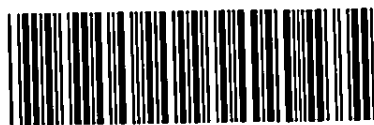


Company Registration No. 4223247 (England and Wales)

CHATHAM FINANCIAL EUROPE LTD
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009

WEDNESDAY



AEU9AJ5P

A44

14/04/2010

8

COMPANIES HOUSE

CHATHAM FINANCIAL EUROPE LTD

COMPANY INFORMATION

Directors	David Hall Mark Battiston
Company number	4223247
Registered office	69/85 Tabernacle Street London EC2A 4RR
Auditors	The Gallagher Partnership LLP 69/85 Tabernacle Street London EC2A 4RR
Business address	16 Garck Street London WC2E 9BA

CHATHAM FINANCIAL EUROPE LTD

CONTENTS

	Page
Directors' report	1 - 3
Independent auditors' report	4 - 5
Profit and loss account	6
Balance sheet	7
Cash flow statement	8
Notes to the cash flow statement	9
Notes to the financial statements	10 - 18

CHATHAM FINANCIAL EUROPE LTD

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2009

The directors present their report and financial statements for the year ended 31 December 2009

Principal activities and review of the business

The principal activity of the company is to advise on, arrange and assist clients in multiple facets of corporate and structured finance, including identifying interest rate and currency risks and implementing strategies to mitigate those risks. The company is authorised and regulated by the Financial Services Authority.

The results for the year and the financial position at the year end were considered satisfactory by the directors who expect continued growth in the foreseeable future.

Results and dividends

The results for the year are set out on page 6.

It is proposed that the retained profit of £460,662 is transferred to reserves.

Pillar III Disclosure - Scope and application of the requirements

The Company is governed by its Directors ('the Board') who determine its business strategy and risk appetite. They are also responsible for establishing and maintaining the Company's governance arrangements along with designing and implementing a risk management framework that recognises and manages the risks that the business faces. The Board meet on a regular basis and discuss profitability, cash flow, regulatory capital management, and business planning and risk management. The Board manages the Company's risks through a framework of policies and procedures having regard to relevant laws, standards, principles and rules (including FSA principles and rules) with the aim to operate a defined and transparent risk management framework.

The Board have identified that reputational, operational and credit risks are the areas of risk to which the Company may be exposed. Annually the Board formally review the risks, controls and other risk mitigation arrangements and assesses their effectiveness. Where the Board identify material risks they consider the financial impact of these risks as part of business planning and capital management and concludes whether the amount of regulatory capital is adequate. The general objective is to develop systems and controls to mitigate risk to a level that does not require the allocation of Pillar 2 capital.

The Company is authorised and regulated by the Financial Services Authority and as such it is subject to minimum regulatory capital requirements. The Company is small with a simple operational infrastructure. The Company is a BIPRU €50k limited licence firm registered with the FSA (FRN No 197251) and lodges its financial statements with Companies House.

It is the Company's experience that the capital requirement of the Company is the fixed overhead requirement and not the sum of market and credit risk. For the purpose of this calculation disclosures relating to market and credit are therefore considered to be immaterial in consideration in the assessment of the business.

As at the 31 December 2009 the Company had £2,645k of capital with a FOR of £761k, and therefore the Company has substantial excess resources over its regulatory capital requirements.

Description of principal risks and uncertainties

Financial risk management relates to risk to the company in respect of its own assets and liabilities. The company has very limited exposure to financial instruments in respect of its own assets and liabilities. They include cash deposits and trade receivables and payables.

The main risks arising from financial instruments are foreign currency risk, and limited exposure to interest rate risk, liquidity risk, and credit risk. Each of these risks is discussed in detail below.

CHATHAM FINANCIAL EUROPE LTD

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2009

Operational risk

Operational risk is defined as the risk of direct or indirect loss, or damaged reputation resulting from inadequate or failed internal processes, people and systems, or from external events including legal and compliance risks. Operational risks are inherent in all activities within the organisation, and in all interaction with external parties. The company monitors operational risk through internal controls.

Credit risk

Credit risk is the possibility of a loss occurring due to the financial failure of a client, counterparty or bank of the company to meet their contractual debt obligations. The company manages credit risk to which it is exposed through the application of credit limits which are monitored on a regular basis by Senior Management.

Interest rate risk

The company is exposed to interest rate risk with regard to holding in cash. All cash holdings are at variable rates. The company does not have any borrowings and surplus funds are placed on short term deposits.

