NEUBERGER | BERMAN

INTERIM REPORT

UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

NB Distressed Debt Investment Fund Limited

SIX MONTHS ENDED 30 JUNE 2015

PARTNERING WITH CLIENTS FOR OVER 70 YEARS

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COMPANY OVERVIEW

The investment objective of NB Distressed Debt Investment Fund Limited and its subsidiaries (together the ''Company'') is to provide investors with attractive risk-adjusted returns through long-biased, opportunistic stressed, distressed and special situation credit-related investments while seeking to limit downside risk by, amongst other things, focusing on senior and senior secured debt with both collateral and structural protection. The Company consists of three different share classes, with different capital return profiles and in some instances different geographical remits.

The Ordinary Share Class ("NBDD") and the Extended Life Share Class ("NBDX") have been returning capital and capital profits respectively. The table below provides a breakout of all of the capital returned to investors by class since this process began, including those recently announced.

(USD in millions) Date	Ordinary Share Class	Extended Life Share Class	New Global Share Class	Aggregated
12-Feb-14	28.0	21.0	-	49.0
16-May-14	15.0	-	-	15.0
27-Aug-14	7.0	4.0	-	11.0
15-Dec-14	11.0	-	-	11.0
18-Mar-15	5.0	8.9	-	13.9
11-May-15	12.5	4.0	-	16.5
11-Sep-15	7.0	17.5	-	24.5
	85.5	**55.4**	**-**	**140.9**
Proportion of original capital	69%	15%	-	

On 3 March 2014, the Company announced that it had raised gross proceeds of approximately £111 million through the creation of a New Global Share Class ("NBDG"). 110,785,785 New Global Shares were admitted to trading on the Specialist Fund Market and the Official List of the Channel Islands Securities Exchange on 4 March 2014 under ISIN GG00BH7JH183.

NBDG has the remit to invest in the global distressed market with a focus on Europe and North America where the Manager has seen a growing pipeline of opportunities. The creation of NBDG has not impacted the structure or strategy of the existing NBDD and NBDX.

The portfolio is managed by the Chicago-based Distressed Debt team at Neuberger Berman, which sits within one of the largest and most experienced credit teams in the industry. Investment management services are provided to the Company by Neuberger Berman Fixed Income LLC, as the Company's Alternative Investment Fund Manager and Neuberger Berman Europe Limited, as the Company's Manager.

Company (As at 30 June 2015)	**NB Distressed Debt Investment Fund Limited (the "Company")** • Guernsey incorporated, closed-ended investment company • Trading on the Specialist Fund Market of the London Stock Exchange and listed on the Channel Islands Securities Exchange • 61,146,214 Ordinary Shares outstanding (Nil in Treasury) • 320,388,967 Extended Life Shares outstanding (Nil in Treasury)* • 110,785,785 New Global Shares outstanding (450,000 in Treasury)*
Manager and Alternative Investment Fund Manager (As at 30 June 2015)	**Neuberger Berman Europe Limited (the "Manager")** **Neuberger Berman Fixed Income LLC (the "Alternative Investment Fund Manager")** • A large team of 146 fixed income investment professionals • Portfolio Managers have an average of 24 years of industry experience • Total fixed income assets of approximately $107 billion • Over $38 billion in high yield bonds and loans • Non-investment grade research team of over 27 analysts

* The shares outstanding are based as of 30 June, 2015 are based on settlement date.

COMPANY OVERVIEW (CONTINUED)

(USD in millions, except per share data)	At 30 June 2015 Ordinary Share Class	At 30 June 2015 Extended Life Share Class	At 30 June 2015 New Global Share Class	At 30 June 2015 Aggregated
Net Asset Value	$74.4	$364.3	$141.0	$579.7
Net Asset Value per share	$1.2170	$1.1369	$1.2779	-
Investments	$63.7	$343.9	$138.5	$546.1
- Portfolio of Distressed Investments	$63.7	$333.9	$121.2	$518.8
- Temporary Investments	-	$10.0	$17.3	$27.3
Cash and Cash Equivalents	$11.6	$28.8	$10.8	$51.2

(US$ in millions, except per share data)	At 31 December 2014 Ordinary Share Class	At 31 December 2014 Extended Life Share Class	At 31 December 2014 New Global Share Class	At 31 December 2014 Aggregated
Net Asset Value	$93.9	$395.3	$153.0	$642.2
Net Asset Value per share	$1.2521	$1.1909	$1.3814	-
Investments	$87.4	$390.9	$154.1	$632.4
- Portfolio of Distressed Investments	$82.4	$372.9	$107.4	$562.7
- Temporary Investments	$5.0	$18.0	$46.7	$69.7
Cash and Cash Equivalents	$7.6	$29.0	$22.7	$59.3

*The shares outstanding are based on trade date. Per Note 11 the NAV was calculated based on shares issued per Note 9.

CHAIRMAN'S STATEMENT

Portfolio and Company Performance

Notwithstanding a difficult environment, as evidenced by the decline in net asset value (as further described below), the Company exited five investments during the first six months of 2015 which generated total returns of $9.3 million over the life of the investments. This continues a trend that has existed since the launch of the Company and has seen 34 exits, of which 33 have been at a profit and one at a modest loss. In addition to these exits, the Company receives distributions from some investment positions, primarily in real estate, which are being sold off in a planned manner over time. These long-term exits are progressing satisfactorily and will be reported as exits once the investments have concluded.

As at June 30 2015 the net assets value of the Company was $580 million, showing a decline $63 million from 31 December 2014, in part reflecting distributions to shareholders as well as the impact of share buybacks.

During the period to 30 June 2015, the Company distributed a further $30 million to investors in the Ordinary ("NBDD") and Extended Life ("NBDX") share classes, bringing the total returned since launch to $116 million. Since the period ending 30 June 2015, we were pleased to be able to announce further distributions of $7.0 million for NBDD and $17.50 million for NBDX. Please see Note 11 Subsequent Events, for further details.

The weakness in the price of the Company's shares offered opportunities for buy backs and, after consulting with the Company's portfolio managers, your Board spent just over $1.3 million repurchasing shares. While such buybacks are accretive to net asset value, your Board only intends to undertake such transactions when it believes that share price discounts have become excessive. The authority to buy back shares was renewed at the recent AGM and your Board will continue to keep the situation under review; further repurchases have taken place since the period end and are set out in Notes 1 and 11.

Turning to the individual classes:-

The NBDD class was diversified across 13 industries in 27 companies, with no single investment representing more than 11% of the class's total assets. Exits during the period for this class generated total returns of $2 million over the life of the investments. The net asset value decreased 2.80% from $1.2521 to $1.2170 per share.

NBDX was similarly diversified across 13 industries in 47 companies with no single investment representing more than 7% of the class's total assets. Exits during the period for this class generated $6.1 million of total returns over the life of the investments. The class saw a similar decline in net asset value of 4.53% from $1.1909 to $1.1369 per share. Based on trade date, 592,000 shares were repurchased during the period for a total consideration, including brokerage, of $661,325. The investment period for this Class expired on 31 March 2015 and proceeds from realisations will now be distributed periodically, subject to retaining appropriate amounts for working capital purposes.

And finally the Global Share class ("NBDG"), which has since the period end passed the 85% invested mark, held investments spread across 11 industries in 28 companies with no single investment representing more than 6% of the class's total assets. Exits during this period for this class generated £0.8 million of total returns over the life of the investments. This class saw a greater decline in net asset value, 8.30%, from £0.8860 to £0.8125 per share, reflecting in part the strength of Sterling against the US Dollar. Based on trade date buy backs of NBDG shares in the period totalled 550,000 at a cost of £421,125.

Outlook

With the investment periods of NBDD and NBDX concluded, the Company will continue to manage these classes' assets and return capital to shareholders. In the case of NBDG, we look forward to reaching full deployment of shareholders' cash in the coming months. Distressed debt opportunities remain attractive in the sectors which we favour, namely real estate, transportation and energy debt. The recent volatility of energy markets in the US, though challenging, offers fresh possibilities. The European bank sector looks especially attractive to our investment team. EU banks' disposal of Euro and US dollar loans could reach a run-rate of €100bn this year, and over €1trn of non-performing loans are estimated to remain on their balance sheets.

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Robin Monro-Davies
Chairman
26 August 2015

ALTERNATIVE INVESTMENT FUND MANAGER'S REPORT

Market Update[1]

We continue to believe the pipeline of distressed debt opportunities in real estate, transportation and energy debt is compelling. The recent volatility in energy markets continues to present new opportunities in the U.S. as the effect of lower energy prices is reflected in the global economy. Additionally, the overall decline in commodity prices could contribute to new opportunities in the distressed market as certain industries that are linked to commodity prices struggle.

EU banks increased their disposal of European and U.S. loans and assets to €91 billion in 2014, versus €64 billion in 2013, €46 billion in 2012, €36 billion in 2011 and €11 billion in 2010. €59 billion of debt sales have completed or were in progress in the first three months of 2015, on a run-rate to exceed €100 billion for the full year. However, over €1 trillion of non-performing loans remain on EU banks' balance sheets. We believe that the European regulatory environment may continue to facilitate further recognition and disposal of distressed loans.

Ordinary Share Class Portfolio ("NBDD")

Summary

We remain satisfied with the portfolio's investments to date. Given the volatility of the distressed debt markets in 2015 to date, we were gratified to protect our investors' capital while exiting two positions that contributed positively to NAV. The Company has announced its intention to make a third capital distribution to shareholders in the third quarter of 2015. We continue to see significant upside potential in the existing portfolio, which we expect to realise as we restructure and exit investments.

Portfolio Update

As at 30 June 2015, 94.5% of NBDD's NAV was invested in distressed assets. Unrestricted cash ended the period at 5.5% of NAV. NBDD's NAV per share decreased 2.8% in the first six months of the year, to $1.2170 from $1.2521 per share. We believe that performance comparison versus other distressed debt managers is indicated by the HFRI Distressed/Restructuring Index[2] which returned 0.5% in the first half of the year.

Performance in the distressed debt market during the first half of the year was challenging from a mark-to-market perspective. For example, the Credit Suisse and BAML distressed high yield indices [3,4] declined 14.1% and 4.4%, respectively, during the first half of the year. In our experience, times of market volatility and reduced liquidity can result in wider bid/ask spreads and can drive mark-to-market declines. We believe this dynamic has been intensified by a reduction in capital dedicated to market making activities by investment banks as a result of regulations brought in after the financial crisis.

Despite the mark-to-market volatility, we continue to actively manage the restructurings in our portfolio in order to generate profitable realisations through significant events (asset sale, legal outcome, foreclosure, etc.). We remain enthusiastic about the investments in the portfolio and expect to generate significant returns from current marks.

Exits

During the first quarter, we saw our 28th and 29th exit for NBDD since inception. While there were no exits for NBDD in the second quarter, we did receive distributions from multiple investments that were in the process of being wound down.

Capital Return

In August 2015, the Board of the Company resolved to return $7.0 million (equivalent to approximately $0.1143 per share) to holders of NBDD shares by way of a compulsory partial redemption of NBDD shares in the third quarter of 2015. To date, approximately $78.5 million has been distributed to shareholders and the above amount would bring the total amount distributed to $85.5 million since the realization phase for this share class or 69% of investors' original capital.

ALTERNATIVE INVESTMENT FUND MANAGER'S REPORT (CONTINUED)

Extended Life Share Class Portfolio ("NBDX")

Summary

We remain satisfied with the portfolio's performance to date. Given the volatility of the distressed debt markets in 2015 to date, we were gratified to protect our investors' capital whilst at the same time deploying the portfolio in attractive debt backed by hard assets. In the first quarter we exited five positions, which contributed positively to NBDX's NAV. Prior to the expiry of the investment period, distributions were made to reflect capital profits only arising from the exit of any assets attributable to the Extended Life Shares, with a total of $38 million in distributions made in 2014 and 2015.

On March 31, 2015, the Investment Period of NBDX expired. The assets of NBDX were put into run-off following such expiration. The net proceeds from the realization of such assets will be distributed to the NBDX Shareholders in such times and in such amounts as determined by the Board of Directors. The first such distribution after the expiry of the investment period is scheduled to be made in the third quarter of 2015. We continue to see significant upside potential in the existing portfolio, which we expect to realise as we restructure and exit investments.

Portfolio Update

As at 30 June 2015, 96.6% of NBDX's NAV was invested in distressed assets. Unrestricted cash ended the period at 3.4% of NAV. NBDX's NAV per share decreased 4.5% in the first half of 2015, to $1.1369 per share from $1.1909 per share. The primary drivers of NBDX's NAV decrease were secondary market price declines of positions. We believe that performance comparison versus other distressed debt managers is indicated by the HFRI Distressed/Restructuring Index[2] which returned 0.5% in the first half of the year.

Performance in the distressed debt market during the first six months of the year was challenging from a mark-to-market perspective. For example, the Credit Suisse and BAML distressed high yield indices [3,4] declined 14.1% and 4.4%, respectively, during the first half of the year. In our experience, times of market volatility and reduced liquidity can result in wider bid/ask spreads and can drive mark-to-market declines. We believe this dynamic has been intensified by a reduction in capital dedicated to market making activities by investment banks as a result of regulations brought in after the financial crisis.

Despite the mark-to-market volatility, we continue to actively manage the restructurings in our portfolio in order to generate profitable realisations through significant events (asset sale, legal outcome, foreclosure, etc.). We remain enthusiastic about the investments in the portfolio and expect to generate significant returns from current marks.

Exits

During the first quarter we saw our 28th, 29th, 30th, 31st and 32nd exits since inception. During the second quarter there were no new exits, although NBDX did receive distributions from multiple investments that were in the process of being wound down.

Capital Return

In August 2015, the Board of the Company resolved to return $17.5 million (equivalent to approximately $0.0547 per share) to holders of NBDX shares by way of a compulsory partial redemption of NBDX shares. To date, approximately $37.9 million has been distributed to shareholders and the above amount would bring the total amount distributed to $55.4 million for this share class or 15% of investors' original capital.

