

Global Specialised Opportunities 1 Limited

(Registration Number: 48779)

ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS

For the year ended 31 March 2015

Global Specialised Opportunities 1 Limited

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Global Specialised Opportunities 1 Limited

Company Information

Investment Manager:	Grovepoint Capital LLP 8-12 York Gate London NW1 4QG
Administrator, Registrar and Secretary:	Orangefield Legis Fund Services Limited (formerly Legis Fund Services Limited) PO Box 91 11 New Street St Peter Port Guernsey, GY1 3EG
Directors of the Company:	Mr Stephen Henry Mr Martin Tolcher
Auditor:	Saffery Champness La Tonnelle House Les Banques St Sampson Guernsey, GY1 3HS
Legal Advisers in Guernsey:	Mourant Ozannes 1 Le Marchant Street St Peter Port Guernsey, GY1 4HP
Legal Advisers in Bermuda:	Appleby Canon's Court 22 Victoria Street Hamilton, HM12 Bermuda
Legal Advisers in South Africa:	Norton Rose Fullbright 10th Floor Norton Rose Fullbright House Cape Town 8001 South Africa
Listing Sponsor:	Appleby Securities (Bermuda) Limited Argyle House 41 a Cedar Avenue Hamilton HM12 Bermuda
Annual Sponsor:	Clarien BSX Services Ltd (formerly known as Capital G BSX Services Limited) 21-25 Reid Street Hamilton HM 11 Bermuda
Custodian:	Investec Bank (Switzerland) AG Lowenstrasse 29 Zurich CH-8001 Switzerland
Structural Facilitator:	Investec Bank Limited 36 Hans Strijdom Avenue Foreshore Cape Town, 8001 PO Box 1826 Cape Town, 8000 South Africa

Global Specialised Opportunities 1 Limited

Investment Manager's Commentary

Performance

Global Specialised Opportunities 1 Limited (“GSO1” or the “Company”) has generated a cumulative return for shareholders of 24.09% since inception on 27 June 2008 to 31 March 2015.

Over the course of the financial year ended 31 March 2015, the Company exercised two compulsory redemptions of shares on 28 May 2014 and 13 February 2015. These distributions took the total capital returned to investors to circa 80% of the original invested capital.

The Company’s underlying investment vehicles continued to sell holdings and distribute proceeds. Of the 19 investments in GSO1’s portfolio, 4 are now fully liquidated, 4 are substantially liquidated and 11 continue to actively exit their portfolios. All four strategies received net distributions over the financial year, with investments in the Special Situations strategy liquidating at the fastest pace. We expect GSO1 to receive further distribution proceeds over the coming quarters as the underlying investment vehicles continue to liquidate their holdings.

The Property strategy was the strongest performer for the year, whilst the other strategies suffered from slight mark-downs. Adverse movements in the BRL/USD and EUR/USD exchange rates and oil price volatility impacted valuations over the second half of the financial year. As a result, the Company’s unrealised net asset value (“NAV”) declined by 4.82% on a time-weighted basis over the financial year.

We remain pleased with the Company’s overall performance and the pace of distributions to shareholders. While the remaining NAV of the Company was marked down over the financial year, GSO1 has generated a cumulative net gain of 24.09% since inception to 31 March 2015 with relatively low volatility, over a period which has been impacted by the global financial crisis and significant market volatility.

Asset Allocation

At the financial year end, GSO1’s portfolio consisted of investments with a total market value of USD28.4m, cash of USD1.2m and a loan of USD4.9m from Investec Bank (Channel Islands) Ltd. The Specialised Opportunities Portfolio was fully committed with approximately USD75.1m of commitments to 19 investment vehicles across the four targeted strategies as follows: Distressed Opportunities USD24.4m; Special Situations USD15.6m; Niche Private Equity USD11.1m; Niche Property USD24.2m.

Further information and commentary on the performance of GSO1 can be found in the Company’s Quarterly Report sent to shareholders.

Grovepoint Investment Management

September 2015

Global Specialised Opportunities 1 Limited

REPORT OF THE DIRECTORS

The Directors present their annual report and the audited financial statements for the year ended 31 March 2015.

Principal Activities

The Company's principal activity is to carry on the business of an investment holding company investing in a diversified portfolio of private equity, property, distressed debt and other specialised opportunities.

Results

The results for the year are shown in the Statement of Total Return on page 6.

Dividends

No dividend was declared during the year (2014: USDNil).

Directors

The Directors of the Company who served throughout the year and to the date of this report were as follows:

Mr Stephen Henry

Mr Brian O'Mahoney (resigned 29 April 2015)

Mr Martin Tolcher (appointed 29 April 2015)

Going Concern

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the financial statements.

Statement of Disclosure of Information to Auditor

Each of the Directors at the date of approval of the financial statements, confirms that:

1. So far as each Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
2. He has taken all steps he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 249 of The Companies (Guernsey) Law, 2008, as amended.

Independent Auditor

A resolution for re-appointment of Saffery Champness as auditor of the Company is to be proposed at the forthcoming Annual General Meeting.

