GLI Finance Limited

ANNUAL REPORT AND AUDITED CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

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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.

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

DIRECTORS' REPORT

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:

- T*he 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 **Financial assets**	**31 December 2014** **GBP**	31 December 2013 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.

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 Other income:	31 December 2014 GBP	31 December 2013 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.

5. FUND EXPENSES CONTINUED

Management Agreement CONTINUED

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	31 December 2014	31 December 2013
Other expenses:	**GBP**	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	Acquisition Cost	Intellectual Property Rights Amortisation and Impairment	Net Book value
	GBP	GBP	GBP
Brought forward	1,561,179	(94,782)	1,466,397
Additions	4,271,371	–	4,271,371
Disposals	–	–	–
Charge for the year	–	(207,170)	(207,170)
Carried forward	5,832,550	(301,952)	5,530,598

31 December 2013	Acquisition Cost	Intellectual Property Rights Amortisation and Impairment	Net Book value
	GBP	GBP	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

9. FINANCIAL ASSETS AND LIABILITIES CONTINUED

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