ALTERNATIVE INVESTMENT FUND MANAGER'S REPORT (CONTINUED)

New Global Share Class Portfolio ("NBDG")

Summary

We remain satisfied with the portfolio's performance to date. Despite a challenging environment in the distressed markets, we continue to seek attractive debt backed by hard assets and actively manage restructurings in the portfolio. We continue to see significant upside potential in the existing portfolio, which we expect to realise as we restructure and exit investments.

Portfolio Update

As at 30 June 2015, 86.3% of NBDG's NAV was invested in distressed assets. NBDG has investments in 28 names across 11 industries. The largest sector concentrations were in lodging & casinos, utilities, shipping, and oil & gas. In the first quarter we added new positions in the oil & gas and air transportation sectors. We also added incremental exposure to existing names in the shipping, oil& gas, power, casino and metals sectors. In the second quarter we added new positions in the oil & gas sector and added incremental exposure to industrial, shipping and oil & gas sectors.

NBDG's NAV per share decreased 8.3% in the first six months of 2015, to 81.25 pence from 88.60 pence. We want to highlight as stated in the NBDG prospectus, NBDG is a Pound Sterling denominated fund and there is no currency hedging for NBDG. During the first half of 2015, foreign exchange volatility was significant and over 50% of decline in NAV was due to changes in foreign exchange rates in the period. We believe that performance comparison versus other distressed managers is indicated by the HFRI Distressed/Restructuring Index[2] which returned 0.5% in the first half of 2015.

Performance in the distressed debt market during the first six months of the year was challenging from a mark-to-market perspective. For example, the Credit Suisse and BAML distressed high yield indices [3,4] declined 14.1% and 4.4%, respectively, during the first half of the year. In our experience, times of market volatility and reduced liquidity can result in wider bid/ask spreads and can drive mark-to-market declines. We believe this dynamic has been intensified by a reduction in capital dedicated to market making activities by investment banks as a result of regulations brought in after the financial crisis.

Despite the mark-to-market volatility, we continue to actively manage the restructurings in our portfolio in order to generate profitable realisations through significant events (asset sale, legal outcome, foreclosure, etc.). We remain positive about the investments in the portfolio and expect to generate significant returns from current marks.

Exits

During the first quarter we saw three exits in NBDG, our 3rd, 4th and 5th since inception. These exits contributed positively to NBDG's NAV. There were no exits during the second quarter.

1. Source: Data from PWC dated July 2015 and March 2015.
2. The HFRI Distressed/Restructuring Index reflects distressed restructuring strategies which employ an investment process focused on corporate fixed income instruments, primarily on corporate credit instruments of companies trading at significant discounts to their value at issuance or obliged (par value) at maturity as a result of either formal bankruptcy proceeding or financial market perception of near term proceedings (provided by Hedge Fund Research, Inc.).
3. Credit Suisse High Yield Index is designed to mirror the investible universe of the $US-denominated high yield debt market. The distressed/default rating index includes issuers who have filed for bankruptcy protection or missed a coupon payment and the grace period has expired; Standard & Poor rating is D,CC or C and/or Moody's rating is Ca or C (provided by Credit Suisse).
4. The BofA Merrill Lynch US Distressed High Yield Index is a subset of the BofA Merrill Lynch US High Yield Index including all securities with an option-adjusted spread greater than or equal to 1,000 basis points. The BofA Merrill Lynch US High Yield Index tracks the performance of US dollar denominated below investment grade corporate debt publicly issued in the US domestic market (data source: Bloomberg).

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Neuberger Berman Fixed Income LLC
26 August 2015

DIRECTORS BIOGRAPHIES

Robin Monro-Davies (Chairman)

Robin Monro-Davies served as a regular officer in the Royal Navy from 1958-1968, operating as a carrier pilot mainly in the Far East. He subsequently obtained a Master of Science degree from the Sloan School of Management, Massachusetts Institute of Technology in Boston ("MIT"). On leaving MIT, Mr Monro-Davies spent a year as an investment analyst on Wall Street and then joined Fox-Pitt Kelton ("FPK"). FPK became one of the U.K.'s leading independent brokerage and research houses and Mr Monro-Davies was appointed joint Chief Executive Officer ("CEO") in 1976. In 1978, Mr Monro-Davies was appointed CEO of IBCA, FPK's newly established independent bank credit rating business, in addition to his role as FPK's CEO. He continued as CEO of IBCA following his retirement from FPK in 1992, developing the business to become Fitch, the world's third largest rating agency. Mr Monro-Davies retired as CEO of Fitch at the end of 2001. Since then he has acted in various Non-executive roles and currently is Chairman of Assured Guaranty Limited in Bermuda. He is also on the board of two listed investment trusts. Mr Monro-Davies was educated at St. Paul's School, London, and the Britannia Royal Naval College, Dartmouth.

John Hallam (Chairman of the Audit Committee)

John Hallam is a fellow of the Institute of Chartered Accountants in England and Wales and qualified as an accountant in 1971. Previously, Mr Hallam was a partner at PricewaterhouseCoopers and retired in 1999 after 27 years with the firm in Guernsey and in other countries. He is a director of BH Global Limited, alongside Mr Morgan, and a number of other financial services companies, some of which are listed on the London Stock Exchange ("LSE"). Mr Hallam served for many years as a member and latterly chairman of the Guernsey Financial Services Commission ("GFSC"), from which he retired in 2006. Mr Hallam, alongside Mr Morgan and Mr Sherwell, is a director of NB Private Equity Partners Limited, which is a publicly listed investment company to which a Dallas-based member of the Neuberger Berman Group ("NB Group"), provides investment and accounting services.

Talmai Morgan

Talmai Morgan qualified as a Barrister in 1976. He holds a MA in Economics and Law from Cambridge University. He moved to Guernsey in 1988 where he worked for Barings and then for the Bank of Bermuda. From 1999 to 2004, he was Director of Fiduciary Services and Enforcement at the Guernsey Financial Services Commission (Guernsey's financial regulatory agency) where he was responsible for the design and subsequent implementation of Guernsey's law relating to the regulation of fiduciaries, administration businesses and company directors. He was also particularly involved in the activities of the Financial Action Task Force and the Offshore Group of Banking Supervisors.

For the last ten years, Mr Morgan has been the non-executive chairman or a non-executive director of a number of publicly listed investment companies. He is presently Chairman of NB Private Equity Partners Limited, Sherborne Investors (Guernsey) B Limited and Global Fixed Income Realisation Limited. He also sits on the board of BH Global Limited and John Laing Infrastructure Fund Limited.

Christopher Sherwell

Christopher Sherwell is a non-executive director of a number of investment-related companies. Mr Sherwell was managing director of Schroders (C.I.) Limited from April 2000 to January 2004. He remained a non-executive director of Schroders (C.I.) Limited until he stepped down at the end of December 2008. Before joining Schroders in 1993, he worked as Far East regional strategist with Smith New Court Securities in London and then in Hong Kong. Mr Sherwell was previously a journalist, working for the Financial Times. Mr Sherwell received a B.Sc. (Gen) from the University of London in 1968, an M.A. from the University of Oxford in 1971 and a M.Phil. from the University of Oxford in 1973. Mr Sherwell is a director of NB Private Equity Partners Limited, which is a publicly listed investment company to which a Dallas-based member of the NB Group, provides investment and accounting services.

DIRECTORS BIOGRAPHIES (CONTINUED)

Michael J. Holmberg

Michael J. Holmberg, Managing Director, joined NB Group in 2009. Michael is the co-head of distressed portfolio management. Prior to joining NB Group, Michael founded Newberry Capital Management LLC in 2006 and prior to that Michael founded and managed Ritchie Capital Management's Special Credit Opportunities Group. He was also a managing director at Strategic Value Partners and Moore Strategic Value Partners. He began investing in distressed and credit oriented strategies as a portfolio manager at Continental Bank/Bank of America, where he established the bank's global proprietary capital account. Michael received a BA in economics from Kenyon College and an MBA from the University of Chicago.

Patrick H. Flynn

Patrick H. Flynn, Managing Director, joined NB Group in 2006. Patrick is the co-head of distressed portfolio management. He came to NB Group with more than 15 years of experience, including positions with Putnam Investments, UBS and JP Morgan Chase. Patrick served as director of research at DDJ Capital Management, LLC. He holds a BA from Columbia University and a MBA in Finance and Economics from the University of Chicago. Patrick has been awarded the Chartered Financial Analyst designation.

STATEMENT OF PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties of the Company include external risks, strategic risks, investment risks, financial risks and operational risks. These risks, and the way in which they are managed, are described in more detail under the heading "Principal Risks and Uncertainties" in the Company's annual report for the year ended 31 December 2014. The Company's principal risks and uncertainties have not changed materially since the date of that report and are not expected to change materially for the remainder of the Company's financial year.

DIRECTORS' RESPONSIBILITIES STATEMENT

We confirm that to the best of our knowledge:

- the unaudited consolidated interim financial statements have been prepared in conformity with U.S. generally accepted accounting principles, gives a true and fair view of the assets, liabilities, financial position and return of the undertakings included in the consolidation as a whole as required by DTR 4.2.4R; and

- the Chairman's Statement, the Alternative Investment Fund Manager's Report, and the notes to the unaudited consolidated interim financial statements meet the requirements of an interim management report, and include a fair view of the information required by:

    1. DTR 4.2.7R of the Disclosure and Transparency Rules of the UK's Financial Conduct Authority, being an indication of important events that have occurred during the first six months of the financial year and their impact on the set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and

    2. DTR 4.2.8R of the Disclosure and Transparency Rules of the UK's Financial Conduct Authority, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the Company during that period; and any changes in the related party transactions described in the last annual report that could do so.

Signed on behalf of the Board of Directors on 26 August 2015.

By order of the Board

Director
26 August 2015

Director
26 August 2015

INDEPENDENT REVIEW REPORT TO NB DISTRESSED DEBT INVESTMENT FUND LIMITED

Introduction

We have been engaged by NB Distressed Debt Investment Fund Limited (the "Company") to review the unaudited consolidated interim financial statements (the "financial statements") of the Company together with its subsidiaries (together the "Group") included in the interim report for the six months ended 30 June 2015 which comprises the unaudited consolidated statement of assets and liabilities, unaudited consolidated statement of operations, unaudited consolidated statement of changes in net assets, unaudited consolidated statement of cash flows, unaudited condensed consolidated schedule of investments and the related explanatory notes. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the financial statements.

This report is made solely to the Company in accordance with the terms of our engagement letter dated 2 July 2015 to assist the Company in meeting the requirements of the Disclosure and Transparency Rules ("the DTR") of the UK's Financial Conduct Authority ("the UK FCA"). Our review has been undertaken so that we might state to the Company those matters we are required to state to it in this 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 for our review work, for this report, or for the conclusions we have reached.

Directors' responsibilities

The interim report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim report in accordance with the DTR of the UK FCA.

The financial statements included in this interim report have been prepared in conformity with U.S generally accepted accounting principles.

Our responsibility

Our responsibility is to express to the company a conclusion on the financial statements in the interim report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by the Auditing Practices Board for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the financial statements included in the interim review report for the six month period ended 30 June 2015 do not give a true and fair view of the financial position of the Group as at 30 June 2015 and of its financial performance and its cash flows for the six month period then ended in conformity with U.S generally accepted accounting principles and the DTR of the UK FCA.

Dermot A Dempsey
For and on behalf of KPMG Channel Islands Limited
Chartered Accountants, Guernsey

Date:

The maintenance and integrity of the NB Distressed Debt Investment Fund Limited website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements or review report since they were initially presented on the website.

Legislation in Guernsey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions. The directors shall remain responsible for establishing and controlling the process for doing so, and for ensuring that the financial statements are complete and unaltered in any way.

UNAUDITED CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES
As at 30 June 2015 and 31 December 2014

(Expressed in United States Dollars)

Assets		30 June 2015 (Unaudited)		31 December 2014 (Audited)
Investments, at fair value	$	546,059,152	$	632,375,300
(2015: cost of $598,355,649; 2014: cost of $655,526,949)				
Forward currency contracts		177,183		1,923,298
Cash and cash equivalents		51,169,063		59,305,660
	$	**597,405,398**	**$**	**693,604,258**
Other assets:				
Interest receivables		2,763,582		2,001,400
Receivables for investments sold		376,930		9,055,267
Other receivables and prepayments		972,585		807,138
Total assets	**$**	**601,518,495**	**$**	**705,468,063**
Liabilities				
Payables for investments purchased	$	15,882,636	$	56,963,558
Credit default swap		8,901		23,055
Accrued expenses and other liabilities		319,446		706,272
Payables to Manager and affiliates		1,573,681		728,720
Deferred tax liability		4,069,529		4,800,424
Total liabilities	**$**	**21,854,193**	**$**	**63,222,029**
Net Assets	**$**	**579,664,302**	**$**	**642,246,034**
Net asset value per Ordinary Share	**$**	**1.2170**	**$**	**1.2521**
Net assets attributable to Ordinary Shares	**$**	**74,414,735**	**$**	**93,920,322**
Net asset value per Extended Life Share	**$**	**1.1369**	**$**	**1.1909**
Net assets attributable to Extended Life Shares	**$**	**364,260,982**	**$**	**395,281,487**
Net asset value per New Global Share	**£**	**0.8125**	**£**	**0.8860**
Net assets attributable to New Global Shares	**£**	**89,647,476**	**£**	**98,152,965**
Net asset value per New Global Share (USD equivalent)	**$**	**1.2779**	**$**	**1.3814**
Net assets attributable to New Global Shares (USD equivalent)	**$**	**140,988,585**	**$**	**153,044,225**

The unaudited consolidated interim financial statements were approved and authorized for issue by the Board of Directors on 26 August 2015, and signed on its behalf by:

Director

Director

The accompanying notes are an integral part of the unaudited consolidated interim financial statements

UNAUDITED CONSOLIDATED STATEMENT OF OPERATIONS
30 June 2015 and 30 June 2014

(Expressed in United States Dollars)