Global Specialised Opportunities 1 Limited

REPORT OF THE DIRECTORS (continued)

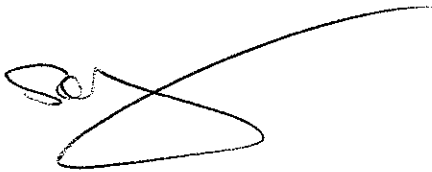
Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the audited financial statements in accordance with applicable law and regulations.

The Companies (Guernsey) Law, 2008 requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have elected to prepare the financial statements in accordance with Generally Accepted Accounting Principles (United Kingdom Accounting Standards and applicable law). Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting standards and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- state whether applicable accounting standards have been followed subject to any material departures disclosed and explained in the financial statements.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with The Companies (Guernsey) Law, 2008. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



S Henry
Director



M Tolcher
Director

Date: 24 September 2015

Global Specialised Opportunities 1 Limited

Independent Auditor's Report to the Shareholders of Global Specialised Opportunities 1 Limited

We have audited the financial statements of Global Specialised Opportunities 1 Limited for the year ended 31 March 2015 which comprise the Statement of Total Return, the Statement of Changes in Net Assets Attributable to Ordinary Shares, the Statement of Assets and Liabilities, the Statement of Cash Flow and the related notes 1 to 19. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (Generally Accepted Accounting Principles).

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

Respective Responsibilities of Directors and Auditor

As explained more fully in the Statement of Directors' Responsibilities set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the United Kingdom Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view; and
- are in accordance with Generally Accepted Accounting Principles; and
- comply with The Companies (Guernsey) Law, 2008, as amended.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where The Companies (Guernsey) Law, 2008 as amended, requires us to report to you if, in our opinion:

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



SAFFERY CHAMPNESS
CHARTERED ACCOUNTANTS
Guernsey

Date 25 September 2015

Global Specialised Opportunities 1 Limited

Statement of Total Return for the year ended 31 March 2015

	Notes	31 March 2015 USD	31 March 2014 USD (restated)
Revenue			
Net (loss)/gain on investments during the year	5	(1,038,461)	484,161
Other income	6	123,920	6,034,155
Operating expenses	7	(760,392)	(1,047,542)
Finance costs	9	(84,960)	(31,034)
Withholding tax		(100,473)	(79,017)
Currency gain		44,955	5,576
(Decrease)/increase in net assets attributable to Ordinary shares		<u>(1,815,411)</u>	<u>5,366,299</u>
Basic and diluted (loss)/profit per Ordinary share	13	(53.63)	112.32

In arriving at the results for the financial period, all amounts above relate to continuing operations.

There are no recognised gains or losses for the year other than those disclosed above.

Statement of Changes in Net Assets Attributable to Ordinary Shares for the year ended 31 March 2015

		31 March 2015 USD	31 March 2014 USD
(Decrease)/increase in net assets attributable to Ordinary shares		(1,815,411)	5,366,299
Net assets at the beginning of the year		46,449,926	50,833,627
Redemptions during the year	11	(20,350,000)	(9,750,000)
Net assets at the end of the year		<u>24,284,515</u>	<u>46,449,926</u>


The accompanying notes form an integral part of these financial statements.

Global Specialised Opportunities 1 Limited

Statement of Assets and Liabilities as at 31 March 2015

Assets	Notes	31 March 2015 USD	31 March 2014 USD
Fixed assets			
Investments	5	<u>28,397,654</u>	<u>43,816,583</u>
Current assets			
Other receivables		11,469	10,066
Cash and bank balances		<u>1,186,891</u>	<u>3,207,083</u>
		<u>1,198,360</u>	<u>3,217,149</u>
Liabilities			
Amounts falling within one year			
Bank loans	9	(4,900,000)	-
Loan interest due		(17,563)	-
Other payables	8	<u>(393,934)</u>	<u>(583,804)</u>
		(5,311,497)	(583,804)
TOTAL NET ASSETS		<u><u>24,284,517</u></u>	<u><u>46,449,928</u></u>
Net assets attributable to holders of Ordinary shares		<u>24,284,515</u>	<u>46,449,926</u>
Net assets attributable to holders of Management shares	11	<u>2</u>	<u>2</u>
Ordinary shares in issue	11	23,497,487	41,877,405
Net asset value per Ordinary share	12	1,033.4941	1,109.1883

The financial statements were approved and authorised for issue by the Board of Directors on ²⁴ September 2015.


S Henry
Director


M Tolcher
Director

The accompanying notes form an integral part of these financial statements.

