techniques 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 details of the carrying amounts at the year 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. Please refer to note 3.

CLO loan notes, previously held by the Group, 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 Group had designated CLO loan notes and receivables at fair value through profit or loss since they were managed and their performance was evaluated on a fair value basis, and information about the Group was 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.

The fair value of the CLO loan notes was determined primarily by reference to a market value report provided by the independent broker-dealer which makes the market in the CLO notes.

Investment Entity

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

Going Concern

The Board has assessed the Company's financial position as at 31 December 2014 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

(v) New Accounting Standards, interpretations and amendments adopted

The following new standards, which became effective for the current period, have had no impact on the Company's accounting policies or disclosures:

- IAS 27 Separate Financial Statements – amended by Investment Entities, effective for annual periods beginning on or after 1 January 2014. Please see discussion in IFRS 10 below.

- IAS 28 Investments in Associates – amended by Investment Entities, effective for annual periods beginning on or after 1 January 2014. Please see discussion in IFRS 10 below.

- IAS 32 Financial Instruments: Presentation - amendments to application guidance on the offsetting of financial assets and financial liabilities effective for annual periods beginning on or after 1 January 2014. These amendments to IAS 32 clarify the meaning of "currently has a legally enforceable right to set-off".

- IFRS 10 Consolidated Financial Statements – amended by Investment Entities, effective for annual periods beginning on or after 1 January 2014. The amendments provide an exception to the consolidation requirements in IFRS 10 and require investment entities to measure particular subsidiaries at fair value through profit or loss, rather than consolidate them. The Company is not considered as an investment entity and thus continues to consolidate its subsidiaries and present consolidated financial statements.

- IFRS 11 Joint Arrangements- replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly controlled Entities- Non-monetary Contributions by Venturers effective for annual periods beginning on or after 1 January 2014.

Accounting Standards or interpretations, not yet adopted

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

- IFRS 7 Financial Instruments: Disclosures - amendments requiring disclosures about the initial application of IFRS 9 effective for annual periods beginning on or after 1 January 2015 (or otherwise when IFRS 9 is first applied).

- IFRS 9 Financial Instruments - accounting for financial liabilities and derecognition effective for annual periods beginning on or after 1 January 2018. (Pending EU endorsement).

- IFRS 15 for the recognition of revenue from contracts with customers, effective for periods beginning on or after 1 January 2017. (Pending EU Endorsement).

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

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

3. FINANCIAL RISK MANAGEMENT

Financial risk factors

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

Significant accounting policies

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

3. FINANCIAL RISK MANAGEMENT CONTINUED

Categories of financial instruments

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

GROUP - 31 December 2013	Designated Fair Value through Profit or Loss GBP	Available for Sale GBP	Loans and receivables measured at amortised cost GBP	Financial Liabilities measured at amortised cost GBP
Financial assets				
Financial assets at fair value through profit or loss	198,734,550	–	–	–
Available for sale financial assets	–	791,126	–	–
Trade and other receivables*	–	–	3,041,636	–
Cash and cash equivalents	–	–	18,106,171	–
Total assets	198,734,550	791,126	21,147,807	–
Financial liabilities				
Loan notes at fair value through profit or loss	137,767,085	–	–	–
Trade and other payables**	–	–	–	4,575,304
Total liabilities	137,767,085	–	–	4,575,304

* In accordance with IFRS7 excludes prepayments.
** In accordance with IFRS7 excludes deferred income.

COMPANY	**31 December 2014**	31 December 2013
Financial assets	**GBP**	**GBP**
Associates at fair value through profit or loss	**35,647,052**	4,405,948

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.

3. FINANCIAL RISK MANAGEMENT CONTINUED

Capital Risk Management CONTINUED

Adjustments to the capital structure will be taken in response to economic conditions, the cost of debt, the ability to raise share capital, and other opportunities and factors which the Board may consider. At 31 December 2014, the Company had total equity of GBP88,215,686 (31 December 2013: GBP70,112,635) and the Group had total equity of GBP73,427,356 (31 December 2013: GBP74,068,621).

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

The Executive Team ensures that not more than 15% of the Group's gross assets is invested in any one investment without shareholder consent. Consistent with shareholder approval obtained in December 2006, the Group may apply leverage up to 500%, or five times, the net asset value of the Group. Leverage is the ability to incur indebtedness for the purpose of making investments. As at 31 December 2014, the Group has incurred net indebtedness of GBP46.2million (or 62.88% of Group NAV as at the year end) in the form of short and longer-term loans held directly by the Company and indirectly through its BMS Finance Sarl subsidiary.

Concentration Risk

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

Market risk

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

As at 31 December 2014, the Group and Company's market risk is affected by three main components: changes in actual market prices, interest rates and foreign currency movements. Interest rates and foreign currency movements are covered below.

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

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

GROUP	Net assets attributable to holders of equity shares		Consolidated Statement of Comprehensive Income	
	5% increase	5% decrease	5% increase	5% decrease
	GBP	GBP	GBP	GBP
31 December 2014	419,567	(4,103,250)	419,567	(4,103,250)
31 December 2013	3,087,930	(3,087,930)	3,087,930	(3,087,930)

The above changes are due to the following:

GROUP	Financial Assets at FVTPL		Financial Liabilities at FVTPL	
	5% increase	5% decrease	5% increase	5% decrease
	GBP	GBP	GBP	GBP
31 December 2014	419,567	(4,103,250)	–	–
31 December 2013	9,976,284	(9,976,284)	(6,888,354)	6,888,354

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

COMPANY	Net assets attributable to holders of equity shares		Consolidated Statement of Comprehensive Income	
	5% increase	5% decrease	5% increase	5% decrease
	GBP	GBP	GBP	GBP
31 December 2014	3,437,188	(4,763,046)	3,437,188	(4,763,046)
31 December 2013	3,373,425	(3,373,425)	3,373,425	(3,373,425)

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

3. FINANCIAL RISK MANAGEMENT CONTINUED

Interest rate risk

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

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

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

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

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

At 31 December 2013	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	162,460,743	20,187,404	16,086,403	198,734,550
Available for sale financial assets	–	–	791,126	791,126
Trade and other receivables	–	–	3,041,636	3,041,636
Cash and cash equivalents	18,106,171	–	–	18,106,171
Total assets	180,566,914	20,187,404	19,919,165	220,673,483
Liabilities				
Loan notes	137,767,085	–	–	137,767,085
Trade and other payables	–	–	4,575,304	4,575,304
Total liabilities	137,767,085	–	4,575,304	142,342,389
Total interest sensitivity gap	42,799,829	20,187,404	15,343,861	78,331,094

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

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

3. FINANCIAL RISK MANAGEMENT CONTINUED

Interest rate risk CONTINUED

At 31 December 2014, should the interest spread have increased or decreased by 200 basis points, or had the interest rate have increased or decreased by 25 basis points, with all other variables remaining constant, this would have had the following effect:

GROUP	Net assets attributable to holders of equity shares		Consolidated Statement of Comprehensive Income	
	31 December 2014	31 December 2013	**31 December 2014**	31 December 2013
	GBP	GBP	**GBP**	GBP
200 basis point increase in interest spread	**15,915**	3,474,574	**15,915**	3,474,574
200 basis point decrease in interest spread	**(15,915)**	(3,474,574)	**(15,915)**	(3,474,574)
25 basis point increase in interest rates	**36,325**	115,337	**36,325**	115,337
25 basis point decrease in interest rates	**(36,325)**	(115,337)	**(36,325)**	(115,337)

The Group's exposure to interest rate risk is limited to its financial assets at fair value through profit or loss, loan notes held as financial assets at fair value through profit or loss and its cash and cash equivalents. These are all floating rate financial assets.

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

COMPANY At 31 December 2014	Floating rate Financial Instruments GBP	Fixed rate Financial Instruments GBP	Non-interest Bearing Financial Instruments GBP	Total GBP
Assets				
Financial assets at fair value through profit or loss	**795,743**	**34,584,479**	**62,518,730**	**97,898,952**
Trade and other receivables	**–**	**–**	**30,209,733**	**30,209,733**
Cash and cash equivalents	**5,479,656**	**–**	**–**	**5,479,656**
Total assets	**6,275,399**	**34,584,479**	**92,728,463**	**133,588,341**
Liabilities				
Loans payable	**–**	**23,330,000**	**–**	**23,330,000**
ZDP shares payable	**–**	**20,054,090**	**–**	**20,054,090**
Trade and other payables	**–**	**–**	**2,149,068**	**2,149,068**
Total liabilities	**–**	**43,384,090**	**2,149,068**	**45,533,158**
Total interest sensitivity gap	**6,275,399**	**(8,799,611)**	**90,579,395**	**88,055,183**

At 31 December 2013	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	1,407,739	12,591,062	53,469,695	67,468,496
Trade and other receivables	–	–	1,645,652	1,645,652
Cash and cash equivalents	4,040,663	–	–	4,040,663
Total assets	5,448,402	12,591,062	55,115,347	73,154,811
Liabilities				
Trade and other payables	–	–	3,061,067	3,061,067
Total liabilities	–	–	3,061,067	3,061,067
Total interest sensitivity gap	5,448,402	12,591,062	52,054,280	70,093,744

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

3. FINANCIAL RISK MANAGEMENT CONTINUED

Interest rate risk CONTINUED

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

As at 31 December 2014, should the interest spread have increased or decreased by 200 basis points, or had the interest rate have increased or decreased by 25 basis points, with all other variables remaining constant, this would have had the following effect:

COMPANY	Net assets attributable to holders of equity shares		Consolidated Statement of Comprehensive Income	
	31 December 2014	31 December 2013	**31 December 2014**	31 December 2013
	GBP	GBP	**GBP**	GBP
200 basis point increase in interest spread	**15,915**	146,792	**15,915**	146,792
200 basis point decrease in interest spread	**(15,915)**	(146,792)	**(15,915)**	(146,792)
25 basis point increase in interest rates	**15,688**	28,451	**15,688**	28,451
25 basis point decrease in interest rates	**(15,688)**	(28,451)	**(15,688)**	(28,451)

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

Currency risk

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

As at 31 December 2014, some of the Group's net financial assets and liabilities are denominated in US Dollars and therefore the Company is exposed to fluctuations in the GBP:US Dollar exchange rate. There is also minor exposure to Euro and Danish Krone, however, this is less significant.

The sensitivity analysis below has been determined based on the sensitivity of the Group's outstanding foreign currency denominated financial assets and liabilities to a 5% increase/decrease in Sterling against US Dollar, Euro, Swiss Franc, Hong Kong Dollar Danish Krone and Swedish Kroner, translated at the year end date.

GROUP	Net Assets & Statement of Comprehensive Income						
	USD (in GBP)	**EUR (in GBP)**	**CHF (in GBP)**	**HKD (in GBP)**	**DKK (in GBP)**	**SEK (in GBP)**	**Total (in GBP)**
31 December 2014	176,314	25,952	–	–	23,460	–	225,726
31 December 2013	2,365,628	234,278	41	(994)	–	8,133	2,607,086

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

As at 31 December 2014, some of the Company's net financial assets and liabilities are denominated in US Dollars and therefore the Company is exposed to fluctuations in the GBP:US Dollar exchange rate. There is also minor exposure to Euro and Danish Krone, however, this is less significant.

The sensitivity analysis below has been determined based on the sensitivity of the Company's outstanding foreign currency-denominated financial assets and liabilities to a 5% increase/decrease in Sterling against US Dollar, Euro and Danish Krone translated at the year end date.

COMPANY	Net Assets & Statement of Comprehensive Income			
	USD (in GBP)	**EUR (in GBP)**	**DKK (in GBP)**	**Total (in GBP)**
31 December 2014	1,780,621	142,062	23,460	1,946,143
31 December 2013	2,160,086	242,062	–	2,402,148

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

3. FINANCIAL RISK MANAGEMENT CONTINUED

Credit risk

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

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

The maximum credit risk associated with the investment portfolio is represented by the fair value of the investments as shown in Note 9. The loan portfolio of the Group reflects a secured or unsecured interest in the general corporate assets of the borrowers.

As at the year end, there is no loan principal, which is included in the fair value of the Group's loan portfolio, which is in default or considered impaired (31 December 2013: GBPnil). In addition, there is no accrued interest which is considered uncollectable (31 December 2013: GBPnil).

The Group mitigates credit risk by only entering into agreements related to loan instruments in which the operating strength of the investee companies is sufficient to support the loan amounts outstanding. This determination of whether the loan instruments are sufficiently supported is made by the Executive Team at the time of the agreements, and the Executive Team continues to evaluate the loan instruments in the context of these agreements. The Group also mitigates risk relating to the BMS loan portfolio by having the ability to purchase equity, via warrants, in an investee company should it default on a loan.

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

In respect of trade and other receivables, the Group is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The maximum credit risk associated with the Group's trade and other receivables is GBP8,430,691. There is no collateral in place against these trade and other receivables. As at the year end there were no trade and other receivable amounts consider uncollectable or impaired.

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

Liquidity risk

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. As the Group's investments will not generally be in publicly traded securities, they are likely to be subject to legal and other restrictions on resale or otherwise be less liquid than publicly traded securities. The illiquidity of the Group's investments may make it difficult for them to be sold quickly if the need arises (please refer to capital risk management on pages 52 and 53 for details on how the Executive Team manage this risk). The Group invests in the equity of a number of businesses that have a limited number of shareholders, often principally the management team of the business. Until an exit is obtained for all shareholders it is highly likely in the majority of instances that a sale of the Group holding would be difficult and the level at which it is possible may not reflect the fair value of the investment. As many of the businesses in which the Group invests are at an early stage in their development, the Group does not expect realisation of these investments in the near term.

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

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

The Group's loans notes were sold during the current year as part of the T2 CLO subsidiary disposal. For the prior year, the allocation of the contractual undiscounted cash flows on the loan notes represents the apportionment to the interest payable within each category in addition to the repayment of the loan note on maturity.

3. FINANCIAL RISK MANAGEMENT CONTINUED

Liquidity risk CONTINUED

GROUP	CURRENT		NON-CURRENT		
	Within 6 months GBP	6 to 12 months GBP	1 to 5 years GBP	Over 5 years to maturity* GBP	No stated maturity GBP
At 31 December 2014					
Loans payable	**20,330,000**	**–**	**–**	**5,790,631**	**–**
ZDP shares payable	**–**	**–**	**26,139,200**	**–**	**–**
Trade and other payables*	**4,119,853**	**–**	**–**	**–**	**–**
Total financial liabilities	**24,449,853**	**–**	**26,139,200**	**5,790,631**	**–**
At 31 December 2013					
Loan notes - contractual undiscounted cash flows	555,452	564,659	4,483,513	142,923,351	–
Trade and other payables*	4,575,304	–	–	–	–
Total financial liabilities	5,130,756	564,659	4,483,513	142,923,351	–

* In accordance with IFRS7 excludes deferred income.

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 prior year end, by relevant maturity groupings based on the remaining period at the prior year end date. The Group's loans notes were sold during the current year as part of the T2 CLO subsidiary disposal.

GROUP	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 31 December 2013					
Loan notes – contractual undiscounted cash flows	555,452	564,659	4,483,513	142,923,351	–
Loan notes – fair value*	515,213	523,753	4,158,709	132,569,410	–
Difference	40,239	40,906	324,804	10,353,941	–

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

Fair value estimation

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

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

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

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

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

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

3. FINANCIAL RISK MANAGEMENT CONTINUED

Fair value estimation CONTINUED

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

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

Fair value hierarchy

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

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

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

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

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

Group		**31 December 2014**	31 December 2013
At 31 December 2014		**Level 3 & Total**	Level 3 & Total
Assets	**Note**	**GBP**	GBP
Loans - broadly syndicated*		**–**	162,460,743
Loans	a	**53,107,364**	20,187,404
Equity securities	b	**7,574,872**	5,733,763
CLO equity securities		**–**	10,352,640
Warrant security	c	**–**	–
Current asset loans	a	**20,566,299**	–
Total		**81,248,535**	198,734,550
Liabilities			
CLO loan notes		**–**	137,767,085
Total		**–**	137,767,085
Net Fair Value		**81,248,535**	60,967,465

*held via T2 CLO subsidiary

Company		**31 December 2014**	31 December 2013
At 31 December 2014		**Level 3 & Total**	Level 3 & Total
Assets	**Note**	**GBP**	GBP
Loans	a	**23,825,894**	13,998,801
Equity securities	b	**7,574,872**	4,425,298
CLO equity securities		**–**	10,352,640
Warrant securities	c	**–**	–
Current asset loans		**5,329,307**	–
Subsidiaries held at fair value through profit or loss	b	**35,647,052**	34,285,809
Associates held at fair value through profit or loss	b	**25,521,827**	4,405,948
Net Fair Value		**97,898,952**	67,468,496

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.

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

(a) Loans – non current and current asset loans

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

As at 31 December 2014, the bilateral loan agreements held by the Group were across various industry sectors within the United Kingdom 97.28% (31 December 2013: 84.41%), Europe 0.66% (31 December 2013: 13.17%) and the United States 2.05% (31 December 2013: 2.42%). The table below details each sector with greater than 10% coverage within the bilateral loan agreements portfolio:

	Coverage	
Sector	**31 December 2014**	31 December 2013
Private clients	**38.66%**	38.27%
Financial services	**21.42%**	12.38%
Property	**11.58%**	–
Leisure	**8.61%**	–
Retail	**4.99%**	–
Media	**4.41%**	13.13%
Healthcare	**4.11%**	11.47%
Software/IT	**3.54%**	12.98%
Publishing	**–**	8.09%
Other	**2.68%**	3.68%

(b) Equity securities

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

1. Investments in finance platforms
2. Investments in equity investments received from loan restructurings
3. Other equity investments

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

Investments in finance platforms (including Subsidiaries and Associates)

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

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

In the case of BMS Finance, Raiseworks LLC, Finpoint Limited and Sancus Limited, all of which are subsidiaries of the Company, at Group level the fair value is ascertained by reference to the underlying assets and liabilities of these subsidiaries, as these companies are consolidated into the Group consolidated financial statements.

The Group uses the equity method to account for any investment in a platform which is classified as an investment in an Associate. As at 31 December 2014, FundingKnight Holdings Limited, Platform Black Limited, Crowshed Limited Finexkap, Proplend Limited, Liftforward Inc, Ovamba Solutions Inc and The Credit Junction Holdings Inc. are classified as Associates.

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

3. FINANCIAL RISK MANAGEMENT CONTINUED

Measurement of fair value CONTINUED

(b) Equity securities CONTINUED

Investments in equity positions received from loan restructurings

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

Other equity investments

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

(c) Warrant security

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

Level 3 fair value measurements

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

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

31 December 2013	Loans - Broadly Syndicated GBP	Loans - GLIF BMS GBP	Equity GBP	CLO Equity GBP	Warrants GBP	Total GBP
Opening fair value	169,868,266	8,112,084	3,335,241	4,479,376	410,146	186,205,113
Purchases/loans advanced	89,561,215	16,474,319	3,154,978	6,924,937	–	116,115,449
Sales/loan notes repaid	(3,607,680)	–	–	–	(1,063,344)	(4,671,024)
Transfers out on consolidation	–	(713,744)	–	–	–	(713,744)
Capital repayments	(91,264,677)	(3,994,235)	–	–	–	(95,258,912)
Gains and losses recognised in profit and loss:						
- realised	(46,132)	(12,000,936)	–	–	751,384	(11,295,684)
- unrealised	(2,050,249)	12,309,916	(756,456)	(1,051,673)	(98,186)	8,353,352
Closing fair value	162,460,743	20,187,404	5,733,763	10,352,640	–	198,734,550

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

3. FINANCIAL RISK MANAGEMENT CONTINUED

Level 3 fair value measurements CONTINUED

The Group's financial liabilities classified in Level 3 used 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:

CLO Loan Notes	**31 December 2014 GBP**	31 December 2013 GBP
Opening fair value	**(137,767,085)**	(142,376,297)
Transferred out of disposal of T2 CLO	**113,975,940**	–
Repurchases	**26,841,752**	8,418,017
Gains/(losses) recognised in profit and loss (see note 9):		
- realised on transferred out on disposal of T2 CLO	**4,882,527**	–
- unrealised	**(7,933,134)**	(3,808,805)
Closing fair value	**–**	(137,767,085)

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

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

4. OTHER INCOME

The table below details other income during the year:

GROUP		
Other income:	**31 December 2014 GBP**	31 December 2013 GBP
Net sales revenue	**–**	245,096
Assignment arrangement fees	**965,688**	505,498
Bank interest	**15,553**	34,559
IP license fees	**2,273,018**	563,442
Earn out (exit) fees	**381,677**	9,492
Sundry income	**267,457**	176,483
	3,903,393	1,534,570

COMPANY	**31 December 2014**	31 December 2013
Other income:	**GBP**	GBP
Other income on sale of business combination	**67,290**	–
Arrangement fees	**8,000**	–
Bank interest	**11,379**	10,649
Sundry income	**27,755**	–
	114,424	10,649

5. FUND EXPENSES

Management Agreement

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 was entitled to receive a quarterly fee payable of GBP10,000 per calendar 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.

The T2 Agreement was 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.

Upon completion of FOIF's acquisition of the T2 CLO, it was agreed between the Company and FOIF that the Company would continue to make the management fee payments to T2 during the Company's lock-in period relating to its FOIF holding. Since the Company's year end FOIF has disposed of it's investment in T2 CLO. As at 31 December 2014, the GBP1,590,237 included in amounts payable represents the full amount of the management fees due to be paid to T2 for the remainder of the lock–in period.

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 was entitled to a base advisory fee, a performance advisory fee, and a structuring advisory fee (GMB was entitled to a monthly retainer of USD50,000 per month, however this was credited against and deducted from any and/or each advisory fee).

The base advisory fee was 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.

Under the terms of the GMB Agreement, GMB was also entitled to a performance advisory fee and structuring advisory fee if certain criteria were met. No performance or structuring advisory fees became payable by the Company during 2014.

The GMB Agreement ceased with effect from 12 June 2014 following the disposal of the Company's CLO portion of its business to Fair Oaks Income Fund Limited ("FOIF").

Total fees charged for the year ended 31 December 2014 amounted to GBP2,640,470 (31 December 2013: GBP2,090,615). The total amount due at the year end amounted to GBP1,545,109 (31 December 2013: GBP60,746, being GBP1,545,109 payable to T2 and GBPnil payable to GMB (31 December 2013: GBPnil payable to T2 and GBP60,746 payable to GMB).

Administration and secretarial fees

Praxis Fund Services Limited is entitled to an annualised fee for its services, 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 year ended 31 December 2014 amounted to GBP217,084 (31 December 2013: GBP153,540). The total amount due and payable by the Company at the year end amounted to GBP73,291 (31 December 2013: GBP48,178).

Custodian fees

The Custodian to the Company, Butterfield Bank (Guernsey) Limited was entitled to custody fees of 0.02% of the Net Asset Value of the Group subject to a minimum of GBP15,000 per annum during the year. The fee was payable quarterly in arrears. Total Company custodian fees charged for the year ended 31 December 2014 amounted to GBP15,000(31 December 2013: GBP15,572). The total amount payable by the Company at the year end amounted to GBP7,500 (31 December 2013: GBP3,750).

Legal and professional fees

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

Other expenses

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

GROUP **Other expenses:**	**31 December 2014** **GBP**	31 December 2013 GBP
Directors' expenses	**6,140**	65,863
Other staff costs	**1,913,414**	141,477
Other office and administration costs	**791,549**	197,346
Other investment management fees	**232,473**	948,966
NOMAD fees	**75,581**	58,059
Listing fees	**15,897**	18,637
Broker fees	**115,000**	33,588
CFO fees	**10,417**	125,000
Marketing expenses	**409,596**	63,020
AIC fees	**–**	3,903
Registrar fees	**38,313**	36,134
Investments expenses	**357,056**	632,860
Amortisation	**613,944**	52,767
Sundry	**1,190,203**	283,095
	5,769,583	2,660,715

5. FUND EXPENSES CONTINUED

Other expenses CONTINUED

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

COMPANY **Other expenses:**	**31 December 2014 GBP**	31 December 2013 GBP
Directors' expenses	**6,140**	65,863
Other staff costs	**51,926**	–
Other office and administration costs	**89,674**	–
Other investment management fees	**224,004**	–
NOMAD fees	**75,581**	58,059
Listing fees	**15,897**	16,967
Broker fees	**115,000**	33,588
CFO fees	**10,417**	125,000
Marketing expenses	**236,068**	63,020
AIC fees	**–**	3,903
Registrar fees	**38,313**	36,134
Sundry	**127,745**	137,274
	990,765	539,808

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

Please refer the Remuneration Report on pages 32 to 34 for full details of the non-executive Directors' and Executive Team's remuneration.

6. (LOSS)/EARNINGS PER ORDINARY SHARE

Consolidated (loss)/earnings per Ordinary Share has been calculated by dividing the consolidated (loss)/profit attributable to Ordinary Shareholders of GBP(13,626,441) (31 December 2013: GBP1,116,837) by the weighted average number of Ordinary Shares outstanding during the year of 142,072,917 (31 December 2013: 132,471,555). There was no dilutive effect for potential Ordinary Shares during the current or prior years, therefore fully diluted consolidated (loss)/earnings per Ordinary Share is calculated in the same way as the undiluted consolidated (loss)/earnings per Ordinary Share described above.

Company earnings per Ordinary Share has been calculated by dividing the Company profit attributable to Ordinary Shareholders of GBP6,683,901 (31 December 2013: GBP7,955,966) by the weighted average number of Ordinary Shares outstanding during the year of 142,072,917 (31 December 2013: 132,471,555). There was no dilutive effect for potential Ordinary Shares during the current or prior years, therefore fully diluted Company earnings per Ordinary Share is calculated in the same way as the Company's undiluted earnings per Ordinary Share described above.

Basic & Diluted earnings/(loss) per Ordinary Share

GROUP & COMPANY

Date	No. of shares	No. of days	Weighted average no. of shares
01/01/2013	119,179,010	28	9,142,500
28/01/2013	131,096,010	140	50,283,401
17/06/2013	131,127,617	94	33,769,852
19/09/2013	131,217,417	12	4,313,997
01/10/2013	140,217,417	65	24,970,225
05/12/2013	140,266,411	26	9,991,580
31/12/2013		365	132,471,555
01/01/2014	140,266,411	79	30,359,032
20/03/2014	140,718,491	92	35,468,770
20/06/2014	140,918,264	90	34,746,969
18/09/2014	141,023,864	85	32,841,174
12/12/2014	141,413,802	4	1,549,740
16/12/2014	172,829,732	2	947,012
18/12/2014	172,960,021	13	6,160,220
31/12/2014		365	142,072,917

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

7. INTANGIBLE INTELLECTUAL PROPERTY

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

31 December 2013	Intellectual Property Rights Acquisition Cost GBP	Amortisation and Impairment GBP	Net Book value GBP
Brought forward	–	–	–
Additions	1,663,073	–	1,663,073
Disposals	(101,894)	–	(101,894)
Charge for the year	–	(94,782)	(94,782)
Carried forward	1,561,179	(94,782)	1,466,397

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

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

Impairment tests for intangible assets

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

The intangible intellectual property rights relate to a number of geographical patents in the domestic and consumer electronic user interface markets. The licences cover the period to April 2023. The acquisition of the licences includes minimum contractual amounts totalling GBP0.927million, which have been paid in full. Further payments are dependent on future receipts from the commercial exploitation of the intellectual property.

