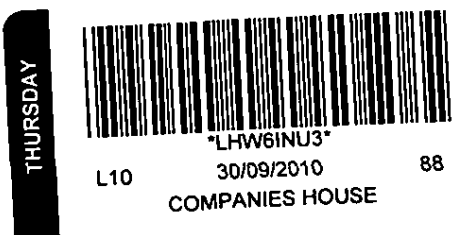


2339567

Company registration number 2339567

SINGER & FRIEDLANDER ASSET MANAGEMENT LIMITED
AUDITED FINANCIAL STATEMENTS
FOR THE EIGHTEEN MONTH PERIOD TO 30 JUNE 2009



SINGER & FRIEDLANDER ASSET MANAGEMENT LIMITED

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SINGER & FRIEDLANDER ASSET MANAGEMENT LIMITED

Director

J N Stewart

Secretary

J J Youngs

Registered Office

21 New Street
London
EC2M 4HR

Auditors

Haines Watts Chartered Accountants
Registered Auditor
Egmont House
25-31 Tavistock Place
London
WC1H 9SF

SINGER & FRIEDLANDER ASSET MANAGEMENT LIMITED

REPORT OF THE DIRECTOR

The Director presents his report, together with the audited financial statements of the Company for the eighteen month period to 30 June 2009

PRINCIPAL ACTIVITIES

The Company is incorporated in England and Wales and conducts its operations from the United Kingdom. The registered office of the Company is 21 New Street, London EC2M 4HR, United Kingdom.

The Company's principal activity throughout the period was to act as an Authorised Corporate Director of the Singer & Friedlander Funds ICVC ("FUNDS"), an umbrella investment Company with variable capital which has seven sub-funds, together with acting as the Operator to a private equity fund, Kaupthing Capital Partners II.

BUSINESS REVIEW

On the 8 October 2008, following a period of turbulence affecting the banking sector worldwide, a group undertaking, Kaupthing Singer & Friedlander Limited ("KSF"), was placed into Administration. The purpose of the Administration was to realise KSF's business and assets in a manner which would enable a more advantageous realisation than would be achieved via a formal liquidation process. The appointed Administrators are Ernst & Young.

The Administrators sought to safeguard the value of the business of the Company by ensuring they continue to trade as a going concern. In order to meet this objective, it was decided that these interests would be best satisfied by disposing of the business of the Company to a third party investment management business. The proposed sale intended to mitigate the risk of losing clients to rival investment management organisations in order to preserve the value of the business to enable value to be released to the shareholder, KSF. Through extensive negotiations with interested parties, it was decided that the sale of the FUNDS rather than a sale of the Company would be the preferred option.

On the 21 October 2008, an agreement was reached with Williams de Broe Limited, a subsidiary of the Evolution Securities Group Plc, to acquire the business activities of the Company's parent undertaking, Singer & Friedlander Investment Management Limited ("SFIM"). At the same time, Williams de Broe Limited also acquired the economic benefits from acting as the Authorised Corporate Director of the FUNDS from the company until the migration to their own Authorised Corporate Directorship entity.

On the 9 October 2008, the Company's ultimate parent undertaking, Kaupthing Bank hf was placed under the control of the Icelandic Financial Supervisory Authority, who took over the operations of Kaupthing Bank hf in accordance with Icelandic legislation arising from the unusual market circumstances in the Icelandic financial market. As part of this process, a Resolution Committee was appointed which has all the powers of the board of directors including the supervision of all assets and business operations. Furthermore, on the 24 November 2008 Kaupthing Bank hf was granted a moratorium status granting it independence from any Icelandic governmental body.

KCP II (GP) Limited ("KCP") was placed into administration on the 9th October 2008. The Company was owed £6,206,003 in management fees from KCP as Operator of the fund with £5,962,062 of this fee payable to KSF.

Since 8 October 2008, the Company's dealings are solely with the Administrators of KSF.

The Administration of KSF on 8 October 2008 has affected the value of the Company's cash balances, as KSF provided banking services to the Company. As a consequence, a proportion of the Company's cash balances were no longer available to the Company and consequently these items are considered "frozen" for which the Company is treated as an unsecured creditor. Whilst this has affected the Company's cash resources, sufficient cash balances were held outside of the Kaupthing Bank hf Group to enable the Company to continue to trade.

For the purposes of these Financial Statements, the Director has applied a 65% recovery rate to the cash deposited with KSF by the Company after the offset of certain liabilities. The 'frozen' cash balance has been shown within Other Financial Assets (£339,414) and the balance has been taken as a charge in the Income Statement – see note 3 to the Financial Statements.

SINGER & FRIEDLANDER ASSET MANAGEMENT LIMITED

REPORT OF THE DIRECTOR

The event of 8 October 2008 and the subsequent disposal of the business to Williams de Broe Limited has affected the viability of the Company. Therefore these financial statements have been prepared on a cessation basis. The effect of this is that all current assets have been stated at net realisable values.

PERFORMANCE

The profit after taxation for the period is noted in the Income Statement on page 9, and amounted to £942,290 (2007 £1,855,749).

The level of funds under management for the FUNDS at the start of the period was £221m. Also at the start of the period funds under management for the Kaupthing Capital Partners II fund was £530m. The level of funds under management for the FUNDS has declined to £128m at the balance sheet date. In view of the Kaupthing Capital Partners II fund being placed into Administration on 9 October 2008, no funds under management have been recognised at the balance sheet date.

The Company's performance has been satisfactory during the period, despite the difficult market conditions and the uncertainty facing the financial sector.

