GLI Finance Limited

GLI Finance Limited

INTERIM REPORT AND AUDITED CONDENSED CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2014

CONTENTS

OFFICERS AND PROFESSIONAL ADVISERS

Directors:	Patrick Anthony Seymour Firth (Non-Executive Independent Chairman) Frederick Peter Forni (Non-Executive Independent Director) James Henry Carthew (Non-Executive Independent Director) Geoffrey Richard Miller (Executive Director) Emma Stubbs (Executive Director) The address of the Directors is the registered office.
Executive Team:	
Chief Executive Officer:	Geoffrey Miller
Chief Financial Officer:	Emma Stubbs
Registered office:	P.O. Box 296 Sarnia House Le Truchot St Peter Port Guernsey, GY1 4NA Channel Islands
Brokers:	Panmure Gordon & Co One New Change London, EC4M 9AF United Kingdom
Nominated Adviser:	Panmure Gordon & Co One New Change London, EC4M 9AF United Kingdom
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
Legal Advisers in the Channel Islands:	Carey Olsen P.O. Box 98 Carey House Les Banques St Peter Port Guernsey, GY1 4BZ Channel Islands

OFFICERS AND PROFESSIONAL ADVISERS CONTINUED

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 Eighteeenth and Arch Streets Philadelphia, PA 19103-2799 United States
Bankers:	Lloyds Bank International Limited PO Box 123 Sarnia House Le Truchot St Peter Port, GY1 4EF Channel Islands
Auditors:	Grant Thornton Limited P.O. Box 313, Lefebvre House Lefebvre Street St Peter Port Guernsey, GY1 3TF Channel Islands
Registrar:	Equiniti Limited Aspect House Spencer Road Lancing West Sussex, BN99 6DA United Kingdom
Public Relations:	Camarco 107 Cheapside London, EC2V 6DN United Kingdom Instinctif Partners 65 Gresham Street London, EC2V 7NQ United Kingdom

CHAIRMAN'S STATEMENT

I am pleased to report the results of GLI Finance Limited ("GLIF" or the "Company") for the six months ended 30 June 2014.

During the period the Company continued to deliver a stable capital performance despite a number of changes to the assets held, the most significant one in terms of absolute value being the disposal of our remaining CLO portfolio - including the original CLO holding within the Company T2 CLO 1 Ltd ("T2 CLO") - with the Company receiving part cash and partly an investment in Fair Oaks Income Fund Limited ("FOIF").

However, just as important within the period and more important for the long term success of the business was our acquisition of five new investments in Small and Medium Enterprise ("SME") finance platforms. This is in line with our strategic plan of orienting our SME finance activities from loans originated by third parties towards origination of SME finance through the platforms in which we have an equity interest and with whom we are working to develop a unique SME finance business, combining traditional SME finance disciplines with the fast-growing online alternative finance providers, many of whom would be described as "peer to peer" ("P2P") or marketplace lenders. The acquisitions made in this period bring the total number of investments in platforms by GLIF up to ten. The majority of these are still in relatively early days but 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 period we have completed a further three transactions and expect shortly to conclude on a further three, 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.

SME Investments

Our first origination platform, BMS Finance ("BMS") continues its progress and a deal was signed during the period with the UK Government's British Business Bank Investment Programme for a matched funding facility. We believe that this is a very positive step for the Company as the management team seek to build on their impressive track record. FundingKnight and Platform Black both continue to grow, as this industry becomes more established, and we feel positive about their future plans.

The investments made at the end of 2013 in Raiseworks, a P2P lender to SMEs based in the US and Sancus, an offshore P2P lending platform, are both showing signs of great potential and we look forward to seeing how these companies progress for the rest of 2014 and over the coming years.

New Investments

In the first three months of 2014, the Company made five new investments and in accordance with our stated strategy, these investments were all in SME finance companies.

- Finpoint UK, a UK lender to 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.

As with all of the platforms in which we have invested, these companies are seeking to provide an offering that is complementary to the mainstream banking sector, rather than attempting to take on the banks at their own game. This is important, as we believe that this will ensure our businesses maintain a return 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 30 June 2014, with another three additional investments shortly to conclude. More details on these are included in the Chief Executive Officer's Report. All six investments are in complementary areas to the current portfolio.

Performance and Dividend

In the first half of 2014, despite the hive of activity going on with the new investments, we continued to deliver a stable capital performance whilst the continuing strong income flow to the Company underpinned the stable dividend. During the first six months the Company paid 2.5p in dividends (vs 2.5p in the same period last year). 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 return as has been provided by the CLO portfolio. Therefore it is the intention that the dividends paid will continue to be paid on the same basis throughout the period of the Company's transition into the rapidly growing alternative finance market.

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, 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 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 a high cost base due to the external management of the CLO assets by an investment manager, which no longer applies since the management of GLIF is now entirely internalised at a considerably 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 GLIF's capital across a wide range of maturities. Over the period the volume of loans originated through GLIF's platforms increased by 48% to GBP41.0m, of which the amount GLIF invested through the platforms increased by 60% to GBP8.5m.

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 six month period, annualised in sterling terms, the ROE was 4.29%, as the dollar weakness in the period reduced sterling returns significantly. This equated in local currency terms to 12.26%, in the middle of our 10-15% target range.

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 the six month period ended 30 June 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 has now been fully invested into GLIF's underlying SME finance assets and the remaining holding in FOIF was valued, as at 30 June 2014, at GBP19.8m.

Financials

As at 30 June 2014, the Company had net assets of GBP68.4m, or 48.53p per share, compared to net assets of GBP70.1m, or 49.99p per share at 31 December 2013. The reason for the 2.99% decrease in NAV per share was the Company's sterling assets rising by 2.41p per share and its US dollar assets falling by 3.87p per share. This fall was partially offset by an increase of 1.5% in the value of the Company's equity shareholding in FOIF since its IPO on 12 June 2014 and an increase in the value of Raiseworks, the Company's US platform.

The comparative Group numbers show net assets attributable to equity holders decreasing from GBP74.1m as at 31 December 2013 to GBP62.0m as at 30 June 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 period ended 30 June 2014, GLIF received interest income, dividends and other income totalling GBP5.6m, compared to GBP6.2m for the comparable period in 2013. In the Chief Financial Officer's Report there is a reanalysed Company Statement of Comprehensive Income which provides a detailed breakdown which hopefully makes the numbers more understandable. Total operating expenses (including finance costs) increased slightly from GBP2.0m for the six months ended 30 June 2013 to GBP2.2m for the same period in 2014. Part of the reason for the increase in the current period was that for the first time the Company carried out an independent valuation of our SME portfolio. 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

There continue to be issues within the provision of SME finance globally. The banks are constrained by a number of factors. Firstly there is the risk averse nature of their approach at present, driven partly internally and partly externally as a reaction to the excesses of the past; secondly there is the move towards a more purely quantitative approach to credit underwriting that inevitably makes many businesses unbankable, and finally there is the approach towards capital that now requires the banks to provide more capital against certain types of business, making that business less profitable for the banks than historically was the case. The first of these three can be seen as a cyclical phenomenon, and there are already signs that the banks are tentatively beginning to push back against the regulators' more cautious approach. However, the other two factors will inhibit the banks' ability and desire to compete in many areas of SME finance for many years to come.

At the same time there is increasing acceptance of new, principally online, SME finance providers that are providing funding that is not available through the banks. As these new providers of finance grow, so interest amongst institutions to invest in the loan assets originated is growing. Many new platforms are moving towards a more institutional provision of capital to fill their loans, rather than a broader based P2P model. We expect this to continue and for there to be a realisation that access to loan origination capability has an inherent value in itself in time. Given that GLIF has a unique range of SME finance platforms, reaching across asset classes and geographies, the market conditions would seem to be extremely favourable.

Executive Team

In the 31 December 2013 annual report it was stated that Emma Stubbs joined the Company as Chief Financial Officer ("CFO") as part of the Executive Team, joining Geoff Miller our Chief Executive Officer ("CEO"). I am also delighted to say that Emma was appointed to the Board on 16 September 2014.

As the Company continues to expand and make further investments in SME finance companies, a third member will join the Executive Team and I am pleased to announce that Marc Krombach will be joining the Company as Managing Director in October 2014. Marc's role will be to support Geoff Miller in helping our range of platforms grow to their full potential.

Corporate Strategy

Our objective has always been, since the Company was founded nine years ago, 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, then to an internally managed finance company with the appointment of Geoff Miller as an Executive Director in April 2011 and now to a leading player in the alternative finance sector, managing a unique range of financing solutions for SMEs globally.

Outlook

The Company now has investments in thirteen platforms and this number will shortly increase to sixteen. We have a diversity of platforms which should provide some very substantial potential with an acceptable level of risk.

After a three and a half year period, from the acquisition of Asset Management Investment Company PLC to the completion of a range of transactions this period, GLIF has moved to a unique position. The Company is now beginning to resemble the coherent family of businesses that we have been seeking to achieve. 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. 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. As the Company has progressed, so the liquidity of our shares has increased, by 50% over the past six months following a 100% increase over the previous twelve months. 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: 22 September 2014

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. This continued reshaping has certainly been the case thus far this year, and we now sit as a unique business, working with a range of the world's best alternative finance platforms. Our challenge now is to convert our unique position, strategy, skill sets and experience into returns for investors.

We are building a range of partnerships with online and offline finance platforms that we believe have a sustainable competitive advantage, strong and experienced management teams, are complementary in approach to the traditional finance industry and have a strong qualitative and quantitative approach towards their business. We invest in and through these platforms to optimise returns to our shareholders.

However, it is not our goal to achieve simply a strategic position in the emerging alternative finance market without maintaining the financial returns that investors have come to expect from GLIF and we have two ways in which we are focused on ensuring that we generate cashflow through the business.

Firstly there is our approach of not only investing in the platforms but also in the underlying loans originated by the platforms. This achieves two things; firstly we generate attractive cash returns to support the dividend but secondly we can ensure that, whatever the market conditions, our platforms can fill the loans that they originate. This may seem an academic point in the current market conditions, when investors are seeking loan assets, but if there are any platforms that fail, it is inevitable that many investors will hold back from further investment for a time. Our platforms will not suffer in such an environment, indeed it may offer the opportunity to make progress against the competition, as others may need to rein in their growth for a period.

Secondly we are focused on ensuring that our platforms are run with an aim of building a profitable business, not just simply a large business. This runs contrary to many of the maxims of many investors in this space, because they have come from a technology background and believe that size is all that matters initially, profitability will follow and not learnt the lessons of the past that big companies as well as small ones in finance can become insolvent.

Our Chief Financial Officer's Report that follows this report covers the progress made in the first half of 2014 and therefore I will not dwell on the operational results. From a strategic standpoint, the first six months 2014 saw five 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 period we had ten platforms and these could be grouped into broad categories as shown in the table below.

Category	UK	Europe	US
Term Lending:	BMS Finance		Raiseworks
	FundingKnight		
	Finpoint		
	Proplend		
	Sancus		
Short Term/ Receivables Finance:	Platform Black	European Receivables Exchange	
Trade Finance:	TradeRiver		
Multi Asset/Other Assets:	CrowdShed		

Since the period end we have agreed a number of transactions that will significantly enhance our international business, broaden our range of businesses in which we have a stake, increase the range of activities in the US and Europe, diversify the asset classes served in the UK and introduce for the first time a business outside of the UK, US and Europe. To this end, the following strategic partnerships have been agreed:

Finexkap

GLIF economic interest 36.6% (expected to reduce to 26.44%) ordinary shares

GLIF invested EUR3m in Finexkap, a French web-based platform providing a revolutionary solution to working capital financing on 22 July 2014. The platform brings together SMEs and professional investors and provides a unique approach to receivables financing in a fast, user-friendly and highly secure environment.

