CRO.

Company Registration Number 05936401

ChantreyVellacottDFKLLP

Cheval Capital Partners Limited

Financial statements

30 June 2009

ChantreyVellacottDFKLLP

Cheval Capital Partners Limited

Financial statements

Year ended 30 June 2009

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Cheval Capital Partners Limited

Officers and professional advisers

The director	A Kay
Company secretary	A S Margolis
Registered office	Meridien House Clarendon Road Watford WD17 1DS
Auditor	Chantrey Vellacott DFK LLP Chartered Accountants Statutory Auditor 2nd Floor 34 Clarendon Road Watford Herts WD17 1LR
Solicitors	Brabners Chaffe Street LLP 55 King Street Manchester M2 4LQ

The director presents his report and the audited financial statements of the Company for the year ended 30 June 2009.

Principal activities and business review

The principal activity of the company during the period was that of secured lending.

Turnover has fallen from £2,062,738 to £1,002 in 2009. The Company made a Net profit after tax of £13,393 compared with a Net loss after tax of £4,039,863 in the prior year. Turnover decreased because the only loan was written off as bad during the year ended 30 June 2009. This loan had been fully provided for as irrecoverable during the prior year.

The Company is not currently undertaking any new lending.

Going concern

These accounts have been prepared on a going concern basis and assume that the Group continues to receive the support of its funding banks and mezzanine provider. If this support is withdrawn, then there is a high probability that the Company will be unable to continue as a going concern. As at the date of signature of these accounts, management is of the current belief that it has the support of all its lenders. However management is mindful that in this uncertain economic environment this support could be withdrawn at any time. Management's view is derived from meetings and conversations held with the Group's lenders and the receipt of amended facility agreements where appropriate, all of which have indicated the support of the lenders.

The Balance Sheet of the Company showed a net negative equity position of £3,314,992 as at 30 June 2009 with no cash on hand. Notwithstanding this, management believe that the Company is solvent and therefore able to continue as a going concern. This opinion is derived from the following:

(i) A detailed review of the Group's cash position has been undertaken for the 13 months commencing 1 December 2009 and management believe that the Group has sufficient resources to continue trading for the foreseeable future. While the cash flow has been based on realistic and prudent assumptions if these were to change materially then management would have to revisit their going concem conclusion
(ii) The Group is able to meet its day to day ordinary indebtedness
(iii) The Group has the support of all its lenders at the current time
(iv) The mezzanine debt at the Group level has been rescheduled from short term to long term thereby acting as quasi equity until 27 January 2011.

Management review the cash position of the group on a regular basis and all decisions are made in the best interests of all stakeholders. Management ensure that all important strategic decisions affecting the group are discussed with its lenders.

Strategy and future outlook

As the Company does not currently have a funding facility in place, it has no intentions of doing any new lending in the foreseeable future.

Results and dividends

The results for the year ended 30 June 2009 are shown in the profit and loss account on page 7. Given the financial performance and position of the Company, no dividend will be paid. This will be the policy for the foreseeable future.

I would like to take this opportunity to thank all my colleagues, shareholders and business partners for their continued support and advice during a difficult trading period.

Directors

The directors who served the Company during the year were as follows:

A Kay
B S Hersch
E L Sher

A Kay was appointed as a director on 1 May 2009.

B S Hersch retired as a director on 1 May 2009.
E L Sher retired as a director on 26 February 2009.

Director's responsibilities

The director is responsible for preparing the director's report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director 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 those financial statements, the director is 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;
- 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 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 him to ensure that the financial statements comply with the Companies Act 2006. He is 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.

Insofar as the director is aware:

- there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all steps that he ought to have taken to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditor

Chantrey Vellacott DFK LLP are deemed to be re-appointed under section 487(2) of the Companies Act 2006.

Signed by order of the director

A S Margolis
Company Secretary

Approved by the director on 22.12.09

Independent auditor's report to the shareholder of Cheval Capital Partners Limited

Year ended 30 June 2009

We have audited the financial statements of Cheval Capital Partners Limited for the year ended 30 June 2009 which comprise the profit and loss account, balance sheet, cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's shareholder, as a body, in accordance with Sections 495 and 496 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's shareholder 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 shareholder as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of director and auditor
As explained more fully in the director's responsibilities statement set out on page 3, the director is 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 (APB'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 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 30 June 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.

Emphasis of matter – Going concern
In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosures made in note 1 to the financial statements concerning the company's ability to continue as a going concern. Although the company made a profit of £13,393 during the year ended 30 June 2009 and, at that date, the company's liabilities exceeded its total assets by £3,314,992. These conditions, along with the other matters explained in note 1 to the financial statements and, in particular, the reliance on the continuing support of the Cheval group, indicate the existence of material uncertainties regarding the company's ability to continue as a going concern. Negotiations with the group's lenders are ongoing but at this stage support has not been withdrawn. If this support was to be withdrawn, however, then there is a high probability that the group and company would be unable to continue as a going concern. These financial statements do not include any adjustments that would result should this be the case.