During the period the Company paid an interim dividend of £2,000,000 (2007 £1,000,000). The Director does not recommend the payment of a final dividend.

FUTURE OUTLOOK

The Director anticipates that following the disposal of the business and the migration of the FUNDS to an alternative Authorised Corporate Director and upon the collection of all receivables and discharging all liabilities, the Company will be placed into a members' voluntary liquidation. It is anticipated that a liquidator will be appointed once the Financial Services Authority (the company's regulatory supervisor) approves the cancellation of the firm's Regulatory Authorisation.

PRINCIPAL RISK AND UNCERTAINTIES

The identification, measurement and containment of risk are integral to the management of the Company's business. Risk policies and procedures are regularly updated to meet changing business requirements and to comply with best practice.

Risks are managed via two categories, business risk and the monitoring of various risks by the centralised functions. Firstly, the Company's management committee managed the business risk until the Investment Management teams were transferred to Williams de Broe Limited. Secondly, the Company is subject to regular reviews by the centralised function of KSF of Compliance, Group Risk and Internal audit up until October 2009.

The key business risks affecting the Company until 21 October 2008 were:

STRATEGIC RISKS

The Strategic Risks to which the Company might be exposed are both internal and external risks. The external risks would be a sustained fall in the markets whereas internal risks would include a sustained poor long term investment performance.

The Company sought to manage market risk by adapting its products and services to meet the changing needs of both clients and markets and by controlling costs wherever possible. The risk of poor investment performance was managed by the regular review of investment performance and by encouraging a culture of open debate on investment strategy which ultimately affected the level of performance delivered to clients.

Following the agreement signed on 21 October 2008, the strategic risks were managed by Williams de Broe Limited as part of the delegated investment management agreement.

SINGER & FRIEDLANDER ASSET MANAGEMENT LIMITED

REPORT OF THE DIRECTOR

OPERATIONAL RISKS

The principal operational risks are dealing, administration and investment management services, all of which are outsourced to third parties. The provision of these services by the outsourced functions, are subject to service level agreements, which are monitored on a regular basis by the Company. The Company has controls in place to ensure that these risks are minimised and consistent with providing a high level of service to clients. Key controls and control procedures are set out in the service levels agreements. The systems and controls adopted are subject to regular reviews by the centralised Compliance, Group Risk and Internal Audit functions of KSF.

PARENT AND ULTIMATE PARENT UNDERTAKING

The Company is a wholly-owned subsidiary undertaking of Singer & Friedlander Investment Management Limited whose ultimate parent undertaking, until 8 October 2008, was Kaupthing Bank hf (incorporated in Iceland).

After 8 October 2008, Kaupthing Bank hf's rights were limited to being a shareholder. As noted in page 2 of this report, Kaupthing Bank hf was placed under the control of the Icelandic Financial Supervisory Authority, which has assumed the powers of the shareholders and has appointed a Resolution Committee.

DIRECTORS' AND OFFICERS' INSURANCE

Kaupthing Bank hf maintained, until 31 March 2009, an insurance policy on behalf of the Directors and Officers against any liabilities incurred in the conduct of their duties. After this date, KSF maintained a similar policy for the Company's Directors and Officers.

DIRECTORS

The name of the Director of the Company as at the date of this report appears on page 1. Mr M. Morley resigned as a Director on the 30 September 2008. Messrs Ellisdon and Cavanagh resigned from the board on 14 October 2008. Messrs Beattie and Herrington resigned from the board on the 17 November 2008. Mrs B. Willoughby and Mr J. N. Stewart were appointed to the board on the 24 November 2008 with Mrs B. Willoughby resigning on the 23 April 2010.

The Articles of Association of the Company make no provision for the retirement of Directors by rotation.

Mrs H. F. Hay resigned and Mr J. J. Youngs was appointed as Secretary of the Company on 30 September 2008.

DIRECTOR'S INTERESTS

The Director held no beneficial interests in the share capital of the Company throughout the 18 month period ending 30 June 2009 (year ended 31 December 2007: nil).

SINGER & FRIEDLANDER ASSET MANAGEMENT LIMITED

REPORT OF THE DIRECTOR

REGULATORY AND NON-REGULATORY CAPITAL

It is the Company's policy to maintain a strong capital base to support the development of its business and to meet regulatory capital requirements at all times. The Company's capital is managed via the Board and the annual Business Planning process. The day to day management of the Company's capital is delegated to the centralised finance function.

Shareholder funds are invested in either short-term cash deposits (up to 90 days maturity) or placed on demand with approved banks.

The principal forms of capital are included in the following balances on the balance sheet: called up share capital, retained earnings. The Company has a capital base of £2,970,531 as at 30 June 2009 (2007: £4,028,241).

The Financial Services Authority ("FSA") supervises the Company and, as such, receives information on the capital adequacy of the Company on a quarterly basis. The Company has complied with the FSA's capital adequacy requirements during the eighteen month period to 30 June 2009. The above description of the Company's regulatory and non-regulatory capital policy forms an integral part of the financial statements.

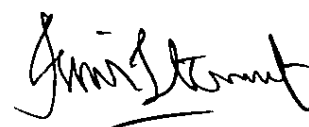
STATEMENT OF DISCLOSURE TO THE AUDITORS

The Director who held office at the date of approval of this Report of the Director confirms that as far as he is aware, there is no relevant information of which the Company's auditors are unaware, and the Director has taken all the steps that he ought as a Director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

AUDITORS

Haines Watts were appointed as auditors in September 2010 to fill the casual vacancy left by KPMG. A resolution to re-appoint Haines Watts as auditors for the ensuing year will be proposed at the annual general meeting in accordance with Section 385 of the Companies Act 1985.

