

Mizuho Investment Management (UK) Ltd.

Report and financial statements

31 March 2007



Directors

Mr Jeremy Ghose
Mr Akira Kawamura
Mr Hiroshi Suehiro

Non Executive Directors

Mr Richard Pettit
Mr Sabah Zubaida

Secretary

Jordan Company Secretaries Limited
21 St Thomas Street
Bristol BS1 6JS

Auditors

Ernst & Young LLP
1 More London Place
London SE1 2AF

Registered Office

Bracken House
One Friday Street
London EC4M 9JA
England

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Directors' report

The Directors present their report and financial statements for the period 15 December 2005 to 31 March 2007

Results and dividends

The profit for the period from 15 December 2005 to 31 March 2007 after taxation, amounts to £4,438,739. The Directors recommend the declaration of a final dividend in respect of the period for the amount of £4,438,739.

Principal activity and review of business

The Company was incorporated on 15 December 2005 and commenced trading on 1 July 2006. The principal activity is to provide discretionary investment management and investment advice. The Company acts as a Fund Manager and Investment Advisor for leveraged finance funds (including mezzanine loans and private equity assets), and has 6 funds under management at 31 March 2007.

The Company's key financial information for the period was as follows:

	<u>£000</u>
Investment Management & Investment Advisory Fees	8,446 (i)
Structuring Fees on the launch of new funds	4,432
Profit after tax	4,439

	<u>£m</u>
Funds under management	2,033

- (i) The Company undertook investment management responsibility for the CLO Funds Harvest I, II, III & IV which transferred from Mizuho Corporate Bank, Ltd. The management fees earned for these funds for the period was £6,670k. The new funds launched during the period were Friday Street Mezzanine I and Vintage I whose management & advisory fees were £1,776k.

The Company is authorised and regulated by the Financial Services Authority to conduct activities regulated under the Financial Services and Markets Act 2000.

Principal risks and uncertainties

Risks associated with the business continue to be managed according to Mizuho Corporate Bank, Ltd guidelines. As a wholly-owned subsidiary of Mizuho Corporate Bank, Ltd, the Company operates in line with Mizuho Corporate Bank, Ltd policies, including environmental and ethical standards. More details of the principal risks are contained in Note 14 to the Financial Statements.

Future Developments

The Directors aim to maintain the management policies that have resulted in the Company's growth. The Company is planning to increase the number of funds under management to 9 over the next financial year.

Events since the balance sheet date

There have been no significant events that have occurred from 1 April 2007 up to the date of this report.

Directors' report

Directors and their interests

The Directors who served during the period were,

	<i>Appointed</i>	<i>Resigned</i>
Mr Akira Kawamura	31 Mar 2006	
Mr Jeremy Ghose	15 Dec 2005	
Mr Hiroshi Suehiro	31 Mar 2006	
Mr Richard Pettit	21 Jun 2006	
Mr Sabah Zubaida	21 Jun 2006	
Mr Takahashi Tsukamoto	15 Dec 2005	31 Mar 2006
Mr Shinya Wako	15 Dec 2005	31 Mar 2006

None of the Directors, nor any member of their respective families, had any interests in the share or loan capital of the ultimate holding company (Mizuho Financial Group), or any of its subsidiary undertakings, at the relevant dates that required disclosure under Section 324 of the Companies Act 1985

Disclosure of Information to Auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the group's auditor, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution to reappoint Ernst & Young LLP as the Company's auditor will be put to the forthcoming Annual General Meeting.

Directors' report

Statement of Directors' responsibilities in relation to financial statements

The Directors are responsible for preparing this report and 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). The financial statements are required by law to 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 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, and
- 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 proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. 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.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by the Board of Directors on 12 June 2007 and signed on their behalf by

Director



Independent auditors' report

to the members of Mizuho Investment Management (UK) Ltd

We have audited the Company's financial statements for the period ended 31 March 2007 which comprise the Profit and Loss Account, Balance Sheet and the related notes 1 to 16. 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 Section 235 of the Companies Act 1985. 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

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

Independent auditors' report

to the members of Mizuho Investment Management (UK) Ltd. (continued)

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 31 March 2007 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 Directors' Report is consistent with the financial statements

Ernst & Young LLP

Ernst & Young LLP

Registered auditor

London

13 June 2007

Profit and loss account

for the period 15 December 2005 to 31 March 2007

	Notes	16 months to 31 March 2007 £000
Turnover	2	12,878
Staff Costs	4	5,099
General and Administrative Expenses		1,954
		7,053
Operating profit		5,825
Interest receivable and other similar income	5	527
Profit on ordinary activities before taxation	3	6,352
Tax on profit on ordinary activities	6	1,913
Profit for the financial period		4,439