8. GOODWILL

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

* see footnote (1) in note 10
** see footnote (2) in note 10

9. FINANCIAL ASSETS AND LIABILITIES

GROUP	31 December 2014 GBP	31 December 2013 GBP
Debt securities of listed companies	–	33,483,894
Debt securities of unlisted companies*	**73,673,663**	149,164,253
Unlisted equity securities	**7,574,872**	5,733,763
Available for sale unlisted equity securities**	**816,469**	791,126
Unlisted CLO equity securities	–	10,352,640
Unlisted warrant securities	–	–
Unlisted investments in Associate at equity method accounting	**29,648,508**	5,001,161
	111,713,512	204,526,837
Realised gain/(loss) recognised on financial assets and liabilities at fair value through profit or loss:		
Realised gain/(loss) on investments at fair value through profit or loss	**22,668,199**	(11,295,684)
Realised gains on financial liabilities investments at fair value through profit or loss	**4,882,527**	–
	27,550,726	(11,295,684)
Unrealised (loss)/gain recognised on financial assets and liabilities at fair value through profit or loss:		
Unrealised (loss)/gain on financial assets investments at fair value through profit or loss	**(20,604,190)**	8,353,352
Unrealised loss on financial liabilities investments at fair value through profit or loss	**(7,933,134)**	(3,808,805)
	(28,537,324)	4,544,547
Net losses on associates:		
Unrealised loss adjustment – due to loss of significant influence	**(1,162,221)**	–
Share in net losses on associates	**(620,670)**	(118,716)
	(1,782,891)	(118,716)

*As at 31 December 2014, GBP20,691,299 of the total loans balance of the Group is due within 12 months and has been classified as current assets on the Consolidated Statement of Financial position.

**During the prior year, the Group acquired an investment in a private company whose shares are not actively traded on a recognised exchange or any other active market and fair value cannot be reliably measured. As such this investment has been designated as available for sale and, as at 31 December 2014, the carrying value was equal to the acquisition cost of the investment plus directly attributable financial cost relating to its acquisition. The Directors have no reason to believe the investments carrying amounts should be impaired as at the year end.

GROUP	31 December 2014 GBP	31 December 2013 GBP
Opening cost of investments	**177,480,148**	172,512,937
Purchases	**51,582,385**	116,906,576
Transfer in on acquisition of Sancus	**16,437,775**	–
Transfers out on sale of T2 CLO	**(115,360,813)**	–
Sales	**(16,119,208)**	(4,671,024)
Conversions	–	(713,744)
Realised loss on sale investments	**(6,422,956)**	(11,295,684)
Gain on transfer out of assets on sale of T2 CLO	**29,091,154**	–
Capital repayments	**(56,070,787)**	(95,258,913)
Closing cost of investments	**80,617,698**	177,480,148
Closing unrealised gain	**1,447,306**	22,045,528
Closing fair value of investments	**82,065,004**	199,525,676

Associates: **GROUP**	**31 December 2014** **GBP**	31 December 2013 GBP
Opening cost of Associates at equity method accounting	**5,119,877**	–
Purchases	**27,352,520**	4,756,133
Transfer out on business combination-classification change to Subsidiary*	**(922,282)**	–
Conversions**	**–**	363,744
Closing cost of Associates at equity method accounting	**31,550,115**	5,119,877
Unrealised loss adjustment – due to loss of significant influence	**(1,162,221)**	–
Cumulative share in losses of associates	**(739,386)**	(118,716)
Closing value of Associates at equity method accounting	**29,648,508**	5,001,161

*During the year, the Company gained control of one of its Associates resulting in a transfer in classification to a Subsidiary within the Group.
**On conversion of debt instrument.

The disposal of T2 CLO was for a consideration of GBP27.9m - with the Company receiving part cash (GBP7.6m) and partly an investment in Fair Oaks Income Fund Limited ("FOIF") (GBP20.3m).

The table below provides a reconciliation between the Group's total investment gains/(losses), the gains/(losses directly relating to the disposal of T2 CLO and the gains/(losses) attributable to the remainder of the Group's investment Portfolio during the current year:

31 December 2014	**Total Gains/(losses)**	**Relating to T2 CLO disposal**	**Total Less T2 CLO**
	GBP	**GBP**	**GBP**
Loss on disposal of T2 CLO equity	(7,328,864)	(7,328,864)	–
(Losses)/gains on financial assets at fair value through profit or loss:			
- unrealised	(21,766,411)	(28,768,126)	7,001,715
- realised	22,668,198	29,091,154	(6,422,956)
	901,787	323,028	578,759
(Losses)/gains on financial assets at fair value through profit or loss:			
- unrealised	(7,933,134)	(7,933,134)	–
- realised	4,882,527	4,882,527	–
	(3,050,607)	(3,050,607)	–
Net total (losses)/gains	(9,477,684)	(10,056,443)	578,759

COMPANY	**31 December 2014** **GBP**	31 December 2013 GBP
Debt securities of unlisted companies*	**29,155,201**	13,998,801
Unlisted equity securities	**7,574,872**	4,425,298
Unlisted CLO equity securities	**–**	10,352,640
Unlisted warrant securities	**–**	–
Other financial assets held at fair value through profit or loss	**36,730,073**	28,776,739
Subsidiaries held at fair value through profit or loss	**25,521,827**	34,285,809
Associates held at fair value through profit or loss	**35,647,052**	4,405,948
	97,898,952	67,468,496
Realised (loss)/gain on other financial assets at fair value through profit or loss	**(7,859,267)**	282,205
Realised loss on Subsidiaries at fair value through profit or loss	**(2,022,268)**	(12,223,317)
	(9,881,535)	(11,941,112)

*As at 31 December 2014, GBP5,454,307 of the total loans balance of the Company is due within 12 months and has been classified as current assets on the Condensed Company Statement of Financial position.

9. FINANCIAL ASSETS AND LIABILITIES CONTINUED

COMPANY continued	31 December 2014 GBP	31 December 2013 GBP
Unrealised gain/(loss) on other financial assets at fair value through profit or loss	**8,119,814**	(1,306,768)
Unrealised gain on Subsidiaries at fair value through profit or loss	**2,968,653**	12,485,189
Unrealised gain/(loss) on Associates at fair value through profit or loss	**5,322,098**	(16,321)
	16,410,565	11,162,100

Other financial assets held at fair value through profit or loss: COMPANY	31 December 2014 GBP	31 December 2013 GBP
Opening cost of other financial assets at fair value through profit or loss	**35,361,787**	24,889,799
Purchases	**19,424,921**	10,949,937
Sales	**(10,737,511)**	(474,285)
Realised gain on sales	**(7,859,267)**	282,205
Capital repayments	**(994,620)**	(285,869)
Cost of investments	**35,195,310**	35,361,787
Unrealised gain/(loss)	**1,534,763**	(6,585,048)
Closing fair value of other financial assets at fair value through profit or loss	**36,730,073**	28,776,739

Subsidiaries: COMPANY	31 December 2014 GBP	31 December 2013 GBP
Opening cost of investment in Subsidiaries	**30,594,895**	42,848,164
Purchases	**17,273,311**	–
Sales	**(27,905,960)**	(29,952)
Transfer in on business combination classification change to Subsidiary*	**922,282**	–
Realised loss on sales	**(2,022,268)**	(12,223,317)
Closing cost of investment in Subsidiaries	**18,862,260**	30,594,895
Unrealised gain	**6,659,567**	3,690,914
Closing fair value of investment in Subsidiaries at fair value through profit or loss	**25,521,827**	34,285,809

Associates: COMPANY	31 December 2014 GBP	31 December 2013 GBP
Opening cost of investment in Associates	**4,422,269**	–
Purchases	**26,841,289**	4,422,269
Transfer out on business combination classification change to Subsidiary*	**(922,282)**	–
Closing cost of investment in Associates	**30,341,276**	4,422,269
Unrealised gain/(loss)	**5,305,776**	(16,321)
Closing fair value of investment in Associates at fair value through profit or loss	**35,647,052**	4,405,948

*During the year, the Company gained control of one of its Associates resulting in a transfer in classification to a Subsidiary of the Company.

10. SUBSIDIARIES HELD AT FAIR VALUE THROUGH PROFIT OR LOSS

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

Subsidiary	Acquisition/ Control Established Date	Consideration Transferred GBP	Fair Value of Net Assets on recognition of business combination GBP	Non-Controlling Interest at recognition of business combination GBP	Post Acquisition (Losses)/Profit Recognised During the Current Year GBP
Finpoint Limited ("Finpoint")*	24 January 2014	750,000	1,000,000	250,000	(207,029)
Raiseworks LLC** ("Raiseworks") #1	1 January 2014	Nil	(1) 1,117,520	558,760	(678,904)
GLI Investments Sarl*	1 April 2014	16,588	16,588	–	–
BMS Finance Sarl***	1 April 2014	16,756	16,756	23,377	10,890
Sancus Limited ("Sancus")#2	16 December 2014	37,750,000	(2) 23,495,347	–	74,764
GLI Finance (UK) Limited*	22 October 2014	Nil	Nil	–	–

*acquisition made upon subsidiaries incorporation, net assets acquired was due to capitalisation only
**control for accounting purpose established on 1 January 2014 (no consideration paid at that date); an additional GBP1,546,232 was contributed to Raisworks during 2014
***GLIF Group only has 41.75% ownership in this entity, however, by virtue that it controls 50.17% of the voting rights it is classified as a subsidiary and consolidated accordingly. Acquisition made upon subsidiaries incorporation, net assets acquire was due to capitalisation only
#1 including Raiseworks' subsidiary Sageworks capital inc
#2 including Sancus (Guernsey) Limited

GLI Investment Sarl and GLI Finance (UK) Limited did not commence trading during the current year.

(1) - The composition of the net assets of Raiseworks at the point control was gained was:

	GBP
Intangible assets*	905,961
Cash and cash equivalents	211,559
	1,117,520

*Of this balance, GBP245,355 relates to goodwill (see note 8).

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

(2) - The composition of the net assets acquired of Sancus was:

	GBP
Property and equipment	50,767
Loans advanced*	19,437,775
Cash and cash equivalents	4,072,428
Other current assets	235,032
Current liabilities	(300,654)
Net assets	23,495,348
Net assets already held	(5,297,205)
Net assets acquired	18,198,143
Consideration - Ordinary Shares issued	(17,750,000)
Consideration - ZDP Shares issued	(20,000,000)
Total consideration**	(37,750,000)
Amount attributed to the Group	5,297,205
	(32,452,795)
Goodwill on acquisition***	14,254,652

*The GBP19.4m represents the fair value and gross contractual amounts of the loans. All contractual cash flows are expected to be recovered.
**The total consideration for GBP37.75 million was satisfied by the issue of 31,415,930 New Ordinary Shares (see note 14) and the creation and issue of 20,000,000 ZDP Shares (see note 15).
***The goodwill represents the future economic benefits arising from a business combination. No individually identified or separately identifiable intangible assets have been recognised.

Had the acquisition of Sancus occurred at the beginning of the year, the combined net revenues and net losses of the Group plus that of Sancus for the year ended 31 December 2014 would have been GBP2,313,814 and GBP(13,863,274) respectively.

11. TRADE AND OTHER RECEIVABLES

GROUP	31 December 2014 GBP	31 December 2013 GBP
Balances held by Associates on behalf of the Group*	**6,187,058**	1,404,986
Accrued bank interest	**2,603**	4,090
Loan interest receivable	**707,528**	767,548
Preference share dividends receivable	**252,497**	–
Other trade receivables and prepaid expenses	**1,730,529**	1,119,055
	8,880,215	3,295,679

GROUP	31 December 2014 GBP	31 December 2013 GBP
Balances held by Associates on behalf of the Company*	**6,187,058**	1,404,986
Accrued bank interest	**2,603**	4,090
Platform loan gain receivable	**2,431**	–
Loan interest receivable	**891,559**	236,576
Preference shares awaiting conversion – Sancus	**20,000,000**	–
Other receivables re Sancus acquisition	**2,816,265**	–
Preference share dividends receivable	**309,817**	–
Prepaid expenses	**160,503**	18,891
	30,370,236	1,664,543

*Other short term loans held through platforms.

12. CASH AND CASH EQUIVALENTS

GROUP	31 December 2014 GBP	31 December 2013 GBP
Call account	**13,734,130**	18,106,171

COMPANY	31 December 2014 GBP	31 December 2013 GBP
Call account	**5,479,656**	4,040,663

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

13. TRADE AND OTHER PAYABLES

GROUP **Current liabilities**	31 December 2014 GBP	31 December 2013 GBP
Loan payable (1)	**20,330,000**	–
Management fees	**1,545,109**	60,746
Administrator's fees	**76,882**	48,178
Custodian's fees	**7,500**	3,750
Audit fees	**90,750**	18,900
Executive Team's remuneration payable (see note 5)	**45,906**	821
Finance costs	**119,929**	310,452
Deferred income*	**3,289,645**	1,074,921
Unsettled security investment purchases payable	**–**	2,725,000
Other payables	**2,233,777**	1,353,438
	7,409,498	5,596,206

GROUP **Non-current liabilities**	31 December 2014 GBP	31 December 2013 GBP
ZDP shares payable (see note 15)	**20,054,090**	–
Deferred income*	**26,357,439**	8,971,204
Loan payable (2)	**5,790,631**	–
CLO loan notes at fair value through profit or loss**	**–**	137,767,085
	52,202,160	146,738,289

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

Total finance costs for the year were GBP1,307,999 (31 December 2013: GBP2,284,840). 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 and loans outstanding at 31 December 2014 was GBP5,790,631 (31 December 2013: GBP137,767,085) (see note 3).

13. TRADE AND OTHER PAYABLES CONTINUED

COMPANY **Current liabilities**	**31 December 2014** **GBP**	31 December 2013 GBP
Loan payable (1)	**23,330,000**	–
Due to Subsidiary	**118,675**	67,587
Management fees	**1,545,109**	60,746
Administrator's fees	**73,291**	48,178
Custodian's fees	**7,500**	3,750
Directors and officers insurance	**25,150**	–
Valuation fees	**54,100**	–
Listing fees	**5,927**	–
Audit fees	**19,250**	18,900
Brokers fees	**100,000**	–
Executive Team's remuneration payable (see note 5)	**45,906**	821
Unsettled security investment purchases payable	**–**	2,725,000
Other payables	**154,160**	136,085
	2,149,068	3,061,067
Non-current liabilities		
ZDP shares payable (see note 15)	**20,054,090**	–
	20,054,090	–

(1) Sancus Loan Facility with the Company

During the year ended and as at 31 December 2014, the Company had a loan facility to borrow up to GBP30 million ("the Loan Facility") through Sancus Limited ("Sancus"), a subsidiary of the Company as at the year end. Interest on the Loan Facility, which is secured over the Company's assets, is charged at 11% per annum.

As at 31 December 2014, the total loan payable under the Loan Facility was GBP23,330,000 (GBP3,000,000 of this balance was funded directly by Sancus, a subsidiary of the Company, and this element is eliminated on consolidation in the Group's Consolidated Statement of Financial Position. The outstanding accrued interest payable on the loan at year end is GBP118,675 in the Company's financial statements and GBP104,209 in the Group's consolidated financial statements.

The Loan Facility fell due for repayment, and was repaid in full, on 15 March 2015. Please refer to note 23 for details of the new Loan Facility with Sancus which was agreed in the post year end period.

(2) Loan Facility with BMS Finance Sarl (the "Subsidiary")

During the year, BMS Finance Sarl issued Asset-Linked Notes, each having a par value of GBP 1, to a provider of matched funding. The Notes have a term of ten (10) years from the initial closing date of 7 August 2014, subject to two (2) consecutive extensions of one (1) year each. Amounts payable relating to Asset-Linked Notes are subordinated to all other commercial debts of BMS Finance Sarl. As at 31 December 2014, GBP5,790,631 has been subscribed.

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

During the year ended 31 December 2014, a total of GBP15,720 interest had been expenses in relation to the Asset-Linked Notes, with GBP15,720 remaining outstanding as at the year end.

14. SHARE CAPITAL, SHARE PREMIUM & DISTRIBUTABLE RESERVE

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

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

On 16 December 2014, 31,415,930 new Ordinary Shares of no par value were issued for an aggregate value of GBP17,750,000 to Sancus Holdings Limited as part consideration for the entire issued share capital of Sancus Limited and Sancus (Guernsey) Limited. See note 8 for full details of this transaction.

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

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

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

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

On 5 December 2013, 48,994 new Ordinary Shares were issued for an aggregate value of GBP25,623 relating to shareholders who elected to take shares in lieu of cash from the Company's 2013 third interim dividend.

On 1 October 2013, the Company announced a placing whereby a further 9,000,000 new Ordinary Shares were issued at a price of 51 pence per Ordinary Share for an aggregate value of GBP4,590,000 less GBP183,600 issue costs paid to the Broker.

On 19 September 2013, 89,800 new Ordinary Shares were issued for an aggregate value of GBP44,541 relating to shareholders who elected to take shares in lieu of cash from the Company's 2013 second interim dividend.

On 3 June 2013, 31,607 new Ordinary Shares were issued for an aggregate value of GBP16,816 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 for an aggregate value of GBP5,958,500 less GBP238,340 issue costs paid to the Broker.

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

As at 31 December 2014 and 31 December 2013, the Distributable Reserve stood at GBP34,802,740.

Share Capital **Ordinary Shares – nil par value**	**31 December 2014** **Shares in issue**	31 December 2013 Shares in issue
Balance at start of the year	**140,266,411**	119,179,010
Issued during the year	**32,693,610**	21,087,401
Balance at end of the year	**172,960,021**	140,266,411

Share Premium	**31 December 2014** **GBP**	31 December 2013 GBP
Balance at start of the year	**39,651,059**	29,437,520
Issued during the year*	**18,455,738**	10,213,539
Balance at end of the year	**58,106,797**	39,651,059

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

15. ZDP SHARES PAYABLE

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

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

The ZDP Shares have the following rights:

1.1 Rights as to dividends

1.1.1 The ZDP Shares carry no rights to receive dividends out of the revenue or any other profits of the Company.

1.2 Rights as to capital

1.2.1 The assets of the Company available for distribution to Members after payment of all of the Company's liabilities in full will be applied as follows (and in each case distributed among the holders of shares of each class rateably according to amounts paid up on such shares held by them):

1.2.2 (a) first, there shall be paid to the holders of ZDP Shares an amount equal to 100 pence per ZDP Share as increased each day from the Issue Date up to and including the Maturity Date at the daily compound rate which results in the Final Capital Entitlement per ZDP Share on the Maturity Date, and increasing thereafter (in the event that any ZDP Shares are not redeemed by the Maturity Date) on the same compounded basis in respect of any ZDP Shares not so redeemed; and

(b) second, subject to the terms of the Articles, there shall be paid to the holders of Ordinary Shares in proportion to their holdings the surplus assets of the Company available for distribution.

1.3 Rights as to voting

1.3.1 (a) The holders of the ZDP Shares shall have the right to receive notice of general meetings of the Company but shall not have the right to attend or vote at any general meeting of the Company unless the business of the meeting includes any resolution to vary, modify or abrogate any of the special rights attached to the ZDP Shares and at any meeting where any such business is to be considered such holders shall be entitled to vote in relation to such business alone; and

(b) where by virtue of the provisions above the holders of the ZDP Shares are entitled to vote, every such holder present in person or by a duly authorised representative (if a corporation) at a meeting shall, in relation to such business, have one vote in respect of every ZDP Share held by him.

1.3.2 (a) Subject to (b) and (c) below, the Company shall not without the previous sanction of a resolution of the holders of the ZDP Shares passed at a separate class meeting of such holders convened and held in accordance with the provisions of the Articles:

(i) pay dividends to holders of Ordinary Shares in excess of the aggregate of 5 pence per Ordinary Share per annum increased at the rate of 2.5 per cent. per annum;

(ii) issue further shares or securities, or rights to subscribe for or to convert or exchange any securities into shares or securities or reclassify issued share capital into shares or securities of a particular class where such shares or securities would on issue, conversion, exchange or reclassification rank as to capital in priority to or pari passu with the ZDP Shares, unless in respect of such issue, conversion, exchange or reclassification (a) the Cover Test would be met immediately following any such issue, conversion, exchange or reclassification; or (b) A Cover and B Cover is otherwise increased as a result of and upon such issue, conversion, exchange or reclassification;

(iii) pass a resolution releasing the Directors from their obligation to redeem the ZDP Shares on the Maturity Date in accordance with section 1.4 below;

(iv) other than the redemption of the ZDP Shares provided for in section 1.4 below, pass a resolution to reduce the capital of the Company in any manner, including any resolution authorising the Directors to purchase shares save that the Company may without such sanction take authority to make, and effect purchases of its own shares provided that in any event, (i) the Cover Test would be met immediately following any such purchase; or (ii) A Cover and B Cover is otherwise increased immediately following any such purchase;

(v) incur any borrowings in excess of GBP30 million (excluding any interest on any such borrowings and excluding Relevant Items being monies borrowed for temporary purposes only and in the ordinary course of business including, without limitation, for the purpose of refinancing existing borrowings or settling transactions and any monies borrowed for the purpose of paying the Final Capital Entitlement or then accrued entitlement of the ZDP Shares) or guarantee the indebtedness of any of its subsidiaries;

(vi) make any material change to the accounting policies adopted by the Directors which are in existence as at the Issue Date;

(vii) pass a resolution for the voluntary winding up or liquidation of the Company, such winding up to take effect prior to the Maturity Date;

(viii) make a material change to the business of the Company as a whole, which at the time of making such change, appears likely in the reasonable opinion of the Directors to be materially prejudicial to the holders of the ZDP Shares; or

(ix) pass any resolution to vary, modify or abrogate any of the special rights attached to the ZDP Shares.

1.3 Rights as to voting CONTINUED

For the purpose of these provisions, the "**Cover Test**" is that the Directors shall have or shall have caused to be calculated that, in their opinion, were the actions detailed in (ii) or (iv) above (each an "**Action**") to take place on the date specified by the Directors for such calculation, provided that such date shall not be one which is over 60 days prior to the date on which the relevant Action is due to take place (the "**Calculation Date**"), those ZDP Shares in issue immediately thereafter would have A Cover of not less than 1.7 times and B Cover of not less than 3.25 times (as adjusted in accordance with the provisions below).

For the purpose of these provisions:

(1) the "**A Cover**" on the ZDP Shares shall represent a fraction where the numerator is equal to the gross assets of the Company less current liabilities and trade and non-borrowing related liabilities (not otherwise current liabilities) (other than the liabilities to ZDP Shareholders) as at the Calculation Date, as determined by the Directors, and the denominator is equal to the aggregate amount which would be paid to the holders of the ZDP Shares in issue on the Calculation Date as a class (and on all shares ranking as to capital in priority thereto or pari passu therewith) on the Maturity Date, plus the Company's borrowings (if any) plus, to the extent not included in the current liabilities referred to above, the Directors' estimate of the shortfall (if any) of the Group's revenues less operational expenses (including dividends payable on the Company's Ordinary Shares, finance costs and management expenses), excluding any fair value adjustments over the period from the Calculation Date to the Maturity Date; and

(2) the "**B Cover**" on the ZDP Shares shall represent a fraction where the numerator is equal to the gross assets of the Company less current liabilities and trade and non-borrowing related liabilities (not otherwise current liabilities) and all borrowings (other than the liabilities to ZDP Shareholders) as at the Calculation Date, as determined by the Directors, and the denominator is equal to the aggregate amount which would be paid to the holders of the ZDP Shares in issue on the Calculation Date as a class (and on all shares ranking as to capital in priority thereto or *pari passu* therewith) on the Maturity Date provided always, that the B Cover of 3.25 times shall be adjusted downwards when and to the extent that the amount of the Company's borrowings (excluding any interest on any such borrowings and excluding Relevant Items) is less than GBP30 million and in such event the amount of cover shall be reduced from 3.25 times by "**X**" where:

X = 0.00000008 x Y; and

Y = the amount of the Company's borrowings (as referred to above) below GBP30 million,

so that, by way of illustration, if the amount of the Company's borrowings (as referred to above) is GBP28 million as at the relevant Calculation Date the B Cover amount shall be 3.09 times.

In calculating such A Cover and B Cover, the Directors shall:

(aa) use the portfolio valuations underlying the net assets value figure published by the Company at the end of the immediately preceding quarter (or on such other date as the Board in its absolute discretion may determine);

(bb) assume that the Action had been undertaken at the end of the month prior to the Calculation Date (or on such other date as the Board in its absolute discretion may determine);

(cc) adjust the aggregate net assets at the end of the said month (or on such other date as the Board in its absolute discretion may determine) by adding the minimum net consideration (if any) which would be received upon such Action and by deducting any consideration payable on such Action;

(dd) aggregate the capital entitlements of the existing ZDP Shares and the capital entitlements of any new ZDP Shares to be issued or reclassified as aforesaid, in each case as at the Calculation Date;

(ee) disregard any reduction in gross assets caused by the accounting for shares held in treasury held by the Company to the extent it is not matched by a corresponding adjustment to the calculation of the denominator; and

(ff) make such other adjustments as they in their absolute discretion consider appropriate;

(b) notwithstanding the provisions above, if any offer is made (whether by the Company or any other person, including proposals for a reduction or cancellation of capital, capitalisation issue, share purchase or repurchase and/or redemption of shares of the relevant class or any shares issued in substitution therefor) to all the holders of ZDP Shares (other than the offeror and/or persons acting in concert with the offeror) which becomes or is declared unconditional in all respects (or would so become or be declared subject only to the passing of any Recommended Resolution (as defined below)) prior to the Maturity Date, and which enables the holders of the ZDP Shares to receive no later than the Maturity Date an amount in cash not less than that to which the Directors estimate (so far as practicable at the time and on the basis of such assumptions as they may reasonably deem appropriate) that the ZDP Shareholders would otherwise have been entitled on a redemption of their ZDP Shares or on a winding-up of the Company in each case on the Maturity Date (whether or not such offer is accepted in any particular case and ignoring any option to receive alternative consideration) and such offer is recommended by the Directors and stated to be, in the opinion of a financial adviser appointed by the Directors, fair and reasonable, the provisions of (d) below shall apply to the holders of ZDP Shares in relation to any resolution or resolutions (a "**Recommended Resolution**") proposed at any general meeting of the Company or at any separate meeting of the holders of ZDP Shares save that the provisions of (d) below shall cease as regards such shareholders if either the Directors consider that the aforementioned offer is unlikely to be honoured or the offeror breaches a material term of the offer or otherwise manifests an intention not to implement the offer;

15. ZDP SHARES PAYABLE CONTINUED

1.3 Rights as to voting CONTINUED

(c) notwithstanding the provisions above, if at any time on or before the Maturity Date a resolution (a "**Reconstruction Resolution**") is proposed at any general meeting of the Company or at any separate meeting of any class(es) of shareholders to sanction any form of arrangement for the transfer of all or part of the Company's assets to another entity or any proposals for the reduction or cancellation of capital, capitalisation issue, share purchase or repurchase and/or redemption of any shares (including, without limitation, any further resolutions which the Directors consider to be necessary or desirable for the purposes of effecting such proposals) and which enables the holders of the ZDP Shares to receive, no later than the Maturity Date, an amount in cash not less than that to which the Directors estimate (so far as practicable at the time and on the basis of such assumptions as they may reasonably deem appropriate) that the ZDP Shareholders would otherwise have been entitled on a redemption of their ZDP Shares or on a winding-up of the Company in each case on the Maturity Date then (ignoring any option to receive their entitlements otherwise than in cash), provided such proposals are recommended by the Directors and stated to be, in the opinion of a financial adviser appointed by the Directors, fair and reasonable, the provisions of (d) below shall apply to the holders of the ZDP Shares in relation to such resolution(s), save that such provisions shall cease as regards such shareholders if the arrangement is not implemented in accordance with its terms; and

(d) where this paragraph applies in respect of any resolution, the ZDP Shareholders shall not be entitled to vote at any general meeting of the Company and the previous sanction of a special resolution of the ZDP Shareholders shall not be required in any case, provided that where, notwithstanding the foregoing, such sanction is required in any case by law, all ZDP Shareholders present in person, by representative (if a corporation) or by proxy and entitled to vote at such meeting shall (in respect of the votes attached to all such shares) vote in favour of the resolution or resolutions recommended by the Directors and where any vote is not cast or is cast against any such resolution or resolutions recommended by the Directors it shall be deemed to have been cast in favour. The vote on any Recommended Resolution or Reconstruction Resolution shall be taken on a poll.

