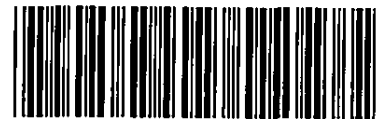


Company Registration No 05878379

## **5D Holdings Ltd**

**Accounts for the period from  
1 August 2007 to 31 December 2007**

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COMPANIES HOUSE

**ANNUAL REPORT AND FINANCIAL STATEMENTS  
OFFICERS AND PROFESSIONAL ADVISERS**

**Directors**

R J A Duff

O J Espley (resigned 18 April 2008)

W L Hodson

C M Sales (resigned 18 August 2008)

S Shamim

D A Howard (resigned 24 August 2007)

Colin Bell (appointed 26 September 2008)

Neil Richardson (appointed 26 September 2008)

**Company secretary**

W L Hodson

**Registered office**

402 Lana House

118 Commercial Street

London E1 6NF

**Bankers**

Barclays Bank plc

1 Churchill Place

London E14 5HP

**Auditors**

Deloitte & Touche LLP

Chartered Accountants and Registered Auditors

London

## DIRECTORS' REPORT

The directors present their annual report on the affairs of the company, together with the financial statements and auditors' report for the period from 1 August 2007 to 31 December 2007. The accounting reference date was changed to 31 December 2007 in order to align it with other group companies.

This directors' report has been prepared in accordance with the special provisions relating to small companies under section 246(4) of the Companies Act 1985.

## ACTIVITIES AND FUTURE PROSPECTS

The company's principal activity is acting as a holding company for a group making commercial mortgage loans (the "5D Group"). The directors do not foresee any changes to the company's activities.

In the period ended 31 December 2007 the company made a loss of £29 (period to 31 July 2007: £1 loss) and accordingly the directors do not propose to pay a dividend (period to 31 July 2007: £nil).

In response to the turbulence in the credit markets in late 2007, the group company involved in originating loans withdrew its then product range, and resized to reflect changed market conditions. That company will release a new product range when it believes market conditions are favourable.

On 29 August 2008, the group acquired the entire UK business of Interbay Funding Limited and will merge it with its existing operations.

## DIRECTORS AND THEIR INTERESTS

The directors who served during the period, together with their interests in the share capital of the company, are as follows:

|            |           |                | At 31 December 2007 |                   | At 31 July 2007   |                   |
|------------|-----------|----------------|---------------------|-------------------|-------------------|-------------------|
|            |           |                | Ordinary B Shares   | Ordinary C Shares | Ordinary B Shares | Ordinary C Shares |
| R Duff     |           |                | -                   | -                 | -                 | -                 |
| OJ Espley  | Appointed | 16 July 2007   |                     |                   |                   |                   |
|            | Resigned  | 18 April 2008  | -                   | -                 | -                 | -                 |
| W Hodson   |           |                | 2,560               | -                 | 2,560             | -                 |
| D A Howard | Resigned  | 24 August 2007 | 3,600               | 669               | 3,600             | 669               |
| C Sales    | Resigned  | 18 August 2008 | -                   | -                 | -                 | -                 |
| S Shamim   |           |                | 3,600               | -                 | 3,600             | -                 |

DA Howard was obliged to sell his shares when he left the company in 2007. The share sale occurred in 2008.

## CREDITOR PAYMENT

The policy of the 5D Group is to agree particular terms with major suppliers and abide by those terms, subject to satisfactory performance by those suppliers. Amounts owed to other suppliers are settled in the month following the month in which a valid invoice is received.

