

PACIFIC SHELF 2 LIMITED LIABILITY PARTNERSHIP

Abbreviated Unaudited Financial Statements
For the period ended 31 December 2010

Registered in Scotland No. SO302267



PACIFIC SHELF 2 LIMITED LIABILITY PARTNERSHIP

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PACIFIC SHELF 2 LIMITED LIABILITY PARTNERSHIP
Partnership information

| | | |
|--|---|---|
| Registered Address | 4 th Floor Granite House 31 Stockwell Street Glasgow G1 4RZ | |
| Partnership Number | SO302267 | |
| Partners during accounting period | Landsbanki Islands hf | 01/01/2010-31/12/2010 |
| | Mr S Cassar | 01/01/2010-20/06/2010 & 19/11/2010-31/12/2010 |
| | Mr M Gifford | 01/01/2010-12/05/2010 |
| | Mr P Hearsey | 01/01/2010-20/06/2010 & 19/11/2010-31/12/2010 |
| | Mr D McCarthy | 01/01/2010-31/12/2010 |
| | Mrs M Hunter | 01/01/2010-31/12/2010 |
| | Mrs V Stewart | 01/01/2010 to 18/05/2010 & 14/06/2010 to 20/06/2010 |
| | Mr J King | 01/01/2010-20/06/2010 & 19/11/2010-31/12/2010 |
| | Mr C Porter | 01/01/2010-21/02/2010 |
| | Mr James McMahon | 01/01/2010-31/12/2010 |
| | Mr John McMahon | 01/01/2010-31/12/2010 |
| | Mr P Stewart | 19/05/2010 to 20/06/2010 & 19/11/2010-31/12/2010 |
| | Mr M Zoubie | 14/06/2010 to 20/06/2010 & 19/11/2010-31/12/2010 |
| | Mrs K Cassar | 14/06/2010 to 20/06/2010 & 19/11/2010-31/12/2010 |
| | Mrs J Gifford | 13/05/2010 to 20/06/2010 & 21/12/2010-31/12/2010 |
| | Mr A Cassar | 21/06/2010-18/11/2010 |
| | Mrs C Cassar | 21/06/2010-18/11/2010 |
| | Mr P King | 21/06/2010-18/11/2010 |
| | Mrs G Gifford | 21/06/2010-20/12/2010 |
| | Mrs L Barker | 21/06/2010-20/12/2010 |
| | Mr P Williams | 21/06/2010-18/11/2010 |
| | Mrs H Williams | 21/06/2010-18/11/2010 |
| | Mr G Hearsey | 21/06/2010-18/11/2010 |
| | Mrs J Hearsey | 21/06/2010-18/11/2010 |

PACIFIC SHELF 2 LIMITED LIABILITY PARTNERSHIP

Partners' Report

The partners present their unaudited financial statements of Pacific Shelf 2 Limited Liability Partnership ("the Partnership") for the period 1 January 2010 to 31 December 2010.

The accounts have been prepared in accordance with the special provisions applicable to LLPs subject to the small LLPs regime.

Principal activities

The Partnership's principal activity is the investment in the debt of corporate entities.

Results and distributions

The Partnership recorded profits before distributions of £439,009. A distribution of £1,077 was made to Mr C Porter upon his exit representing cash interest earned during the period of his partnership.

Financial risk management objectives and policies

The most important components of financial risk are interest rate risk, currency risk, credit risk, liquidity risk, cash flow risk and price risk. Due to the nature of the Partnership's activities and the assets and liabilities contained within the Partnership's balance sheet, the main financial risk that the Partnership is exposed to is credit risk. The Partnership manages its credit risk by closely monitoring the financial performance of the entities in which it invests.

Key performance indicators (KPIs)

Given the straight forward nature of the business, the partners are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

Partners

The members who held interests during the accounting period were as follows:

Corporate Members

Landsbanki Islands hf

Individuals

Mr S Cassar
Mr M Gifford
Mr P Hearsey
Mr D McCarthy
Mrs M Hunter
Mrs V Stewart
Mr J King
Mr C Porter
Mr James McMahon
Mr John McMahon
Mr P Stewart
Mr M Zoubie
Mrs K Cassar
Mrs J Gifford
Mr A Cassar
Mrs C Cassar
Mr P King
Mrs G Gifford
Mrs L Barker
Mr P Williams
Mrs H Williams
Mr G Hearsey
Mrs J Hearsey

Approved by the Partners and signed on their behalf by:



Peter Hearsey
Partnership Secretary
14 September 2011

Pacific Shelf 2 Limited Liability Partnership
Balance Sheet
As at 31 December 2010
Partnership Number SO302267

| | Notes | 31 December 2010 £ | 31 December 2009 £ |
|--|-------|-----------------------|-----------------------|
| Current assets | | | |
| Debtors | 2 | 319,814 | 61,074 |
| Investments held as current assets | 3 | 2,291,380 | 712,500 |
| Cash at bank and in hand | | 1,780 | 1,029 |
| | | 2,612,974 | 774,603 |
| Creditors: amounts falling due within one year | 4 | (34,417) | (18,313) |
| Net current assets | | 2,578,557 | 756,290 |
| Creditors: amounts falling due after more than one year | 5 | (2,066,982) | (682,647) |
| Net assets attributable to members | | 511,575 | 73,643 |
| Represented by: | | | |
| Loans and other debts due to members | 7 | 486,575 | 48,643 |
| Members' other interests – capital accounts | 6 | 25,000 | 25,000 |
| | | 511,575 | 73,643 |
| Total Members' Interests | | | |
| Loans and other debts due to members | | 486,575 | 48,643 |
| Members' other interests | | 25,000 | 25,000 |
| | | 511,575 | 73,643 |

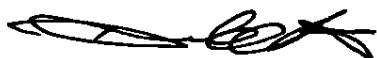
For the period from 1 January 2010 to 31 December 2010 the LLP was entitled to exemption from audit under section 477 of the Companies Act 2006 (as applied by The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008) relating to small LLPs.

The members acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

These accounts have been prepared in accordance with the provisions applicable to LLPs subject to the small LLPs regime.

The financial statements were approved by partners and authorised for issue on 14 September 2011.

They were signed on its behalf by:



Donald McCarthy
Designated Member

The notes on pages 5 to 9 form an integral part of these accounts.

Pacific Shelf 2 Limited Liability Partnership
Notes to the financial statements
As at 31 December 2010

1 Accounting policies

The financial statements are prepared under the historical cost convention, and in accordance with the Companies Act 2006 and applicable United Kingdom law and accounting standards.

The principal accounting policies are set out below.

Current asset investments

Investments are valued at the lower of cost and net realisable value. Any provision for diminution in value is recognised in the profit and loss account.

Interest receivable and payable

Interest receivable and payable is recognised on an accrual basis.

2. Debtors

| | 31 December 2010 £ | 31 December 2009 £ |
|--|-----------------------|-----------------------|
| Accrued interest receivable: | | |
| Quarterly cash interest: (from November roll date to 31 December) | | |
| Full quarter interest received £24,384 apportioned for 42 of 94 days | - | 10,895 |
| Full quarter interest received £73,891 apportioned for 39 of 91 days | 31,668 | - |
| Quarterly PIK interest: | | |
| PIK from date of purchase to 31 December 2009 | 45,267 | 45,267 |
| PIK from 1 January 2010 to 31 December 2010 | 242,879 | - |
| | <hr/> 319,814 | <hr/> 56,162 |
| Loans: | - | 4,912 |
| | <hr/> 319,814 | <hr/> 61,074 |

Pacific Shelf 2 Limited Liability Partnership
Notes to the financial statements (continued)
As at 31 December 2010

3. Investments

| | 31 December 2010 | 31 December 2009 |
|---|------------------|------------------|
| | £ | £ |
| Cost: | | |
| Initial purchase price | 700,000 | 700,000 |
| Cost associated with initial purchase | 12,500 | 12,500 |
| Cost of debt purchased 14 June 2010 (incl. associated purchase costs) | 1,578,880 | - |
| Total cost of investment | 2,291,380 | 712,500 |

The debt purchased is scheduled for redemption in 2016.

4. Creditors due in less than one year:

| | 31 December 2010 | 31 December 2009 |
|-----------------------------------|------------------|------------------|
| | £ | £ |
| Accrued interest payable on loans | 34,417 | 9,688 |
| Other Creditors | - | 8,625 |
| | 34,417 | 18,313 |

5 Creditors due after more than one year

| | 31 December 2010 | 31 December 2009 |
|---|------------------|------------------|
| | £ | £ |
| Withholding tax relating to PIK interest (payable on debt redemption) | 43,205 | 8,071 |
| Interest bearing loans repayable after more than one year | 494,576 | 494,576 |
| Non-interest bearing loans repayable after more than one year | 1,529,201 | 180,000 |
| | 2,066,982 | 682,647 |

Interest is payable on a loan of £494,576 from Landsbanki Islands hf at 5% per annum.