		30 June 2015		30 June 2014
Income				
Interest income	$	6,971,584	$	6,947,383
Dividend income net of withholding tax: (2015: $41,633 2014: $62,449)	$	97,142	$	102,047
Expenses				
Investment management fee	$	4,460,022	$	4,380,161
Performance fee	$	-	$	3,373,219
Professional and other expenses	$	2,224,865	$	1,306,877
Administration fees	$	271,560	$	351,813
Loan administration and custody fees	$	103,384	$	227,430
Directors' fees and expenses	$	135,985	$	190,057
	$	**7,195,816**	**$**	**9,829,557**
Net investment gain/(loss)	**$**	**(127,090)**	$	**(2,780,127)**
Realised and unrealised gains from investments and foreign exchange				
Net realised gain on investments, credit default swap and forward currency transactions	$	7,567,209	$	11,531,835
Net change in unrealised (loss)/gain on investments, credit default swap and forward currency transactions	$	(36,568,017)	$	17,187,063
Income taxes from net realised/unrealised gain on investments	$	(1,883,507)	$	(1,418,974)
Realised and unrealised (loss)/gain from investments and foreign exchange	**$**	**(30,884,315)**	**$**	**27,299,924**
Net decrease in net assets resulting from operations	**$**	**(31,011,405)**	**$**	**24,519,797**

The accompanying notes are an integral part of the unaudited consolidated interim financial statements

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS
30 June 2015

(Expressed in United States Dollars)

		30 June 2015 Ordinary Shares	30 June 2015 Extended Life Shares	30 June 2015 New Global Shares	30 June 2015 Aggregated
Net assets at the beginning of the period	$	93,920,322	395,281,487	153,044,225	642,246,034
Net investment income		(605,685)	(143,386)	621,981	(127,090)
Net realised gain / (loss) on investments, credit default swap and forward currency transactions		3,017,742	10,554,949	(6,005,482)	7,567,209
Net change in unrealised (loss) on investments, credit default swap and forward currency transactions		(3,913,975)	(26,531,736)	(6,122,306)	(36,568,017)
Income taxes from net realised/unrealised gains from investments		(519,763)	(1,357,118)	(6,626)	(1,883,507)
Net payment for redemption of shares		-	(607,325)	(543,207)	(1,150,532)
Distribution		(17,483,906)	(12,935,889)	-	(30,419,795)
Net assets at the end of the period	$	**74,414,735**	**364,260,982**	**140,988,585**	**579,664,302**

The accompanying notes are an integral part of the unaudited consolidated interim financial statements

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS (CONTINUED)
30 June 2014

(Expressed in United States Dollars)

		30 June 2014 Ordinary Shares	30 June 2014 Extended Life Shares	30 June 2014 New Global Shares	30 June 2014 Aggregated
Net assets at the beginning of the period	$	151,344,261	430,177,579	**-**	581,521,840
Net investment (loss)/income		(3,411,443)	371,628	259,688	(2,780,127)
Net realised gain on investments, credit default swap and forward currency transactions		3,078,839	7,667,843	785,153	11,531,835
Net change in unrealised gain on investments, credit default swap and forward currency transactions		4,148,970	12,745,294	292,799	17,187,063
Income taxes from net realised/unrealised gains from investments		(389,812)	(1,005,010)	(24,152)	(1,418,974)
Net proceeds from issuance of shares		-	-	181,026,915	181,026,915
Distribution		(42,981,961)	(20,876,861)	-	(63,858,822)
Net assets at the end of the period	$	**111,788,854**	**429,080,473**	**182,340,403**	**723,209,730**

The accompanying notes are an integral part of the unaudited consolidated interim financial statements

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS
30 June 2015 and 30 June 2014

(Expressed in United States Dollars)

		30 June 2015		30 June 2014
Cash flows from operating activities:				
Net (decrease)/increase in assets resulting from operations	$	(31,011,405)		24,519,797
Adjustment to reconcile net (decrease)/increase in net assets resulting from operations to net cash flow (used in)/provided by operations:				
Net realised gain on investments		(7,567,209)		(11,531,835)
Net change in unrealised loss/(gain) on investments and forward foreign currency transactions		36,568,017		(17,187,063)
Accretion of discount on loans and bonds		(207,643)		(1,592,585)
Changes in interest receivables		(762,182)		(407,697)
Changes in receivables for investments sold		8,678,337		14,091,865
Changes in other receivables and prepayments		(165,447)		744,335
Changes in payables for investments purchased		(41,080,922)		49,672,164
Changes in payables, accrued expenses and other liabilities		458,135		3,664,684
Change in deferred tax liability		(730,895)		1,198,994
Credit default swap		-		104,449
Cash received on settled forward foreign currency contracts		5,869,809		412,518
Purchase of investments		(206,240,049)		(612,938,613)
Sale of investments		261,672,287		460,694,903
Net cash generated/(used) in operating activities	$	**25,480,833**	$	**(88,554,084)**
Cash flows from financing activities:				
Net proceeds from (redemption)/ issuance of shares		(1,150,532)		181,026,915
Distributions paid		(30,419,795)		(63,858,822)
Net cash (used)/provided by financing activities	$	**(31,570,327)**	$	**117,168,093**
Net increase/(decrease) in cash and cash equivalents	**$**	**(6,089,494)**	**$**	**28,614,009**
Cash and cash equivalents at the beginning of the period		59,305,660		31,307,207
Effect of exchange rate changes on cash and cash equivalents		(2,047,103)		587,159
Cash and cash equivalents at the end of the period	**$**	**51,169,063**	**$**	**60,508,375**

Supplemental non-cash flow operating activities

During the period $22,601,679 (30 June 2014: $2,160,145) is excluded from purchases of and proceeds from sales of investments related to the value of non-cash investment transactions, including reorganisations and exchanges. Tax paid during the period was $2,614,402 (30 June 2014: $220,424).

The accompanying notes are an integral part of the unaudited consolidated interim financial statements

UNAUDITED CONSOLIDATED CONDENSED SCHEDULE OF INVESTMENTS
As at 30 June 2015

(Expressed in United States Dollars)

30 June 2015		Cost	Fair Value	Ordinary Shares % (i)	Extended Life Shares % (i)	New Global Shares % (i)	Total Fund % (i)
Portfolio of Distressed Investments							
Bank Debt Investments	$	204,839,530	164,889,448	17.15	26.28	40.00	28.45
Bond Convertible		9,870,416	8,471,821	0.90	1.45	1.78	1.46
Bond Corporate		10,945,842	10,726,295	0.05	1.86	2.77	1.85
Commercial Mortgage		4,510,721	4,510,721	1.69	0.89	-	0.78
Limited Partnership Units		23,186,840	22,742,055	8.54	4.50	-	3.92
Private Equity		195,870,729	196,413,647	36.62	35.31	28.76	33.87
Private Equity: Real Estate Development		5,226,251	10,237,790	3.84	2.03	-	1.77
Private Note		39,902,050	36,079,379	1.88	6.80	7.02	6.22
Private Placement Bond		3,839,631	3,512,042	1.32	0.69	-	0.61
Public Equity		38,563,931	32,611,258	8.69	6.14	2.67	5.63
Public Note		21,850,555	17,100,500	0.59	3.43	2.95	2.95
Trade Claim (ii)		13,032,089	11,465,512	4.31	2.27	-	1.98
		571,638,585	518,760,468	85.58	91.65	85.95	89.49
Temporary Investments							
U.S. Government and agency obligations		9,999,388	9,999,970	-	2.75	-	1.73
UK Treasury Bills		16,717,676	17,298,714	-	-	12.27	2.98
		26,717,064	27,298,684	-	2.75	12.27	4.71
Total Investments	**$**	**598,355,649**	**546,059,152**	**85.58**	**94.40**	**98.22**	**94.20**
Ordinary Shares		62,282,057	63,684,805	85.58	-	-	-
Extended Life Shares		371,214,778	343,908,774	-	94.40	-	-
New Global Shares		164,858,814	138,465,573	-	-	98.22	-
		598,355,649	**546,059,152**	**85.58**	**94.40**	**98.22**	**94.20**
Credit Default Swap							
Ordinary Shares		-	(2,434)	-	-	-	-
Extended Life Shares		-	(6,467)	-	-	-	-
New Global Shares		-	-	-	-	-	-
		-	**(8,901)**	**-**	**-**	**-**	**-**
Forward Currency Contracts							
Ordinary Shares		-	20,236	0.03		-	-
Extended Life Shares		-	156,947	-	0.04	-	0.03
New Global Shares		-	-	-	-	-	-
		-	**177,183**	**0.03**	**0.04**	**-**	**0.03**

(i) This represents the percentage of Fair Value attributed to total Fund Net Asset Value, Ordinary Share Net Asset Value, Extended Life Share Net Asset Value and New Global Share Net Asset Value.

(ii) The trade claim was structured through a fully funded total return swap with a major US financial institution.

The accompanying notes are an integral part of the unaudited consolidated interim financial statements

UNAUDITED CONSOLIDATED CONDENSED SCHEDULE OF INVESTMENTS (CONTINUED)
As at 31 December 2014
(Expressed in United States Dollars)

31 December 2014		Cost	Fair Value	Ordinary Shares % (i)	Extended Life Shares % (i)	Total Fund % (i)	
Portfolio of Distressed Investments							
Bank Debt Investments	$	234,718,477	204,634,050	20.08	30.62	42.31	31.85
Commercial Mortgage		4,357,084	4,219,287	1.26	0.77	-	0.66
Fixed Rate Bonds		1,578,591	1,081,300	0.61	0.13	-	0.17
Limited Partnership Units		43,797,289	44,865,563	13.35	8.18	-	6.99
Ownership in Senior Living Facility		9,814,920	13,665,456	4.07	2.49	-	2.13
Private Equity		163,782,583	178,621,070	28.80	30.00	21.54	27.80
Private Equity: Real Estate Development		13,556,555	20,263,099	6.03	3.69	-	3.16
Private Note		33,093,404	31,950,069	1.57	6.69	2.62	4.97
Private Placement Bonds		3,866,324	3,063,979	0.91	0.56	-	0.48
Public Equity		30,766,717	32,853,494	7.60	5.94	1.47	5.12
Public Note		32,207,642	16,563,822	0.18	3.28	2.25	2.58
Trade Claim (ii)		13,066,759	10,859,649	3.23	1.98	-	1.69
		584,606,345	562,640,838	87.69	94.33	70.19	87.60
Temporary Investments							
US Treasury Bills		22,999,307	22,999,693	5.32	4.55	-	3.58
UK Treasury Bills		47,921,297	46,734,769	-	-	30.54	7.28
		70,920,604	69,734,462	5.32	4.55	30.54	10.86
Total Investments	**$**	**655,526,949**	**632,375,300**	**93.01**	**98.88**	**100.73**	**98.46**
Extended Life Shares		395,852,704	390,869,864	-	98.88	-	-
Ordinary Shares		82,953,535	87,358,217	93.01	-	-	-
New Global Shares		176,720,710	154,147,219	-	-	100.73	-
		655,526,949	**632,375,300**	**93.01**	**98.88**	**100.73**	**98.46**
Credit Default Swap							
Extended Life Shares		(75,088)	(16,571)	-	-	-	-
Ordinary Shares		(29,357)	(6,484)	(0.01)	-	-	-
New Global Shares		-	-	-	-	-	-
		(104,445)	**(23,055)**	**(0.01)**	**-**	**-**	**-**
Forward Currency Contracts							
Extended Life Shares		-	1,561,314	-	0.39	-	0.24
Ordinary Shares		-	361,984	0.38	-	-	0.06
New Global Shares		-	-	-	-	-	-
		-	**1,923,298**	**0.38**	**0.39**	**-**	**0.30**

(i) This represents the percentage of Fair Value attributed to total Fund Net Asset Value, Ordinary Share Net Asset Value, Extended Life Share Net Asset Value and New Global Share Net Asset Value.

(ii) The trade claim was structured through a fully funded total return swap with a major US financial institution.

The accompanying notes are an integral part of the unaudited consolidated interim financial statements

UNAUDITED CONSOLIDATED CONDENSED SCHEDULE OF INVESTMENTS (CONTINUED)
As at 30 June 2015 and 31 December 2014

(Expressed in United States Dollars)

Investments with the following issuers comprised of greater than 5% of Net Asset Value:

30 June 2015	Country	Industry	Nominal	Cost	Fair Value	Ordinary Shares % (i)	Extended Life Shares % (i)	New Global Shares % (i)	Total Fund % (i)
Securities				**$**	**$**				
Newhall Holding Company	United States	Building and Development	9,796,143	20,897,840	31,225,206	8.42	5.07	4.60	5.39
				20,897,840	**31,225,206**	**8.42**	**5.07**	**4.60**	**5.39**

31 December 2014	Country	Industry	Nominal	Cost	Fair Value	Ordinary Shares % (i)	Extended Life Shares % (i)	New Global Shares % (i)	Total Fund % (i)
Temporary Investments				**$**	**$**				
UK Treasury Bill 0% 14-02/03/2015	United Kingdom	Government	20,000,000	32,249,391	31,163,009	-	-	20.36	4.85
UK Treasury Bill 0% 14-13/04/2015	United Kingdom	Government	5,000,000	7,836,413	7,786,387	-	-	5.09	1.21
UK Treasury Bill 0% 14-20/04/2015	United Kingdom	Government	5,000,000	7,835,493	7,785,373	-	-	5.09	1.21
				47,921,297	**46,734,769**	**-**	**-**	**30.54**	**7.27**

(i) This represents the percentage of Fair Value attributed to total Fund Net Asset Value, Ordinary Share Net Asset Value, Extended Life Share Net Asset Value and New Global Share Class Net Asset Value.