BY ORDER OF THE BOARD



J N Stewart
Director

30 September 2010

Registered Office
21 New Street
London
EC2M 4HR

SINGER & FRIEDLANDER ASSET MANAGEMENT LIMITED

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

The Director is responsible for preparing the Report of the Director and the Financial Statements in accordance with applicable law and regulations

Company law requires the Director to prepare Financial Statements for each financial period, which give a true and fair view of the state of affairs of the Company and of the profit and loss of the Company for that period. Under that law the Director has elected to prepare the Financial Statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU.

The Financial Statements are required by law and IFRS as adopted by the EU to present fairly the financial position of the Company and the performance for that period. The Companies Act 1985 provides in relation to such Financial Statements that references in the relevant part of that Act to Financial Statements giving a true and fair view are references to their achieving a fair presentation.

In preparing these financial statements, the Director is required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether they have been prepared in accordance with IFRSs as adopted by the EU, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Director is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Act 1985 and article 4 of the IAS Regulation. He has general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

SINGER & FRIEDLANDER ASSET MANAGEMENT LIMITED

INDEPENDENT AUDIT REPORT

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS

We have audited the financial statements of Singer & Friedlander Asset Management Limited for the period ended 30 June 2009, which comprise the Income Statement, Balance Sheet, Cash Flow Statement and the related notes. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the company's shareholders, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of director and auditor

The Director's responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Director's Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether, in our opinion, the information given in the Report of the Director is consistent with the financial statements.

In addition, we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Report of the Director and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the director in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

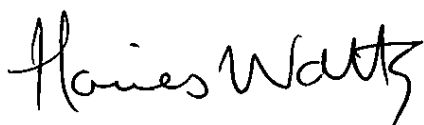
SINGER & FRIEDLANDER ASSET MANAGEMENT LIMITED

INDEPENDENT AUDIT REPORT

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 June 2009 and of its profit for the period then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Report of the Director is consistent with the financial statements



Haines Watts

Chartered Accountants

Registered Auditor

Egmont House

23 - 31 Tavistock Place

London WC1H 9SF

30 September 2010

SINGER & FRIEDLANDER ASSET MANAGEMENT LIMITED

AUDITED INCOME STATEMENT FOR THE EIGHTEEN MONTH PERIOD TO 30 JUNE 2009

	Note	18 months to 30 June 2009 £	12 months to 31 December 2007 £
Revenue	1, 2	8,699,528	7,435,425
Fees payable	1	<u>(6,418,025)</u>	<u>(4,415,854)</u>
Gross profit		2,281,503	3,019,571
Administrative expenses	1	<u>(899,156)</u>	<u>(368,501)</u>
Profit before taxation	3	1,382,347	2,651,070
Taxation	7	(440,057)	(795,321)
Profit for the period/year		<u><u>942,290</u></u>	<u><u>1,855,749</u></u>

There were no other recognised gains other than the profit for the period
The notes on pages 12 to 25 form part of these accounts

SINGER & FRIEDLANDER ASSET MANAGEMENT LIMITED

AUDITED BALANCE SHEET AS AT 30 JUNE 2009

	Note	30 June 2009 £	31 December 2007 £
Current assets			
Trade and other receivables	8	482,107	526,996
Other investments	9	4,133	4,508
Other financial assets	10	339,414	-
Cash and cash equivalents	11	4,332,513	5,112,457
Total assets		<u>5,158,167</u>	<u>5,643,961</u>
Current liabilities			
Trade and other payables	12	1,727,152	824,672
Tax payable	13	460,484	791,048
Total liabilities		<u>2,187,636</u>	<u>1,615,720</u>
Net assets		<u>2,970,531</u>	<u>4,028,241</u>
Shareholders' equity			
Called up share capital	14	25,000	25,000
Retained earnings	19	2,945,531	4,003,241
Total shareholders' equity		<u>2,970,531</u>	<u>4,028,241</u>

The accounts were approved by the Director on 30 September 2010



J N Stewart
DIRECTOR

The notes on pages 12 to 25 form part of these accounts

SINGER & FRIEDLANDER ASSET MANAGEMENT LIMITED

AUDITED CASH FLOW STATEMENT
FOR THE EIGHTEEN MONTH PERIOD TO 30 JUNE 2009

		18 months to 30 June 2009 £	12 months to 31 December 2007 £
	Note		
Cash flow from operating activities			
Profit after taxation		942,290	1,855,749
Adjustments to reconcile profit to cash flow from operating activities			
Interest received		(262,111)	(261,147)
Taxation	7	440,057	795,321
Operating profit before changes in working capital		1,120,236	2,389,923
Decrease/(Increase) in trade and other receivables		44,889	(26,028)
(Increase) in other financial assets	10	(339,414)	-
Increase/(decrease) in trade and other payables		902,481	(247,063)
Cash generated from operations		1,728,192	2,116,832
Taxation paid		(770,622)	(662,701)
Net cash inflow from operating activities		957,570	1,454,131
Investing activities			
Sale of other investments		375	1,129
Interest received		262,111	261,147
Net cash inflow from investing activities		262,486	262,276
Financing activities			
Dividend paid	6	(2,000,000)	(1,000,000)
Net cash outflow from financing activities		(2,000,000)	(1,000,000)
(Decrease)/Increase in cash and cash equivalents		(779,944)	716,407
Cash and cash equivalents at the beginning of the period/year		5,112,457	4,396,050
Cash and cash equivalents at the end of the period/year	11	4,332,513	5,112,457

SINGER & FRIEDLANDER ASSET MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1 ACCOUNTING POLICIES

Statement of compliance

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the EU and those parts of the Companies Act 1985 applicable to companies reporting under IFRS. The accounting policies set out in note 1 have been applied in preparing the financial statements for the eighteen month period ended 30 June 2009 and the comparative information for the year ended 31 December 2007.

