SUPPLEMENTARY PROSPECTUS

Castle Trust Direct plc

Incorporated with limited liability in England and Wales with registered number 9046984 and having its registered office at 10 Norwich Street, London EC4A 1BD.

£1,500,000,000 CASTLE TRUST DIRECT PROGRAMME FOR THE ISSUANCE OF NOTES

SUPPLEMENTARY PROSPECTUS

This Supplementary Prospectus constitutes a supplementary prospectus in accordance with section 87G of the Financial Services and Markets Act 2000, as amended ("**FSMA**"). This Supplementary Prospectus has been approved by the FCA, which is the United Kingdom competent authority for the purposes of the Prospectus Directive, as a supplementary prospectus issued in compliance with the Prospectus Directive.

This Supplementary Prospectus is supplemental to and must be read in conjunction with the base prospectus published by Castle Trust Direct plc (the "**Issuer**") on 3 July 2014 as amended by supplementary prospectuses dated 8 December 2014 and 22 December 2014 (together, the "**Base Prospectus**"). You should read the whole of this Supplementary Prospectus and the Base Prospectus.

An investment in Notes issued pursuant to the programme under which the Issuer may issue loan notes up to a nominal value of £1,500,000,000 as described in the Base Prospectus (the "Programme") involves certain risks. For a discussion of these, please see the Risk Factors set out in Part II of the Base Prospectus.

The date of this Supplementary Prospectus is 22 May 2015.

The Issuer accepts responsibility for the information contained in this Supplementary Prospectus and declares that, to the best of the knowledge and belief of the Issuer (having taken all reasonable care to ensure that such is the case), the information contained in this Supplementary Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

Castle Trust Capital plc ("**Castle Trust**") accepts responsibility for the information contained in this Supplementary Prospectus relating to Castle Trust and declares that, to the best of the knowledge and belief of Castle Trust (having taken all reasonable care to ensure that such is the case), the information contained in this Supplementary Prospectus relating to Castle Trust is in accordance with the facts and contains no omission likely to affect its import.

In accordance with section 87Q(4)-(6) FSMA, prospective investors who, prior to the publication of this Supplementary Prospectus, have agreed to buy or subscribe for Notes pursuant to the Programme, have the right to withdraw their commitments. Such right shall expire at the end of the second working day after the date of this Supplementary Prospectus.

The distribution of this Supplementary Prospectus and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuer, JTC Trustees (UK) Limited as the Trustee, Castle Trust and Castle Trust Capital Management Limited ("**CTCM**") do not represent that this Supplementary Prospectus may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, Castle Trust or CTCM which is intended to permit a public offering of any Notes or distribution of this Supplementary Prospectus in a jurisdiction where action for that purpose is required.

Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Supplementary Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Supplementary Prospectus or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Supplementary Prospectus and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Supplementary Prospectus and the offer or sale of Notes in the United States and the European Economic Area (including the United Kingdom) (see Part VIII of the Base Prospectus, "Subscription and Sale").

Neither this Supplementary Prospectus nor any other information supplied in connection with the Programme or the issue of any Notes constitutes an offer or invitation by or on behalf of the Issuer, Castle Trust or CTCM to any person to subscribe for or to purchase any Notes to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction.

Supplementary Information

The purpose of this Supplementary Prospectus is to draw prospective and current investors' attention to the publication on 22 May 2015 by both Castle Trust and the Issuer of each of their interim financial statements for the period 1 October 2014 to 31 March 2015 together with the directors' report in respect of each (the "**Half-Year Reports**"). The Half-Year Reports are new information which may be significant for the purposes of making an informed assessment of the kind mentioned in section 87A(2) FSMA. The Half-Year Reports should be considered in addition to the information included in the Base Prospectus. Copies of the Half-Year Reports are included in schedules 1 (*Castle Trust*) and 2 (*the Issuer*) of this Supplementary Prospectus.

The Half-Year Reports can be found on Castle Trust's website at www.castletrust.co.uk/information. The website www.castletrust.co.uk is not incorporated by reference into this Supplementary Prospectus and no part of the website www.castletrust.co.uk forms part of this Supplementary Prospectus.

Save as disclosed in this Supplementary Prospectus, no significant new factor, material mistake or inaccuracy or significant change relating to information included in the Base Prospectus has arisen since publication of a supplementary prospectus on 22 December 2014.

Updates to summary of Base Prospectus

Certain amendments to the summary of the Base Prospectus are appropriate following the publication of the Half-Year Reports. Elements B.12, B.23 and B.24 of the summary of the Base Prospectus are updated as follows:

B.12 — **Selected key financial information on Castle Trust; no material adverse change statement; significant change statement**

The table below sets out summary key information from the financial statements of Castle Trust for the period 1 October 2014 to 31 March 2015:

	31 March 2015	30 September 2014
Assets	**£**	£
Property and equipment	**185,430**	80,689
Intangible assets	**264,678**	-
Other receivables	**1,895,619**	278,428
Derivative financial instruments	**-**	-
House price option	**3,398,591**	-
Loans to customers	**58,602,456**	-
Financial assets at fair value through profit and loss	**68,142,979**	40,171,533
Investments	**21,779,772**	29,600,037
Trade and other receivables	**9,686,226**	2,666,987
Prepayments	**897,523**	166,520
Cash and cash equivalents	**8,248,208**	8,838,862
Total assets	**173,101,482**	81,803,056
Equity		
Share capital	**6,478,000**	6,478,000
Share premium	**45,540,000**	45,540,000
Retained earnings	**(17,958,192)**	(18,410,996)
Non-controlling interests	**151,347**	161,437
Total equity	**34,211,155**	33,768,441
Liabilities		
Financial liabilities at fair value through profit and loss	**8,965,372**	8,622,357
Financial liabilities at amortised cost	**127,021,657**	36,969,418
Trade and other payables	**2,903,298**	2,442,840
Total liabilities	**138,890,327**	48,034,615
Total equity and liabilities	**173,101,482**	81,803,056

There has been no material adverse change in the prospects of Castle Trust since 31 March 2015. There has been no significant change in the financial or trading position of Castle Trust since 31 March 2015.

As at 31 March 2015, Castle Trust has made borrowings under the Borrower Loan Agreement in relation to subscriptions of £129,949,726 for Fortress Bonds, of which £90,827,051 Fortress Bonds have been subscribed since 30 September 2014 (being the date of the last published audited accounts for Castle Trust and the Issuer).

<table>
<tr><td>B.23</td><td>Historical key financial information regarding the Issuer</td><td>The table below sets out summary key information from the financial statements of the Issuer for the period 1 October 2014 to 31 March 2015:

<table>
<tr><td></td><td>31 March 2015</td><td>30 September 2014</td></tr>
<tr><td>Assets</td><td>£</td><td>£</td></tr>
<tr><td>Loans and receivables</td><td>129,949,726</td><td>38,024,039</td></tr>
<tr><td>Trade and other receivables</td><td>729,930</td><td>529,004</td></tr>
<tr><td>Total assets</td><td>130,679,656</td><td>38,553,043</td></tr>
<tr><td>Equity</td><td></td><td></td></tr>
<tr><td>Called up share capital</td><td>50,000</td><td>50,000</td></tr>
<tr><td>Share premium</td><td>450,000</td><td>450,000</td></tr>
<tr><td>Retained earnings</td><td>-</td><td>-</td></tr>
<tr><td>Total equity</td><td>500,000</td><td>500,000</td></tr>
<tr><td>Liabilities</td><td></td><td></td></tr>
<tr><td>Financial liabilities at amortised cost</td><td>129,949,726</td><td>38,024,039</td></tr>
<tr><td>Trade and other creditors</td><td>229,930</td><td>29,004</td></tr>
<tr><td>Total liabilities</td><td>130,179,656</td><td>38,053,043</td></tr>
<tr><td>Total equity and liabilities</td><td>130,679,656</td><td>38,553,043</td></tr>
</table>

As at the date of this document, there has been no significant change to the financial position of the Issuer during the period covered by the financial information above or since 31 March 2015.</td></tr>
<tr><td>B.24</td><td>Material adverse changes</td><td>As of the date of this document there has been no material adverse change in the prospects of the Issuer since the date of its last interim financial statements of 31 March 2015</td></tr>
</table>

Documents available for inspection

Copies of the Base Prospectus, this Supplementary Prospectus and the Half-Year Reports may be inspected free of charge at the offices of Macfarlanes LLP, 20 Cursitor Street, London EC4A 1LT.

SCHEDULE 1

Castle Trust Capital plc

Unaudited condensed consolidated interim financial statements

31 March 2015

Castle Trust

Corporate Information

Registered No: 07454474

Directors

Mr Richard Alexander McGregor Ramsay

Dr David Raymond Morgan

Mr Timothy John Hanford

The Rt Hon The Lord Deben

Dame Deirdre Mary Hutton

Mr Patrick Nigel Christopher Gale

Mr Sean Oldfield

Mr Matthew Wyles

Mr Keith William Abercromby

Sir Callum McCarthy (resigned 25 February 2015)

Secretary
Mr Mark Banham

Auditors
Ernst & Young LLP
1 More London Place
London
SE1 2AF
United Kingdom

Bankers
HSBC Bank PLC
First Floor
60 Queen Victoria Street
London
EC4N 4TR
United Kingdom

Registered Office
10 Norwich Street
London
EC4A 1BD
United Kingdom

Chief Executive's report

The period covered by this Report has been profoundly important for Castle Trust. Our new strategy, which we initiated in November 2013, has proved effective and we feel very confident about the prospects for the rapid development of our business during the months and years ahead.

As at 21 May 2015, Castle Trust has over 10,000 customers, 100 staff, is profitable and growing strongly. We have continued to focus on, and delivered, a unique business operating with dominant market share in profitable niches with high barriers to entry.

In common with many financial institutions, Castle Trust's business model is based upon holding assets to maturity and earning a positive spread between its funding costs and lending returns. Castle Trust's mortgages are generally second charge, and typically earn a deferred interest based return plus a return linked to the specific property or national house price index. The mortgage portfolio has similar economic characteristics to a convertible bond portfolio (with house price inflation linked returns in lieu of equity returns). Castle Trust's funding comes from investment products that pay a fixed rate of return (the "Fortress Bond") or returns linked to a national or regional house price index (the "Housa"). Castle Trust earns a positive net interest income regardless of house price changes. Castle Trust also currently retains a significant asymmetric upside exposure to UK house prices, which it is able to sell to institutional and retail investors.

Our mortgage business has delivered particularly pleasing results – this is because we understand this market and our unique place within it. Independent advisers now control the lion's share of activity within both the mainstream and specialist mortgage market. Their support and enthusiasm has been crucial in our success – and will continue to be so. Castle Trust is now clearly established as offering something new and fresh to a market which, since 2007, has been depressed. Our products offer the scope to deliver financing solutions which yield important and immediate benefits to our customers.

We will continue to build our mortgage business based on three key strategic principles:

- to target market segments where Castle Trust can meet demonstrable customer need;
- to deliver propositions which are predominantly incremental (not substitutional) to existing market supply;
- to identify under-served niches where stable and sustainable risk adjusted returns could be achieved.

In common with most financial institutions, Castle Trust's business model depends upon its ability to fund its assets with appropriately matching liabilities. The principles of our funding strategy have, therefore, remained broadly constant. Castle Trust's liabilities business is required to:

- provide an acceptable match to its lending profile in terms of maturity, return profile (ie house price inflation / conventional interest rates) and risk characteristics;
- be capable of being sourced in sufficient scale so as not to constrain growth in profitability;
- be viably priced to provide the required return on equity;
- provide adequate diversification and resilience.

Whilst Castle Trust has continued to manufacture and distribute our house price tracker investment products (Housas), the growth of this business line has not kept pace with the development of our mortgage business. Because the risk profile of lending has evolved advantageously, Castle Trust has been able to develop a resilient funding strategy which is not exclusively dependent on the sale of Housas.

Specifically Castle Trust's new lending products have assumed less exposure to house deflation than was originally envisaged and, furthermore, all lending in the period incorporates minimum interest based returns to Castle Trust irrespective of the trajectory of house prices. Castle Trust also offers borrowers the option of blending house price inflation with conventional interest rate bearing obligations. The composite effect of these asset side changes is to make the issuance of conventional interest bearing liabilities a very real alternative funding source for Castle Trust.

Our Fortress Bond programme (which launched in July 2014) built real momentum during the six month period ending 31 March 2015 which included a strong performance throughout the ISA season. This was despite the market distortions caused by the decision of the coalition Government in February to instruct National Savings & Investments (NS&I) to launch highly competitive Guaranteed Growth Bonds available exclusively to people over the age of 65. These products are scheduled to be withdrawn on 15 May.

Our business continues to be supported by the strength of our balance sheet. The half year period to 31 March 2015 marked a substantial improvement in our financial strength: the capital base has been strengthened by the profitability of the business; the funding base has grown in line with the mortgage book. Collectively these achievements mean that we are even better placed to meet our customers' demands.

Castle Trust is now demonstrably a high growth business. It has been both necessary and desirable to invest in resources and facilities to support this growth. Specifically, we have resourced our commitment to outstanding customer care by opening our new Operations Centre in Basingstoke where we have already recruited over 60 new people in a wide range of disciplines and competencies.

Our leadership team has been further strengthened through the recruitment of additional senior executives which has lent further depth and strength to our business particularly in Information Technology, Finance and Marketing. These individuals come with rich and varied experience which is already helping us leverage our success.

I am very proud of our achievements over the past half year. Our financial success is a testament to our staff and our ability to help our customers. I am confident that our approach will serve us well in the future.

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Sean Oldfield

Chief Executive Officer

21 May 2015

Directors' report

The directors present the Directors' report and unaudited condensed consolidated interim financial statements for Castle Trust Capital plc ("Castle Trust" or the "Company") and its subsidiaries (together "the Group") for the period ended 31 March 2015. The information on page 1 forms part of this report.