The accompanying notes are an integral part of the unaudited consolidated interim financial statements

UNAUDITED CONSOLIDATED CONDENSED SCHEDULE OF INVESTMENTS (CONTINUED)
As at 30 June 2015
(Expressed in United States Dollars)

		Cost 30 June 2015	Fair Value 30 June 2015	Ordinary Shares % (i)	Extended Life Shares % (i)	New Global Shares % (i)	Total Fund % (i)
Geographic diversity of Portfolio							
Portfolio of Distressed Investments							
Australia	$	22,776,751	18,571,039	5.90	3.36	1.36	3.20
Brazil		13,032,089	11,465,512	4.31	2.27	-	1.98
Cayman Islands		3,530,171	3,545,252	1.33	0.70	-	0.61
Denmark		16,543,899	13,863,132	-	1.99	4.69	2.39
Germany		23,009,859	20,257,018	7.61	4.00	-	3.49
Greece		2,357,571	440,357	0.17	0.09	-	0.08
Japan		486,440	-	-	-	-	-
Luxembourg		2	388,423	0.15	0.08	-	0.07
Marshall Islands		24,216,670	18,187,256	-	3.32	4.32	3.14
Netherlands		14,428,683	11,567,557	-	1.41	4.57	2.00
Norway		3,533,300	3,741,725	1.41	0.74	-	0.65
Spain		28,335,085	18,797,798	-	1.82	8.63	3.24
United Kingdom		1,131,455	3,134,763	1.18	0.62	-	0.54
United States (U.S.A.)		418,256,610	394,800,636	63.52	71.25	62.38	68.10
Temporary Investments							
United Kingdom		16,717,676	17,298,714	-	-	12.27	2.98
United States (U.S.A.)		9,999,388	9,999,970	-	2.75	-	1.73
	$	**598,355,649**	**546,059,152**	**85.58**	**94.40**	**98.22**	**94.20**

(i) This represents the percentage of Fair Value attributed to total Fund Net Asset Value, Ordinary Share Net Asset Value, Extended Life Share Net Asset Value and New Global Share Class Net Asset Value.

The accompanying notes are an integral part of the unaudited consolidated interim financial statements

UNAUDITED CONSOLIDATED CONDENSED SCHEDULE OF INVESTMENTS (CONTINUED)
As at 31 December 2014

(Expressed in United States Dollars)

		Cost 31 December 2014	Fair Value 31 December 2014	Ordinary Shares % (i)	Extended Life Shares % (i)	New Global Shares % (i)	Total Fund % (i)
Geographic diversity of Portfolio							
Portfolio of Distressed Investments							
Australia	$	24,111,071	20,228,350	5.20	3.41	1.23	3.15
Brazil		13,066,759	10,859,649	3.23	1.98	-	1.69
Cayman Islands		22,474,074	24,459,098	7.28	4.46	-	3.81
Denmark		16,460,107	13,103,188	-	1.84	3.81	2.04
Germany		24,703,099	20,699,939	6.16	3.77	-	3.22
Greece		2,789,643	1,630,896	0.49	0.30	-	0.25
Japan		486,440	-	-	-	-	-
Luxembourg		2,553,851	9,429,139	2.81	1.72	-	1.47
Marshall Islands		22,324,958	18,465,963	-	3.33	3.46	2.88
Netherlands		14,411,324	12,562,664	-	1.41	4.57	1.96
Norway		5,958,127	5,697,422	1.13	0.87	0.78	0.89
Spain		30,124,929	23,583,503	-	2.22	9.67	3.67
United Kingdom		11,286,045	12,275,081	0.81	1.50	3.66	1.91
United States (U.S.A.)		393,855,918	389,645,946	60.58	67.52	43.01	60.66
Temporary Investments							
United Kingdom		47,921,297	46,734,769	-	-	30.54	7.28
United States (U.S.A.)		22,999,307	22,999,693	5.32	4.55	-	3.58
	$	**655,526,949**	**632,375,300**	**93.01**	**98.88**	**100.73**	**98.46**

(i) This represents the percentage of Fair Value attributed to total Net Asset Value, Ordinary Share Net Asset Value and Extended Life Share Net Asset Value.

The accompanying notes are an integral part of the unaudited consolidated interim financial statements

UNAUDITED CONSOLIDATED CONDENSED SCHEDULE OF INVESTMENTS (CONTINUED)
As at 30 June 2015
(Expressed in United States Dollars)

		Cost 30 June 2015	Fair Value 30 June 2015	Ordinary Shares % (i)	Extended Life Shares % (i)	New Global Shares % (i)	Total Fund % (i)
Industry diversity of Portfolio							
Portfolio of Distressed Investments							
Air Transport	$	4,898,394	5,846,471	2.20	1.16	-	1.01
Building and Development		31,202,148	41,234,801	12.18	7.05	4.60	7.11
Chemicals and Plastics		1,525,664	1,946,335	-	-	1.38	0.34
Commercial Mortgage		41,005,448	40,548,373	1.69	9.02	4.57	7.00
Containers and Packaging		1,131,455	3,134,763	1.18	0.62	-	0.54
Financial Intermediary		52,574,954	46,886,246	11.01	10.62	-	8.09
Forest Products		3,839,631	3,512,042	1.32	0.69	-	0.61
Industrial		16,527,140	15,743,277	1.16	2.83	3.25	2.72
Lodging and Casinos		88,403,823	81,875,363	10.39	12.89	19.28	14.11
Non Ferrous Metals/Minerals		18,417,593	15,417,811	-	2.71	3.92	2.66
Oil and Gas		51,635,360	41,307,207	-	6.35	12.88	7.13
Real Estate Development		5,226,252	10,237,791	3.84	2.03	-	1.77
Real Estate Investment Trust		21,019,000	22,245,633	8.35	4.40	-	3.84
Shipping		81,867,215	56,214,838	1.91	9.32	14.80	9.70
Surface Transport		21,698,126	18,755,044	4.31	2.52	4.53	3.24
Utilities		130,666,382	113,854,474	26.04	19.44	16.74	19.62
Temporary Investments							
UK Treasury Bills		16,717,676	17,298,714	-	-	12.27	2.98
US Treasury Bills		9,999,388	9,999,970	-	2.75	-	1.73
	$	**598,355,649**	**546,059,152**	**85.58**	**94.40**	**98.22**	**94.20**

(i) This represents the percentage of Fair Value attributed to total Fund Net Asset Value, Ordinary Share Net Asset Value, Extended Life Share Net Asset Value and New Global Share Class Net Asset Value.

The accompanying notes are an integral part of the unaudited consolidated interim financial statements

UNAUDITED CONSOLIDATED CONDENSED SCHEDULE OF INVESTMENTS (CONTINUED)
As at 31 December 2014

(Expressed in United States Dollars)

		Cost 31 December 2014	Fair Value 31 December 2014	Ordinary Shares % (i)	Extended Life Shares % (i)	New Global Shares % (i)	Total Fund % (i)
Industry diversity of Portfolio							
Portfolio of Distressed Investments							
Air Transport	$	4,922,800	5,161,000	1.54	0.94	-	0.80
Building and Development		31,419,962	42,315,911	9.87	6.66	4.40	6.59
Chemicals and Plastics		1,502,373	2,063,330	-	-	1.35	0.32
Commercial Mortgage		41,875,908	41,511,494	1.26	8.43	4.57	6.46
Containers and Packaging		3,697,121	12,164,124	3.62	2.22	-	1.89
Financial Intermediary		73,185,404	71,188,011	15.53	14.32	-	11.08
Forest Products		3,866,324	3,063,979	0.91	0.56	-	0.48
Healthcare		9,814,920	13,665,456	4.07	2.49	-	2.13
Industrial		24,388,486	8,561,859	0.18	1.51	1.58	1.33
Lodging and Casinos		80,606,090	74,577,805	8.23	11.29	14.51	11.62
Non Ferrous Metals/Minerals		13,184,646	13,569,875	-	2.16	3.29	2.11
Oil and Gas		25,828,536	22,803,632	-	4.13	4.23	3.55
Real Estate Development		13,556,555	20,263,099	6.03	3.69	-	3.16
Real Estate Investment Trust		21,029,175	23,647,260	7.04	4.31	-	3.68
Shipping		57,270,377	48,103,703	2.18	7.97	9.51	7.49
Surface Transport		52,051,809	43,146,646	3.23	5.04	13.20	6.72
Utilities		126,405,859	116,833,654	24.00	18.61	13.55	18.19
Temporary Investments							
UK Treasury Bills		47,921,297	46,734,769	-	-	30.54	7.28
US Treasury Bills		22,999,307	22,999,693	5.32	4.55	-	3.58
	$	**655,526,949**	**632,375,300**	**93.01**	**98.88**	**100.73**	**98.46**

(i) This represents the percentage of Fair Value attributed to total Fund Net Asset Value, Ordinary Share Net Asset Value, Extended Life Share Net Asset Value and New Global Share Class Net Asset Value.

The accompanying notes are an integral part of the unaudited consolidated interim financial statements

NOTES TO THE UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

NOTE 1 – DESCRIPTION OF BUSINESS

The Company is a closed-ended investment company registered and incorporated in Guernsey under the Companies (Guernsey) Law, 2008 ("Companies Law"), on 20 April 2010, with registration number 51774. The Company's shares were admitted to the Specialist Fund Market of the London Stock Exchange (the "SFM") and to the Channel Islands Securities Exchange ("CISE") on 10 June 2010.

The Company's investment objective is to provide investors with attractive risk-adjusted returns through long-biased, opportunistic stressed, distressed and special situation credit-related investments while seeking to limit downside risk.

The Company's share capital is denominated in U.S.Dollars for Ordinary Shares (Ordinary Share and Extended Life Share) and Pound Sterling for New Global Shares.

Distribution Policy

Income

The Company will pay out for each year, in respect of each share class, all net income received on investments of the Company attributable to such share class, as appropriate. It is not anticipated that income on the portfolio will be material and therefore any dividends may be on an ad-hoc basis. It is a requirement of an exception to the United Kingdom offshore fund rules that all income from the Company's portfolio (after deduction of reasonable expenses) is to be paid to investors. This dividend policy should ensure that this requirement will be met. The exact amount of such dividend in respect of any class of Shares will be variable depending on the amounts of income received by the Company attributable to such share class and will only be made available in accordance with applicable law at the relevant time, including the Companies (Guernsey) Law, 2008 ("Companies Law") (and, in particular, will be subject to the Company passing the solvency test contained in the Companies Law at the relevant time). The amount of dividends paid in respect of one class of Shares may be different from that of another class.

Capital

Following the expiry of any investment period the capital proceeds attributable to the corresponding share class (as determined by the Directors in accordance with the Articles), will, at such times and in such amounts as the Directors shall in their absolute discretion determine, be distributed to Shareholders of that class pro rata to their respective holdings of the relevant Shares. The amount and timing of any such return of capital will be solely within the discretion of the Directors to determine.

Any capital return will only be made by the Company in accordance with the articles of incorporation of the Company and applicable law at the relevant time, including the Companies Law (and, in particular, will be subject to the Company passing the solvency test contained in the Companies Law at the relevant time).

Although the Directors intend to return capital to shareholders in such manner so that shareholders who are ordinarily resident in the United Kingdom, or who carry on business in the United Kingdom through a branch, agency or permanent establishment with which their investment in the Company is connected, may be liable to United Kingdom tax on chargeable gains on such distributions, they may, at their sole discretion, return capital to shareholders by way of a dividend in circumstances where, in the opinion of the Directors, it would be reasonably practicable to do so.

Buy Backs

At the annual general meeting of the Company held in June 2015, the Directors were granted the general authority to purchase in the market up to 14.99% of the Ordinary, New Global and Extended Life shares in issue (as at 4 June 2015). This authority will expire at the next AGM in 2016. Pursuant to this authority, and subject to the Companies (Guernsey) Law, 2008 and the discretion of the Directors, the Company may purchase shares of any of its classes in the market on an on-going basis with a view to addressing any imbalance between the supply of and demand for such shares, thereby increasing the Net Asset Value per share of the shares and assisting in controlling the discount to Net Asset Value per share of the shares in relation to the price at which the shares of such class may be trading.

NOTES TO THE UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

NOTE 1 – DESCRIPTION OF BUSINESS (CONTINUED)

Distribution Policy (continued)

Buy Backs (continued)

Under the authority granted to the Directors in the 2014 AGM, between 23 January 2015 and 10 February 2015, 542,000 Extended Life Shares were re-purchased for cancellation by the Company for gross consideration of $608,552.

Under the authority granted to the Directors in the 2015 AGM, as per the settlement date between 9 June 2015 and 30 June 2015, 450,000 New Global Shares were re-purchased by the Company and are currently held in treasury for gross consideration of $543,207.

Set out below are details of the distributions made during the period:

	Ordinary Share Class		Extended Life Share Class		New Global Share Class	
	Distribution Amount	**Per Share Amount**	**Distribution Amount**	**Per Share Amount**	**Distribution Amount**	**Per Share**
5 March 2015	$4,991,952	$0.0666	$8,943,952	$0.0270	-	-
11 May 2015	$12,491,954	$0.1760	$3,991,937	$0.0123	-	-
Total	**$17,483,906**	**-**	**$12,935,889**	**-**	**-**	**-**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Recent Standards and Pronouncements

During 2015, the FASB issued ASU 2015-07, "Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share", this allowed the use of NAV as a practical expedient to measure fair value when a number of criteria are met. This amendment has an effective date of 15 December 2015 and requires a retrospective application.

The amendments in the ASU remove the requirement to categorize within the fair value hierarchy investments whose fair values are measured at NAV (or its equivalent) under the practical expedient in the FASB's fair value measurement guidance. Reporting entities also must disclose the amount of investments measured at NAV (or its equivalent) under the practical expedient to allow users to reconcile total investments in the fair value hierarchy to total investments measured at fair value in the Statement of Assets and Liabilities. The guidance also limits the disclosure requirements that currently apply to all investments eligible to be measured at NAV under the practical expedient to only those in which the practical expedient is applied.

The application of this ASU is currently being reviewed by the Company.