Opinion on other matters prescribed by the Companies Act 2006
In our opinion the information given in the director's report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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 director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Chantrey Vellacott DFK LLP

MARK STEVENS (Senior Statutory Auditor)
for and on behalf of CHANTREY VELLACOTT DFK LLP
Chartered Accountants and Statutory Auditor
Watford

23.12.2009

Chantrey Vellacott DFK LLP

Cheval Capital Partners Limited

Profit and loss account

Year ended 30 June 2009

	Note	2009 £	2008 £
Turnover	2	**1,002**	2,062,738
Cost of sales		**–**	461,758
Gross profit		**1,002**	1,600,980
Administrative expenses		**9,181**	5,952,556
Operating loss	3	**(8,179)**	(4,351,576)
Attributable to:			
Operating (loss)/profit before exceptional items		**(2,486)**	1,422,571
Exceptional items	3	**(5,693)**	(5,774,147)
		(8,179)	(4,351,576)
Interest receivable		**21,572**	–
Profit/(loss) on ordinary activities before taxation		**13,393**	(4,351,576)
Tax on profit/(loss) on ordinary activities	7	**–**	(311,713)
Profit/(loss) for the financial year		**13,393**	(4,039,863)

All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the year as set out above.

The notes on pages 10 to 16 form part of these financial statements.

Cheval Capital Partners Limited

Balance sheet

As at 30 June 2009

	Note	2009 £	2008 £
Current assets			
Debtors	8	–	316,406
Creditors: amounts falling due within one year	9	3,525	3,644,791
Net current liabilities		(3,525)	(3,328,385)
Total assets less current liabilities		(3,525)	(3,328,385)
Creditors: amounts falling due after more than one year	10	3,311,467	–
		(3,314,992)	(3,328,385)
Capital and reserves			
Called up equity share capital	12	1	1
Profit and loss account	13	(3,314,993)	(3,328,386)
Deficit	14	(3,314,992)	(3,328,385)

These financial statements were approved and signed by the director and authorised for issue on 22-12-09

A Kay
Director

Company Registration Number: 05936401

The notes on pages 10 to 16 form part of these financial statements.

Cheval Capital Partners Limited

Cash flow statement

Year ended 30 June 2009

	Note	2009 £	2008 £
Net cash (outflow)/inflow from operating activities	15	(333,285)	224,249
Returns on investments and servicing of finance	15	21,572	–
Taxation	15	311,713	(224,249)
Increase in cash		–	–

The notes on pages 10 to 16 form part of these financial statements.

1. Accounting policies

Basis of accounting
The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards.

Going concern
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(iv) The mezzanine debt at the Group level has been rescheduled from short term to long term thereby acting as quasi equity until 27 January 2011.

Management review the cash position of the group on a regular basis and all decisions are made in the best interests of all stakeholders. Management ensure that all important strategic decisions affecting the group are discussed with its lenders.

Turnover and cost of sales
Turnover represents interest received and receivable from loans advanced and other fees associated with loans advanced.

Cost of sales represents interest paid and payable on group loans.

Operating lease agreements
Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Deferred taxation
Deferred tax 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.

Financial instruments
Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

2. Turnover

The turnover and profit before tax are attributable to the one principal activity of the company.

An analysis of turnover is given below:

	2009 £	2008 £
United Kingdom	**1,002**	2,062,738

3. Operating loss

Operating loss is stated after charging:

	2009 £	2008 £
Operating lease costs:		
- Plant and equipment	–	240
- Other	–	3,162
Auditor's remuneration	**3,488**	3,525
Specific bad debt provision	**5,693**	5,774,147

Details of the specific bad debt provision is disclosed in note 8.

	2009 £	2008 £
Auditor's remuneration - audit of the financial statements	**3,488**	3,525

4. Particulars of employees

The average number of staff, including executive directors, employed by the company during the financial year can be analysed as follows:

	2009 No	2008 No
Number of management staff	**2**	2

The aggregate payroll costs of the above were:

	2009 £	2008 £
Wages and salaries	–	89,504
Social security costs	–	12,368
Other pension costs	–	3,244
	–	105,116

4. Particulars of employees *(continued)*

Staff costs relate to amounts that have been reallocated by the parent company, Cheval Property Finance Plc. Employee contracts are with the parent company, and hence staff numbers only include the directors.

5. Director's remuneration

The director's aggregate remuneration in respect of qualifying services were:

	2009 £	2008 £
Remuneration receivable	–	34,302

6. Interest payable

On loans from parent company	–	461,758
Included in cost of sales	–	(461,758)
	–	–

7. Taxation on ordinary activities

(a) Analysis of charge in the year

	2009 £	2008 £
Current tax:		
UK Corporation tax based on the results for the year at 28% (2008 - 29.50%)	-	(311,713)
Total current tax	-	(311,713)

7. Taxation on ordinary activities *(continued)*

(b) Factors affecting current tax charge

The tax assessed on the profit/(loss) on ordinary activities for the year is at a lower rate than the standard rate of corporation tax in the UK of 28% (2008 - 29.50%).