Global Specialised Opportunities 1 Limited

Statement of Cash Flow for the year ended 31 March 2015

	31 March 2015	31 March 2014
	USD	USD
Reconciliation of (decrease)/ increase in Net Assets attributable to Ordinary shares to net cash flows from operating activities		
(Decrease)/increase in Net Assets attributable to Ordinary shares	(1,815,411)	5,366,299
(Gain)/loss realised on investments sold during the year	5 (5,336,656)	1,207,852
Net unrealised market depreciation/(appreciation) of net assets	6,366,992	(1,692,013)
Net unrealised currency exchange loss/(gain) on investments	8,125	(5,576)
Increase in debtors	(1,403)	(3,194)
Decrease in creditors	(189,870)	(79,209)
Finance costs	9 84,960	31,034
Net cash (outflow)/inflow from operating activities	<u>(883,263)</u>	<u>4,825,193</u>
Net cash flows from investing activities		
Purchase of investments	5 (1,358,565)	(4,839,205)
Sale of investments	5 15,739,033	12,465,013
Net cash inflows from investing activities	<u>14,380,468</u>	<u>7,625,808</u>
Net cash flows from financing activities		
Redemption of shares	11 (20,350,000)	(9,750,000)
Loan received	9 9,450,000	1,225,000
Loan repaid	9 (4,550,000)	(1,225,000)
Finance costs paid	(67,397)	(31,034)
Net cash outflows from financing activities	<u>(15,517,397)</u>	<u>(9,781,034)</u>
Net (decrease)/ increase in cash and cash equivalents	(2,020,192)	2,669,967
Cash at the beginning of the year	<u>3,207,083</u>	<u>537,116</u>
Cash at the end of the year	<u><u>1,186,891</u></u>	<u><u>3,207,083</u></u>

The accompanying notes form an integral part of these financial statements.

Global Specialised Opportunities 1 Limited

Notes to the Financial Statements for the year ended 31 March 2015

1. General Information

Global Specialised Opportunities 1 Limited is a closed-ended investment Company established under the laws of Guernsey with limited liability on 16 April 2008.

The Company's main objective is to invest in a diversified portfolio of private equity, distressed debt and other specialised opportunities. The Company will capitalise on the expertise of some of the leading global specialised advisors and managers and will focus on key themes identified by the Investment Manager as areas of potential out performance over the next 3-5 years.

The Company will target investment opportunities in four key investment strategies which are collectively defined as the "Specialised Opportunities Portfolio". The targeted investment strategies are as follows:

- (a) Distressed opportunities
- (b) Special situations and sector specific opportunities
- (c) Niche private equity
- (d) Niche property

The investment portfolio will be managed under a discretionary mandate by the Investment Manager. The investment portfolio will benefit from the input, expertise and monitoring of the Investment Manager's investment forum made up of several experienced investment practitioners and led by the Chief Investment Officer and will utilise a broad range of investment products aimed at delivering an optimal strategic solution for achieving cash plus returns with carefully managed risk.

The Company's ordinary shares are listed on the Bermuda Stock Exchange.

2. Accounting Policies

(a) **Basis of preparation**

These financial statements are prepared under the historical cost convention as modified by the revaluation of investments and in accordance with United Kingdom Accounting Standards and The Companies (Guernsey) Law, 2008 and give a true and fair view. The Primary Statements, consisting of the Statement of Total Return, Statement of Changes in Net Assets Attributable to Ordinary Shares, The Statement of Assets and Liabilities and the Statement of Cash Flow, follow the presentation in the IMA SORP (2014) which, in the opinion of the Directors provides a more relevant presentation for users of the financial statements.

(b) **Foreign exchange**

Items included in the Company's financial statements are measured using the functional currency - which is the US Dollar. The Company has also adopted the US Dollar as its presentational currency.

Foreign currency assets and liabilities are translated into US Dollars at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated at the rate of exchange ruling at the date of transaction. Foreign exchange gains and losses are included in the Statement of Total Return.

(c) **Investments**

All investments of the Company are unlisted and generally have independent valuers and administrators that report quarterly to their investors. The reports to investors will generally be used as the basis for valuation but the Directors do have discretion to determine which of those prices shall apply. In the opinion of the Directors, the prices used equate to market value.

The difference between cost and valuation, being an unrealised gain/loss on investments, is recognised in the Statement of Total Return. Realised gain/loss on part sales of investments are arrived at by deducting the pro-rata carrying amount of such investments from their sale proceeds and are recognised in the Statement of Total Return.

Capital and income distributions are allocated to income, realised movement or a return of capital based on confirmations received from the general partners of the underlying funds.

(d) **Revenue and expenses**

Revenue includes interest on deposits and other money market instruments and is accounted for on an accruals basis. Dividend income arising on the Company's investments is recognised when the underlying investments become ex-dividend or when the Company's right to dividend in its underlying investments is established. Dividends are recognised gross of any withholding tax, with the effect of withholding tax suffered taken into account as part of the tax charge and recognised separately in the Statement of Total Return. Expenses are service charges and investment related fees which are recognised on an accrual basis.

Notes to the Financial Statements for the year ended 31 March 2015 (continued)

2. Accounting Policies (continued)

(e) New Accounting Standards

During 2013 the Accounting Standards Board issued three new standards for application in accounting periods beginning on or after 1 January 2015, FRS 100, FRS 101 and FRS 102.

FRS 100 "Application of Financial Reporting Requirements" sets out rules and guidance on how to select the appropriate accounting framework for a particular entity or group.

FRS 101 "Reduced Disclosure Framework" introduces a new reduced disclosure framework enabling most subsidiaries to use the recognition and measurement bases of IFRS, while being exempt from having to make a number of disclosures required by full IFRSs in their financial statements.