LiftForward

GLIF economic interest 20.9% ordinary shares

On 28 August 2014, GLIF acquired a 20.9% interest in LiftForward, Inc., a SaaS company which operates P2P and 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 the 100 Microsoft Stores in the US and through the Microsoft Store website.

The Credit Junction

GLIF economic interest 23.1% ordinary shares

In September 2014, GLIF made a USD1.5M investment in The Credit Junction, 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.

TradeRiver USA

In September 2014, GLIF 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 GLIF'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.

UK Bond Network

GLIF has agreed to make an investment into UK Bond Network, a Peer-to-Peer Bond Platform which uses its syndicate of experienced investors to provide fast, flexible finance to businesses seeking debt funding. Its unique approach of structuring finance, combined with the Company's network of exclusively experienced investors, allows each bond to be specifically tailored to the issuing company.

Ovamba

GLIF has agreed to make an investment in Ovamba Solutions Inc, a peer-to-business investment platform that was created 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 has used the latest technology to connect the members of the more than 40 million strong African diaspora to investment opportunities in their home countries. African entrepreneurs now have reliable partners to help them build their home economies. They offer investors a transparent, secure platform where they can invest in loans that could potentially outperform other investment opportunities.

Finpoint Europe

GLIF is working with Finpoint Germany on a joint venture deal to create Finpoint Europe. Finpoint is an internet based matchmaking platform which is now well established in Germany, Austria and the UK. It offers SMEs access to finance, bringing together corporate borrowers, advisors and lenders. In order to meet SMEs lack of diversity of finance, we are planning to offer this service as soon as possible across 10 European countries. This Pan-European platform (styled SME Eurohub) will provide a "one-stop" window for companies requiring funding, including development loans and grants. The infrastructure will be a single, uniform database offering cross-border financing from banks, specialist lenders (leasing, factoring, trade finance), alternative lenders (peer-to-peer platforms, crowdfunders, pension funds, family offices) and public lending and investing entities. Since inception in 2011, the Finpoint group has completed Euro 0.5 billion in lending transactions and has 5,000 registered SME's seeking finance and 250 lenders offering their services.

The range of activities within the GLIF family post the transactions that are now in the pipeline will 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		LiftForward	
	Finpoint			
	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 eighteen months, been working to build a global network of leading SME finance businesses we now feel that we have a comprehensive group of relationships. 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 future.

The Future

The mix of business within the Company will be a function of the relative growth rates of the various businesses, but I think it is reasonable to expect that the single largest geographical exposure for the business will be the US, as it always has been, with the UK and Europe smaller but significant exposures. This balance of revenue streams should ensure that the Company has 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.

The largest movement in the Company's portfolio during the period was our exiting 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 given that the returns on CLO equity had come down to a similar level to that which can be obtained from unleveraged specialist lending assets, such as those originated through our platforms, it is logical for us to seek a staged exit to the CLO business altogether. During the period, 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 USD20.4m in cash and 34,298,425 shares in FOIF. The cash available was put to work within and through our finance platforms.

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 had a range of examples of transactions being referred amongst platforms within a particular jurisdiction and we have had our first examples of potential transactions being referred across borders, as well as platforms in one jurisdiction providing services to a client of a platform in a different jurisdiction. In order to ensure that this cross-referral and co-operation works, we work hard to ensure that our platforms are complementary with one another and not directly competing.

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 GLIF 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 GLIFs behalf to ensure that we are FATCA compliant.

As flagged in our last annual report issued March 2014, this year has seen an increasing institutionalisation of the P2P or Marketplace Lending sector. This reflects both the scale of the businesses and the diversity. There is currently a virtuous circle whereby the larger a platform's origination capability, the easier it is for that pipeline of business to be funded. We expect this to continue to be the case for the foreseeable future, as the weight of potential institutional money available to this asset class is considerable.

The Future CONTINUED

We have seen the first handful of securitisations in the US of marketplace lending, and we would expect Europe to follow in the latter part of this year or early next year. With this development the extent of potential institutional funding will multiply, as a range of institutional risk appetites can then be met from alternative finance assets. There will of course be a constraint to growth at some point, but the size of the potential market is currently a large multiple of the opportunities being funded by alternative finance platforms and therefore the current exponential growth has some way to go.

As the alternative finance platforms grow, 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, plus the ability to both fund the equity of the platform and the underlying loans, unlike most prospective investors in the sector.

In conclusion, our goal three and a half years ago when we started the reshaping of the business was to build within GLIF 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 GLIF, 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: 22 September 2014

CHIEF FINANCIAL OFFICER'S REVIEW

As commented on in the 31 December 2013 annual report, we have started to see a shift in the make up of the Company's income compared to prior years, which predominantly saw income arising from CLO assets being replaced by income earned from the increased investment in SME lending, which we believe offers sustainable high risk-adjusted returns.

The first six months of 2014 was a busy period of change for GLIF. The Company made five new investments in SME finance companies and also by the end of June 2014, and as covered in the Chief Executive Officers report; the entire CLO portfolio has been disposed of.

Portfolio Update

As at the 30 June 2014, at a Company level the portfolio was valued at GBP62.4m, made up of SME Platforms GBP16.7m, Loans GBP24.7m, Other GBP21.0m and net cash of GBP6m bringing the total Net Asset Value ("NAV") to GBP68.4m. This was in comparison to a NAV of GBP70.1m at 31 December 2013, comprising of a portfolio valuation of GBP68.9m, made up of CLO Portfolio GBP43.1m, SME Platforms GBP8.9m, Loans GBP15.5m, Other GBP1.4m and GBP1.2m net cash.

A breakdown of each category is noted below but the main points to note are that as previously discussed, all of the CLO portfolio was disposed of during the period and an investment in FOIF was made. The FOIF investment is included in 'Other' in the table below. The Company also completed investments in five new platforms, Finpoint UK, TradeRiver Finance, European Receivables Exchange, CrowdShed and Proplend during the period, causing this asset class to increase by 87% from 31 December 2013. The loans balance includes loans made though the platforms and to the platforms as well as other loans made in the period. This category increased by 60% from 31 December 2013. The net current assets of GBP6m at the end of June 2014 comprised mostly of cash following the disposal of the CLO investments, all of which was allocated to new acquisitions planned shortly after the period end.

Some statistics on the Company portfolio are set out in the tables below:

Asset Class	30 June 2014		31 December 2013		30 June 2013	
	GBPm	%	GBPm	%	GBPm	%
CLO Portfolio	–	0%	43.1	61%	42.8	61%
SME Platforms	16.7	24%	8.9	13%	1.4	2%
Loans	24.7	36%	15.5	22%	13.4	19%
Other	21.0	31%	1.4	2%	2.0	3%
Net Cash	6.0	9%	1.2	2%	10.0	15%
Total	**68.4**	**100%**	**70.1**	**100%**	**69.7**	**100%**

Geographical Split	30 June 2014		31 December 2013		30 June 2013	
	GBPm	%	GBPm	%	GBPm	%
Europe	1.6	2%	5.7	8%	1.1	1%
UK	56.7	83%	22.0	31%	13.0	19%
US	4.1	6%	41.2	59%	45.6	65%
Total investments	62.4	91%	68.9	98%	59.7	85%
Net current assets	6.0	9%	1.2	2%	10.0	15%
Total	**68.4**	**100%**	**70.1**	**100%**	**69.7**	**100%**

CLO Portfolio

The balance at the end of June 2014 was nil following the disposal of all of the CLO Portfolio in the period.

SME Platforms

The total value held in SME Platforms increased during the period by 87% from GBP8.9m at 31 December 2013 to GBP16.7m at 30 June 2014, following the five new investments in Finpoint UK, TradeRiver Finance, European Receivables Exchange, CrowdShed and Proplend.

An independent valuation on the SME Platforms was carried out in the period for the first time. The Board considered this report and reviewed the fair value of the platforms and where applicable adjusted the valuation of the platforms.

SME Platforms CONTINUED

BMS

The Company has a 66.7% equity stake in GBHL which at 30 June 2014 had an equity value of GBP1.2m (31 December 2013 GBP1.5m).

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 do not require a three year track record of profits. The loans are two to three year senior secured amortising loans of GBP500k-GBP4.5m and in addition to the loan itself BMS typically obtains a warrant or exit fee. The focus of the portfolio is business services and technology companies.

Towards the end of 2013 BMS agreed a GBP15m matched funding facility with the British Business Bank Investment Programme and it is expected that this money will start to be put to work in the second half of 2014. The GBP15m from the British Business Bank Investment Programme will be matched by GBP7.5m from GLIF and GBP7.6m from BMS Finance.

	30 June 2014 (GBPm)	31 December 2013 (GBPm)
GLIF Ordinary Shares	1.2	1.5
GLIF Preference Shares	–	–
Loan Book	17.1	12.6
GLIF Economic Interest	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.

FundingKnight provides SME finance through crowd funding from a broad base of investors. The maximum loan size is GBP150k and the maximum term is five years. An experienced in-house team of SME bankers, using both quantitative and qualitative analysis, underwrites the loans. The loan book has grown rapidly since our initial investment in July 2013 and we expect this to continue.

The business provides traditional small business banking delivered through modern architecture, in a way that is no longer possible through the "computer says yes/computer says no" approach of the larger banks. GLIF invested GBP1.5m in the ordinary shares and preference shares of FundingKnight for at least 20% of the business. The fair value of the investment in FundingKnight has increased to GBP3m (GBP2m of ordinary shares and GBP1m of preference shares) as at 30 June 2014, reflecting the progress of the business. GLIF also had a loan book originated through FundingKnight of GBP3.080m (GBP1.291m at 31 December 2013) by the end of June 2014. This is a broadly based book of UK SME loans.

	30 June 2014 (GBPm)	31 December 2013 (GBPm)
GLIF Ordinary Shares	2.0	0.5
GLIF Preference Shares	1.0	1.0
Loan Book	3.1	1.3
GLIF Economic Interest	6.1	2.8

Platform Black

The Company invested GBP2.0m for a combination of ordinary and preference shares in September 2013. The Board increased the valuation to GBP3.0m at the end of the period.

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.

The Directors' assessment of the fair value of GLIF's investment in Platform Black increased in the period from the purchase price of GBP2m to GBP3m (GBP2m of ordinary shares and GBP1m of preference shares).

Platform Black launched in June 2012 and by the end of June 2014 has financed invoices of over GBP67.3m, advancing over GBP59.2m in 1,392 auctions for periods of 30, 60 or 90 days. At the end of June 2014, GLIF had GBP1.1m invested through the platform (GBP163k at 31 December 2013).

	30 June 2014 (GBPm)	31 December 2013 (GBPm)
GLIF Ordinary Shares	2.0	1.0
GLIF Preference Shares	1.0	1.0
Loan Book	1.1	0.2
GLIF Economic Interest	4.1	2.2

Raiseworks

On the 19 December 2013, the GLIF invested USD1.5m in the US peer-to-peer SME lending business, Raiseworks, LLC ("Raiseworks") for an initial 50% holding which is expected to decrease to a 20% to 30% holding over time. The Raiseworks business began in 2011, to improve small business access to credit and to increase investment opportunities in small businesses. The Raiseworks team has spent the past two years building the platform, developing the credit underwriting model, establishing partnerships, and securing a broker dealer license.