The Company applies IAS 29 and IFRS 7 for the recognition and measurement and disclosure of financial instruments and has therefore adopted the amendments made to these statements effective from 1 July 2008. The adoption of these amendments does not have any effect on the financial performance of the Company.

At 30 June 2009, the Company had adopted all IFRS and interpretations that had been issued by the IASB and IFRIC and endorsed by the EU. A number of new standards, amendments to standards and interpretations are not yet effective for the period ended 30 June 2009 and therefore have not been applied in preparing these financial statements.

The Company has prepared a cashflow statement in accordance with IFRS 1.

The audited financial statements have been approved by the Director.

Basis of preparation

The financial statements have been prepared on a cessation basis.

The cessation basis reflects all balance sheet items stated at estimated net realisable values, and also reflects the intention of the Director to enter into a members' voluntary liquidation of the Company in the coming months.

Items included in these financial statements are measured in the functional currency of U.K. Pound Sterling.

The accounting policies set out below have been applied consistently to all periods. They have also been applied in preparing an opening statement of equity and profit and loss at 31 December 2007.

Foreign exchange

Transactions in foreign currencies are translated into U.K. Pound Sterling at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the foreign exchange rate ruling at that date to U.K. Pound Sterling. Foreign exchange differences arising on translation are recognised in the income statement.

Financial instruments

The Company's financial instruments include financial assets representing cash balances held with credit institutions, and trade and other receivables and financial liabilities representing trade and other payables.

The Company's financial assets of cash balances held with credit institutions generate interest income which is accounted for on an accruals basis and is reflected in the income statement. Such financial assets are accounted for on a trade date basis. These cash balances are exposed to credit risk, which the Company mitigates by reviewing the suitability of placing funds with credit institutions. This review process includes assessing the credit worthiness of such financial institutions. The Company also held minimal cash balances in foreign currencies. This exposes the Company to a currency risk. This risk is mitigated by ensuring that surplus cash balances in foreign currencies are exchanged for the Company's functional currency.

NOTES TO THE FINANCIAL STATEMENTS

Trade and other receivables primarily consist of management fee income from the FUNDS. Included in the management fee income amount are performance fees. Performance fees are recognised when performance fees are crystallised, which typically is the accounting reference date of the FUNDS. All management fees in connection with the FUNDS accrue on a daily basis and are payable to the Company monthly in arrears.

The Company's financial liabilities consist of management fees paid to the outsourced providers of investment management services. The investment management fees payable include performance related fees payable to them. Other financial liabilities include administration charges from SFIM. Management fees also include fees for operating the Kaupthing Capital Partners II fund.

Risk management

The Company has an established risk management framework in place, with all areas of the business having defined risk policies and operational procedures in place. Processes are in place to enable the continuous review, assessment, communication and monitoring of risks identified by management. These risks are also subject to independent assessment by the central operational risk function.

Furthermore, the risk management and compliance monitoring processes were subject to independent review by the central internal audit function.

Fair values

Transactions undertaken by the Company until 31 December 2007 are stated at cost, less any impairment adjustment in respect of trade and other receivables. The Company does not trade for its own account.

As noted above, all balance sheet items as at 30 June 2009 have been stated at estimated net realisable values.

Critical accounting estimates and judgements

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period.

Derecognition of financial assets and liabilities

Financial assets are derecognised when the right to receive cash flows from the financial assets have expired or where the Company commits to transfer substantially all risks and rewards of ownership. Financial liabilities are derecognised when the obligation of the Company specified in the contract is discharged, cancelled or expired.

Other financial assets

Other financial assets represent a reclassification of cash balances "frozen". The amounts have been stated at net realisable values.

Trade and other receivables

Trade and other receivables principally represent the accrual of management fee income from the Funds. These amounts are calculated by reference to assets under management and are collected from cash assets held by the FUNDS.

Trade and other receivables are stated at their nominal value less any impairment losses. Impairment losses are established when there is evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Any impairment losses made are recognised in the income statement.

SINGER & FRIEDLANDER ASSET MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Other investments

Nominal box positions are stated at market value and other investments are stated at cost less any impairment losses. Any impairment losses are taken through the income statement.

Other investments comprise nominal box positions and other investments, both are held in connection with the Company acting as the Authorised Corporate Director of the FUNDS. Nominal box positions represent the method used by the FUNDS to account for sales and purchases by investors of the FUNDS. Other investments represent an obligatory investment in the Funds to ensure that certain classes of shares for which there are no investors remain open and available for future investment by investors. Neither of these classes of investment is held for trading purposes.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits and are stated in the balance sheet at nominal value. For the purpose of the cash flow statement, cash and cash equivalents comprise cash at bank, with original maturities of three months or less.

Trade and other payables

Trade and other payables are stated at cost and represent investment management fees and costs incurred in the day to day operations of the Company. Costs are incurred on a receipt basis and therefore any amounts included with trade and other payables represent timing differences for the payment of such liabilities.