FRS 102 "The Financial Reporting Standard Applicable in the UK and Republic of Ireland" is the standard which replaces current UK GAAP. It is based on the International Financial Reporting Standards ("IFRS") for SMEs, which is a much simplified version of full IFRSs and is restricted in scope. FRS 102 does however contain extended disclosures on financial instruments which derive from IFRS 7 and which must be included by entities that meet the definition of a financial institution, in addition to those disclosures which are applicable to all entities applying FRS 102.

These standards are available to be adopted early. The Directors have considered the implications of the application of these standards and have elected not to adopt them prior to the application date. Whilst the Directors do not expect that the application of these new standards will have a material impact on the results of the Company, the presentation of the results and associated disclosures may be significantly different.

(f) Going concern

As noted in the Investment Manager's Commentary, a number of the Company's investment vehicles are substantially or fully liquidated with the remainder actively exiting their investments. The Company regularly reviews the pace of these exits and, currently, envisages that all investments will be exited within 5 years. Therefore the Directors continue to adopt the going concern basis in preparing these financial statements.

(g) Cash and bank balances

Cash and bank balances comprise cash on hand, held with Investec Bank (Channel Islands) Limited and cash held with Investec Bank (Switzerland) AG.

(h) Loans and borrowings

All loans and borrowings are recognised initially at fair value less directly attributable transaction costs. After initial recognition interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

3. Taxation

The Company is exempt from Income Tax in Guernsey under the Income Tax (Exempt Bodies) (Guernsey) Ordinance 1989. The Company pays an annual fee to the States of Guernsey Income Tax Office, presently set at £1,200.

4. Fees

The Investment Management fee is based on 1.05% of the Net Asset Value and accrued quarterly. Fees charged by the Investment Manager during the year were USD361,379 (2014: USD523,256), of which USD160,880 (2014: USD242,237) remained unpaid at 31 March 2015. The Investment Manager is also entitled to a Performance Incentive Fee which is calculated at 15% on the Company's performance over and above the Hurdle rate, which amount (whether positive or negative) shall be accrued quarterly and paid out on the Termination date. The Company's performance shall be calculated as the Internal Rate of Return of the Company's quarterly NAV plus any amounts paid out as distributions, share purchases and redemptions. Performance fees for the year were USDNil (2014: USDNil).

The Company pays a fee of 0.1% per annum of the Company's Net Asset Value to the Structural Facilitator which is accrued at the end of each quarter. Fees charged by the Structural Facilitator during the year were USD34,417 (2014: USD49,834), of which USD34,417 (2014: USD49,834) remained unpaid at 31 March 2015.

Global Specialised Opportunities 1 Limited

Notes to the Financial Statements for the year ended 31 March 2015 (continued)

4. Fees (continued)

The Company pays a fee of 0.1% per annum of the Company's Net Asset Value to the Structural Facilitator which is accrued at the end of each quarter. Fees charged by the Structural Facilitator during the year were USD34,417 (2014: USD49,834), of which USD34,417 (2014: USD49,834) remained unpaid at 31 March 2015.

The Company pays a fee of 0.2% per annum of the Company's Net Asset Value to Investec Bank (Switzerland) AG as a custody fee which is accrued at the end of each quarter. Fees charged by the Custodian during the year were USD72,798 (2014: USD99,668), of which USD30,644 (2014: USD42,192) remained unpaid at 31 March 2015.

The Administrator is entitled to a fixed annual fee of USD67,500 for providing administration, valuation, compliance and accounting functions and an additional USD5,000 per Board meeting and USD2,500 per additional ad hoc meeting. Fees charged by the Administrator during the year were USD97,612 (2014: USD110,233), of which USD5,000 (2014: USD17,075) remained unpaid at 31 March 2015.

The Director's fees are equal to USD13,000 per annum per Director. Stephen Henry has agreed to waive his fees. Director's fees payable to Brian O'Mahoney during the year were USD13,000 (2014: USD13,000), of which USDNil (2014: USD6,511) remained unpaid at 31 March 2015.

The Distributors shall be entitled to an annual fee of 0.4% of the NAV of the Company for acting as independent introducers of underlying investors to the Company. The Distributors' fee is payable annually in arrears. The expense charged to the Statement of Total Return account in the year ending 31 March 2015 was USD137,668 (2014: USD198,499), of which USD138,505 (2014: USD199,336) remained unpaid at 31 March 2015.

5. Investments

The net (loss)/gain on investments during the year comprises:

	2015	2014
	USD	USD
Proceeds from sale of investments\return of capital during the year	15,739,033	12,465,013
Original cost of investments sold during the year	(10,402,377)	(13,672,865)
Realised gain/(loss) on investments sold during the year	5,336,656	(1,207,852)
Net unrealised (loss)/gain in value of investments for the year	(6,375,117)	1,692,013
Total	(1,038,461)	484,161
	2015	2014
	USD	USD
Opening portfolio cost	31,770,751	40,604,411
Additions at cost	1,358,565	4,839,205
Disposals proceeds\return of capital	(15,739,033)	(12,465,013)
Realised gain/(loss) on disposal of investments	5,336,656	(1,207,852)
Closing portfolio cost	22,726,939	31,770,751
Accumulated unrealised gain on investments	5,670,715	12,045,832
Closing valuation	28,397,654	43,816,583

Global Specialised Opportunities 1 Limited

Notes to the Financial Statements for the year ended 31 March 2015 (continued)

6. Other Income

	2015	2014
	USD	USD
Interest receivable	-	(restated) 97
Investment income*	123,920	6,034,058
	123,920	6,034,155

*Investment income consists of dividend income and other income received by the Company from its interest in underlying investments net of management fees contributed to these investments. In the prior year, investment income included all non-recallable proceeds received from underlying investments.