1.4 Rights as to redemption

1.4.1 Unless the Directors have previously been released from their obligations to do so by a special resolution of the Company (such special resolution having been duly passed not earlier than the date falling one month prior to the Maturity Date and having been sanctioned by necessary class approval), the Company shall on the Maturity Date, compulsorily redeem all ZDP Shares in issue at an amount equal to the Final Capital Entitlement per ZDP Share.

1.4.2 In the event that, on the Maturity Date, the Company is not permitted to redeem any of the ZDP Shares by reason of statutory restriction or otherwise by law, it shall redeem the ZDP Shares then due for redemption so soon thereafter as the Company is permitted lawfully to do so (and if the Company is not permitted lawfully to redeem all of the then unredeemed ZDP Shares at one time, such redemption shall take place in tranches at such times as the Company is permitted lawfully to redeem some only of the then unredeemed ZDP Shares, and the ZDP Shares to be redeemed in such circumstances shall be selected pro rata to the holdings due to be redeemed at such time).

1.4.3 In the event that, on the Maturity Date, the Company is permitted to redeem some only of the ZDP Shares by reason of statutory restriction or otherwise by law, it shall redeem such ZDP Shares at such time and shall redeem the remaining ZDP Shares then due for redemption so soon thereafter as the Company is permitted lawfully to do so (and if the Company is not permitted lawfully to redeem all of the then unredeemed ZDP Shares at one time, such redemption shall take place in tranches at such times as the Company is permitted lawfully to redeem some only of the then unredeemed ZDP Shares). The ZDP Shares to be redeemed in such circumstances shall be selected pro rata to the holdings due to be redeemed at such time.

1.4.4 During such time after the Maturity Date when any of the ZDP Shares remains unredeemed, the Company shall not declare, make or otherwise pay any distributions (whether by way of dividend, redemption, repurchase of shares, reduction of capital or otherwise) to any of the holders of the Ordinary Shares.

The Board believes that the ZDP Shares will diversify the funding of the Company's capital structure and better align the structure with the Board's expectation of the future returns from the Company's business.

The issue of ZDP Shares is also expected to reduce the Company's overall cost of capital.

16. NET ASSET VALUE PER ORDINARY SHARE

GROUP

The Group net asset value per Ordinary Share is calculated by dividing the total consolidated net assets attributable to Ordinary Share holders at the year end of GBP73,427,356 (31 December 2013: GBP74,068,621) by the Ordinary Shares in issue at the end of the year being 172,960,021 (31 December 2013: 140,266,411).

COMPANY

The Company net asset value per Ordinary Share is calculated by dividing the total Company net assets attributable to Ordinary Share holders at the year end of GBP88,215,686 (31 December 2013: GBP70,112,635) by the Ordinary Shares in issue at the end of the year being 172,960,021 (31 December 2013: 140,266,411).

17. CASH GENERATED FROM OPERATIONS

Group:	**31 December 2014 GBP**	31 December 2013 GBP
(Loss)/profit for the year	**(14,542,356)**	1,766,738
Adjustments for:		
Net losses on financial assets and liabilities at fair value through profit or loss	**9,477,684**	6,751,137
Net losses on Associates	**620,670**	118,716
Non-cash income	**–**	(709,361)
Non-cash expenses	**227,537**	–
Amortisation/depreciation of fixed assets	**207,170**	100,715
Reclassification of foreign exchange reserve on sale of business combination	**1,892,799**	–
Changes in working capital:		
Trade and other receivables	**(5,609,210)**	(1,769,782)
Trade and other payables	**21,924,525**	7,803,226
Cash inflow from operations	**14,198,819**	14,061,389

Company:	**31 December 2014 GBP**	31 December 2013 GBP
Profit for the year	**6,683,901**	7,955,966
Adjustments for:		
Net (gains)/losses on financial assets and liabilities at fair value through profit or loss	**(6,529,030)**	779,012
Non-cash Executive Team Bonus	**227,537**	–
Non-cash interest income	**(507,039)**	–
Non-cash inter-company write back	**(67,589)**	–
Changes in working capital:		
Trade and other receivables	**(5,886,997)**	(1,148,773)
Trade and other payables	**1,934,677**	(1,392,517)
Cash inflow from operations	**(4,144,540)**	6,193,688

18. CONSOLIDATED SUBSIDIARY UNDERTAKINGS

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

Subsidiary entity	Date of incorporation	Country of incorporation	Nature of holding	Percentage holding
Secured Loan Investments Limited (“SLI”)	27 December 2013	Guernsey	Directly held - Equity Shares	100%
GLIF BMS Holdings Limited (“GBHL”)(1)	5 November 2012	United Kingdom	Directly held - Equity Shares	66.67%
BMS Finance AB Limited (“BMS Finance AB”)	24 November 2006	United Kingdom	Indirectly held - Equity Shares	100%*
NVF I Limited	10 September 2002	United Kingdom	Indirectly held - Equity Shares	100%*
NVF I LP	12 January 2003	Jersey	Indirectly held - Equity Shares	100%*
NVF Equity Limited	30 May 2007	Jersey	Indirectly held - Equity Shares	100%*
NVF Patents Limited	8 March 2013	Incorporated in Jersey, re-domiciled to Guernsey	Indirectly held - Equity Shares	100%*
NVF Tech Limited (“NVF Tech”)	7 December 1995	United Kingdom	Indirectly held - Equity Shares	95%*
Subsidiaries acquired during the year				
Finpoint Limited (“Finpoint”)	15 January 2014	United Kingdom	Directly held - Equity Shares	75%
Raiseworks LLC (“Raiseworks”)	5 December 2013	United States	Directly held - Equity Shares	62.5%
Sageworks Capital Inc (Sageworks”)	4 May 2011	United States	Indirectly held - Equity Shares	100%**
GLI Investments Holdings Sarl	13 May 2014	Luxembourg	Directly held - Equity Shares	100%
BMS Finance Sarl	29 July 2014	Luxembourg	Directly & Indirectly held - Equity Shares	50.92%***
GLI Finance (UK) Limited	21 October 2014	United Kingdom	Directly held - Equity Shares	100%
Sancus Limited (“Sancus”)	1 July 2013	Jersey	Directly held - Equity Shares	100%
Sancus (Guernsey) Limited	18 June 2014	Guernsey	Directly held - Equity Shares	100%

(1) GBHL

- The non-controlling interest and voting rights percentage in GBHL is 33.33%;
- During the current year the profit allocated to the non-controlling interest amounted to GBP26,354;
- As at 31 December 2014 the accumulated non-controlling interests in GBHL was GBP773,471; and
- During the year ended 31 December 2014, there were no dividends paid to the non-controlling interest.

18. CONSOLIDATED SUBSIDIARY UNDERTAKINGS CONTINUED

31 December 2014	GBHL
	GBP
Dividends received from GBHL during the year	–
Current assets	5,190,001
Non-currents assets	45,189,884
Current liabilities	(4,985,295)
Non-current liabilities	(43,455,540)
Total revenue	4,943,460
Net profit from continuing operations	304,067
Other comprehensive income	–
Total comprehensive income	304,067

Subsidiaries disposed of/liquidated during the year

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

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

19. ASSOCIATED UNDERTAKINGS

The Directors consider the following entities as material associated undertakings of the Group and Company as at 31 December 2014.

Name of Associate:	Nature of holding	Country of incorporation	Percentage holding	Measurement – Group level	Measurement – Company level
FundingKnight Holdings Limited ("FundingKnight")	Directly held - Equity and Preference Shares	United Kingdom	20.00%	Equity Method	Fair Value
Platform Black Limited ("Platform Black")	Directly held -Equity and Preference Shares	United Kingdom	20.00%	Equity Method	Fair Value
Proplend Limited	Directly held - Equity	United Kingdom	22.50%	Equity Method	Fair Value
Fair Oaks Income Fund Limited ("FOIF")	Directly held - Equity	Guernsey	29.96%	Equity Method	Fair Value
Crowdshed Limited	Directly held - Equity	United Kingdom	32.51%	Equity Method	Fair Value
Peratech Limited	Indirectly held - Equity	United Kingdom	25.00%	Equity Method	N/A
Liftforward Inc.	Directly held - Equity	United States of America	20.9%	Equity Method	Fair Value
Finexkap	Directly held - Equity	France	26.44%	Equity Method	Fair Value
Ovamba Solutions, Inc.	Directly held - Equity	United States of America	20.48%	Equity Method	Fair Value
The Credit Junction Holdings	Directly held - Equity	United States of America	23.1%	Equity Method	Fair Value

During the current year, IKIVO's ownership structure changed resulting in the Group no longer having influence over this company and therefore it is no longer considered an associated undertaking of the Group.

During the current year, the Group acquired stakes in Proplend Limited, Fair Oaks Income Fund Limited, Crowshed Limited, Peratech Limited, Liftforward Inc., Finekap, Ovamba Solutions, Inc and The Credit Junction Holdings. Also during the current year, the Group's stake in Raiseworks LLC increased to a level where control was established, thereby making it a subsidiary of the Company (please refer to note 18).

*As at 31 December 2014, Mr Miller held 1,000 shares (31 December 2013: 1,000) (representing 0.1% of share capital) in FundingKnight Holdings Limited.

19. ASSOCIATED UNDERTAKINGS CONTINUED

All the Associates, except for FOIF, are considered individually immaterial. The table below details FOIF's and the other aggregated Platform Associates financial information:

	31 December 2014	
	FOIF	Other Aggregated Total*
	GBP	GBP
Aggregated dividends received from Associates during the year	–	–
Current assets	79,778,654	5,168,495
Non-currents assets	–	6,116,992
Current liabilities	36,001	672,228
Non-current liabilities	–	2,946,449
Total revenue	3,144,897	1,022,120
Net profit/(loss) from continuing operations	2,838,031	(7,114,817)
Other comprehensive income	–	–
Total comprehensive income/(loss)	2,838,031	(7,114,817)

*As would be expected in early stage companies, the Directors note that the associated undertakings, except for FOIF, are currently of an aggregated loss position, but are confident about the long-term profitability of these investments.

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

The accounting period ends, of the Associates listed above, used for the equity method in the Group's consolidated financial statements, are the same date as the Group's year end date.

FOIF is listed on the Specialist Fund Market of the London Stock Exchange. As at the 31 December 2014, the market bid price is USD1.035.

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

As at 31 December 2014, there are no unrecognised commitments from the Group that relate to any of its Associates.

20. SEGMENTAL REPORTING

Operating segments are reported in a manner consistent with the reporting of the Executive Team to the Board. The Executive Team is responsible for allocating resources and assessing performance of the portfolio, as well as making strategic investment decisions, subject to the oversight of the Board of Directors. The Executive Team is responsible for the entire portfolio, including assets held at the Company level and the companies in the BMS Group subsidiaries, and considers the business to have a single operating segment. Although 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 the UK and Europe. The Group has a diversified portfolio of investments and no single investment accounts for more than 10% of the Group's income.

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

21. RELATED PARTY TRANSACTIONS

The following transactions were carried out with related parties in addition to the related party transactions already disclosed in note 5:

GROUP & COMPANY	**31 December 2014 GBP**	31 December 2013 GBP
Amounts incurred during the year to related parties		
Fees to P Conroy as Chief Financial Officer to the Company	**10,417**	125,000
Fees to T2 Advisers, LLC	**2,470,111**	1,792,467
Amounts due to related parties at the year end		
Fees prepaid T2 Advisers, LLC	**1,545,109**	–

21. RELATED PARTY TRANSACTIONS CONTINUED

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

Entity	Relationship	Nature of Transaction	Balance 31 December 2014 GBP	Amount for the year ended 31 December 2014 GBP
Platform accounts & corresponding interest				
GLIF & FundingKnight	Associate	FundingKnight Account held on behalf of GLIF	4,311,000	–
GLIF & FundingKnight	Associate	Interest on FundingKnight Account due to GLIF	221,079	221,079
GLIF & Platform Black Limited	Associate	Platform Black Account held on behalf of GLIF	911,058	–
GLIF & Platform Black Limited	Associate	Interest on Platform Black Account due to GLIF	55,607	56,791
GLIF &Proplend	Associate	Proplend Account held on behalf of GLIF	965,000	–
GLIF & Proplend	Associate	Interest on Proplend Account due to GLIF	12,366	12,366

Entity	Relationship	Nature of Transaction	Balance 31 December 2014 GBP	Amount for the year ended 31 December 2014 GBP
Platform loans & corresponding interest				
GLIF & GBHL	Subsidiary	Loan payable to GLIF from GBHL	17,098,101	–
GLIF & GBHL	Subsidiary	Loan interest payable to GLIF from GBHL	344,773	1,196,585
GBHL & BMS Finance AB	Subsidiaries	Loan receivable by GBHL from BMS Finance AB	13,637,772	–
GBHL & BMS Finance AB	Subsidiaries	Loan interest receivable by GBHL from BMS Finance AB	51,181	1,241,276
GLIF & BMS Finance Sarl	Subsidiaries	Loan receivable by GLIF from BMS Finance Sarl	2,895,307	–
GLIF & BMS Finance Sarl	Subsidiaries	Loan interest receivable by GLIF from BMS Finance Sarl	7,860	7,860
GBHL & BMS Finance Sarl	Subsidiaries	Loan receivable by GBHL from BMS Finance Sarl	2,933,921	–
GBHL & BMS Finance Sarl	Subsidiaries	Loan interest receivable by GBHL from BMS Finance Sarl	7,965	7,965
GLIF & Finpoint	Subsidiary	Loan payable to GLIF from Finpoint	150,000	–
GLIF & Finpoint	Subsidiary	Loan interest payable to GLIF from Finpoint	986	986
GLIF & Raiseworks	Subsidiary	Loan payable to GLIF by Raiseworks	1,283,944	–
GLIF & Raiseworks	Subsidiary	Loan payable interest to GLIF by Raiseworks	108,707	104,399
GLIF & Finekap AM	Associate	Loan payable to GLIF by FineKap AM	489,282	–
GLIF & Finekap AM	Associate	Loan payable interest payable to GLIF by Finekap AM	2,212	2,212
GLIF & FundingKnight	Associate	Loan payable to GLIF by FundingKnight	250,000	–
GLIF & FundingKnight	Associate	Loan interest payable to GLIF by FundingKnight	3,221	3,221
GLIF & Platform Black Limited	Associate	Loan payable to GLIF by Platform Black	750,000	–
GLIF & Platform Black Limited	Associate	Loan interest payable to GLIF by Platform Black	4,932	4,932
GLIF & TradeRiver Finance Limited (UK)	Common directors	Loan payable to GLIF by TradeRiver Finance Limited (UK)	125,000	–
GLIF & TradeRiver Finance Limited (UK)	Common directors	Loan interest payable to GLIF by TradeRiver Finance Limited (UK)	6,301	16,014

21. RELATED PARTY TRANSACTIONS CONTINUED

Entity	Relationship	Nature of Transaction	Balance 31 December 2014 GBP	Amount for the year ended 31 December 2014 GBP
Platform preference shares & corresponding interest				
GLIF & Finpoint	Subsidiary	Preference shares held by GLIF in Finpoint	500,000	–
GLIF & Finpoint	Subsidiary	Preference shares interest due to GLIF by Finpoint	42,164	42,164
GLIF & FundingKnight	Associate	Preference shares held by GLIF in FundingKnight	1,000,114	–
GLIF & FundingKnight	Associate	Preference share accrued coupon due to GLIF by FundingKnight	131,933	131,933
GLIF & Platform Black	Associate	Preference shares held by GLIF in Plaftform Black	999,908	–
GLIF & Platform Black Limited	Associate	Preference share accrued coupon due to GLIF by Platform Black	120,564	120,564
GLIF & Sancus Holdings Limited	Common directors	Preference shares held by GLIF in Sancus Holdings Limited	3,725,000	–
GLIF & Sancus Holdings Limited	Common directors	Preference share accrued coupon due to GLIF by Sancus Holdings Limited	15,155	81,732
Other transactions				
GLIF & T2 CLO	Subsidiary	Receipt of interest from T2 CLO loan note by GLIF	–	3,998,547
GBHL & NVF Tech	Subsidiary	Loan receivable by GBHL from NVF Tech assigned via BMS Finance AB	863,867	–
GBHL & BMS Finance Sarl	Subsidiary	Advisory fees payable to GBHL from BMS Finance AB	–	179,532
NV2N & NVF Tech	Subsidiary	Advanced royalty payments from NV2N to NVF Tech	1,975,264	181,196
NV2N & NVF Tech	Subsidiary	Amount receivable to NVF Tech from NV2N	358,679	–
GLIF & Finpoint	Subsidiary	Director fee payable to GLIF by Finpoint	–	27,753
GLIF & Sancus	Subsidiary	Loan payable to GLIF from Sancus	22,816,265	–
GLIF & Sancus	Subsidiary	Loan interest payable to GLIF from Sancus	185,591	–
Sancus & GLIF	Subsidiary	Loan payable by GLIF to Sancus	3,000,000	–
Sancus & GLIF	Subsidiary	Loan interest payable by GLIF to Sancus	14,466	53,424
Sancus & GLIF	Subsidiary	Loan facility fees payable by GLIF to Sancus	(110,629)*	152,201
GLIF & FundingKnight	Associate	Loan repaid by GLIF to FundingKnight	–	276,000
GLIF & FundingKnight	Associate	Loan interest payable by GLIF to FundingKnight	–	5,989
BMS Finance AB & BMI Healthcare Ltd	Common directors	Assignment advances and loans due to BMS Finance AB from BMI Healthcare Ltd	3,024,775	–
BMS Finance AB & BMI Healthcare Ltd	Common directors	Interest on assignment advances and loans due to BMS Finance AB from BMI Healthcare Ltd	277,931	277,931
BMS Finance AB & Peratech	Associate	Interest on assignment advances paid to BMS Finance AB from Peratech	–	5,346

*prepaid at year end

Entity	Relationship	Nature of Transaction	Balance 31 December 2013 GBP	Amount for the year ended 31 December 2013 GBP
GLIF & T2 CLO	Subsidiary	Receipt of interest from the loan note	–	9,589,798
GLIF & GBHL	Subsidiary	Loan payable to GLIF (and corresponding interest) by GBHL	12,591,062	930,135
GLIF & FundingKnight	Associate	Amount held by the entity on behalf of the Company	1,291,000	–
GLIF & Platform Black	Associate	Amount held by the entity on behalf of the Company	163,057	–
BMS Finance AB & BMI Healthcare Ltd	Associate	Assignment advances and loans due to BMS Finance AB from BMI Healthcare Ltd	2,316,092	–

There is no ultimate controlling party of the Company.

21. RELATED PARTY TRANSACTIONS CONTINUED

Directors' shareholdings in the Company

As at 31 December 2014, the Directors had the following beneficial interests in the Ordinary Shares of the Company:

	31 December 2014		31 December 2013	
	No. of Ordinary Shares Held	**% of total issued Ordinary Shares**	No. of Ordinary Shares Held	% of total issued Ordinary Shares
Patrick Firth (Chairman)	**227,261**	**0.13**	134,292	0.10
Geoff Miller	**2,029,747**	**1.17**	1,525,223	1.09
Frederick Forni	**–**	**–**	–	–
James Carthew	**250,000**	**0.14**	200,000	0.14
Emma Stubbs	**20,000**	**0.03**	NA	NA
Andrew Whelan	**–**	**–**	NA	NA

During the year Mr Firth, Mr Miller, Mr Carthew and Mrs Stubbs received total amounts of GBP10,794, GBP75,708, GBP12,125 and GBP750 respectively from the Company by way of dividends on their ordinary share holdings in the Company.

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

As at 31 December 2014, there were no unexercised share options for Ordinary Shares of the Company (31 December 2013: nil Ordinary Shares).

Transaction with the Directors/Executive Team

Please refer to the Remuneration Report on pages 32 to 34 for full details of other transactions between the Company and the Directors/Executive Team.

22. COMMITMENTS AND CONTINGENCIES

There were no commitments or contingencies as at 31 December 2014 (31 December 2013: none).

23. POST YEAR END EVENTS

Post year end platform purchases

Please refer to pages 8 to 11, within the CEO Report, for details of platforms purchased and other significant transactions undertaken since the Company's year end.

Post year end disposal of significant associated undertaking

On 4 March 2015, the Company sold its entire holding of 34,298,425 ordinary shares in FOIF at a price of USD0.9425 per share, raising gross proceeds of approximately USD32.3 million. FOIF is classified as an associated undertaking of the Company and Group in these annual financial statements.

Directors Interests

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

	No. of Ordinary Shares Held	**% of total issued Ordinary Shares**
Patrick Firth *(Chairman)*	231,855	0.11%
Geoff Miller	2,070,802	1.00%
Frederick Forni	–	–
James Carthew	250,000	0.12%
Emma Stubbs	58,994	0.03%
Andrew Whelan	–	–

Mr Miller and Mr Whelan each have a beneficial interest in the issued share capital of Sancus Holdings Limited ("SHL"). Subject to SHL satisfying the lock-in conditions agreed as part of the Company's acquisition of Sancus Limited, the consideration shares issued to SHL will be distributed pro-rata to its shareholders, following which Mr Miller will be entitled to receive 628,319 ordinary shares in the Company, and Mr Whelan will be entitled to receive 3,686,463 ordinary shares in the Company. At the issue date of these financial statements the additional entitlements had not been allotted and therefore are not are reflected in the table above.

Dividend

On 21 January 2015, the Directors of the Company declared a dividend of 1.25p per Ordinary Share for the fourth quarter of 2014. The dividend was payable to shareholders on the register on the record date of 30 January 2015.

23. POST YEAR END EVENTS CONTINUED

Scrip Dividend Shares – Additional Listing

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

Refinancing of Sancus Loan Facility

Further to the details disclosed in note 13, on 13 March 2014, the Company agreed a loan facility to borrow up to GBP13.525 million ("the Loan Facility") through Sancus Limited ("Sancus"), a subsidiary of the Company. Interest on the Loan Facility, which is secured over the Company's assets, is charged at 11% per annum. This Loan Facility is repayable on or before 15 June 2015.

Placing of New Ordinary Shares - Additional Listing

On 16 March 2015, a total of 34,500,000 new ordinary shares in the Company (the "Placing Shares") were placed at a price of 58 pence per Placing Share (the "Placing Price") (in aggregate approximately GBP20.0 million) with new and existing institutional and other investors. The Placing Shares being issued represent 16.6 per cent. of the Company's existing issued share capital. These new ordinary share were admitted to trading on AIM on 17 March 2014. Following their Admission, the total number of ordinary shares carrying voting rights in the Company is 207,460,021.

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

INVESTMENT OBJECTIVE

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

INVESTING POLICY

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

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

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

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

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

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

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

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

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

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

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

GLI Finance Limited

GLI Finance Limited
P.O. Box 296
Sarnia House
Le Truchot
St Peter Port
Guernsey, GY1 4NA
Channel Islands

PART D

GLI Finance Limited

Interim Report and
Audited Condensed Consolidated and
Company Financial Statements
For the six month period ended 30 June 2015

CONTENTS

OFFICERS AND PROFESSIONAL ADVISERS

Directors	
Non-executive:	Patrick Anthony Seymour Firth *(Chairman)* Frederick Peter Forni James Henry Carthew
Executive:	Geoffrey Richard Miller Emma Stubbs Andrew Noel Whelan
	The address of the Directors is the registered office.
Executive Team:	
Chief Executive Officer:	Geoffrey Miller
Chief Financial Officer:	Emma Stubbs
Director of Lending:	Andrew Whelan
Managing Director:	Marc Krombach
Head of Public Affairs and Marketing:	Louise Beaumont
Registered office:	Sarnia House Le Truchot Peter Port Guernsey, GY1 1GR Channel Islands
Nominated Adviser and Broker:	Panmure Gordon (UK) Limited One New Change London, EC4M 9AF United Kingdom
Administrator and Company Secretary:	Praxis Fund Services Limited PO Box 296 Sarnia House Le Truchot St Peter Port Guernsey, GY1 4NA Channel Islands
Legal Advisers in the Channel Islands:	Carey Olsen P.O. Box 98 Carey House Les Banques St Peter Port Guernsey, GY1 4BZ Channel Islands
Legal Advisers in the UK:	Stephenson Harwood 1 Finsbury Circus London, EC2M 7SH United Kingdom

Legal Advisers in the US:	Pepper Hamilton LLP 3000 Two Logan Square Eighteenth and Arch Streets Philadelphia, PA 19103-2799 United States
Principal Bankers:	Lloyds Bank International Sarnia House, Le Truchot St Peter Port Guernsey, GY1 4EF Channel Islands
Auditors:	Grant Thornton Limited P.O. Box 313, Lefebvre House Lefebvre Street St Peter Port Guernsey, GY1 3TF Channel Islands
Receiving Agent:	Equiniti Limited Aspect House Spencer Road Lancing West Sussex, BN99 6DA United Kingdom
Public Relations:	Camarco 107 Cheapside London, EC2V 6DN United Kingdom Instinctif Partners Limited, 65 Gresham Street London, EC2V 7NQ United Kingdom

CHAIRMAN'S STATEMENT

I am pleased to report the results of GLI Finance Limited ("GLI" or the "Company") for the six months ended 30 June 2015.

Since the 2014 Annual Report the Company has continued to make significant progress in the transition away from US middle market lending, either directly or through collateralised loan obligations ("CLOs"), to providing SME lending through a range of alternative finance platforms in which the Company holds significant stakes.

It has been a busy six months and a significant amount of corporate activity has been going on, but the core activity of the business remains, as it always has, the provision of finance to the SME sector. The geographic focus has broadened, as envisaged in the amended investing policy approved by shareholders in December 2013, and the range of businesses financed has widened, but we remain a SME lender.

In the first half of the year we disposed of our remaining CLO Investment in Fair Oaks Income Fund "FOIF" for USD32.3m (GBP20.4m) and raised a further GBP20m in ordinary share capital in March 2015. The funds were subsequently used to fund the growth of loan origination within our family of platforms as well as funding the acquisition of four new platforms, taking the total to nineteen. The platforms which make up the GLI family provide lending diversity by duration, geography and asset type and also provide highly differentiated origination strategies. With our new expanded executive team, the platforms are able to benefit from the shared learning, common services and availability of capital from GLI.

Details of the platforms held by the Company are included in the report but the four new SME finance platform investments made in the first half of the year are as below.

- Trade River USA, a non-bank online funding solution which finances trade, both cross-border and in the US.
- MytripleA, a Spanish business finance platform meeting both the short-term and long-term financing needs of Spanish SMEs.
- Open Energy Group, a financing platform for US commercial and small utility-scale solar projects.
- Funding Options, a UK online credit broker that matches lenders with borrowers and acts as a one-stop-shop for business finance.

As with all of the platforms in which we have invested, these companies are seeking to provide an offering that is complementary to the mainstream banking sector, rather than attempting to compete directly with the banks. This is important, as we believe that this will ensure our businesses can maintain a strong market position across economic cycles, rather than being just a cyclical play due to the weakness of the banks after the financial crisis. We will continue to look at more opportunities as they arise and consider how they fit in our current portfolio, but it is not the intention to increase our portfolio of platforms significantly, as the focus will be on growing these companies and increasing their value.