Basis of Preparation

Having reassessed the principle risks, the directors considered it appropriate to adopt the going concern basis of accounting in preparing the unaudited consolidated interim financial statements ("the financial statements").The financial statements give a true and fair view of the assets, liabilities, financial position and return and are prepared in conformity with US generally accepted accounting principles ("US GAAP") and Companies Law. The Company is regarded as an Investment Company and it follows the accounting and reporting requirements of ASC 946. Management believes that the underlying assumptions are appropriate and that the Company's Unaudited Consolidated Interim Financial Statements therefore present a true and fair financial position. The functional and reporting currency is the United States Dollar ("USD").

NOTES TO THE UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Consolidation

The financial statements include the results of the Company and its wholly owned subsidiaries.

Wholly owned subsidiaries, London Adams LLC, London Dearborn LLC, London Granite Ridge LLC, London Jackson LLC, London Madison LLC, London Mayslake LLC, London Randolph LLC, London Wabash LLC, London Washington LLC, London Tides LLC, London Randolph Holdco LLC, London Washington Holdco LLC, London Jackson Holdco LLC, London Tides Holdco LLC, London Wacker LLC, London Granite Ridge (Global) LLC, London Madison (Global) LLC and London Dearborn (Global) LLC are incorporated in Delaware and operate in the United States.

Wholly owned subsidiaries, London American Homes LP, London Lake Michigan LP, London Lake Michigan (Global) LP, London Lake Erie LP and London Lake Erie (Global) LP are incorporated in the Cayman Islands.

Wholly owned subsidiaries, London Lux Masterco 1 S.a.r.l., London Lux Debtco 1 S.a.r.l. and London Lux Propco 1 S.a.r.l. are incorporated in Luxembourg.

Partially owned subsidiaries NB Distressed Debt Aggregating Inc. and Chicago Aircraft Fund LLC are incorporated in Delaware and operate in the United States.

During the period ended 30 June 2015, no subsidiaries were cancelled. All inter-company balances have been eliminated fully on consolidation.

Use of Estimates

The preparation of financial statements in conformity with US GAAP requires that the Directors make estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Such estimates and associated assumptions are generally based on historical experience and various other factors that are believed to be reasonable under the circumstances, and form the basis of making the judgements about attributing values of assets and liabilities that are not readily apparent from other sources.

Actual results may vary from such accounting estimates in amounts that may have a material impact on the financial statements of the Company.

Valuation of Investments accounting policy and Note 6 'Fair Valuation of Financial Instruments' discloses further detail on the use of estimates.

Revenue Recognition

Interest earned on debt instruments is accounted for, net of applicable withholding taxes and it is recognised as income over the terms of the loans and bonds. Discounts received or premiums paid in connection with the acquisition of loans and bonds are amortised into interest income using the effective interest method over the contractual life of the related loan and bond. If a loan pays off prior to maturity, the recognition of the fees and costs is accelerated as appropriate. The Company raises a provision when the collection of interest is deemed doubtful.

Payment-in-kind (PIK) interest is computed at the contractual rate specified in the loan agreement for any portion of the interest which may be added to the principal balance of a loan rather than paid in cash by the obligator on the scheduled interest payment date. PIK interest is periodically added to the principal balance of the loan and recorded as interest income. The Alternative Fund Manager places a receivable on non-accrual status when the collection of principal or interest is deemed doubtful.

Dividend income is recognised on the ex-dividend date.

For the period ended 30 June 2015, $207,643 (30 June 2014: $1,592,585) was recorded to reflect accretion of discount on loans and bonds during the period.

NOTES TO THE UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

The Company’s cash and cash equivalents comprise cash on hand and demand deposits and highly liquid investments with original maturities of less than 90 days that are both readily convertible to known amounts of cash and so near maturity that they represent insignificant risk of changes in value.

At 30 June 2015, the Company held cash balances in various currencies to the value of $51,169,063 (31 December 2014: $59,305,660). These balances consisted of Sterling: $6,019,700 (31 December 2014: $22,475,305), Euro: $853,439 (31 December 2014: $1,077,408), U.S. Dollar: $43,627,682 (31 December 2014: $31,170,757), and Australian Dollar: $668,242 (31 December 2014: $4,582,190).

Valuation of Investments

The Company carries investments on its Consolidated Statement of Assets and Liabilities at fair value in accordance with US GAAP, with changes in fair value recognised within the Consolidated Statement of Operations in each reporting period. Quoted investments are valued according to their bid price as at the close of the relevant reporting date. Investments in private securities are priced at the bid price using a pricing service for private loans. If a price cannot be ascertained from the above sources, the Company will seek bid prices from third party broker/dealer quotes for the investments. The Alternative Investment Fund Manager believes that bid price is the best estimate of fair value and is in line with the valuation policy adopted by the Company.

In cases where no third party price is available, or where the Alternative Investment Fund Manager determines that the provided price is not an accurate representation of the fair value of the investment, the Alternative Investment Fund Manager determines the valuation based on its fair valuation policy.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the "exit price") in an orderly transaction between market participants at the measurement date.

Consistent with the above criterion, the following criteria are considered when applicable:

- Valuation of other securities by the same issuer for which market quotations are available;
- Reasons for absence of market quotations;
- The soundness of the security, its interest yield, the date of maturity, the credit standing of the issue and the current general interest rates;
- Recent sales prices and/or bid and ask quotations for the security;
- Value of similar securities of issuers in the same or similar industries for which market quotations are available;
- Economic outlook of the industry;
- Issuer’s position in the industry;
- Valuation utilising the net asset valuations provided by the underlying private investment companies/partnerships as a practical expedient;
- The financial statements of the issuer; and
- The nature and duration of any restriction on disposition of the security.

NOTES TO THE UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Derivative Financial Instruments

The Company may, from time to time, hold derivative financial instruments for the purposes of hedging foreign currency exposure. These derivatives are measured at fair value in accordance with US GAAP, with changes in fair value recognised within the Consolidated Statement of Operations in each reporting period.

As part of the Company's investment strategy, the Company enters into over-the-counter ("OTC") derivative contracts which include forward currency contracts and credit default swaps.

Forward currency contracts are valued at the prevailing forward exchange rate of the underlying currencies on the reporting date and unrealised gains or losses are recorded daily. Forward contracts are generally categorised in Level 2 of the fair value hierarchy.

Credit default swaps are entered into on the OTC market. The fair value for a credit default swap contract is derived by Markit Partners using a pricing model that is widely accepted by marketplace participants. The pricing model takes into account multiple inputs including specific contract terms, interest rate yield curves, interest rates, credit curves, recovery rates, and current credit spreads obtained from swap counterparties and other market participants. Many inputs into the model do not require material subjectivity as they are observable in the marketplace or set per the contract. Other than the contract terms, valuation is heavily determined by the difference between the contract spread and the current market spread. The contract spread (or rate) is generally fixed and the market spread is determined by the credit risk of the underlying debt or reference entity. If the underlying debt is liquid and the OTC market for the current spread is active, credit default swaps are categorised in Level 2 of the fair value hierarchy. If the underlying debt is illiquid and the OTC market for the current spread is not active, credit default swaps would be categorised in Level 3 of the fair value hierarchy.

Realised and Unrealised Gains and Losses on Investments

All investment transactions are recorded on a trade date basis. Upon sale or maturity, the difference between the consideration received and the cost of the investment is recognised as a realised gain or loss. The cost is determined based on the average cost method.

All transactions relating to the reorganisation of current investments are recorded at the date of such reorganisation. The difference between the fair value of the new consideration received and the cost of the original investment is recognised as a gain or loss.

Unrealised gains and losses on an investment are the difference between the cost if purchased during the year or fair value at the previous year end and the fair value at the current period end. Unrealised gains and losses are included in the Consolidated Statement of Operations.

Operating Expenses

Operating expenses are recognised on an accruals basis. Operating expenses include amounts directly or indirectly incurred by the Company as part of its operations. Each Share Class will bear their respective pro rata share based on their respective NAVs of the ongoing costs and expenses of the Company. Each Share Class will also bear all costs and expenses of the Company determined by the Directors to be attributable solely to it.

Performance Fee

Performance fee amounts (see note 3) are computed and accrued daily in accordance with the terms of the agreements.

NOTES TO THE UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Currency Translation

Monetary assets and liabilities denominated in a currency other than U.S. Dollars are translated into U.S. Dollar equivalents using spot rates as at the period end date. On initial recognition, foreign currency sales and purchases transactions are recorded and translated at the spot exchange rate at the transaction date and for all other transactions the average rate is applied. Non-monetary assets and liabilities are translated at the historic exchange rate.

The Company does not separate the changes relating to currency exchange rates from those relating to changes in fair value of the investments. These fluctuations are included in the net realised gain and net change in unrealised gain/(loss) on investments, credit default swap and forward currency transactions in the Consolidated Statements of Operations.

Payables on Investments Purchased

At 30 June 2015, the amount payable on investments purchased represents amounts due for investments purchased that have been contracted for but not settled on the Consolidated Statement of Assets and Liabilities date.

Issuance/buybacks cost

In line with the Prospectus, the expenses incurred for the initial placing of the Extended Life Share Class in 2013 and the New Global Share Class in 2014 were capped at 2% of the Gross Issue Proceeds. These expenses include placing fees and commissions; registration, listing and admission fees; the cost of settlement and escrow arrangements; printing, advertising and distribution costs; legal fees, and any other applicable expenses incurred in connection with the offering of shares. All such expenses are charged to capital, reducing the issue proceeds received.

Any costs incurred by a share buyback will be charged to that share class.

Income Taxes

The Company is not subject to income taxes in Guernsey; however it may be subject to taxes imposed by other countries on income it derives from investments. Such taxes are reflected in the Consolidated Statement of Operations. In accordance with US GAAP, Management is required to determine whether a tax position of the Company is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The tax benefit to be recognised is measured as the largest amount of benefit that is greater than fifty percent likely of being realised upon ultimate settlement. De-recognition of a tax benefit previously recognised could result in the Company recording a tax liability that would reduce net assets. This pronouncement also provides guidance on thresholds, measurement, de-recognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition that is intended to provide better financial statement comparability among different entities. There were no uncertain tax positions as at 30 June 2015 or 31 December 2014. The Company is subject to examination for US Federal and state tax returns for calendar years 2011 – 2015.

During the year ended 30 June 2015, the Company recorded current income tax from realised/unrealised gain on investments of $2,614,402 (30 June 2014: $220,424). Deferred taxes are recorded to reflect the tax consequences of future years' differences between the tax basis of assets and their financial reporting basis. The amount of deferred tax (benefit)/expense for the year ended 30 June 2015 is equal to ($730,895) (31 December 2014: $ 2,801,740). Total income tax from realised/unrealised gain on investments for the year ended 30 June 2015 was $1,883,507 (30 June 2014: $1,418,974).

NOTES TO THE UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

NOTE 3 – MATERIAL AGREEMENTS AND RELATED PARTIES

Investment Management Fees

Per the Investment Management Agreement dated 17 July 2014 and in relation to the Ordinary and Extended Life Shares the Manager is entitled to a management fee, which shall accrue daily, and be payable monthly in arrears, at a rate of 0.125 percent per month of the Company's Net Asset Value ("NAV").

Per the Investment Management Agreement dated 17 July 2014 and in relation to the New Global Shares the management fee, which shall accrue daily, and be payable monthly in arrears, at a rate of 0.125 percent per month of the NAV of the New Global Share Class Fund (excluding, until such time as the New Global Share Class Fund is 85 percent invested, any cash balances (or cash equivalents)) calculated as at the last business day of the relevant month. This was achieved on 16 June 2015 and the Company is now being charged 0.125 percent per month on the NAV.

For the period ended 30 June 2015, the management fee expense was $4,460,022 (30 June 2014: $4,380,161). As at 30 June 2015, the manager fee payable was $1,573,681 (31 December 2014: $728,720).

Performance Fees

In addition, the Manager is entitled to a performance fee. The performance fee for Ordinary, Extended Life and New Global Shares (the "Shareholders") will only become payable once the Company has made aggregate distributions in cash to the Shareholders (which shall include the aggregate price of all Shares repurchased or redeemed by the company) equal to the aggregate gross proceeds of issuing Shares (the "Contributed Capital") plus such amounts as will result in the Shareholders having received a realised (cash-paid) IRR in respect of the Contributed Capital equal to Preferred Return, following which there will be a 100 percent catch up to the Manager until the Manager has received 20 percent of all amounts in excess of Contributed Capital distributed to the Shareholders and paid to the Manager as a performance fee with, thereafter, all amounts distributed by the Company 20:80 between the Manager's performance fee and the cash distributed to the Shareholders.

The preferred rate of return for Ordinary Shares is an annualized 6%, Extended Life Shares was an annualized 6% from 2010 to April 2013 and is 8% from April 2013 to date and New Global Shares is an annualized 8%. For the purposes of financial reporting the performance fee is recognised on an accrual basis.

The cumulative performance fee for the Ordinary, Extended Life and New Global Share of $Nil (31 December 2014: $Nil), $Nil (30 June 2014: $Nil), and $Nil (30 June 2014: Nil) respectively would be payable if the Company was to realise all investments at the Consolidated Statement of Assets and Liabilities date. For the period ended 30 June 2015, the performance fee expense for the Ordinary, Extended Life and New Global Share was $Nil (30 June 2014: $3,373,219), $Nil (30 June 2014: $Nil), and $Nil (30 June 2014: $Nil) respectively.

The performance fee is included in the Consolidated Statement of Operations. The performance fee outstanding is included in payables to the Manager and affiliates in the Consolidated Statement of Assets and Liabilities.

Administration and Custody Agreement

BNP Paribas Securities Services S.C.A., Guernsey Branch ("BNPP") was the Administrator, Custodian and Designated Manager until 28 February 2015. Effective 1 March 2015, the Company has entered into an Administration and Sub-Administration agreement with U.S. Bancorp Fund Services (Guernsey) Limited and Quintillion Limited, a wholly owned subsidiary of U.S. Bancorp. Under the terms of the agreement, Sub-Administration services are delegated to Quintillion Limited.

The Sub-Administrator was responsible for the day-to-day administration of the Company (including but not limited to the calculation and publication of the estimated daily Net Asset Value).