Liquidity risk

It is the company's policy to ensure that it has sufficient access to funds to cover all forecast committed requirements for the next 12 months.

The company finances its operations through share capital and retained earnings. Surplus funds are placed on deposit with highly rated banks.

Foreign currency risk

The company holds cash balances in US dollars and Euros, earns fees in US dollars and Euros and holds non-Sterling denominated current asset investments. Foreign exchange risk is managed by ensuring non-Sterling receipts are converted to Sterling on a need basis.

The following table shows the group's currency exposures at 31 December on currency transactions that give rise to the net currency gains and losses recognised in the profit and loss account. Such exposures comprise the monetary assets and liabilities of the company that are not denominated in the functional currency of the operating company.

Net foreign currency monetary assets

US Dollars	£1,092,218
Euros	£1,269,064

Directors

The following directors have held office since 1 January 2009

David Hall

Mark Battiston

Charitable donations	2009 £	2008 £
During the year the company made the following payments		
Charitable donations	329	11,097

CHATHAM FINANCIAL EUROPE LTD

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2009

Auditors

In accordance with the Company's Articles, a resolution proposing that The Gallagher Partnership LLP be reappointed as auditors of the company will be put at a General Meeting

Directors' responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

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

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to auditor

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board



Mark Battistoni
Director
29 March 2010

CHATHAM FINANCIAL EUROPE LTD

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF CHATHAM FINANCIAL EUROPE LTD

We have audited the financial statements of Chatham Financial Europe Ltd for the year ended 31 December 2009 set out on pages 6 to 18. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on pages 1 - 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2009 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

CHATHAM FINANCIAL EUROPE LTD

INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE MEMBERS OF CHATHAM FINANCIAL EUROPE LTD

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



Imtiaz Arian (Senior Statutory Auditor)
for and on behalf of The Gallagher Partnership LLP

Chartered Accountants
Statutory Auditor

12 April 2010

69/85 Tabernacle Street
London
EC2A 4RR

CHATHAM FINANCIAL EUROPE LTD

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2009

	Notes	2009 £	2008 £
Turnover	2	4,091,472	3,877,202
Administrative expenses		(3,453,530)	(4,376,784)
Operating profit/(loss)	3	637,942	(499,582)
Other interest receivable and similar income	4	6,806	51,864
Profit/(loss) on ordinary activities before taxation		644,748	(447,718)
Tax on profit/(loss) on ordinary activities	5	(184,086)	132,292
Profit/(loss) for the year	13	460,662	(315,426)

The profit and loss account has been prepared on the basis that all operations are continuing operations

There are no recognised gains and losses other than those passing through the profit and loss account

CHATHAM FINANCIAL EUROPE LTD

BALANCE SHEET

AS AT 31 DECEMBER 2009

	Notes	2009 £	£	2008 £	£
Fixed assets					
Tangible assets	6		54,570		121,201
Current assets					
Debtors	7	664,663		814,782	
Cash at bank and in hand		2,759,829		1,962,620	
		<u>3,424,492</u>		<u>2,777,402</u>	
Creditors: amounts falling due within one year	8	<u>(759,061)</u>		<u>(621,156)</u>	
Net current assets			<u>2,665,431</u>		<u>2,156,246</u>
Total assets less current liabilities			<u>2,720,001</u>		<u>2,277,447</u>
Accruals and deferred income	10		<u>(75,454)</u>		<u>(93,562)</u>
			<u>2,644,547</u>		<u>2,183,885</u>
Capital and reserves					
Called up share capital	12	500,000		500,000	
Profit and loss account	13	2,144,547		1,683,885	
Shareholders' funds	14	<u>2,644,547</u>		<u>2,183,885</u>	

Approved by the Board and authorised for issue on 29 March 2010



Mark Battistoni
Director

Company Registration No 4223247

CHATHAM FINANCIAL EUROPE LTD

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2009

	£	2009 £	£	2008 £
Net cash inflow from operating activities		679,660		604,439
Returns on investments and servicing of finance				
Interest received	6,806		51,864	
Net cash inflow for returns on investments and servicing of finance		6,806		51,864
Taxation		115,450		(36,561)
Capital expenditure				
Payments to acquire tangible assets	(4,707)		(42,406)	
Receipts from sales of tangible assets	-		1,378	
Net cash outflow for capital expenditure		(4,707)		(41,028)
Net cash inflow before management of liquid resources and financing		797,209		578,714
Increase in cash in the year		797,209		578,714