Fees payable

Fees payable represent fees in connection with management fee income earned, where the manager is KSF or the underlying FUNDS have been subsequently transferred to another manager. Fees that are performance linked are recognised when performance criteria have been fulfilled. Fees payable are reflected in the income statement on an accruals basis.

Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past transaction or event and it is probable that an outflow of economic benefits will be required to settle the obligation.

Consolidated accounts

The Company's parent undertaking is SFIM, whose ultimate parent undertaking is a company incorporated in Iceland, and accordingly group financial statements have not been prepared.

Revenue

Revenue as noted in note 2 of these financial statements represents management fees and front end fees receivable from the management of collective investment schemes and a private equity fund. The management fees levied to these FUNDS are in accordance with agreements stipulated at the outset of establishing a business relationship. All such fees are recognised on an accruals basis. Fees that are performance linked are recognised when performance criteria have been fulfilled.

Revenue also includes interest earned on the Company's cash balances. This is recognised on an accrual basis.

SINGER & FRIEDLANDER ASSET MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Administrative expenses

Administrative expenses consist of the cost of the outsourced service providers as well as certain administrative functions provided by KSF. These administrative costs are charged to SFIM by KSF, and in turn a proportion is charged to the Company. This is accounted for on an accruals basis.

KSF have elected to waive the recovery of administration costs for the period from 1 October 2008 to 30 June 2009 from SFIM. During this period KSF have charged a significant proportion of these costs to Williams de Broe Limited, as they purchased the economic rights of SFIM from 21 October 2008. Accordingly, SFIM has not charged the Company for such costs. Administrative expenses for the nine months to 30 September 2008 are reflected in the Income Statement.

Taxation

Taxation on the profit and or loss for the period comprises current and deferred tax. Taxation is recognised in the income statement except to the extent that it relates to items recognised directly in equity.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary timing differences between the carrying cost of amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner or realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future profits will be available against which the asset can be utilised.

New Standards and interpretations effective during the period to 30 June 2009

The Company has complied, where relevant, with all new IFRS standards that became effective during the period to 30 June 2009.

New interpretations applied which had no effect on these financial statements.

IFRIC 11 – Group and Treasury Transactions

IFRIC 14 – Limit on a Deferred Asset, minimum funding requirement and their interaction

New Standards not yet adopted

IFRS 8 – Operating Segments

IFRS 8 replaces IAS 14 Segment Reporting (IAS 14), issued on 30 November 2006, and is effective for annual periods beginning on or after 1 January 2009. This standard specifies how an entity should report information about its operating segments, based on information about the components of the entity that management uses to make operating decisions. IFRS 8 will become mandatory for the Company's 2010 Financial Statements, but will not have any effect on the Company's financial statements.

Amendment to existing Standards not yet adopted

IAS 1- Presentation of Financial Statements (revised 2007), IAS 23 – Borrowing Costs and IFRS 3 – Business Combinations are all mandatory for the Company's financial statements for the period ended 30 June 2010 and are not expected to have an effect on the Company's financial statements.

SINGER & FRIEDLANDER ASSET MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

2 REVENUE

	18 months to 30 June 2009 £	12 months to 31 December 2007 £
Management fees	8,422,509	7,152,541
Interest income	262,111	261,147
Front end fees	14,908	21,737
	<u>8,699,528</u>	<u>7,435,425</u>

Management fees include performance fees of £128,763 (2007 £125,035)

Interest income includes £193,576 (2007 £261,147) received from KSF, who provided banking services on an arm's length basis

3 PROFIT BEFORE TAXATION

	18 months to 30 June 2009 £	12 months to 31 December 2007 £
Profit from operations has been arrived at after charging / (crediting)		
Auditors' remuneration		
Audit	12,000	8,923
Other services pursuant to such legislation	-	28,265
	<u>12,000</u>	<u>37,188</u>
Cash balances "frozen" with Kaupthing Singer & Friedlander Limited	<u>170,794</u>	<u>-</u>
Provision for bad and doubtful debts in connection with Kaupthing Capital Partners II fund	<u>6,206,003</u>	<u>-</u>
Reduction in liability due to Kaupthing Singer & Friedlander Limited in respect of Kaupthing Capital Partners II fund	<u>(5,962,062)</u>	<u>-</u>

The cash balances held with KSF amounting to £170,794 have been charged to the income statement and represents 35% of the amount considered irrecoverable based on the communication of 30 October 2009 to unsecured creditors. The remaining cash balance of £339,414 is disclosed in note 10 to the financial statements as Other Financial Assets.

A provision for bad and doubtful debts of £6,206,003 was made to reflect the uncertainty of the management fees recoverable from Kaupthing Capital Partners II fund. KSF has formerly agreed to negate its liability to reflect the non recoverability from the Kaupthing Capital Partners II fund. Accordingly, a reduction of £5,962,062 has been made to the liability due to KSF.