7. Operating Expenses

	2015	2014
	USD	USD
Administration and secretarial fees	97,612	110,233
Audit fee	28,731	29,188
Bank charges	2,577	3,884
Custodian fee	72,798	99,668
Director's remuneration	13,000	13,000
Distributors' fee	137,668	198,499
Investment management fee	361,379	523,256
Legal expenses	58	51
Listing sponsor fee	4,653	4,550
Other fees	231	7,056
Regulatory fee	7,268	8,323
Structuring fee	34,417	49,834
	760,392	1,047,542

8. Other Payables

	2015	2014
	USD	USD
Administration fee	5,000	17,075
Audit fee	24,488	26,619
Custodian fee	30,644	42,192
Director's remuneration	-	6,511
Distributors' fee	138,505	199,336
Investment management fee	160,880	242,237
Structural facilitator's fee	34,417	49,834
	393,934	583,804

Global Specialised Opportunities 1 Limited

Notes to the Financial Statements for the year ended 31 March 2015 (continued)

9. Bank loans

Investec Bank (Channel Islands) Limited facility - 29 May 2013

	2015 USD	2014 USD
Opening balance	-	-
Drawdown	4,550,000	1,225,000
Repayment for the year	<u>(4,550,000)</u>	<u>(1,225,000)</u>
Closing balance	<u>-</u>	<u>-</u>

On 29 May 2013, Investec Bank (Channel Islands) Limited agreed to make available to the Company an uncommitted and on-demand loan facility up to USD12,000,000 (the "Facility") available for 364 days from the initial drawdown date of 8 November 2013. During the year USD4,550,000 was drawn (2014: USD1,225,000) and USD4,550,000 (2014: USD1,225,000) was repaid against the facility leaving USDNil (2014: USDNil) outstanding at year end.

Investec Bank (Channel Islands) Limited facility - 15 August 2014

	2015 USD	2014 USD
Opening balance	-	-
Drawdown	4,900,000	-
Repayment for the year	<u>-</u>	<u>-</u>
Closing balance	<u>4,900,000</u>	<u>-</u>

On 15 August 2014, Investec Bank (Channel Islands) Limited (the "Bank") agreed to make available to the Company a further uncommitted and on-demand loan facility up to USD12,000,000 (the "Facility") available until 1 May 2017. On 20 February 2015, an initial drawdown of USD4,900,000 was made against the Facility. No repayments were made against the Facility before 31 March 2015 leaving USD4,900,000 outstanding at year end. The Facility is due for repayment on or before 1 August 2017. The Facility is secured against the Investment Portfolio of the Company.

Financial covenants and interest margin in relation to the facility are as follows:-

The maximum Loan to Value Ratio is 30% as determined by the Bank on the basis that the Secured Property Basis (by reference to all of the Secured Property) applies.

There have been no breaches of these covenants during the year.

Finance costs

	2015 USD	2014 USD
Finance interest	59,960	6,034
Loan arrangement fee	<u>25,000</u>	<u>25,000</u>
	<u>84,960</u>	<u>31,034</u>

Interest is charged on each outstanding Loan Facility at the aggregate of the Margin, set at 3%, plus 3M USD LIBOR and is payable quarterly in arrears at dates corresponding with the drawdown date for the Loan. At year end the aggregate interest rate was 3.27075%. The loan facility is due to be repaid on or before 1 August 2017.

Global Specialised Opportunities 1 Limited

Notes to the Financial Statements for the year ended 31 March 2015 (continued)

10. Reconciliation of net cash flow to movement in net debt

	2015 USD	2014 USD
(Decrease)/increase in cash for the year	(2,020,192)	2,669,967
Increase in debt in the year	<u>(4,900,000)</u>	<u>-</u>
	(6,920,192)	2,669,967
Net debt at beginning of the year	<u>3,207,083</u>	<u>537,116</u>
Net debt at end of the year	<u><u>(3,713,109)</u></u>	<u><u>3,207,083</u></u>

	As at 31 March 2015	Movement	As at 1 April 2014
Cash at bank	1,186,891	(2,020,192)	3,207,083
Bank debt due	<u>(4,900,000)</u>	<u>(4,900,000)</u>	<u>-</u>
Net debt	<u><u>(3,713,109)</u></u>	<u><u>(6,920,192)</u></u>	<u><u>3,207,083</u></u>

11. Analysis of Shares

Management shares

	No. of shares	2014 & 2015 USD
Authorised		
Management shares of USD1 each	<u>10</u>	<u>10</u>

Issued

	No. of shares	2014 & 2015 USD
Management shares of USD1 each	<u>2</u>	<u>2</u>

Management shares are not redeemable, do not carry any right to dividends and in a winding up rank only for a return of the amount of paid up capital after return of capital on Ordinary shares.