Significant activity in the period

Sales activity

The value of mortgages outstanding has increased during the period to £130,144,026 as at 31 March 2015 (30 September 2014: £40,171,533). The total of liabilities outstanding has also increased during the period to £138,890,327 (30 September 2014: £48,034,615).

Group business review

The Group has reviewed the products it provides and how it accounts for those products during the period. It has made some material changes to individual product design, resulting in a significant increase in the Group's exposure to fixed income assets and liabilities.

Group structure

The Group comprises five operating entities: Castle Trust, Castle Trust Capital Management Limited ("CTCM"), Castle Trust Income Housa plc ("CTIH"), Castle Trust Direct plc ("CTD") and one nominee company, Castle Trust Capital Nominees Limited ("CTCN"). In addition, Castle Trust PCC ("the PCC") and its Protected Cell, Castle Trust Growth Housa PC ("the PC"), are structured entities which are not owned by the Group but consolidated in accordance with IFRS 10 Consolidated Financial Statements.

Group activities

The nature and variety of Castle Trust's funding and lending range continues to expand as the Group continues to develop new products and markets. The products sold during the period to 31 March 2015 are covered below.

Mortgages

Castle Trust provides mortgages to both owner occupiers and buy to let landlords, secured on UK residential property.

Index Profit Share Mortgages

An Index Profit Share ("IPS") mortgage is a flexible solution for clients wishing to raise capital for a number of purposes, including portfolio expansion. It has no monthly payments and is an alternative to the BTLEL for clients who may prefer to link Castle Trust's profit share to an independent index, the Halifax House Price Index ("HPI"), rather than the client's specific property. The customer typically retains a minimum of 15% equity if using an IPS mortgage. IPS mortgages are secured on residential property.

There are no monthly repayments. The original amount of the loan is repaid at redemption with a deferred interest payment (typically 5% pa where applicable) and up to twice the increase in value of the national house price index, if the property has increased in value, or the minimum repayment amount (typically 3.5% pa), whichever is higher. The product is only available to borrowers who are exempt from the Consumer Credit Act (buy to let or satisfying high net worth / business exemption tests).

Flexible Zero Mortgages

A Flexible Zero ("FZ") mortgage provides an alternative to other forms of raising finance over a two to five year horizon.

For a customer wishing to secure their mortgage against owner occupied property, this is a second charge mortgage. First charge mortgages are available to buy to let customers only.

A fixed rate of interest is set at the outset of the loan. All interest, as it is incurred, is added to the principal balance. This new principal balance is then used to calculate the next instalment of interest when it is due. On maturity, the original principal plus all the accumulated interest is repayable in a single redemption payment.

Currently rates typically range from 6% to 10.5% for first charge loans (buy to let only) and are typically between 7% and 13.5% for second charge loans. Rates are priced on an individual loan basis and are dependent on a range of factors, such as duration and loan to value.

Buy To Let Equity Loan

A Buy To Let Equity Loan ("BTLEL") is an innovative product that allows landlords to raise capital for a number of purposes, including portfolio expansion. The BTLEL is typically for a maximum loan to value (LTV) of 20% secured via a first or second legal charge. The maximum combined LTV (including the first charge mortgage, if any) is 85%, with lower and upper bounds to the maximum duration of 1 to 10 years.

There are no scheduled monthly repayments. Instead, the original amount of the loan must be repaid at redemption plus the greater of (1) a minimum repayment amount which is typically a rate of simple interest per annum; and (2) profit share of twice the BTLEL LTV share of any increase in the value of the property during the life of the loan (ie if the BTLEL is 20% then the profit share is 40% of the growth in the value of the property). During March 2015, the typical minimum repayment amount was between 4% and 5% per annum.

Investment products

Castle Trust issues two main categories of investment product, being fixed rate bonds, marketed as Fortress Bonds, and HPI linked investments, marketed as Housas.

Fortress Bonds

Fortress Bonds comprise standard fixed rate bonds of varying durations and returns that are listed on the Irish Stock Exchange each month. During the period, durations of 1, 2, 3 and 5 years have been issued with AERs between 2.25% and 4.50%. The products offered during March 2015 also provided the option to invest in a bond which paid interest either quarterly or on maturity.

Housas

The Housas issued during the period were Growth Housas and Foundation Housas. The legal form of Growth and Foundation Housas are preference shares issued by the PCC. In previous periods, the Income Housa was issued which were loan notes issued by Castle Trust Income Housa plc.

Growth Housas, Foundation Housas and Income Housas have some similar economic features, being fixed term investments offering returns linked to the value of the UK housing market by reference to the performance of the HPI.

Growth and Foundation Housas deliver a multiple of any increase in the index (for example 150% for a 5 year Growth Housa and 100% for a 5 year Foundation Housa) and a reduced factor of any decrease in the Index (for example 50% for a 5 year Growth Housa). There is no downside participation for the Foundation Housa range.

Income Housas pay a fixed quarterly coupon plus a return based on the HPI. These are no longer available to new customers.

Housas provide investors the opportunity to diversify their portfolios to include exposure to the UK housing market without the risks and expenses associated with buying individual houses. They also offer those saving to buy a home with the opportunity to reduce the risk of being priced out of the property market by allowing them to invest in a product with returns linked to the UK housing market (the asset for which they are saving).

Group arrangements

CTCM provides services to the Group and its customers. In its administrative capacity it provides sales and marketing, and investment and administration management services to the PCC and PC, and to CTD. It provides sales and marketing services only to CTIH, and provides management services to its parent, Castle Trust. For ISA customers, CTCM provides ISA management services.

Castle Trust subscribes for the redeemable preference shares in the PCC and loan notes in CTIH, and immediately sells them to the investors. Castle Trust simultaneously writes a swap agreement for the subscription amounts with the PCC or CTIH that lends such monies from the Housas to Castle Trust. The subscription amount due from Castle Trust to each company is then offset against the advance due under the swap agreement. The swap transactions are eliminated in the unaudited condensed consolidated financial statements.

In addition, Castle Trust enters into a Borrower Loan Agreement with CTD. Under the Borrower Loan Agreement, the issue proceeds received by CTD for subscription for bonds are advanced to Castle Trust until the maturity date of the relevant series of bonds when Castle Trust repays the principal amount of such advance. In addition, Castle Trust will pay interest on each advance on (or immediately prior to) the interest payment date(s) (if any) of the relevant series of bonds and/or the maturity date of the relevant series of bonds.

Reporting basis

The Group unaudited condensed consolidated interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting.

In order to present more fairly the results of the Group and to align the classification and valuation of key retail assets (mortgage products) and liabilities (investment products), Castle Trust has made the following changes: from 1 October 2014, all IPS mortgage products have been separated into their constituent parts, being the embedded HPI option and fixed income loan components. Only IPS mortgages, which are not linked to an underlying property are eligible to be treated in this manner under IAS 39 Financial Instruments: Recognition and Measurement, therefore the smaller proportion of the group’s lending being Partnership Mortgages (“PM”) and BTLEL remain classified as financial assets at fair value through profit or loss even though they also comprise a fixed income element and a house price linked option. The HPI linked option element of hybrid mortgages is now a separate class of financial assets called ‘House price option’, described in note 8, and the remaining fixed income loan element is classified as ‘Loans to customers’, measured on an amortised cost basis. This treatment allows the interest payments on the loans to customers to be recognised as interest income rather than a fair value movement, reflecting the Group's intention to hold the asset to maturity. Loans to customers are described in note 9.

Regulatory environment

Castle Trust and CTCM are authorised and regulated by the Financial Conduct Authority (“FCA”) and were granted FCA permission to carry out regulated investment activities on 5 September 2012. Castle Trust and CTCM received interim permission from the FCA to provide consumer credit products from 1 April 2014 when responsibility for consumer credit regulation passed from the Office of Fair Trading to the FCA.

Political donations

Castle Trust made no political donations in the period (2014: £nil).

Risk management and exposure to risk

The Group measures and monitors risk on a regular basis and formally reviews its risk position at the Risk Committee. The main risks to which Castle Trust is exposed to as at 31 March 2015 are the value of UK residential property and credit risk. These risks are sought by the business when a reasonable risk adjusted return can be earned for accepting these risks. Castle Trust is also exposed to interest rates (before hedging activities) and liquidity risks (before funding activities) as these risks are inherent in the business. Each of the risks are regularly measured and monitored, and appropriately managed. Risks are described in full in note 16.

Hedge accounting

The increase in fixed income assets and liabilities for the Group results in an exposure to interest rate changes. Consequently, the Group has entered into a number of interest rate swaps at 31 March 2015 in order to mitigate this risk. As at 31 March 2015 there were seven swaps in total, covering durations between 1 and 6 years. In order for Castle Trust to hedge account for these derivatives, it must meet a hedge effectiveness test. As at the reporting period, the hedge instrument and hedged items, being the difference between the fixed income mortgages and investments, prove 99% effective and will therefore be hedge accounted. Further details are provided in note 7.

Change to the presentation of the statement of financial position

The statement of financial position as at 31 March 2015 has been presented on a liquidity basis in accordance with IAS 1 Presentation of Financial Statements. This is a change from the presentation at 30 September 2014 which was prepared on a current and non-current asset and liability basis. The expected receipt of cash flows from financial assets and liabilities are presented in the Maturities note 17, measured on a cash equivalent basis where appropriate, which management believe presents more detailed and useful information to the reader of the accounts.

Results and dividends

The results of the Group for the period are set out in the Group unaudited condensed consolidated statement of comprehensive income on page 6. The Group has made a total comprehensive profit in the current financial period amounting to £442,714 (Six month period to 31 March 2014: Loss of £4,511,155). The directors do not recommend the payment of a dividend (2014: £nil).

By order of the Board

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Mr Mark Banham

Company Secretary

21 May 2015

Unaudited condensed consolidated interim statement of comprehensive income

for the period ended 31 March 2015

	Notes	31 March 2015 £	31 March 2014 £
Interest and similar income		**2,587,238**	90,587
Interest and similar expense		**(1,725,169)**	(28,848)
Net interest income		**862,069**	61,739
Fees and commission income		**3,924,414**	8,019
Fees and commission expense		**(1,382,543)**	(110,812)
Net fee and commission income / (expense)		**2,541,871**	(102,793)
Net trading income / (expense)		**3,403,940**	(41,054)
Net gain on financial assets at fair value through profit or loss		**2,900,464**	229,288
Net loss on financial liabilities at fair value through profit or loss		**(191,511)**	(169,859)
Total operating income		**6,112,893**	18,375
Personnel expenses		**(2,620,992)**	(1,685,388)
Depreciation of property and equipment		**(32,269)**	(8,941)
Amortisation of intangible assets		**(12,260)**	-
Other operating expenses		**(3,004,658)**	(2,835,201)
Total operating expenses		**(5,670,179)**	(4,529,530)
Profit / (loss) before tax from continuing operations		**442,714**	(4,511,155)
Corporation tax	**3**	**-**	-
Total comprehensive profit / (loss)		**442,714**	(4,511,155)
Profit / (loss) for the year attributed to:			
Non-controlling interests		**(10,090)**	65,890
Equity holders of the parent		**452,804**	(4,577,045)
Total comprehensive profit / (loss)		**442,714**	(4,511,155)

The results for all periods presented comprise continuing operations.

Unaudited condensed consolidated interim statement of financial position

as at 31 March 2015

Assets	Notes	31 March 2015 £	30 September 2014 £
Property and equipment	4	**185,430**	80,689
Intangible assets	5	**264,678**	-
Other receivables	6	**1,895,619**	278,428
Derivative financial instruments	7	**-**	-
House price option	8	**3,398,591**	-
Loans to customers	9	**58,602,456**	-
Financial assets at fair value through profit and loss	8,10	**68,142,979**	40,171,533
Investments	11	**21,779,772**	29,600,037
Trade and other receivables	12	**9,686,226**	2,666,987
Prepayments		**897,523**	166,520
Cash and cash equivalents		**8,248,208**	8,838,862
Total assets		**173,101,482**	81,803,056
Equity			
Share capital	13	**6,478,000**	6,478,000
Share premium	13	**45,540,000**	45,540,000
Retained earnings		**(17,958,192)**	(18,410,996)
Non-controlling interests	21	**151,347**	161,437
Total equity		**34,211,155**	33,768,441
Liabilities			
Financial liabilities at fair value through profit and loss	14	**8,965,372**	8,622,357
Financial liabilities at amortised cost	15	**127,021,657**	36,969,418
Trade and other payables	18	**2,903,298**	2,442,840
Total liabilities		**138,890,327**	48,034,615
Total equity and liabilities		**173,101,482**	81,803,056

The financial statements were approved by the Board of Directors and authorised for issue on 21 May 2015 and were signed on its behalf by:

Sean Oldfield CEO

Keith Abercromby CFO

Unaudited condensed consolidated interim statement of changes in equity

for the six months ended 31 March 2015

	Share capital	Share premium	Retained earnings	Total	Non-controlling interest	Total equity
	£	£	£	£	£	£
At 1 October 2014	6,478,000	45,540,000	(18,410,996)	33,607,004	161,437	33,768,441
Total comprehensive profit for the period	-	-	452,804	452,804	(10,090)	442,714
At 31 March 2015	**6,478,000**	**45,540,000**	**(17,958,192)**	**34,059,808**	**151,347**	**34,211,155**

for the six months ended 31 March 2014

	Share capital	Share premium	Retained earnings	Total	Non-controlling interest	Total equity
	£	£	£	£	£	£
At 1 October 2013	6,478,000	45,540,000	(9,071,755)	42,946,245	38,117	42,984,362
Total comprehensive loss for the period	-	-	(4,577,045)	(4,577,045)	65,890	(4,511,155)
At 31 March 2014	**6,478,000**	**45,540,000**	**(13,648,800)**	**38,369,200**	**104,007**	**38,473,207**

Unaudited condensed consolidated interim statement of cash flows

for the six months ended 31 March 2015

Cash flows from operating activities	Notes	31 March 2015 £	31 March 2014 £
Profit before tax from continuing operations		**442,714**	(4,511,155)
Adjustments to reconcile loss before tax to net cash flow:			
Depreciation of property and equipment	4	**32,269**	8,941
Amortisation of intangible assets	5	**12,260**	-
Fair value movements through profit or loss		**(2,900,464)**	(59,429)
Mortgages issued	8	**(83,950,787)**	(9,832,938)
Taxation paid		**-**	-
Interest received		**(588,249)**	(90,587)
Interest paid		**452,135**	(16,998)
		(86,500,122)	(14,485,168)
Working capital adjustments:			
Increase in other receivables	6	**(1,617,191)**	(3,350)
Increase in trade and other receivables	12	**(7,019,239)**	(30,084)
Decrease/(increase) in prepayments		**(731,003)**	(195,960)
Increase/(decrease) in trade and other payables	18	**460,458**	127,231
Net cash used in operating activities		**(8,906,975)**	(102,163)
Cash flow from investing activities			
Decrease in investments	11	**7,820,265**	14,877,388
Purchase of tangible fixed assets	4	**(137,010)**	(18,910)
Capitalisation of intangible assets	5	**(276,938)**	-
Net cash outflow from investing activities		**7,406,317**	14,858,478
Cash flow from financing activities			
Distributions paid on Income Housa investments		**(21,678)**	(13,458)
Proceeds from issue of financial liabilities at fair value through profit and loss	14	**151,504**	3,409,404
Proceeds from issue of financial liabilities at amortised cost	15	**87,280,300**	-
Net cash inflow from financing activities		**87,410,126**	3,395,946
Net increase/(decrease) in cash at bank and in hand		**(590,654)**	3,667,093
Cash at bank and in hand brought forward		**8,838,862**	2,666,290
Cash at bank and in hand carried forward		**8,248,208**	6,333,383

1. Corporate information

Castle Trust is incorporated and domiciled in the United Kingdom. These unaudited condensed consolidated financial statements for the period ended 31 March 2015 were authorised for issue in accordance with a resolution of directors on 21 May 2015.