The Raiseworks platform automates the private capital formation process by bringing increased efficiency and transparency to businesses and investors. It utilises one of the largest private company databases in the United States and a suite of proprietary, predictive algorithms in an effort to provide community members with an information advantage. The first two loans totalling USD0.4m were funded in May 2014.

The Directors' valuation of the GLIF equity stake in Raiseworks was increased from USD1.5m at 31 December 2013 to USD3.75m at 30 June 2014. This reflects both progress in building the business and a significant commitment to provision of loan capacity across the platform provided by an institutional investor. In addition, during the period GLIF made a USD2m loan to the Company for working capital purposes.

	30 June 2014 (GBPm)	31 December 2013 (GBPm)
GLIF Ordinary Shares	2.2	0.9
GLIF Preference Shares	–	–
Loan Book	1.2	–
GLIF Economic Interest	3.4	0.9

Sancus

On 6 December 2013, the Company acquired a 7.4% equity stake in Sancus and the option of acquiring up to GBP2.725m preference shares. During the period the GBP2.725m preference shares were fully paid up. The Board has considered the fair value of the equity holding at 30 June 2014, and taking into account the strong progress of the company, increased the valuation from GBP0.3m at 31 December 2013 to GBP0.74m at 30 June 2014.

Its target market is entrepreneurs, SMEs, HNWIs and professionals and it offers attractive returns to clients who wish to participate in co-investment lending opportunities. Sancus takes a holistic approach when reviewing complex borrowing opportunities and takes into consideration a potential borrower's total asset base, while making decisions quickly and providing certainty to potential borrowers. Sancus will also co-invest in all deals, providing comfort to fellow lenders, making its model somewhat similar to GLIF itself, albeit focused on offshore jurisdictions.

The loan book is growing rapidly, since the company opened for business in January 2014. As at 30 June 2014, the Company has now written GBP11.95m of loans (GBP6.0m in Q2 2014), average size GBP1.1m and 22 months average duration.

	30 June 2014 (GBPm)	31 December 2013 (GBPm)
GLIF Ordinary Shares	0.7	0.3
GLIF Preference Shares	2.7	2.7
Loan Book	–	–
GLIF Economic Interest	3.4	3.0

SME Platforms CONTINUED

Finpoint UK

Finpoint UK is a joint venture between CRX (the German company that owns Finpoint) and GLIF. The platform provides financial institutions with the opportunity to acquire loans direct from SMEs; a similar model to P2P, but with larger loan sizes and a solely institutional focus.

After a successful three years in Germany, Finpoint approached GLIF, as it wished to enter the UK market but wanted a local partner to help shape the strategy. On 24 January 2014, a new Company was created called Finpoint Ltd whereby GLIF purchased a 75% equity stake in the UK business for GBP0.75m and CRX subscribed for the remaining 25% for GBP0.25m. GLIF also subscribed to GBP0.5m of preference shares. The Company has been granted an exclusive perpetual license from CRX to use the Finpoint platform in the UK. The Company has made two small initial loans recently whilst the platform has been tested and now has an impressive loan pipeline due to go live in the coming month.

The Board has reviewed the fair value of the holding in Finpoint UK and has increased the carrying fair valuation of the equity held from GBP0.75m from the purchase price on 24 January 2014 to GBP1.0m at 30 June 2014. In addition, GLIF holds GBP0.5m of preference shares.

	30 June 2014 (GBPm)	31 December 2013 (GBPm)
GLIF Ordinary Shares	1.0	–
GLIF Preference Shares	0.5	–
Loan Book	–	–
GLIF Economic Interest	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 loan term is approximately 100 days and loan sizes average approximately GBP80,000. The Company has shown impressive growth rates in the last six months from financing GBP16.6m in a six month period compared to GBP14.8m in the full twelve months of 2013.

GLIF 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. As at 30 June 2014, GBP0.125m of the subordinated loan facility had been drawn down.

	30 June 2014 (GBPm)	31 December 2013 (GBPm)
GLIF Ordinary Shares	0.8	–
GLIF Preference Shares	–	–
Loan Book	0.1	–
GLIF Economic Interest	0.9	–

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 30 June 2014 the valuation was 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.

	30 June 2014 (GBPm)	31 December 2013 (GBPm)
GLIF Ordinary Shares	0.5	–
GLIF Preference Shares	–	–
Loan Book	–	–
GLIF Economic Interest	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. GLIF acquired a 46.8% equity stake in (expected to reduce to 26% over time) Crowdshed for GBP0.6m on 21 February 2014, giving GLIF exposure to the fast growing financial crowd funding industry. CrowdShed will also provide opportunities for GLIF to participate in a variety of assets as different products and funding campaigns are launched on the platform. The valuation at 30 June 2014 was GBP0.6m.

	30 June 2014 (GBPm)	31 December 2013 (GBPm)
GLIF Ordinary Shares	0.6	–
GLIF Preference Shares	–	–
Loan Book	–	–
GLIF Economic Interest	0.6	–

Proplend

On 7 March 2014, the Company acquired a 22.5% equity stake in Propend for GBP0.5m ordinary shares and the option of acquiring up to GBP0.5m preference shares. The valuation at 30 June 2014 was 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 GLIF has invested GBP0.31m on the platform in August 2014.

	30 June 2014 (GBPm)	31 December 2013 (GBPm)
GLIF Ordinary Shares	0.5	–
GLIF Preference Shares	–	–
Loan Book	–	–
GLIF Economic Interest	0.5	–

Subsequent to the period end, a further three investments in SME platforms were made, which has been referred to earlier in the CEO Report.

Loans

As at 30 June 2014, the Company's loan balance had increased from GBP15.5m at 31 December 2013 to GBP24.7m. The loan balance has increased by 60% in the period as funds received from the disposal of the CLO portfolio was utilised.

Platform Loans

Of the GBP24.7m loan balance, GBP22.6m of this related to loans on our platforms. The loan with GBHL which was GBP12.6m at 31 December 2013 increased to GBP17.1m in the period. The coupon rate of the loan is 8%. The loan amount invested through the FundingKnight platform increased from GBP1.3m at 31 December 2013 to GBP3.1m at the end of the period, typically with gross returns in excess of 11%. The Company also provides funding through the platform of Platform Black. At the 31 December 2013 this balance was GBP0.2m, which increased to GBP1.1m at the end of June 2014. The average IRR on Platform Black was greater than 13%. In addition, loans were made to two of the new platforms acquired since the December 2013 year-end. A USD2m bridging loan facility was made to Raiseworks at an interest rate of 12% and GBP0.13m with TradeRiver Finance whereby we have a GBP2m subordinated loan facility at an interest rate of 20%.

Other Loans

A deal was accepted in the period 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.

The loan with Lombardia Capital Partners ("LCP") remains in place with a carrying value of GBP0.7m (31 December 2013: GBP0.7m).

A further GBP1.4m was placed on loans with non-platform owned businesses at a rate of 12% to 12.5% during the period.

Other

Other balances held by the Company at the period end were GBP21.0m (31 December 2013: GBP1.4m).

As noted above the main reason for the increase in this balance is FOIF, which at 30 June 2014 was valued at GBP19.8m.

The balance also includes IFDC, a Japanese long-only equity manager. As at 30 June 2014, the value was GBP1.1m (31 December 2013: GBP1.1m).

The equity of Stratus Technologies Inc was disposed of during the period (Valuation at 31 December 2013 GBP0.4m).

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.

	30 June 2014 GBP	31 December 2013 GBP	30 June 2013 GBP
CLO investment income	4,693,695	11,309,643	5,643,993
BMS interest income	505,333	930,135	459,832
Interest on Platform Loans (non-BMS)	163,488	–	–
Interest on Other Loans	25,770	54,905	127,260
IFDC	–	169,430	–
Interest income and other fee income	9,558	10,649	5,635
Preference Share Income	181,646	–	–
Total income	5,579,490	12,474,762	6,236,720
Expenses	(2,184,236)	(4,085,439)	(2,025,750)
Profit for the period/year (reanalysed)	**3,395,254**	**8,389,323**	**4,210,970**
Reconciliation to Company Statement of Comprehensive Income:			
Realised loss on financial asset	(8,346,678)	(11,941,112)	-
Unrealised gain on financial asset	6,656,199	11,162,100	3,974,042
(Loss)/gain on foreign currency transactions	(262,495)	345,655	514,378
Profit for the period/year	**1,442,280**	**7,955,966**	**8,699,390**
Dividends paid in the period/year	3,512,312	6,556,713	3,277,400

In the reanalysed numbers, total income for the period of GBP5.6m was 10.5% down on the same period last year with interest from the CLO investment income being 16.8% down as the CLO portfolio was disposed of partway through the period and the CLO portfolio returns declined. This was compensated by an increase in the interest earned on the BMS loan, which had increased in the period from GBP12.6m to GBP17.1m along with interest earned on loans invested through the platforms which have previously been nil.

Expenses were 7.8% up on the same period last year from GBP2m to GBP2.2m. Although we saw the T2 management fees in the period decrease as they are linked to the valuation of the CLO portfolio, we also incurred in the period additional costs for the independent valuation on the portfolio which was carried out for the first time this period as well an accrual for the executive teams bonus pool which was nil in the previous period comparisons.

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 six months ended 30 June 2014 was GBP3.4m, compared to a profit of GBP4.2m for the same period in June 2013. This was a decrease of 19.4% or GBP0.8m. During the period GBP3.5m was paid in the way of dividends to shareholders with GBP3.3m paid out in the similar period last year.

Change in Net Asset Value

During the period, the NAV has decreased slightly from GBP70.1m to GBP68.4m, representing a 2.4% decrease. This comprises of net proceeds from the issue of new shares from the take up of scrip dividends of GBP0.3m, profits of GBP1.4m and dividends paid out of GBP3.5m.

During the period the number of shares in issue increased by 0.5% and the NAV per share went from 49.99p at the end of 2013, to 48.53p at the end of the period, being a decrease of 2.9%.

	GBP
Balance at 31 December 2013	70,112,635
Net Proceeds from Ordinary Shares issued	346,714
Profit for the period	1,442,280
Dividends Paid	(3,512,312)
Balance at 30 June 2014	**68,389,317**
Number of Shares in issue at 31 December 2013	140,266,411
Number of Shares in issue at 30 June 2014	**140,918,264**
NAV per Share at 31 December 2013	49.99p
NAV per Share at 30 June 2014	**48.53p**

FX Rates

The company has transactions in numerous currencies. The table below lists out the rates used for the periods/year ended 30 June 2014, 31 December 2013, and 30 June 2013:

		Rates of exchange v's GBP1	
Currency	**30 June 2014**	**31 December 2013**	**30 June 2013**
USD	1.7106	1.6557	1.5213
EUR	1.2493	1.2041	1.1693
HKD	13.2576	12.8394	11.7994
DKK	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. 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.

Operational risk:

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

Principal Risks and Uncertainties CONTINUED

Default Risk:
The Company is exposed to default risk from the loans made on the underlying platforms. The Executive Team closely monitor the loans made and are confident in the management skills in accessing risk, origination and recovery. The CEO is on the board of these platforms and is kept informed of procedures around risk and is also alerted to any possible defaults early on. To date the Company has a zero default rate in the loans it has invested in.

