GLI Alternative Finance plc

(Registered number 9682883)

Unaudited Interim Accounts

For the period from 13 July 2015 to 31 December 2015

Contents

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GLI Alternative Finance plc

Statement of Directors' Responsibilities

The Directors are responsible for preparing the unaudited Interim Accounts in accordance with applicable law and regulations.

Company law requires the Directors to prepare interim accounts for the period which are properly prepared in accordance with section 838 of the Companies Act 2006, or which have been so prepared subject only to matters which are not material for determining, by reference to items mentioned in section 836(1) of the Companies Act 2006, whether the proposed distribution would contravene the relevant section.

These financial statements constitute interim accounts that have been prepared in order that the Company can propose a distribution to shareholders. In accordance with section 836(2) of the Companies Act 2006, the Company must prepare interim accounts if it wishes to propose a dividend in the first accounting reference period of the Company, or before any statutory accounts have been completed in respect of that period.

In preparing these accounts, the Directors are required to:

- Make judgements and estimates that are reasonable and prudent;
- Select suitable accounting policies and then apply them consistently;
- State whether applicable accounting standards have been followed subject to any material departures disclosed and explained in the accounts; and
- Prepare the accounts on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors confirm that the accounts comply with the above requirements.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the unaudited Interim Accounts comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of accounts may differ from legislation in other jurisdictions.

To the best of our knowledge and belief the accounts have been properly prepared in accordance with the relevant provisions of the Companies Act 2006.

On behalf of the Board.

R.T. Hills

Richard Hills
Director
22 January 2016

GLI Alternative Finance plc

Statement of Comprehensive Income
for the period from 13 July 2015 to 31 December 2015

	Note	*Period from 13 July 2015 to 31 December 2015* *£'000*
Income		
Investment income		1,223
Total income		**1,223**
Operating expenses		
Management fees	*6a*	(105)
Administration fees	*6b*	(51)
Audit fees		(40)
Other expenses		(37)
Directors' remuneration	*6c*	(31)
Broker fees		(16)
Tax and accountancy fees		(14)
Custodian fees		(7)
Legal and professional fees		(7)
Total operating expenses		**(308)**
Investment gains and losses		
Movement in unrealised gains on loans		132
Movement in unrealised gains on investments at fair value through profit or loss		719
Total investment gains and losses		**851**
Net profit from operating activities before loss on foreign currency exchange		**1,766**
Net foreign exchange gain		13
Profit for the period		**1,779**
Earnings per Ordinary Share *(basic and diluted)*	*7*	**3.38 p**

All of the items in the above statement are derived from continuing operations.
There was no other comprehensive income in the period.

Statement of Changes in Equity
for the period from 13 July 2015 to 31 December 2015

	Note	*Called up share capital £'000*	*Share premium account £'000*	*Profit and loss account £'000*	*Total £'000*
Share capital issued	*9*	577	52,133	-	52,710
Share issue costs		-	(990)	-	(990)
Profit for the period	*10*	-	-	1,779	1,779
Dividends paid	*5*	-	-	(316)	(316)
At 31 December 2015		**577**	**51,143**	**1,463**	**53,183**

There was no other comprehensive income in the period.

GLI Alternative Finance plc

Statement of Financial Position
as at 31 December 2015

	Note	*31 December 2015*
		£'000
Non-current assets		
Loans		29,487
Investments at fair value through profit or loss		1,730
Total non-current assets		**31,217**
Current assets		
Loans		12,126
Prepayments		34
Accrued interest		489
Other receivables		5,326
Cash held on client accounts with Platforms		3,535
Cash and cash equivalents		723
Total current assets		**22,233**
Total assets		**53,450**
Current liabilities		
Other payables and accruals		(267)
Total liabilities		**(267)**
Net assets		**53,183**
Capital and reserves attributable to owners of the Company		
Called up share capital	9	577
Share premium account		51,143
Profit and loss account		1,463
Net assets		**53,183**

These unaudited Interim Accounts of GLI Alternative Finance plc (registered number 9682883) were approved by the Board of Directors on 22 January 2016 and were signed on its behalf by:

R.T. Hills

Richard Hills
Director
22 January 2016

Notes to the Unaudited Interim Accounts
for the period from 13 July 2015 to 31 December 2015

1. General information
The Company was incorporated in England and Wales under the Companies Act 2006 on 13 July 2015 with registered number 9682883 and its shares were listed on the London Stock Exchange Specialist Fund Market on 23 September 2015 ("Admission").