CHATHAM FINANCIAL EUROPE LTD

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2009

1	Reconciliation of operating profit/(loss) to net cash inflow from operating activities	2009	2008
		£	£
	Operating profit/(loss)	637,942	(499,582)
	Depreciation of tangible assets	70,326	95,984
	Loss on disposal of tangible assets	1,012	658
	Decrease in debtors	38,947	932,861
	(Decrease)/Increase in creditors within one year	(50,459)	92,626
	Movement on deferred rent provision	(18,108)	(18,108)
	Net cash inflow from operating activities	679,660	604,439
2	Analysis of net funds	1 January 2009	Cash flow 31 December 2009
		£	£
	Net cash		
	Cash at bank and in hand	1,962,620	2,759,829
	Bank deposits	-	-
	Net funds	1,962,620	2,759,829
3	Reconciliation of net cash flow to movement in net funds	2009	2008
		£	£
	Increase in cash in the year	797,209	578,714
	Movement in net funds in the year	797,209	578,714
	Opening net funds	1,962,620	1,383,906
	Closing net funds	2,759,829	1,962,620

CHATHAM FINANCIAL EUROPE LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

1 Accounting policies

A summary of principal accounting policies, all of which have been applied consistently throughout the year and the preceding year, is set out below

1.1 Accounting convention

The financial statements are prepared under the historical cost convention

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated)

1.3 Turnover

Turnover represents amounts receivable services provided in the normal course of business. Revenue is recognised in line with accrual accounting based on fees received for services provided during the year

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows

Land and buildings Leasehold	Over the period of the lease
Plant and machinery	over 3 years
Computer equipment	over 3 years
Fixtures, fittings & equipment	over 4 years

1.5 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term

1.6 Pensions

The company operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable

1.7 Taxation

Corporation tax payable is provided on taxable profits at the current rates

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted

1.8 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account

2 Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom

CHATHAM FINANCIAL EUROPE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2009

3	Operating profit/(loss)	2009	2008
		£	£
	Operating profit/(loss) is stated after charging		
	Depreciation of tangible assets	70,326	95,984
	Loss on disposal of tangible assets	1,012	658
	Loss on foreign exchange transactions	125,275	-
	Operating lease rentals	131,583	114,368
	and after crediting		
	Profit on foreign exchange transactions	-	(458,972)
		<u> </u>	<u> </u>
	Auditors' remuneration		
	Fees payable to the company's auditor for the audit of the company's annual accounts	12,560	12,088
	Taxation services	3,405	2,881
		<u> </u>	<u> </u>
		15,965	14,969
		<u> </u>	<u> </u>
4	Investment income	2009	2008
		£	£
	Bank interest	6,806	51,864
		<u> </u>	<u> </u>
		6,806	51,864
		<u> </u>	<u> </u>

CHATHAM FINANCIAL EUROPE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2009

5	Taxation	2009 £	2008 £
	Domestic current year tax		
	U K corporation tax	188,364	(119,669)
	Adjustment for prior years	4,219	(11)
		<u>192,583</u>	<u>(119,680)</u>
	Current tax charge		
	Deferred tax		
	Deferred tax charge/credit current year	(8,497)	(12,612)
		<u>184,086</u>	<u>(132,292)</u>
	Factors affecting the tax charge for the year		
	Profit/(loss) on ordinary activities before taxation	<u>644,748</u>	<u>(447,718)</u>
	Profit/(loss) on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 28.00% (2008 - 28.00%)	<u>180,529</u>	<u>(125,361)</u>
	Effects of		
	Non deductible expenses	740	712
	Depreciation add back	19,975	27,060
	Capital allowances	(11,479)	(13,709)
	Adjustments to previous periods	4,219	(11)
	Other tax adjustments	(1,401)	(8,371)
		<u>12,054</u>	<u>5,681</u>
	Current tax charge	<u>192,583</u>	<u>(119,680)</u>

CHATHAM FINANCIAL EUROPE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2009

6 Tangible fixed assets

	Land and buildings Leasehold £	Plant and machinery £	Fixtures, fittings & equipment £	Total £
Cost				
At 1 January 2009	59,724	281,507	123,746	464,977
Additions	-	3,558	1,149	4,707
Disposals	-	(40,602)	-	(40,602)
At 31 December 2009	59,724	244,463	124,895	429,082
Depreciation				
At 1 January 2009	52,981	182,333	108,462	343,776
On disposals	-	(39,590)	-	(39,590)
Charge for the year	2,698	60,219	7,409	70,326
At 31 December 2009	55,679	202,962	115,871	374,512
Net book value				
At 31 December 2009	4,045	41,501	9,024	54,570
At 31 December 2008	6,743	99,174	15,284	121,201