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

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

- With effect from 27 March 2015, GLI ceased to be authorised by the Guernsey Financial Services Commission ("GFSC") as an Authorised Collective Investment Scheme and has been registered with the GFSC as a Non-regulated Financial Services Business. Although this includes the word ‘non-regulated’ we are actually more regulated than we have ever been and we aim to filter this regulation down to our platforms to ensure that we not only lead the way in regulatory strength within the alternative finance space, but also at the same time provide comfort to our shareholders.

- On 30 June 2015, our 100 per cent. owned subsidiary, GLI Asset Management Ltd (“GLIAM”) secured its ‘Protection of Investors (“POI”) asset management licence from the GFSC, thereby enabling GLIAM to manage collective investment schemes and general securities and derivatives. GLI is currently progressing GLIAM’s launch of ‘GLI Alternative Finance plc’ (“GLIAF”), a closed end fund focusing on a loan portfolio diversified by geography, size of loan, type of lending and duration which has been launched very recently, as announced on 21 September 2015.

Performance and Dividend

We are pleased to report that the Company continued to deliver a stable capital performance in the first half of 2015. During the sixth month period the Company paid 2.5p per share in dividends (vs 2.5p for the same period in 2014). Although in the future we will no longer be receiving the CLO investment income, it is expected in time that the newer investments will provide at least as high a total cash return as has been provided by the CLO portfolio, and hence the Board has maintained the dividend throughout the Company’s period of transition. Our strategy to increase dividend cover is to increase the proportion of assets funded by Zero Dividend Preference Shares and to develop the asset management business. As both of these are delivered, so dividend cover will rise.

Existing platforms continue to grow their businesses, deploying increasing amounts of GLI’s capital across a wide range of maturities. Over the twelve months to the end of June 2015, the volume of loans originated through GLI’s platforms totalled GBP227.4m, an increase of 120 per cent. compared to the twelve months ended June 2014.

Financials

As at 30 June 2015, the Company had net assets of GBP112.5m or 52.48p per ordinary share compared with net assets of GBP88.2m, or 51.00p per ordinary share at 31 December 2014, which represents a 2.9 per cent. increase in NAV per share in the first half of 2015.

The comparative Group numbers show net assets attributable to equity holders increasing from GBP73.4m as at 31 December 2014 to GBP92.9m as at 30 June 2015. The difference in the net assets at a Group and Company level represents the difference in accounting treatment of our subsidiaries and associates in the Group accounts versus fair value treatment of assets held in the Company’s financial statements. The Board continues to believe that, at present, the performance of the net asset value at the Company level, as opposed to the Group consolidated level, is the more appropriate measure for the assessment of performance of the underlying business.

At the Company level, for the six months ended 30 June 2015, GLI received interest income, dividends and other income totalling GBP3.4m, compared to GBP5.6m for the comparable period. The decline can be attributed to the final exit from our CLO investments which, in the past, had generated returns in the high teens. The returns we now see are a combination of interest earned on loans to SMEs, which currently average around 10 per cent., and changes to the value of our equity stakes in loan origination platforms, recognised in unrealised gains of GBP4.5m for the period. In the Chief Financial Officer’s Report there is a reanalysed Company Statement of Comprehensive Income which provides a detailed breakdown and further insight into our costs and explains the variance against previous periods.

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

The board is considering a proposal to issue, subject to market conditions, an additional line of zero dividend preference shares, which would rank behind the existing zero dividend preference shares. If such an issue were to proceed, a further announcement would be made in due course.

Public Affairs

Since October 2014, on behalf of the platforms, GLI has been working closely with HM Government in the UK to establish a clear route through which SMEs are referred, by banks, to alternative finance lenders and, more generally, raise awareness of alternative finance.

Significant progress has been made since initial meetings with Number 10 Downing Street in Autumn 2013 in which we were asked for answers to solve the SME finance crisis in the UK. Since then, legislation has been brought forward on the referral scheme, passed successfully through Parliament, and is in the process of being implemented by the British Business Bank, under the auspices of HM Treasury. We have been involved at every stage of the process, pulling together a wide range of stakeholders to ensure that alternative finance platforms are able to make the most of this opportunity.

At the same time as increasing Government support of efforts to improve access to alternative finance, representing the platforms, GLI has been successful at garnering and coordinating voices across the alternative finance sector to provide a challenge to a hugely well established and connected competitor in the form of mainstream banking sector. We also continue to lead the way in representing the voice of SME lenders across a broad spectrum of issues SMEs themselves are affected by (from late payments to retail banking competition). Such efforts extend from working closely with relevant civil servants to meeting Members of Parliament influential in the space.

We are also engaged with regard to significant developments in Europe and the US that may impact the environment within which our platforms operate. In the EU, the Capital Markets Union is a strong signal of the extent to which Brussels wants to see alternative finance play a bigger role in SME finance, and in the US, the Department of the Treasury has issued a request for information on expanding access to credit through online marketplace lending.

Executive Team and Company Headcount

The Executive Team remained unchanged in the period with Geoff Miller (Chief Executive Officer), Emma Stubbs (Chief Financial Officer), Marc Krombach (Managing Director), Louise Beaumont (Head of Public Affairs and Marketing) and Andrew Whelan (Director of Lending).

The Company headcount, including its Executive Team, has increased from six employees at 31 December 2014 to nine at 30 June 2015. This increase and further additions since June 2015 are due to more resources being brought in-house, in particular within Finance, Compliance and Risk as well as due to the expansion of the asset management business. This is not only to meet the regulatory requirements of the many regulators with whom we now work globally, but also to put our platforms in a market-leading position in terms of risk assessment, mitigation and management.

Corporate Strategy

Since the Company was founded in 2005, the objective has always been to provide a 10-15 per cent. return from the provision of SME finance and that remains the case. To achieve this, the corporate strategy has evolved over time, from an externally managed investment into third party originated loans and then to an internally managed finance company with the appointment of Geoff Miller as an Executive Director in April 2011. GLI is now a leading player in the alternative finance sector, managing a unique range of financing solutions for SMEs globally.

Sancus

In December 2014, we acquired 100 per cent. of Sancus Group Limited and I am pleased to report it has continued to see strong growth in its loan origination, having completed in excess of GBP135m of loans since inception. All loans are fully secured and the future pipeline is strong with the business on target to meet its budget for 2015. Sancus (Guernsey) Limited has received its Non-regulated Financial Services Business licence from the GFSC and we expect this business to start to contribute to Group and hopefully follow the Jersey operation's success to date. Sancus (Gibraltar) Limited became operational in June 2015 and has already completed three loans and a solid pipeline is developing; we expect this business to be profitable within its first year of trading. Sancus is also exploring the option of expanding into the Isle of Man, which could potentially be followed by the establishment of additional operations in other offshore jurisdictions such as Cayman and Malta.

Outlook

Whilst the majority of platforms are yet to reach profitability, we are confident as to the trajectory each is following and would expect most to be profitable this time next year. The next twelve months and beyond will be a period in which we begin the process of building each of these businesses to operate on a significantly larger scale. As the businesses grow, so there will be further opportunities to develop revenue streams to capture more of the value chain, such as the potential for GLI to manage third party funds to invest through our family of platforms. There will be further examples of potential areas we can exploit over time, but we will only do so where there is a manifest, relatively short term and measurable benefit to our own shareholders. Strategic expansion for its own sake could have proved a temptation in a fast growing market such as the alternative finance sector. However, recognising the danger of this, the Board linked the management remuneration policy to long-term returns for shareholders. We now think much of the hard work of assembling a coherent group of businesses with effective management teams is behind us. The future looks promising and, although there are bound to be challenges along the way, the potential for GLI Finance is considerable.

I would like to thank shareholders for their continued support and enthusiasm for the changes we have made over the past few years. We endeavour to run our Company in a manner which embraces shareholders of all sizes, and I am always grateful for any feedback that anyone wishes to provide.

Patrick Firth
Non-Executive Chairman

Date: 25 September 2015

CHIEF EXECUTIVE OFFICER'S REVIEW

As we expected, 2015 has so far been a transformative and breakthrough year in many respects for our business and we continue to push ahead on many fronts to achieve our goal of being a leading player in SME finance globally. The business is much more than an entrepreneurially-driven company with ambitions of transformation into an SME finance company, we are now a well-resourced finance business lending to SMEs across three continents.

At the heart of the business is our partnership with the nineteen finance platforms in which we have equity stakes. In aggregate these platforms are beginning to originate substantial deal flow. Not all have developed at the same pace, of course, but we made the range of investments that we have in order that the resulting returns are at least as good as the industry, and we would hope better, for reasons that I will cover in my review.

As the origination increases within our platforms, one of the key objectives for the business is to ensure that we can still support our platforms through the provision of lending capacity. Until recently this has been through lending from our own balance sheet. However, with our asset management business receiving regulatory approval in the period, and subsequent to the period end our first closed end fund being launched, we can now provide lending capacity to the platforms through the funds managed by GLI Asset Management.

We have sought to target the institutional market rather than the retail market, since we believe that this money will be committed to SME finance as an asset class, rather than a shorter term yield play. For institutions wishing to access a broadly based SME finance portfolio, or indeed wishing to invest in particular areas of SME finance, our unique positioning in the market offers an ability to access finance platforms globally in a way that would be uneconomic to replicate within an institution. We are excited about the potential for the asset management business and, as the personnel within the asset management business begin to bring together the demand for SME finance asset exposure and our unique IP in the sector, the potential is substantial.

The period saw us increase our exposure to the "neutral platform" sector through the acquisition of a stake in Funding Options. The neutral platforms aggregate potential supply of lending from across banks and alternative finance providers and give SMEs and their advisers the ability to assess all available options across the market easily and quickly. Both Funding Options and Finpoint, our other neutral platform, will find out by the end of the year whether or not they have been designated by HM Treasury to receive the rejected applications for SME finance from the banks. This would be excellent news for either if achieved but, if not, both have robust business models as standalone businesses in any case.

During the period we completed our exit from exposure to CLOs through the sale of our holding in Fair Oaks Income Fund. Also in the period the final payment in respect of the termination of our contract with the managers of our original CLO holding, T2 CLO 1 Ltd, crystallised when Fair Oaks Income Fund called the structure. Whilst fund management fees have been a drag on performance until now, in the second half of 2015 we will see the first fund management fees accreting return to the business, as we build the asset management capability.

Our family of platforms has been built to be both complementary to one another, rather than directly competing, and each of the businesses operate in areas that are complementary to, rather than competing with, the existing financial ecosystem.

In the UK we can provide a wide variety of working capital and term lending solutions through our nine platforms. The increasing acceptance by SMEs of the use of non-bank lending has seen volumes begin to accelerate this year and there is very significant potential. In the offshore market, Sancus is also seeing very significant opportunities to accelerate its growth even further from the exceptional start it has made in its first eighteen months.

In the US, our five platforms focus mainly in asset backed lending, and are finding huge opportunities. Many of the businesses being financed were previously using Merchant Cash Advance (MCA) loans to fund their businesses. These loans can carry interest rates in excess of 50 per cent., reflecting the lack of credit available to SMEs within the US. The MCA business has grown enormously in recent years and the reason for the growth is that many smaller banks that were once the mainstay of SME lending in the US have pulled out completely. This leaves a void that our platforms are seeking to fill, at rates significantly lower than what an MCA business would charge.

Within Europe, our businesses have enormous opportunities to exploit. Each of the businesses have been building their infrastructure to ensure it is not capacity constrained and although all three are already seeing significant growth, we see early 2016 as the point at which the exponential growth of these businesses will become apparent.

Ovamba, our sub-Saharan African business, is planning to develop its business from its original country, Cameroon, into neighbouring Francophone countries before moving into Anglophone West Africa. The opportunity available to the business far outstrips its potential to fulfil it, and the secret for success will be to pick and choose the very best opportunities.

To manage our global business requires a significant staffing up, although much less expensive than the management fees previously charged by external managers. We now have a staff of 23 in Guernsey and Jersey, between GLI and Sancus. Over the first six months of 2015 we have, in particular, added resources in Finance, Compliance and Risk. This is not only to meet the regulatory requirements of the many regulators with whom we now work globally, but also to put our platforms in a market-leading position in terms of risk assessment, mitigation and management.

Risk is a critically important area for any finance business, and is one that I believe is often overlooked within the more technologically focused platforms that are emerging. We do not see risk as merely performing sound underwriting, providing transparency to investors and undertaking anti-money laundering checks, but a far more wide ranging topic that covers areas of the platform operations, as well as the borrower/lender interfaces. Whilst no business can eliminate risks completely, these can be mitigated, with any remaining risk monitored and managed. Some actions that we take, in cooperation with the platforms, include the following:

- **Ethical Hacking** – we have an ongoing programme of ethical hacking, with the permission of our platforms, to ensure that vulnerabilities are identified and addressed;
- **Internal Audit** – we monitor the compliance with each platforms' written underwriting policies and procedures, Anti-Money Laundering, Countering the Finance of Terrorism, Anti-Bribery policy;
- **Segregation of client money** – whilst our platforms ensure that client monies and corporate working capital is segregated and client monies ring-fenced, this is not universal in the industry; and
- **Treating customers equally** – it is a central tenet of our philosophy that all customers are equal, therefore we will not expect to have better access to loan assets than other investors seeking the same terms, we will not seek information that is not available to other investors to make a decision on a loan, we will not seek preferential treatment for one of our platforms on a neutral platform, and we will never seek as a corporate to buy assets ahead of a customer of our asset management business seeking the same asset.

The other area in which we have made significant progress this year is within the management of our balance sheet. We have stated that our intention would be to have a balance sheet that was 30 per cent. Zero Dividend Preference Shares (ZDPs) and 70 per cent. Ordinary Shares, and that this funds 30 per cent. equity holdings in platforms and 70 per cent. loans made through the platforms. Given the return received from the loans are expected to exceed the cost of our dividend, and the capital invested in zero yielding platform investments would be approximately equal to the capital raised from issuance of the ZDPs, our desired dividend cover should be achieved under the anticipated capital structure. We expect our first ZDP issue to be listed shortly and the Board is also considering a proposal to issue, subject to market conditions, an additional line of zero dividend preference shares, which would rank behind the existing zero dividend preference shares. If such an issue were to proceed, a further announcement would be made in due course. This will reduce the Company's cost of capital and will help underpin maintenance of the dividend.

In the longer term, there is the potential for the revenues from the asset management business to further supplement dividend cover. Given our desire for a sustainable dividend for the longer term, rather than the highest possible dividend in any one period, it is likely in that instance that dividend cover would be allowed to rise significantly before an increase in dividend is considered.

Outlook

The alternative finance market has comfortably grown by more than 100 per cent. in each of the last few years, but still represents a single digit percentage of the overall SME finance sector in the UK. Elsewhere in Europe and in the US, the opportunities are greater as the areas in which SMEs now struggle to obtain finance are larger. We expect continued rapid growth for the foreseeable future across all of our geographies.

The growth in the UK has been greatly assisted by the British Business Bank and, where it has led the way, other jurisdictions are now looking to follow. With the possible exception of the US, governments are seeking greater ways to facilitate SME lending, reflecting the fact that SMEs underpin economic prosperity in almost every country in the world.

As the industry begins to become a meaningful part of the overall financial ecosystem, so banks and other larger financial institutions are beginning to look at how they might participate in the sector. In certain areas it would make sense for the banks to outsource funding of loans to platforms. Our experience to date has been of many conversations and little actually happening, but this reflects the relatively slow pace of decision making within larger financial organisations.

We expect the impact of the designation of neutral platforms to receive rejected loan applications from the banks will be significant, both in terms of revolutionising the process of accessing credit but also it will begin to change the culture within banks themselves, that if rejected applications can be funded elsewhere they will need to consider the implications in terms of the opportunity cost of losing that customer.

Outside of our core jurisdictions there are still many areas in which SMEs struggle to get access to finance. We have ongoing dialogue with a number of jurisdictions on how they might work with GLI itself, with GLIAM or with our underlying platforms. As a result we would expect the geographical spread of our assets to diversify over time.

Globally, institutional interest in SME finance and in investing in platforms will grow but, in both cases, institutions struggle to find opportunities to invest a meaningful amount of capital. Given the wide range of businesses and loan assets to which we have access we believe GLI is ideally placed to build a successful asset management business.

Turning to the outlook for the industry over the next twelve months, I see five key themes:

1. **Origination becoming mainstream** – although the levels of origination have been growing rapidly, they are only just beginning to become large enough to be considered any more than a rounding error in SME finance. Over the next twelve months that will no longer be the case and every SME lender will need to regard their newer competitors as just that.

2. **Casualties likely to emerge** – there are platforms that have little in the way of future funding, there are platforms co-mingling client monies with their own, there are platforms with poor underwriting. As the industry grows, this will cause a degree of fall-out in terms of some of the early entrants into the sector.

3. **Mergers and Acquisitions** – partly as a result of the fact that there are some stresses within some businesses, but also as importantly, because platforms are now able to see who is doing relatively well or badly and can better assess relative value, it is likely that M & A activity starts to kick off in the sector in a meaningful way. We are likely to be an active participant in this consolidation, where we feel a deal can add significant value. We have twice grown our own business significantly through acquisition, and hence we are well placed to guide our family of platforms through such transactions.

4. **Profitable growth, not just growth** – as the sector matures we will expect much more focus on profitable growth for the platforms, as opposed to growth for its own sake. By the end of next year we will expect to be judged not by the growth potential of our platforms but by their profit potential. Finance businesses should be inherently cash generative, and our platforms are no exception.

5. **Major financial institutions will enter the space** – there is no doubt that all major finance institutions are looking at what they should be doing in this space and whether through partnerships, start-ups or acquisitions, it is likely that the bigger finance institutions will be part of the sector by the second half of 2016.

As explained above and elsewhere in my review, I believe that GLI is well-positioned to benefit from these key themes and take advantage of the opportunities presented as the industry continues to grow and reach maturity.

Conclusion

GLI Finance has continued its rapid transformation into a leading player within the SME finance sector globally. As a unique listed business we are the diversified play in a sector, which is beginning to attract a great deal of attention.

The focus for GLI for the remainder of 2015 is on completing the balance sheet transition, to better underpin and at least maintain the dividend, and on growing the existing platforms organically and potentially by acquisition.

We now have very significant origination potential, and this provides the wherewithal to potentially build a significant asset management business, that would be immediately accretive to shareholders.

In summary, we have spent the past three years positioning the business to take advantage of the alternative finance sector's growth dynamics and we should see real progress over the coming months, as we continue to capitalise on the growth opportunities in our markets.

Geoffrey Miller
Chief Executive Officer

Date: 25 September 2015

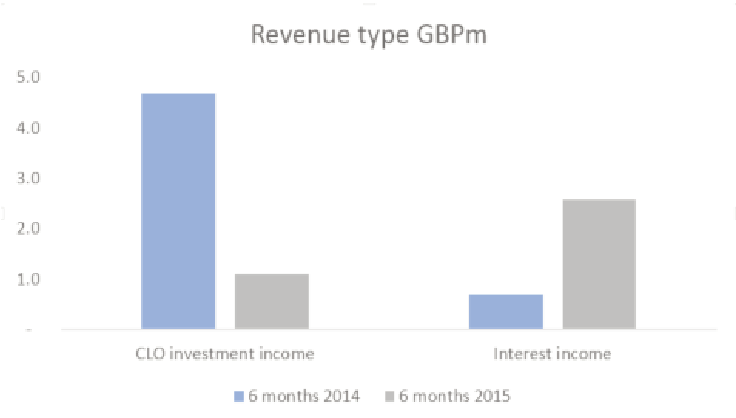
CHIEF FINANCIAL OFFICER'S REVIEW

The first half of 2015 saw exciting developments with a number of corporate transactions completed and a change in the Group's regulatory status from an Authorised Collective Investment Scheme to a Non-regulated Financial Services Business. We also established a 100 per cent. owned subsidiary, GLI Asset Management ("GLIAM") in the period which obtained its POI (Protection of Investors) licence on 30 June 2015, thereby paving the way for us to proceed as planned with our asset management business. As indicated in prior reports, our wish has been to fully exit our CLO holdings and this was completed in March 2015 following the sale of our holding in FOIF. This sale, generating GBP13.525m was put to work in acquiring four new complementary SME platforms resulting in a total of 19 platforms. A GBP20m placing, also in March 2015, provided further funding for our portfolio where we are seeing an increase in loan origination.

This takes us onto GLIAM, which will become an integral part of GLI's business model. This will enable us to support and grow our family of SME platforms by providing funding via managed funds as well as fund manager expertise in the alternative finance space. Already revenue generating, with the launch of our first closed end fund on 23 September, the asset management business provides GLI with a non-interest income stream to complement our interest income from our loan portfolio, and a third leg of return, in addition to the uplift in the valuation of our equity holdings in SME platforms.

With the introduction of GLIAM and the increasing number of platforms within our portfolio, we have increased the Company's headcount and as noted in the Chairman's Statement, the staff number for GLI excluding the subsidiaries has risen from six in December 2014 to nine in June 2015 and this currently stands at eleven at the date of this report.

Income



In the first six months of 2015, higher interest on lending activity in the period was offset by a reduction in CLO income compared to the same period in 2014. With the loan book currently seeing significant growth coupled with robust average interest rates charged on those loans, we expect interest income to quickly substitute and outstrip the levels of CLO income that came to an end following the disposal of the CLO portfolio.

Company Summarised Results

	6 months ended 30 June 2015 GBP	*12 months ended 31 Dec 2014 GBP*	*6 months ended 30 June 2014 GBP*
Operating income	3,854,683	6,953,091	5,579,490
Profit reanalysed	253,471	261,150	3,395,254
Reported profit	5,259,399	6,683,901	1,442,280
ROE (annualised)	16.30%	11.78%	4.29%
Earnings per share (pence)	2.68	4.71	1.03
Dividend per share (pence)	2.50	5.00	2.50

As noted in the Chairman's Statement, we look at Company results as opposed to Group results to get a good understanding of how GLI is performing. A full reanalysed comprehensive income statement is included on page 25 which strips out the effects of movements in foreign exchange and unrealised and realised gains and losses.

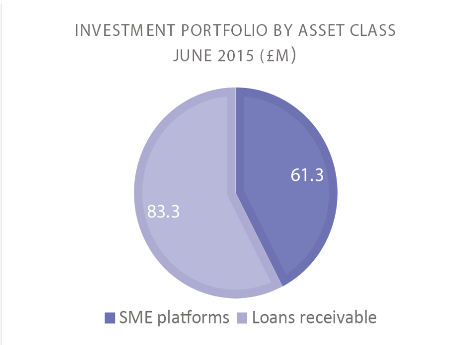
The Company operating income and reanalysed profit numbers of GBP3.9m and GBP0.3m respectively are shown above. In the first six months of 2015, in light of the lower income levels and higher financing costs, reanalysed profit in the period decreased – we refer to page 25 for detailed consideration of the development of this number. Reported profit however showed an increase, primarily due to the impact of revaluations on the realised/unrealised gains/losses account, further information on the platforms valuations is discussed later in this report.

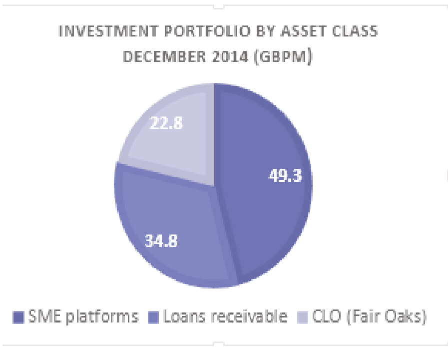
Portfolio update

At 30 June 2015, GLI's investment portfolio was valued at GBP144.6m, compared to GBP106.9m at 31 December 2014, representing a 35.3 per cent. increase. Below and on the following pages, the portfolio is analysed by investment type and geographical split.

Asset Class

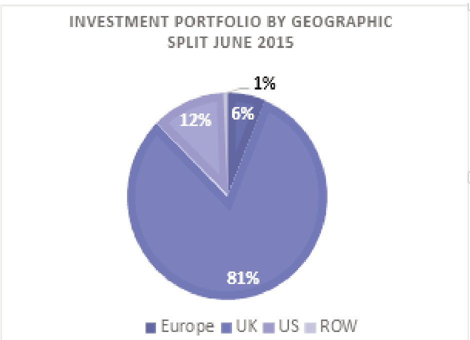
Following the FOIF disposal in March 2015, the Company no longer held any CLO assets at 30 June 2015. The investment portfolio consisted as at 30 June 2015, entirely of equity holdings of ordinary and preference shares in SME Platforms (GBP61.3m) and loans to SMEs (GBP83.3m). We refer to the following pages for detailed consideration of how platform loans and holdings have developed over the period.

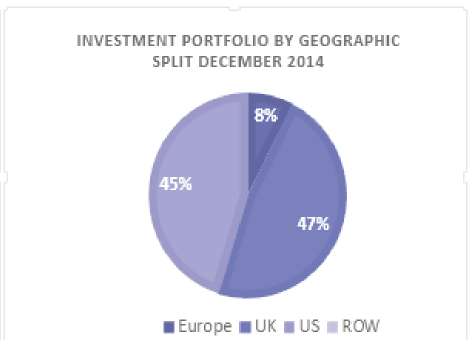




Geographical Split

From December 2014 to June 2015, a higher asset weighting towards UK assets can be observed. This is attributable to the disposal of the CLO assets (US based) over the past six months, however, we expect the US weighting to increase in the future due to anticipated strong growth by the US platforms.





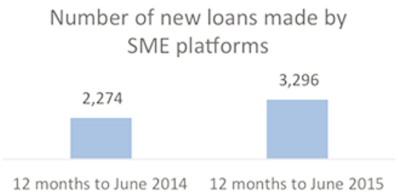
SME Platforms

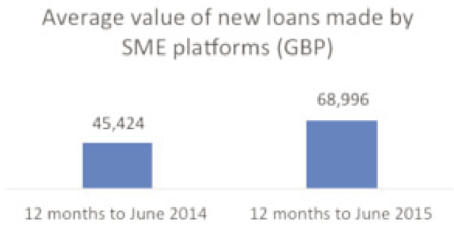
The total value held in SME Platforms has increased from GBP49.3m at 31 December 2014 to GBP61.3m at 30 June 2015. This upwards movement is due to the investment in four further platforms since the year-end, increasing our stakes in some of our existing platforms and the overall rise in the valuation of the platforms that were revalued in the period.

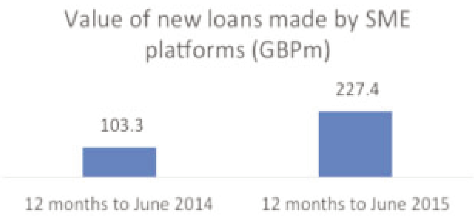
As has been the case in prior years, the Board, informed by valuations carried out on its behalf by independent accountants, has considered the fair value of selected platforms and where applicable has adjusted the valuation of the platforms.

Loan activity

As can be seen below, the loan activity in our family of platforms has increased significantly in the 12 months to 30 June 2015. The number of loans completed in the period increased by 44.9 per cent. from 2014 to 2015 while the average loan size increased by 51.9 per cent. over the same period.







The increases in loan volumes and average loan values resulted in a 120 per cent. increase in the value of new loans made by the platforms when comparing the twelve months to 30 June 2015 to the equivalent period ending 30 June 2014.

Below and on the following pages, in alphabetical order, we have included a short summary and performance overview for each of the 19 platforms within the GLI Family.

bmsfinance

The Company has a 66.7 per cent. equity stake in GBHL which at 30 June 2015 had an equity value of GBP1.8m (30 June 2014 GBP1.2m).

GBHL comprises a 100 per cent. interest in BMS Finance AB Ltd ("BMS") the UK operating business, a 100 per cent. interest in Noble Venture II Nominees Ltd ("NV2N") which is dormant, and a 95 per cent. interest in NVF Tech Ltd (previously named HiWave UK) ("NVF").