Pacific Shelf 2 Limited Liability Partnership
Notes to the financial statements (continued)
As at 31 December 2010

6. Members' Capital (at 31 December 2010)

| | Capital Invested |
|-----------------------|-------------------------|
| | £ |
| Don McCarthy | 11,666 |
| Marion Hunter | 5,206 |
| Landsbanki Islands hf | 2,773 |
| Stefan Cassar | 834 |
| Kirsty Cassar | 833 |
| John King | 975 |
| Julie Gifford | 975 |
| Jim McMahon | 730 |
| James McMahon | 730 |
| Peter Hearsey | 70 |
| Marwan Zoubie | 69 |
| Peter Stewart | 139 |
| Total | 25,000 |

7. Profit and Loss Account

For the purpose of completing tax returns a total and a corporate summary profit and loss account has been provided.
A summary of interest received for the tax year ended 5 April 2011 has also been provided.

Profit and loss account

| | 31 December 2010 | 31 December 2009 |
|--|-------------------------|-------------------------|
| | Total | Total |
| | £ | £ |
| Operating Costs | (80) | (13,576) |
| Interest Received / Receivable | 463,818 | 74,437 |
| Interest (Paid) / (Payable) | (24,729) | (12,218) |
| Net Interest | 439,089 | 62,219 |
| Profit Before Members' Profit Share | 439,009 | 48,643 |

Pacific Shelf 2 Limited Liability Partnership
Notes to the financial statements (continued)
As at 31 December 2010

7. Profit and Loss Account (continued)

| | 31 December 2010 | 31 December 2009 |
|--|--------------------------|--------------------------|
| | Corporate Partner | Corporate Partner |
| | (memo only) | (memo only) |
| | £ | £ |
| Operating Costs | (42) | (1,473) |
| Interest Received / Receivable | 56,058 | 9,831 |
| Interest (Paid) / (Payable) | (2,734) | (1,325) |
| Net Interest | 53,324 | 8,506 |
| Profit Before Members' Profit Share | 53,282 | 7,033 |

Interest received

Cash Interest (including untaxed consent fee) received for the tax year ended 5 April 2011 was as follows:

| | Total | Corporate | Individuals |
|---------------------|----------------|------------------|--------------------|
| | £ | £ | £ |
| Gross Interest | 342,857 | 38,025 | 304,832 |
| Withholding Tax | (49,979) | - | (49,979) |
| Net Interest | 292,878 | 38,025 | 254,853 |

Cash Interest received for the tax year ended 5 April 2010 was as follows:

| | Total | Corporate | Individuals |
|---------------------|---------------|------------------|--------------------|
| | £ | £ | £ |
| Gross Interest | 61,738 | 6,698 | 55,040 |
| Withholding Tax | (11,008) | - | (11,008) |
| Net Interest | 50,730 | 6,698 | 44,032 |

PIK Interest receivable for the tax year ended 5 April 2011 was as follows:

| | Total | Corporate | Individuals |
|---------------------|----------------|------------------|--------------------|
| | £ | £ | £ |
| Gross Interest | 284,164 | 31,516 | 252,648 |
| Withholding Tax | (50,530) | - | (50,530) |
| Net Interest | 233,634 | 31,516 | 202,118 |

PIK Interest receivable for the tax year ended 5 April 2010 was as follows:

| | Total | Corporate | Individuals |
|---------------------|---------------|------------------|--------------------|
| | £ | £ | £ |
| Gross Interest | 59,875 | 6,496 | 53,379 |
| Withholding Tax | (10,676) | - | (10,676) |
| Net Interest | 49,199 | 6,496 | 42,703 |

Pacific Shelf 2 Limited Liability Partnership
Notes to the financial statements (continued)
As at 31 December 2010

8 Restatement of prior year accounts

Payment in Kind (PIK) Interest:

PIK interest is added to the value of the loan on a quarterly basis. In the previously submitted accounts for 2009 it was assumed that the full PIK interest would go to the holder at the time of the interest roll. This has now been corrected to be apportioned according to the date of purchase during the quarter.

In addition, since the submission of the original 2009 accounts it has been agreed with HMRC that withholding tax would be deducted from the PIK interest. This liability has duly been reflected.