Compliance/Regulatory risk:
As a Guernsey Investment Company listed on the AIM market, the Company is required to comply with the AIM Rules. In conjunction with the Nomad, the Company Secretary monitors statutory requirements to ensure compliance with 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 provides compliance oversight and regular reporting of the Company’s adherence with the Law, applicable legislation issued by the GFSC and provides the Company with reporting channels under anti-money laundering legislation.

During the period under review, the Company and the relevant financial entities within the Group completed registration with the IRS in order to receive their Global Intermediary Identification Numbers. Management will continue to monitor developments to ensure that the Group remains FATCA compliant for the year ended 31 December 2014.

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: 22 September 2014

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

We have audited the condensed consolidated and Company financial statements (the "financial statements") of GLI Finance Limited (the "Company") for the six months ended 30 June 2014 which comprise Condensed Consolidated and Condensed Company Statements of Comprehensive Income, Condensed Consolidated and Condensed Company Statements of Financial Position, Condensed Consolidated and Condensed Company Statements of Changes in Equity, Condensed Consolidated and Condensed Company Statements of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Accounting Standard ("IAS") 34, "Interim Financial Reporting" as adopted by the European Union.

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

Respective responsibilities of Directors and Auditors

The Directors are responsible for the preparation of the financial statements which give a true and fair view.

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

Scope of the audit of the financial statements

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

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's and Group's affairs as at 30 June 2014 and of the Company's profit and Group's loss for the period then ended;
- are in accordance with IAS 34 as adopted by the European Union; and
- comply with The Companies (Guernsey) Law, 2008.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

Under The Companies (Guernsey) Law, 2008 we are required to report to you, if in our opinion:

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

Grant Thornton Limited

Chartered Accountants

St Peter Port, Guernsey, Channel Islands

Date: 22 September 2014

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	NOTES	Audited Period to 30 June 2014 GBP	Audited Year to 31 December 2013 GBP	Unaudited Period to 30 June 2013 GBP
Revenue				
Interest income		**4,500,107**	13,110,495	7,013,231
Dividend revenue		**627,857**	1,944,179	968,172
		5,127,964	15,054,674	7,981,403
Investment income				
Net (loss)/gain on financial assets and liabilities at fair value through profit or loss				
– Realised losses	*4 & 8*	**(4,776,853)**	(11,295,684)	(7,344,076)
– Net movement in unrealised gains	*8*	**5,033,284**	4,544,547	6,021,646
– Loss on disposal of subsidiary	*8*	**(10,056,443)**	–	–
		(9,800,012)	(6,751,137)	(1,322,430)
Other income	*6*	**1,243,812**	1,534,570	865,132
(Loss)/gain on foreign currency transactions		**(231,913)**	399,541	589,954
Total (loss)/income		**(3,660,149)**	10,237,648	8,114,059
Expenses				
Management fees		**851,992**	2,090,615	1,087,418
Administration and secretarial fees		**144,688**	206,072	142,970
Custodian fees		**21,660**	77,395	39,576
Legal and professional fees		**531,223**	629,825	414,888
Directors' remuneration		**72,490**	105,000	52,750
Directors' and officers' insurance		**11,015**	28,891	16,306
Audit fees		**39,649**	107,058	66,308
Independent valuation fees		**150,500**	–	–
Executive Team remuneration		**338,748**	161,783	75,000
Other expenses	*5*	**2,247,226**	2,660,715	972,695
Operating expenses before finance costs		**4,409,191**	6,067,354	2,867,911
Net (loss)/profit from operations before finance costs		**(8,069,340)**	4,170,294	5,246,148
– Finance costs		**(428,704)**	(2,284,840)	(1,106,243)
(Loss)/profit for the period/year after finance costs		**(8,498,044)**	1,885,454	4,139,905
Net losses on Associates	*8*	**(949,992)**	(118,716)	–
Reclassification of foreign exchange reserve on sale of subsidiary		**(1,892,799)**	–	–
(Loss)/profit for the period/year		**(11,340,835)**	1,766,738	4,139,905
Other comprehensive income				
Reclassification of foreign exchange reserve on sale of subsidiary		**1,892,799**	–	–
Foreign exchange on consolidation		**(848)**	(226,457)	405,796
Total comprehensive income for the period/year		**(9,448,884)**	1,540,281	4,545,701
(Loss)/profit attributable to:				
Equity holders of the Company		**(10,766,716)**	1,116,837	3,666,872
Non-controlling interest		**(574,119)**	649,901	473,033
		(11,340,835)	1,766,738	4,139,905
Total comprehensive income attributable to:				
Equity holders of the Company		**(8,874,765)**	890,380	4,072,668
Non-controlling interest		**(574,119)**	649,901	473,033
		(9,448,884)	1,540,281	4,545,701
Basic & diluted (loss)/earnings per Ordinary Share	*7*	**(7.66p)**	0.84p	2.84p

The accompanying notes on pages 26 to 43 form an integral part of these financial statements.

CONDENSED COMPANY STATEMENT OF COMPREHENSIVE INCOME

	NOTES	Audited Period to 30 June 2014 GBP	Audited Year to 31 December 2013 GBP	Unaudited Period to 30 June 2013 GBP
Revenue				
Interest income		**4,874,785**	10,574,839	5,262,914
Dividend revenue		**627,857**	1,889,274	968,171
		5,502,642	12,464,113	6,231,085
Investment Income				
Net loss on financial assets and liabilities at fair value through profit or loss				
– Realised losses	8	**(8,346,678)**	(11,941,112)	–
– Net movement in unrealised gains	8	**6,656,199**	11,162,100	3,974,042
		(1,690,479)	(779,012)	3,974,042
Other income	6	**76,848**	10,649	5,635
(Loss)/gain on foreign currency transactions		**(262,495)**	345,655	514,378
Total income		**3,626,516**	12,041,405	10,725,140
Expenses				
Management fees		**851,992**	2,090,615	1,087,418
Administration and secretarial fees		**99,027**	153,540	70,798
Custodian fees		**7,500**	15,572	8,024
Legal and professional fees		**309,880**	446,093	285,649
Directors' remuneration		**52,490**	105,000	52,750
Directors' and officers' insurance		**11,015**	28,891	16,306
Audit fees		**58,919**	44,100	21,869
Executive Team remuneration		**338,748**	161,783	75,000
Independent valuation fees		**150,500**	–	–
Other expenses	5	**298,176**	539,808	207,139
Operating expenses before finance costs		**2,178,247**	3,585,402	1,824,953
Net profit from operations before finance costs		**1,448,269**	8,456,003	8,900,187
– Finance costs		**(5,989)**	(500,037)	(200,797)
Profit for the period/year after finance costs		**1,442,280**	7,955,966	8,699,390
Total comprehensive income for the period/year		**1,442,280**	7,955,966	8,699,390
Basic & diluted earnings per Ordinary Share	7	**1.03p**	6.01p	6.73p

All of the profits for the current and prior periods/year are attributable to the equity holders of the parent.

The accompanying notes on pages 26 to 43 form an integral part of these financial statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	NOTES	Audited 30 June 2014 GBP	Audited 31 December 2013 GBP	Unaudited 30 June 2013 GBP
ASSETS				
Non-current assets				
Fixed assets – tangible		**20,404**	376	53,963
Fixed assets – intangible intellectual property		**3,828,270**	1,466,397	457,963
Fixed assets – intangible goodwill		**275,885**	–	633,341
Financial assets available for sale	8	**791,126**	791,126	–
Financial assets at fair value through profit or loss	8	**34,161,598**	198,734,550	216,330,912
Associates held at equity method accounting	8	**23,838,071**	5,001,161	–
		62,915,354	205,993,610	217,476,179
Current assets				
Financial assets at fair value through profit or loss	8	**3,205,702**	–	–
Trade and other receivables	10	**6,377,042**	3,295,679	2,202,363
Cash and cash equivalents		**12,638,772**	18,106,171	19,630,640
Assets held for sale		**–**	–	314,515
		22,221,516	21,401,850	22,147,518
Total assets		**85,136,870**	227,395,460	239,623,697
EQUITY				
Share premium	12	**39,997,773**	39,651,059	35,174,495
Distributable reserve		**34,802,740**	34,802,740	34,802,740
Foreign exchange reserve		**(848)**	(1,892,799)	(1,260,546)
Retained earnings		**(12,771,407)**	1,507,621	7,044,471
Capital and reserves attributable to equity holders of the Company		**62,028,258**	74,068,621	75,761,160
Non-controlling interest		**1,000,810**	992,344	1,107,974
Total equity		**63,029,068**	75,060,965	76,869,134
LIABILITIES				
Non-current liabilities				
Loan notes at fair value through profit or loss	11	**–**	137,767,085	157,082,117
Trade and other payables	11	**18,414,799**	8,971,204	–
		18,414,799	146,738,289	157,082,117
Current liabilities				
Trade and other payables	11	**3,693,003**	5,596,206	5,614,641
Liabilities held for sale		**–**	–	57,805
Total liabilities		**22,107,802**	152,334,495	162,754,563
Total equity and liabilities		**85,136,870**	227,395,460	239,623,697
Net Asset Value per Ordinary Share	13	**44.02p**	52.81p	57.78p

The financial statements were approved by the Board of Directors on 22 September 2014 and were signed on its behalf by:

Patrick Firth
Director

James Carthew
Director

The accompanying notes on pages 26 to 43 form an integral part of these financial statements.

CONDENSED COMPANY STATEMENT OF FINANCIAL POSITION

	NOTES	Audited 30 June 2014 GBP	Audited 31 December 2013 GBP	Unaudited 30 June 2013 GBP
ASSETS				
Non-current assets				
Other financial assets held at fair value through profit or loss	8	**24,918,686**	28,776,739	22,024,303
Subsidiaries held at fair value through profit or loss	8	**4,399,221**	34,285,809	37,629,045
Associates held at fair value through profit or loss	8	**26,938,010**	4,405,948	–
		56,255,917	67,468,496	59,653,348
Current assets				
Financial assets at fair value through profit or loss	8	**1,919,180**	–	–
Trade and other receivables	10	**5,051,296**	1,664,543	405,760
Cash and cash equivalents		**5,886,452**	4,040,663	10,249,132
		12,856,928	5,705,206	10,654,892
Total assets		**69,112,845**	73,173,702	70,308,240
EQUITY				
Share premium	12	**39,997,773**	39,651,059	35,174,495
Distributable reserve		**34,802,740**	34,802,740	34,802,740
Retained earnings		**(6,411,196)**	(4,341,164)	(318,427)
Total equity		**68,389,317**	70,112,635	69,658,808
LIABILITIES				
Current liabilities				
Trade and other payables	11	**723,528**	3,061,067	649,432
Total liabilities		**723,528**	3,061,067	649,432
Total equity and liabilities		**69,112,845**	73,173,702	70,308,240
Net Asset Value per Ordinary Share	13	**48.53p**	49.99p	53.12p

The financial statements were approved by the Board of Directors on 22 September 2014 and were signed on its behalf by:

Patrick Firth — Director

James Carthew — Director

The accompanying notes on pages 26 to 43 form an integral part of these financial statements.