SINGER & FRIEDLANDER ASSET MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

4 STAFF COSTS

There were no staff directly employed by the Company during the period (2007 nil)

5 EXECUTIVE EMPLOYMENT EXPENSES

None of the key executives received any emoluments during the period in respect of their services to the Company (2007 £nil)

6 DIVIDEND

	18 months to 30 June 2009 £	12 months to 31 December 2007 £
Amounts recognised as distributions to equity holders in the period/year		
Two Interim dividends paid of £40 each (2007 one interim dividend of £40) per ordinary share	2,000,000	1,000,000

No final dividend is proposed for the period ended 30 June 2009

7 TAXATION

	18 months to 30 June 2009 £	12 months to 31 December 2007 £
Current corporation tax charge	440,057	795,321
Current tax made up as		
Domestic income tax on profits for the period/year	440,057	795,321
Tax suffered at source	(2,238)	(4,273)
Total current tax payable	437,819	791,048
Total corporation tax expense in the income statement	440,057	795,321

SINGER & FRIEDLANDER ASSET MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

7 TAXATION continued

The tax charge for the period/year can be reconciled to the profit per the income statement as follows

	18 months to 30 June 2009		12 months to 31 December 2007	
	£	%	£	%
Profit before taxation	<u>1,382,347</u>		<u>2,651,070</u>	
Tax at the domestic income tax rate of 28.3% (2007 30%)	391,665	28.3	795,321	30.0
Connected party debt provisions not deductible for tax purposes	48,392	3.5	-	-
Total tax expense and effective tax rate for the period/year	<u>440,057</u>	<u>31.8</u>	<u>795,321</u>	<u>30.0</u>

8 TRADE AND OTHER RECEIVABLES

	30 June 2009 £	31 December 2007 £
Trade receivables		
Management fees due from Kaupthing Capital Partners II fund	6,206,003	-
Provision for bad debt	<u>(6,206,003)</u>	<u>-</u>
	-	-
Investors	175,107	139,655
Other receivables	1,947	-
Trustees	<u>305,053</u>	<u>387,341</u>
	<u>482,107</u>	<u>526,996</u>

Management fees due from the Administrators of Kaupthing Capital Partners II Fund of £6,206,003 have been fully provided

Trade receivables due from Investors represent trades in course of settlement

Trade receivables from Trustees include management fees of £154,668 (2007 £262,306) and performance fees of £150,385 (2007 £125,035) due from the FUNDS

Trade and other receivables are short term in nature and the Director considers the carrying amount of Trade and Other Receivables approximate to their net realisable value

SINGER & FRIEDLANDER ASSET MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

9 OTHER INVESTMENTS

	30 June 2009	31 December 2007
	£	£
Box position	1,133	1,508
Other investments	3,000	3,000
	<u>4,133</u>	<u>4,508</u>

Other investments comprise nominal box positions for adjusting for fractional creation and redemption of shares and other investments which represents seed capital to facilitate a launch of additional share classes that is purely held as a nominal holding

The box position and other investments are held in connection with the Company acting as the Authorised Corporate Director of the FUNDS. These classes of investments are not held for trading purposes

10 OTHER FINANCIAL ASSETS

	30 June 2009	31 December 2007
	£	£
Amounts due from a group undertakings	<u>339,414</u>	<u>-</u>

The amount due from group undertakings relates to "frozen" cash balances held with KSF. These cash balances have been reclassified from Cash and Cash Equivalents to Other Financial Assets. The amount represents an estimated recovery rate of 65p for each £.

The Administrator of KSF, the Company's ultimate shareholder, has confirmed that the debt of £339,414 accurately reflects the amount that is due to the Company at a rate of 65p for each £.

As it is proposed that the Company will go into member's voluntary liquidation in due course, KSF is the ultimate and only shareholder, and as the Company has sufficient funds to discharge known external creditors in full. It is not currently proposed that these "frozen" funds will be remitted to the Company in respect of the claim submitted in the administration. It is anticipated that the debt will be extinguished upon the Company making a final distribution to KSF as shareholder through the liquidation process.

11 CASH AND CASH EQUIVALENTS

	30 June 2009	31 December 2007
	£	£
Bank balances held with Kaupthing Singer & Friedlander Limited	-	4,934,256
Cash held with other credit institutions	4,332,513	178,201
	<u>4,332,513</u>	<u>5,112,457</u>

The bank balances held on 8 October 2008 with KSF are considered "frozen" and therefore the estimated recoverable amount has been reclassified to Other Financial Assets. All banking services were provided on an arm's length basis.

SINGER & FRIEDLANDER ASSET MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

12 TRADE AND OTHER PAYABLES

	30 June 2009	31 December 2007
	£	£
Trade payables - Investors	515,939	261,460
Amounts owed to the parent undertaking	71,908	41,792
Amounts owed to a group undertaking	5,962,062	-
Reduction to amounts owed to a group undertaking	(5,962,062)	-
Other trade payables	1,139,305	521,420
	<u>1,727,152</u>	<u>824,672</u>

Trade payables to Investors represent trades in course of settlement

Amounts owed to a group undertaking represents an investment management fee of £5,962,062 which is payable to KSF in relation to the Company's Operator fee from KCP. This fee has been formally negated to reflect that no recovery is anticipated from KCP as mentioned in the Business Review within the Report of the Director and Note 8

13 CURRENT TAX PAYABLE

Current tax payable

	30 June 2009	31 December 2007
	£	£
Current year corporation tax payable	437,819	791,048
Prior year corporation tax payable	22,665	-
	<u>460,484</u>	<u>791,048</u>

14 CALLED UP SHARE CAPITAL

	30 June 2009	31 December 2007
	£	£
Authorised, issued and fully paid		
25,000 ordinary shares of £1 each	<u>25,000</u>	<u>25,000</u>

Ordinary shares have full voting rights as well as allotment pre-emption rights

SINGER & FRIEDLANDER ASSET MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

