

SPL TREASURY (AT1) IC LIMITED

(formerly Arch Treasury IC Limited)

CONSOLIDATED REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 MARCH 2010

SPL TREASURY (AT1) IC LIMITED
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2010

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**SPL TREASURY (AT1) IC LIMITED
ADMINISTRATION**

Registered Office of the Company	2nd Floor No.1 Le Truchot St. Peter Port Guernsey GY1 3JX	
Directors of the Company	Hugh Aldous - Chairman Andrew Duquemin William Scott Christoper Harris Neal Meader Peter Radford Robert Addison	(appointed on 31 December 2009) (appointed on 31 December 2009) (appointed on 31 December 2009) (appointed on 1 August 2010) (resigned on 28 January 2010) (resigned on 28 January 2010) (resigned on 31 December 2009)
Investment Manager	Spearpoint Limited Yorkshire House Le Truchot St. Peter Port Guernsey GYI 4PH	(appointed on 1 December 2009)
	Arch Financial Products LLP 7 Savile Row Mayfair London W1S 3PE	(resigned on 1 December 2009)
Custodian and Bankers	MeesPierson (C.I.) Limited Martello Court Admiral Park St. Peter Port Guernsey GY1 3QJ	
Auditor	Ernst & Young LLP Royal Chambers St. Julian's Avenue St. Peter Port Guernsey GY1 4AF	(appointed on 19 March 2010)
Administrator and Secretary	Elysium Fund Management Limited 2nd Floor No.1 Le Truchot St Peter Port Guernsey GY1 3JX	(appointed on 1 August 2010)
	Bordeaux Services (Guernsey) Limited Bordeaux Court Les Echelons St. Peter Port Guernsey GY1 6AW	(resigned on 1 August 2010)
Lawyers	Carey Olsen Carey House Les Banques St. Peter Port Guernsey GY1 4BZ	
Company Registration Number	47217	

**SPL TREASURY (AT1) IC LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2010**

The Directors of SPL Treasury (AT1) IC Limited (formerly Arch Treasury IC Limited) (the "Company") are pleased to submit their consolidated report and audited financial statements of the Company and its subsidiaries (together "the Group") for the year ended 31 March 2010.

THE COMPANY

The Company is an incorporated cell of SPL Guernsey ICC Limited (formerly Arch Guernsey ICC Limited) (the "ICC"), a closed-ended incorporated cell company registered with limited liability in Guernsey on 21 December 2006 and authorised by the Guernsey Financial Services Commission under the Incorporated Cell Companies Ordinance, 2006. The Company was registered with limited liability on 25 June 2007.

Pursuant to a special resolution dated 28 January 2010, the Company changed its name from Arch Treasury IC Limited to SPL Treasury (AT1) IC Limited effective on 9 February 2010.

INVESTMENT OBJECTIVE

Following the resolution passed at the Extraordinary General Meeting ("EGM") held on 28 January 2010, the Investment Manager now manages the Company's portfolio with a view to realising its assets within the shortest period of time consistent with achieving a reasonable realisation price for such assets and with the intention of disposing of all such assets within five years. Realisations are managed, as far as possible, with a view to ensuring regular and consistent distributions of proceeds to Shareholders.

Prior to the EGM held on 28 January 2010, the investment objective of the Company was to provide Shareholders over the medium to long term with capital appreciation through economic exposure to a diverse range of treasury-related investment strategies, employing various risk management techniques selected by the Investment Manager. The investment objectives and policies contained herein will not materially change without the consent of a majority of shareholders.

RESULTS AND DIVIDENDS

The results for the year are shown on page 9.

The Company did not pay any dividends during the year (2009: nil) and the Directors do not recommend the payment of a final dividend for the financial year (2009: nil).

NET ASSET VALUE PER PARTICIPATING REDEEMABLE PREFERENCE SHARE

At the financial reporting date, the net assets of the Company attributable to Participating Redeemable Preference Shares "Share" were £424,358 (2009: (£150,901)) and the net asset value ("NAV") per Share was 8.03p (2009: net liabilities of 2.85p).

DIRECTORS

The Directors, all of whom are non-executive directors, are as listed on page 1. Robert Addison, who was appointed as a Director on incorporation of the Company, resigned as a Director on 31 December 2009. Neal Meader and Peter Radford, who were appointed as Directors on incorporation of the Company, resigned as Directors on 28 January 2010. Hugh Aldous, Andrew Duquemin and William Scott were appointed as Directors on 31 December 2009 and Christopher Harris was appointed as a Director on 1 August 2010.

During the year, business relationships existed between the Directors of the Company and Related Parties to the Company. These relationships are detailed in notes 5 and 6 to the financial statements.

At 31 March 2010 and at the date of signing this report, the Directors had no interests in the Shares of the Company.

SPL TREASURY (AT1) IC LIMITED
DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 MARCH 2010

GOING CONCERN

After making reasonable enquiries, and assessing all data relating to the Company's liquidity, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and do not consider there to be any threat to the going concern status of the Company. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

FUTURE PROSPECTS

The Directors believe that the Company's Investment Objective can be met in the stated five-year timeframe.