BMS Finance provides senior secured lending between GBP0.5m and GBP5m to predominantly UK SMEs at or approaching profitability.

	30 June 2015 (GBPm)	*31 December 2014 (GBPm)*	*30 June 2014 (GBPm)*
GLI Ordinary Shares	1.8	1.6	1.2
GLI Preference Shares	—	—	—
GLI Loan Book	23.7	20.0	17.1
GLI Economic Interest	25.5	21.6	18.3

The growth in the ordinary shares with BMS from GBP1.6m in December 2014 to GBP1.8m at 30 June 2015 reflects an increase in the NAV of BMS.

The funding for the BMS Finance loan portfolio is derived partly from the BMS Finance balance sheet, partly from GLI and partly through an institution, under a matched funding agreement. Towards the end of 2013, BMS agreed a GBP15m matched funding facility with this institution, this GBP15m was matched by GBP7.6m from BMS Finance and GBP7.5m from GLI of which, at the end of June 2015, GBP0.7m remains undrawn. In addition, GLI has a GBP18.1m loan note with GLI BMS Holdings that is repayable in November 2018 by GLI BMS Holdings.

The growth in the GLI loan book from December 2014 to June 2015 is a result of GBP3.7m of drawdowns on this facility in order to support BMS's growing loan book.

Loan activity

As at 30 June 2015, total BMS Finance lending was circa GBP66 million to approximately 46 borrowers.

Outlook

The loan book for BMS continues to develop, primarily in the UK although the company does now have some exposure to Ireland, and this may increase over time. Having originally been a pure balance sheet lender, when GLI funded the management buyout in 2012, the company has built up third party capital through its matched funding arrangements. As the proportion of third party capital managed grows, the profitability of the core business will increase.

CROWDSHED

GLI acquired an initial 46.8 per cent. equity stake in Crowdshed (expected to reduce to 25 per cent. over time) for GBP0.6m in February 2014, giving GLI exposure to the fast growing financial crowd funding industry. This equity stake reduced in July 2014 to 32.51 per cent.. CrowdShed will also provide opportunities for GLI to participate in a variety of assets as different products and funding campaigns are launched on the platform.

CrowdShed is an online funding platform enabling UK entrepreneurs, social enterprises, creatives and good causes to raise funding for specific projects from donors, in return for rewards. CrowdShed has an orientation to SMEs with the rewards and donation platform providing a space for market validation. It is intended that Crowdshed develops both equity crowd funding and crowd lending products to facilitate growth.

	30 June 2015 (GBPm)	*31 December 2014 (GBPm)*	*30 June 2014 (GBPm)*
GLI Ordinary Shares	0.5	0.5	0.6
GLI Preference Shares	—	—	—
GLI Loan Book	0.2	—	—
GLI Economic Interest	0.7	0.5	0.6

Outlook

At present Crowdshed has mainly been operating in the rewards and donations space, but we are examining options for developing the business within our core loan business for the future.

Dansk Faktura Børs

European Receivables Exchange (Dansk Faktura Børs)

GLI has a 5 per cent. equity stake (as at 30 June 2015) in Dansk Faktura Bors (DFB). This stake was purchased in February 2014 in exchange for DKK4.5m (GBP0.5m). At 30 June 2015, the valuation remained at cost, but the adverse FX fluctuation resulted in the carrying value reducing to GBP0.4m.

DFB is an invoice discounting business, currently operating principally in Denmark but also with the potential to broaden its reach across Europe.

	30 June 2015 (GBPm)	31 December 2014 (GBPm)	30 June 2014 (GBPm)
GLI Ordinary Shares	0.4	0.5	0.5
GLI Preference Shares	—	—	—
GLI Loan Book	—	—	—
GLI Economic Interest	0.4	0.5	0.5

Loan activity

As at 30 June 2015, DFB had processed over 1,550 auctions, over 2,290 invoices, resulting in a total aggregate value over 155 million DKK (circa 20.5 million Euros).

Outlook

According to DFB management, traction is increasing as Denmark starts to embrace invoice finance and as a result June and July 2015 were the platform's best months to date. Looking at the pipeline, management considers it to be highly promising. Currently all of the investors on the platform are fully invested, as such, management are working hard to secure more money on the platform in order to take on this additional flow.

Dansk is expecting to reach break-even point in the coming months and are optimistic that profitability will then increase as higher volume come on to the exchange.

FINEXKAP

In July 2014 the Company acquired an initial 36.6 per cent. equity stake in Finexkap for EUR3.0m of ordinary shares. As planned, the equity stake was reduced to 26.4 per cent. through share dilution in November 2014.

Finexkap offers a short-term funding solution with no volume or timeframe conditions. The service focuses on easy-to-use features – in just a few clicks, French SMEs can sell their receivables and gain access to working capital financing with competitive advantages compared to traditional factoring services. Finexkap is based on an innovative financial securitisation structure. In practice, this issuance of securitized paper is carried out by Finexkap's subsidiary, Finexkap AM, which holds an alternative investment fund manager licence from the French Financial Markets Authority.

	30 June 2015 (GBPm)	31 December 2014 (GBPm)	30 June 2014 (GBPm)
GLI Ordinary Shares	5.6	2.3	—
GLI Preference Shares	—	—	—
GLI Loan Book	2.0	0.5	—
GLI Economic Interest	7.6	2.8	—

The Board increased the valuation of the 26.4 per cent. equity stake as at 30 June 2015 due to the significant progress in Finexkap's business as a result of accelerated origination growth.

Loan activity

Since Finexkap launched its activities in January 2015, the platform has received more than 3,000 applications from small to mid-sized companies leading to EUR6m worth of receivables purchased from eligible companies. With Q1-Q2 2015 compound growth of approx. 250 per cent. and 97 per cent. of clients returning and using the services on average every 18 days, Finexkap aims at becoming the leading alternative French Fintech platform for short-term financing. As at 30 June 2015, 582 receivables had been purchased amounting to circa 5.8 million Euros in total volume.

Outlook

Following a ramp-up phase, the management team expects a strong pipeline of strategic partnerships to be announced in the near future.

Finexkap is focusing on market penetration, risk management and technological integration with its partners in the coming months. Management are confident profitability will be reached upon achieving these mid-term objectives.

FINPOINT

GLI has a 75 per cent. equity stake in Finpoint UK (as at 30 June 2015). Finpoint UK is a venture between CRX (the German company that owns Finpoint) and GLI.

Finpoint connects SME business owners, finance directors and intermediaries with a network of 60+ banks and alternative lenders in the UK. Finpoint's free-to-use online lending platform lets SMEs and intermediaries post their business finance requirements anonymously, helping small companies to get finance offers from multiple lenders through a single application process.

Finpoint is currently responding to the British Business Bank's Request for proposals to become a designated Neutral Finance Platform, having successfully passed the Expression of Interest stage. Companies which become designated as Neutral Finance Platforms by HM Treasury, on the recommendation of the British Business Bank, will receive referrals from the ten banks designated to refer businesses that they decline for finance under the Small Business, Enterprise and Employment Act 2015. Current published guidance indicates that the British Business Bank expects, by December 2015, to submit advice to HM Treasury on which platforms should be designated.

	30 June 2015 (GBPm)	*31 December 2014 (GBPm)*	*30 June 2014 (GBPm)*
GLI Ordinary Shares	1.0	1.0	1.0
GLI Preference Shares	0.5	0.5	0.5
GLI Loan Book	0.3	0.1	—
GLI Economic Interest	1.8	1.6	1.5

Loan activity

As at 30 June 2015, Finpoint had processed loans with an aggregate volume of GBP14.5m.

Outlook

In association with PwC, the UK's largest accounting and advisory practice, Finpoint is offering a 'Readiness Assessment' at no cost to the borrower. This service, in cooperation with the Leeds City Local Enterprise Partnership, helps to streamline the loan application and contribute to a higher acceptance rate from lenders.

Additionally, together with the NACFB – The National Association of Commercial Finance Brokers, based in London, Finpoint will be offering a white label platform solution to the Association's 1,500 members (and customers), and through them thousands of underlying SMEs by the end of the year.

Finpoint's business plan indicates positive cashflow for the last quarter of 2016.

fundingknight

GLI has a 24.81 per cent equity stake in FundingKnight (as at 30 June 2015). GLI initially invested GBP1.5 million in July 2013 for a 20 per cent stake. An additional 4.8 per cent was purchased in February 2015 for GBP0.74m, as a result of GLI's participation in a rights issue.

FundingKnight provides SME finance through crowd lending from a broad base of investors. As well as business loans, FundingKnight provides finance for property bridging and green energy projects.

	30 June 2015 (GBPm)	*31 December 2014 (GBPm)*	*30 June 2014 (GBPm)*
GLI Ordinary Shares	2.7	2.0	2.0
GLI Preference Shares	1.0	1.0	1.0
GLI Loan Book	12.3	4.6	3.1
GLI Economic Interest	16.0	7.6	6.1

The introduction of two new products, a bridging loan and the funding of small scale wind turbine projects, as well as an increase in the maximum loan size, has accelerated origination growth. As such, to support growth, GLI has significantly expanded its loan book over the past six months, increasing from GBP4.6m at 31 December 2014 to GBP12.3m at 30 June 2015.

Also, in light of FundingKnight's progress, the Board reviewed the fair value of the holding at 30 June 2015 and this led to a higher valuation of GBP3.7m.

Loan activity

In late 2014 FundingKnight decided to diversify its product range to introduce green energy projects and property bridging alongside business lending. This widened FundingKnight's appeal to investors, borrowers and introducers, and has strengthened origination growth. As such, to support growth, GLI has significantly expanded its loan book over the past six months, increasing from GBP4.6m at 31 December 2014 to GBP12.3m at 30 June 2015.

As at 30 June 2015, total FundingKnight lending was circa GBP18m across 170 loans.

Outlook

Throughout 2015, business volumes have been growing at nearly 300 per cent., outstripping the P2B lending market which is growing at 125 per cent.. In the current financial year (ending 31 March 2016) net revenues to date are up by over 300 per cent.. With an exceptionally strong and diversified pipeline, management expect to maintain or increase the current rate of growth.

fundingoptions

In May 2015, GLI invested GBP1.25m in return for a 28.9per cent. equity stake in Funding Options Ltd. In addition, GBP0.7m of preference shares were purchased.

Funding Options uses proprietary online technology to scan the alternative finance market for the most suitable funding options available. Mixing sophisticated matchmaking tools, accessible expert support and practical education materials, Funding Options has helped UK SMEs to access the borrowers they seek.

As for Finpoint (see above), Funding Options is currently responding to the British Business Bank's Request for proposals to become a designated Neutral Finance Platform, having successfully passed the Expression of Interest stage.

	30 June 2015 (GBPm)	*31 December 2014 (GBPm)*	*30 June 2014 (GBPm)*
GLI Ordinary Shares	1.25	—	—
GLI Preference Shares	0.75	—	—
GLI Loan Book	—	—	—
GLI Economic Interest	2.00	—	—

Loan activity

As at 30 June 2015, Funding Options' total lending was circa GBP10.8m.

Outlook

Following investment from GLI Finance in April 2015, Funding Options has grown its lead generation significantly, which is now beginning to show in deal volumes; the management team intend to broadly maintain current activity levels through 2015.

Funding Options is, on the basis of its current business, on target to deliver breakeven on existing momentum by the end of 2016. Achieving Neutral Finance Platform designation would provide Funding Options with an opportunity to exceed this target by a significant margin.

LIFTFORWARD, INC
SMALL BUSINESS LOANS

GLI has a 20.9 per cent. equity stake in LiftForward as at 30 June 2015.

LiftForward operates marketplace loan platforms which provide loans to small businesses and high-yielding debt products to investors. It partners with suppliers, retailers and manufacturers in order to provide financing to their small business customers in the US. Its most important partnership currently is that with Microsoft Stores, although there is a strong pipeline of other large potential partners, and the model is very scaleable.

	30 June 2015 (GBPm)	*31 December 2014 (GBPm)*	*30 June 2014 (GBPm)*
GLI Ordinary Shares	4.0	1.5	—
GLI Preference Shares	—	—	—
GLI Loan Book	2.5	—	—
GLI Economic Interest	6.5	1.5	—

The Board increased the valuation of the 20.9 per cent. equity stake as at 30 June 2015 due to the significant progress in LiftForward as a result of accelerated origination growth.

Loan activity

As at 30 June 2015, LiftForward's total lending was circa USD8m across 339 loans.

Outlook

To the end of the third quarter, actuals plus pipeline stands at USD7-8m. Fourth quarter pipeline is trending to USD10-12m on current performance and LiftForward expects to achieve profitability by the end of November 2015. To reflect the scale of the potential size of the opportunity that the company has available, it has agreed USD250m of lending capacity with Varadero and GLI.

MytripleA

On 31 March 2015, GLI held a convertible loan note with MytripleA for EUR0.7m. On 5 May 2015, this was converted to a 9.9 per cent. equity stake resulting in a EUR0.4m (GBP0.3m) equity holding.

MytripleA is a Spanish business finance platform meeting both the short-term and long-term financing needs of Spanish SMEs. MytripleA offers investors three products; 1) insurance-guaranteed loans for more conservative investors, 2) non-guaranteed loans offering investors higher risk and higher return, and 3) receivables finance.

	30 June 2015 (GBPm)	31 December 2014 (GBPm)	30 June 2014 (GBPm)
GLI Ordinary Shares	0.3	—	—
GLI Preference Shares	—	—	—
GLI Loan Book	0.5	—	—
GLI Economic Interest	0.8	—	—

Loan activity

MytripleA, has a GBP0.5m loan book, represented by a loan with the Company of GBP162k, and GBP354k of loans through the platform.

Outlook

MytripleA has seen a 132 per cent. increase in the number of financing applications from Spanish SMEs over the last 6 months. This increase has been driven by 24 origination partnership agreements and another 15 agreements currently being negotiated. MytripleA expects to continue to grow during 2015 and 2016 while keeping a robust underwriting process and reach profitability during 2017.

Open Energy Group

GLI has a 21.6 per cent. equity stake (as at 30 June 2015) in The Open Energy Group following its investment of USD1.25m in March 2015.

The Open Energy Group is a financing platform for US commercial and small utility-scale solar projects. It provides financing solutions to support the growth of commercial and utility-scale solar infrastructure, using a market place to direct investment from institutional and accredited investors to borrowers based on a foundation of technology-driven underwriting processes.

Loans are typically USD0.5m - USD5m and the terms range from 7 to 15 years.

The investors earn attractive yields on a risk-return basis from OEG Green Notes that are backed by cashflows from high quality solar power generation assets with strong long term power contracts. Accredited and Institutional investors choose their investments from a marketplace, and investments start from USD5k.

	30 June 2015 (GBPm)	31 December 2014 (GBPm)	30 June 2014 (GBPm)
GLI Ordinary Shares	0.8	—	—
GLI Preference Shares	—	—	—
GLI Loan Book	0.3	—	—
GLI Economic Interest	1.1		—

OEG has a revolving loan facility with the company of USD5.0m with USD0.5m drawn as at 30 June 2015.

Loan activity

As at 30 June 2015, OEG's total lending was circa USD1.9 million across four loans.

Outlook

OEG is on target to fund USD10m of loans in the next couple of months and has a 2015 year-end aggregate funding target of USD15m. The pipeline currently stands at USD50m. OEG's target for profitability is in Q1/Q2 2016.

GLI has a 20.48 per cent. equity stake (as at 30 June 2015) in Ovamba.

Ovamba matches investors who want to provide fully secured short term operational and purchase order finance to qualified African SMEs.

	30 June 2015 (GBPm)	*31 December 2014 (GBPm)*	*30 June 2014 (GBPm)*
GLI Ordinary Shares	0.8	0.8	—
GLI Preference Shares	—	—	—
GLI Loan Book	0.9	—	—
GLI Economic Interest	1.7	0.8	—

At 30 June 2015, of the EUR3.0m revolving loan facility available to Ovamba, EUR0.9m has been drawn down.

Loan activity

Ovamba began writing modest amounts of business in 2014. After gaining greater comfort with its systems and processes, the business has deployed GBP0.6m of capital throughout the half year period with the majority of that occurring in the latter months.

Outlook

Following a significant step up in growth since the period end, Ovamba's October pipeline shows sustained demand of approximately EUR10m per month - which spikes to EUR20m during key shopping / trade seasons. Ovamba was profitable on a local country operations basis in July 2015 and enterprise-wide profitability is expected to be reached within the next 12-18 months.

GLI has a 31.9 per cent. equity stake in Platform Black (at 30 June 2015) following its initial GBP2.0m investment in September 2013 for a 20 per cent. equity stake and following a share swap arrangement in March 2015, a further 11.9 per cent. of equity was added.

Platform Black is an innovative online trading platform that matches owners of invoices for which they need immediate payment to holders of funds looking to invest. It enables UK businesses to auction their invoices to the best funder – the owner of the invoice sets the maximum cost of finance, and funders bid the price down to give the business the lowest cost of finance, meaning access to funds at really competitive costs. In addition to Invoice Trading and Instant Funding, Platform Black also offers Supply Chain Finance – which allows suppliers to finance customer-validated invoices on attractive terms.

	30 June 2015 (GBPm)	*31 December 2014 (GBPm)*	*30 June 2014 (GBPm)*
GLI Ordinary Shares	1.6	1.0	2.0
GLI Preference Shares	1.0	1.0	1.0
GLI Loan Book	2.3	1.6	1.1
GLI Economic Interest	4.9	3.6	4.1

The Company's decision to increase GLI's stake in Platform Black, along with other changes to its share register, reflects the significant recent operational and personnel changes made by the company's management. We believe that Platform Black today is a much stronger business than it was a year or so ago, with the resilient processes and procedures that give it the potential to accelerate profitable growth, through its supply chain finance and partnerships businesses. The fact that we are happy to increase our stake in Platform Black, in exchange for new shares in GLI, reflects the confidence we have in the business.

More recent growth has come from supply chain finance, and we would expect this, and strategic partnerships with organisations that could provide multiple invoices for auction as being key to the acceleration of growth in 2015. A number of such relationships are being discussed.

At 30 June 2015, the Board increased the valuation of the Ordinary Shares to GBP1.6m from GBP1.0m at 31 December 2014 after consideration of the independent report and reflecting the growth within the business.

The amount of loans held by GLI at 30 June 2015 totalled GBP2.3m, representing GBP1.2m of Platform Loans and a further GBP1.1m of convertible loan notes.

Loan activity

As at 30 June 2015, total Platform Black invoice value was GBP91.8m with GBP81.9m advance amount across 198 auctions.

Outlook

Platform Black has a strong pipeline of strategic partnerships and supply chain finance relationships, which should both drive volumes significantly higher and take the business into profitability in 2016.

GLI has a 22.5 per cent. equity stake (as at 30 June 2015) in Proplend which was acquired in March 2014 for GBP0.5m ordinary shares and with the option of acquiring up to GBP0.5m of preference shares.

Proplend is a Peer-to-Peer lending platform that connects investors directly to borrowers with loans secured against UK income producing Commercial Property. Proplend specialises in meeting the loan requirements of the underbanked sub GBP5m loan market. All loans are supported by a 1st legal charge. Lenders are given the ability to select multiple loans based on the property, the LTV, the loan term and their risk and return appetite.

	30 June 2015 (GBPm)	*31 December 2014 (GBPm)*	*30 June 2014 (GBPm)*
GLI Ordinary Shares	0.5	0.5	0.5
GLI Preference Shares	—	—	—
GLI Loan Book	2.6	1.0	—
GLI Economic Interest	3.1	1.5	0.5

Loan activity

As at 30 June 2015, Proplend's total lending was circa GBP2.9 million across six loans.

Outlook

Proplend is currently working through a very strong deal pipeline of over GBP10m originated from its team.

Based on current performance, Proplend management projects that the business will achieve profitability in the next 12-18 months.

GLI has a 62.5 per cent. equity stake (as at 30 June 2015) in Raiseworks following its initial USD1.5m investment in December 2013 in exchange for 50 per cent. and a top-up investment in October 2014 for a further 12.5 per cent.

Raiseworks provides loans to small businesses in the US. The Platform aims to improve small business access to capital and leverages technology to lower the cost of loan application processing. The typical size of a loan/financial package is between USD25k and USD75k, but can be from USD10k up to USD250k.

	30 June 2015 (GBPm)	*31 December 2014 (GBPm)*	*30 June 2014 (GBPm)*
GLI Ordinary Shares	2.5	8.0	2.2
GLI Preference Shares	—	—	—
GLI Loan Book	1.4	1.4	1.2
GLI Economic Interest	3.9	9.4	3.4

In December 2014, the equity valuation was increased to reflect the valuation implied by the equity investment in the company. As progress subsequently has not been as fast as we would have hoped, the Board has since reviewed the valuation and considered it prudent to reduce it to cost value of USD4m.

Loan activity

As at 30 June 2015, total lending was circa USD0.6m across five loans.

Outlook

GLI is currently reviewing strategic options for Raiseworks, in order to ensure that the business returns to the growth trajectory expected a year ago. The US remains a key market for GLI and Raiseworks is an ideal platform from which to exploit the opportunity.

sancus
Direct lending *refined*

Sancus has been a wholly-owned subsidiary of GLI since December 2014.

Sancus provides secured lending to asset rich, cash constrained borrowers. It also provides co-lending opportunities to high value clients. The average loan is GBP2.1m. Activities are focused on offshore jurisdictions.

Sancus - SGL	*30 June 2015 (GBPm)*	*31 December 2014 (GBPm)*	*30 June 2014 (GBPm)*
GLI Ordinary Shares (SGL)	20.6	17.5	—
GLI Preference Shares (SGL)	—	20.0	—
GLI Loan Book (SGL)	25.8	1.0	—
GLI Economic Interest	46.8	38.5	—

The valuation of the 100 per cent. equity stake was increased from GBP17.75m at 31 December 2014 to GBP20.6m at 30 June 2015 following the Director's revaluation in the period. This was based on the growth in the loan book since acquisition and the progress made in establishing operations at the Gibraltar subsidiary.

GLI's loan book with SGL, consists of a GBP22.8m inter-company loan and GBP3.0m of loans through the platform.

Loan activity

As at 30 June 2015, total SGL lending was circa GBP115 million across 45 transactions.

Outlook

Sancus is confident of reaching and potentially exceeding its profitability target for the full year period.

GLI invested USD1.5 million in The Credit Junction ("TCJ") in September 2014 for a 23.1 per cent. equity stake (which remained unchanged as at 30 June 2015). The higher current equity valuation of GBP2.2m (USD3.5m) from December 2014 onwards reflects an additional equity transaction agreed with a third party.

TCJ is a technology-enabled, online lending platform focused on providing working capital and supply chain financing solutions to small and mid-size US businesses. The company employs an asset-based lending credit evaluation model, and by doing so, can now offer businesses up to USD2m in capital availability.

	30 June 2015 (GBPm)	*31 December 2014 (GBPm)*	*30 June 2014 (GBPm)*
GLI Ordinary Shares	2.2	2.2	—
GLI Preference Shares		—	—
GLI Loan Book	0.5	—	—
GLI Economic Interest	2.7	2.2	—

TCJ completed its first transactions in the first quarter of 2015 and GLI entered into a Promissory Note Agreement to the value of USD0.75m (GBP0.5m), repayable by February 2017.

Outlook

TCJ launched its platform in April 2015 and began making its first loans during the second quarter of 2015. The company continues to see tremendous demand for its product and is highly encouraged by the growth trajectory of its loan pipeline. As TCJ looks to 2016, the company believes it is well positioned to capitalize on the changing financial services landscape and execute on its growth and business objectives.

GLI has a stake of 46.7 per cent. (as at 30 June 2015) in the equity of TradeRiver and it has also provided TradeRiver with debt finance.

TradeRiver is a non-bank online funding platform which finances trade, both cross-border and in the UK. It provides businesses with finance to purchase goods and services through an online platform. Borrowers are typically SMEs with turnover between GBP5 - 200m, with the majority funding imports to the UK.

	30 June 2015 (GBPm)	*31 December 2014 (GBPm)*	*30 June 2014 (GBPm)*
GLI Ordinary Shares	5.3	0.8	0.8
GLI Preference Shares	0.7	—	—
GLI Loan Book	0.2	0.1	0.1
GLI Economic Interest	6.2	0.9	0.9

During the first half of 2015, GLI increased its equity stake holding in TradeRiver Finance from the initial 9 per cent. up to 43.9 per cent. in a share swap agreement, and an issuance of GBP0.7m of preference shares.

Loan activity

As at 30 June 2015, TradeRiver had processed over 800 transactions with an aggregate volume of over GBP59m.

Outlook

With GBP7.5m of visible pipeline business expected to convert to tradeable facilities in the last quarter (as at 1 September 2015), the engagement of new business development managers, and recent partnerships with two FX brokers are bearing fruit and book growth is accelerating. September has already seen, amongst others, two new large buyers enrolled and, together with the expansion of an existing buyer's facility, GBP2.75m of additional tradeable facilities by mid-month.

GLI has a 30.25 per cent. equity stake (as at 30 June 2015) in TradeRiver USA Inc. following investment in January 2015. Total investment of USD2m included USD1.5m for a 30.25 per cent. equity stake and USD0.5m for preference shares with an 8 per cent. dividend per annum.

TradeRiver USA is a non-bank online funding solution which finances trade, both cross-border and in the US. It utilises the same software solution as TradeRiver Finance Limited.

	30 June 2015 (GBPm)	*31 December 2014 (GBPm)*	*30 June 2014 (GBPm)*
GLI Ordinary Shares	1.0	—	—
GLI Preference Shares	0.3	—	—
GLI Loan Book	—	—	—
GLI Economic Interest	1.3	—	—

Loan activity

As at 30 June 2015, TradeRiver USA had processed approximately 44 transactions for a total turnover amount of over USD1.5 million. Looking beyond June, credit limits have since doubled to USD2.9m and the loan book for the end of September is anticipated to be USD1.8m.

Outlook

TradeRiver USA's pipeline has been growing steadily, and now stands at USD8m of qualified leads, with a weighted closing amount for September of USD1.7m. With the onboarding of three new strong partners, TradeRiver USA believe qualified lead generation will double within the next 60 days, reaching USD16m by the end of October.

The TradeRiver USA's management anticipate break even for the business by the end of June 2016.

GLI has a 15.84 per cent. equity stake (as at 30 June 2015) in UK Bond Network. In October 2014 GLI invested GBP1.0m for a 13.99 per cent. equity stake in UK Bond Network. Then in June 2015, the Company purchased further Ordinary Shares and warrants, increasing the equity stake to 15.8 per cent..

UK Bond Network is a peer to business platform that functions as a marketplace for private SMEs and small public companies seeking between GBP0.5m and GBP4m of debt finance. Bonds are made accessible to a variety of different types of investors via an online auction.

	30 June 2015 (GBPm)	31 December 2014 (GBPm)	30 June 2014 (GBPm)
GLI Ordinary Shares	2.4	1.0	—
GLI Preference Shares	—	—	—
GLI Loan Book	0.5	—	—
GLI Economic Interest	2.9	1.0	—

Due to the recent additional ordinary share purchase in the first half of 2015, the valuation has increased to GBP2.0m at 30 June from a cost of GBP1.0m at 31 December 2014.

Loan activity

As at 30 June 2015, UK Bond Network's total lending was circa GBP4.5m , having completed seven auctions.

Outlook

The pipeline is continuing to evolve, both in terms of numbers, but also in terms of the maturity of the issuers and the size of deals. Management has visibility over up to GBP10m in bonds potentially being issued between now and the end of the year.