15 RELATED PARTIES

The Company has a related party relationship with its immediate parent Company, Singer & Friedlander Investment Management Limited (incorporated in England and Wales) ("SFIM"), Singer & Friedlander Funds ICVC an umbrella fund comprising of eight sub funds (FUNDS), an intermediate parent Company, Kaupthing Singer & Friedlander Limited (incorporated in England and Wales) ("KSF"), and a fellow group Company, KCP II (GP) Limited ("KCP") (incorporated in England and Wales) The Company's ultimate parent Company is Kaupthing Bank hf (incorporated and registered in Iceland)

		Income/ (expenses)	Assets/ (liabilities)	Income/ (expenses)	Assets/ (liabilities)
		30 June	30 June	31 December	31 December
	Note	2009	2009	2007	2007
		£	£	£	£
Transactions with parent and related companies					
Management fees receivable	a	3,546,592	305,053	3,475,511	387,341
Investment management fees payable	b	(379,246)	(71,908)	(520,401)	(41,792)
Administration cost	c	(229,500)	-	(150,000)	-
Interim dividend	d	(2,000,000)	-	(1,000,000)	-
Transactions with group undertakings					
Management fees receivable	e	6,206,003	6,206,003	3,677,030	-
Bad debt provision on management fees receivable	f	(6,206,003)	(6,206,003)	-	-
Management fees payable	g	(5,962,062)	(5,962,062)	(3,677,030)	-
Reduction in management fees payable	h	5,962,062	5,962,062	-	-
Interest income	i	193,576	-	261,147	-
Frozen cash balances	j	-	339,414	-	-

Notes

- a) Management fees receivable represent fees charged from acting as an Authorised Corporate Director to the FUNDS
- b) Investment management fees payable to SFIM and represent fees paid in connection with the provision of discretionary investment management services of the FUNDS
- c) Administration cost includes a charge for the use of administrative functions provided by SFIM in order to assist in the day to day operation of the Company
- d) Interim dividend represents the distribution of the Company's surplus retained earnings paid to SFIM
- e) Management fees receivable represent fees charged from acting as the Operator to KCP, a private equity fund
- f) The provision relates to the management fees receivable from KCP which was placed into administration
- g) These fees are payable to KSF for investment management services in relation to the management fee receivable from KCP
- h) The fees are payable to KSF for investment management services have been reduced to nil as no fees are expected recoverable from KCP
- i) Interest income represents amounts earned on bank balances held with KSF
- j) The "frozen" cash balances are deposited with KSF and have been discounted by 35% after taking in account of allowable for offsets

SINGER & FRIEDLANDER ASSET MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

15 RELATED PARTIES continued

The Company has no related party relationships with staff as no staff were directly employed by the Company in the period (2007 nil)

All above transactions were transacted on an arms length basis

16 EVENTS AFTER BALANCE SHEET

On the 17 November 2009, a group undertaking, Singer & Friedlander Capital Management Limited entered into an agreement to dispose of its client contracts to Williams de Broe Limited. As part of this agreement the FUNDS for which the Company acts as an Authorised Corporate Director were transferred to Williams de Broe Limited along with all third party contracts in relation to the FUNDS

During August 2010 the Company applied to the Financial Services Authority for the cancellation of its regulatory authorisation. Upon clearance from the FSA the company will appoint a liquidator and place the Company into a members' voluntary liquidation

There were no other events after the balance sheet date which necessitated inclusion within these financial statements

17 PARENT AND ULTIMATE PARENT UNDERTAKINGS

The Company's parent undertaking is Singer & Friedlander Investment Management Limited, a company incorporated in England and Wales. The Company's ultimate parent company is Kaupthing Bank Hf, a company resident and incorporated in Iceland. As Kaupthing Bank Hf is currently under a moratorium the results of the Company are no longer consolidated in the financial statements of the Company's parent company

18 USE OF FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company primarily enters into financial instrument contracts involving cash deposits held with financial institutions. The Company also has other financial instruments such as trade debtors and trade creditors which arise directly from the Company's operations

Risk exposures arising from the Company's financial instruments, other than those arising from the Company's operations, are monitored against the approved limits on a periodic basis. The approved limits were reviewed by management and central risk management

Until the migration of the business of the Company's parent undertaking on 9 January 2009, the following risks were deemed pertinent to the Company and were reviewed and monitored by the centralised Group Risk and Internal Audit division of KSF

The principal risks affecting the Company are

a) Liquidity Risk

Liquidity risk is the risk that the Company will have difficulty in meeting its obligations to its financial liabilities

The Company has sufficient financial resources, in the form of cash balances, to meet its financial liabilities as and when they fall due. The Company's cash balances in aggregate amount to £4,332,513 (2007 £5,112,457) and are disclosed in note 11 of these financial statements. These cash balances are held with external credit institutions as well as cash balances held with the parent company, KSF. The cash balances held with KSF as at 30 June 2009 have been reclassified to other financial assets and reflects the unsecured nature of amounts "frozen" by the Administrator to that company. As noted in note 1 of these financial statements, risk management processes periodically review the credit worthiness of credit institutions

SINGER & FRIEDLANDER ASSET MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

18 USE OF FINANCIAL INSTRUMENTS AND RISK MANAGEMENT continued

b) Credit Risk

Credit risk applies to the Company's trade and other receivables, which primarily represent management fees due from collective investment schemes. The majority of these fees are accrued on a daily basis within the FUNDS and paid to the Company one month in arrears. Therefore the risk of settlement failure is considered minimal. Accordingly no sensitivity analysis has been performed. The aggregate amount forming part of trade and other receivables is set out in note 8 of the financial statements and amounts to £482,107 (2007 £526,996)

c) Interest Rate Risk

The Company's exposure to interest rate risk is mitigated by placing surplus funds on fixed deposit for various levels of maturity. The interest rates obtained are market rates which are typically linked to LIBOR. Typically, cash is held on deposit for no longer than 90 days. All cash balances at the period end were held on deposits for upto 30 days.