The Company is an investment company as defined in s833 of the Companies Act 2006.

2. Statement of compliance
a) Basis of preparation
These unaudited Interim Accounts have been prepared in accordance with International Accounting Standards Individual Accounts and comply with the Companies Act 2006 and reflect the accounting policies laid out below, which have been consistently applied throughout the period, unless otherwise stated.

b) Basis of measurement
The unaudited Interim Accounts have been prepared on a historical cost basis, except for loans and receivables which were initially valued at fair value plus any directly attributable transaction costs, and subsequently valued at amortised cost using the effective interest rate method, and investments, which are measured at fair value. The unaudited Interim Accounts have been prepared on a going concern basis (note 4i). These are the unaudited Interim Accounts of the Company, not the consolidated accounts of the Group.

c) Functional and presentation currency
The unaudited Interim Accounts are presented in Sterling, which is also the Company's functional currency as this is the currency of the primary economic environment within which the Company operates. All financial information presented in Sterling has been rounded to the nearest thousand except when otherwise indicated.

d) Segmental reporting
The Directors are of the opinion that the Company is engaged in a single economic segment of business, being investment in a range of SME loan assets.

e) Use of estimates and judgements
The preparation of unaudited Interim Accounts in conformity with International Financial Reporting Standards ("IFRSs") requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expense. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

Judgements made by management in the application of IFRSs that have a significant effect on the unaudited Interim Accounts and estimates with a significant risk of material adjustment in the next year are discussed in note 4.

3. Significant accounting policies
a) Foreign currency
Foreign currency transactions are translated into Sterling using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income. Translation differences on non-monetary financial assets and liabilities are recognised in the Statement of Comprehensive Income.

Notes to the Unaudited Interim Accounts *(continued)*
for the period from 13 July 2015 to 31 December 2015

3. Significant accounting policies *(continued)*

b) Financial assets and liabilities
The financial assets and liabilities of the Company are defined as loans, investments at fair value through profit or loss, cash and cash equivalents, other receivables and other payables.

Recognition
The Company recognises a financial asset or a financial liability when, and only when, it becomes a party to the contractual provisions of the instrument. Purchases and sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the marketplace are recognised on the trade date, i.e. the date that the Company commits to purchase or sell the asset.

Initial measurement
Financial assets and financial liabilities at fair value through profit or loss are recorded in the Statement of Financial Position at fair value. All transaction costs for such instruments are recognised directly in profit or loss.

Subsequent measurement
After initial measurement, the Company measures financial assets designated as loans and receivables at amortised cost using the effective interest method, less impairment allowance. Gains and losses will be recognised in the Statement of Comprehensive Income when the asset is derecognised or impaired. Interest earned or paid on these instruments will be recorded separately as interest income.

After initial measurement, the Company measures financial instruments which are classified at fair value through profit or loss at fair value. Subsequent changes in the fair value of those financial instruments are recorded in net gain or loss on financial assets and liabilities at fair value through profit or loss. Interest and dividend earned or paid on these instruments are recorded separately in interest income or expense and dividend income or expense.

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar assets) is derecognised where:
- The rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and
- Either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset (or has entered into a pass-through arrangement) and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset.

The Company derecognises a financial liability when the obligation under the liability is discharged, cancelled or expires.

c) Cash and cash equivalents
Cash and cash equivalents are defined as cash in hand, demand deposits and short-term, highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

d) Receivables and prepayments
Receivables are carried at the original invoice amount, less allowance for doubtful receivables. Provision is made when there is objective evidence that the Company will be unable to recover balances in full. Balances are written-off when the probability of recovery is assessed as being remote.

e) Transaction costs
Transaction costs incurred on the acquisition of loans will be capitalised upon recognition of the financial asset.