Ordinary shares as at 31 March 2015

	No. of Shares	USD
Balance brought forward as at 1 April 2013	51,579.189	51,195,338
Redemptions	(9,701.784)	(9,750,004)
Balance at 31 March 2014	<u>41,877.405</u>	<u>41,445,334</u>
Redemptions	(18,379.918)	(20,350,000)
Balance at 31 March 2015	<u><u>23,497.487</u></u>	<u><u>21,095,334</u></u>

The Ordinary shares have a par value of USD 0.01 each in the share capital of the Company, as well as fractions of such Ordinary shares, as the context requires.

Global Specialised Opportunities 1 Limited

Notes to the Financial Statements for the year ended 31 March 2015 (continued)

11. Analysis of Shares (continued)

Ordinary shares are redeemable on the 11th anniversary of the initial closing date (27 June 2008), unless the board of Directors chooses to extend the duration of the Company for up to two years. The Company is closed-ended and therefore shareholders have no right to redeem the shares or request that the Company repurchase them prior to the redemption date. However, the Directors have discretion to accept redemptions if certain criteria are met:

- a) redemptions are effected pro rata to all investors, for part of their shares, at the audited fair market value per share less costs associated with redemption;
- b) there is sufficient cash or gearing available to fund such redemptions; and
- c) the number of shares to be redeemed shall be proportionate to the value that the realisation proceeds received by the Company (less any disposal costs and performance incentive, if applicable) represents to the NAV of the Company as a whole prior to such redemption.

Dividends may be paid on the shares at a level recommended by the Directors and provided that they are covered by funds that may be lawfully distributed as dividends.

12. Net Asset Value per Ordinary Share

	2015	2014
	USD	USD
Traded Net Asset Value at 31 March	24,288,389	46,454,623
Adjustments to year end accruals	<u>(3,874)</u>	<u>(4,697)</u>
Reported Net Assets Value at 31 March	<u>24,284,515</u>	<u>46,449,926</u>
Ordinary shares in issue	23,497,487	41,877,405
Traded Net Asset value per share	<u>1,033.6590</u>	<u>1,109.3004</u>
Reported Net Asset value per share	<u>1,033.4941</u>	<u>1,109.1883</u>

13. Basic and Diluted Earnings per share

	2015	2014
	USD	USD
(Loss)/profit attributable to ordinary shares	(1,815,411)	5,366,299
<i>Weighted average number of units in issue</i>	33,852.827	47,778.216
(Loss)/profit per ordinary share	<u>(53.63)</u>	<u>112.32</u>

The weighted average number of shares was calculated with reference to the number of days units have actually been in issue and hence their ability to influence income generated.

The ordinary shares had no dilutive potential as at 31 March 2015. Therefore, basic and diluted earnings per share are equal.

Global Specialised Opportunities 1 Limited

Notes to the Financial Statements for the year ended 31 March 2015 (continued)

14. Financial Instruments

The Company, during the normal course of business, enters into investment transactions in financial instruments, the holding of which gives exposure to the following risks:

(a) **Interest rate risk**

The Company is exposed to interest rate risk associated with the effects of fluctuations in the prevailing levels of market interest rates on loan balances. All of these loan balances pay interest at a floating rate. This interest rate risk is not considered to be significant.

The interest rate profile of the financial liabilities as at the Balance Sheet date is as follows:

	2015	2014
	USD	USD
Variable rate financial liabilities	(4,900,000)	-

The variable rate financial liabilities comprise the loan with Investec Bank (Channel Islands) Limited on which interest is paid in accordance with the Facility Agreement dated 15 August 2014.

(b) **Liquidity risk**

The Company is likely to be committing the Company's funds to investments of a long-term and illiquid nature whose shares are not listed on any stock exchange. Such investments are likely to involve a relatively high degree of risk, and the timing of cash distributions to investors is uncertain and unpredictable. Liquidity risk is mitigated by the fact that prior to the Redemption date, investors have no right to have their shares redeemed by the Company.

The Company maintains surplus cash of both United States Dollars and Euros in current accounts. These funds are made available as and when required to meet ongoing investment requirements.

In August 2014, the Company entered into a USD12 million facility with Investec Bank (Channel Islands) Limited. This further reduces the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities.

The Company's main financial commitments are its ongoing annual operating expenses as well as the loan and the loan interest.

2015	Less than 1 month USD	1 - 3 months USD	3 months to 1 year USD	1 to 5 years USD	Total USD
Investment management fee	97,723	-	63,157	-	160,880
Administration fee	5,000	-	-	-	5,000
Audit fee	-	-	24,488	-	24,488
Custodian fee	-	-	30,644	-	30,644
Distributors' fee	-	-	138,505	-	138,505
Structural facilitator's fee	-	-	34,417	-	34,417
Loan interest	17,563	-	-	-	17,563
Loan	4,900,000	-	-	-	4,900,000
	5,020,286	-	291,211	-	5,311,497

Global Specialised Opportunities 1 Limited

Notes to the Financial Statements for the year ended 31 March 2015 (continued)

14. Financial Instruments (continued)

2014	Less than 1 month USD	1 - 3 months USD	3 months to 1 year USD	1 to 5 years USD	Total USD
Investment management fee	121,400	-	120,837	-	242,237
Administration fee	17,075	-	-	-	17,075
Audit fee	-	-	26,619	-	26,619
Custodian fee	-	-	42,192	-	42,192
Director's remuneration	6,511	-	-	-	6,511
Distributors' fee	-	-	199,336	-	199,336
Structural facilitator's fee	-	-	49,834	-	49,834
	144,986	-	438,818	-	583,804

(c) Foreign currency risk

Foreign currency risk is the risk that the value of the financial instrument or cash will fluctuate because of changes in foreign currency exchange rates. Investments may be based in currencies other than United States Dollars and unfavourable exchange rates between those currencies and United States Dollars will affect the fair market value per share of the Company. The Company's portfolio is diversified across global currencies but primarily in United States Dollars and Euros.