CONDENSED 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 Audited	–	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 12)	–	5,736,975	–	–	–	5,736,975	–	**5,736,975**
Dividends paid*	–	–	–	–	(3,277,400)	(3,277,400)	–	**(3,277,400)**
Transactions with owners	–	5,736,975	–	–	(3,277,400)	2,459,575	–	**2,459,575**
Profit for the period	–	–	–	–	3,666,872	3,666,872	473,033	**4,139,905**
Other comprehensive income:								
Foreign exchange on consolidation	–	–	–	405,796	–	405,796	–	**405,796**
Total comprehensive income for the period	–	–	–	405,796	3,666,872	4,072,668	473,033	**4,545,701**
Balance at 30 June 2013 Unaudited	–	35,174,495	34,802,740	(1,260,546)	7,044,471	75,761,160	1,107,974	**76,869,134**
Net proceeds from Ordinary Shares issued (note 12)	–	4,476,564	–	–	–	4,476,564	–	**4,476,564**
Dividends paid**	–	–	–	–	(3,279,313)	(3,279,313)	–	**(3,279,313)**
Dividends paid to non-controlling interest	–	–	–	–	292,498	292,498	(292,498)	**–**
Transactions with owners	–	4,476,564	–	–	(2,986,815)	1,489,749	(292,498)	**1,197,251**
(Loss)/profit for the year	–	–	–	–	(2,550,035)	(2,550,035)	176,868	**(2,373,167)**
Other comprehensive income:								
Foreign exchange on consolidation	–	–	–	(632,253)	–	(632,253)	–	**(632,253)**
Total comprehensive income for the year	–	–	–	(632,253)	(2,550,035)	(3,182,288)	176,868	**(3,005,420)**
Balance at 31 December 2013 Audited	–	39,651,059	34,802,740	(1,892,799)	1,507,621	74,068,621	992,344	**75,060,965**
Acquisition of non-controlling interest	–	–	–	–	–	–	808,797	**808,797**
Disposal of non-controlling interest	–	–	–	–	–	–	(226,212)	**(226,212)**
Net proceeds from Ordinary Shares issued (note 12)	–	346,714	–	–	–	346,714	–	**346,714**
Dividends paid***	–	–	–	–	(3,512,312)	(3,512,312)	–	**(3,512,312)**
Transactions with owners	–	346,714	–	–	(3,512,312)	(3,165,598)	582,585	**(2,583,013)**
Loss for the period	–	–	–	–	(10,766,716)	(10,766,716)	(574,119)	**(11,340,835)**
Other comprehensive income:								
Foreign exchange transfer on disposal of subsidiary	–	–	–	1,892,799	–	1,892,799	–	**1,892,799**
Foreign exchange on consolidation	–	–	–	(848)	–	(848)	–	**(848)**
Total comprehensive income for the period	–	–	–	1,891,951	(10,766,716)	(8,874,765)	(574,119)	**(9,448,884)**
Balance at 30 June 2014 Audited	–	39,997,773	34,802,740	(848)	(12,771,407)	62,028,258	1,000,810	**63,029,068**

*During the period ended 30 June 2013, the Company made two dividend payments, totalling 2.5 pence per Ordinary Share.
**During the year ended 31 December 2013, the Company made four dividend payments, totalling 5.0 pence per Ordinary Share.
***During the period ended 30 June 2014, the Company made two dividend payments, totalling 2.5 pence per Ordinary Share.

The accompanying notes on pages 26 to 43 form an integral part of these financial statements.

CONDENSED 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 Audited	–	29,437,520	34,802,740	(5,740,417)	**58,499,843**
Net proceeds from Ordinary Shares issued (note 12)	–	5,736,975	–	–	**5,736,975**
Dividends paid*	–	–	–	(3,277,400)	**(3,277,400)**
Transactions with owners	–	5,736,975	–	(3,277,400)	**2,459,575**
Profit for the period	–	–	–	8,699,390	**8,699,390**
Total comprehensive income for the period	–	–	–	8,699,390	**8,699,390**
Balance at 30 June 2013 Unaudited	–	35,174,495	34,802,740	(318,427)	**69,658,808**
Net proceeds from Ordinary Shares issued (note 12)	–	4,476,564	–	–	**4,476,564**
Dividends paid**	–	–	–	(3,279,313)	**(3,279,313)**
Transactions with owners	–	4,476,564	–	(3,279,313)	**1,197,251**
Loss for the period	–	–	–	(743,424)	**(743,424)**
Total comprehensive income for the period	–	–	–	(743,424)	**(743,424)**
Balance at 31 December 2013 Audited	–	39,651,059	34,802,740	(4,341,164)	**70,112,635**
Net proceeds from Ordinary Shares issued (note 12)	–	346,714	–	–	**346,714**
Dividends paid***	–	–	–	(3,512,312)	**(3,512,312)**
Transactions with owners	–	346,714	–	(3,512,312)	**(3,165,598)**
Profit for the period	–	–	–	1,442,280	**1,442,280**
Total comprehensive income for the period	–	–	–	1,442,280	**1,442,280**
Balance at 30 June 2014 Audited	–	39,997,773	34,802,740	(6,411,196)	**68,389,317**

*During the period ended 30 June 2013, the Company made two dividend payments, totalling 2.5 pence per Ordinary Share.
**During the year ended 31 December 2013, the Company made four dividend payments, totalling 5.0 pence per Ordinary Share.
***During the period ended 30 June 2014, the Company made two dividend payments, totalling 2.5 pence per Ordinary Share.

The accompanying notes on pages 26 to 43 form an integral part of these financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	NOTES	Audited 30 June 2014 GBP	Audited 31 December 2013 GBP	Unaudited 30 June 2013 GBP
Cash flows from/(used in) operating activities				
Cash generated from operations	*14*	**9,043,174**	14,061,389	6,803,978
Purchase of investments		**(17,618,526)**	(117,309,344)	(84,339,221)
Sale of investments		**14,663,990**	5,658,879	2,792,234
Principal received		**45,911,093**	94,647,752	65,113,092
Net cash inflow/(outflow) from/(used in) operating activities		**51,999,731**	(2,941,324)	(9,629,917)
Cash flows (used in)/from investing activities				
Business combination (acquisition of Subsidiaries)		**(171,576)**	(60,658)	(100,000)
Business combination (disposal of Subsidiary)		**(25,187,441)**	–	–
Fixed assets acquired – tangible		**(20,027)**	(11,129)	(7,656)
Fixed assets disposed – tangible		**–**	63,018	–
Fixed assets acquired – intangible		**(1,853,677)**	(927,837)	(468,908)
Net cash outflow used in investing activities		**(27,232,721)**	(936,606)	(576,564)
Cash flows (used in)/from financing activities				
Cash paid on repurchase of loan notes		**(26,841,752)**	(8,418,018)	–
Ordinary Shares issued proceeds received		**–**	10,126,560	5,720,160
Non-controlling interest acquired		**(226,212)**	–	–
Dividends paid		**(3,165,597)**	(6,469,734)	(3,260,585)
Net cash (outflow)/inflow (used in)/from financing activities		**(30,233,561)**	(4,761,192)	2,459,575
Net decrease in cash and cash equivalents		**(5,466,551)**	(8,639,122)	(7,746,906)
Cash and cash equivalents at beginning of period/year		**18,106,171**	26,971,750	26,971,750
Effect of foreign exchange rate changes during the period/year		**(848)**	(226,457)	405,796
Cash and cash equivalents at end of period/year		**12,638,772**	18,106,171	19,630,640

The accompanying notes on pages 26 to 43 form an integral part of these financial statements.

CONDENSED COMPANY STATEMENT OF CASH FLOWS

	NOTES	**Audited 30 June 2014 GBP**	Audited 31 December 2013 GBP	Unaudited 30 June 2013 GBP
Cash flows from/(used in) operating activities				
Cash generated from operations	*14*	**89,417**	6,193,688	3,756,205
Purchase of investments		**(12,289,600)**	(12,647,207)	(2,013,898)
Sale of investments		**10,342,358**	504,237	–
Principal received		**–**	285,869	–
Net cash (used in)/from operating activities		**(1,857,825)**	(5,663,413)	1,742,307
Cash flows (used in)/from investing activities				
Business combination (acquisition of Subsidiary)		**(776,588)**	–	–
Business combination (disposal of Subsidiary)		**7,645,800**	–	–
Net cash inflow from investing activities		**6,869,212**	–	–
Cash flows (used in)/from financing activities				
Ordinary Shares issued proceeds received		**–**	10,126,560	5,720,160
Dividends paid		**(3,165,598)**	(6,469,734)	(3,260,585)
Net cash (outflow)/inflow (used in)/from financing activities		**(3,165,598)**	3,656,826	2,459,575
Net increase/(decrease) in cash and cash equivalents		**1,845,789**	(2,006,587)	4,201,882
Cash and cash equivalents at beginning of period/year		**4,040,663**	6,047,250	6,047,250
Cash and cash equivalents at end of period/year		**5,886,452**	4,040,663	10,249,132

The accompanying notes on pages 26 to 43 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 30 June 2014, the Group comprises the Company and its subsidiaries (please refer to note 15 for full details of the Company's subsidiaries).

2. PRINCIPAL ACCOUNTING POLICIES

(i) Basis of preparation

These condensed financial statements ("financial statements") have been prepared in accordance with International Accounting Standard (IAS) 34 'Interim Financial Reporting', as adopted by the European Union. They do not include all the information and disclosures required in annual financial statements and should be read in conjunction with the Company's annual audited financial statements for the year ended 31 December 2013, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as endorsed by the European Union.

The same accounting policies and methods of computation are followed in these financial statements as in the last annual financial statements for the year ended 31 December 2013.

Certain expense items included in the prior year/period 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.

These financial statements were authorised for issue by the Company's Directors on 22 September 2014.

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.
- IAS 28 Investments in Associates – amended by Investment Entities, effective for annual periods beginning on or after 1 January 2014.
- 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.
- IFRS 10 Consolidated Financial Statements – amended by Investment Entities, effective for annual periods beginning on or after 1 January 2014.
- 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 contains all of the information required to enable Shareholders and potential investors to make an informed appraisal of the investment activities and profits and losses of the Group and Company for the period to which it relates and does not omit any matter or development of significance.

2. PRINCIPAL ACCOUNTING POLICIES CONTINUED

(ii) Foreign currency translation

Translation differences on non-monetary items are reported as part of the fair value gain or loss reported in the Consolidated Statement of Comprehensive Income. The rates of exchange as at 30 June 2014 are as follows:

GBP1: USD1.7106
GBP1: EUR1.2493
GBP1: SEK11.4320
GBP1: CHF1.5170

Differences arising are dealt with in the Consolidated and Company Statements of Comprehensive Income.

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

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results. 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, such as the Market Capitalisation Approach, are used to determine fair values they are carried out by an independent valuation firm specifically engaged by the Group to carry out the valuations. Changes in assumptions could affect the reported fair value of financial instruments. See Note 8 for details of the carrying amounts at the 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.

Going Concern

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

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. These financial statements do not include all financial risk information and disclosures as required in annual financial statements and therefore should be read in conjunction with the last audited annual accounts for the year ended 31 December 2013. The primary objectives of the financial risk management function are to establish risk limits, and then ensure that exposure to risks stays within these limits. The operational and legal risk management functions are intended to ensure proper functioning of internal policies and procedures to minimise operational and legal risks. The risk management policies employed by the Group to manage these risks are the same as those in place during the prior year and were disclosed in the last annual audited financial statements for the year ended 31 December 2013.

4. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

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

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

The Group recognises transfers between levels of the fair value hierarchy (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 valued by the independent valuer 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.

4. FAIR VALUE OF FINANCIAL INSTRUMENTS CONTINUED

Fair value estimation continued

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

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

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

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

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

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

Subsidiaries

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

Investment in Associates

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

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

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

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

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

The Company has designated its investments in associates as fair value through profit or loss.