The Group earns income from the return it earns on its mortgage and cash assets less the costs of its funding liabilities. The group also earns income from mortgage completion fees (typically 2% of the mortgage advance). The main expenses of the Group arise from directly attributable mortgage costs, such as valuation fees, commissions and procuration fees, and more significantly, the costs incurred in the provision of sales and marketing, operations and investment management and administration services.

2. Accounting policies

a. Basis of preparation

The Group's unaudited condensed consolidated interim financial statements for the period ending 31 March 2015 have been prepared under IAS 34 Interim Financial Reporting. The Group has applied the same accounting policies and methods of computation as at 30 September 2014, except for the valuation of IPS mortgage contracts as set out in notes 8 and 9.

These unaudited condensed consolidated interim financial statements have been prepared on a historical cost basis, except for financial assets and liabilities that are measured at fair value. The unaudited condensed consolidated financial statements are presented in sterling and all values are rounded to the nearest pound (£) except where otherwise indicated.

Statutory consolidated financial statements dealing with the financial year ended 30 September 2014 have been delivered to the registrar. An unqualified auditor’s report has been issued on the consolidated financial statements for that financial year.

The unaudited condensed consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group’s annual financial statements as at 30 September 2014. The Group has included comparative figures for the previous full year in these financial statements. In compliance with the provisions of section 435 of the Companies Act 2006 regarding the publication of non-statutory accounts, the interim condensed consolidated financial statements do not constitute statutory accounts.

b. Basis of consolidation

These unaudited condensed consolidated interim financial statements comprise the financial statements of the Group and its subsidiaries as at 31 March 2015.

Subsidiaries are consolidated from either the date of acquisition, being the date on which the Group obtains control, or from the date at which the Group is deemed to have gained control. Subsidiaries continue to be consolidated until the date when control ceases.

The financial statements of the subsidiaries used in the preparation of these unaudited condensed consolidated financial statements are prepared for the same reporting period as the parent company, using consistent accounting policies, except for the PCC, whose financial reference date is 31 October. Accounts for the PCC are drawn up specifically for the Group accounts to cover the Group’s accounting period.

All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full. Total comprehensive income within a subsidiary is attributed to the non-controlling interest even if it were to result in a deficit balance.

c. Significant accounting judgements, estimates and assumptions

The preparation of the Group's unaudited condensed consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the accompanying disclosures, as well as the disclosures of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The policies presented in this section comprise the IFRS accounting policies adopted for the Group that apply as at the date of authorisation of these interim unaudited condensed consolidated financial statements.

In the process of applying the Group's accounting policies, management has made the following judgements and key assumptions concerning the future, as well as other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances beyond the control of the Group. Such changes are reflected in the assumption when they occur.

(i) Consolidation of structured entities

The Group's ultimate controlling party sponsors the formation of structured entities ("SEs"), which may or may not be directly or indirectly-owned subsidiaries of Castle Trust. The Group consolidates the SEs that it controls. In determining whether the Group controls an SE, judgement is exercised to establish the following:

- whether the activities of the SE are being conducted on behalf of the Group to obtain benefits from the SE's operation;
- whether the Group has the decision-making powers to control or to obtain control of the SE or its assets;
- whether the Group has rights to obtain the majority of the benefits of the SE's activities; and
- whether the Group retains the majority of the risks related to the SE or its assets in order to obtain benefits from its activities.

The Group's involvement with consolidated SEs is detailed in note 21.

(ii) Going concern

The Group's directors have made an assessment of its ability to continue as a going concern and are satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, the directors are not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

(iii) Fair value of financial assets and liabilities

Where the fair values of financial assets and financial liabilities recorded on the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are derived from some observable market data (including the HPI) but some judgement is required to establish fair values. The judgements include considerations of liquidity and model inputs such as discount rates and early redemption assumptions.

d. Summary of significant accounting policies

(i) Intangible assets

Intangible assets are identifiable non-monetary assets without physical substance. In some instances, the Group develops its own operational systems, primarily a suite of systems that allow the Group to operate, record and value its mortgage products. These systems are developed in separate releases. The cost of each release can be measured reliably and the future economic benefits can be assessed as certain to flow to Castle Trust.

In some instances, a number of technical releases are required before the system can be said to achieve the requirements of IAS 38 Intangible Assets, in which case, the related expenses are capitalised as research and development costs as long as the technical and operational feasibility of the asset has been established. Once the resultant system(s) meets the definition as such under IAS 38, the assets are transferred into the computer software category of intangible assets.

Intangible assets are initially measured at cost. After initial measurement, intangible assets are carried at cost less accumulated amortisation and impairment losses.

Each asset, or related group of assets, is assessed as to its expected useful life and the expected pattern of benefits to the Group over that period. Each asset is amortised on a systematic basis. The main Group of in-use assets has been assessed to have a finite life of five years, which will be reviewed on an annual basis. Research and development costs are not amortised until the resultant system has met the criteria of a computer system and have been transferred into that category.

(ii) Loans to customers

The Group's fixed income mortgage products (such as the FZ mortgage product) are classified as 'Loans to customers'. In addition, the fixed income element of an IPS mortgage is separated from its house price option component and is also classified under 'Loans to customers'.

All loans to customers are measured at amortised cost using the effective interest rate method. In accordance with the effective interest rate method, initial costs and fees such as mortgage arrangement and valuation fees, and procuration fees are amortised over the expected life of the mortgage.

(iii) Financial assets and liabilities – classification

The particular accounting policies adopted for financial assets and liabilities are disclosed in the individual policy statements associated with each item below. The classification of financial assets and liabilities at initial recognition depends on their purpose and characteristics and management's intention in acquiring them.

(iv) Financial assets at fair value through profit or loss recognised in the statement of comprehensive income

Financial assets designated at fair value through profit or loss relate to PM and BTLEL (both mortgages secured on residential real estate) originated by the Group. These mortgage assets have similar economic characteristics to the IPS mortgage, however the repayment of the house price option element is linked to the value of the individual property rather than an external index which makes the fixed income component of the asset ineligible to be accounted for under "Loans to customers".

(v) Fair value hedges

A fair value hedge is used to hedge exposures to variability in the fair value of financial assets and liabilities, such as fixed rate loans and investment products. Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the statement of comprehensive income, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of the hedged item is amortised to the statement of comprehensive income over the period to maturity.

(vi) Derivative financial instruments

If derivatives are not designated as hedges then changes in fair values are recognised immediately in the statement of comprehensive income. Certain derivatives are embedded within other non-derivative host financial instruments to create hybrid instruments. Where the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risk of the host instrument, the embedded derivative is separated from the host instrument with changes in fair value of the embedded derivative recognised in the statement of comprehensive income.

(vii) Financial assets at amortised cost

The Group separates its IPS mortgages into host and derivative (Index linked) instruments. The host contracts are classified as loans and receivables: 'Loans to customers' which are measured at EIR amortised cost.

(viii) Financial liabilities at fair value through profit or loss

The Group designates its liabilities to redeemable preference ("Foundation Housas" and "Growth Housas") shareholders and its loan note ("Income Housas") holders upon initial recognition as financial liabilities at fair value through profit or loss. The Company designates its liabilities under the swap agreement to CTIH and the PC upon initial recognition as financial liabilities at fair value through profit or loss.

(ix) Financial liabilities at amortised cost

Trade creditors and other payables are recorded at amortised cost. In most instances, this equates to historic cost, as these liabilities are extinguished in a short time frame.

The Group classifies its fixed rate Fortress Bonds as financial liabilities at amortised cost.

(x) Financial assets and liabilities – initial recognition

(i) Date of recognition

All financial assets and liabilities are initially recognised on the date that the Group becomes a party to the contractual provisions of the instrument.

(ii) Initial measurement of financial assets and liabilities

All financial assets and liabilities are measured initially at their fair value plus transaction costs, except in the case of financial assets and financial liabilities recorded at fair value through profit or loss, for which transaction costs are expensed.

(xi) Subsequent measurement

Subsequent to initial measurement, the Group re-measures financial assets and liabilities at fair value through profit or loss at fair value. Changes in the fair value are recognised in the statement of comprehensive income. Interest and dividend income earned from such assets and liabilities are recorded separately. Other financial assets and financial liabilities are subsequently measured at amortised cost.

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the balance sheet at fair value with changes in fair value recognised in the statement of comprehensive income.

The fair value of financial assets at fair value through profit or loss is determined by using appropriate modelling techniques. When the fair value of financial assets recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using simulation models and discounted cash flows. See note 10 for details of the model inputs.

(ii) Financial assets at amortised cost

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest ("EIR") method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in interest expense in the statement of comprehensive income.

(iii) Financial liabilities at amortised cost

Such liabilities are carried at amortised cost using the EIR method, less transaction costs. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in interest and other similar expenses in the statement of comprehensive income.

(iv) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss are carried in the balance sheet at fair value with changes in fair value recognised in net gains / losses in financial liabilities at fair value through profit or loss in the statement of comprehensive income.

The fair value of financial liabilities at fair value through profit or loss is determined by using appropriate modelling techniques. When the fair value of financial liabilities recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using simulation models and discounted cash flows. See note 14 for details of the model inputs.

(v) Fair value hierarchy

IFRS 13 Fair Value Measurement requires disclosures relating to the fair value measurements using a three-level fair value hierarchy that reflects the significance of the inputs used in measuring fair values. The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses unobservable inputs, then that measurement is a Level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability. At the year end, all financial assets and liabilities at fair value through profit or loss have been classified at Level 3, because their fair value has been derived from unobservable data.

(xii) De-recognition of financial assets and financial liabilities

(i) Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is de-recognised when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:
  - the Group has transferred substantially all the risks and rewards of the asset; or
  - the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability.

(ii) Financial liabilities

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires.

(xiii) Impairment of financial assets

The Group assesses at each reporting date, whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (an incurred loss event) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Evidence of impairment may include: indications that the borrower or group of borrowers is experiencing significant financial difficulty; the probability that they will enter bankruptcy or other financial reorganisation; default or delinquency in interest or principal payments; and where observable data indicates that there is a measureable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate.

(xiv) Treatment of interest income and expense on financial assets and liabilities at fair value through profit or loss

Interest income and expense on financial assets and liabilities at fair value though profit or loss are presented in the statement of comprehensive income within interest and similar income, and interest and similar expense, respectively. Interest expense is calculated based on the EIR associated with the underlying financial assets and financial liabilities at fair value through profit or loss.

(xv) Cash and cash equivalents

Cash and cash equivalents as referred to in the cash flow statement comprise current account balances that are available on demand.

(xvi) Client monies

The Group holds client monies on behalf of investors prior to the underlying investments being recorded in their name. Castle Trust does not obtain the rewards, nor is exposed to the risks of ownerships. Client monies are not included in the balance sheet of the Group or Company on that basis. The amount of client monies held as at 31 March 2015 was £6,187,887 (30 September 2014: £2,989,036).

(xvii) Property and equipment

Property and equipment is stated at cost excluding the costs of day-to-day servicing, less accumulated depreciation and accumulated impairment in value. Changes in the expected useful life are accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates.

Depreciation is calculated using the straight-line method to write down the cost of property and equipment to their residual values over their estimated useful lives. The estimated useful lives are as follows:

- Computer equipment: 3 years
- Office equipment: 3 years

Property and equipment is derecognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on the derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in other operating income in the statement of comprehensive income in the year the asset is derecognised.

(xviii) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

(xix) Taxes

(i) Current tax

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

(ii) Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

In respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that the future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes related to the same taxable entity and the same taxation authority.

See note 3 for further description of the current status of deferred tax assets.

(xx) Dividends payable on ordinary shares

Dividends on ordinary shares are recognised as a liability and deducted from equity when they are approved by the Group's shareholders. Interim dividends are deducted from equity when they are paid.

Dividends for the period that are approved after the reporting date are disclosed as an event after the reporting date.

(xxi) Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceeds the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of comprehensive income.