Recognised gains and losses

There are no recognised gains and losses other than the profit attributable to shareholders of the Company of £4,438,739 for the period ended 31 March 2007

Balance sheet

at 31 March 2007

	Notes	2007 £000
Fixed assets		
Tangible assets	8	63
		<u>63</u>
Current assets		
Debtors	9	3,430
Cash at bank and in hand	10	18,458
		<u>21,888</u>
Creditors amounts falling due within one year	11	5,512
Net current assets		<u>16,376</u>
Total assets less current liabilities		<u>16,439</u>
Net assets		<u><u>16,439</u></u>
Capital and reserves		
Called up share capital	12	12,000
Profit and loss account	13	4,439
		<u>16,439</u>

The financial statements were approved by the Board of Directors on 12 June 2007 and signed on their behalf by,

Director



Notes to the financial statements

at 31 March 2007

1. Accounting policies

(a) General Information

Mizuho Investment Management (UK) Ltd is a company domiciled in England and Wales. The principal place of business of the Company is Bracken House, One Friday Street, London, EC4M 9JA, England.

(b) Basis of preparation

The Company's financial statements for the period ended 31 March 2007 were approved by the Board of Directors on 12 June 2007 and the balance sheet was signed on the Board's behalf by H. Suehiro. The financial statements are prepared under the historical cost convention, and in accordance with applicable accounting standards in the United Kingdom.

(c) Revenue Recognition

Revenue arises from Investment Management fees, Investment Advisory fees, and Structuring fees relating to fund management. Investment Management and Investment Advisory fee income is recognised on an accruals basis. Structuring fees are recognised in full on the date that the fund closes. All revenue derives from operations within Europe.

(d) Foreign Exchange

Transactions in foreign currency (fees are denominated in Euro) are recorded using the rate of exchange ruling at the date of the transaction. Exchange differences resulting from the settlement of transactions denominated in foreign currency are included in the profit and loss account using the exchange rate at that date.

(e) Tangible Fixed Assets

Fixed Assets are stated at cost less accumulated depreciation. Such cost includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is provided on all fixed assets, at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the date of acquisition, of each asset, over its expected useful life. The tangible fixed assets consist of capitalised computer software. Software is depreciated on a straight-line basis over three years.

(f) Taxation

Corporation tax payable is provided on taxable profits at the current rate, 30%.

(g) Leasing

Rentals payable under operating leases are charged in the profit and loss account on a straight-line basis over the lease term.

(h) Pensions

Contributions to defined contribution schemes are recognised in the profit and loss account in the period in which they become payable.

(i) Related Parties

The Company has taken advantage of the exemption given in FRS 8 'Related Party Disclosures' to subsidiaries from disclosing related party transactions with other group companies.

(j) Cash Flow Statements

The Company, a wholly owned subsidiary, has taken advantage of the exemption given in FRS 1 'Cash Flow Statements' to subsidiaries from disclosing a cash flow statement.

Notes to the financial statements

at 31 March 2007

2. Turnover

	<i>16 months to 31 March 2007 £000</i>
Structuring fees	4,432
Investment Management fees	6,670
Investment Advisory fees	1,776
	<u>12,878</u>

3. Profit on ordinary activities before taxation

This is stated after charging

	<i>16 months to 31 March 2007 £000</i>
Depreciation on Software	13
Auditors' remuneration - audit services	30
- non-audit services	13
Operating lease rentals - plant and machinery	2
	<u>58</u>

4. Directors' and employees' costs

	<i>16 months to 31 March 2007 £000</i>
Salaries	4,485
Social security costs	543
Other pension costs	71
	<u>5,099</u>

The average number of employees during the trading period was 17, including staff seconded from Mizuho Corporate Bank, Ltd

	<i>16 months to 31 March 2007 £000</i>
Directors' emoluments	
Aggregate emoluments in respect of qualifying services	1,249

The emoluments of the highest paid director were £1,184,655

Notes to the financial statements

at 31 March 2007

5. Interest receivable

*16 months to
31 March 2007
£000*

Interest receivable from group undertakings	527
	<u>527</u>

6. Tax

- (a) Tax on profit on ordinary activities

The tax charge is made up as follows

*16 months to
31 March 2007
£000*

UK Corporation tax

UK corporation tax on profits of the period	1,913
	<u>1,913</u>

- (b) Factors affecting the tax charge for the period

*16 months to
31 March 2007*

Profit on ordinary activities before tax	6,352
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30%	1,905
Effects of	
Disallowed expenses and non-taxable income	4
Depreciation in excess of capital allowances	4
Current tax charge for the period	<u>1,913</u>