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.

4. FAIR VALUE OF FINANCIAL INSTRUMENTS CONTINUED

Fair value hierarchy continued

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

	NOTE	**30 June 2014 Audited Level 3 & Total GBP**	31 December 2013 Audited Level 3 & Total GBP	30 June 2013 Unaudited Level 3 & Total GBP
Assets				
Loans – broadly syndicated		**–**	162,460,743	194,776,511
Loans	*a*	**28,305,924**	20,187,404	10,066,814
Equity securities	*b*	**5,855,674**	5,733,763	4,389,743
CLO equity securities	*b*	**–**	10,352,640	6,556,301
Warrant securities	*c*	**–**	–	541,543
Current asset loans	*a*	**3,205,702**	–	–
Total		**37,367,300**	198,734,550	216,330,912
Liabilities				
CLO loan notes		**–**	137,767,085	157,082,117
Total		**–**	137,767,085	157,082,117
Net Fair Value		**37,367,300**	60,967,465	59,248,795

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 companies fail to meet their obligations, or management are of the view that it is likely in the future that the company may not meet its obligations in the future, a provision is made against the loan.

(b) Equity securities

The Group has a number of equity positions, which fall into three categories:

1. Investments in finance platforms
2. Investments in equity positions received from loan restructurings
3. Other equity investments

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

Investments in finance platforms (including Subsidiaries and Associates)

At the period end, the Group held investments in ten finance platforms: BMS Finance, Raiseworks LLC, Finpoint Limited, FundingKnight Holdings Limited, Platform Black Limited, Crowshed Limited, Proplend Limited, TradeRiver Finance Limited, Sancus Limited and European Receivables Exchange A/S.

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 carrying 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 and Finpoint 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 these subsidiaries, as these companies are consolidated into the Group consolidated financial statements.

4. FAIR VALUE OF FINANCIAL INSTRUMENTS CONTINUED

Investments in finance platforms (including Subsidiaries and Associates) continued

The Group uses the equity method to account for any investment in a platform is classified as an investment in an Associate. As at 30 June 2014, FundingKnight Holdings Limited, Platform Black Limited, Crowshed Limited, Peratech Limited and Proplend Limited are classified as Associates.

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

Investments in equity positions received from loan restructurings

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

Other equity investments

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

(c) Warrant security

There are two warrant securities held within GLIF BMS holdings Limited. By nature of the warrant securities being issued by companies that are relatively small and relatively early stage and unlisted, they have unobservable inputs and thus there is a high degree of uncertainty as to the equity value of the businesses and thus whether any value will ever attach to the warrants. For these reasons all of the warrants held by the Company are valued at zero, unless and until cash has been received by the Company in exchange for the warrant.

Level 3 fair value measurements

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

Period ended 30 June 2014	Loans - Broadly Syndicated GBP	Loans* GBP	Equity GBP	CLO Equity GBP	Warrants GBP	Total GBP
Audited						
Opening fair value	**162,460,743**	**20,187,404**	**5,733,763**	**10,352,640**	**–**	**198,734,550**
Purchases/loans advanced	**–**	**11,978,875**	**1,303,406**	**–**	**–**	**13,282,281**
Classification transfer in/(out)	**(724,617)**	**724,617**	**–**	**–**	**–**	**–**
Sales	**(5,115,053)**	**–**	**–**	**(9,703,304)**	**(306,916)**	**(15,125,273)**
Transfers out on sale of T2 CLO	**(115,224,866)**	**–**	**(129,979)**	**–**	**–**	**(115,354,845)**
Capital repayments	**(44,565,039)**	**(1,346,054)**	**–**	**–**	**–**	**(45,911,093)**
Gains and losses recognised in profit and loss:						
– realised	**(4,150,854)**	**(9,463)**	**–**	**(923,452)**	**306,916**	**(4,776,853)**
– unrealised	**5,818,172**	**(23,753)**	**126,970**	**274,116**	**–**	**6,195,505**
– net gain on transfer out of assets on sale of T2 CLO (see note 8)	**1,501,514**	**–**	**(1,178,486)**	**–**	**–**	**323,028**
Closing fair value	**–**	**31,511,626**	**5,855,674**	**–**	**–**	**37,367,300**

*As at 30 June 2014, GBP3,205,702 of the total loans balance of the Group is due within 12 months and has been classified as current assets on the Condensed Consolidated Statement of Financial position.

4. FAIR VALUE OF FINANCIAL INSTRUMENTS CONTINUED

Level 3 fair value measurements continued

31 December 2013	Loans - Broadly Syndicated GBP	Loans* GBP	Equity GBP	CLO Equity GBP	Warrants GBP	Total GBP
Audited						
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

Period ended 30 June 2013	Broadly Syndicated loans GBP	Equity GBP	CLO Equity GBP	Warrants GBP	Total GBP
Unaudited					
Opening fair value	177,980,350	3,335,241	4,479,376	410,146	186,205,113
Purchases/loans advanced	82,319,114	664,723	2,013,898	–	84,997,735
Sales	(3,142,234)	–	–	–	(3,142,234)
Capital repayments	(65,113,092)	–	–	–	(65,113,092)
Gains and losses recognised in profit and loss:					
– realised	(7,344,076)	–	–	–	(7,344,076)
– unrealised	20,143,263	389,779	63,027	131,397	20,727,466
Closing fair value	204,843,325	4,389,743	6,556,301	541,543	216,330,912

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	**Period ended 30 June 2014 Audited GBP**	Year ended 31 December 2013 Audited GBP	Period ended 30 June 2013 Unaudited GBP
Opening fair value	**(137,767,085)**	(142,376,297)	(142,376,297)
Transferred out on disposal of T2 CLO	**113,975,940**	–	–
Repurchases	**26,841,752**	8,418,017	–
Gains/(losses) recognised in profit and loss (see note 8):			
– realised on transferred out on disposal of T2 CLO	**4,882,527**	–	–
– unrealised	**(7,933,134)**	(3,808,805)	(14,705,820)
Closing fair value	**–**	(137,767,085)	(157,082,117)

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

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

5. EXPENSES

Other expenses

The table below details other charges during the period:

GROUP	30 June 2014 Audited GBP	31 December 2013 Audited GBP	30 June 2013 Unaudited GBP
Other expenses:			
Directors' expenses	**73,477**	65,863	30,922
Other staff costs	**579,410**	141,477	297,747
Other office and administration costs	**255,623**	197,346	68,167
Other investment management fees	**–**	948,966	256,619
NOMAD fees	**–**	58,059	34,712
Listing fees	**8,927**	18,637	9,884
Broker fees	**38,057**	33,588	7,753
CFO fees	**10,417**	125,000	62,500
Marketing expenses	**181,707**	63,020	19,071
AIC fees	**–**	3,903	3,330
Registrar fees	**9,918**	36,134	9,918
Investments expenses	**142,539**	632,860	3,125
Amortisation	**95,895**	52,767	–
Sundry	**851,256**	283,095	168,947
	2,247,226	2,660,715	972,695

COMPANY	30 June 2014 Audited GBP	31 December 2013 Audited GBP	30 June 2013 Unaudited GBP
Other expenses:			
Directors' expenses	**73,477**	65,863	30,922
Management expenses	**27,693**	–	–
Other office costs	**19,310**	–	–
NOMAD fees	**–**	58,059	34,712
Listing fees	**8,927**	16,967	9,884
Broker fees	**38,057**	33,588	7,753
CFO fees	**10,417**	125,000	62,506
Marketing expenses	**67,619**	63,020	19,071
AIC fees	**–**	3,903	3,330
Registrar fees	**9,918**	36,134	9,918
Sundry	**42,758**	137,274	29,043
	298,176	539,808	207,139

Non-executive Directors' fees remuneration

As at 30 June 2014, each of the non-executive Directors had entered into an agreement with the Company providing for them to act as a Director of the Company. There have been no changes to the remuneration paid to the non-executive Directors during the current period. Full details of fees paid to non-executive Directors are disclosed in the last annual financial statements, which should read in conjunction with these financial statements.

Executive Team's remuneration

There have been no changes to the remuneration structure payable to the Executive Team during the current period. Full details of the remuneration entitlements of the Executive Team are disclosed in the last annual financial statements, which should read in conjunction with these financial statements.

6. OTHER INCOME

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

GROUP	30 June 2014 Audited GBP	31 December 2013 Audited GBP	30 June 2013 Unaudited GBP
Other income:			
Net sales revenue	**–**	678,402	78,057
Other income on disposal of subsidiary	**67,290**	–	–
Assignment arrangement fees	**180,716**	505,498	249,629
Bank interest	**4,527**	34,559	22,108
Sundry income	**991,279**	316,111	515,338
	1,243,812	1,534,570	865,132

COMPANY	30 June 2014 Audited GBP	31 December 2013 Audited GBP	30 June 2013 Unaudited GBP
Other income:			
Other income on sale of business combination	**67,290**	–	–
Arrangement fees	**6,750**	–	–
Bank interest	**2,808**	10,649	5,635
	76,848	10,649	5,635

7. (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(10,766,716) (year ended 31 December 2013: GBP1,116,837 and period ended 30 June 2013: GBP3,666,872) by the weighted average number of Ordinary Shares outstanding during the period of 140,532,211 (year ended 31 December 2013: 132,471,555 and period ended 30 June 2013: 129,254,766). There was no dilutive effect for potential Ordinary Shares during the current or prior periods/year, therefore fully diluted consolidated earnings/(loss) per Ordinary Share is calculated in the same way as the undiluted consolidated earnings/(loss) per Ordinary Share described above.

Company earnings per Ordinary Share has been calculated by dividing the Company profit attributable to Ordinary Shareholders of GBP1,442,280 (year ended 31 December 2013: GBP7,955,966 and period ended 30 June 2013: GBP8,699,390) by the weighted average number of Ordinary Shares outstanding during the period of 140,532,211 (year ended 31 December 2013: 132,471,555 and period ended 30 June 2013: 129,254,766). There was no dilutive effect for potential Ordinary Shares during the current or prior periods/year, therefore fully diluted Company earnings/(loss) per Ordinary Share is calculated in the same way as the Company's undiluted earnings/(loss) per Ordinary Share described above.

Basic & diluted (loss)/earnings per Ordinary Share

GROUP & COMPANY Date	No. of shares	No. of days	Weighted average no. of shares
01/01/2014	140,266,411	79	61,221,251
20/03/2014	140,718,491	92	71,525,421
20/06/2014	140,918,264	10	7,785,539
30/06/2014 (Audited)		181	140,532,211
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 (Audited)		365	132,471,555

7. (LOSS)/EARNINGS PER ORDINARY SHARE CONTINUED

Basic & diluted (loss)/earnings per Ordinary Share continued

GROUP & COMPANY Date	No. of shares	No. of days	Weighted average no. of shares
01/01/2013	119,179,010	28	18,436,532
28/01/2013	131,096,010	140	101,400,229
17/06/2013	131,127,617	13	9,418,005
30/06/2013 (Unaudited)		181	129,254,766

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

8. FINANCIAL ASSETS AND LIABILITIES

GROUP	**30 June 2014 Audited GBP**	31 December 2013 Audited GBP	30 June 2013 Unaudited GBP
Debt securities of listed companies	**–**	33,483,894	36,121,533
Debt securities of unlisted companies*	**31,511,626**	149,164,253	168,721,792
Unlisted equity securities	**5,855,674**	5,733,763	4,389,743
Available for sale unlisted equity securities**	**791,126**	791,126	–
Unlisted CLO equity securities	**–**	10,352,640	6,556,301
Unlisted warrant securities	**–**	–	541,543
Unlisted investments in Associate at equity method accounting	**23,838,071**	5,001,161	–
	61,996,497	204,526,837	216,330,912
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	**24,314,301**	(11,295,684)	(7,344,076)
Realised gains on financial liabilities investments at fair value through profit or loss	**4,882,527**	–	–
	29,196,828	(11,295,684)	(7,344,076)
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	**(22,572,621)**	8,353,352	20,727,466
Unrealised loss on financial liabilities investments at fair value through profit or loss	**(7,933,134)**	(3,808,805)	(14,705,820)
	(30,505,755)	4,544,547	6,021,646
Net losses on Associates:			
Unrealised loss adjustment – due to loss of significant influence	**(1,162,221)**	–	–
Equity method accounting adjustment	**(949,992)**	(118,716)	–
	(2,112,213)	(118,716)	–

*As at 30 June 2014, GBP3,205,702 of the total loans balance of the Group is due within 12 months and has been classified as current assets on the Condensed Consolidated Statement of Financial position

**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 30 June 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 period end.