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(xxii) Segmental reporting

The Group does not collate or report separately management information data by segment. All business is transacted within the UK, and consequently, no geographical segmental analysis is presented.

3. Taxation

The components of income tax expense for the Group for the periods ended:	**31 March 2015**	31 March 2014
	£	£
Current tax		
Current CTC income tax	**-**	-
Current CTCM income tax	**-**	-
Prior year CTC tax	**-**	-
Total	**-**	-

Reconciliation of total tax charge		
Accounting profit / (loss) before tax	**442,714**	(4,382,155)
At prevailing UK statutory income tax rate of 21% (2014: 22%)	**(92,970)**	(964,074)
Disallowable expenses	**344**	249
Losses for which a deferred tax asset is recognised	**92,626**	963,825
Income tax expense reported in the consolidated statement of comprehensive income	**-**	-

The tax rate calculated as at 31 March 2015 is 21%. Therefore the Group is subject to an average tax rate calculated over the two six month periods of its statutory accounting year.

As at 31 March 2015, the Group had total trading losses of £29,500,833 (30 September 2014: £29,943,547) in respect of which a deferred tax asset of £6,503,470 (30 September 2014: £5,949,774) has not been recognised due to uncertainty surrounding the availability of taxable profits against which these could be offset. The group moved into profit in the second quarter of the financial year, and subject to housing market performance, expects to continue to be able to offset taxable profits arising from interest income and other taxable income in the foreseeable future. The tax rate applied in determining the value of the asset not recognised is a rate of 20% which is applicable from April 2015.

4. Property and equipment

	Office and computer equipment
Cost	£
At 1 October 2013	59,733
Additions in year	90,974
At 30 September 2014	150,707
Additions in period	137,010
At 31 March 2015	**287,717**
Depreciation and impairment	
At 1 October 2013	52,269
Depreciation charge for the year	17,749
At 30 September 2014	70,018
Depreciation charge for period	32,269
At 31 March 2015	**102,287**
Net book value	
At 30 September 2014	80,689
At 31 March 2015	**185,430**

5. Intangible assets

	Mortgage operations and valuation software
Cost	**£**
At 1 October 2013	-
Additions in year	-
At 30 September 2014	-
Additions in period - internally developed	276,938
At 31 March 2015	**276,938**
Accumulated amortisation and impairment	
At 1 October 2013	-
Amortisation charge for the year	-
At 30 September 2014	-
Amortisation charge for period	12,260
At 31 March 2015	**12,260**
Net book value	
At 30 September 2014	-
At 31 March 2015	**264,678**

Intangible assets comprise the allocated time of software development staff to various pieces of software which in total provide the system on which mortgage transactions are recorded for operational purposes. The bespoke nature of the loans offered by the Group require a non-standard software solution, therefore the Group has adopted an internal IT development model to provide this, rather than attempting to alter an off the shelf solution or outsourcing to external parties.

6. Other receivables

	31 March 2015	30 September 2014
	£	£
Deposits on property occupied under operating leases	**664,600**	97,409
Payments in advance	**1,000,000**	-
Amounts due from related parties	**231,019**	181,019
	1,895,619	278,428

The fair value of other receivables approximates to cost as presented in the statement of financial position and these related notes. They are subject to devaluation over time due to the impact of inflation and when the impact of inflation results in a material difference, revised fair values will be disclosed.

7. Derivative financial instruments

Derivative financial instruments are contracts or arrangements whose value is derived from one or more underlying price, rate or index inherent in the contract or arrangement, such as interest rates, exchange rates or stock market indices. These types of instruments tend to have a smaller or no initial net investment relative to financial assets/liabilities offering the same risk/return as cash flows and generally settled at a future date.

Types of derivatives

The derivatives used by the Group are currently only interest rate swaps with varying durations.

The following table describes the significant activities undertaken by the Group, the related risks associated with such activities and the types of derivatives which are typically used in managing such risks. These risks are managed using on balance sheet instruments.

Category	Description	Risks hedged	Swap impact
Loans to customers	Fixed rate interest mortgage lending	Sensitivity to increases in interest rates	Pay fixed interest rate swaps
Investments	Fortress Bonds (fixed rate bonds)	Sensitivity to falls in interest rates	Receive fixed interest rate swaps

Hedge accounting

In certain circumstances the Group has taken advantage of the hedging rules set out in IAS 39 to designate derivatives as accounting hedges to reduce accounting volatility where hedge effectiveness is achieved.

A fair value hedge is a hedge of the exposure in changes in fair value of a recognised asset, liability or unrecognised firm commitment that is attributable to a particular risk that could have an impact on the statement of comprehensive income. As required by IAS 39, documentation is produced for each main class of fair value hedge.

	Contract or underlying principal amount	Positive market value	Negative market value
Derivatives designated as fair value hedges:	**£**	**£**	**£**
Interest rate swaps	**61,000,000**	-	-
	61,000,000	**-**	**-**

Note that the swaps were purchased on 31 March 2015. There is no positive or negative market value movement on this date, however, the collateral put in place to secure the arrangement of £1,250,000 is included on the balance sheet in cash and cash equivalents, and is held in a ring fenced account for the sole purpose of securing HSBC's risk of Castle Trust's default in relation to the market value movement in the swap.

8. House price option

at 31 March 2015	Notional amount	Fair value
	£	£
Index Profit Share mortgage house price option	**3,393,103**	**3,398,591**

IPS mortgage contracts issued since 1 October 2014 have revised terms and conditions which result in a different treatment to those issued in the year to 30 September 2014. Part of the value of the IPS mortgage is linked to the HPI, the cash flows of which are considered to be unrelated to the host contract, being the fixed interest repayment element of the hybrid contract. The host contract is recorded at amortised cost and is set out in note 10 below.

8.1 Fair value of house price option

The table below shows the fair values of financial assets together with their notional amounts. These assets are measured at fair value as their performance is evaluated on the basis of the movement of the HPI. The notional amount, being the Gross Mortgage Advance, ie the total amount advanced to the customer gross of any solicitor's fees, is the basis upon which changes in the value of the assets are measured. The notional amounts indicate the volume of transactions outstanding at the year end and are not indicative of either the market risk or the credit risk. The modelling assumptions underlying the fair value of house price linked derivatives is covered in note 10.3 below.

Movements in the period	Index Profit Share mortgage house price option
	£
Opening balance at 1 October 2014	-
Completions in the period	3,393,103
Net gain on house price options at fair value through profit or loss	5,488
Closing balance at 31 March 2015	**3,398,591**

8.2 Sensitivity of fair values

at 31 March 2015	Increase HPI by 10%	Decrease HPI by 10%
	£	£
Impact on net assets		
Index Profit Share mortgage house price option	3,270,165	(3,377,065)

9. Loans to customers

at 31 March 2015	Notional amount	Amortised cost
	£	£
Index Profit Share mortgages	**36,527,288**	**37,024,279**
Flexible Zero mortgages	**21,854,393**	**21,578,177**
	58,381,681	**58,602,456**

10. Financial assets at fair value through profit or loss

	31 March 2015	30 September 2014
	£	£
Partnership Mortgages	**12,186,132**	8,150,231
Buy To Let Equity Loans	**44,182,535**	20,398,712
Index Profit Share mortgages	**11,774,312**	11,622,590
	68,142,979	40,171,533

10.1 Mortgage products

10.1.1 Index Profit Share Mortgages

An IPS mortgage is a flexible solution for clients wishing to raise capital for a number of purposes, including portfolio expansion. It has no monthly payments and is an alternative to the BTLEL for clients who may prefer to link Castle Trust's profit share to an independent index, the Halifax House Price Index, rather than the client's specific property. The customer typically retains a minimum of 15% equity if using an IPS mortgage. IPS mortgages are secured on residential property.

There are no monthly repayments. The original amount of the loan is repaid at redemption with a deferred interest payment (typically 5% pa where applicable) and up to twice the increase in value of the national house price index, if the property has increased in value, or the minimum repayment amount (typically 3.5% pa), whichever is higher. The product is only available to borrowers who are exempt from the Consumer Credit Act (buy to let or satisfying high net worth / business exemption tests).

10.1.2 Flexible Zero Mortgages

A FZ mortgage provides an alternative to other forms of raising finance over a two to five year horizon.

For a customer wishing to secure their mortgage against owner occupied property, this is a second charge mortgage. First charge mortgages are available to buy to let customers only.

A fixed rate of interest is set at the outset of the loan. All interest, as it is incurred, is added to the principal balance. This new principal balance is then used to calculate the next instalment of interest when it is due. On maturity, the original principal plus all the accumulated interest is repayable in a single redemption payment.

Currently rates typically range from 6% to 10.5% for first charge loans (buy to let only) and are typically between 7% and 13.5% for second charge loans. Rates are priced on an individual loan basis and are dependent on a range of factors, such as duration and loan to value.

10.1.3 Buy To Let Equity Loan

A BTLEL is an innovative product that allows landlords to raise capital for a number of purposes, including portfolio expansion. The BTLEL is typically for a maximum LTV of 20% secured via a first or second legal charge. The maximum combined LTV (including the first charge mortgage, if any) is 85%, with lower and upper bounds to the maximum duration of 1 to 10 years.

There are no scheduled monthly repayments. Instead, the original amount of the loan must be repaid at redemption plus the greater of (1) a minimum repayment amount which is typically a rate of simple interest per annum; and (2) profit share of twice the BTLEL LTV share of any increase in the value of the property during the life of the loan (ie if the BTLEL is 20% then the profit share is 40% of the growth in the value of the property). During March 2015, the typical minimum repayment amount was between 4% and 5% per annum.

10.1.4 Partnership Mortgages

A PM was for up to 20% of the property value for owner occupiers and secured by way of second charge mortgage. The maximum combined (first and second charge) LTV that Castle Trust would previously lend at was 90%. The minimum and maximum potential terms of lending were 6 and 30 years respectively. There were no monthly repayments and no conventional interest was payable. Instead, the original amount of the loan was repaid at redemption - plus a share of any change in the value of the property during the life of the loan. This share was twice the Castle Trust LTV. Castle Trust withdrew this product as of 21 November 2014.

10.2 Fair value of financial assets

The table below shows the fair values of financial assets together with their notional amounts. These assets are measured at fair value as their performance is evaluated on the basis of the movement of the HPI. The notional amount, being the gross mortgage advance, ie the total amount advanced to the customer gross of any solicitor's fees, is the basis upon which changes in the value of the assets are measured. The notional amounts indicate the volume of transactions outstanding at the year end and are not indicative of either the market risk or the credit risk.

at 31 March 2015	Notional amount	Fair value
	£	£
Partnership Mortgages	**11,160,924**	**12,186,132**
Buy To Let Equity Loans	**40,569,948**	**44,182,535**
Index Profit Share mortgages	**11,317,929**	**11,774,312**
	63,048,801	**68,142,979**

at 30 September 2014	Notional amount	Fair value
	£	£
Partnership Mortgages	7,487,909	8,150,231
Buy To Let Equity Loans	19,166,496	20,398,712
Index Profit Share mortgages	11,317,929	11,622,590
	37,972,334	40,171,533

10.3 Fair value modelling

Castle Trust has developed a model to value its mortgage assets. The model uses stochastic techniques to calculate the net present value of simulated future cash flows, and is run on a monthly basis for internal management information and board reporting purposes by a specialist modelling team. The simulated cash flows are based on assumptions about the range of possible events and inputs concerning the terms of the mortgages and investments.

10.3.1 Fair value measurement

The model, as applied to mortgage product lending, incorporates various inputs, of which the most significant are as follows.

The models incorporate various inputs as follows:

- Castle Trust loan to value ("CT LTV"): this is the size of Castle Trust's loan relative to the value of the property. CT LTV varied from 3% to 73% (30 September 2014: 3% to 39%).

- Senior loan to value ("SLTV"): this is the size of the primary mortgage relative to the value of the property. The spread of SLTV across the portfolio is set out in the table below:

SLTV bands	0% to 50%	50% to 60%	60% to 70%	70% to 80%	>80%	Total
Proportion of portfolio	52.6%	23.1%	20.4%	3.9%	0.0%	100%

  The SLTV varied from 0%, where Castle Trust was a first charge lender, to 82% (30 September 2014: 82%).

- Movement in house prices: the percentage movement in the house price from origination to the indexed value is between -5.9% and 19.2%.
- Elapsed term: this is the amount of time that has elapsed from the date of completion of each mortgage to the end of the year. As at 31 March 2015, this value varied between 0 to 17 months (30 September 2014: 0 to 12 months).
- Expected future movement in the HPI: This is the assumed annual rate that the HPI is expected to grow at in the future and was 4.5% per annum (30 September 2014: 4.5% per annum). This is defined on a continuously compounded basis.
- Volatility of house prices: this ranged from 3.4% to 45.5% (30 September 2014: 3.6% to 37%). In addition to this there is an allowance for index volatility as well as volatility above the index.
- Product terms: these are terms that are specific to the mortgage products, such as mortgage term, early repayment charge and minimum repayment amount. The product terms are defined in the terms and conditions of each mortgage. The mortgage terms were between 2 and 30 years (30 September 2014: 2 and 30 years).
- Expected repayment rates: this ranged from 0% pa to 12% per annum (30 September 2014: 0% pa to 12%) depending on the elapsed time since the mortgage was drawn. In addition there are adjustments for seasonality and market conditions.
- Discount rates: the discount rates were calculated to be consistent with the assumptions about future house price growth. This calculation produced discount rates as per the below table for the various mortgage products:

	Minimum %	Maximum %
Partnership Mortgages	10.2%	13.6%
Buy To Let Equity Loans	10.2%	13.6%
Index Profit Share mortgages: fixed income component	4.3%	10.0%
Index Profit Share mortgages: house price derivative component	45.3%	51.0%

10.4 Fair value hierarchy

All financial assets and liabilities for which fair value is recognised are categorised within the fair value hierarchy, described as follows based on the lowest level input that is significant to the fair value measurement as a whole.