NOTES TO THE UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

NOTE 3 – MATERIAL AGREEMENTS AND RELATED PARTIES (CONTINUED)

Administration and Custody Agreement (continued)

For the period from 1 January 2015 to 28 February 2015, the Administrator was entitled to a fee of 0.10 percent per annum of the net asset value of the Company subject to an annual minimum of £100,000.

For the period from 1 March 2015 to 30 June 2015, the Administrator was entitled to a fee of 0.09 percent for the first US$500 million of net asset value, 0.08 percent for the next US$500 million and 0.07 percent for any remaining balance, accrued daily and paid monthly in arrears and subject to an annual minimum of $100,000.

C.L. Secretaries Limited, a wholly owned subsidiary of Carey Commercial Limited, as Company Secretary are entitled to an annual fee of £50,800, an annual compliance fee of £250 plus fees for ad-hoc board meetings and services.

For the period from 1 January 2015 to 28 February 2015, the Custodian was entitled to a fee of 0.02 percent for transactions on the U.S. Market and Euroclear; and 0.04 per cent for unlisted equities of the Market Value of the portfolio subject to a minimum annual fee of £20,000. The loan administration fee was 0.08 percent per annum of the average market value of the loan assets with a minimum annual fee of £75,000 in respect of portfolio and loan administration.

Effective 1 March 2015, US Bank National Association became the Custodian of the Company.

For the period from 1 March 2015 to 30 June 2015, the Custodian is entitled to an annual fee of 0.025 percent with a minimum annual fee of $25,000.

For the period ended 30 June 2015, the administration fee expense was $271,560 (30 June 2014: $351,813), the secretarial fee was $79,197 (30 June 2014: $27,588) and the loan administration and custody fee expense was $103,384 (30 June 2014: $227,430). As at 30 June 2015, the administration fee payable is $163,129 (31 December 2014: $179,330), the secretarial fee payable is $19,500 (31 December 2014: $14,147) and the loan administration and custody fee payable is $60,277 (31 December 2014: $124,636).

Directors' Remuneration and Other Interests

The Directors are related parties and are remunerated for their services at a fee of $45,000 plus £10,000 each per annum ($60,000 plus £10,000 for the Chairman). With the launch of the New Global Share Class in March 2014 it was agreed that the Directors' remuneration would increase by £10,000 each per annum and they would be entitled to a one off payment of £10,000 in regard to additional work on the New Global Share Class. The one-off payment was made in 2014 following the launch of the New Global Share Class. In addition, the Chairman of the Audit Committee receives an additional $5,000 for his services in this role. Each of Michael J. Holmberg and Patrick H. Flynn, the non-independent Directors, have waived their fees for their services as Directors. For the period ended 30 June 2015, the directors' fees and travel expenses amounted to $135,985 (30 June 2014: $190,057). As at 30 June 2015, the directors' fee payable is $Nil (31 December 2014: $60,493).

Other Interests

There were no other interests for the period ended 30 June 2015.

NOTES TO THE UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

NOTE 4 – DERIVATIVES

The Company may enter into credit default swap agreements and forward currency contracts in the normal course of pursuing its investment objective. As a result of these the Company may be subject to credit and foreign currency risk.

Credit default swap agreements involve one party making a stream of payments (referred to as the buyer of protection) to another party (the seller of protection) in exchange for the right to receive a specified return if a credit event occurs for the referenced entity, obligation or index. A credit event is defined under the terms of each swap agreement and may include, but is not limited to, underlying entity default, bankruptcy, write-down, principal shortfall, or interest shortfall.

The Company may use credit default swap agreements on corporate or sovereign issues to provide a measure of protection against defaults of the issuers (i.e., to reduce risk where a Company owns or has exposure to the referenced obligation). During the period, the Company entered into a single credit default swap agreement to provide a measure of protection against defaults of a sovereign issue.

The Company can be either a seller or buyer of protection when entering into a credit default swap agreement. If the Company is a buyer of protection and a credit event occurs, as defined under the terms of that particular swap agreement, the Company will either receive from the seller of protection an amount equal to the notional amount of the swap and deliver the referenced obligation, other deliverable obligations or underlying securities comprising the referenced index or receive a net settlement amount in the form of cash or securities equal to the notional amount of the swap less the recovery value of the referenced obligation or underlying securities comprising the referenced index.

Until a credit event occurs, recovery values are determined by market makers considering either industry standard recovery rates or entity specific factors and considerations. Either as a seller of protection or a buyer of protection of a credit default swap agreement, the Company's maximum risk of loss from counterparty risk is the fair value of the agreement.

In a forward currency contract, the Company agrees to receive or deliver a fixed quantity of one currency for another, at a pre-determined price at a future date.

Purchases and sales of forward currency contracts having the same notional value, settlement date and counterparty are generally offset (which result in a net foreign currency position of zero with the counterparty) and any realised gains or losses are recognised on settlement date. The fair value of forward currency contracts is based on the price at which a new forward foreign currency contract of the same notional value, currency and maturity could be affected at the close of business in the principal currency markets in which these currencies are traded.

The Company may, from time to time, hold derivative financial instruments for the purposes of hedging foreign currency exposure . These derivatives are measured at fair value in accordance with US GAAP, with changes in fair value recognised within the Consolidated Statement of Operations in each reporting period.

Offsetting of financial assets and financial liabilities is permitted only when:

- The parties owe each other determinable amounts
- There is a right and intention to set-off
- The right of set-off is enforceable by law

Forward exchange contracts are subject to credit and market risk. Forward foreign exchange contracts result in exposure to market risk based on the changes in foreign currency exchange rates relative to contracted amounts. As a result, a relatively small foreign currency exchange rates movement may result in substantial losses to the Company. Credit risk is where the financial condition of an issuer of a security or instrument may cause it to default or become unable to pay interest or principal due on the security. Any trading counterparty to a derivative contract might default on their obligations.

NOTES TO THE UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

NOTE 4 – DERIVATIVES (CONTINUED)

The effect of such derivative instruments on the Company's financial position and financial performance as reflected in the Consolidated Statement of Assets and Liabilities and Consolidated Statement of Operations are presented in the summary below. The below table presents the fair values of derivative instruments:

The notional outstanding as at 30 June 2015 and 31 December 2014 is representative of the exposure over the period/year (or similar).

30 June 2015

	Buy/Sell Currency	Notional Foreign Currency	USD	Fair Value / USD Equivalent	Settlement Date Month/Year
Forward currency contracts (i)	1. USD/EUR	7,794,426	8,774,512	79,908	September 2015
	2. USD/EUR	7,794,426	8,765,634	71,030	September 2015
	3. USD/BRL	36,092,516	11,313,204	30,274	September 2015
	4. USD/GBP	2,192,631	3,442,319	(4,029)	September 2015
				177,183	
Credit default swap(ii)					
Federal Republic of Brazil 12.25% 06/03/2030	n/a	n/a	(12,800,000)	**(8,901)**	September 2015

31 December 2014

	Buy/Sell Currency	Notional Foreign Currency	USD	Fair Value / USD Equivalent	Settlement Date Month/Year
Forward currency contracts (i)	5. EUR/USD	788,834	971,127	(16,531)	January 2015
	6. USD/BRL	28,879,784	11,319,635	509,717	January 2015
	7. USD/EUR	25,599,388	32,304,025	1,325,241	January 2015
	8. USD/GBP	4,708,781	7,445,855	104,871	January 2015
				1,923,298	
Credit default swap(ii)					
Federal Republic of Brazil 12.25% 06/03/2030	n/a	n/a	(12,800,000)	**(23,055)**	September 2015

(i) The counterparties for the forward currency contracts are UBS AG (2, 3, 4 and 6) and Societe Generale (1, 5, 7 and 8).
The Company is subject to enforceable ISDA netting agreements with certain counterparties. These agreements govern the terms of certain transactions, and reduce the counterparty risk associated with relevant transactions by specifying offsetting mechanisms and collateral posting arrangements at prearranged exposure levels.
There were no collateral agreements during the period.

(ii) The counterparty for the credit default swap is Bank of America Merrill Lynch.

NOTES TO THE UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

NOTE 4 – DERIVATIVES (CONTINUED)

The below table presents the impact of derivative instruments on the Consolidated Statement of Operations in conformity with US GAAP:

Primary underlying risk	Location of gain/(loss) recognised in Consolidated Statement of Operations	Amount of gain/(loss) recognised in income on derivative (US$)	
Credit		**30 June 2015**	**31 June 2014**
Credit default swap	Net change in unrealised gain/(loss) on investments, credit default swap and forward currency contracts	14,154	(60,524)
Credit default swap	Net realised gain on investments, credit default swap and forward currency contracts	-	93,354
Foreign Currency			
Forward currency contracts	Net change in unrealised (loss)/gain on investments, credit default swap and forward currency contracts	(1,746,114)	841,934
Forward currency contracts	Net realised gain/(loss) on investments, credit default swap and forward currency contracts	5,869,809	(337,331)
Total		**4,137,849**	**537,433**

The following table presents, as of 30 June 2015 and 31 December 2014, the gross and net derivatives assets and liabilities by contract type and amount for those derivatives contracts for which netting is permissible under U.S. GAAP. Derivatives assets and liabilities have been netted with respect to those assets as to which the netting requirements have been met.

Off setting of derivative assets	Gross amounts of recognised assets	Gross amounts offset in the Consolidated Statement of Assets and Liabilities	Net amounts offset in the Consolidated Statement of Assets and Liabilities
30 June 2015			
Forward Currency Contracts	181,212	(4,029)	177,183
31 December 2014			
Forward Currency Contracts	1,939,829	(16,531)	1,923,298

Offsetting of derivative liabilities	Gross amounts of recognised liabilities	Gross amounts offset in the Consolidated Statement of Assets and Liabilities	Net amounts offset in the Consolidated Statement of Assets and Liabilities
30 June 2015			
Forward Currency Contracts	4,029	(4,029)	-
Credit Default Swap	8,901	-	(8,901)
	12,930	**(4,029)**	**(8,901)**
31 December 2014			
Forward Currency Contracts	16,531	(16,531)	-
Credit Default Swap	23,055	-	(23,055)
	39,586	**(16,531)**	**(23,055)**

NOTE 5 – UNFUNDED LOAN COMMITMENTS

As at 30 June 2015, the Company has no unfunded loan commitments.

NOTES TO THE UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

NOTE 6 – FAIR VALUE OF FINANCIAL INSTRUMENTS

A financial instrument is defined by ASC 825, Financial Instruments, as cash, evidence of an ownership interest in an entity, or a contract that creates a contractual obligation or right to deliver to or receive cash or another financial instrument from a second entity on potentially favourable terms. Fair value estimates are made at a discrete point in time, based on relevant market data, information about the financial instruments, and other factors.

Fair value was determined using available market information and appropriate valuation methodologies. Estimates of fair value of financial instruments without quoted market prices are subjective in nature and involve various assumptions and estimates that are matters of judgement.

Accordingly, fair values are not necessarily indicative of the amounts realised on disposition of financial instruments. The use of different market assumptions and/or estimation methodologies may have a material effect on estimated fair value amounts.

The following estimates and assumptions were used at 30 June 2015 and 31 December 2014 to estimate the fair value of each class of financial instruments:

- Cash and cash equivalents - The carrying value reasonably approximates fair value due to the short-term nature of these instruments.
- Receivables for investments sold - The carrying value reasonably approximates fair value as they reflect the value at which investments are sold to a willing buyer and settlement period on their balances is short term.
- Interest receivables & Other receivables and prepayments - The carrying value reasonably approximates fair value.
- Quoted investments are valued according to their bid price as at the close of the relevant reporting date. Investments in private securities are priced at the bid price using a pricing service for private loans. If a price cannot be ascertained from the above sources, the Company will seek bid prices from third party broker/dealer quotes for the investments.
- In cases where no third party price is available, or where the Alternative Investment Fund Manager determines that the provided price is not an accurate representation of the fair value of the investment, the Alternative Investment Fund Manager determines the valuation based on its fair valuation policy.
- Payables for investments purchased - The carrying value reasonably approximates fair value as they reflect the value at which investments are purchased from a willing seller and settlement period on their balances is short term.
- Payables to Manager and affiliates and Accrued expenses and other liabilities - The carrying value reasonably approximates fair value.
- Forward currency contracts are revalued using the exchange rate prevailing at the Consolidated Statement of Assets and Liabilities date.
- Investments in private investment companies/partnerships are valued utilising the net asset valuations provided by the underlying private investment companies/partnerships as a practical expedient. The Company applies the practical expedient consistently in its portfolio unless it is probable that the Company will sell a portion of an investment at an amount different from the net asset valuation.

The Company categorises its investments as follows based on the inputs used in valuation techniques:

Level 1: Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets;

Level 2: Inputs other than quoted prices included in Level 1 that are observable either directly or indirectly; and

Level 3: Significant unobservable inputs

NOTES TO THE UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

NOTE 6 – FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

Further to using the above inputs in investment valuations, the Company employs the net asset valuation policy approved by the board of directors that is consistent with ASC 820-10. The sources of inputs are evaluated in line with the Company's valuation policy. This includes any markets in which the Company's investments are trading, or any markets in which securities with similar attributes are trading, in determining fair value. The Company's valuation policy considers the fact that unobservable inputs must be used to determine the fair value of investments where there is not a readily available market valuation.

The table below details the Company's investments that were accounted for at fair value as at 30 June 2015.

Investments at Fair Value as at 30 June 2015

	Level 1	Level 2	Level 3	Total
Bank Debt Investments	-	66,678,107	98,211,341	164,889,448
Bond Convertible	-	8,471,821	-	8,471,821
Bond Corporate	-	10,726,295	-	10,726,295
Commercial Mortgage	-	-	4,510,721	4,510,721
Limited Partnership Units	-	-	22,742,055	22,742,055
Private Equity	-	66,906,997	129,506,650	196,413,647
Private Equity: Real Estate Development	-	-	10,237,790	10,237,790
Private Placement Bonds	-	-	3,512,042	3,512,042
US Treasury Bills	-	9,999,970	-	9,999,970
UK Treasury Bills	-	17,298,714	-	17,298,714
Private Note	-	36,079,373	6	36,079,379
Public Equity	32,611,258	-	-	32,611,258
Public Note	-	17,100,500	-	17,100,500
Trade Claim	-	-	11,465,512	11,465,512
Total investments that are accounted for at fair value	**32,611,258**	**233,261,777**	**280,186,117**	**546,059,152**

The table below details the Company's investments that were accounted for at fair value as at 31 December 2014.