3. Significant accounting policies *(continued)*

f) Income and expenses

Bank interest and loan interest are recognised on a time-proportionate basis using the effective interest rate method.

Dividend income is recognised when the right to receive payment is established.

All expenses are recognised on an accruals basis. All of the Company's expenses (with the exception of share issue costs, which are charged directly to the distributable reserve) are charged through the Statement of Comprehensive Income in the period in which they are incurred.

g) Taxation

The Company is exempt from UK corporation tax on its chargeable gains as it satisfies the conditions for approval as an investment trust. The Company is, however, liable to UK corporation tax on its income. However, the Company intends to elect to take advantage of modified UK tax treatment in respect of its "qualifying interest income" in order to deduct all, or part, of the amount it distributes to Shareholders as dividends as an "interest distribution".

4. Use of Judgements and estimates

The preparation of the Company's unaudited Interim Accounts requires the Directors to make judgements, estimates and assumptions that affect the reported amounts recognised in the unaudited Interim Accounts and disclosure of contingent liabilities. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability in future periods.

Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have had the most significant effects on the amounts recognised in the unaudited Interim Accounts:

i) Going concern

After making reasonable enquiries, and assessing all data relating to the Company's liquidity, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and do not consider there to be any threat to the going concern status of the Company. Therefore, the unaudited Interim Accounts have been prepared on a going concern basis.

Estimates and assumptions

The Company based its assumptions and estimates on parameters available when the unaudited Interim Accounts were approved. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

i) Determination of functional currency

The performance of the Company is measured and reported to investors in Sterling. The Directors consider Sterling to be the currency that most accurately represents the economic effects of the underlying transactions, events and conditions.

ii) Recoverability of loans and other receivables

The Directors assess the recoverability of the Company's loans to determine whether any impairment provision is required. At the period end, there were no loans included in the Company's portfolio which the Directors considered were in default or were impaired. In addition, there was no accrued interest which the Directors considered to be uncollectable.

Notes to the Unaudited Interim Accounts *(continued)*
for the period from 13 July 2015 to 31 December 2015

5. Dividends
The Company intends to distribute at least 85% of its distributable income earned in each financial year by way of dividends. The Company will target a net dividend yield of 8% per annum of the Issue Price per Ordinary Share as at Admission. The Company intends to pay monthly dividends to Shareholders.

The Company declared two dividends during the period totalling £527,000. The first dividend of £316,000 was paid on 30 December 2015 and the second dividend of £211,000 will be paid on 29 January 2016.

As stated in the Company's Prospectus, the Company has elected to designate all of the first dividend for the period ended 31 December 2015 as an interest distribution to its shareholders. In doing so, the Company is taking advantage of UK tax treatment by "streaming" income from interest-bearing investments into dividends that will be taxed in the hands of shareholders as interest income.

In accordance with IFRS, dividends are only provided for when they become a contractual liability of the Company. Therefore, during the period, a total of £316,000 was incurred in respect of dividends. None of which was outstanding at the reporting date. The second dividend of £211,000 had not been provided for at 31 December 2015 as, in accordance with IFRS, it was not deemed to be a liability of the Company at that date.

6. Related parties and key contracts
a) Investment Manager (the "Manager")

The Company pays the Manager a fee at the below rates expressed as a percentage of the Company Value, where the Company Value shall mean the lower of Net Asset Value and Market Capitalisation:

- 0.75% per annum of the Company Value up to £100 million; and
- 0.50% per annum of the Excess, being such part of the Company Value in excess of £100 million.

For the period from Admission until 6 November 2015 (the date on which the Manager confirmed in writing that 90% of the net proceeds of the Issue had been invested or committed for investment), any cash instruments were excluded from the calculation of the net asset value for the purposes of determining the Management fee.