Level 1: Quoted market prices in an active market (that are unadjusted) for identical assets or liabilities.

Level 2: Valuation techniques: for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3: Valuation techniques: for which the lowest level input that is significant to the fair value measurement is unobservable.

For financial assets that are recognised at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. The financial assets at fair value through profit or loss have been classified as Level 3, as the lowest level input identified is the discount rate, which is derived from unobservable data.

Financial assets measured at fair value through profit or loss at 31 March 2015	Level 1	Level 2	Level 3
Mortgage assets	-	-	**68,142,979**

Financial assets measured at fair value through profit or loss at 30 September 2014	Level 1	Level 2	Level 3
Mortgage assets	-	-	40,171,533

Mortgage assets are measured at fair value on a recurring basis, and as discussed above, their valuation is categorised at Level 3. The following table shows a reconciliation from the opening balances to the closing balances, including the total (unrealised) gains for the year that are recognised in profit or loss within ‘Net gain on financial assets at fair value through profit or loss’. There were no transfers into Level 3 assets other than the completions in the year, and no transfers out.

Movements in the period	Partnership Mortgages	Buy To Let Equity Loans	Index Profit Share mortgages	Total
	£	£	£	£
Opening balance at 1 October 2014	8,150,231	20,398,712	11,622,590	**40,171,533**
Completions in the year	3,673,016	21,403,454	-	**25,076,470**
Net gain on financial assets at fair value through profit or loss	362,885	2,380,369	151,722	**2,894,976**
Closing balance at 31 March 2015	**12,186,132**	**44,182,535**	**11,774,312**	**68,142,979**

Movements in the period	Partnership Mortgages	Buy To Let Equity Loans	Index Profit Share mortgages	Total
	£	£	£	£
Opening balance at 1 October 2013	19,000	-	-	**19,000**
Completions in the year	7,468,909	19,166,499	11,317,926	**37,953,334**
Net gain on financial assets at fair value through profit or loss	662,322	1,232,213	304,664	**2,199,199**
Closing balance at 30 September 2014	**8,150,231**	**20,398,712**	**11,622,590**	**40,171,533**

10.5 Sensitivity of fair value movements

Castle Trust's model for calculating the fair value of its mortgage assets includes unobservable inputs. Changing one of these inputs, whilst holding the others constant, would lead to higher or lower fair values. There is a strong interrelationship between the discount rates and the other inputs described below. This interrelationship arises because the discount rates are derived from the only piece of market information available to the Group, the price at which the customer is willing to transact. This is considered to be the most reliable method of calculating the exit price because it is the price at which a third party would be indifferent to purchasing the asset from Castle Trust or originating a new asset themselves. The most significant unobservable inputs are considered below:

Expected future movement in the HPI: increasing this parameter will increase the modelled house prices at maturity, which will increase the modelled cash flows at maturity and therefore increase the fair value. However, any increase in this input produces an increase in the discount rates which largely mitigates the impact on the fair value.

Discount rates: increasing this parameter will reduce the fair values.

Volatility of the movement in HPI: increasing this parameter will increase the range of expected house price outcomes. Given the product terms, this will increase the modelled cash flows at maturity and therefore increase the fair value.

Volatility of house prices: increasing this parameter will have a similar effect to increasing the 'Volatility of the movement in HPI'.

The most significant input that materially changes the fair value of the mortgage assets is the published HPI value, analysed below:

at 31 March 2015

	Increase HPI by 10%	Decrease HPI by 10%
	£	£
Mortgages		
Impact on net assets - Partnership Mortgages	1,599,368	(1,483,971)
Impact on net assets - Buy To Let Equity Loans	5,512,424	(5,130,024)
Impact on net assets - Index Profit Share mortgages	3,270,165	(3,377,065)

at 30 September 2014

	Increase HPI by 10%	Decrease HPI by 10%
	£	£
Mortgages		
Impact on net assets - Partnership Mortgages	979,582	(921,162)
Impact on net assets - Buy To Let Equity Loans	2,363,410	(2,230,185)
Impact on net assets - Index Profit Share mortgages	671,147	(696,519)

11. Investments

	31 March 2015	30 September 2014
	£	£
Amounts held on deposit	**6,603,876**	4,972,342
Amounts invested in HSBC Sterling Liquidity Funds	**15,175,896**	24,627,695
	21,779,772	29,600,037

During the year Castle Trust has held funds on deposit with Lloyds and HSBC. As at 31 March 2015 a total principal amount of £4,988,208 was held on deposit with Lloyds. The latest maturity date of all funds was 12 May 2015. Interest is paid on release of the invested funds at the end of the contract. Deposits are valued at cost, with no anticipation of interest, on the basis that if funds were to be extracted before the deposit term, no interest would be received. This approximates to fair value, as the anticipation of interest less the effect of inflation is not expected to create a material difference to cost.

The HSBC Sterling Liquidity fund is 'AAA' rated. Funds are priced daily and can be recalled at one day's notice. These are short term investments with one month duration. The fund can invest in certificates of deposit, commercial papers, medium term notes, variable rate notes, floating rate notes, bankers acceptances, government bonds, treasury bills, Eurobonds, asset backed securities and corporate bonds. Daily prices reflect the market value of those funds at the balance sheet date, which approximates to fair value.

12. Trade and other receivables

	31 March 2015	30 September 2014
	£	£
Irrecoverable VAT	**-**	159,671
Investment debtors	**7,799,432**	2,452,538
Other debtors	**1,886,794**	54,778
	9,686,226	2,666,987

13. Share capital

	31 March 2015	30 September 2014
	£	£
Authorised, allotted, called up and fully paid		
Ordinary shares (number)	**64,780,001**	64,780,001
Ordinary shares (£) at £0.10 par value per share	**6,478,000**	6,478,000

Issued share capital	Issued capital	Share premium	Total
	£	£	£
At 31 March 2015 and 30 September 2014	**6,478,000**	**45,540,000**	**52,018,000**

14. Financial liabilities at fair value through profit or loss

	Notional amount	Fair value
At 31 March 2015	£	£
Liability to Income Housa customers	**1,792,985**	**1,919,082**
Liability to Growth Housa customers	**4,455,909**	**4,928,792**
Liability to Foundation Housa customers	**2,010,077**	**2,117,498**
	8,258,971	**8,965,372**

	Notional amount	Fair value
At 30 September 2014	£	£
Liability to Income Housa customers	1,792,985	1,887,764
Liability to Growth Housa customers	4,339,914	4,697,499
Liability to Foundation Housa customers	1,974,579	2,037,094
	8,107,478	8,622,357

14.1 Fair value of financial liabilities

The table above shows the fair values and the notional amounts of financial liabilities at fair value through profit or loss. These liabilities are measured at fair value as their performance is evaluated on the basis of the movement of the HPI as described in the prospectuses. The notional amount, being the actual cash received from the investor, is the basis upon which changes in the value of the liabilities are measured. The notional amounts indicate the volume of transactions outstanding at the year end and are indicative of neither the market risk nor the credit risk.

14.2 Fair value modelling

Castle Trust has developed a model to value its Housa liabilities. The model uses stochastic techniques to calculate the net present value of simulated future cash flows. The model is run on a monthly basis for internal management information and board reporting purposes by a specialist modelling team.

The Quantitative Risk System ("QRS") incorporates various inputs including the movement in HPI from issuance to the latest published value of HPI as at 31 March 2015, the amount of time elapsed from issuance to 31 March 2015, the expected future movement in HPI, the amount of variation or volatility in this future movement and the product terms, as described in more detail below. The financial liabilities at fair value through profit or loss have been classified as Level 3, as the lowest level input identified is the discount rate which is derived from unobservable data.

Fair value measurement

The models incorporate various inputs as follows:

- Movement in HPI: This is the percentage movement in HPI from the Initial Index Level of each share class to the latest published value of HPI as of the end of the year. As at 31 March 2015, the latest published value of HPI was 615.4 (30 September 2014: 602.0). The Initial Index Level varied from 519.3 for the October 2012 series to 615.4 for the March 2015 series. At 30 September 2014: The Initial Index Level varied from 519.3 for the October 2012 series to 603.1 for the July 2014 series.
- Elapsed term: This is the amount of time that has elapsed from the closing date of each share class to the end of the period. As at 31 March 2015 this value varied between 29 months for the October 2012 series of Housas to 0 months for the March 2015 series. At 30 September 2014, this value varied between 23 months for the October 2012 series of Housas to 2 months for the July 2014 series
- Expected future movement in the HPI: This is the assumed annual rate that the HPI is expected to grow at in the future and was 4.5% per annum (30 September 2014: 4.5%). This is defined on a continuously compounded basis.
- Volatility of the movement in HPI: This is the assumed annualised volatility of the future HPI returns and was 12.91% per annum (30 September 2014: 12.91%). This is defined consistently with market practice for financial option valuation approaches.
- Product terms: These are terms that are specific to each share class such as profit share, loss share, coupon rate and term. In summary, the profit share was between 170% and 100%; the loss share was between 100% and 0%; the coupon rate was between 0% and 3% per annum and the term was 2, 3, 5 or 10 years. The product terms are defined in the terms and conditions of each Housa.
- Discount rates: The discount rates were calculated to be consistent with the assumptions about future house price growth. This calculation produced discount rates between 5% and 8% per annum (30 September 2014: 5% and 8% per annum).

14.3 Fair value hierarchy

All financial liabilities for which fair value is recognised are categorised within the fair value hierarchy, described as follows based on the lowest level input that is significant to the fair value measurement as a whole.

Level 1: Quoted market prices in an active market (that are unadjustable) for identical assets or liabilities.

Level 2: Valuation techniques (for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable).

Level 3: Valuation techniques (for which the lowest level input that is significant to the fair value measurement is unobservable).

For financial liabilities that are recognised at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

As at 31 March 2015 and 30 September 2014, the Group held the following classes of financial liabilities measured at fair value that are classified as Level 3, as the lowest level input identified is the discount rate, which is derived from unobservable data.

Financial liabilities measured at fair value	Level 1	Level 2	Level 3
Financial liabilities measured at fair value through profit or loss	-	-	8,965,372

As at 30 September 2014, the Group held the following classes of financial liabilities measured at fair value:

Financial liabilities measured at fair value	Level 1	Level 2	Level 3
Financial liabilities measured at fair value through profit or loss	-	-	8,622,357

Housa liabilities are measured at fair value on a recurring basis, and as discussed above, their valuation is categorised at Level 3. The following table shows a reconciliation from the opening balances to the closing balances, including the total realised and unrealised gains for the period that are recognised in other comprehensive income. There were no transfers into Level 3 assets other than the completions in the period, and no transfers out other than redemptions.

	Income Housa	Growth Housa	Foundation Housa	Total
	£	£	£	£
Opening balance at 1 October 2014	**1,887,764**	**4,697,499**	**2,037,094**	**8,622,357**
Creations in the period	-	99,004	52,500	151,504
Unrealised loss on financial liabilities at fair value through profit or loss	31,318	132,289	27,904	191,511
Closing balance at 31 March 2015	**1,919,082**	**4,928,792**	**2,117,498**	**8,965,372**

	Income Housa	Growth Housa	Foundation Housa	Total
	£	£	£	£
Opening balance at 1 October 2013	477,396	1,323,612	-	1,801,008
Creations in the period	1,323,733	3,047,097	1,974,579	6,345,409
Redemptions in the period	(3,413)	-	-	(3,413)
Realised loss on financial liabilities at fair value through profit or loss	41	-	-	41
Unrealised loss on financial liabilities at fair value through profit or loss	90,007	326,790	62,515	479,312
Closing balance at 30 September 2014	1,887,764	4,697,499	2,037,094	8,622,357

14.4 Sensitivity analysis

Castle Trust's model for calculating the fair value of its Housa liabilities includes unobservable inputs. Changing one of these inputs, whilst holding the others constant, would lead to higher or lower fair values. There is a strong interrelationship between the discount rates and the other inputs described below. This interrelationship arises because the discount rates are derived from the only piece of market information available to the Group, the price at which the customer is willing to transact. In the absence of directly comparable external data, this is considered to be the most reliable method of calculating the exit price because it is the price at which a third party would be indifferent to purchasing the asset from Castle Trust or originating a new asset themselves.

The most significant unobservable inputs are considered below:

Expected future movement in the HPI: increasing this parameter will increase the modelled house prices at maturity, which will increase the modelled cash flows at maturity and therefore increase the fair value. However, any increase in this input produces an increase in the discount rates which largely mitigates the impact on the fair value.

Discount rates: increasing this parameter will reduce the fair values.

Volatility of the movement in HPI: increasing this parameter will increase the range of expected house price outcomes. Given the product terms, this will increase the modelled cash flows at maturity and therefore increase the fair value.

Volatility of house prices: increasing this parameter will have a similar effect to increasing the 'Volatility of the movement in HPI'.

The most significant input that materially changes the fair value of the Housa liabilities is the published HPI value, analysed below:

at 31 March 2015	Increase HPI by 10% £	Decrease HPI by 10% £
Impact on net assets: Housa liabilities	(978,027)	926,414

at 30 September 2014	Increase HPI by 10% £	Decrease HPI by 10% £
Impact on net assets: Housa liabilities	(955,021)	899,479

15. Financial liabilities at amortised cost

Group financial liabilities in respect of Fortress Bonds are valued at amortised cost, less transaction costs incurred in issuing the bonds.

	31 March 2015 **£**	30 September 2014 £
Nominal value of Fortress Bonds sold	**125,259,272**	37,978,972
Transaction costs	**608,678**	(1,095,943)
Interest on an EIR basis	**1,153,707**	86,389
Financial liabilities at amortised cost	**127,021,657**	36,969,418

15.1 Fair value hierarchy

For financial liabilities that are recognised at amortised cost, the Group also considers the fair value of the item, and as a result, its hierarchy. The fair value of the Fortress Bonds as at 31 March 2015 was £128,804,614 (30 September 2014: £38,026,646). The fair value of the bonds are determined according to the published AERs, adjusted for the time value of money and credit spread risk, using a discounted cash flow model. The hierarchy position is considered to be Level 3, as the lowest level input, being the discount rate, is unobservable.