**AUDITORS**

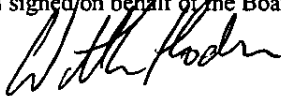
In the case of each of the persons who are directors of the company at the date when this report was approved

- so far as each of the directors is aware, there is no relevant audit information of which the company's auditors are unaware
- each of the directors have taken all the steps that he ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985

Deloitte & Touche LLP have expressed their willingness to continue in office as auditors and a resolution to re-appoint them will be proposed to the member

Approved by the Board of Directors  
and signed on behalf of the Board



W L Hodson  
Director  
31 October 2008

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Annual 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, 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 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.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF 5D HOLDINGS LTD**

We have audited the financial statements of 5D Holdings Limited for the period from 1 August 2007 to 31 December 2007 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 11. These financial statements have been prepared under the accounting policies set out therein and the requirements of the Financial Reporting Standard for Smaller Entities (Effective January 2005).

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 law and United Kingdom 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 judgments 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 5D HOLDINGS LTD  
(Continued)**

**Opinion**

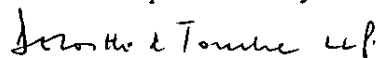
In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, of the state of the company's affairs as at 31 December 2007 and of its loss for the period from 1 August 2007 to 31 December 2007,
- 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

**Emphasis of matter – going concern**

Without qualifying our opinion in this regard, we draw attention to the disclosures made in note 1 to the financial statements concerning the company's ability to continue as a going concern

As explained in note 1 to the financial statements, the fact that the group will need to refinance its short term debt by September 2009 indicates the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The directors have prepared these financial statements on the going concern basis. If the adoption of the going concern basis was inappropriate, adjustments, which it is not practicable to quantify, would be required including those to write down assets to their recoverable value, to reclassify fixed assets as current assets and to provide for any further liabilities that may arise



**Deloitte & Touche LLP**

Chartered Accountants and Registered Auditors

London, United Kingdom

31 October 2008

**PROFIT AND LOSS ACCOUNT**

For the period from 1 August 2007 to 31 December 2007

|  | Note | 01/08/07 to<br>31/12/07<br>£ | 17/07/06 to<br>31/07/07<br>£ |
|--|------|------------------------------|------------------------------|
| <b>TURNOVER</b>  |      | -                            | -                            |
| Operating expenses                                     | 2    | 29                           | -                            |
| <b>OPERATING LOSS</b>                                  |      | <u>(29)</u>                  | <u>-</u>                     |
| Interest payable and similar costs                     | 3    | -                            | (1)                          |
| <b>LOSS ON ORDINARY ACTIVITIES BEFORE<br/>TAXATION</b> |      | <u>(29)</u>                  | <u>(1)</u>                   |
| Tax on loss on ordinary activities                     |      | -                            | -                            |
| <b>LOSS FOR THE FINANCIAL PERIOD</b>                   |      | <u><u>(29)</u></u>           | <u><u>(1)</u></u>            |

All amounts relate to continuing activities

There are no recognised gains or losses other than those included above and therefore a statement of recognised gains and losses has not been presented



# 5D Holdings Ltd

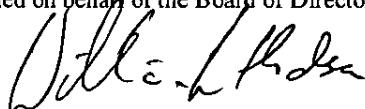
## BALANCE SHEET As at 31 December 2007

|   | Note | 31/12/07<br>£ | 31/07/07<br>£ |
|---|------|---------------|---------------|
| <b>FIXED ASSETS</b>   |      |               |               |
| Investments   | 4    | <u>-</u>      | <u>-</u>      |
|   |      | -             | -             |
| <b>CURRENT ASSETS</b>   |      |               |               |
| Cash at bank and in hand                                      |      | 285           | 315           |
| Debtors   | 5    | <u>697</u>    | <u>696</u>    |
|   |      | 982           | 1,011         |
| <b>CREDITORS amounts falling due within one year</b>          | 6    | <u>(12)</u>   | <u>(12)</u>   |
| <b>NET CURRENT ASSETS</b>                                     |      | 970           | 999           |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>                  |      | 970           | 999           |
| <b>CREDITORS amounts falling due after more than one year</b> |      | -             | -             |
| <b>NET ASSETS</b>   |      | <u>970</u>    | <u>999</u>    |
| <b>CAPITAL AND RESERVES</b>                                   |      |               |               |
| Called-up share capital                                       | 7    | 1,000         | 1,000         |
| Profit and loss account                                       | 8    | (30)          | (1)           |
| <b>SHAREHOLDERS' FUNDS</b>                                    |      | <u>970</u>    | <u>999</u>    |

These financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005)

These accounts were approved and authorised for issue by the Board of Directors on 31 October 2008

Signed on behalf of the Board of Directors



William Hodson  
Director

**NOTES TO THE FINANCIAL STATEMENTS**

**For the period from 1 August 2007 to 31 December 2007**

**1 ACCOUNTING POLICIES**

**Accounting convention**

The financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005) under the historical cost convention. The accounting policies below have been applied consistently in the current and prior periods.

**Consolidated financial statements**

The company has taken the exemption under s248 of the Companies Act 1985 from preparing consolidated financial statements since the group, of which it is the parent, qualifies as a small group.

**Going concern**

The financial statements have been prepared on a going concern basis.

Although the company has net assets, the company is the parent of a group with net liabilities and its ability to continue in business is dependent on the ability of the group to continue in business.

The group is funded by both long and short term debt, and the short term debt will need to be renewed by September 2009. Whilst current market conditions are challenging, the directors are confident that the short term debt can be refinanced in the time available.

Notwithstanding the directors' confidence above, the 'credit crunch' and associated market turbulence mean that there must be material uncertainty over the ability of the group to renew its short term funding when it falls due in September 2009 and of the availability of financial support for this company. This may cast doubt as to the company's ability to continue as a going concern and therefore it may, in the absence of other funding alternatives, be unable to realise its assets and discharge its liabilities in the normal course of business.

**Investments**

Fixed asset investments are shown at cost less provision for impairment.

**Debtors**

Debtors are shown at cost less provision for impairment.

**Taxation**

Current tax is provided at amounts expected to be paid using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have been originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax, in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the average rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is measured on a non-discounted basis.

**Cash flow statement**

The company has taken advantage of the exemption under Financial Reporting Standard 1 not to prepare a cash flow statement on the basis that the company is a small company.

**NOTES TO THE FINANCIAL STATEMENTS**

For the period from 1 August 2007 to 31 December 2007

**2 DIRECTORS' REMUNERATION AND TRANSACTIONS**

None of the Directors received any remuneration from the company or undertook any transactions with it

The fee charged by the company's auditors of £2,000 in respect of the audit of the company's accounts for the period ended 31 December 2007 (period to 31 July 2007 £2,000) was borne by a fellow group company, 5D Finance Limited

**3 INTEREST PAYABLE AND SIMILAR CHARGES**

|               | 31/12/07 | 31/07/07 |
|---------------|----------|----------|
|               | £        | £        |
| Bank interest | -        | 1        |

**4 FIXED ASSET INVESTMENTS**

|                                 | Total<br>£ |
|---------------------------------|------------|
| <b>Cost</b>                     |            |
| At 1 August 2007                | 0 01       |
| Additions in period             | -          |
| At 31 December 2007             | 0 01       |
| <b>Provision for impairment</b> |            |
| At 1 August 2007                | -          |
| Change in period                | -          |
| At 31 December 2007             | -          |
| <b>Net book value</b>           |            |
| At 31 July 2007                 | 0 01       |
| At 31 December 2007             | 0 01       |

The company owned the entire share capital of the following subsidiary, incorporated in the United Kingdom, which undertakes activities of commercial mortgage lending

|                  | Net liabilities<br>£ | Loss for the period<br>£ | Holding<br>% | Cost<br>£ |
|------------------|----------------------|--------------------------|--------------|-----------|
| 5D Financial Ltd | (232,169)            | (35,446)                 | 100          | 0 01      |