8. FINANCIAL ASSETS AND LIABILITIES CONTINUED

GROUP	30 June 2014 Audited GBP	31 December 2013 Audited GBP	30 June 2013 Unaudited GBP
Opening cost of investments	**177,480,148**	172,512,937	172,512,937
Purchases	**13,282,281**	116,906,576	84,997,735
Transfers out on sale of T2 CLO	**(115,360,813)**	–	–
Sales	**(15,125,273)**	(4,671,024)	(3,142,234)
Conversions	**–**	(713,744)	–
Realised loss of investments	**(4,776,853)**	(11,295,684)	(7,344,076)
Gain on transfer out of assets on sale of T2 CLO	**29,091,154**	–	–
Capital repayments	**(45,911,093)**	(95,258,913)	(65,113,092)
Closing cost of investments at period/year end	**38,679,551**	177,480,148	181,911,270
Closing unrealised (loss)/gain at period/year end	**(521,125)**	22,045,528	34,419,642
Closing fair value of investments at period/year end			
	38,158,426	199,525,676	216,330,912

Associates:

GROUP	30 June 2014 Audited GBP	31 December 2013 Audited GBP	30 June 2013 Unaudited GBP
Opening cost of Associates at equity method accounting	**5,119,877**	–	–
Purchases	**21,871,405**	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	**26,069,000**	5,119,877	–
Unrealised loss adjustment – due to loss of significant influence	**(1,162,221)**	–	–
Cumulative share in losses of associates	**(1,068,708)**	(118,716)	–
Closing value of Associates at equity method accounting	**23,838,071**	5,001,161	–

*On conversion of debt instrument.

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 period:

Period ended 30 June 2014:	**Total Gains/(losses) GBP**	**Relating to T2 CLO disposal GBP**	**Total Less T2 CLO 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	(23,734,842)	(28,768,126)	5,033,284
– realised	24,314,301	29,091,154	(4,776,853)
	579,459	323,028	256,431
(Losses)/gains on financial liabilities 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	(9,800,012)	(10,056,443)	256,431

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).

8. FINANCIAL ASSETS AND LIABILITIES CONTINUED

COMPANY	30 June 2014 Audited GBP	31 December 2013 Audited GBP	30 June 2013 Unaudited GBP
Debt securities of unlisted companies*	**20,982,192**	13,998,801	13,432,179
Unlisted equity securities	**5,855,674**	4,425,298	1,494,280
Unlisted CLO equity securities	**–**	10,352,640	6,556,301
Unlisted warrant securities	**–**	–	541,543
Other financial assets held at fair value through profit or loss	**26,837,866**	28,776,739	22,024,303
Subsidiaries held at fair value through profit or loss	**4,399,221**	34,285,809	37,629,045
Associates held at fair value through profit or loss	**26,938,010**	4,405,948	–
	58,175,097	67,468,496	59,653,348
Realised (loss)/gain on other financial assets at fair value through profit or loss	**(6,324,409)**	282,205	–
Realised loss on Subsidiaries at fair value through profit or loss	**(2,022,269)**	(12,223,317)	–
	(8,346,678)	(11,941,112)	–
Unrealised gain/(loss) on other financial assets at fair value through profit or loss	**6,219,259**	(1,306,768)	398,886
Unrealised (loss)/gain on Subsidiaries at fair value through profit or loss	**(1,657,230)**	12,485,189	3,575,156
Unrealised gain/(loss) on Associates at fair value through profit or loss	**2,094,170**	(16,321)	–
	6,656,199	11,162,100	3,974,042

*As at 30 June 2014, GBP1,919,180 of the total loans balance of the Group is due within 12 months and has been classified as current assets on the Condensed Company Statement of Financial position.

Other financial assets held at fair value through profit or loss:

COMPANY	30 June 2014 Audited GBP	31 December 2013 Audited GBP	30 June 2013 Unaudited GBP
Opening cost of other financial assets at fair value through profit or loss	**35,361,787**	24,889,799	24,889,799
Purchases	**8,969,921**	10,949,937	2,013,898
Sales	**(9,703,304)**	(474,285)	–
Realised gain on sales	**(6,324,409)**	282,205	–
Capital repayments	**(1,100,336)**	(285,869)	–
Cost of investments at period/year end	**27,203,659**	35,361,787	26,903,697
Unrealised loss at period/year end	**(365,793)**	(6,585,048)	(4,879,394)
Closing fair value of other financial assets at fair value through profit or loss at period/year end	**26,837,866**	28,776,739	22,024,303

Subsidiaries:

COMPANY	30 June 2014 Audited GBP	31 December 2013 Audited GBP	30 June 2013 Unaudited GBP
Opening cost of investment in Subsidiaries	**30,594,895**	42,848,164	42,848,164
Purchases	**776,588**	–	–
Sales	**(27,905,960)**	(29,952)	–
Transfer in on business combination classification change to Subsidiary	**922,282**	–	–
Realised loss on sales	**(2,022,269)**	(12,223,317)	–
Closing cost of investment in Subsidiaries at period/year end	**2,365,536**	30,594,895	42,848,164
Unrealised gain/(loss) at period/year end	**2,033,685**	3,690,914	(5,219,119)
Closing fair value of investment in Subsidiaries at fair value through profit or loss at period/year end	**4,399,221**	34,285,809	37,629,045

8. FINANCIAL ASSETS AND LIABILITIES CONTINUED

Associates: COMPANY	30 June 2014 Audited GBP	31 December 2013 Audited GBP	30 June 2013 Unaudited GBP
Opening cost of investment in Associates	**4,422,269**	–	–
Purchases	**21,360,174**	4,422,269	–
Transfer out on business combination classification change to Subsidiary	**(922,282)**	–	–
Closing cost of investment in Associates	**24,860,161**	4,422,269	–
Unrealised gain/(loss)	**2,077,849**	(16,321)	–
Closing fair value of investment in Associates at fair value through profit or loss	**26,938,010**	4,405,948	–

9. SUBSIDIARIES HELD AT FAIR VALUE THROUGH PROFIT OR LOSS

The following business combinations were acquired/controlled gained during the period:

Subsidiary	Acquisition/ Control Established Date	Consideration Transferred GBP	Fair Value of Net Assets on recognition of business combination GBP	Non-Controlling Interest at recognition of business combination GBP	Post Acquisition Losses Recognised During the Current Period GBP
Finpoint Limited ("Finpoint")*	24 January 2014	750,000	1,000,000	250,000	(207,029)
Raiseworks LLC** ("Raiseworks") #	1 January 2014	nil	(1) 1,117,520	558,760	(678,904)
GLI Investments Sarl*	1 April 2014	16,588	16,588	–	–

*acquisition made upon subsidiaries incorporation, net assets acquire was due to capitalisation only
**control for accounting purpose established on 1 January 2014, no consideration paid in the period
including Raiseworks' subsidiary Sageworks capital inc

GLI Investment Sarl did not commence trading during the current period.

(1) - The composition of the net assets of Raiseworks at the point control was gained was:

	GBP
Fixed assets intangible	905,621
Cash and Cash equivalents	211,559
	1,117,520

10. TRADE AND OTHER RECEIVABLES

GROUP	30 June 2014 Audited GBP	31 December 2013 Audited GBP	30 June 2013 Unaudited GBP
Balances held by Associates on behalf of the Group*	**4,175,904**	1,404,986	–
Accrued bank interest	**2,703**	4,090	5,092
Interest receivable	**466,270**	767,548	1,059,383
Security sales receivable	**461,283**	–	170,000
Other trade receivables and prepaid expenses	**1,270,882**	1,119,055	967,888
	6,377,042	3,295,679	2,202,363

COMPANY	30 June 2014 Audited GBP	31 December 2013 Audited GBP	30 June 2013 Unaudited GBP
Balances held by Associates on behalf of the Company*	**4,175,904**	1,404,986	–
Accrued bank interest	**2,703**	4,090	5,092
Interest receivable	**360,800**	236,576	231,186
Security sales receivable	**461,283**	–	–
Prepaid expenses	**50,606**	18,891	169,482
	5,051,296	1,664,543	405,760

*Other short term loans held through platforms.

11. TRADE AND OTHER PAYABLES

GROUP	30 June 2014 Audited GBP	31 December 2013 Audited GBP	30 June 2013 Unaudited GBP
Current liabilities			
Management fees	**20,604**	60,746	–
Administrator's fees	**52,816**	48,178	35,169
Custodian's fees	**–**	3,750	3,750
Audit fees	**66,488**	18,900	21,869
Independent valuation fees	**150,500**	–	–
Directors' fees	**20,000**	–	–
Executive Team's remuneration payable	**203,230**	821	13,461
Finance costs*	**–**	310,452	354,855
Deferred income**	**1,826,823**	1,074,921	2,131,000
Unsettled security investment purchases payable	**–**	2,725,000	658,514
Other payables	**1,352,542**	1,353,438	2,396,023
	3,693,003	5,596,206	5,614,641
Non current liabilities			
Deferred income**	**18,414,799**	8,971,204	–
CLO loan notes at fair value through profit or loss***	**–**	137,767,085	157,082,117
	18,414,799	146,738,289	157,082,117

*Interest on the loan notes was calculated on a weighted average interest rate of LIBOR plus 76 basis points.
**The deferred income represents the non-refundable advance royalty payment received from the licensees. This is amortised on a straight-line basis over 10 years.
***A reconciliation of the movements in CLO loan notes during the year is provided in Note 4.

11. TRADE AND OTHER PAYABLES CONTINUED

The loan notes represent the indebtedness of the CLO. The CLO was disposed of due the current period.

COMPANY	30 June 2014 Audited GBP	31 December 2013 Audited GBP	30 June 2013 Unaudited GBP
Current liabilities			
Due to Subsidiary	**–**	67,587	73,558
Management fees	**20,604**	60,746	-
Administrator's fees	**51,062**	48,178	35,169
Custodian's fees	**–**	3,750	3,750
Audit fees	**51,269**	18,900	21,869
Independent valuation fees	**150,500**	–	–
Directors' fees	**–**	–	–
Executive Team's remuneration payable (see note 5)	**203,230**	821	13,461
Unsettled security investment purchases payable	**–**	2,725,000	–
Other payables	**246,863**	136,085	501,625
	723,528	3,061,067	649,432

12. SHARE CAPITAL, SHARE PREMIUM & DISTRIBUTABLE RESERVE

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

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 GBP16,815 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 12 November 2012, following the acquisition of BMS Group, the Company issued 20,545,400 new Ordinary Shares (2,518,271 Placing Shares at a value of 47.215p per share and 18,027,129 Consideration Shares at a value of 49.7p per share).