16. Risk management

The main risks to which Castle Trust is exposed as at 31 March 2015 are the value of UK residential property and credit risk. These risks are sought by the business when a reasonable risk adjusted return can be earned for accepting these risks. Castle Trust is also exposed to interest rates (before hedging activities) and liquidity risks (before funding activities) as these risks are inherent in the business. The Chief Risk Officer monitors and reports to the directors the performance of the Group.

16.1 House price risk

House price risk, including tracking error risk, is inherent in the Castle Trust business model. Castle Trust actively seeks exposure to these risks through its lending business to hold and to enable sale of the exposure to investors. Castle Trust maintains sufficient capital resources to remain solvent under severe market conditions. House price risk exists where a change in the price of all houses in the UK can result in gains or losses on the combined equity loans and investment products portfolio. Tracking error risk exists where the over or under performance of house prices in certain segments can result in gains or losses on the combined equity loans and investment products portfolio. The Group's maximum exposure to house price risk from a 10% fall in the HPI is £9.1m (30 September 2014: £3.0m).

16.2 Credit risk

Retail credit risk is inherent in the Castle Trust mortgage products. This risk is managed in the loan origination and servicing processes. The Group has modelled the scenarios which might lead to a change in these risks, and these are measured and monitored on a quarterly basis by the Risk Committee. The Group's maximum exposure to credit risk in relation to its mortgage lending as at 31 March 2015 could be considered to be the entire mortgage balance of £130,144,026 (30 September 2014: £40,171,533).

The Group is also exposed to credit risk in terms of its investments in fixed deposit funds with Lloyds Bank of £4,988,208 (30 September 2014: £4,972,342). It has considered its exposure with respect to HSBC and the funds that it manages in terms of their current accounts and liquidity funds, where the maximum exposure is £30,027,980 (30 September 2014: £33,466,557). As the liquidity funds comprise a well-diversified set of underlying investments, they are not considered to pose a significant credit risk. The current accounts retain an element of such risk, which was considered when Castle Trust assessed its exposure to credit risk as part of its ICAAP.

16.3 Liquidity risk

Liquidity risk is inherent within the Castle Trust business model. However, active management of the duration profile of the assets and liabilities significantly reduces the Group's exposure to liquidity risk. In addition, a liquidity buffer of twenty percent is maintained to ensure adequate liquidity is available to service redemption obligations. Triggers which define risk tolerance have been determined by the Risk Committee, which has been delegated authority from the main Board. These risk limits can only be changed with Board approval, and are reviewed on a quarterly basis. The analysis set out in note 17 Maturity Analysis below shows the undiscounted cash equivalent values for all financial assets and liabilities, rather than historic costs, fair values and amortised costs. This provides an overview of the liquidity position of the Group as at 31 March 2015 and 30 September 2014.

16.4 Market risk

Market risk is the risk that the fair value of future cash flows from financial assets and liabilities will fluctuate as a result of changes in market variables such as interest rates.

16.4.1 Interest rate risk

This is the risk that changes in interest rates will affect future flows or fair values of financial assets and liabilities. It arises where there is an interest rate mismatch between the assets and liabilities. This risk has increased in the year due to increased exposure to Fortress Bonds. As at 31 March 2015, the most recent issuance of these bonds had interest rates of between 3.0% and 4.5% for terms of 1, 2, 3 and 5 year (September 2014: 2.25%, 2.75% and 4% for the 1, 2 and 5 year bonds). This is mitigated by the minimum returns payable on all mortgages other than the small proportion of Partnership Mortgages provided in conjunction with the purchase of the property which contain contingent downside participation and by an interest rate risk hedging programme that has been set up since September 2014. Castle Trust manages interest rate risk through the programme where it has purchased a portfolio of interest rate swaps to protect against the risk that interest rates rise. The sensitivity to interest rates is measured as part of financial risk analysis and assessed as part of its ICAAP. The exposure to interest rate risk at 31 March 2015 is limited through the impact of the interest rate swap programme established at 31 March 2015 with 99% efficiency on a hedging basis. The Group's maximum exposure to the impact of a 1% parallel shift in interest rates at that date was £64,843. The comparatives for 30 September 2014 of £2,425,254 and £137,188 respectively did not benefit from the hedging effect of a swap arrangement.

16.5 Concentration risk

The Group considers concentration risk in terms of material exposure to single counterparties and with respect to the geographical location of the properties on which mortgage charges are made.

Counterparty limits apply to treasury assets to limit exposure to any single counterparty, including the Group's bankers, HSBC, which has a higher limit to cover operational banking requirements. Castle Trust's holding in the HSBC sterling liquidity funds does not represent counterparty risk to HSBC but to a diversified pool of high quality, highly liquid assets. Mortgage assets have a maximum loan exposure which limits concentration risk. The maximum single counterparty exposure is to HSBC which has a limit of £15m.

17. Maturity profile of all financial assets and liabilities

at 31 March 2015	Within 1 year	More than 1 year less than 3 years	More than 3 years less than 5 years	More than 5 years less than 10 years	More than 10 years	Total
	£	£	£	£	£	£
Financial assets						
Other receivables	-	-	-	-	1,895,619	1,895,619
Derivative financial instruments	-	-	-	-		-
House price option	354,830	4,077,179	14,786,595	383,089	-	19,601,693
Loans to customers	3,480,218	27,097,468	46,371,266	913,985	-	77,862,937
Financial assets at fair value through profit or loss	4,734,227	15,687,730	17,955,209	65,771,702	11,569,604	115,718,472
Investments	21,779,772	-	-	-	-	21,779,772
Trade and other receivables	9,686,226	-	-	-	-	9,686,226
Cash and cash equivalents	8,248,208	-	-	-	-	8,248,208
	48,283,481	**46,862,377**	**79,113,070**	**67,068,776**	**13,465,223**	**254,792,927**
Financial Liabilities						
Financial liabilities through profit or loss - Growth Housa	1,681,204	3,362,408	1,508,752	658,980	-	7,211,344
Financial liabilities through profit or loss - Income Housa	420,887	841,773	502,178	107,218	-	1,872,056
Financial liabilities at amortised cost	40,021,741	48,918,507	34,771,165	3,310,244	-	127,021,657
Trade and other payables	2,903,298	-	-	-	-	2,903,298
	45,027,130	**53,122,688**	**36,782,095**	**4,076,442**	**-**	**139,008,355**

at 30 September 2014	Within 1 year	More than 1 year less than 3 years	More than 3 years less than 5 years	More than 5 years less than 10 years	More than 10 years	Total
	£	£	£	£	£	£
Financial assets						
Other receivables	-	-	-	278,428	-	278,428
Financial assets at fair value through profit or loss	2,650,450	11,687,269	21,455,221	35,152,185	7,292,442	78,237,567
Investments	29,600,037	-	-	-	-	29,600,037
Trade and other receivables	2,666,987	-	-	-	-	2,666,987
Cash and cash equivalents	8,838,862	-	-	-	-	8,838,862
	43,756,336	11,687,269	21,455,221	35,430,613	7,292,442	119,621,881
Financial liabilities						
Financial liabilities through profit or loss - Growth Housa	-	666,666	5,060,805	1,142,813	-	6,870,284
Financial liabilities through profit or loss - Income Housa	43,355	607,601	1,224,270	243,420	-	2,118,646
Financial liabilities at amortised cost	19,624,250	15,684,680	4,897,033	-	-	40,205,963
Trade and other payables	2,442,840	-	-	-	-	2,442,840
	22,110,445	16,958,947	11,182,108	1,386,233	-	51,637,733

Investments, trade and other receivables, cash and cash equivalents, trade and other payables, are all carried at historic cost for maturity analysis purposes. As they are all short term items that will crystallise within one month or less, this is a close if not exact cash equivalent value.

Financial liabilities at fair value and swap liabilities due to related parties are all valued at ‘Indicative price’ for maturity analysis purposes, which is an undiscounted cash equivalent price that represents a close equivalent of the actual cash value today.

Financial liabilities at amortised cost and amounts due under the Borrower Loan Agreement maturities are actual cash flows and have the same maturity profile.

Financial assets at fair value (mortgages) are discounted for up to 30 years, therefore the undiscounted cash values as at 30 September 2014 are significantly higher than the fair value. The timing of the cash flows also reflects Castle Trust’s expectations in terms of early repayments based on expected customer behaviour, alongside contractual maturity dates.

18. Trade and other payables

	31 March 2015	30 September 2014
	£	£
Trade creditors	**484,735**	942,510
Accruals and deferred income	**2,293,307**	848,564
Interest due and payable	**1**	-
Employee benefits	**13,755**	77,267
Other payables	**111,500**	574,499
	2,903,298	2,442,840

Trade and other payables consist of expenses paid in relation to the on-going costs of the business. They are recorded at cost, which approximates to fair value due to the short payment terms on which Castle Trust operates, with the majority of trade liabilities being extinguished within 30 days of the recognition of the liability. In the fair value hierarchy, Group trade and other payables would be classified as Level 1, since they are all directly invoiced amounts from external suppliers at market values.

Other payables consist of amounts due to investors who have cancelled their Fortress Bond investments within the cooling off period post 31 March 2015 of £602,700 (30 September 2014: £458,000), plus a mortgage retention fee of £Nil (30 September 2014: £111,500).

19. Commitments

The Group has annual commitments under non-cancellable contracts related to:	**31 March 2015**	30 September 2014
	£	£
Administration costs	**560,000**	1,062,000
Other personnel costs	**-**	48,961
Rental charges paid under operating lease	**377,842**	700,000
	937,842	1,810,961

20. Ultimate controlling party

Castle Trust's immediate parent is Castle Trust Holdings (Jersey) Limited which is incorporated in Jersey. Castle Trust's ultimate parent company is CTC Holdings (Cayman) Limited which is incorporated in the Cayman Islands. The ultimate controlling party of the Group is considered to be Mr James Christopher Flowers.

21. Capital management

The primary objective of Castle Trust's capital management policy is to ensure that Castle Trust complies with externally imposed capital requirements and suitable capital ratios in order to support its business.

Castle Trust manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, Castle Trust may adjust the ratio of investment to mortgage business, and can manage the duration and investment strategy for funds on deposit.

Regulatory capital requirements are monitored as part of the overall management of capital, with key risk indicators assigned and monitored for key capital ratios. Regulatory capital consists of Tier 1 capital, which comprises share capital, share premium and retained earnings including current year losses.

As at 31 March 2015, the Group's capital totalled £34,211,155 (2014: £33,768,441).

The Group holds the following proportion of the nominal value (£0.10) of shares in the following Group subsidiary undertaking included in the Group unaudited condensed consolidated accounts:

Name of Company	Holding	Proportion of voting rights & nominal value of shares held	Nature of business	Country of incorporation
Castle Trust Capital Management Limited	Ordinary shares	100%	Investment company	UK
Castle Trust Income Housa plc	Ordinary shares	100%	Investment company	Jersey
Castle Trust Direct plc	Ordinary shares	100%	Investment company	UK
Castle Trust Capital Nominees Limited*	Ordinary shares	100%	Nominee company	UK

*The holding of CTCN is held indirectly via CTCM.

21.1 Consolidation of structured entities

The shares in the PCC and the PC are held by an independent nominee company, whose shares are held in trust. Although the Company does not own, directly or indirectly, any of the share capital of the PCC or PC or their parent companies, it retains the majority of the residual risks and rewards related to the assets, liabilities and returns of the companies, and they have therefore been treated as subsidiaries for the purpose of consolidation of the consolidated financial statements.

Castle Trust typically enters into swap transactions each month with the PC. The substance and legal form of this transaction is to transfer the PC's liability to its investors to the balance sheet of the Company. In addition, Castle Trust receives and manages the funds received from Housa investors using these to fund mortgages, up to a maximum of 80% of the balance of funds received. Shareholder funding is also used to provide mortgage funding.

In addition, through CTCM, the Group provides sales and marketing, and investment management services to the PC, thereby providing the majority of its operational functionality.

21.2 Non-controlling interests

The shareholder's reserves of the PC constitute the balance of non-controlling interests within Group equity. This represents the position that although the entity is consolidated within the Group by virtue of control, the Group does in fact have no share in the interest of the shareholder's equity of the PC. The movement on this balance is shown on the face of the Group statement of comprehensive income, and the final balance as at 30 September 2014 is shown on the face of the Group statement of financial position.

Non-controlling interests: equity holders of Castle Trust Growth Housa PC

	31 March 2015	30 September 2014
	£	£
Opening balance	**161,437**	38,117
Total comprehensive profit for the year attributable to equity holders of the PC	**(10,090)**	123,320
Closing balance	**151,347**	161,437

22. Related party transactions

22.1 Transactions with non-group entities that are related parties

During the year the Group entered into transactions, in the ordinary course of business, with other related parties. Transactions entered into, and trading balances with other related parties, are as follows:

Balances with and transactions with Castle Trust Holdings (Jersey) Limited

	31 March 2015	30 September 2014
	£	£
Transactions in the period/year	**50,000**	100,000
Balances	**200,001**	150,001

Loans totalling £50,000 were made to Castle Trust Holdings (Jersey) Limited during the year in order to fund the parent company's expenses in the medium term. Repayment is not expected until dividends become due and payable.

Balances with and transactions with Castle Trust Capital Management (Jersey) Limited

	31 March 2015	30 September 2014
	£	£
Transactions in the period/year	**-**	-
Balances	**31,019**	31,019

Castle Trust Capital Management (Jersey) Limited is the immediate parent company of Castle Trust Holdings (Jersey) Limited. The balance relates to the initial set up costs of the parent company. Repayment is not expected until dividends become due and payable.