LITIGATION

So far as the Directors are aware, no litigation or claim of material importance is pending or threatened against the Fund. The Fund has not commenced proceedings of any material importance.

Together with the legal advisors to the ICC and its Cells, the new Board is continuing to review the past governance of the ICC and its Cells (of which the Fund is one such Cell). Questions have and are being raised with the former managers, officers and advisors in this regard.

CORPORATE GOVERNANCE

As a Guernsey incorporated entity, the Company is not required to comply with The Combined Code on Corporate Governance published by the Financial Reporting Council (the "2008 FRC Code"). However, the Directors place a high degree of importance on ensuring that high standards of Corporate Governance are maintained and that the Company complies with the Guidance on Corporate Governance in the Finance Sector in Guernsey, issued by the Guernsey Financial Services Commission. As a result, many of the principles set out in the 2008 FRC Code have been adopted and these are summarised below, together with the areas of non-compliance.

The Company complied throughout the year with the provisions of the Combined Code Principles of Good Governance and Code of Best Practice, except in the following aspects:

- A.1.3 The non-executive Directors have not met separately, without the Chairman present, to appraise the Chairman's performance. The Board decided that this was not appropriate given the nature of the Company and that the current Directors are only appointed on 31 December 2009.
- A.3.3 The Chairman, Mr Aldous, is the senior non-executive Director. This is not in accordance with provision A3.3 of the 2008 FRC Code but is felt to be appropriate for the size and nature of the Company.
- A.6.1 The Board did not undertake a formal appraisal of the Board, its committees or the individual Directors during the year. The Board decided that this was not appropriate given the nature of the Company and that the current Directors were only appointed on 31 December 2009.
- B.2.1 The Board has neither established a remuneration committee nor a nomination committee as it does not have any executive directors and does not consider it to be appropriate for the size and composition of the Board.

BOARD RESPONSIBILITIES

The Board currently comprises four non-executive members, three of whom are independent non-executive Directors. Mr Duquemin ceased to be an independent Director on 1 July 2010 when Elysium, a company of which he is a director, was appointed administrator to certain of the ICC Cells. Mr Duquemin intends to resign as a Director of the Fund on completion of the audits of the Cells of the ICC for the year ended 31 March 2010. The Fund has no executive directors. As all the Directors are non-executive, the Chairman (Mr Aldous) is the senior non-executive Director.

The Board has engaged external companies to undertake the investment management, administrative and custodial activities of the Company. Clear documented contractual arrangements are in place with these firms, which define the areas where the Board has delegated responsibility to them. Since the appointment of the new Directors, the Board has met monthly to review the Company's investments and all other important issues to ensure control is maintained over the Company's affairs.

SPL TREASURY (AT1) IC LIMITED
DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 MARCH 2010

BOARD RESPONSIBILITIES (continued)

Since all the Directors are non-executive, the Company is not required to state how it applied B.1 to B.3 of the 2008 FRC Code on directors' remuneration. However, the fee that was paid to each Director during the year is shown in note 6 to the financial statements.

BOARD COMMITTEES

Since Mr Aldous, Mr Duquemin and Mr Scott's appointments to the Board on 31 December 2009, the Company has used a number of committees to control its operations. Prior to 31 December 2009, the Company did not have any committees, with all of the business being addressed by the Board.

Each committee has formal written terms of reference, which clearly define their responsibilities.

Audit Committee

The Audit Committee comprises all the Directors of the Company and meets at least twice a year. Mr Duquemin is Chairman of the Audit Committee. It provides a forum through which the Company's auditor reports to the Board.

Risk Committee

The Risk Committee comprises all the Directors of the Company and meets at least once a year. Mr Scott is Chairman of the Risk Committee. The function of the Risk Committee is to monitor the level of various risks to which the Company is exposed, including the risk of litigation and other legal actions.

BOARD MEETINGS

All members of the Board are expected to attend each Board meeting and to arrange their schedules accordingly, although non-attendance is unavoidable in certain circumstances. Directors' attendance at Board and committee meetings for the year ended 31 March 2010, by reference to the number of meetings held whilst each Board member was actually a Director, is set out in the following table:

	Board meetings	Audit Committee meetings	Risk Committee meetings
Hugh Aldous (<i>appointed on 31 December 2009</i>)	3/5	1/2	0/0
Andrew Duquemin (<i>appointed on 31 December 2009</i>)	4/5	2/2	0/0
William Scott (<i>appointed on 31 December 2009</i>)	4/5	2/2	0/0
Peter Radford (<i>resigned on 28 January 2010</i>)	23/24	n/a	n/a
Neal Meader (<i>resigned on 28 January 2010</i>)	20/24	n/a	n/a
Robert Addison (<i>resigned on 31 December 2009</i>)	18/23	n/a	n/a

DIALOGUE WITH SHAREHOLDERS

The Directors are always available to enter into dialogue with Shareholders. The Board also stays abreast of Shareholders' views via regular updates from the Investment Manager as to meetings it may have held with Shareholders.