Investments at Fair Value as at 31 December 2014

	Level 1	Level 2	Level 3	Total
Bank Debt Investments	-	99,737,403	104,896,647	204,634,050
Commercial Mortgage	-	-	4,219,287	4,219,287
Limited Partnership Units	-	-	44,865,563	44,865,563
Private Equity	-	78,909,997	99,711,073	178,621,070
Private Equity: Real Estate Development	-	-	20,263,099	20,263,099
Private Placement Bonds	-	-	3,063,979	3,063,979
Fixed Rate Bonds	-	1,081,300	-	1,081,300
US Treasury Bills	-	22,999,693	-	22,999,693
UK Treasury Bills	-	46,734,769	-	46,734,769
Public Equity	32,853,494	-	-	32,853,494
Public Note	-	16,563,822	-	16,563,822
Trade Claim	-	-	10,859,649	10,859,649
Ownership in Senior Living Facility	-	-	13,665,456	13,665,456
Private Note	-	-	31,950,069	31,950,069
Total investments that are accounted for at fair value	**32,853,494**	**266,026,984**	**333,494,822**	**632,375,300**

NOTES TO THE UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

NOTE 6 – FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

The following table summarises the significant unobservable inputs the Company used to value its investments categorised within Level 3 as of 30 June 2015. The table is not intended to be all-inclusive, but instead captures the significant unobservable inputs relevant to our determination of fair values.

Type	Sector	Fair Value ($)	Primary Valuation Technique	Unobservable inputs	Range Input	Weighted Average
Bank Debt Investments	Lodging and Casinos	8,377,725	Market Information	Unadjusted Broker Quote	N/A	N/A
Bank Debt Investments	Shipping	42,846,646	Market Information	Unadjusted Broker Quote	N/A	N/A
Bank Debt Investments	Surface Transport	4,466,929	Market Information	Unadjusted Broker Quote	N/A	N/A
Bank Debt Investments	Air Transport	5,846,471	Market Information	Unadjusted Broker Quote	N/A	N/A
Bank Debt Investments	Building and Development	6,563,297	Market Information	Unadjusted Broker Quote	N/A	N/A
Bank Debt Investments	Utilities	18,542,716	Market Information	Unadjusted Broker Quote	N/A	N/A
Bank Debt Investments	Commercial Mortgage	11,567,557	Market Information	Unadjusted Broker Quote	N/A	N/A
Commercial Mortgage	Commercial Mortgage	4,510,721	Discounted Cash Flow (DCF)	WACC and Price per sq foot	7.9% and $181 per sq. foot	N/A
Investment Partnership	Financial Intermediary	22,742,055	Net Asset Value	Net Asset Value	N/A	N/A
Private Equity	Shipping	2,562,210	Expected Transaction	Sales Agreement	N/A	N/A
Private Equity	Shipping	440,357	Market Information	Unadjusted Broker Quote	N/A	N/A
Private Equity	Commercial Mortgage	24,470,096	Discounted Cash Flow (DCF)	WACC and Price per sq foot	10% and $447 per sq. foot	N/A
Private Equity	Financial Intermediary	1,089,891	Market Information	Unadjusted Broker Quote	N/A	N/A
Private Equity	Lodging and Casinos	27,670,065	Market Information	Credit Bid	N/A	N/A
Private Equity	Lodging and Casinos	6,963,000	Discounted Cash Flows	Future Cash Flows - Lease Agreements, Sales and Cash on Hand	$12,000,000 future cash flows; 20% discount	N/A
Private Equity	Non Ferrous Metals/Minerals	15,417,811	Market Information	Unadjusted Broker Quote	N/A	N/A
Private Equity	Building and Development	3,446,298	Market Information	Unadjusted Broker Quote	N/A	N/A
Private Equity	Containers and Glass Products	3,134,763	Market Information	Unadjusted Broker Quote	N/A	N/A
Private Equity	Utilities	42,406,126	Market Information	Unadjusted Broker Quote	N/A	N/A
Private Equity	Utilities	388,423	Recent Transaction	Price of Recent Investment	N/A	N/A
Private Equity	Industrial	1,517,610	Recent Transaction	Price of Recent Investment	N/A	N/A
Private Equity: Real Estate Development	Real Estate Development	10,229,227	Discounted Cash Flow (DCF)	WACC and Price per sq foot	5% and $361 per sq. foot - 5% and $535 per sq. foot	5% and 465.82 per sq. foot
Private Equity: Real Estate Development	Real Estate Development	8,563	Expected Transaction	Cash on Hand	N/A	N/A
Private Note	Lodging and Casinos	6	Expected Transaction	Expected Realisable Value	N/A	N/A
Private Placement Bond	Forest Products	3,512,042	Comparatives	EBITDA Multiple	5.92	N/A
Trade Claim	Surface Transport	11,465,512	Market Information	Unadjusted Broker Quote	N/A	N/A
Total		**280,186,117**				

Changes in any of the above inputs may positively or adversely impact the fair value of the relevant investments.

NOTES TO THE UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

NOTE 6 – FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

Changes in any of the above inputs may positively or adversely impact the fair value of the relevant investments.

Level 3 assets are valued using single bid-side broker quotes or by good faith methods of the Alternative Investment Fund Manager. For single broker quotes, the Alternative Investment Fund Manager uses unobservable inputs to assess the reasonableness of the broker quote. For good faith valuations, the Alternative Investment Fund Manager directly uses unobservable inputs to produce valuations. The significant unobservable inputs used in Level 3 assets are outlined in the table on the previous page.

These inputs vary by asset class. For example, real estate asset valuations may utilise discounted cash flow models using an average value per square foot and appropriate discount rate. Other assets may be based on analysis of the liquidation of the underlying assets. In general, increases/(decreases) to per unit valuation inputs such as value per square foot, will result in increases/(decreases) to investment value.

Investments in private investment companies/partnerships are valued utilising the net asset valuations provided by the underlying private investment companies/partnerships as a practical expedient. The Company applies the practical expedient consistently in its portfolio unless it is probable that the Company will sell a portion of an investment at an amount different from the net asset valuation.

Similarly, increases/(decreases) of asset realisation inputs (liquidation estimate, letter of intent, etc.) will also result in increases/(decreases) in value. In situations where discounted cash flow models are used, increasing/ (decreasing) discount rates or increasing/(decreasing) weighted average life, in isolation, will generally result in decreased/(increased) valuations.

NOTES TO THE UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

NOTE 6 – FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

The following table summarises the significant unobservable inputs the Company used to value its investments categorised within Level 3 as of 31 December 2014. The table is not intended to be all-inclusive, but instead captures the significant unobservable inputs relevant to our determination of fair values.

Type	Sector	Fair Value ($)	Primary Valuation Technique	Unobservable inputs	Range Input	Weighted Average
Bank Debt Investments	Commercial Mortgage	4,219,287	Discounted Cash Flow ("DCF")	WACC and Price per Sq Foot	7.9% and $181 per sq. foot	N/A
Bank Debt Investments	Lodging and Casinos	9,098,425	Market Information	Unadjusted Broker Quote	N/A	N/A
Bank Debt Investments	Surface Transport	17,927,955	Market Information	Unadjusted Broker Quote	N/A	N/A
Bank Debt Investments	Air Transport	5,161,000	Market Information	Unadjusted Broker Quote	N/A	N/A
Bank Debt Investments	Shipping	47,232,376	Market Information	Unadjusted Broker Quote	N/A	N/A
Bank Debt Investments	Utilities	12,914,227	Market Information	Unadjusted Broker Quote	N/A	N/A
Bank Debt Investments	Commercial Mortgage	12,562,664	Market Information	Unadjusted Broker Quote	N/A	N/A
Limited Partnership Units	Financial Intermediaries	44,865,563	Net Assets Value	Net Asset Value	N/A	N/A
Ownership In Senior Living Facility	Healthcare	13,665,456	Scenario Analysis	Blended Weighted Scenario Avg DCF, BIDS, and Purchase and Sale Terms	30% at 11.3MM, 50% at 13.0MM and 20% at 18.7MM	N/A
Private Equity	Commercial Mortgage	24,729,543	DCF	WACC and Price per Sq Foot	10% and $437 per sq. foot	N/A
Private Equity	Financial Intermediaries	968,792	Market Information	Unadjusted Broker Quote	N/A	N/A
Private Equity	Lodging and Casinos	27,670,065	Comparatives	Price per Acre	$2,500,000 per acre	N/A
Private Equity	Real Estate Development	18,570,819	DCF	WACC and Price per Sq Foot	10% and $347 per sq. foot - 10% and $493 per sq. foot	10% and $383 per sq. foot
Private Equity	Real Estate Development	1,692,280	Expected Transaction	Sales Offer and Cash on Hand	N/A	N/A
Private Equity	Utilities	30,732,251	Market Information	Unadjusted Broker Quote	N/A	N/A
Private Equity	Building and Development	3,446,298	Market Information	Unadjusted Broker Quote	N/A	N/A
Private Equity	Containers and Packaging	12,164,124	Market Information	Unadjusted Broker Quote	N/A	N/A
Private Note	Financial Intermediaries	19,908,381	Market Information	Unadjusted Broker Quote	N/A	N/A
Private Note	Lodging and Casinos	12,041,688	Market Information	Unadjusted Broker Quote	N/A	N/A
Private Placement Bonds	Forest Products	3,063,979	Comparatives	EBITDA Multiple	5.92	N/A
Trade Claim	Surface Transport	10,859,649	Market Information	Unadjusted Broker Quote	N/A	N/A
Total		**333,494,822**				

NOTES TO THE UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

NOTE 6 – FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

The following is a reconciliation of opening and closing balances of assets and liabilities measured at fair value on a recurring basis using Level 3 inputs:

For the period ended 30 June 2015	Bank Debt Investments	Private Equity	Private Equity: Real Estate Development	Private Placement Bonds	Limited Partnership Units	Trade Claim	Private Note
Balance, 31 December 2014	**$ 104,896,647**	**$ 99,711,073**	**$ 20,263,099**	**$ 3,063,979**	**$ 44,865,563**	**$ 10,859,649**	**$ 31,950,069**
Purchases	8,893,407	55,742,289	645,750	-	1,355,252	-	-
Sales and distributions	(13,411,101)	48,420,663)	(10,241,565)	-	(23,655,303)	-	-
Restructuring assets	(1,886,575)	13,268,182	-	-	-	-	-
Non cash gain on restructuring	334,300	-	-	-	-	-	-
Realised gain/(loss) on sale of investments	(775,548)	4,081,155	1,710,785	-	1,862,417	-	-
Unrealised gain/(loss) on investments	(7,769,768)	(9,274,039)	(2,140,279)	448,063	(1,685,874)	605,863	(2,132,440)
Transfers into or (out of) level 3	7,929,979	14,398,653	-	-	-	-	(29,817,623)
Balance, 30 June 2015	**$ 98,211,341**	**$ 129,506,650**	**$ 10,237,790**	**$ 3,512,042**	**$ 22,742,055**	**$ 11,465,512**	**$ 6**
Change in unrealised gain/(loss) on investments included in Consolidated Statement of Operation for Level 3 investments held as of 30 June 2015	**$ (10,069,044)**	**$ (3,726,635)**	**$ (2,140,279)**	**$ 448,063**	**$ (1,685,874)**	**$ 605,863**	**$ 6**

	Ownership in Senior Living Facility	Commercial Mortgage	Total
Balance, 31 December 2014	**$ 13,665,456**	**$ 4,219,287**	**333,494,822**
Purchases	-	146,082	66,782,780
Sales and distributions	(18,522,439)	-	(114,251,071)
Restructuring assets	-	-	11,381,607
Non cash gain on restructuring	-	-	334,300
Realised gains/(loss) on sale of investments	8,836,140	145,352	15,860,301
Unrealised gain/(loss) on investments	(3,979,157)	-	(25,927,631)
Transfers into or (out of) level 3	-	-	(7,488,991)
Balance, 30 June 2015	**$ -**	**$ 4,510,721**	**280,186,117**
		-	
Change in unrealised gain/(loss) on investments included in Consolidated Statement of Operation for Level 3 investments held as of 30 June 2015	**$ -**	**$ -**	**(16,567,899)**

The Company's policy is to recognise transfers into and out of various levels as of the actual date of the event or change in circumstances that caused the transfer.