Balances and transactions with the wife of the Chief Executive Officer

	31 March 2015	30 September 2014
	£	£
Transactions in the period/year	**36,000**	72,000
Balances	**-**	-

The CEO's spouse is contracted to provide services to the Group in her capacity as a Managing Director. Her work covers a number of general operational areas, but has focused in 2015 on corporate strategy.

23. Events after the reporting date

There are no material events after the reporting date that require disclosure.

SCHEDULE 2

Castle Trust Direct plc

Unaudited interim condensed financial statements for the period ended 31 March 2015

Corporate Information

Registered No: 09046984

Directors
Mr Richard Alexander McGregor Ramsay
Mr Sean Oldfield
Mr Matthew Wyles
Mr Keith William Abercromby

Secretary
Mr Mark Banham

Auditors
Ernst & Young LLP
1 More London Place
London
SE1 2AF
United Kingdom

Registered Office
10 Norwich Street
London
EC4A 1BD
United Kingdom

Directors' report

The directors present the Directors' report and unaudited condensed financial statements for Castle Trust Direct plc ("the Company") for the period ended 31 March 2015. The information on page 1 forms part of this report.

The Company

Castle Trust Direct plc was incorporated in the United Kingdom on 19 May 2014, as a Special Purpose Vehicle in order to issue Fortress Bonds ("Fortress Bonds" or "Bonds").

Business review

Fortress Bonds have been well subscribed in the 6 months period to 31 March 2015. Investments to date totalled £128,796,021 (period to 30 September 2014: £37,978,972) at nominal value, being the value of funds received.

Product information

The Fortress Bonds are standard fixed rate bonds that are listed on the Irish Stock Exchange every month, and can be issued at any duration at an Annual Equivalent Interest Rate ("AER") that is calculated on a monthly basis. To date, 1 year, 2 year, 3 year and 5 year duration bonds have been issued at AERs of between 2.25% and 4.50%.

Fortress Bonds are available for a minimum investment of £1,000 and provide returns for those who seek a competitive return on their capital or who wish to diversify their existing investment portfolios. Fortress Bonds qualify for inclusion in SIPPs and ISAs.

Fortress Bonds that are purchased from Castle Trust Capital plc ("Castle Trust") by UK retail investors are eligible for the Financial Services Compensation Scheme ("FSCS") for investment products, which as at 31 March 2015 offers compensation up to a maximum of £50,000 per eligible investor.

Parent company information

Castle Trust is the immediate parent of the Company. Castle Trust, which was incorporated in the United Kingdom in 2010, operates predominantly from its head office in London.

Castle Trust provides equity loans and interest bearing mortgages ("Mortgages") secured on UK property.

Group structure

The Group comprises five operating entities: Castle Trust, Castle Trust Capital Management Limited ("CTCM"), Castle Trust Income Housa plc ("CTIH"), Castle Trust Direct plc ("the Company") and one nominee company, Castle Trust Capital Nominees Limited ("CTCN"). In addition, Castle Trust PCC ("the PCC") and its Protected Cell, Castle Trust Growth Housa PC ("the PC"), are special purpose entities which are not owned by the Group but consolidated in accordance with IFRS 10 Consolidated Financial Statements.

Group activities

The nature and variety of Castle Trust's funding and lending range continues to expand as the Group continues to develop new products and markets. The products sold during the period to 31 March 2015 are covered below.

Mortgages

Castle Trust provides mortgages to both owner occupiers and buy to let landlords, secured on UK residential property.

Index Profit Share Mortgages

An Index Profit Share ("IPS") mortgage is a flexible solution for clients wishing to raise capital for a number of purposes, including portfolio expansion. It has no monthly payments and is an alternative to the BTLEL for clients who may prefer to link Castle Trust's profit share to an independent index, the HPI, rather than the client's specific property. The customer typically retains a minimum of 15% equity if using an IPS mortgage. IPS mortgages are secured on residential property.

There are no monthly repayments. The original amount of the loan is repaid at redemption with a deferred interest payment (typically 5% pa where applicable) and up to twice the increase in value of the national house price index, if the property has increased in value, or the minimum repayment amount (typically 3.5% pa), whichever is higher. The product is only available to borrowers who are exempt from the Consumer Credit Act (buy to let or satisfying high net worth / business exemption tests).

Flexible Zero Mortgages

A Flexible Zero ("FZ") mortgage provides an alternative to other forms of raising finance over a two to five year horizon.

For a customer wishing to secure their mortgage against owner occupied property, this is a second charge mortgage. First charge mortgages are available to buy to let customers only.

A fixed rate of interest is set at the outset of the loan. All interest, as it is incurred, is added to the principal balance. This new principal balance is then used to calculate the next instalment of interest when it is due. On maturity, the original principal plus all the accumulated interest is repayable in a single redemption payment.

Currently rates typically range from 6% to 10.5% for first charge loans (buy to let only) and are typically between 7% and 13.5% for second charge loans. Rates are priced on an individual loan basis and are dependent on a range of factors, such as duration and loan to value.

Buy To Let Equity Loan

A Buy To Let Equity Loan ("BTLEL") is an innovative product that allows landlords to raise capital for a number of purposes, including portfolio expansion. The BTLEL is typically for a maximum loan to value (LTV) of 20% secured via a first or second legal charge. The maximum combined LTV (including the first charge mortgage, if any) is 85%, with lower and upper bounds to the maximum duration of 1 to 10 years.

There are no scheduled monthly repayments. Instead, the original amount of the loan must repaid at redemption plus the greater of (1) a minimum repayment amount which is typically a rate of simple interest per annum; and (2) profit share of twice the BTLEL LTV share of any increase in the value of the property during the life of the loan (ie if the BTLEL is 20% then the profit share is 40% of the growth in the value of the property). During March 2015, the typical minimum repayment amount was between 4% and 5% per annum.

Investment products

Castle Trust issues two main categories of investment product, being fixed rate bonds, marketed as Fortress Bonds, and HPI linked investments, marketed as Housas.

Fortress Bonds

Fortress Bonds comprise standard fixed rate bonds of varying durations and returns that are listed on the Irish Stock Exchange each month. During the period, durations of 1, 2, 3 and 5 years have been issued with AERs between 2.25% and 4.50%. The products offered during March 2015 also provided the option to invest in a bond which paid interest either quarterly or on maturity.

Housas

The Housas issued during the period were Growth Housas and Foundation Housas. The legal form of Growth and Foundation Housas are preference shares issued by the PCC. In previous periods, the Income Housa was issued which were loan notes issued by Castle Trust Income Housa plc.

Growth Housas, Foundation Housas and Income Housas have some similar economic features, being fixed term investments offering returns linked to the value of the UK housing market by reference to the performance of the HPI.

Growth and Foundation Housas deliver a multiple of any increase in the index (for example 150% for a 5 year Growth Housa and 100% for a 5 year Foundation Housa) and a reduced factor of any decrease in the Index (for example 50% for a 5 year Growth Housa). There is no downside participation for the Foundation Housa range.

Income Housas pay a fixed quarterly coupon plus a return based on the HPI. These are no longer available to new customers.

Housas provide investors the opportunity to diversify their portfolios to include exposure to the UK housing market without the risks and expenses associated with buying individual houses. They also offer those saving to buy a home with the opportunity to reduce the risk of being priced out of the property market by allowing them to invest in a product with returns linked to the UK housing market (the asset for which they are saving).

Group arrangements

Castle Trust enters into a Borrower Loan Agreement with the Company. There are three key impacts of the Borrower Loan Agreement as follows:

- The issue proceeds received by the Company from Fortress Bond sales are advanced to Castle Trust until the maturity date of each bond, when Castle Trust repays the principal amount due.
- In addition, Castle Trust repays the interest due on the Fortress Bond liabilities.
- Castle Trust also pays a facility fee to the Company. The fee covers certain incurred costs and is currently 0.6% per annum of the balance of the loan amount calculated on a monthly basis.

Up to 80% of the funds raised by the Company, and transferred to Castle Trust under the Borrower Loan Agreement, are advanced to mortgage customers.

CTCM provides services to the Group and its customers. In its administrative capacity it provides sales and marketing and other management services to the Company. Under the Marketing and Agency Agreement with CTCM, the Company pays a fee of 0.5% per annum plus VAT of the funds under management, calculated on a monthly basis. For ISA customers, CTCM provides ISA management services.

Political donations

The Company made no political donations in the period (2014: £nil).

Risk management and exposure to risk

Castle Trust measures and monitors risk on a regular basis and formally reviews its risk position at the Risk Committee every quarter, including risk arising from the Company. As a special purpose entity subsidiary of Castle Trust, the Company manages its risks by transferring them to Castle Trust. The residual risk not transferred to Castle Trust is credit risk to Castle Trust itself as described in note 14.1.

Results and dividends

The results of the Company for the period are set out in the statement of comprehensive income. The Company has made a comprehensive result in the current financial period of £nil. The directors do not recommend the payment of a dividend (2014: £nil).

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Mr Mark Banham

Company Secretary

21 May 2015

Unaudited condensed interim statement of comprehensive income

for the period ended 31 March 2015

	Notes	**31 March 2015 £**	30 September 2014 £
Interest and similar income	3	**1,108,638**	45,067
Interest and similar expense	4	**(1,108,638)**	(45,067)
Net interest income		-	-
Arrangement fee	5	**200,924**	29,094
Net trading income		**200,924**	**29,004**
Other operating expenses	6	**(200,924)**	(29,004)
Total operating expenses		**(200,924)**	(29,004)
Result before tax		**-**	**-**
Corporation tax		**-**	-
Total comprehensive result for the period attributable to equity holders of the parent		**-**	-

The results for all periods presented comprise continuing operations.

Unaudited condensed interim statement of financial position

as at 31 March 2015

		31 March 2015	30 September 2014
Assets	**Notes**	**£**	£
Loans and receivables	8	**129,949,726**	38,024,039
Trade and other receivables	9	**729,930**	529,004
Total assets		**130,679,656**	38,553,043
Equity			
Called up share capital	10	**50,000**	50,000
Share premium	10	**450,000**	450,000
Retained earnings		**-**	-
Total equity		**500,000**	500,000
Liabilities			
Financial liabilities at amortised cost	11	**129,949,726**	38,024,039
Trade and other creditors	13	**229,930**	29,004
Total liabilities		**130,179,656**	38,053,043
Total equity and liabilities		**130,679,656**	38,553,043

The financial statements were approved by the Board of Directors and authorised for issue on 21 May 2015 and were signed on its behalf by:

Sean Oldfield CEO

Keith Abercromby CFO

Unaudited condensed consolidated interim statement of changes in equity

for the period ended 31 March 2015

	Share capital £	Share premium £	Retained earnings £	Total £
Opening balance 19 May 2014	-	-	-	-
Total comprehensive result for the period	-	-	-	-
Issue of share capital	50,000	450,000	-	500,000
At 30 September 2014	**50,000**	**450,000**	**-**	**500,000**
Total comprehensive result for the period	-	-	-	-
At 31 March 2015	**50,000**	**450,000**	**-**	**500,000**

1. Corporate information

The Company was incorporated and domiciled in the United Kingdom on 19 May 2014 under Companies Act 2006. These unaudited condensed interim financial statements for the period ended 31 March 2015 were authorised for issue in accordance with a resolution of the directors on 21 May 2015.

The Company issues fixed rate bonds ("Fortress Bonds"), the first tranche of which was listed on the Irish Stock Exchange on 9 July 2014 and comprise varying durations and returns. To date the durations have been 1, 2, 3 and 5 year bonds issued at returns of between 2.25% and 4.50% respectively.

2. Accounting policies

2.1 Basis of preparation

The unaudited condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU"). The unaudited condensed interim financial statements have been prepared on a historical cost basis, as modified by financial assets and liabilities held at fair value through profit or loss.

Cash flow statement

The Company does not have a bank account and therefore no cash or cash equivalents balances are recorded. As a result the Company does not prepare a cash flow statement.

Significant accounting judgements, estimates and assumptions

The preparation of the Company's unaudited condensed interim financial statements requires management to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, the accompanying disclosures as well as the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future years.

The policies presented in this section comprise the IFRS accounting policies adopted for the Company that apply as at the date of authorisation of these unaudited condensed interim financial statements.

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the unaudited condensed interim financial statements.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared.

Statutory financial statements dealing with the financial year ended 30 September 2014 have been delivered to the registrar. An unqualified auditor's report has been issued on the financial statements for that financial year.

The unaudited condensed interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company's annual financial statements as at 30 September 2014. The Company has included comparative figures for the previous period to 30 September 2014 in these financial statements. Note that there are no 31 March 2014 comparatives available. In compliance with the provisions of S.435 of the Companies Act 2006 regarding the publication of non-statutory accounts, the interim condensed consolidated financial statements do not constitute statutory accounts.

2.2 Financial instruments

Financial instruments carried on the unaudited condensed interim statement of financial position include financial assets at amortised cost, trade and other receivables, trade and other creditors, and financial liabilities at amortised cost. The accounting policies adopted for these financial instruments are disclosed in the individual policy statements associated with each item below.

(i) Classification

The classification of financial instruments at initial recognition depends on their purpose and characteristics and management's intention in acquiring them. All financial instruments are measured initially at their fair value plus transaction costs.

(ii) Financial assets at amortised cost

The Borrower Loan is a financial asset due from Castle Trust and is classified as Loans and receivables.

(iii) Financial liabilities at amortised cost

Trade and other creditors are recorded at amortised cost. In most instances, this equates to historic cost, as these liabilities are settled in a short to medium time frame.

The Company classifies its fixed rate Fortress Bonds as financial liabilities at amortised cost, being non-derivative financial liabilities with fixed or determinable payments that are not quoted in an active market.

2.2.1 Financial instruments – initial recognition

(i) Date of recognition

Fortress Bond sales are recognised at the trade date.

(ii) Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on their purpose and characteristics and management's intention in acquiring them. All financial instruments are measured initially at their fair value plus transaction costs.

