

REGISTERED NUMBER: OC315278

KANDAHAR INVESTMENTS LLP
ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2008

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FOR THE YEAR ENDED 31 DECEMBER 2008**

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KANDAHAR INVESTMENTS LLP

**GENERAL INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2008**

DESIGNATED MEMBERS: D P J Ross
J H Dale

REGISTERED OFFICE: Nuffield House
41-46 Piccadilly
London
W1J 0DS

REGISTERED NUMBER: OC315278

AUDITORS: Duncan & Toplis
Chartered Accountants & Registered Auditor
14 All Saints Street
Stamford
Lincolnshire
PE9 2PA

**REPORT OF THE INDEPENDENT AUDITORS TO
KANDAHAR INVESTMENTS LLP
UNDER SECTION 247B OF THE COMPANIES ACT 1985**

We have examined the abbreviated accounts set out on pages five to six, together with the financial statements of Kandahar Investments LLP for the year ended 31 December 2008 prepared under Section 226 of the Companies Act 1985 as modified by the Limited Liability Partnerships Regulations 2001.

This report is made solely to the LLP, in accordance with Section 247B of the Companies Act 1985 as modified by the Limited Liability Partnerships Regulations 2001. Our work has been undertaken so that we might state to the LLP those matters we are required to state to it in a special 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 LLP, for our work, for this report, or for the opinions we have formed.

Respective responsibilities of members and auditors

The members are responsible for preparing the abbreviated accounts in accordance with Section 246 of the Companies Act 1985 as modified by the Limited Liability Partnerships Regulations 2001. It is our responsibility to form an independent opinion as to whether the LLP is entitled to deliver abbreviated accounts prepared in accordance with Sections 246(5) and (6) of the Act as modified by the Limited Liability Partnerships Regulations 2001 to the Registrar of Companies and whether the abbreviated accounts have been properly prepared in accordance with those provisions and to report our opinion to you.

Basis of opinion

We conducted our work in accordance with Bulletin 2006/3 "The Special Auditor's Report on Abbreviated Accounts in the United Kingdom" issued by the Auditing Practices Board. In accordance with that Bulletin we have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the LLP is entitled to deliver abbreviated accounts and that the abbreviated accounts are properly prepared.

Opinion

In our opinion the LLP is entitled to deliver abbreviated accounts prepared in accordance with Sections 246(5) and (6) of the Companies Act 1985 as modified by the Limited Liability Partnerships Regulations 2001, and the abbreviated accounts have been properly prepared in accordance with those provisions.

Other information

On ~~29 January 2010~~ ²⁰¹⁰ we reported as auditors to the members of the LLP on the financial statements for the year ended 31 December 2008 prepared under Section 226 of the Companies Act 1985 as modified by the Limited Liability Partnerships Regulations 2001, and our report was as follows:

"We have audited the financial statements of Kandahar Investments LLP for the year ended 31 December 2008 on pages six to ten. 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 2007).

This report is made solely to the LLP's members, as a body, in accordance with Section 235 of the Companies Act 1985 as modified by the Limited Liability Partnerships Regulations 2001. Our audit work has been undertaken so that we might state to the LLP's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the LLP and the LLP's members as a body, for our audit work, for this report, or for the opinions we have formed.

**REPORT OF THE INDEPENDENT AUDITORS TO
KANDAHAR INVESTMENTS LLP
UNDER SECTION 247B OF THE COMPANIES ACT 1985**

Respective responsibilities of members and auditors

The members' 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 on page two.

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 as modified by the Limited Liability Partnerships Regulations 2001. We also report to you whether in our opinion the information given in the Report of the Members is consistent with the financial statements.

In addition we report to you if, in our opinion, the LLP 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 members' remuneration and other transactions is not disclosed.

We read the Report of the Members 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, except that the scope of our work was limited as explained below.

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 members in the preparation of the financial statements, and of whether the accounting policies are appropriate to the LLP's circumstances, consistently applied and adequately disclosed.

We planned 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. However, as described in note 8 to the financial statements (note 3 to the abbreviated financial statements), the evidence available to us was limited because a share repurchase agreement is currently being negotiated for one of the LLP's major investments. As a result of this we have been unable to obtain sufficient appropriate audit evidence concerning this investment and particularly with regard to establishing that the valuation of that investment is stated at the lower of cost and net realisable value. Because of the significance of this item we have been unable to form a view on the financial statements.