The company indirectly holds the ordinary shares of the following subsidiaries, all of which are incorporated in the United Kingdom, through its subsidiary, 5D Financial Ltd

|                    | Principal activity          | Country of incorporation | Holding of ordinary shares<br>% | Net liabilities at 31/12/07<br>£ | Profit/(loss) for period 01/08/07 to 31/12/07<br>£ |
|--------------------|-----------------------------|--------------------------|---------------------------------|----------------------------------|--|
| 5D Finance Limited | Commercial mortgage lending | United Kingdom           | 100                             | (5,501,944)                      | (1,620,599)  |
| 5D Lending Ltd     | Commercial mortgage lending | United Kingdom           | 100                             | (268,492)                        | (117,586)  |

**NOTES TO THE FINANCIAL STATEMENTS**  
For the period from 1 August 2007 to 31 December 2007

**5 DEBTORS**

The company has the following amounts owing from the following group companies

|                    | 31/12/07   | 31/07/07   |
|--------------------|------------|------------|
|                    | £          | £          |
| 5D Finance Limited | 697        | 696        |
|                    | <u>697</u> | <u>696</u> |

**6 CREDITORS: amounts falling due within one year**

The company has the following amounts owing to the following group companies

|                  | 31/12/07  | 31/07/07  |
|------------------|-----------|-----------|
|                  | £         | £         |
| 5D Financial Ltd | 12        | 12        |
|                  | <u>12</u> | <u>12</u> |

**7 CALLED-UP SHARE CAPITAL**

|   | 2007         |
|---|--------------|
|   | £            |
| <b>Authorised</b>                         |              |
| 58,801 A ordinary shares of £0 01 each    | 588          |
| 40,000 B ordinary shares of £0 01 each    | 400          |
| 1,199 C ordinary shares of £0 01 each     | 12           |
|   | <u>1,000</u> |
| <b>Called-up, allotted and fully paid</b> |              |
| 58,801 A Ordinary shares of £0 01 each    | 588          |
| 40,000 B Ordinary shares of £0 01 each    | 400          |
| 1,199 C Ordinary shares of £0 01 each     | 12           |
|   | <u>1,000</u> |
| <b>Ordinary shares</b>                    |              |
| Balance at 1 August 2007                  | 1,000        |
| Shares issued                             | -            |
|   | <u>1,000</u> |
| Balance at 31 December 2007               | <u>1,000</u> |

A ordinary shares hold 100% of the voting rights in the company

A and C ordinary shares receive preference in the distribution of any profits or capital distributions up to an agreed targeted return, apportioned based on their respective paid up share capital

Returns in excess of the targeted return are paid out 40% to the B shareholders and the balance to the A and C shareholders, the latter apportioned based on their respective paid up share capital

**NOTES TO THE FINANCIAL STATEMENTS**  
For the period from 1 August 2007 to 31 December 2007

**8 STATEMENT OF MOVEMENT ON RESERVES**

|                     | <b>Profit<br/>and loss<br/>account<br/>£</b> |
|---------------------|--|
| At 1 August 2007    | (1)  |
| Loss for the period | (29)   |
| At 31 December 2007 | <u>(30)</u>                                  |

**9 CONTROLLING PARTY**

The immediate parent company is Cabot Square Nominees Limited

In the opinion of the directors, the ultimate controlling party is CS Capital Partners II, LP, incorporated in the United Kingdom with a registered address of 6<sup>th</sup> Floor, 7 St James's Street London SW1A 1EE

CS Capital Partners II, LP, does not consolidate 5D Holdings Ltd

**10 RELATED PARTY TRANSACTIONS**

The company had no related party transactions during the period other than as disclosed in notes 2, 5 and 6

**11 POST BALANCE SHEET EVENTS**

On 29 August 2008, the 5D Group acquired the loan portfolio and operations of Interbay Funding Ltd through a new subsidiary 5D Financial II Ltd which was formed for the purpose 5D Financial II Ltd financed the acquisition by raising further funds from CS Capital Partners II, LP and a warehouse provider (Centric SPV II Ltd)