2.2.2 Subsequent measurement

(i) Financial assets at amortised cost

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest rate ("EIR") method, less impairment. The EIR amortisation is included in interest and other similar income in the statement of comprehensive income.

(ii) Financial liabilities at amortised cost

Financial liabilities are carried at amortised cost using the effective interest rate EIR method. The EIR element of amortisation is included in interest and other similar expenses in the statement of comprehensive income.

2.2.3 De-recognition of financial assets and financial liabilities

(i) Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass–through' arrangement, and either:
  - The Company has transferred substantially all the risks and rewards of the asset, or;
  - The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass–through arrangement, and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset. In that case, the Company also recognises an associated liability.

(ii) Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

2.2.4 Impairment of financial assets

The Company assesses at each reporting date, whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (an incurred loss event) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Evidence of impairment may include: indications that the borrower or a group of borrowers is experiencing significant financial difficulty; the probability that they will enter bankruptcy or other financial reorganisation; default or delinquency in interest or principal payments; and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate.

2.3 Foreign currency

Functional and presentation currency

The Company's functional and presentation currency is Sterling ("£"), rounded to the nearest £. This is the currency in which the Company's performance is evaluated and is also the primary economic environment in which the Company operates. The Bonds are issued in £ and any returns to the investors in a liquidation would be in £.

2.4 Expenses

Expenses are accounted for on an accruals basis.

2.5 Ordinary shares

The Company's ordinary shares are non-redeemable and as such are classified as equity.

2.6 Interest and other similar income

Interest income comprises the total interest receivable from Castle Trust which is based on the interest due to the holders of the Bonds at the effective interest rate.

2.7 Interest and other similar expense

Interest expense comprises the total interest due to the holders of the Bonds at the effective interest rate which is payable and accrued in the period, calculated in accordance with the effective interest rate method.

2.8 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is presented in the income statement net of any reimbursement.

2.9 Current taxes

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

2.10 Dividends payable on ordinary shares

Dividends on ordinary shares are recognised as a liability and deducted from equity when they are approved by the Company's shareholders. Interim dividends are deducted from equity when they are paid.

Dividends for the period that are approved after the reporting date are disclosed as an event after the reporting date.

2.11 Segmental reporting

The Company does not collate or report separately management information data by segment. All business is transacted within the UK, and consequently, no geographical segmental analysis is presented.

3. Interest and other similar income

	31 March 2015 £	30 September 2014 £
Interest receivable under the Borrower Loan Agreement on an EIR basis	**1,108,638**	45,067

Under the Borrower Loan Agreement, Castle Trust repays the interest due on the Fortress Bond liabilities.

4. Interest and other similar expense

	31 March 2015 £	30 September 2014 £
Interest on Fortress Bonds on an EIR basis	**1,108,638**	45,067

Under the Borrower Loan Agreement, Castle Trust repays the interest due on the Fortress Bond liabilities.

5. Arrangement fee

	31 March 2015 £	30 September 2014 £
Arrangement fees	**200,924**	29,004

Under the Borrower Loan Agreement, Castle Trust pays a facility fee to the Company. The fee covers certain incurred costs and is currently 0.6% per annum of the balance of the loan amount, calculated on a monthly basis for the period ended 31 March 2015.

6. Other operating expenses

	31 March 2015 £	30 September 2014 £
Administration costs	**200,924**	29,004

Under the Marketing and Agency Agreement with CTCM, the Company pays a fee of 0.5% per annum of the funds under management, calculated on a monthly basis. These fees are subject to VAT at 20%, which the Company is unable to reclaim. As the Company does not have VATable outputs and is not VAT registered, VAT on expenses is treated as a cost to the Company and is not separately disclosed.

7. Taxation

The components of income tax expense for the Company for the period ended:

	31 March 2015 £	30 September 2014 £
Current tax		
Current Castle Trust Direct plc income tax	**-**	-
Total	**-**	-
Reconciliation of total tax charge		
Accounting result before tax		
At prevailing UK statutory income tax rate of 21% (2014: 22%)	-	-
Disallowable expenses	-	-
Income tax expense reported in the statement of comprehensive income	-	-

There are no disallowable items and no unrecognised deferred tax balance. Tax on income in the statement of comprehensive income will be relieved by the related expenses.

8. Loans and receivables

	31 March 2015 £	30 September 2014 £
Nominal value of Borrower Loan Agreement	**128,796,021**	37,978,972
Interest on an EIR basis	**1,153,705**	45,067
Amounts due from Castle Trust Capital plc	**129,949,726**	38,024,039

Loans and receivables consist of amounts due from Castle Trust under the Borrower Loan Agreement. In order to generate the amounts necessary to pay interest on and to pay the amount payable on the relevant maturity date (the "Final Redemption Amount") of the Bonds, the Company enters into a Borrower Loan Agreement with Castle Trust. Under the Borrower Loan Agreement, the issue proceeds received for subscription for Bonds are advanced to Castle Trust until the maturity date of the relevant Bond when Castle Trust repays the principal amount of such advance. In addition, Castle Trust will pay interest on each advance on, or immediately prior, to the interest payment dates and/or the maturity date of each bond.

9. Trade and other receivables

	31 March 2015 £	30 September 2014 £
Amounts due from Castle Trust Capital plc	**729,930**	529,004

10. Share capital

	31 March 2015 £	30 September 2014 £
Issued share capital		
Authorised, allotted, called up and fully paid	**500,000**	500,000
Ordinary shares (number)	**500,000**	500,000
Ordinary shares (£) at £0.10 par value per share	**50,000**	50,000
Ordinary share capital	**50,000**	50,000
Share premium	**450,000**	450,000
Total share capital	**500,000**	500,000

11. Financial liabilities at amortised cost

Financial liabilities are valued at amortised cost.

	31 March 2015	30 September 2014
	£	£
Nominal value of Fortress Bonds sold	**128,796,021**	37,978,972
Interest on an EIR basis	**1,153,705**	45,067
Financial liabilities at amortised cost	**129,949,726**	38,024,039

Interest accrues on the balance of the Fortress Bonds over the period to maturity, when the income becomes due and payable to the bond holder. Accrued interest calculated under the EIR method is included in the carrying value of the financial liabilities held at amortised cost.

Note that transaction costs incurred directly in the issuance of the Fortress Bonds were incurred by CTCM under the Marketing and Agency Agreement. As such, the Company is unable to include them in the EIR calculation of amortised cost. These costs have been recognised in the Group accounts, and therefore there is a difference both in the amortised cost and the EIR interest expense. Amortised cost at Group level is reduced by £3,536,747 (2014: £1,095,942) in total transaction costs, and increased by £608,678 (2014: £41,321) increased EIR interest cost due to those transaction costs being included. This results in a Group amortised cost liability of £127,021,657 (2014: £36,969,418).

12. Fair value hierarchy

For loans and receivables at amortised cost, being amounts due from Castle Trust under the Borrower Loan Agreement, and financial liabilities at amortised cost to Fortress Bond holders, the Company also considers the fair value of the items, and consequently, their position in the fair value hierarchy. The fair value of the Fortress Bonds and amounts due from Castle Trust as at 31 March 2015 was £128,804,614 (2014: £38,026,646).

The fair value of the bonds and amounts due from Castle Trust are determined according to the published AERs, adjusted for the time value of money and credit spread risk, using a discounted cash flow model. The hierarchy position is considered to be level 3, as the lowest level input, being the discount rate, is unobservable.

as at 31 March 2015

Financial assets and liabilities measured at amortised cost	**Level 1**	**Level 2**	**Level 3**
Loans and receivables	-	-	**128,804,614**
Fortress Bond liabilities	-	-	**128,804,614**

as at 30 September 2014

Financial assets and liabilities measured at amortised cost	**Level 1**	**Level 2**	**Level 3**
Loans and receivables	-	-	38,026,646
Fortress Bond liabilities	-	-	38,026,646

13. Trade and other creditors

Under the Marketing and Agency Agreement with CTCM, the Company pays a fee of 0.5% per annum of the funds under management, calculated on a monthly basis. These fees are subject to VAT at 20%, which the Company is unable to reclaim.

14. Risk management

The Company's activities expose it to various types of financial risk that are associated with the financial instruments and markets in which it participates.

14.1 Credit risk

The Company is exposed to credit risk due to its exposure under the Borrower Loan Agreement, in terms of the ability of its parent company to repay the Bonds and their coupons on maturity. The maximum credit risk to the Company can be measured as the loss of the financial assets at amortised cost from Castle Trust under the Borrower Loan Agreement, being £129,949,726 as at the reporting date (2014: £38,024,039), together with the amounts due from Castle Trust under trade and other receivables of £729,930 (2014: £529,004).

14.2 Liquidity risk

The Company is exposed to liquidity risk in terms of insufficient liquid assets to meet its obligations as they fall due. The liquidity risk is eliminated through the Borrower Loan Agreement with Castle Trust which matches the timing of cash flows. The table below indicates the maturity profile of the company's financial assets and financial liabilities at the reporting date. The nature of the Borrower Loan Agreement means that liquidity risk is transferred from the Company to Castle Trust. The analysis is based on the remaining period to the contractual maturity date:

at 31 March 2015	**Within 1 year**	**More than 1 year less than 3 years**	**More than 3 years less than 5 years**	**More than 5 years less than 10 years**	**Total**
	£	**£**	**£**	**£**	**£**
Assets					
Trade and other receivables	**-**	**-**	**729,930**	**-**	**729,930**
Loans and receivables	**40,021,741**	**48,918,507**	**34,771,165**	**3,310,244**	**127,021,657**
	40,021,741	**48,918,507**	**35,501,095**	**3,310,244**	**127,751,587**
Financial liabilities					
Trade and other creditors	**-**	**-**	**229,930**	**-**	**229,930**
Fortress Bond liabilities	**40,021,741**	**48,918,507**	**34,771,165**	**3,310,244**	**127,021,657**
Total financial liabilities	**40,021,741**	**48,918,507**	**35,001,095**	**3,310,244**	**127,251,587**

at 30 September 2014	**Within 1 year**	**More than 1 year less than 3 years**	**More than 3 years less than 5 years**	**More than 5 years less than 10 years**	**Total**
	£	**£**	**£**	**£**	**£**
Assets					
Trade and other receivables	-	-	529,004	-	529,004
Loans and receivables	19,624,250	15,684,680	4,897,033	-	40,205,963
	19,624,250	15,684,680	5,426,037	-	40,734,967
Financial liabilities					
Trade and other creditors	-	-	29,004	-	29,004
Fortress Bond liabilities	19,624,250	15,684,680	4,897,033	-	40,205,963
Total financial liabilities	19,624,250	15,684,680	4,926,037	-	40,234,967

14.3 Market risk

Market risk is the risk that the fair value of future cash flows from financial instruments will fluctuate as a result of changes in market variables such as foreign exchange rates and interest rates, as described below:

14.3.1 Interest rate risk

Interest rate risk is the risk that changes in interest rates will affect future cash flows or fair values of financial instruments. The Company is exposed to interest rate risk due to the fixed coupons payable. The Company's exposure to interest rate risk is eliminated through the Borrower Loan Agreement with Castle Trust which hedges this exposure and the maximum exposure to interest risk in the period to 31 March 2015 is therefore reduced to £nil.

14.4 Concentration risk

The Company considers concentration risk in terms of material exposure to single counterparties. The maximum single counterparty exposure is to Castle Trust as a result of the Borrower Loan Agreement, which has a maximum exposure of £129,949,726 as at the reporting date (2014: £38,024,039), together with the amounts due from Castle Trust under Trade and other receivables of £729,930 (2014: £529,004).

15. Capital management

The Company's capital is £500,000, issued by the Company on 19 May 2014.

When each Bond matures, the proceeds due to be received from Castle Trust under the terms of the Borrower Loan Agreement are defined in such a way as to equal the proceeds payable to the Fortress Bond holders.

The Company's direct operating expenses including ongoing expenses are borne by CTCM. CTCM paid costs of £2,447,055 (2014: £206,152) in relation to the Company.

Directors' fees are borne by Castle Trust on behalf of all Group entities, including the Company.

16. Related party transactions

The following are related parties to the Company:

Calculation agent

CTCM is a fellow subsidiary of the Company. Under the terms of the Marketing and Agency Agreement, the fee of 0.5% per annum is charged against the fixed rate bonds issued each month. There is a balance due of £229,930 (2014: £29,004) as at the reporting date.

The Company has also appointed CTCN as its nominee for holders of the Bonds and CTCM as sales, marketing and administration manager in respect of the Bonds. CTCN is a fellow subsidiary of the Company.

Borrower Loan Agreement

Castle Trust is a related party as it is the parent of the Company. Castle Trust's transactions and balances arise under contractual arrangements with the Company, the first being in relation to the Borrower Loan Agreement, and the second in relation to an arrangement fee that the Company receives from Castle Trust.

Under the Borrower Loan Agreement, Castle Trust pays a facility fee to the Company. The fee covers certain incurred costs and is currently 0.6% per annum of fixed rate bonds issued in a month, calculated on a monthly basis. During the period the Company received an arrangement fee of £200,924 (2014: £29,004).

Castle Trust pays the interest due on the liabilities to Fortress Bond customers, which amounts to £1,108,638 (2014: £45,067) on an EIR basis for the period to 31 March 2015.

All transactions are repayable according to the terms of the agreements in place. In addition, the Company maintains a balance in relation to the £500,000 share capital invested by Castle Trust.

17. Ultimate controlling party

In the directors' opinion, the Company's immediate parent is Castle Trust which is incorporated in the United Kingdom. The Company's ultimate parent company is CTC Holdings (Cayman) Limited which is incorporated in the Cayman Islands. The ultimate controlling party of the Company is considered to be Mr James Christopher Flowers.

The largest and smallest group in which these accounts are consolidated is the Castle Trust Group. The address from which those financial statements may be obtained is 10 Norwich Street, London, EC4A 1BD, United Kingdom.

18. Events after the reporting date

There are no material events after the reporting date that require disclosure.