The table below sets out the effective interest rate earned on the Company's average cash and cash equivalent balances held during the period/year

	30 June 2009 £	31 December 2007 £
Average cash and cash equivalents balances	4,309,733	4,845,243
Effective interest rate	3.8%	5.4%

A change of 50 basis points in interest rates at the balance sheet date would have the effect of increasing / (decreasing) equity and profit or loss by £15,515 / (£15,515) (2007 £16,958 / (£16,958)). This calculation assumes that the change would have occurred at the balance sheet date and had been applied to the average cash and cash equivalent balances held during the period and is stated net of income tax assuming the current corporation tax rate of 28% (2007 30%). With base rates currently at 0.50%, a downward change of 0.50% would result in no interest being earned.

d) Market Risk

Market risk is the risk that changes in equity prices, interest rates and foreign exchange rates will affect the Company's income.

The Company mitigates its market risk exposure to interest by placing cash deposits with various financial institutions for various terms of maturity.

Equity prices are governed by markets in which such equities are traded. The construction of equity portfolios for funds which the Company acts as the Authorised Corporate Director is driven by the investment objectives of each fund and consequently market risk cannot be fully mitigated.

The company's exposure to foreign exchange risk is mitigated by maintaining adequate controls to ensure that only minimal foreign currency balances are held. This is noted below under foreign currency risk.

SINGER & FRIEDLANDER ASSET MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

18 USE OF FINANCIAL INSTRUMENTS AND RISK MANAGEMENT continued

e) Foreign Currency Risk

The Company maintains minimal foreign currency cash balances in order to assist in the day to day operations

The foreign currency exposure at the balance sheet date comprises

	30 June 2009 £	31 December 2007 £
Sterling equivalent		
Denominated in U S Dollar	-	1,039

The Company's overall foreign currency exposure is managed to that extent that balances are required for day to day operations of the Company

The foreign currency balances noted above also represent the fair value of balances held, subject to exchange rate movements post balance sheet date

The significant majority of the Company's receivables are denominated in sterling and consequently the foreign currency risk is considered immaterial and accordingly no sensitivity analysis has been presented

f) Fair Values of Financial Instruments

The Company's assets comprise

- i) The cash balances held by the Company at 30 June 2009 reflect the fair value of these assets
- ii) The balances in respect of Trade and Other Receivables together with Trade and Other Payables represent the fair values which are the carrying values as stated in the balance sheet

g) Operational Risk

Operational risk is the risk of direct or indirect loss or damage to the Company's reputation resulting from inadequate or failed internal processes or systems, or from human error or external events that affect the Company's image or operational earnings. Strategic risk, reputation risk, legal risk and compliance risk are considered sub-categories of operational risk. Operational risk is therefore inherent in all activities within the Company.

Operational risk is inherent in every activity undertaken within the Company, in outsourced activities and in all interaction with external parties. It is the Company's policy to reduce the frequency and impact of operational risk events in a cost-effective manner. This is accomplished by fostering a strong culture surrounding operational risk, which entails internal controls, quality management and leadership skills. The Company's main process for identifying and monitoring operational risk is through the self-assessment of risks and controls and through the capture of loss events, near misses and operational incidents. The Company regularly assesses risks and relevant controls and evaluates the possible impacts. If risk lies outside acceptable limits, then internal controls and the quality and efficiency of the internal processes are improved to bring the risk back within acceptable risk limits.

SINGER & FRIEDLANDER ASSET MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

18 USE OF FINANCIAL INSTRUMENTS AND RISK MANAGEMENT continued

The Company holds the primary responsibility for engaging in and managing its own operational risk along with KSF. However, the centralised Operational Risk department is responsible for developing and maintaining the Company's operational risk framework and providing guidance to the Company during the implementation of this framework.

The operational risk framework includes the following:

- documenting, reviewing and improving upon working processes, policies and internal rules
- self-assessment of risks and controls
- identifying and monitoring key risk and performance indicators
- collecting data regarding operational loss events and near misses
- analysis and reporting on operational incidents

Information security is an important component of operational risk management. KSF, on behalf of the Company, follows the ISO/IEC 27001 2005, the international standard for information security management, and maintains an information security policy to ensure that its policies, processes, rules and controls concerning information security are sound and in keeping with best practices.

In addition, KSF has a crisis management plan to increase the Company's resilience to disruptions in business arising from internal and/or external events. The crisis management plan seeks to reduce the impact of crises on the Company's operations, reputation, profitability and clients. KSF also holds various insurance policies to cover major operational risk events.

19 STATEMENT OF CHANGE IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2009

	Issued share capital £	Retained earnings £	Total shareholders' equity £
Changes in equity in 2007			
Balance as at 1 January 2007	25,000	3,147,492	3,172,492
Profit for the year	-	1,855,749	1,855,749
Dividend paid	-	(1,000,000)	(1,000,000)
Balance as at 31 December 2007	25,000	4,003,241	4,028,241
Changes in equity during the eighteen month period			
Profit for the period	-	942,290	942,290
Dividend paid	-	(2,000,000)	(2,000,000)
Balance as at 30 June 2009	25,000	2,945,531	2,970,531