Longer term, UK Bond Network remains confident that it is well positioned to capitalise on the growing number of UK SMEs seeking finance. Furthermore, the recent increased volatility in equity markets, particularly for smaller cap public companies, has resulted in a rise in the number of enquiries from this source due to either a lack of liquidity and/or lower valuations, making the UK Bond Network offering an appealing alternative in some cases.

Given the company's strong capitalisation and encouraging growth over the past 18 months, UK Bond Network expects to achieve cash flow positive results within the next 12 months.

Company Statement of Comprehensive Income – Reanalysed

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

	6 months ended 30 June 2015 GBP	*Year ended 31 December 2014 GBP*	*6 months ended 30 June 2014 GBP*
CLO investment income/dividends	1,105,216	4,693,694	4,693,695
Interest income	2,571,616	1,835,871	694,591
Preference Share Income	132,584	376,393	181,646
Other income	45,267	47,133	9,558
Total income	3,854,683	6,953,091	5,579,490
Expenses	(1,661,632)	(5,869,634)	(2,178,247)
Finance costs	(1,939,580)	(822,307)	(5,989)
Profit for the period/year (reanalysed)	253,471	261,150	3,395,254
Reconciliation to Company Statement of Comprehensive Income:			
Realised gain/(loss) on financial asset	615,519	(9,881,535)	(8,346,678)
Unrealised gain on financial asset	4,056,539	16,410,565	6,656,199
Gain/(loss) on foreign currency transactions	333,870	(106,279)	(262,495)
Profit for the period/year	5,259,399	6,683,901	1,442,280
Dividends paid in the period/year	4,441,525	7,036,588	3,512,312

Reanalysed profit for the six months ended June 2015 was significantly lower at GBP0.3m than the equivalent 2014 period. One key driver for the decrease in reanalysed profit in the period was the continuation in the phasing out of CLO income in line with the Company's strategy to exit this area. The GBP1.1m dividend received in the period relates entirely to FOIF and following the disposal of this position in March 2015, this income will not recur in future periods. This movement was partially offset by an expansion in the loan book for both BMS and platform loans which drove higher interest income levels for the first six months of 2015. This effect was further supplemented by a slight increase in the average interest rate achieved on the loan book in the period.

Expenses in the first six months of 2015 were approximately GBP0.5m lower than the equivalent period in 2014. We note the following developments with the primary expense categories:

- Legal and professional fees at GBP0.7m rose significantly in the six months to June 2015 following a busy start to the year in terms of platform acquisitions and investments. Approximately GBP0.4m of the fees can be attributed to acquisitions with the bulk of the corresponding services relating to due diligence work and drafting purchase contracts.
- Marketing and PR expenses at approximately GBP0.4m were higher in the first six months of 2015 than in the equivalent period in 2014 (approximately GBP0.1m). These are considered to be ongoing costs and GLI expects this expense to remain at the new higher levels due to increased activity at trade fairs and greater involvement of two PR firms.
- CLO management fees amounted to approximately GBP0.9m in the first six months of 2014 and in the same period of 2015, the amount was negative GBP0.5m. This credit position is a one-off item and was the outcome of final negotiations with our former CLO partners.
- Staff and Director costs remained stable in the period. We anticipate an increase in staff costs in the remainder of 2015 in line with the strengthening of several GLI functions with new team members.

Finance costs at GBP1.9m in the first six months of 2015 comprise:

- Loan interest and facility fees due to Sancus of approximately GBP1.2m; and
- Zero dividend preference share payments amounting to approximately GBP0.7m.

Change in Net Asset Value

During the period, the Company NAV has increased from GBP88.2m as at 31 December 2014 to GBP112.5m as at 30 June 2015, representing a 27.6 per cent. increase. This comprises net proceeds from the issue of new shares of GBP23.5m, profits of GBP5.3m and dividends paid of GBP4.4m.

During the period the number of shares in issue increased by 23.98 per cent. from 172,960,021 Shares (31 December 2014) to 214,431,843 Shares (30 June 2015). The Company NAV per share went from 51.00p at the end of December 2014, to 52.48p at the end of June 2015 being an increase 2.9 per cent. for the period.

	GBP
Balance at 31 December 2014	88,215,686
Net proceeds from Ordinary Shares issued	23,494,482
Profit for the year	5,259,399
Dividends paid	(4,441,525)
Balance at 30 June 2015	112,528,042
Number of Shares in issue at 30 June 2014	140,918,264
Number of Shares in issue at 31 December 2014	172,960,021
Number of Shares in issue at 30 June 2015	214,431,843
NAV per Share at 30 June 2014	48.53p
NAV per Share at 31 December 2014	51.00p
NAV per Share at 30 June 2015	52.48p

Net Asset Value Summary

	30 June 2015 GBPm	31 December 2014 GBPm	30 June 2014 GBPm
Investment portfolio	144.6	106.9	62.4
Loan payable	(16.5)	(23.3)	0.0
ZDP payable	(21.5)	(20.1)	0.0
Other net assets	5.9	24.7	6.0
Net asset value	112.5	88.2	68.4

Investment Portfolio

The investment portfolio of GBP144.6m is split between GBP83.3m of loans and GBP61.3m of equity positions in platforms.

The loans include loans to both platforms in which GLI holds an investment and third party platforms. Based on the June platform loans balance, the weighted average return on loans is 9.4 per cent., which is slightly higher than the equivalent figure for December 2014 (9.1 per cent.) and partly reflects the expansion of the FundingKnight loan book (typically yields in excess of 11 per cent.) and an increase in the US loan book which on average, contributes a higher interest rate.

As discussed earlier, the increase in equity positions mainly reflects the four acquisitions made in the period, which was supplemented by several top-up investments and upwards revaluations for the existing family of platforms.

Loan Payable

The loan facility of GBP30m with Sancus Limited remains in place and at the period end was GBP16.5m. This loan facility is due to expire on 15 March 2017 (see note 22 of the financial statements).

ZDP Payable

The balance of GBP21.5m includes:

- 20,000,000 GBP1 zero dividend preference (ZDP) shares issued in December 2014 for the Sancus acquisition;
- 791,418 GBP1 ZDPs issued in March 2015 for the investment in Trade River Finance;
- GBP0.7m of entitlement accrued to date on the ZDPs.

Please refer to note 14 of the financial statements for details.

Other Net Assets

The other net assets balance of GBP5.9m is largely in line with levels in prior periods and as at 30 June 2015 comprises:

- GBP4.2m of trade and other receivables chiefly relate to interest receivable on platform loans, other loans and platform shares. The remainder relates to GBP1.25m held in an escrow account which was returned to the Company shortly after the period end and GBP0.3m of prepayments.
- GBP2.6m of cash at bank
- GBP(0.8m) of trade payables which include amounts owed for legal and professional fees, valuation fees, audit fees, administration fees and other expenses.

FX Rates

The Company has transactions in a number of currencies. The table below lists out the rates used for the years/periods ended 30 June 2015, 31 December 2014, 30 June 2014, and 31 December 2013:

Rate of exchange vs. GBP1:00

Currency	*30 June 2015*	*31 December 2014*	*30 June 2014*	*31 December 2013*
USD	1.5712	1.5577	1.7106	1.6557
EUR	1.4103	1.2876	1.2493	1.2041
DKK	10.5146	9.5908	9.3142	8.9852

Principal Risks and Uncertainties

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

Business risk:

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

Interest rate risk

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

Portfolio Management risk:

There is a risk of underperformance of the underlying investments.

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

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

Operational risk:

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

Default Risk:

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

Compliance/Regulatory risk:

As a Guernsey Investment Company traded on the AIM market, the Company is required to comply with the AIM Rules. In conjunction with the Nomad, the Company Secretary monitors statutory requirements to ensure compliance with AIM Rules. As a Guernsey incorporated company under the AIM Rules for Companies, the Company is not required to comply with the UK Corporate Governance Code issued by the Financial Reporting Council (formerly the Combined Code on Corporate Governance) and applicable for accounting periods beginning on or after 1 October 2012 (the "UK Code"). However, the Directors place a high importance on ensuring that high standards of corporate governance are maintained and have considered the principles and recommendations of the UK Code. The compliance monitoring policies and procedures operated by the administrator and adopted by the Company provide compliance oversight and regular reporting of the Company's adherence with the Law, applicable legislation issued by the GFSC and provide the Company with reporting channels under anti-money laundering legislation.

During last year, the Company and the relevant financial entities within the Group completed registration with the IRS in order to receive their Global Intermediary Identification Numbers. By 30 June 2015, management confirmed that GLI Finance was fully compliant with the requirements of FATCA. The Foreign Account Tax Compliance Act (FATCA) is a United States federal law that requires United States persons, including individuals who live outside the United States, to report their financial accounts held outside of the United States, and requires foreign financial institutions to report to the Internal Revenue Service about their U.S. clients. Inter-Governmental Agreements are in place with various Governments around the world, including all of the jurisdictions in which our platforms are incorporated, which allows Foreign Financial Institutions (as defined by FATCA) to report to their local tax authorities, who then report the data to the Internal Revenue Service in the US.

GLI Finance Ltd - FATCA compliance

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

Conflicts risk:

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

Emma Stubbs
Chief Financial Officer
Date: 25 March 2015

REPORT OF THE INDEPENDENT AUDITORS TO THE

MEMBERS OF GLI FINANCE LIMITED

We have audited the condensed consolidated and Company financial statements (the "financial statements") of GLI Finance Limited (the "Company") for the six months ended 30 June 2015 which comprise the Condensed Consolidated and Condensed Company Statements of Comprehensive Income, Condensed Consolidated and Condensed Company Statements of Financial Position, Condensed Consolidated and Condensed Company Statements of Changes in Equity, Condensed Consolidated and Condensed Company Statements of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Accounting Standard ("IAS") 34, "Interim Financial Reporting" as adopted by the European Union.

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

Respective responsibilities of Directors and Auditors

The Directors are responsible for the preparation of the financial statements which give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable legal and regulatory requirements and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's and Group's affairs as at 30 June 2015 and of the Company's profit and Group's profit for the period then ended;
- have been properly prepared in accordance with IAS 34 as adopted by the European Union; and
- comply with The Companies (Guernsey) Law, 2008.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

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

- proper accounting records have not been kept by the Company; or
- the financial statements are not in agreement with the accounting records; or
- we have not obtained all the information and explanations, which to the best of our knowledge and belief, are necessary for the purposes of our audit.

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

Date: 25 September 2015

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	*Period to 30 June 2015 GBP*	*Year to 31 December 2014 GBP*	*Period to 30 June 2014 GBP*
Revenue				
Interest income		3,516,094	5,572,385	4,500,107
Dividend revenue		1,105,216	627,857	627,857
		4,621,310	6,200,242	5,127,964
Investment income				
Net (losses)/gains on financial assets and liabilities:				
– Realised losses	8	(80,620)	(6,422,956)	(4,776,853)
– Net movement in unrealised gains	8	1,858,087	7,001,715	5,033,284
– Loss on disposal of subsidiary	8	—	(10,056,443)	(10,056,443)
		1,777,467	(9,477,684)	(9,800,012)
Other income	5	2,180,872	3,903,393	1,243,812
Gain/(loss) on foreign currency transactions		332,820	(41,583)	(231,913)
Total income/(loss)		8,912,469	584,368	(3,660,149)
Expenses				
Management fees	6	(502,235)	2,640,470	851,992
Administration and secretarial fees		221,004	317,580	144,688
Custodian fees		—	77,224	21,660
Legal and professional fees		939,073	1,385,598	531,223
Directors' remuneration		63,967	113,340	72,490
Directors' and officers' insurance		33,819	49,271	11,015
Audit fees		49,916	100,900	39,649
Executive Team remuneration		266,820	639,135	150,500
Independent valuation fees		106,250	212,155	338,748
Other expenses	6	3,324,170	5,769,583	2,247,226
Operating expenses before finance costs		4,502,784	11,305,256	4,409,191
Net profit/(loss) from operations before finance costs		4,409,685	(10,720,888)	(8,069,340)
– Finance costs	12	(2,100,281)	(1,307,999)	(428,704)
Profit/(loss) for the period/year after finance costs		2,309,404	(12,028,887)	(8,498,044)
Net losses on Associates	8	(2,317,884)	(620,670)	(949,992)
Reclassification of foreign exchange reserve on sale of subsidiary		—	(1,892,799)	(1,892,799)
Loss for the period/year		(8,480)	(14,542,356)	(11,340,835)

	Notes	*Period to 30 June 2015 GBP*	*Year to 31 December 2014 GBP*	*Period to 30 June 2014 GBP*
Other comprehensive income				
Reclassification of foreign exchange reserve on sale of subsidiary		—	1,892,799	1,892,799
Items that may subsequently be reclassified to profit or loss:				
Foreign exchange on consolidation		23,890	(326,773)	(848)
Total comprehensive income/(loss) for the period/ year		15,410	(12,976,330)	(9,448,884)
Profit/(loss) attributable to:				
Equity holders of the Company		393,454	(13,626,441)	(10,766,716)
Non-controlling interest		(401,934)	(915,915)	(574,119)
		(8,480)	(14,542,356)	(11,340,835)
Total comprehensive income/(loss) attributable to:				
Equity holders of the Company		417,344	(12,060,415)	(8,874,765)
Non-controlling interest		(401,934)	(915,915)	(574,119)
		15,410	(12,976,330)	(9,448,884)
Basic & diluted earnings/(loss) per Ordinary Share	7	0.20p	(9.59)p	(7.66)p

The accompanying notes on pages 40 to 67 form an integral part of these financial statements.

CONDENSED COMPANY STATEMENT OF COMPREHENSIVE INCOME

	Notes	*Period to 30 June 2015 GBP*	*Year to 31 December 2014 GBP*	*Period to 30 June 2014 GBP*
Revenue				
Interest income		2,704,200	6,210,810	4,874,785
Dividend revenue		1,105,216	627,857	627,857
		3,809,416	6,838,667	5,502,642
Investment income				
Net gain/(loss) on financial assets and liabilities at fair value through profit or loss				
– Realised gains/(losses)	8	615,519	(9,881,535)	(8,346,678)
– Net movement in unrealised gains	8	4,517,430	16,410,565	6,656,199
		5,132,949	6,529,030	(1,690,479)
Other (losses)/income	5	(415,624)	114,424	76,848
Gain/(loss) on foreign currency transactions		333,870	(106,279)	(262,495)
Total income		8,860,611	13,375,842	3,626,516
Expenses				
Management fees	6	(502,235)	2,640,470	851,992
Administration and secretarial fees		186,610	217,084	99,027
Custodian fees		—	15,000	7,500
Legal and professional fees		705,591	926,672	309,880
Directors' remuneration		63,967	113,340	52,490
Directors' and officers' insurance		33,721	39,271	11,015
Audit fees		30,497	75,742	58,919
Executive Team remuneration		266,820	639,135	338,748
Independent valuation fees		106,250	212,155	150,500
Other expenses	6	770,411	990,765	298,176
Operating expenses before finance costs		1,661,632	5,869,634	2,178,247
Net profit from operations before finance costs		7,198,979	7,506,208	1,448,269
– Finance costs		(1,939,580)	(822,307)	(5,989)
Profit for the period/year after finance costs		5,259,399	6,683,901	1,442,280
Total comprehensive income for the period/year		5,259,399	6,683,901	1,442,280
Basic & diluted earnings per Ordinary Share	7	2.68p	4.71p	1.03p

All of the profit for the current and prior periods/year is attributable to the equity holders of the parent.

The accompanying notes on pages 40 to 67 form an integral part of these financial statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	30 June 2015 GBP	31 December 2014 GBP	30 June 2014 GBP
ASSETS				
Non-current assets				
Property and equipment		80,335	97,760	20,404
Intangible intellectual property		5,511,310	5,530,598	3,828,270
Goodwill		14,500,007	14,500,007	275,885
Other receivables		53,297	27,104	—
Financial assets available for sale	8	809,454	816,469	791,126
Financial assets at fair value through profit or loss	8	69,573,766	60,682,236	34,161,598
Associates at equity method accounting	8	18,745,803	29,648,508	23,838,071
		109,273,972	111,302,682	62,915,354
Current assets				
Financial assets held at fair value through profit or loss	8	25,738,849	20,566,299	3,205,702
Trade and other receivables	10	24,908,113	8,880,215	6,377,042
Cash and cash equivalents	11	11,686,390	13,734,130	12,638,772
		62,333,352	43,180,644	22,221,516
Total assets		171,607,324	154,483,326	85,136,870
EQUITY				
Share premium	13	81,601,279	58,106,797	39,997,773
Distributable reserve	13	34,802,740	34,802,740	34,802,740
Foreign exchange reserve		(302,883)	(326,773)	(848)
Retained losses		(23,203,479)	(19,155,408)	(12,771,407)
Capital and reserves attributable to equity holders of the Company		92,897,657	73,427,356	62,028,258
Non-controlling interest		712,378	1,114,312	1,000,810
Total equity		93,610,035	74,541,668	63,029,068
LIABILITIES				
Non-current liabilities				
Loans payable	12	11,097,939	5,790,631	—
ZDP shares payable	12 & 14	21,518,010	20,054,090	—
Trade and other payables	12	25,758,773	26,357,439	18,414,799
		58,374,722	52,202,160	18,414,799
Current liabilities				
Loan payable	12	13,600,000	20,330,000	—
Trade and other payables	12	6,022,567	7,409,498	3,693,003
		19,622,567	27,739,498	3,693,003
Total liabilities		77,997,289	79,941,658	22,107,802
Total equity and liabilities		171,607,324	154,483,326	85,136,870
Net Asset Value per Ordinary Share	15	43.32p	42.45p	44.02p

The accompanying notes on pages 40 to 67 form an integral part of these financial statements.

The financial statements were approved by the Board of Directors on 25 September 2015 and were signed on its behalf by:

Director: Patrick Firth *Director:* Emma Stubbs

CONDENSED COMPANY STATEMENT OF FINANCIAL POSITION

	Notes	*30 June 2015 GBP*	*31 December 2014 GBP*	*30 June 2014 GBP*
ASSETS				
Non-current assets				
Other financial assets held at fair value through profit or loss	8	64,185,291	31,400,766	24,918,686
Subsidiaries held at fair value through profit or loss	8	26,099,603	25,521,827	4,399,221
Associates held at fair value through profit or loss	8	30,056,044	35,647,052	26,938,010
		120,340,938	92,569,645	56,255,917
Current assets				
Financial assets held at fair value through profit or loss	8	4,136,276	5,329,307	1,919,180
Trade and other receivables	10	24,305,793	30,370,236	5,051,296
Cash and cash equivalents	11	2,549,239	5,479,656	5,886,452
		30,991,308	41,179,199	12,856,928
Total assets		151,332,246	133,748,844	69,112,845
EQUITY				
Share premium	13	81,601,279	58,106,797	39,997,773
Distributable reserve	13	34,802,740	34,802,740	34,802,740
Retained losses		(3,875,977)	(4,693,851)	(6,411,196)
Total equity		112,528,042	88,215,686	68,389,317
LIABILITIES				
Non-current liabilities				
ZDP shares payable	12 & 14	21,518,010	20,054,090	—
Current liabilities				
Loan payable	12	16,500,000	23,330,000	—
Trade and other payables	12	786,194	2,149,068	723,528
		17,286,194	25,479,068	723,528
Total liabilities		38,804,204	45,533,158	723,528
Total equity and liabilities		151,332,246	133,748,844	69,112,845
Net Asset Value per Ordinary Share	15	52.48p	51.00p	48.53p

The accompanying notes on pages 40 to 67 form an integral part of these financial statements.

The financial statements were approved by the Board of Directors on 25 September 2015 and were signed on its behalf by:

Director: Patrick Firth *Director:* Emma Stubbs

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

	Share Capital GBP	*Share Premium GBP*	*Distributable Reserve GBP*	*Foreign Exchange Reserve GBP*	*Retained Earnings/ (Losses) GBP*	*Capital and reserves attributable to equity holders of the Company GBP*	*Non-controlling Interest GBP*	*Total Equity GBP*
Balance at 31 December 2013	—	39,651,059	34,802,740	(1,892,799)	1,507,621	74,068,621	992,344	75,060,965
Acquisition of non-controlling interest	—	—	—	—	—	—	808,797	808,797
Disposal of non-controlling interest	—	—	—	—	—	—	(226,212)	(226,212)
Net proceeds from Ordinary Shares issued (note 13)	—	346,714	—	—	—	346,714	—	346,714
Dividends paid*	—	—	—	—	(3,512,312)	(3,512,312)	—	(3,512,312)
Transactions with owners	—	346,714	—	—	(3,512,312)	(3,165,598)	582,585	(2,583,013)
Loss for the period	—	—	—	—	(10,766,716)	(10,766,716)	(574,119)	(11,340,835)
Other comprehensive income:								
Foreign exchange transfer on disposal of subsidiary				1,892,799	—	1,892,799	—	1,892,799
Foreign exchange on consolidation	—	—	—	(848)	—	(848)	—	(848)
Total comprehensive income for the period	—	—	—	1,891,951	(10,766,716)	(8,874,765)	(574,119)	(9,448,884)
Balance at 30 June 2014	—	39,997,773	34,802,740	(848)	(12,771,407)	62,028,258	1,000,810	63,029,068
Acquisition of non-controlling interest	—	—	—	—	—	—	455,298	455,298
Net proceeds from Ordinary Shares issued (note 13)	—	18,109,024	—	—	—	18,109,024	—	18,109,024
Dividends paid**	—	—	—	—	(3,524,276)	(3,524,276)	—	(3,524,276)
Transactions with owners	—	18,109,024	—	—	(3,524,276)	14,584,748	455,298	15,040,046
Loss for the period	—	—	—	—	(2,859,725)	(2,859,725)	(341,796)	(3,201,521)
Other comprehensive income:								
Foreign exchange on consolidation	—	—	—	(325,925)	—	(325,925)	—	(325,925)
Total comprehensive loss for the period	—	—	—	(325,925)	(2,859,725)	(3,185,650)	(341,796)	(3,527,446)
Balance at 31 December 2014	—	58,106,797	34,802,740	(326,773)	(19,155,408)	73,427,356	1,114,312	74,541,668

* During the period ended 30 June 2014, the Company made two dividend payments, totalling 2.5 pence per Ordinary Share.

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Share Capital GBP	*Share Premium GBP*	*Distributable Reserve GBP*	*Foreign Exchange Reserve GBP*	*Retained Earnings/ (Losses) GBP*	*Capital and reserves attributable to equity holders of the Company GBP*	*Non-controlling Interest GBP*	*Total Equity GBP*
Balance at 31 December 2014	—	58,106,797	34,802,740	(326,773)	(19,155,408)	73,427,356	1,114,312	74,541,668
Net proceeds from Ordinary Shares issued (note 13)	—	23,494,482	—	—	—	23,494,482	—	23,494,482
Dividends paid*	—	—	—	—	(4,441,525)	(4,441,525)	—	(4,441,525)
Transactions with owners	—	23,494,482	—	—	(4,441,525)	19,052,957	—	19,052,957
Loss for the period	—	—	—	—	393,454	393,454	(401,934)	(8,480)
Other comprehensive income:								
Foreign exchange on consolidation	—	—	—	23,890	—	23,890	—	23,890
Total comprehensive income/(loss) for the year	—	—	—	23,890	393,454	417,344	(401,934)	15,410
Balance at 30 June 2015	—	81,601,279	34,802,740	(302,883)	(23,203,479)	92,897,657	712,378	93,610,035

* During the period ended 30 June 2015, the Company made two dividend payments, totalling 2.5 pence per Ordinary Share.

The accompanying notes on pages 40 to 67 form an integral part of these financial statements.

CONDENSED COMPANY STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

	Share Capital GBP	*Share Premium GBP*	*Distributable Reserve GBP*	*Retained Losses GBP*	*Total Equity GBP*
Balance at 31 December 2013	—	39,651,059	34,802,740	(4,341,164)	70,112,635
Net proceeds from Ordinary Shares issued (note 13)	—	346,714	—	—	346,714
Dividends paid*	—	—	—	(3,512,312)	(3,512,312)
Transactions with owners	—	346,714	—	(3,512,312)	(3,165,598)
Profit for the period	—	—	—	1,442,280	1,442,280
Total comprehensive income for the period	—	—	—	1,442,280	1,442,280
Balance at 30 June 2014	—	39,997,773	34,802,740	(6,411,196)	68,389,317
Net proceeds from Ordinary Shares issued (note 13)	—	18,109,024	—	—	18,109,024
Dividends paid**	—	—	—	(3,524,276)	(3,524,276)
Transactions with owners	—	18,109,024	—	(3,524,276)	14,584,748
Profit for the period	—	—	—	5,241,621	5,241,621
Total comprehensive income for the period	—	—	—	5,241,621	5,241,621
Balance at 31 December 2014	—	58,106,797	34,802,740	(4,693,851)	88,215,686
Net proceeds from Ordinary Shares issued (note 13)	—	23,494,482	—	—	23,494,482
Dividends paid***	—	—	—	(4,441,525)	(4,441,525)
Transactions with owners	—	23,494,482	—	(4,441,525)	19,052,957
Profit for the period	—	—	—	5,259,399	5,259,399
Total comprehensive income for the period	—	—	—	5,259,399	5,259,399
Balance at 30 June 2015	—	81,601,279	34,802,740	(3,875,977)	112,528,042

* During the period ended 30 June 2014, the Company made two dividend payments, totalling 2.5 pence per Ordinary Share.

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

*** During the period ended 30 June 2015, the Company made two dividend payments, totalling 2.5 pence per Ordinary Share.

The accompanying notes on pages 40 to 67 form an integral part of these financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Notes	*Period to 30 June 2015 GBP*	*Year to 31 December 2014 GBP*	*Period to 30 June 2014 GBP*
Cash flows (used in)/from operating activities				
Cash (used in)/generated from operations	16	(16,048,411)	14,198,819	9,043,174
Purchase of investments		(38,062,066)	(61,399,746)	(17,618,526)
Sale of investments		24,923,351	16,116,779	14,663,990
Principal received		13,556,228	56,070,787	45,911,093
Net cash (outflow)/inflow from operating activities		(15,630,898)	24,986,639	51,999,731
Cash flows from/(used in) investing activities				
Business combination (acquisition of subsidiary)		—	3,924,229	(171,576)
Business combination (disposal of subsidiary)		—	(25,187,441)	(25,187,441)
Property and equipment acquired		—	(97,384)	(20,027)
Intangible assets acquired		—	(3,165,592)	(1,853,677)
Net cash outflow used in investing activities		—	(24,526,188)	(27,232,721)
Cash flows (used in)/from financing activities				
Cash paid on repurchase of loan notes		—	(26,841,752)	(26,841,752)
Cash received on loan payables		8,507,308	29,120,631	—
Cash repaid on loan payables		(4,280,000)	—	—
Ordinary Shares issued proceeds received		13,613,082	—	—
Non-controlling interest acquired		—	(226,212)	(226,212)
Dividends paid	13	(4,281,122)	(6,558,386)	(3,165,597)
Net cash outflow used in financing activities		13,559,268	(4,505,719)	(30,233,561)
Net decrease in cash and cash equivalents		(2,071,630)	(4,045,268)	(5,466,551)
Cash and cash equivalents at beginning of period/year		13,734,130	18,106,171	18,106,171
Effect of foreign exchange rate changes during the period/year		23,890	(326,773)	(848)
Cash and cash equivalents at end of period/year	11	11,686,390	13,734,130	12,638,772

The accompanying notes on pages 40 to 67 form an integral part of these financial statements.