7. Events since the balance sheet date

The Directors recommend the declaration of a final dividend in respect of the period for the amount of £4,438,739

Notes to the financial statements

at 31 March 2007

8. Tangible fixed assets

	<i>Software</i> <i>£000</i>	<i>Total</i> <i>£000</i>
Cost		
At 15 December 2005	-	-
Additions	76	76
At 31 March 2007	76	76
Depreciation		
At 15 December 2005	-	-
Provided during the period	13	13
At 31 March 2007	13	13
Net book value		
At 15 December 2005	-	-
At 31 March 2007	63	63

9. Debtors

	<i>2007</i> <i>£000</i>
Accrued income	3,389
Prepayments	38
Other debtors	3
	3,430

10. Cash

	<i>2007</i> <i>£000</i>
Cash at bank and in hand	18,458

The cash balance consists of £18,457,798 on deposit at market rates with a fellow group undertaking, Mizuho Corporate Bank, Ltd

11. Creditors: amounts falling due within one year

	<i>2007</i> <i>£000</i>
Creditors and accruals	3,951
Corporation tax	1,133
Other taxes and social security	428
	5,512

Notes to the financial statements

at 31 March 2007

12. Share capital

	<i>Authorised 2007 No.000s</i>	<i>Allotted, called up and fully paid 2007 £000</i>
Ordinary shares of £1 each	12,000	12,000
		<i>2007 £000</i>
Authorised ordinary shares of £1 each		12,000
	<i>2007 No 000s</i>	<i>2007 £000</i>
Allotted, called up and fully paid ordinary shares of £1 each	12,000	12,000

13. Reconciliation of shareholders' funds and movement on reserves

	<i>Share capital £000</i>	<i>Profit and loss account £000</i>	<i>Total share- holders' funds £000</i>
At 15 December 2005	-	-	-
Share capital issued during the period	12,000	-	12,000
Profit for the period	-	4,439	4,439
At 31 March 2007	12,000	4,439	16,439

14. Management of principal risks and uncertainties

(a) Financial risk

The financial instruments of the Company (excluding short-term debtors and creditors) comprise of cash

Exposure to credit, interest rate and liquidity risk arises in the normal course of the Company's business. The procedures for managing each of these risks are summarised below

Credit risk

Credit risk is the risk that financial loss arises from the failure of a customer or counterparty to meet its obligations under a contract. The Company's only credit exposure is to debtors, which are frequently monitored for size and age. Balances with other companies within the Mizuho group have no risk.

Notes to the financial statements

at 31 March 2007

14. Management of principal risks and uncertainties (cont.)

The Company also manages the Credit Risk of each fund, and this is controlled by the terms of reference relating to the Advisory Committee, the policies and procedures relating to each fund, and the legal documentation relating to each fund

Interest rate risk

Bank interest on deposits held with Mizuho Corporate Bank, Ltd is the only source of interest exposure

Liquidity risk

The procedure throughout the trading period has been to maintain sufficient liquidity in line with FSA regulations

(b) *Operational risk*

Operational risk is mitigated by the Company through the application of written procedures, and the adoption of operational risk monitoring and measurement standards. Furthermore, the Company is also subject to independent internal audit monitoring

15. Ultimate holding company

Mizuho Financial Group Inc incorporated in Japan, is the Company's ultimate holding company

The smallest group into which the Company is consolidated is Mizuho Corporate Bank, Ltd incorporated in Japan

Copies of the group financial statements for Mizuho Financial Group Inc can be obtained from Bracken House, One Friday Street, London EC4M 9JA, England

16. Pension scheme

Employees of the Company are entitled to join a Group Personal Pension Plan operated by Mizuho Corporate Bank, Ltd

Staff seconded from Mizuho Corporate Bank, Ltd are in either the same Group Personal Pension Plan or a Group Money Purchase Scheme. Both these schemes have defined contributions. The assets of the Group Money Purchase Scheme are held separately from those of the Company in independently administered funds

Expatriate seconded staff are members of a defined benefit scheme in Japan operated by Mizuho Corporate Bank, Ltd. The liabilities of this scheme are met by Mizuho Corporate Bank, Ltd