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

As at 30 June 2014, 31 December 2013 and 30 June 2013, the Distributable Reserve stood at GBP34,802,740.

12. SHARE CAPITAL, SHARE PREMIUM & DISTRIBUTABLE RESERVE CONTINUED

Share Capital **Ordinary Shares – nil par value**	**30 June 2014 Audited Shares in issue**	31 December 2013 Audited Shares in issue	30 June 2013 Unaudited Shares in issue
Balance at start of the period/year	**140,266,411**	119,179,010	119,179,010
Issued during the period/year	**651,853**	21,087,401	11,948,607
Balance at end of the period/year	**140,918,264**	140,266,411	131,127,617

Share Premium	**30 June 2014 Audited**	31 December 2013 Audited	30 June 2013 Unaudited
Balance at start of the period/year	**39,651,059**	29,437,520	29,437,520
Issued during the period/year	**346,714**	10,213,539	5,736,975
Balance at end of the period/year	**39,997,773**	39,651,059	35,174,495

13. NET ASSET VALUE PER ORDINARY SHARE

GROUP

The Group net asset value per Ordinary Share is calculated by dividing the total consolidated net assets attributable to Ordinary Share holders at the period end of GBP62,028,258 (31 December 2013: GBP74,068,621 and 30 June 2013: 75,761,160) by the Ordinary Shares in issue at the end of the period being 140,918,264 (31 December 2013: 140,266,411 and 30 June 2013: 131,127,617).

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 GBP68,389,317 (31 December 2013: GBP70,112,635 and 30 June 2013: 69,658,808) by the Ordinary Shares in issue at the end of the period being 140,918,264 (31 December 2013: 140,266,411 and 30 June 2013: 131,127,617).

14. CASH GENERATED FROM OPERATIONS

Group:	**30 June 2014 Audited GBP**	31 December 2013 Audited GBP	30 June 2013 Unaudited GBP
(Loss)/profit for the period/year	**(11,340,835)**	1,766,738	4,139,905
Adjustments for:			
Net losses on financial assets and liabilities at fair value through profit or loss	**9,800,012**	6,751,137	1,322,430
Net losses on Associates	**949,992**	118,716	–
Non-cash income	**–**	(709,361)	–
Amortisation/depreciation of fixed assets	**95,895**	100,715	30,982
Reclassification of foreign exchange reserve on sale of business combination	**1,892,799**	–	–
Changes in working capital:			
Trade and other receivables	**(2,620,080)**	(1,769,782)	385,125
Trade and other payables	**10,265,391**	7,803,226	925,536
Cash inflow from operations	**9,043,174**	14,061,389	6,803,978

Company:	**30 June 2014 Audited GBP**	31 December 2013 Audited GBP	30 June 2013 Unaudited GBP
Profit for the period/year	**1,442,280**	7,955,966	8,699,390
Adjustments for:			
Net losses/(gains) on financial assets and liabilities at fair value through profit or loss	**1,690,479**	779,012	(3,974,042)
Non-cash income	**(572,920)**	–	–
Changes in working capital:			
Trade and other receivables	**(2,925,470)**	(1,148,773)	110,010
Trade and other payables	**455,048**	(1,392,517)	(1,079,153)
Cash inflow from operations	**89,417**	6,193,688	3,756,205

15. 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
GLIF BMS Holdings Limited ("GBHL")	5 November 2012	United Kingdom	Directly held - Equity Shares	66.67%
Secured Loan Investments Limited ("SLI")	27 December 2013	Guernsey	Directly held - Equity Shares	100.00%
BMS Finance AB Limited ("BMS Finance AB")	24 November 2006	United Kingdom	Indirectly held - Equity Shares	100.00%*
Noble Venture II Nominees Limited ("NV2N")	30 May 2007	United Kingdom	Indirectly held - Equity Shares	100.00%*
NVF Tech Limited ("NVF Tech")	7 December 1995	United Kingdom	Indirectly held - Equity Shares	95.00%**
Subsidiaries acquired during the period				
Finpoint Limited ("Finpoint")	15 January 2014	United Kingdom	Directly held - Equity Shares	75.00%
Raiseworks LLC ("Raiseworks")	5 December 2013	United States	Directly held - Equity Shares	50.00%
Sageworks Capital Inc ("Sageworks")	4 May 2011	United States	Indirectly held - Equity Shares	100.00%***
GLI Investments Holdings Sarl	13 May 2014	Luxembourg	Directly held - Equity Shares	100.00%
Subsidiaries disposed of/liquidated during the period				
T2 CLO	11 October 2006	Cayman Islands	Directly held - Income Notes	100% residual economic interest

* Subsidiaries of GBHL, percentage holding represents GBHL's holding in the underlying subsidiaries.
** Subsidiary of NV2N, percentage holding represents NV2N's holding in the underlying subsidiaries.
*** Subsidiary of Raiseworks, percentage holding represents Raiseworks' holding in the underlying subsidiary.

16. ASSOCIATED UNDERTAKINGS

The Directors consider the following entities as material associated undertakings of the Group and Company as at 30 June 2014.

Name of associate	Nature of holding	Country of incorporation	Percentage holding	Measurement – Group level	Measurement – Company level
FundingKnight Holdings Limited	Directly held - Equity and Preference Shares	United Kingdom	20.00%	Equity Method	Fair Value
Platform Black Limited	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	Directly held - Equity	Guernsey	29.96%	Equity Method	Fair Value
Crowdshed Limited	Directly held - Equity	United Kingdom	46.80%	Equity Method	Fair Value
Peratech Limited	Indirectly held - Equity	United Kingdom	25.00%	Equity Method	N/A

During the current period, 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 period, the Group acquired stakes in Proplend Limited, Fair Oaks Income Fund Limited, Crowshed Limited and Peratech Limited. Also during the current period, 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 15).

*As at 30 June 2014, Mr Miller held 1,000 shares (31 December 2013: 1,000) (representing 0.1% of share capital) in FundingKnight Holdings Limited.

17. SEGMENTAL REPORTING

Operating segments are reported in a manner consistent with the reporting of the executive management to the Board. The Executive Team is responsible for allocating resources and assessing performance of the portfolio, as well as making strategic investment decisions, subject to the oversight of the Board of Directors. The Executive Team is responsible for the entire portfolio, including assets held at the Company level 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.

18. RELATED PARTY TRANSACTIONS

The following transactions were carried out with related parties in addition to the related party transactions already disclosed in note 5 in the last annual audit financial statements for the year ended 31 December 2013, which should be read in conjunction with these financial statements:

Group & Company	30 June 2014 Audited GBP	31 December 2013 Audited GBP	30 June 2013 Unaudited GBP
Amounts incurred during the period year to related parties			
Fees to P Conroy as Chief Financial Officer to the Company	**10,417**	125,000	62,500
Fees to T2 Advisers, LLC	**681,633**	1,792,467	971,254
Amounts (prepaid)/due to related parties at the period/year end			
Fees due to P Conroy as Chief Financial Officer to the Company	**–**	–	10,417
Fees prepaid T2 Advisers, LLC	**–**	–	259,635

During the current and prior period/year, BMS Finance AB held an assignment advance with BMI Healthcare Ltd. BMI Healthcare Ltd has an outsourcing arrangement with Sunstone Outsourcing LLP, a partnership whose designated members have directors common to those of with BMS Finance AB. As at the period end, the total outstanding assignment advance due was GBP2.32m (31 December 2013: GBP2.36m).

The following significant inter-group company transactions took place during the period/year:

Entity	Relationship	Nature of Transaction	Balance 30 June 2014 GBP	Amount period ended 30 June 2014 GBP
T2 CLO 1 Limited	Subsidiary	Receipt of interest from the loan note	**–**	**3,998,547**
GLIF BMS Holdings Limited	Subsidiary	Loan payable to GLIF (and corresponding interest)	**17,096,395**	**505,333**
Raiseworks	Subsidiary	Loan payable to GLIF (and corresponding interest)	**1,169,180**	**27,281**
Funding Knight Holdings Limited	Associate	Amount held by the entity on behalf of the Company (and corresponding interest and gains from platform investments)	**3,080,000**	**116,009**
Funding Knight Holdings Limited	Associate	Preference shares held by GLIF in the platform (and corresponding interest)	**1,000,114**	**86,558**
Platform Black Limited	Associate	Amount held by the entity on behalf of the Company (and corresponding interest from platform investments)	**1,095,904**	**16,787**
Platform Black Limited	Associate	Preference shares held by GLIF in the platform (and corresponding interest)	**999,908**	**75,199**
Finpoint Limited	Associate	Preference shares held by GLIF in the platform (and corresponding interest)	**500,000**	**19,479**

Entity	Relationship	Nature of Transaction	Balance 31 December 2013 GBP	Amount year ended 31 December 2013 GBP
T2 CLO 1 Limited	Subsidiary	Receipt of interest from the loan note	–	9,589,798
GLIF BMS Holdings Limited	Subsidiary	Loan payable to GLIF (and corresponding interest)	12,591,062	930,135
Funding Knight Holdings Limited	Associate	Amount held by the entity on behalf of the Company	1,291,000	–
Platform Black Limited	Associate	Amount held by the entity on behalf of the Company	163,057	–

There is no ultimate controlling party of the Company.

18. RELATED PARTY TRANSACTIONS CONTINUED

Directors' shareholdings in the Company

As at 30 June 2014, the Directors had the following beneficial interests in the Ordinary Shares of the Company:

	30 June 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)	**217,374**	**0.15**	134,292	0.10
Geoff Miller	**1,627,541**	**1.15**	1,525,223	1.09
Frederick Forni	**–**	**–**	–	–
James Carthew	**250,000**	**0.18**	200,000	0.14

As at 30 June 2014, Mrs Stubbs, who was appointed as a Director of the Company on 16 September 2014, had a beneficial interest in 20,000 (31 December 2013: 20,000) Ordinary Shares in the Company.

19. COMMITMENTS AND CONTINGENCIES

There were no commitments or contingencies as at 30 June 2014 (31 December 2013 and 30 June 2014: none).

20. POST PERIOD END EVENTS

Post period end investment purchases

Please refer to the CEO Report for details of significant investments made since the Company's period end.

Directors Interests

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

	No. of Ordinary Shares Held	**% of total issued Ordinary Shares**
Patrick Firth (Chairman)	**221,781**	**0.16**
Geoff Miller	**1,643,821**	**1.17**
Frederick Forni	**–**	**–**
James Carthew	**250,000**	**0.18**
Emma Stubbs	**20,000**	**0.01**

Director Appointment

On 16 September 2014, Mrs Stubbs was appointed as a Director of the Company.

Dividend

On 16 July 2014, the Directors of the Company declared a dividend of 1.25p per Ordinary Share for the second quarter of 2014. The dividend was payable to shareholders on the register on the record date of 1 August 2014.

Scrip Dividend Shares – Additional Listing

On 18 September 2014, 105,600 new Ordinary Shares were issued relating to shareholders who elected to take shares in lieu of cash from the Company's 2014 second quarter dividend.

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

INVESTMENT OBJECTIVE AND INVESTING POLICY

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