(d) Market risk

Market risk arises because the Company's investments are exposed to market price fluctuations and these are monitored by the Company's investment manager. The investment manager has a team dedicated to sourcing and carrying out the diligence necessary to select investments aimed at delivering consistent and outstanding performance.

The Company has adopted the following investment restrictions to manage its risk:

- i) No single investment may exceed 20% of the aggregate subscription proceeds received by the Company (and including any returns on such proceeds while in the investment portfolio);
- ii) No single investment strategy may exceed 50% of the aggregate subscription proceeds received by the Company (and including any returns on such proceeds while in the investment portfolio);
- iii) Investments within the Specialised Opportunities Portfolio will be implemented or committed to within the Investment Period, as defined in the prospectus, thereafter Specialised Opportunities Investments shall only be made if they do not potentially extend the life of the Company past 27 June 2019; and
- iv) The investment portfolio may only invest in investments which can, under normal circumstances, be liquidated within a six month period.

(e) Capital management

The Company may be geared through borrowings of up to 30% of the Company's assets. Presently, the Company borrows money through a loan facility to fund investments as well as to bridge drawdowns. The borrowing is secured by the Company's assets and, at year end, it constitutes 17% of the Company's assets. The cost of this borrowing is linked to interest rates which may fluctuate, and, as such, impact returns. In the event that the cost of borrowing exceeds the return on investments, the borrowing will have a negative effect on the Company's performance.

The Company entered into a banking facility agreement containing financial covenants. Should any such covenants be breached the Company may be required to repay the borrowings in whole, or in part, together with any attendant costs. There were no breaches of bank covenants during the year.

In order to manage such risk the investment manager will source investments aimed at delivering consistent and outstanding performance and as such the likelihood of cost of borrowing having a negative effect on the Company will have been reduced.

Global Specialised Opportunities 1 Limited

Notes to the Financial Statements for the year ended 31 March 2015 (continued)

15. Interest in Shares

The Directors have no direct interests in the Ordinary shares of the Company.

The shareholders listed below have interests in the Ordinary shares of the Company greater than 10%:

Sentinel Mining Industry Retirement Fund	45.3187%
Investec Bank (Switzerland) AG	12.1456%
Investec Securities Limited - Asset Swap Account	13.6674%
Torch Nominees Ltd	11.7887%

Due to the number of shareholders and the size of their holdings the directors do not believe that there is a single ultimate controlling party.

16. Related Party Transactions

During the year under review Brian O'Mahoney received Directors' fees of USD13,000 (2014: USD13,000) of which USDNil was outstanding at year end (2014: USD6,511).

Mr O'Mahoney was a related party as a Director of Legis Group Limited, who owned Legis Fund Services Limited, the Administrator of the Company, until 1 December 2014.

Stephen Henry, is employed by Investec Bank (Channel Islands) Limited (IBCI) and waived his fees.

In August 2014, the Company entered into a US\$12m facility with IBCI in an arm's length transaction. IBCI, the Structural Facilitator (Investec Bank Limited) and the Custodian (Investec Bank (Switzerland) AG) are under common ownership. Details of transactions with these parties are disclosed in Notes 4, 7, 8 and 9.

The related party transactions with the Administrator and Investment Manager are detailed in Notes 4, 7 and 8.

17. Commitments

At the year end the Company had committed to invest USD74,915,082 of which USD6,500,561 was outstanding at the year end. The amounts remaining on commitments are broken down as follows:

Investments	Currency	Initial commitment	Funded to date	Outstanding commitment (USD)
Apollo European Principal Finance	EUR	2,775,000	2,304,672	470,328
Apollo European Principal Finance - Project Spring	GBP	1,238,400	1,238,400	-
Apollo Overseas Partners VII	USD	3,250,000	2,559,028	690,972
Ashmore Global Special Situations 4	USD	5,850,000	5,629,848	220,152
Carlyle Asia Growth Partners IV	USD	4,550,000	3,063,548	1,486,452
Carlyle Asia Partners III	USD	4,550,000	4,019,821	530,179
Carlyle Brazilian Tourism Co-Investment	USD	1,950,000	1,950,000	-
Carlyle RMBS Partners III	USD	4,550,000	4,550,000	-
Lone Star Fund VII	USD	4,550,000	4,269,559	280,442
Lone Star Real Estate II Fund LP	USD	4,550,000	3,901,159	648,841
Oaktree European Principal Opportunities II	USD	4,850,000	4,728,750	121,250
Oaktree Opportunities VII (b)	USD	5,850,000	5,850,000	-
Oaktree PPIP Private	USD	2,600,000	2,600,000	-
Mount Kellett Capital	USD	6,750,000	6,750,000	-
Paulson Recovery Fund Ltd. - Class A	USD	3,250,000	3,250,000	-
Riverstone Global Energy and Power IV	USD	3,250,000	3,188,899	61,101
Riverstone Renewable and Alternative Energy II	USD	3,250,000	2,539,863	710,137
Tishman Speyer Brazil II	USD	3,250,000	3,028,561	221,439
Tishman Speyer China I	USD	3,250,000	2,190,732	1,059,268
				6,500,561