During the period, a total of £105,000 was incurred in respect of Management fees, of which £105,000 was payable at the reporting date.

b) Administration fees

Elysium is entitled to an administration fee of £100,000 per annum in respect of the services provided in relation to the administration of the Company, together with time based fees in relation to investment transactions. During the period, a total of £51,000 was incurred in respect of administration fees, of which £48,000 was payable at the reporting date.

A set-up fee of £25,000 was also paid to Elysium.

c) Directors' remuneration

Norman Crighton receives £35,000 per annum as remuneration for his role as Chairman, Richard Hills receives £30,000 per annum as remuneration for his role as chairman of the Audit and Valuation Committee and Nick Brind and David Stevenson receive £25,000 each per annum as remuneration for their roles as non-executive Directors.

During the period, a total of £31,000 was incurred in respect of Directors' remuneration, none of which was payable at the reporting date. No bonus or pension contributions were paid or payable on behalf of the Directors.

Notes to the Unaudited Interim Accounts *(continued)*
for the period from 13 July 2015 to 31 December 2015

6. Related parties and key contracts *(continued)*

d) Transactions with GLI Finance Limited

The Company purchased the subsidiary (see note 8) from GLI Finance Limited (the parent of the Manager) on Admission, in return for the 40,270,763 Ordinary Shares. In addition, during the period the Company purchased loans and associated interest of £4,675,000 from GLI Finance Limited and £1,250,000 from Sancus Limited (a subsidiary of GLI Finance Limited). As a matter of best practice and good corporate governance, the Company has adopted a related party policy which applies to any transaction which it may enter into with any Director, the Manager, or any of their affiliates which would constitute a "related party transaction" as defined in, and to which would apply, Chapter 11 of the Listing Rules. In accordance with its related party policy, the Company obtained: (i) the approval of a majority of the Directors; and (ii) a third-party valuation in respect of these transactions from an appropriately qualified independent adviser.

e) Transactions with subsidiary undertaking

Details of the transactions with the Company's subsidiary undertaking are disclosed in note 8.

7. Earnings per Ordinary Share

The earnings per Ordinary Share is based on a profit of £1,779,000 and on a weighted average number of 52,660,350 Ordinary Shares in issue since Admission. There is no difference between the basic and diluted earnings per share.

8. Investment in subsidiary undertaking

Details of the subsidiary undertaking held by the Company at 31 December 2015 were as follows:

Name of subsidiary undertaking	*Country of incorporation*	*Principal activity*	*% of ordinary shares held*
GLI Alternative Finance Guernsey Limited	Guernsey	Lending	100%

During the period, loans and associated interest of £41,178,000 were novated from the subsidiary undertaking to the Company. As at 31 December 2015, the investment in the subsidiary was valued at nil, comprising an investment at fair value through profit or loss of £41,089,000 less an amount of £41,089,000 due by the Company to the subsidiary.

Included in the movement in the unrealised gains on investments at fair value through profit or loss is an unrealised gain of £677,000 on the Company's investment in subsidiary.

Included in Investment income is an amount of £89,000, being a dividend received from the subsidiary.

9. Share capital

	31 December 2015 £'000
Authorised share capital:	
Unlimited number of Ordinary Shares at 1 pence each	-
50,000 Management Shares of £1 each	50
Called up share capital:	
52,660,350 Ordinary Shares at 1 pence each	527
50,000 Management Shares at £1 each	50
	577

During the period, 52,660,350 Ordinary Shares were issued at £1 each, together with 50,000 management shares at £1 each.

Notes to the Unaudited Interim Accounts *(continued)*
for the period from 13 July 2015 to 31 December 2015

10. Reserves
The Profit and Loss Account at 31 December 2015 comprised £928,000 of realised revenue profit, £851,000 of investment gains and losses and £(316,000) of dividends paid. The £211,000 dividend (see note 5), which was declared on 24 December, will be paid out of the £612,000 remaining realised revenue profit.

11. Post balance sheet events
There were no significant post balance sheet events.