	2009 £	2008 £
Profit/(loss) on ordinary activities before taxation	**13,393**	(4,351,576)
Profit/(loss) on ordinary activities multiplied by rate of tax	**3,750**	(1,283,715)
Expenses not deductible for tax purposes	-	283
Utilisation of tax losses	**(3,750)**	-
Unrelieved tax losses	-	981,591
General bad debt provision multiplied by rate of tax	-	(4,677)
Effect of change in rate on losses carried back to prior year	-	(5,195)
Total current tax (note 7(a))	-	(311,713)

8. Debtors

	2009 £	2008 £
Due from borrowers	–	4,693
Corporation tax repayable	–	311,713
	–	316,406

Debtors are shown net of bad debt provisions of £5,779,840 (2008: £5,774,147). The movement in these provisions in the year have been treated as an exceptional item within administrative expenses as disclosed in note 3 and on the face of the profit and loss account.

The amounts due from borrowers are secured by legal charges held over land and buildings. Loans provided to the borrowers are secured on properties, regarding which the company had received professional valuations. Where the company feel that the expected losses are as a result of negligent professional valuations received, we have either already commenced legal claims against the valuers or will commence such claims against the valuers at the appropriate time.

9. Creditors: amounts falling due within one year

	2009 £	2008 £
Amounts owed to group undertakings	–	3,641,266
Accruals and deferred income	**3,525**	3,525
	3,525	3,644,791

10. Creditors: amounts falling due after more than one year

	2009 £	2008 £
Amounts owed to group undertakings	**3,311,467**	–

Creditors due after more than one year relates to the amount owed to Cheval Property Finance Plc, the parent company. Due to the current economic climate the parent company has agreed to defer repayment until more than one year after the balance sheet date.

11. Related party transactions

No transactions with related parties were undertaken such as are required to be disclosed under Financial Reporting Standard 8.

12. Share capital

Authorised share capital:

	2009 £	2008 £
1,000 Ordinary shares of £1 each	**1,000**	1,000

Allotted, called up and fully paid:

	2009 No	£	2008 No	£
1 Ordinary shares of £1 each	**1**	**1**	1	1

13. Profit and loss account

	2009 £	2008 £
Balance brought forward	**(3,328,386)**	711,477
Profit/(loss) for the financial year	**13,393**	(4,039,863)
Balance carried forward	**(3,314,993)**	(3,328,386)

14. Reconciliation of movements in shareholder's funds

	2009 £	2008 £
Profit/(Loss) for the financial year	13,393	(4,039,863)
Opening shareholder's (deficit)/funds	(3,328,385)	711,478
Closing shareholder's deficit	(3,314,992)	(3,328,385)

15. Notes to the cash flow statement

Reconciliation of operating loss to net cash (outflow)/inflow from operating activities

	2009 £	2008 £
Operating loss	(8,179)	(4,351,576)
Decrease in debtors	4,693	6,092,009
Decrease in creditors	-	(1,107,738)
Net cash (outflow)/inflow from operating activities before financing	(3,486)	632,695
Financing		
Net cash outflow - amounts owed to group undertakings	(329,799)	(408,446)
Net cash (outflow)/inflow from operating activities	(333,285)	224,249

Returns on investments and servicing of finance

	2009 £	2008 £
Interest received	21,572	-
Net cash inflow from returns on investments and servicing of finance	21,572	-

Taxation

	2009 £	2008 £
Taxation	311,713	(224,249)

15. Notes to the cash flow statement *(continued)*

Reconciliation of net cash flow to movement in net debt

	2009 £	2008 £
Increase in cash in the period	-	-
Net cash outflow - amounts owed to group undertakings	329,799	408,446
Change in net debt	329,799	408,446
Net funds at 1 July 2008	(3,641,266)	(4,049,712)
Net debt at 30 June 2009	(3,311,467)	(3,641,266)

Analysis of changes in net debt

	At 1 Jul 2008	Cash flows £	Other non- cash changes £	At 30 Jun 2009 £
Debt:				
Debt due within 1 year	(3,641,266)	329,799	3,311,467	-
Debt due after 1 year	-		(3,311,467)	(3,311,467)
Net debt	(3,641,266)	329,799	-	(3,311,467)

16. Ultimate parent company

The parent company is Cheval Property Finance Plc, which is registered in the United Kingdom.

The directors' believe it is appropriate for the parent company to reallocate expenses to its subsidiary undertakings, as all administrative expenses are processed through Cheval Property Finance Plc. The method of calculation is based on the amounts due from borrowers, and is pro-rated accordingly. The charge is included within administrative expenses in the prior year, however as all amounts due from borrowers were provided against in the prior year no such reallocation has been incurred in the current year.

The ultimate parent company is Ambition Capital Limited, which is incorporated in Guernsey. There was no controlling party during the year under review until 27 January 2009. From this date Volkomen Financiering BV gained the right to appoint the majority of the board of directors of Cheval Property Finance Plc and therefore to control the day to day running of the company.

Group financial statements are prepared for Credit Investment Limited, which is the parent company of Cheval Property Finance Plc. A copy of the group financial statements may be obtained from the registered office, details of which are given on page 1.