Global Specialised Opportunities 1 Limited

Notes to the Financial Statements for the year ended 31 March 2015 (continued)

18. Restatement of 2014 Comparatives

To comply with FRS 16, the comparative figures for Withholding tax and Other income were restated in the Statement of Total Return and Investment Income in Note 6. The effect of withholding tax suffered is now taken into account as part of the tax charge and recognised separately in the Statement of Total Return.

	2014 (restated) USD	2014 (reported) USD
Investment income per Note 6	6,034,058	5,955,041
Interest receivable per Note 6	97	97
Other income per Statement of Total Return and per Note 6	6,034,155	5,955,138
Withholding tax - Statement of Total Return	(79,017)	-
	<u>5,955,138</u>	<u>5,955,138</u>

19. Post Balance Sheet Events

Since 31 March 2015, loan repayments totalling USD3,760,000 were made against the existing Facility, details of which are included in Note 9.

Global Specialised Opportunities 1 Limited

Portfolio Statement as at 31 March 2015

Investments at Market Value	Nominal	<u>31 March 2015</u> <u>Valuation USD</u>
Strategy/Investment vehicle		
<i>Distressed Opportunities</i>		
		8,545,428
Apollo Overseas Partners VII	1.00	1,401,804
Lone Star Fund VII	7,483.67	1,189,689
Mount Kellett Capital	1,739,552.90	2,835,021
Oaktree European Principal Opportunities II	1,010,260.00	2,249,629
Oaktree Opportunities VII (b)	1.00	869,285
<i>Special Situations</i>		
		4,640,713
Ashmore Global Special Situations IV	3,096,082.79	682,685
Riverstone Global Energy and Power IV	1,650,717.78	1,840,301
Riverstone Renewable and Alternative Energy II	1,734,712.04	2,117,727
<i>Niche Private Equity</i>		
		9,478,858
Carlyle Asia Growth Partners IV	1,881,561.41	3,474,464
Carlyle Asia Partners III	3,769,952.39	3,828,506
Carlyle Brazilian Tourism Co-Investment	1,480,839.97	2,175,888
<i>Niche Property</i>		
		5,732,655
Apollo European Principal Finance	1.00	690,548
Lone Star Real Estate II Fund LP	647,246.93	1,442,513
Tishman Speyer Brazil II	498,333.00	668,642
Tishman Speyer China I	2,011,077.24	2,930,952
		28,397,654
Managed		
Fairfield Sentry Limited	2,060.85	-
		-
	Total Portfolio	28,397,654

This schedule does not form part of the audited financial statements.

Global Specialised Opportunities 1 Limited

Summary of Portfolio Changes for the year ended 31 March 2015

Sales	Nominal	<u>31 March 2015 Proceeds USD</u>
Apollo European Principal Finance	202,977.99	1,636,664
Apollo Overseas Partners VII	43,304.35	902,742
Ashmore Global Special Situations IV	927,178.15	927,178
Carlyle Asia Partners III	401,678.00	534,418
Carlyle Asia Growth Partners IV	480,565.00	508,463
Carlyle Brazilian Tourism Co-Investment	1,315.12	3,091
Lone Star Fund VII	302,886.01	1,031,163
Lone Star Real Estate II Fund	1,964,451.19	2,967,850
Mount Kellett Capital	1,110,426.20	1,110,426
OCM LP Opportunities Fund VII P	823,534.00	1,065,345
Oaktree Opportunities VII (b)	1.00	272,847
Paulson Recovery Fund Ltd Class A	3,251,500.00	3,697,018
Riverstone Global Energy & Power IV LP	368,008.79	554,226
Riverstone R & A Energy Fund II	193,483.00	510,955
Tishman Speyer China Feeder (B) LP	16,647.30	16,647
		<u>15,739,033</u>
	Cost of Investments sold	<u>10,402,377</u>
	Gain on Sale of Investments	<u>5,336,656</u>
Purchases	Nominal	<u>31 March 2015 Cost USD</u>
Apollo European Principal Finance	26,839.08	34,176
Apollo Overseas Partners VII	43,304.35	43,304
Carlyle Asia Partners III	164,146.00	164,146
Carlyle Asia Growth Partners IV	205,853.00	205,853
Lone Star Real Estate II Fund	368,363.92	368,364
Riverstone Global Energy and Power IV	391,454.00	391,454
Riverstone Renewable and Alternative Energy II	151,268.00	151,268
		<u>1,358,565</u>

This schedule does not form part of the audited financial statements.