7 Debtors

	2009 £	2008 £
Trade debtors	529,352	540,303
Amount owed by parent and fellow subsidiary undertakings	-	9,149
Corporation tax	-	119,669
Other debtors	26,793	31,367
Prepayments and accrued income	83,154	97,427
Deferred tax asset (see note 9)	25,364	16,867
	664,663	814,782

CHATHAM FINANCIAL EUROPE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2009

8 Creditors: amounts falling due within one year	2009 £	2008 £
Trade creditors	4,677	8,344
Amounts owed to parent and fellow subsidiary undertakings	195,357	239,600
Corporation tax	188,364	-
Other taxes and social security costs	153,221	182,821
Other creditors	-	57,380
Accruals and deferred income	217,442	133,011
	<u>759,061</u>	<u>621,156</u>

9 Provisions for liabilities

The deferred tax asset (included in debtors, note 7) is made up as follows:

	2009 £
Balance at 1 January 2009	(16,867)
Profit and loss account	(8,497)
Balance at 31 December 2009	<u>(25,364)</u>

	2009 £	2008 £
Decelerated capital allowances	<u>(25,364)</u>	<u>(16,867)</u>

10 Accruals and deferred income

	Deferred rent £
Balance at 1 January 2009	93,562
Amortisation in the year	<u>(18,108)</u>
Balance at 31 December 2009	<u>75,454</u>

CHATHAM FINANCIAL EUROPE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2009

11 Pension and other post-retirement benefit commitments Defined contribution

	2009 £	2008 £
Contributions payable by the company for the year	44,256	59,141

12 Share capital

	2009 £	2008 £
Authorised		
750,000 Ordinary shares of £1 each	750,000	750,000
Allotted, called up and fully paid		
500,000 Ordinary shares of £1 each	500,000	500,000

13 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 January 2009	1,683,885
Profit for the year	460,662
Balance at 31 December 2009	2,144,547

14 Reconciliation of movements in shareholders' funds

	2009 £	2008 £
Profit/(Loss) for the financial year	460,662	(315,426)
Opening shareholders' funds	2,183,885	2,499,311
Closing shareholders' funds	2,644,547	2,183,885

CHATHAM FINANCIAL EUROPE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2009

15 Financial commitments

At 31 December 2009 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 December 2010

	Land and buildings	
	2009	2008
	£	£
Operating leases which expire		
Within one year	9,360	-
Between two and five years	118,400	114,368
	<u>127,760</u>	<u>114,368</u>

16 Directors' emoluments

	2009	2008
	£	£
Emoluments for qualifying services	<u>225,390</u>	<u>315,237</u>
Emoluments disclosed above include the following amounts paid to the highest paid director:		
Emoluments for qualifying services	<u>225,390</u>	<u>208,356</u>

CHATHAM FINANCIAL EUROPE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2009

17 Employees

Number of employees

The average monthly number of employees (including directors) during the year was

	2009 Number	2008 Number
Operations & marketing	11	18
Administration	2	3
	<u>13</u>	<u>21</u>

Employment costs

	2009 £	2008 £
Wages and salaries	1,213,040	2,423,281
Social security costs	148,333	269,227
Other pension costs	44,256	59,141
	<u>1,405,629</u>	<u>2,751,649</u>

18 Control

The ultimate parent company is Chatham Financials Corporation, a company registered in the state of Pennsylvania, USA

19 Related party transactions

During the year the company expensed costs amounting to £524,401 (2008 - £548,013) charged by the parent company for IT and other services. At the balance sheet date the company had an amount payable to the parent company of £115,142 (2008 - £196,752).

During the year the company expensed costs amounting to £744,981 (2008 - £629,349) charged by Chatham Financial Sp Z o o, a fellow subsidiary company registered in Poland. At the balance sheet date the company had an amount payable of £80,214 (2008 - £42,848) to Chatham Financial Sp Z o o.

At the balance sheet date the company had an amount receivable of £nil (2008 - £9,149) from Chatham Financial Pte Limited, a fellow subsidiary company registered in Singapore.

CHATHAM FINANCIAL EUROPE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 31 DECEMBER 2009**

20 Liquidity risk

In view of the current economic circumstances, the Financial Reporting Council has recommended that all companies comment on their going concern and liquidity position

The company has substantial cash or cash equivalent resources and the directors believe that the company is well placed to manage all its business risks successfully despite the current uncertain economic outlook. The directors have reviewed the budgets, cash flow and commitments for the next twelve months and have concluded that the company has adequate resources to continue in operational existence for the foreseeable future.