CONDENSED COMPANY STATEMENTS OF CASH FLOWS

	Notes	*Period to 30 June 2015 GBP*	*Year to 31 December 2014 GBP*	*Period to 30 June 2014 GBP*
Cash flows (used in)/from operating activities				
Cash generated (used in)/from operations	16	(17,609,687)	(4,144,540)	89,417
Purchase of investments		(19,387,182)	(28,234,009)	(12,289,600)
Sale of investments		24,594,489	11,043,680	10,342,358
Principal received		1,523,416	686,024	—
Net cash outflow used in operating activities		(10,878,964)	(20,648,845)	(1,857,825)
Cash flows (used in)/from investing activities				
Business combination (acquisition of subsidiary)		(203,412)	(2,329,576)	(776,588)
Business combination (disposal of subsidiary)		—	7,645,800	7,645,800
Net cash inflow from investing activities		(203,412)	5,316,224	6,869,212
Cash flows from/(used in) financing activities				
Ordinary Shares issued proceeds received		13,613,081	—	—
Loans received		8,600,000	23,330,000	—
Loans repaid		(9,780,000)	—	—
Dividends paid	13	(4,281,122)	(6,558,386)	(3,165,598)
Net cash inflow from financing activities		8,151,959	16,771,614	(3,165,598)
Net (decrease)/increase in cash and cash equivalents		(2,930,417)	1,438,993	1,845,789
Cash and cash equivalents at beginning of period/year		5,479,656	4,040,663	4,040,663
Cash and cash equivalents at end of period/year	11	2,549,239	5,479,656	5,886,452

The accompanying notes on pages 40 to 67 form an integral part of these financial statements.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
For the period ended 30 June 2015

1. General Information

GLI Finance Limited (the "Company") was incorporated and domiciled in Guernsey, Channel Islands, as a company limited by shares and with limited liability on 9 June 2005 in accordance with The Companies (Guernsey) Law, 1994 (since superseded by The Companies (Guernsey) Law, 2008). Until 25 March 2015, the Company was Authorised as a Closed-ended Investment Scheme and was subject to the Authorised Closed-ended Investment Scheme Rules 2008 issued by the Guernsey Financial Services Commission ("GFSC"). On 25 March 2015, the Company was registered with the GFSC as a Non-Regulated Financial Services Business, at which point the Company's authorised fund status was revoked. The Company was admitted to the AIM market of the London Stock Exchange on 5 August 2005. The Company does not have a fixed life and the Articles do not contain any trigger events for a voluntary liquidation of the Company.

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

As at 30 June 2015, the Group comprises the Company and its subsidiaries (please refer to note 17 for full details of the Company's subsidiaries).

2. Accounting Policies

(i) ***Basis of preparation***

Statement of Compliance

These condensed interim financial statements ("financial statements") are for the six months period ended 30 June 2015 and are presented in GBP, which is the functional currency of the Company. They have been prepared in accordance with International Accounting Standard (IAS) 34 'Interim Financial Reporting', as adopted by the European Union. They do not include all the information and disclosures required in annual financial statements and should be read in conjunction with the Company's annual audited financial statements for the year ended 31 December 2014, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as endorsed by the European Union.

The same accounting policies and methods of computation are followed in these financial statements as in the last annual financial statements for the year ended 31 December 2014.

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

Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's and Group's financial position and performance since the last financial statements as at and for the year ended 31 December 2014.

These financial statements were authorised for issue by the Company's Directors on 25 September 2015.

New, revised and amended standards applicable to future reporting periods

There are no new accounting standards, interpretations and amendments that have been adopted in the current period which have had a material impact in these financial statements.

Whilst the Board are still assessing standards and interpretations that were in issue at the date of these financial statements but not yet effective, initial expectations are that these will not have a material impact on future financial statements of the Company.

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

(ii) ***Foreign currency translation***

Translation differences on 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 at the period/year end are as follows:

30 June 2015	*31 December 2014*	*30 June 2014*
GBP1: USD1.5712	GBP1: USD1.5577	GBP1: USD1.7106
GBP1: EUR1.4103	GBP1: EUR1.2876	GBP1: EUR1.2493
GBP1: DKK10.5146	GBP1: DKK9.5908	GBP1: SEK11.4320
		GBP1: CHF1.5170

Differences arising are dealt with in the Condensed Consolidated and Condensed Company Statements of Comprehensive Income.

(iii) ***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.

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

The Group invests in financial instruments which are not quoted in active markets and may receive such financial instruments as distributions on certain investments. Fair values are determined by using valuation techniques. 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 8 for details of the carrying amounts at the period end.

Because the Group's portfolio of 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. These other analyses rely upon observable data including comparable transactions, interest rates and credit spreads.

Investment Entity

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

Going Concern

The Board has assessed the Company's financial position as at 30 June 2015 and the factors that may impact its performance in the forthcoming year and are of the opinion that it is appropriate to prepare these financial statements on a going concern basis.

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 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 risk management policies employed by the Group to manage these risks are the same as those in place during the prior year and were disclosed in the last annual audited financial statements for the year ended 31 December 2014.

4. Fair Value of Financial Instruments

Fair value estimation

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

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

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

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

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

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

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

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

Fair value hierarchy

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

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

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

- Level 1 – Inputs that are quoted market prices (unadjusted) in active markets for identical instruments.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.

- Level 3 – Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments but for which significant unobservable adjustments or assumptions are required to reflect difference between the instruments.

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

Group	*Note*	*30 June 2015 Level 3 & Total GBP*	*31 December 2014 Level 3 & Total GBP*	*30 June 2014 Level 3 & Total GBP*
Assets				
Loans	a	63,977,142	53,107,364	28,305,924
Equity securities	b	5,596,624	7,574,872	5,855,674
Warrant security	c	—	—	—
Current asset loans	a	25,738,849	20,566,299	3,205,702
Net Fair Value		95,312,615	81,248,535	37,367,300

Company	*Note*	*30 June 2015 Level 3 & Total GBP*	*31 December 2014 Level 3 & Total GBP*	*30 June 2014 Level 3 & Total GBP*
Assets				
Loans	a	59,588,668	23,825,894	19,063,012
Equity securities	b	4,596,623	7,574,872	5,855,674
Warrant securities	c	—	—	
Current asset loans	a	4,136,276	5,329,307	1,919,180
Subsidiaries held at fair value through profit or loss	b	26,099,603	35,647,052	4,399,221
Associates held at fair value through profit or loss	b	30,056,044	25,521,827	26,938,010
Net Fair Value		124,477,214	97,898,952	58,175,097

Measurement of fair value

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

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

(a) *Loans – non current and current asset loans*

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

(b) *Equity securities*

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

1. Investments in finance platforms

2. Investments in equity positions received from loan restructurings

3. Other equity investments

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

Investments in finance platforms (including Subsidiaries and Associates)

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

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

In the case of BMS Finance, Raiseworks LLC, Finpoint Limited and Sancus Limited, all of which are subsidiaries of the Company, at Group level the fair value is ascertained by reference to the underlying assets and liabilities of these subsidiaries, as these companies are consolidated into the Group consolidated financial statements.

The Group uses the equity method to account for any investment in a platform which is classified as an investment in an Associate. As at 30 June 2015, FundingKnight Holdings Limited, Platform Black Limited, Crowdshed Limited, Finexkap, Proplend Limited, TradeRiver Finance Limited, TradeRiver USA Inc, Liftforward Inc, Ovamba Solutions Inc, Open Energy Group Inc, Funding options Limited and The Credit Junction Holdings Inc. are classified as Associates.

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

Investments in equity positions received from loan restructurings

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

Other equity investments

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

(c) *Warrant security*

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

Level 3 fair value measurements

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

30 June 2015	*Loans* – Other GBP*	*Equity GBP*	*Warrants GBP*	*Total GBP*
Group				
Opening fair value	73,673,663	7,574,872	—	81,248,535
Purchases/loans advanced	30,863,777	1,580,648	—	32,444,425
Classification transfer in/(out) (see note 8)	(1,000,000)	(808,188)	—	(1,808,188)
Sales	—	(3,613,250)	(328,952)	(3,942,202)
Capital repayments	(13,556,228)	—	—	(13,556,228)
Gains and losses recognised in profit and loss:				
– realised	6,190	(111,750)	328,952	223,392
– unrealised	(271,411)	974,292	—	702,881
Closing fair value	89,715,991	5,596,624	—	95,312,615

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

* As at 30 June 2015, GBP25,738,849 (31 December 2014: GBP20,566,299) of the total loans balance of the Group is due within 12 months and has been classified as current assets on the Condensed Consolidated Statement of Financial position.

Period ended 30 June 2014	*Loans – Broadly Syndicated GBP*	*Loans** GBP*	*Equity GBP*	*CLO Equity GBP*	*Warrants GBP*	*Total GBP*
Group						
Opening fair value	162,460,743	20,187,404	5,733,763	10,352,640	—	198,734,550
Purchases/loans advanced	—	11,978,875	1,303,406	—	—	13,282,281
Classification transfer in/(out)	(724,617)	724,617	—	—	—	—
Sales	(5,115,053)	—	—	(9,703,304)	(306,916)	(15,125,273)
Transfers out on sale of T2 CLO	(115,224,866)	—	(129,979)	—	—	(115,354,845)
Capital repayments	(44,565,039)	(1,346,054)	—	—	—	(45,911,093)
Gains and losses recognised in profit and loss:						
– realised	(4,150,854)	(9,463)	—	(923,452)	306,916	(4,776,853)
– unrealised	5,818,172	(23,753)	126,970	274,116	—	6,195,505
– net gain on transfer out of assets on sale of T2 CLO (see note 8)	1,501,514	—	(1,178,486)	—	—	323,028
Closing fair value	—	31,511,626	5,855,674	—	—	37,367,300

** As at 30 June 2014, GBP3,205,702 of the total loans balance of the Group is due within 12 months and has been classified as current assets on the Condensed Consolidated Statement of Financial position.

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

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

As at 30 June 2015, the Group had no financial liabilities being carried at fair value. In prior periods/years, the Group's financial liabilities, at fair value, classified in Level 3 used valuation techniques based on significant inputs that are not based on observable market data. The financial liabilities within this level can be reconciled balances as follows:

CLO Loan Notes	*30 June 2015* *GBP*	*31 December 2014* *GBP*	*30 June 2014* *GBP*
Opening fair value	—	(137,767,085)	(137,767,085)
Transferred out on disposal of T2 CLO	—	113,975,940	113,975,940
Repurchases	—	26,841,752	26,841,752
Gains/(losses) recognised in profit and loss (see note 8):			
– realised on transferred out on disposal of T2 CLO	—	4,882,527	4,882,527
– unrealised	—	(7,933,134)	(7,933,134)
Closing fair value	—	—	—

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

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

5. Other Income/(Losses)

The table below details other income/(losses) during the period/year:

GROUP	*30 June 2015* *GBP*	*31 December 2014* *GBP*	*30 June 2014* *GBP*
Other income:			
Other income on sale of business combination	—	67,290	67,290
Assignment arrangement fees	678,846	965,688	180,716
Bank interest	18,248	15,553	4,527
IP licence fees	1,345,808	2,273,018	765,321
Earn out/(exit) fees	98,718	381,677	15,081
Commission income	287,492	—	—
Sundry (losses)/income	(248,240)	200,167	210,877
	2,180,872	3,903,393	1,243,812

COMPANY	*30 June 2015* *GBP*	*31 December 2014* *GBP*	*30 June 2014* *GBP*
Other (losses)/income:			
Other income on sale of business combination	—	67,290	67,290
Arrangement fees	—	8,000	6,750
Bank interest	15,177	11,379	2,808
Sundry (losses)/income	(430,801)	27,755	—
	(415,624)	114,424	76,848

6. Expenses

Management fees

Total management fees written back during the period ended 30 June 2015 amounted to a credit of GBP502,235 (31 December 2014: expense of GBP2,640,740 and 30 June 2014: expense of GBP851,992). The write back is as a result of over accrued management expenses as at 31 December 2014.

Other expenses

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

GROUP	*30 June 2015 GBP*	*31 December 2014 GBP*	*30 June 2014 GBP*
Other expenses:			
Directors' expenses	335	6,140	73,477
Other staff costs	1,218,183	1,913,414	579,410
Other office and administration costs	595,009	791,549	255,623
Other investment management expenses	—	232,473	27,693
NOMAD fees	37,806	75,581	38,057
Listing fees	14,661	15,897	8,927
Broker fees	—	115,000	—
CFO fees	—	10,417	10,417
Marketing expenses	602,892	409,596	181,707
Registrar fees	34,422	38,313	9,918
Investments expenses	244,495	357,056	142,539
Amortisation	58,601	613,944	95,895
Sundry	517,766	1,190,203	823,563
	3,324,170	5,769,583	2,247,226

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

COMPANY	*30 June 2015 GBP*	*31 December 2014 GBP*	*30 June 2014 GBP*
Other expenses:			
Directors' expenses	335	6,140	73,477
Other staff costs	60,624	51,926	—
Other office and administration costs	59,856	89,674	19,310
Other investment management expenses	—	224,004	27,693
NOMAD fees	37,806	75,581	38,057
Listing fees	14,661	15,897	8,927
Broker fees	—	115,000	—
CFO fees	—	10,417	10,417
Marketing expenses	451,288	236,068	67,619
Registrar fees	34,422	38,313	9,918
Investments expenses	51,100		
Sundry	60,319	127,745	42,758
	770,411	990,765	298,176

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

Please refer to note 20 for details of the non-executive Directors' and Executive Team's remuneration.

7. **Basic & Diluted earnings/(loss) per Ordinary Share**

Consolidated earnings/(loss) per Ordinary Share has been calculated by dividing the consolidated profit/(loss) attributable to Ordinary Shareholders of GBP393,454 (31 December 2014: GBP(13,626,441) and 30 June 2014: GBP(10,766,716)) by the weighted average number of Ordinary Shares outstanding during the period/year of 196,291,439 (31 December 2014: 142,072,917 and 30 June 2014: 140,532,211). There was no dilutive effect for potential Ordinary Shares during the current or prior periods/years, therefore fully diluted consolidated earnings/(loss) per Ordinary Share is calculated in the same way as the undiluted consolidated earnings/(loss) per Ordinary Share described above.

Company earnings per Ordinary Share has been calculated by dividing the Company profit attributable to Ordinary Shareholders of GBP5,259,399 (31 December 2014: GBP6,683,901 and 30 June 2014: GBP1,442,280) by the weighted average number of Ordinary Shares outstanding during the period/year of 196,291,439 (31 December 2014: 142,072,917 and 30 June 2014: 140,532,211). There was no dilutive effect for potential Ordinary Shares during the current or prior periods/ years, therefore fully diluted Company earnings per Ordinary Share is calculated in the same way as the Company's undiluted earnings per Ordinary Share described above.

GROUP & COMPANY

Date	*No. of shares*	*No. of days*	*Weighted average no. of shares*
01/01/2015	172,960,021	76	72,624,097
17/03/2015	207,460,021	3	3,438,564
20/03/2015	207,590,523	10	11,469,090
30/03/2015	213,777,917	60	70,865,608
29/05/2015	214,289,446	21	24,862,311
19/06/2015	214,431,843	11	13,031,769
30/06/2015	214,431,843	181	196,291,439
01/01/2014	140,266,411	79	30,359,032
20/03/2014	140,718,491	92	35,468,770
20/06/2014	140,918,264	90	34,746,969
18/09/2014	141,023,864	85	32,841,174
12/12/2014	141,413,802	4	1,549,740
16/12/2014	172,829,732	2	947,012
18/12/2014	172,960,021	13	6,160,220
31/12/2014		365	142,072,917
01/01/2014	140,266,411	79	61,221,251
20/03/2014	140,718,491	92	71,525,421
20/06/2014	140,918,264	10	7,785,539
30/06/2014		181	140,532,211

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

8. Financial Assets and Liabilities

	30 June 2015 GBP	*31 December 2014 GBP*	*30 June 2014 GBP*
GROUP			
Debt securities of unlisted companies*	89,715,991	73,673,663	31,511,626
Unlisted equity securities	5,596,624	7,574,872	5,855,674
Available for sale unlisted equity securities**	809,454	816,469	791,126
Unlisted CLO equity securities	—	—	—
Unlisted warrant securities	—	—	—
Unlisted investments in Associate at equity method accounting	18,745,803	29,648,508	23,838,071
	114,867,872	111,713,512	61,996,497
Realised gain recognised on financial assets and liabilities at fair value through profit or loss:			
Realised gain on investments at fair value through profit or loss	223,392	22,668,199	24,314,301
Realised gains on financial liabilities at fair value through profit or loss	—	4,882,527	4,882,527
	223,392	27,550,726	29,196,828
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	695,866	(20,604,190)	(22,572,621)
Unrealised loss on financial liabilities at fair value through profit or loss	—	(7,933,134)	(7,933,134)
	695,866	(28,537,324)	(30,505,755)
Net losses on associates:			
Unrealised gain/(loss) adjustment – due to loss of significant influence	1,162,221	(1,162,221)	(1,162,221)
Realised loss adjustment – due to loss of significant influence	(304,012)	—	—
Share in net losses on associates	(2,317,884)	(620,670)	(949,992)
	(1,459,675)	(1,782,891)	(2,112,213)

* As at 30 June 2015: GBP25,738,849 (31 December 2014: GBP20,566,299 and 30 June 2014: GBP3,205,702) of the total loans balance of the Group is due within 12 months and has been classified as current assets on the Consolidated Statement of Financial Position.

** During a prior period, the Group acquired an investment in a private company whose shares are not actively traded on a recognised exchange or any other active market and fair value cannot be reliably measured. As such this investment has been designated as available for sale and, as at 30 June 2015, the carrying value was equal to the acquisition cost of the investment plus directly attributable financial cost relating to its acquisition. The Directors have no reason to believe the investments carrying amounts should be impaired as at the period end.

	30 June 2015 GBP	31 December 2014 GBP	30 June 2014 GBP
GROUP			
Opening cost of investments	80,617,698	177,480,148	177,480,148
Purchases	32,444,425	51,582,385	13,282,281
Transfer in on acquisition of Sancus	—	16,437,775	—
Transfers out on sale of T2 CLO	—	(115,360,813)	(115,360,813)
Sales	(3,942,201)	(16,119,208)	(15,125,273)
Transfer out – classification change to Associate and receivables**	(1,808,188)	—	—
Realised gain/(loss) on sale investments	223,392	(6,422,956)	(4,776,853)
Gain on transfer out of assets on sale of T2 CLO	—	29,091,154	29,091,154
Capital repayments/redemption of loans	(13,556,229)	(56,070,787)	(45,911,093)
Closing cost of investments	93,978,897	80,617,698	38,679,551
Closing unrealised gain/(loss)	2,143,172	1,447,306	(521,125)
Closing fair value of investments	96,122,069	82,065,004	38,158,426

Associates:

	30 June 2015 GBP	31 December 2014 GBP	30 June 2014 GBP
GROUP			
Opening cost of Associates at equity method accounting	31,550,115	5,119,877	5,119,877
Purchases	10,730,020	27,352,520	21,871,405
Transfer out on business combination-classification change to Subsidiary*	—	(922,282)	(922,282)
Transfer in – classification change from equity investment**	808,188	—	—
Sale	(20,981,238)	—	—
Realised gain	(304,012)	—	—
Closing cost of Associates at equity method accounting	21,803,073	31,550,115	26,069,000
Unrealised loss adjustment – due to loss of significant influence	—	(1,162,221)	(1,162,221)
Cumulative share in losses of associates	(3,057,270)	(739,386)	(1,068,708)
Closing value of Associates at equity method accounting	18,745,803	29,648,508	23,838,071

* During the prior year/period, the Company gained control of one of its Associates resulting in a transfer in classification to a Subsidiary within the Group.

** GBP 808,188 relates to an investment's book cost brought forward that was reclassified from investment to an Associate during the period when the Company gained significant influence over this underlying investment.

	30 June 2015 GBP	31 December 2014 GBP	30 June 2014 GBP
COMPANY			
Debt securities of unlisted companies*	63,724,944	29,155,201	20,982,192
Unlisted equity securities	4,596,623	7,574,872	5,855,674
Unlisted warrant securities	—	—	—
Other financial assets held at fair value through profit or loss	68,321,567	36,730,073	26,837,866
Subsidiaries held at fair value through profit or loss	26,099,603	25,521,827	4,399,221
Associates held at fair value through profit or loss	30,056,044	35,647,052	26,938,010
	124,477,214	97,898,952	58,175,097
Realised loss on other financial assets at fair value through profit or loss	(105,560)	(7,859,267)	(6,324,409)
Realised loss on Subsidiaries at fair value through profit or loss	—	(2,022,268)	(2,022,269)
Realised gain on Associate at fair value through profit or loss	721,079	—	—
	615,519	(9,881,535)	(8,346,678)
Unrealised gain on other financial assets at fair value through profit or loss	695,322	8,119,814	6,219,259
Unrealised gain/(loss) on Subsidiaries at fair value through profit or loss	374,724	2,968,653	(1,657,230)
Unrealised gain on Associates at fair value through profit or loss	3,447,384	5,322,098	2,094,170
	4,517,430	16,410,565	6,656,199

* As at 30 June 2015: GBP4,136,276 (31 December 2014, GBP5,329,307 and 30 June 2014: GBP1,919,180) of the total loans balance of the Company is due within 12 months and has been classified as current assets on the Condensed Company Statement of Financial Position.

Other financial assets held at fair value through profit or loss:

	30 June 2015 GBP	31 December 2014 GBP	30 June 2014 GBP
COMPANY			
Opening cost of other financial assets at fair value through profit or loss	35,195,310	35,361,787	35,361,787
Transfer out – classification change(1)	(1,808,188)	—	—
Purchases	15,129,960	19,424,921	8,969,921
Sales	(3,613,250)	(10,737,511)	(9,703,304)
Realised gain on sales	(105,560)	(7,859,267)	(6,324,409)
Capital repayments	(1,523,416)	(994,620)	(1,100,336)
Conversion of preference shares	20,000,000	—	—
Conversion of receivable	2,816,625	—	—
Cost of investments	66,091,481	35,195,310	27,203,659
Unrealised gain/(loss)	2,230,086	1,534,763	(365,793)
Closing fair value of other financial assets at fair value through profit or loss	68,321,567	36,730,073	26,837,866

(1) GBP1,000,000 relates to a loan now classified as "balances held by Platforms on behalf of the Group" (see note 10). GBP808,188 relates to an investment which during the period the Company gained significant influence over, resulting in a transfer in classification between Investments and Associates within the Group.

Subsidiaries:

	30 June 2015 GBP	*31 December 2014 GBP*	*30 June 2014 GBP*
COMPANY			
Opening cost of investment in Subsidiaries	18,862,260	30,594,895	30,594,895
Purchases	203,052	17,273,311	776,588
Sales	—	(27,905,960)	(27,905,960)
Transfer in on business combination classification change to Subsidiary**	—	922,282	922,282
Realised loss on sales	—	(2,022,268)	(2,022,269)
Closing cost of investment in Subsidiaries	19,065,312	18,862,260	2,365,536
Unrealised gain	7,034,291	6,659,567	2,033,685
Closing fair value of investment in Subsidiaries at fair value through profit or loss	26,099,603	25,521,827	4,399,221

Associates:

	30 June 2015 GBP	*31 December 2014 GBP*	*30 June 2014 GBP*
COMPANY			
Opening cost of investment in Associates	30,341,276	4,422,269	4,422,269
Purchases	10,413,579	26,841,289	21,360,174
Transfer in – classification change from equity investment*	808,188	—	—
Sale	(20,981,238)	—	—
Transfer out on business combination classification change to Subsidiary**	—	(922,282)	(922,282)
Realised gain on sale	721,079	—	—
Closing cost of investment in Associates	21,302,884	30,341,276	24,860,161
Unrealised gain	8,753,160	5,305,776	2,077,849
Closing fair value of investment in Associates at fair value through profit or loss	30,056,044	35,647,052	26,938,010

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

** During the prior year, the Company gained control of one of its Associates resulting in a transfer in classification to a Subsidiary of the Company.

9. Subsidiaries held at Fair Value through Profit or Loss

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

Subsidiary

	Acquisition/ Control Established Date	*Consideration Transferred GBP*	*Fair Value of Net Assets on recognition of business combination GBP*	*Non-Controlling Interest at recognition of business combination GBP*	*Post Acquisition Losses Recognised During the Current Period GBP*
GLI Asset Management Limited ("GLIAM")*	22 May 2015	200,000	200,000	—	(77,179)
GLI Alternative Finance Guernsey Limited*	20 April 2015	Nil	Nil	—	—

* acquisition made upon subsidiaries' incorporation, net assets acquired was due to capitalisation only

10. Trade and Other Receivables

	30 June 2015 GBP	*31 December 2014 GBP*	*30 June 2014 GBP*
GROUP			
Balances held by Platforms on behalf of the Group*	20,069,054	6,187,058	4,175,904
Accrued bank interest	933	2,603	2,703
Loan interest receivable	1,444,189	707,528	466,270
Preference share dividends receivable	452,602	252,497	—
Security sales receivable	—	—	461,283
Other trade receivables and prepaid expenses	2,941,335	1,730,529	1,270,882
	24,908,113	8,880,215	6,377,042
COMPANY			
Balances held by Platforms on behalf of the Company*	20,069,054	6,187,058	4,175,904
Accrued bank interest	906	2,603	2,703
Platform loan gain receivable	2,520	2,431	—
Loan interest receivable	2,201,780	891,559	360,800
Preference shares awaiting conversion – Sancus	—	20,000,000	—
Other receivables re Sancus acquisition	—	2,816,265	—
Preference share dividends receivable	517,081	309,817	—
Security sales receivable	—	—	461,283
Trade receivable re EcoFinance	1,250,000	—	—
Other trade receivables and prepaid expenses	264,452	160,503	50,606
	24,305,793	30,370,236	5,051,296

* Other short term loans held through Platforms.

11. Cash and Cash Equivalents

	30 June 2015 GBP	31 December 2014 GBP	30 June 2014 GBP
GROUP			
Call account	11,686,390	13,734,130	12,638,772
COMPANY			
Call account	2,549,239	5,479,656	5,886,452

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

12. Trade and Other Payables

	30 June 2015 GBP	31 December 2014 GBP	30 June 2014 GBP
GROUP			
Current liabilities			
Loan payable(1)	13,600,000	20,330,000	—
Management fees	75,000	1,545,109	20,604
Administrator's fees	90,157	76,882	52,816
Custodian's fees	—	7,500	—
Audit fees	69,841	90,750	66,488
Valuation fees	96,000	54,100	150,500
Directors' fees		—	20,000
Executive Team's remuneration payable	—	45,906	203,230
Finance costs	416,501	119,929	—
Deferred income*	3,396,436	3,289,645	1,826,823
Unsettled security investment purchases payable	249,965	—	—
Other payables	1,628,667	2,179,677	1,352,542
	6,022,567	7,409,498	3,693,003
GROUP			
Non-current liabilities			
Loan payable(2)	11,097,939	5,790,631	—
ZDP shares payable (see note 14)	21,518,010	20,054,090	—
Deferred income*	25,758,773	26,357,439	18,414,799
	58,374,722	52,202,160	18,414,799

* 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.

Total finance costs for the period were GBP2,100,281 (31 December 2014: GBP1,307,999 and 30 June 2014: GBP428,704). These finance costs are for interest due to the loan holders, loan facility fees and uplift in ZDP shares. The fair value of long-term notes and loans outstanding at 30 June 2015 was GBP11,097,939 (31 December 2014: GBP5,790,631 and 30 June 2014: GBPnil).