In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**REPORT OF THE INDEPENDENT AUDITORS TO
KANDAHAR INVESTMENTS LLP
UNDER SECTION 247B OF THE COMPANIES ACT 1985**

Opinion: disclaimer on view given by the financial statements

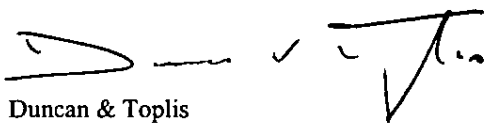
Because of the possible effect of the limitation in evidence available to us with regard to the investment in question, we are unable to form an opinion as to whether the financial statements:

- give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, of the state of the LLP's affairs as at 31 December 2008 and of its loss for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985 as modified by the LLP Regulations 2001.

In respect solely of the limitation of our work referred to above:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit.

In our opinion the information given in the Report of the Members is consistent with the financial statements."



Duncan & Toplis
Chartered Accountants & Registered Auditor
14 All Saints Street
Stamford
Lincolnshire
PE9 2PA


Date: 29 January 2010

KANDAHAR INVESTMENTS LLP (REGISTERED NUMBER: OC315278)**ABBREVIATED BALANCE SHEET
31 DECEMBER 2008**

	Notes	2008 £	2007 £
FIXED ASSETS			
Investments	2	6,892,090	8,774,627
CURRENT ASSETS			
Debtors		202,172	-
Cash at bank		<u>5,245</u>	<u>523,837</u>
		207,417	523,837
CREDITORS			
Amounts falling due within one year		<u>(4,600)</u>	<u>(4,700)</u>
NET CURRENT ASSETS		<u>202,817</u>	<u>519,137</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>7,094,907</u>	<u>9,293,764</u>
MEMBERS' OTHER INTERESTS			
Capital accounts		<u>7,094,907</u>	<u>9,293,764</u>
TOTAL MEMBERS' INTERESTS			
Members' other interests		<u>7,094,907</u>	<u>9,293,764</u>

These abbreviated accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 as modified by the Limited Liability Partnerships Regulations 2001 relating to small LLPs.

The financial statements were approved by the members of the LLP on 28 JANUARY 2010 and were signed by:


.....
J H Dale Designated member

**NOTES TO THE ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2008**

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2007) and the requirements of the Statement of Recommended Practice, Accounting by Limited Liability Partnerships.

Foreign currencies

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Fixed asset investments

The LLP has invested in an investment partnership, and receives a share in the profits or losses of the fund in proportion to the amount of capital contributed by the investment partners. The value of the investment in this fund is stated at Kandahar Investments LLP's share of partner equity in this fund, as reported in the financial statements of the investment partnership, adjusted for exchange fluctuations.

The LLP has also invested in an unlisted company. The value of the investment is stated at historic cost, including broker commission charges associated with the acquisition, less provision for permanent diminution in value.

Turnover

Turnover represents profits on investments held within the investment partnership, dividend income from the investment in the unlisted company on a receivable basis and foreign exchange gains relating to investments.

2. FIXED ASSET INVESTMENTS

	Investments other than loans £
COST	
At 1 January 2008	8,774,628
Additions	906,922
Exchange differences	<u>1,880,597</u>
At 31 December 2008	<u>11,562,147</u>
PROVISIONS	
Charge for year	<u>4,670,057</u>
At 31 December 2008	<u>4,670,057</u>
NET BOOK VALUE	
At 31 December 2008	<u>6,892,090</u>
At 31 December 2007	<u>8,774,628</u>

3. POST BALANCE SHEET EVENTS

Since the year end the members of the LLP have been in negotiation for the investment of shares in Macau Legend Development Limited to be repurchased by Macau Legend Development Limited as part of a share purchase agreement. A provision for permanent diminution in value of this investment of £4,670,057 has been made by the members in these financial statements against the historical cost of the shares to give a carrying value of £nil. The share repurchase negotiations are ongoing and formal agreement has not yet been reached. Until agreement is reached, it is not possible to provide a reliable estimate of the value of the shares.