NOTES TO THE UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

NOTE 6 – FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

The following is a reconciliation of opening and closing balances of assets and liabilities measured at fair value on a recurring basis using Level 3 inputs:

For the year ended 31 December 2014	Bank Debt Investments	Private Equity	Private Equity: Real Estate Development	Private Placement Bonds	Limited Partnership Units	Trade Claim	Private Note
Balance, 31 December 2013	$ 64,504,795	$ 59,160,083	$ 45,067,302	$ 7,855,963	$ 51,996,494	$ 10,601,910	$ 21,089,387
Purchases	101,521,530	9,079,077	-	-	-	-	-
Sales and distributions	(26,104,279)	-	(27,663,800)	(7,119,143)	(1,715,279)	-	-
Restructuring assets	(27,670,065)	27,670,065	-	-	-	-	-
Non cash gain on restructuring	9,070,140	-	-	330,834	-	-	-
Realised gain/(loss) on sale of investments	4,027,862	(8,836)	2,147,260	811,971	13,810,661	-	-
Unrealised gain/(loss) on investments	(20,378,427)	3,810,684	712,337	1,184,354	(19,226,313)	257,739	(764,568)
Transfers into or (out of) level 3	(74,909)	-	-	-	-	-	11,625,250
Balance, 31 December 2014	**$ 104,896,647**	**$ 99,711,073**	**$ 20,263,099**	**$ 3,063,979**	**$ 44,865,563**	**$ 10,859,649**	**$ 31,950,069**
Change in unrealised gain/(loss) on investments included in Consolidated Statement of Operation for Level 3 investments held as of 31 December 2014	**$ (15,963,977)**	**$ 3,810,684**	**$ 712,337**	**$ (775,651)**	**$ (19,219,068)**	**$ 257,738**	**$ (764,568)**

	Ownership in Senior Living Facility	Commercial Mortgage	Total
Balance, 31 December 2013	$ 12,203,418	$ 13,183,956	$ 285,663,308
Purchases	121,408	-	110,722,015
Sales and distributions	-	(9,786,121)	(72,388,622)
Restructuring assets	-	-	-
Non cash gain on restructuring	-	-	9,400,974
Realised gains/(loss) on sale of investments	-	821,452	21,610,370
Unrealised gain/(loss) on investments	1,340,630	-	(33,063,564)
Transfers into or (out of) level 3	-	-	11,550,341
Balance, 31 December 2014	**$ 13,665,456**	**$ 4,219,287**	**$ 333,494,822**
Change in unrealised gain/(loss) on investments included in Consolidated Statement of Operation for Level 3 investments held as of 31 December 2014	**$ 1,340,630**	**$ -**	**$ (30,601,875)**

The Company's policy is to recognise transfers into and out of various levels as of the actual date of the event or change in circumstances that caused the transfer.

NOTES TO THE UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

NOTE 7 – RISKS

The Company is subject to various risks, including, but not limited to, market risk, credit risk and liquidity risk. The Alternative Investment Fund Manager monitors and seeks to manage these risks on an ongoing basis. While the Alternative Investment Fund Manager generally seeks to hedge certain portfolio risks, the Alternative Investment Fund Manager is not required and may not attempt to hedge all market or other risks in the portfolio, and it may decide to only partially hedge certain risks.

Market Risk

Market risk is the potential for changes in the value of investments. Categories of market risk include, but are not limited to interest rates. Interest rate risks primarily result from exposures to changes in the level, slope and curvature of the yield curve, the volatility of interest rates and credit spreads. Details of the Company's investment portfolio at 30 June 2015 are disclosed in the consolidated schedule of investments. Each separate investment exceeding 5% of net assets is disclosed separately.

Credit Risk

The Company may invest in a range of corporate and other bonds and other credit sensitive securities. Until such investments are sold or are paid in full at maturity, the Company is exposed to credit risk relating to whether the issuer will meet its obligations when the securities come due. Distressed debt securities by nature are securities in companies which are in default or are heading into default and will expose the Company to a higher than normal amount of credit risk.

The cash and other liquid securities held can subject the Company to a concentration of credit risk. The Alternative Investment Fund Manager attempts to mitigate the credit risk that exists with cash deposits and other liquid securities by regularly monitoring the credit ratings of such financial institutions and at times attempting to hold a significant amount of the Company's cash and cash equivalents in U.S. Treasuries or other highly liquid securities.

Credit risk is the risk of losses due to the failure of counterparty to perform according to the terms of a contract. Since the Company does not clear all of its own securities transactions, it has established accounts with other financial institutions for this purpose. This can, and often does, result in a concentration of credit risk with one or more of these institutions. Such risk, however, is partially mitigated by the obligation of certain of these financial institutions to comply with rules and regulations governing financial institutions in countries where they conduct their business activities.

These rules and regulations generally require maintenance of minimum net capital and may also require segregation of customers' funds and financial instruments from the holdings of the financial institutions themselves. The Company actively reviews and attempts to manage exposures to various financial institutions in an attempt to mitigate these risks.

The credit risk relating to derivatives is detailed in note 4.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as and when these fall due.

Liquidity risk is managed by the Alternative Investment Fund Manager so as to ensure that the Company maintains sufficient working capital in cash or near cash form so as to be able to meet the Company's ongoing requirements as these are budgeted for.

NOTES TO THE UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

NOTE 7 – RISKS (CONTINUED)

Other Risks

Legal, tax and regulatory changes could occur during the term of the Company that may adversely affect the Company. The regulatory environment for alternative investment vehicles is evolving, and changes in the regulation of alternative investment vehicles may adversely affect the value of investments held by the Company or the ability of the Company to pursue its trading strategies.

NOTE 8 – SHARE CAPITAL

The Company's share capital consists of:

10,000 Class A Shares authorised, of par value $1 each (which carry extensive voting rights); and, an unlimited number of shares of no par value which may upon issue be designated as Ordinary Shares (Ordinary Share, Extended Life Share Classes and New Global Shares) and or Subscription Shares (each of which carry limited voting rights) or Capital Distributions Shares.

The issued share capital of the Company is denominated in U.S. Dollars which consists of Ordinary Shares and Class A Shares and in Pound Sterling which consists of New Global Shares. Ordinary Shareholders and New Global Shareholders have the right to attend and vote at any general meeting of the Company. Class A Shareholders do not have the right to attend and vote at a general meeting of the Company save where there are no other shares of the Company is issue.

The Class A Shares are held by the Trustee pursuant to a purpose trust established under Guernsey law. Under the terms of the Trust Deed, the Trustee holds the Class A Shares for the purpose of exercising the rights conferred by such shares in the manner it considers, in its absolute discretion, to be in the best interests of the Ordinary Shareholders as a whole.

The original investment period expired on 10 June 2013 and a proposal was made to Ordinary Shareholders to extend the investment period by 21 months to 31 March 2015. A vote was held at a class meeting of Shareholders on 8 April 2013 where the majority of shareholders voted in favour of the proposed extension.

Following this meeting and with the Ordinary Shareholders approval of the extension, a new Extended Life Share class was created (the "Extended Life Shares") which consists of 72% of initial Investors who elected to convert their Ordinary Shares to Extended Life Shares. The rest of investors remain invested on the basis of the current investment period.

The Extended Life Share class are subject to a new capital return policy pursuant to which the Company will seek to return to the holders of Extended Life Shares all capital profits arising from the exit of any assets attributable to the Extended Life Shares (net of any amount that the directors estimate may become payable as performance fee).

As at the 30 June 2015, the Company had the following number of shares in issue:

	30 June 2015	31 December 2014
Issued and fully paid up:		
Class A Shares	2	2
Ordinary Shares Class of no par value (Nil in Treasury)	61,146,214	75,011,865
Extended Life Share Class of no par value (Nil in Treasury)	320,388,967	331,917,856
New Global Share Class of no par value (450,000 in Treasury)	110,335,785	110,785,785

NOTES TO THE UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

NOTE 8 – SHARE CAPITAL (CONTINUED)

Reconciliation of number of shares in issue in each class:

	Ordinary Shares	Extended Life Shares	Extended Life Treasury Shares	New Global Shares	New Global Treasury Shares	Total
Balance as at 31 December 2014	75,011,865	331,917,856	-	110,785,785	-	517,715,506
Shares redeemed during the period	(13,865,651)	(10,986,889)	-	-	-	(24,852,540)
Shares Purchased into Treasury	-	(542,000)	542,000	(450,000)	450,000	-
Shares cancelled in Treasury	-	-	(542,000)	-	-	(542,000)
Balance as at 30 June 2015	**61,146,214**	**320,388,967**	**-**	**110,335,785**	**450,000**	**492,320,966**

NOTE 9 – FINANCIAL HIGHLIGHTS

Per share operating performance	**Ordinary Shares USD Period ended 30 June 2015**	**Extended Life Shares USD Period ended 30 June 2015**	**New Global Shares GBP Period ended 30 June 2015**	**Ordinary Shares USD Period ended 30 June 2014**	**Extended Life Shares USD Period ended 30 June 2014**	**New Global Shares GBP 4 March 2014 to 30 June 2014**
Opening Balance	1.2521	1.1909	0.8860	1.2189	1.2218	-
Proceeds of Shares	-	-	-	-	-	0.9800
Impact of capital distributions	(0.0061)	(0.0004)	-	0.0011	-	-
Income/(loss) from investment operations (i)						
Net investment (loss)/income	(0.0087)	(0.0004)	0.0066	(0.0337)	0.0011	0.0014
Net realised and unrealised (loss)/gain from investments and foreign exchange	(0.0203)	(0.0532)	(0.0801)	0.0675	0.0572	(0.0189)
Total from investment operations	**(0.0290)**	**(0.0536)**	**(0.0735)**	**0.0338**	**0.0583**	**(0.0175)**
Net asset value per share at the end of the period/year	**1.2170**	**1.1369**	**0.8125**	**1.2538**	**1.2801**	**0.9625**

(i) Weighted average numbers of shares outstanding were used for calculation.

Total return * (ii)	**Ordinary Shares Period ended 30 June 2015**	**Extended Life Shares Period ended 30 June 2015**	**New Global Shares Period ended 30 June 2015**	**Ordinary Shares Period ended 30 June 2014**	**Extended Life Shares Period ended 30 June 2014**	**New Global Shares 4 March 2014 to 30 June 2014**
Total return before performance fees	(2.80)%	(4.53)%	(8.30)%	5.59%	4.78%	(1.79)%
Performance fees	-	-	-	(2.72)%	-	-
Total return after performance fees	**(2.80)%**	**(4.53)%**	**(8.30)%**	**2.87%**	**4.78%**	**(1.79)%**

(ii) An individual shareholder's return may vary from these returns based on the timing of the shareholder's subscriptions.

* Total return is calculated for the Ordinary, Extended Life Share and New Global Share Class only, which is calculated, based on movement in the net asset value, and does not reflect any movement in the market value. An Ordinary shareholder's return may vary from these returns based on participation in new issues, the timing of capital transactions etc. Class A shares are not presented as they are not profit participating shares.

NOTES TO THE UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

NOTE 9 – FINANCIAL HIGHLIGHTS (CONTINUED)

Ratios to average net assets [iii]	Ordinary Shares Period ended 30 June 2015	Extended Life Shares Period ended 30 June 2015	New Global Shares Period ended 30 June 2015	Ordinary Shares Period ended 30 June 2014	Extended Life Shares Period ended 30 June 2014	New Global Shares 4 March 2014 to 30 June 2014
Net investment income after performance fee	(1.42)%	(0.08%)	1.50%	(5.71)%	0.18%	0.45%
Expenses before performance fee	(2.70)%	(2.49)%	(1.86)%	(2.31)%	(2.16)%	(0.93)%
Performance fee	-	-	-	(2.80)%	-	-
Total expenses after performance fees	**(2.70)%**	**(2.49)%**	**(1.86)%**	**(5.11)%**	**(2.16)%**	**(0.93)%**

(iii) An individual shareholder's return may vary from these returns based on the timing of the shareholder's subscriptions.

NOTE 10 – RECONCILIATION OF NET ASSETS VALUE TO PUBLISHED NET ASSET VALUE

In preparing the consolidated financial statements, there were post period/ year end adjustments relating to investment valuations and deferred taxes. The impact of these adjustments on the NAV per Ordinary Share, Extended Life Share and New Global Share is detailed below:

	Ordinary Share Class Net Assets ($)	Ordinary Share Class NAV per Share ($)	Extended Life Share Class Net Assets ($)	Extended Life Share Class NAV per Share ($)	New Global Share Class Net Assets (£)	New Global Share Class NAV per Share (£)
Published Net Assets at 30 June 2015	74,414,735	1.2170	364,260,982	1.1369	89,647,476	0.8125
Deferred Tax Adjustment	-	-	-	-	-	-
Valuation Adjustments	-	-	-	-	-	-
Net Assets consolidated financial statements	**74,414,735**	**1.2170**	**364,260,982**	**1.1369**	**89,647,476**	**0.8125**

	Ordinary Share Class Net Assets ($)	Ordinary Share Class NAV per Share ($)	Extended Life Share Class Net Assets ($)	Extended Life Share Class NAV per Share ($)	New Global Share Class Net Assets (£)	New Global Share Class NAV per Share (£)
Published Net Assets at 31 December 2014	94,462,728	1.2593	399,300,724	1.2030	99,651,315	0.8995
Deferred Tax Adjustment	21,821	0.0003	56,263	0.0001	(260,706)	(0.0024)
Valuation Adjustments	(564,227)	(0.0075)	(4,075,500)	(0.0122)	(1,237,644)	(0.0111)
Net Assets consolidated financial statements	**93,920,322**	**1.2521**	**395,281,487**	**1.1909**	**98,152,965**	**0.8860**

NOTES TO THE UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

NOTE 11 – SUBSEQUENT EVENTS

The following subsequent events are for the period 1 July 2015 to 26 August 2015.

Share Buy Back

From 1 July 2015 to 26 August 2015 a further 500,000 Extended Life Shares were re-purchased for cancellation by the Company for gross consideration of $537,737 and 560,000 New Global Shares were re-purchased by the Company and are currently held are in treasury for gross consideration of £420,785.

Capital Return

A capital return by way of a compulsory partial redemption will be paid on 11 September 2015:

- $7 million in relation to the Ordinary share class (equivalent to approximately $0.1143 per Ordinary share); and
- $17.5 million in relation to the Extended Life share class (equivalent to approximately $0.0547 per Extended share).

DIRECTORS, MANAGERS AND ADVISERS

Directors

Robin Monro-Davies (*Chairman*)
Talmai Morgan
John Hallam
Christopher Sherwell
Michael Holmberg
Patrick Flynn

All c/o the Company's registered office.

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Claire McSwiggan
Carey Group
Tel: 01481 737281

A copy of the Company's Annual Report and Consolidated Financial Statements will shortly be available from the Company Secretary, C.L. Secretaries Limited, 1st & 2nd Floors, Elizabeth House, Les Ruettes Brayes, St Peter Port, Guernsey GY11EW or on the Company's website (WWW.NBGFRIF.COM).

Neither the contents of the Company's website nor the contents of any website accessible from hyperlinks on the Company's website (or any other website) is incorporated into, or forms part of, this announcement.