	30 June 2015 GBP	31 December 2014 GBP	30 June 2014 GBP
COMPANY			
Current liabilities			
Loan payable[(1)]	16,500,000	23,330,000	—
Due to Subsidiary	58,819	118,675	—
Management fees	75,000	1,545,109	20,604
Administrator's fees	89,567	73,291	51,062
Custodian's fees	—	7,500	—
Directors and officers insurance		25,150	—
Valuation fees	96,000	54,100	150,500
Listing fees		5,927	—
Audit fees	30,497	19,250	51,269
Brokers fees	—	100,000	—
Executive Team's remuneration payable (see note 20)	—	45,906	203,230
Unsettled security investment purchases payable	249,965	—	—
Other payables	186,346	154,160	246,863
	786,194	2,149,068	723,528
COMPANY			
Non-current liabilities			
ZDP shares payable (see note 14)	21,518,010	20,054,090	—
	21,518,010	20,054,090	—

(1) ***Sancus Loan Facility with the Company***

During the period, and prior year, the Company had a loan facility to borrow up to GBP30 million ("the Loan Facility") through Sancus Limited ("Sancus"), a subsidiary of the Company as at the period end. Interest on the Loan Facility, which is secured over the Company's assets, is charged at 11 per cent. per annum.

As at 30 June 2015, the total loan payable under the Loan Facility was GBP16,500,000 (31 December 2014: GBP23,330,000 and 30 June 2014: GBPnil). GBP2,900,000 (31 December 2014: GBP3,000,000 and 30 June2014: GBPnil) of this balance was funded directly by Sancus, a subsidiary of the Company, and this element is eliminated on consolidation in the Group's Consolidated Statement of Financial Position. The outstanding accrued interest payable on the loan at the period end is GBP58,819 (31 December 2014: GBP118,675 and 30 June 2014: GBPnil) in the Company's financial statements and GBP10,337 in the Group's consolidated financial statements.

As at 30 June 2015, the Loan Facility falls due for repayment on 16 March 2016, with no automatic right to extend and as such the liability is classified as a current liability in these financial statements. Subsequent to the period end, on 13 August 2015, this Loan Facility was amended with the final repayment dated being extended to 15 March 2017. All other terms and conditions of the Loan Facility remain unchanged.

(2) ***Loan Facility with BMS Finance Sarl (the "Subsidiary")***

During the period, and prior year, BMS Finance Sarl issued Asset-Linked Notes, each having a par value of GBP1, to a provider of matched funding. The Notes have a term of ten (10) years from the initial closing date of 7 August 2014, subject to two (2) consecutive extensions of one (1) year each. Amounts payable relating to Asset-Linked Notes are subordinated to all other commercial debts of BMS Finance Sarl. As at 30 June 2015, GBP11,097,939 (31 December 2014, GBP5,790,631 and 30 June 2014: GBPnil) has been subscribed.

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

During the period ended 30 June 2015 GBP390,443 (31 December 2014: GBP15,720 and 30 June 2014: GBPnil) interest had been expensed in relation to the Asset-Linked Notes, with GBP406,163 (30 December 2014: GBP15,720 and 30 June 2014: GBPnil) remaining outstanding as at the period end.

13. Share Capital, Share Premium & Distributable Reserve

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

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

On 19 June 2015, 142,397 new Ordinary Shares were issued relating to shareholders who elected to take shares in lieu of cash from the Company's 2014 fourth quarter dividend.

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

On 2 April 2015, the Company issued 6,187,394 new Ordinary Shares in part payment for the Company's increased stake in TradeRiver Finance Limited.

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

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

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

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

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

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

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

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

	30 June 2015 Shares in issue	*31 December 2014 Shares in issue*	*30 June 2014 Shares in issue*
Share Capital			
Ordinary Shares – nil par value			
Balance at start of the period/year	172,960,021	140,266,411	140,266,411
Issued during the period/year*	41,471,822	32,693,610	651,853
Balance at end of the period/year	214,431,843	172,960,021	140,918,264

	30 June 2015 GBP	*31 December 2014 GBP*	*30 June 2014 GBP*
Share Premium			
Balance at start of the year	58,106,797	39,651,059	39,651,059
Issued during the year*	23,494,482	18,455,738	346,714
Balance at end of the year	81,601,279	58,106,797	39,997,773

* During the period, a total of 272,899 (31 December 2014: 1,172,080) new Ordinary Shares were issued for an aggregate value of GBP160,403 (31 December 2014: GBP478,202) relating to shareholders who elected to take shares in lieu of cash from the Company's dividends paid during 2015.

Distributable Reserve

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

As at 30 June 2015, 31 December 2014 and 30 June 2014, the Distributable Reserve stood at GBP34,802,740.

14. ZDP Shares Payable

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

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

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

Please refer to the last annual financial statements for full detail of the rights attached to the ZDP Shares.

15. Net asset value per Ordinary Share

GROUP

The Group net asset value per Ordinary Share is calculated by dividing the total consolidated net assets attributable to Ordinary Share holders at the period/year end of GBP92,897,657 (31 December 2014: GBP73,427,356 and 30 June 2014: GBP62,028,258) by the Ordinary Shares in issue at the end of the period/year being 214,431,843 (31 December 2014: 172,960,021 and 30 June 2014: 140,918,264).

COMPANY

The Company net asset value per Ordinary Share is calculated by dividing the total Company net assets attributable to Ordinary Share holders at the year end of GBP112,528,042 (31 December 2014: GBP88,215,686 and 30 June 2014: GBP68,389,317) by the Ordinary Shares in issue at the end of the period/year being 214,431,843 (31 December 2014: 172,960,021 and 30 June 2014: 140,918,264).

16. Cash generated from operations

	30 June 2015 GBP	*31 December 2014 GBP*	*30 June 2014 GBP*
Group:			
Loss for the period/year	(8,480)	(14,542,356)	(11,340,835)
Adjustments for:			
Net (losses)/gains on financial assets and liabilities at fair value through profit or loss	(1,777,467)	9,477,684	9,800,012
Net losses on Associates	2,317,884	620,670	949,992
Non-cash expenses	—	227,537	—
Amortisation/depreciation of fixed assets	36,711	207,170	95,895
Reclassification of foreign exchange reserve on sale of business combination	—	1,892,799	1,892,799
Changes in working capital:			
Trade and other receivables	(15,845,419)	(5,609,210)	(2,620,080)
Trade and other payables	(771,640)	21,924,525	10,265,391
Cash (outflow)/inflow from operations	(16,048,411)	14,198,819	9,043,174

	30 June 2015 GBP	*31 December 2014 GBP*	*30 June 2014 GBP*
Company:			
Profit for the year	5,259,399	6,683,901	1,442,280
Adjustments for:			
Net (gains)/losses on financial assets and liabilities at fair value through profit or loss	(5,132,949)	(6,529,030)	1,690,479
Non-cash Executive Team Bonus	—	227,537	—
Non-cash interest income	(698,843)	(507,039)	(572,920)
Non-cash inter-company write back	—	(67,589)	—
Changes in working capital:			
Trade and other receivables	(16,888,375)	(5,886,997)	(2,925,470)
Trade and other payables	(148,919)	1,934,677	455,048
Cash (outflow)/inflow from operations	(17,609,687)	(4,144,540)	89,417

17. Consolidated Subsidiary Undertakings

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

Subsidiary entity	*Date of incorporation*	*Country of incorporation*	*Nature of holding*	*Percentage holding*
Sancus Group Limited (formerly Secured Loan Investments Limited ("SGL"))	27 December 2013	Guernsey	Directly held – Equity Shares	100%
GLIF BMS Holdings Limited ("GBHL")[1]	5 November 2012	United Kingdom	Directly held – Equity Shares	66.67%
BMS Finance AB Limited ("BMS Finance AB")	24 November 2006	United Kingdom	Indirectly held – Equity Shares	100%*
NVF I Limited	10 September 2002	United Kingdom	Indirectly held – Equity Shares	100%*
NVF I LP	12 January 2003	Jersey	Indirectly held – Equity Shares	100%

Subsidiary entity	*Date of incorporation*	*Country of incorporation*	*Nature of holding*	*Percentage holding*
BMS Equity Limited (formerly NVF Equity Limited)	30 May 2007	Jersey	Indirectly held – Equity Shares	100%*
NVF Patents Limited	8 March 2013	Incorporated in Jersey, re-domiciled to Guernsey	Indirectly held – Equity Shares	100%
NVF Tech Limited (“NVF Tech”)	7 December 1995	United Kingdom	Indirectly held – Equity Shares	95%*
Finpoint Limited (“Finpoint”)	15 January 2014	United Kingdom	Directly held – Equity Shares	75%
Raiseworks LLC (“Raiseworks”)	5 December 2013	United States	Directly held – Equity Shares	50%
Sageworks Capital Inc (Sageworks”)	4 May 2011	United States	Indirectly held – Equity Shares	100%**
GLI Investments Holdings Sarl	13 May 2014	Luxembourg	Directly held – Equity Shares	100%
BMS Finance Sarl	29 July 2014	Luxembourg	Directly & Indirectly held – Equity Shares	50.92%***
GLI Finance (UK) Limited	21 October 2014	United Kingdom	Directly held – Equity Shares	100%
Sancus Limited (“Sancus”)	1 July 2013	Jersey	Directly held – Equity Shares	100%
Sancus (Guernsey) Limited	18 June 2014	Guernsey	Directly held – Equity Shares	100%
Subsidiaries acquired during the period				
GLI Asset Management Limited (“GLIAM”)	22 May 2015	Guernsey	Directly held – Equity Shares	100%
GLI Alternative Finance Guernsey Limited	20 April 2015	Guernsey	Directly held – Equity Shares	100%

(1) GBHL

- The non-controlling interest and voting rights percentage in GBHL is 33.33 per cent.;
- During the current period the profit allocated to the non-controlling interest amounted to GBP129,947 (31 December 2014: GBP26,354);
- As at 30 June 2015, the accumulated non-controlling interests in GBHL was GBP903,418 (31 December 2014: GBP773,471); and
- During the period ended 30 June 2015 and year ended 31 December 2014, there were no dividends paid to the non-controlling interest.

	30 June 2015 GBP	*31 December 2014 GBP*
Dividends received from GBHL during the period/year	–	–
Current assets	3,880,446	5,190,001
Non-currents assets	47,802,543	45,189,884
Current liabilities	(4,313,884)	(4,985,295)
Non-current liabilities	(43,900,492)	(43,455,540)
Total revenue	2,805,556	4,943,460
Net profit from continuing operations	1,536,595	304,067
Other comprehensive income	–	–
Total comprehensive income	1,536,595	304,067

Subsidiaries disposed of/liquidated during the prior year

Subsidiary entity	*Date of incorporation*	*Country of incorporation*	*Nature of holding*	*Percentage holding*
Noble Venture II Nominees Limited ("NV2N")	30 May 2007	United Kingdom	Indirectly held – Equity Shares	100%*
T2 CLO	11 October 2006	Cayman Islands	Directly held – Income Notes	100% residual economic interest

* Subsidiaries within the GBHL Group, percentage holding represents GBHL Group's holding in the underlying subsidiaries.

** Subsidiary of Raiseworks, percentage holding represents Raiseworks' holding in the underlying subsidiary.

*** GLIF directly controls 24.92 per cent. of the issued share capital and indirectly controls 25.25 per cent. of the issued share capital through GBHL.

18. Associated Undertakings

The Directors consider the following entities as material associated undertakings of the Group and Company as at 30 June 2015.

Name of Associate:	*Nature of holding*	*Country of incorporation*	*Percentage holding*	*Measurement – Group level*	*Measurement – Company level*
FundingKnight Holdings Limited ("FundingKnight")*	Directly held – Equity and Preference Shares	United Kingdom	24.81%	Equity Method	Fair Value
Platform Black Limited ("Platform Black")	Directly held – Equity and Preference Shares	United Kingdom	31.90%	Equity Method	Fair Value
Proplend Limited	Directly held – Equity	United Kingdom	22.50%	Equity Method	Fair Value
Crowdshed Limited	Directly held – Equity	United Kingdom	32.51%	Equity Method	Fair Value
Peratech Limited	Indirectly held – Equity	United Kingdom	25.00%	Equity Method	N/A
Liftforward Inc.	Directly held – Equity	United States of America	20.9%	Equity Method	Fair Value
Finexkap	Directly held – Equity	France	26.44%	Equity Method	Fair Value
Ovamba Solutions, Inc.	Directly held – Equity	United States of America	20.48%	Equity Method	Fair Value
The Credit Junction Holdings	Directly held – Equity	United States of America	23.1%	Equity Method	Fair Value
Funding Options Limited	Directly held – Equity and Preference Shares	United Kingdom	28.90%	Equity Method	Fair Value
TradeRiver Finance Limited(1)	Directly held – Equity and Preference Shares	Guernsey	46.68%	Equity Method	Fair Value
TradeRiver USA Inc	Directly held – Equity and Preference Shares	United States of America	30.25%	Equity Method	Fair Value
Open Energy Group Inc	Directly held – Equity	United States of America	21.57%	Equity Method	Fair Value
Associates disposed of during the period:					
Fair Oaks Income Fund Limited ("FOIF")(2)	Directly held – Equity	Guernsey	29.96%	Equity Method	Fair Value

(1) During the current period, the Company increased its stake in TradeRiver Finance Limited resulting in a change in classification of this entity from an investment to an Associate.

(2) During the current period, the Company sold its entire holding in FOIF resulting in FOIF being derecognised as an associated undertaking of the Company and Group in these annual financial statements.

* As at 30 June 2015, Mr Miller held 1,000 shares (31 December 2014: 1,000) (representing 0.1 per cent. of share capital) in FundingKnight Holdings Limited.

All the Associates held as at 30 June 2015, are considered individually immaterial. During 2014, FOIF was considered material.

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

As at 30 June 2015, there was GBPnil (31 December 2014: GBP32,007) relating to the Group's share in an Associate's losses that remained unrecognised when applying the equity method.

Please refer to note 21 for unrecognised commitments from the Group at 30 June 2015 and 31 December 2014.

19. Segmental Reporting

Operating segments are reported in a manner consistent with the reporting of the Executive Team to the Board. The Executive Team is responsible for allocating resources and assessing performance of the portfolio, as well as making strategic investment decisions, subject to the oversight of the Board of Directors. The Executive Team is responsible for the entire portfolio, including assets held at the Company level and the companies in the BMS Group subsidiaries, and considers the business to have a single operating segment. Although 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 UK and Europe. The Group has a diversified portfolio of investments and no single investment accounts for more than 10 per cent. of the Group's income.

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

20. Related Party Transactions

Non-executive Directors

As at 30 June 2015, the non-executive Directors' annualised fees, excluding all reasonable expenses incurred in the course of their duties which were reimbursed by the Company, were as detailed in the table below:

	30 June 2015 GBP	*31 December 2014 GBP*
Patrick Firth *(Chairman)*	50,000	50,000
Frederick Forni	37,500	37,500
James Carthew	40,000	40,000

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

The following significant inter-group company transactions took place during the current period:

Entity	*Relationship*	*Nature of Transaction*	*Balance 30 June 2015 GBP*	*Amount for the year ended 30 June 2015 GBP*
Platform accounts & corresponding interest				
GLIF & FundingKnight	Associates	FundingKnight Account held on behalf of GLIF	12,503,411	—
GLIF & FundingKnight	Associates	Interest on FundingKnight Account due to GLIF	510,817	289,738
GLIF & Platform Black Limited	Associates	Platform Black Account held on behalf of GLIF	1,391,703	—

Entity	*Relationship*	*Nature of Transaction*	*Balance 30 June 2015 GBP*	*Amount for the year ended 30 June 2015 GBP*
GLIF & Platform Black Limited	Associates	Interest on Platform Black Account due to GLIF	74,620	19,013
GLIF &Proplend	Associates	Proplend Account held on behalf of GLIF	2,645,000	—
GLIF & Proplend	Associates	Interest on Proplend Account due to GLIF	48,714	36,348
GLIF & GBHL	Subsidiaries	Loan payable to GLIF from GBHL	18,141,717	—
GLIF & GBHL	Subsidiaries	Loan interest payable to GLIF from GBHL	—	698,843
GBHL & BMS Finance AB	Subsidiaries	Loan receivable by GBHL from BMS Finance AB	11,177,822	—
GBHL & BMS Finance AB	Subsidiaries	Loan interest receivable by GBHL from BMS Finance AB	55,123	563,916
GLIF & BMS Finance Sarl	Subsidiaries	Loan receivable by GLIF from BMS Finance Sarl	5,548,970	—
GLIF & BMS Finance Sarl	Subsidiaries	Loan interest receivable by GLIF from BMS Finance Sarl	203,081	195,221
GBHL & BMS Finance Sarl	Subsidiaries	Loan receivable by GBHL from BMS Finance Sarl	5,622,959	—
GBHL & BMS Finance Sarl	Subsidiaries	Loan interest receivable by GBHL from BMS Finance Sarl	205,789	197,824
GLIF & Finexkap	Associates	Loan payable to GLIF from Finexkap	1,985,393	—
GLIF & Finexkap	Associates	Loan interest payable to GLIF from Finexkap	12,058	61,350
GLIF & LiftForward	Associates	Loan payable to GLIF from LiftForward	2,545,824	—
GLIF & LiftForward	Associates	Loan interest payable to GLIF from LiftForward	12,758	17,164
GLIF & Open Energy Group	Associates	Loan payable to GLIF from Open Energy Group	318,228	—
GLIF & Open Energy Group	Associates	Loan interest payable to GLIF from Open Energy Group	2,681	2,706
GLIF & Ovamba Solutions	Associates	Loan payable to GLIF from Ovamba Solutions	850,883	—
GLIF & Ovamba Solutions	Associates	Loan interest payable to GLIF from Ovamba Solutions	16,785	16,929
GLIF & The Credit Junction	Associates	Loan payable to GLIF from The Credit Junction	477,342	—
GLIF & The Credit Junction	Associates	Loan interest payable to GLIF from The Credit Junction	22,276	26,458
GLIF & Crowdshed	Associates	Loan payable to GLIF from Crowdshed	140,000	—
GLIF & Crowdshed	Associates	Loan interest payable to GLIF from Crowdshed	5,331	5,331

Entity	*Relationship*	*Nature of Transaction*	*Balance 30 June 2015 GBP*	*Amount for the year ended 30 June 2015 GBP*
GLIF & Crowdshed (Sandpit)	Associates	Loan payable to GLIF from Crowdshed (Sandpit)	71,429	—
GLIF & Crowdshed (Sandpit)	Associates	Loan interest payable to GLIF from Crowdshed (Sandpit)	1,716	6,716
GLIF & Finpoint	Subsidiaries	Loan payable to GLIF from Finpoint	300,000	—
GLIF & Finpoint	Subsidiaries	Loan interest payable to GLIF from Finpoint	13,019	13,019
GLIF & Raiseworks	Subsidiaries	Loan payable to GLIF by Raiseworks	1,272,912	—
GLIF & Raiseworks	Subsidiaries	Loan interest payable to GLIF by Raiseworks	184,572	79,792
GLIF & FundingKnight	Associates	Loan payable to GLIF by FundingKnight	—	250,000
GLIF & FundingKnight	Associates	Loan interest payable to GLIF by FundingKnight	—	14,219
GLIF & Platform Black Limited	Associates	Loan payable to GLIF by Platform Black	1,125,000	—
GLIF & Platform Black Limited	Associates	Loan interest payable to GLIF by Platform Black	54,369	54,369
GLIF & TradeRiver Finance Limited	Associates	Loan payable to GLIF by TradeRiver Finance Limited	225,000	—
GLIF & TradeRiver Finance Limited	Associates	Loan interest payable to GLIF by TradeRiver Finance Limited	20,178	21,718
GLIF & TradeRiver Finance Limited	Associates	Preference shares held by GLIF in TradeRiver Finance Limited	684,526	—
GLIF & TradeRiver Finance Limited	Associates	Preference shares interest due to GLIF by TradeRiver Finance Limited	88,080	13,317
GLIF & TradeRiver USA	Associates	Loan interest payable to GLIF by TradeRiver USA	—	4,792
GLIF & TradeRiver USA	Associates	Preference shares held by GLIF in TradeRiver USA	318,228	—
GLIF & TradeRiver USA	Associates	Preference shares interest due to GLIF by TradeRiver USA	11,299	11,382
GLIF & Finpoint	Subsidiaries	Preference shares held by GLIF in Finpoint	500,000	—
GLIF & Finpoint	Subsidiaries	Preference shares interest due to GLIF by Finpoint	64,479	22,315
GLIF & FundingKnight	Associates	Preference shares held by GLIF in FundingKnight	1,000,114	—
GLIF & FundingKnight	Associates	Preference share accrued coupon due to GLIF by FundingKnight	176,568	44,635
GLIF & Funding Options Limited	Associates	Preference shares held by GLIF in Funding Options Limited	749,882	—

Entity	*Relationship*	*Nature of Transaction*	*Balance 30 June 2015 GBP*	*Amount for the year ended 30 June 2015 GBP*
GLIF & Funding Options Limited	Associates	Preference share interest due to GLIF by Funding Options Limited	11,464	11,464
GLIF & Platform Black	Associates	Preference shares held by GLIF in Platform Black	999,908	—
GLIF & Platform Black Limited	Associates	Preference share accrued coupon due to GLIF by Platform Black	165,190	44,626
Other transactions				
GBHL & NVF Tech	Subsidiaries	Loan receivable by GBHL from NVF Tech assigned via BMS Finance AB	863,867	—
GBHL & BMS Equity Ltd	Subsidiaries	Loan receivable by GBHL from BMS Equity	272,050	—
GBHL & BMS Equity Ltd	Subsidiaries	Distribution to GBHL from BMS Equity	—	272,050
GBHL & BMS Finance Sarl	Subsidiaries	Advisory fees payable to GBHL from BMS Finance AB	—	225,750
BMS Equity Limited (formerly NVF Equity Limited) & NVF Tech	Subsidiaries	Advanced royalty payments from BVMS Equity to NVF Tech	1,770,698	204,566
NV2N & NVF Tech	Subsidiaries	Amount receivable to NVF Tech from NV2N	250,000	—
GLIF & Finpoint	Subsidiaries	Director fee payable to GLIF by Finpoint	30,000	30,000
GLIF & Sancus	Subsidiaries	Loan payable to GLIF from Sancus	20,316,625	—
GLIF & Sancus	Subsidiaries	Loan interest payable to GLIF from Sancus	636,773	636,773
Sancus & GLIF	Subsidiaries	Loan payable by GLIF to Sancus	16,500,000	—
Sancus & GLIF	Subsidiaries	Loan interest payable by GLIF to Sancus	58,819	1,046,475

There is no ultimate controlling party of the Company.

Directors' shareholdings in the Company

As at 30 June 2015, the Directors had the following beneficial interests in the Ordinary Shares of the Company:

	30 June 2015		*31 December 2014*	
	No. of Ordinary Shares Held	*% of total issued Ordinary Shares*	*No. of Ordinary Shares Held*	*% of total issued Ordinary Shares*
Patrick Firth *(Chairman)*	231,855	0.11	227,261	0.13
Geoff Miller	2,110,802	0.98	2,029,747	1.17
Frederick Forni	—	—	—	—
James Carthew	262,500	0.12	250,000	0.14
Emma Stubbs	59,782	0.03	20,000	0.03
Andrew Whelan	—	—	—	—

During the period Mr Firth, Mr Miller, Mr Carthew and Mrs Stubbs received total amounts of GBP5,739, GBP51,757, GBP6,406 and GBP1,484 (year ended 31 December 2014: GBP10,794, GBP75,708, GBP12,125 and GBP750) respectively from the Company by way of dividends on their Ordinary Share holdings in the Company.

In addition to the Directors' interests above, Marc Krombach, a member of the Executive Team and a person discharging managerial responsibility ("PDMR"), held 176,262 Ordinary Shares in the Company (0.08 per cent.) as at 30 June 2015.

See Note 22 for details of the Directors and PDMR interests in the Ordinary Shares of the Company between the period end and the date of this report.

As at 30 June 2015, there were no unexercised share options for Ordinary Shares of the Company (31 December 2014 and 30 June 2014: nil Ordinary Shares).

Transactions with the Directors/Executive Team

Please refer to the Remuneration Report on pages 32 and 34 of the financial statements for the year ended 31 December 2014 for full details of other transactions between the Company and the Directors/Executive Team.

21. Commitments and Contingencies

As at 30 June 2015, the Company and Group had the following aggregate commitments to loans denominated in Sterling, Euro and US Dollar, due to its Subsidiaries, Associates and other underlying investments:

Aggregate Loan Currency Commitment

	30 June 2015 *GBP*	*31 December 2014* *GBP*	*30 June 2014* *GBP*
Sterling	5,814,282	12,534,693	2,875,000
Euro	1,559,952	3,056,063	—
US Dollar	3,182,281	2,481,638	1,196,461
	10,556,515	18,072,394	4,071,461

22. Post Period end Events

Post period end platform purchases

On 18 August 2015, the Company completed the increase of its stake in Platform Black Limited, an associate of the Company, to 43.9 per cent., through the acquisition of shares from existing Platform Black Limited shareholders.

Directors and PDMR Interests

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

	No. of Ordinary Shares Held	*% of total issued Ordinary Shares with voting rights*
Patrick Firth *(Chairman)*	242,189	0.11
Geoff Miller	2,743,024	1.29
Frederick Forni	—	—
James Carthew	262,500	0.12
Emma Stubbs	61,083	0.03
Andrew Whelan	3,686,461	1.74

On 20 July 2015, the liquidator to Sancus Holdings Limited ("SHL") made a distribution ("Distribution") of Ordinary Shares of nil par value in the Company ("Ordinary Shares") to certain of SHL's shareholders, including Andrew Whelan, the Company's Chief Executive Officer and Director of Lending. The number of additional Ordinary Shares in the Company received by Mr Whelan for GBPnil consideration pursuant to the Distribution was 859,029. These additional shares are reflected in the figures per the table above.

On 30 July 2015, the liquidator to Sancus Holdings Limited ("SHL") made a distribution ("Distribution") of Ordinary Shares of nil par value in the Company ("Ordinary Shares") to certain of SHL's shareholders, including Geoffrey Miller and Andrew Whelan, the Company's Chief Executive Officer and Director of Lending respectively as participants in the SHL Employee Benefit Trust. The number of additional Ordinary Shares in the Company received by Mr Miller and Mr Whelan for GBPnil consideration pursuant to the Distribution was 628,319 and 2,827,432 respectively. These additional shares are reflected in the figures per the table above.

In addition to the Directors interests above, Marc Krombach, a member of the Executive Team and a person discharging managerial responsibility ("PDMR"), held 180,098 Ordinary Shares in the Company (0.09 per cent.) as at the date of these financial statements.

Dividend

On 21 July 2015, the Directors of the Company declared a dividend of 1.25p per Ordinary Share for the second quarter of 2015. The dividend was payable to shareholders on the register on the record date of 31 July 2015.

Amendment to Sancus Loan Facility

On 13 August 2015, the Loan Facility with Sancus was amended with the final repayment dated being extended to 15 March 2017. All other terms and conditions of the Loan Facility remain unchanged.

Scrip Dividend Shares – Additional Listing

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

New Fund

On 22 September 2015, the Company announced that it has successfully launched GLI Alternative Finance plc ("GLIAF"), a closed end fund focusing on a loan portfolio diversified by geography, asset class, duration and security. GLIAF intends to achieve its investment objective by investing in a range of loans originated principally through the investee platforms in which GLI holds strategic equity investments. GLIAF may also make investments through other third party alternative lending platforms that present suitable investment opportunities. GLIAF raised aggregate gross proceeds of GBP52.7m pursuant to the issue, as described in the prospectus published by GLIAF on 1 September 2015, under which a portfolio of loans has been transferred by GLI to GLIAF in consideration for the issue to GLIF of 40,270,763 shares in GLIAF. Admission of the GLIAF ordinary shares to trading on the Specialist Fund Market of the London Stock Exchange took place on 23 September 2015.

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

INVESTMENT OBJECTIVE

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

INVESTING POLICY

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

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

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

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

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

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

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

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

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

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

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

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