INTERNAL CONTROL AND FINANCIAL REPORTING

The Board is responsible for establishing and maintaining the Company's system of internal control. Internal control systems are designed to meet the particular needs of the Company and the risks to which it is exposed, and, by their very nature, provide reasonable, but not absolute, assurance against material misstatement or loss. The key procedures which have been established to provide effective internal controls are as follows:

- The Administrator is responsible for the provision of administration and company secretarial duties;
- The duties of investment management, accounting and the custody of assets are segregated. The procedures are designed to complement one another;
- The Non-Executive Directors of the Company clearly define the duties and responsibilities of their agents and advisers in the terms of their contracts;
- The Board reviews financial information produced by the Investment Manager and the Administrator on a regular basis;
- On an ongoing basis, compliance reports are provided at each Board meeting by the Administrator; and

SPL TREASURY (AT1) IC LIMITED
DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 MARCH 2010

INTERNAL CONTROL AND FINANCIAL REPORTING (continued)

- A valuation committee, comprising of members of the Administrator, meets at least once a month to agree and review valuation methodologies to ensure that valuations are calculated in accordance with the Company's valuation and accounting policies and with International Financial Reporting Standards.

The Company does not have an internal audit department. All of the Company's management functions are delegated to independent third parties and it is therefore felt that there is no need for the Company to have an internal audit function.

The internal control systems are designed to meet the Company's particular needs and the risks to which it is exposed. Accordingly, the internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and by their nature can only provide reasonable and not absolute assurance against misstatement and loss.

PAYMENT TO CREDITORS

Amounts due to suppliers and service providers are settled promptly within the terms of the payment, except in cases of dispute. The Company does not have any trade creditors.

FINANCIAL RISK PROFILE

The Company's financial instruments comprise investments, cash and various items such as payables and receivables that arise directly from the Company's operations. The main purpose of these instruments is the investment of Shareholders' funds.

The main risks are market risk (comprising price risk, foreign currency risk and interest rate risk), credit risk and liquidity risk. Further details are given in note 16 to the financial statements.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Companies (Guernsey) Law, 2008 as amended requires the Directors to prepare financial statements for each financial year which 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 year. 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 accounting standards have been followed subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors confirm that the financial statements comply with the above requirements.

The Directors are responsible for keeping proper accounting records which 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 (Guernsey) Law, 2008 as amended, The Protection of Investors (Bailiwick of Guernsey) Law, 1987 and the Company's Principal Documents. 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.

SPL TREASURY (AT1) IC LIMITED
DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 MARCH 2010

DIRECTORS' STATEMENTS

The Directors make the following statements:-

- so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware;
- the Directors have taken all steps they ought to have taken to make themselves aware of any relevant audit information and established that the Company's auditor is aware of that information; and
- The financial statements give a true and fair view of the financial position and results of the Company and have been prepared in accordance with International Financial Reporting Standards, The Companies (Guernsey) Law, 2008 as amended and The Protection of Investors (Bailiwick of Guernsey) Law, 1987.

THE ADMINISTRATOR

Bordeaux Services (Guernsey) Limited had been appointed as Administrator of the Company pursuant to an Administration Agreement dated 10 July 2007 (the "Administration Agreement"). The Administrator had also been appointed to act as Secretary of the ICC and the Company.

Details of the fees payable to the Administrator are disclosed in notes 4 and 5.

With effect from 1 August 2010, Bordeaux Services (Guernsey) Limited resigned as Administrator to the Company and Elysium Fund Management Limited was appointed in its place.

CUSTODIAN

The Company appointed MeesPierson (C.I.) Limited as the Custodian of the Company under the terms of a Custodian Agreement dated 10 July 2007.

Details of the fees payable to the Custodian are disclosed in note 4.

The appointment of the Custodian can be terminated by the Company or the Custodian (subject to the appointment of a replacement) upon not less than 90 days' prior written notice or earlier upon default by either party.

STATUS OF TAXATION

The Income Tax Authority of Guernsey has granted the Company exemption from Guernsey income tax under the Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989 and the income of the Company may be distributed or accumulated without deduction of Guernsey income tax. Exemption under the above mentioned Ordinance entails payment by the Company of an annual fee of £600 for each year in which the exemption is claimed. It should be noted, however, that interest and dividend income accruing from the Company's investments may be subject to withholding tax in the country of origin.

The Company has not suffered any withholding tax in the year on its direct investments, although withholding tax may have been suffered within certain investments held by the Company.

AUDITOR

Ernst & Young LLP replaced the previous auditor, Moore Stephens, with effect from 19 March 2010. Ernst & Young LLP has indicated its willingness to continue in office and a resolution concerning its reappointment will be proposed at the Company's forthcoming Annual General Meeting.

On behalf of the Board

H Aldous
Director

A Duquemin
Director

30 September 2010

**SPL TREASURY (AT1) IC LIMITED
INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF SPL TREASURY (AT1) IC LIMITED**

We have audited the Group consolidated financial statements for the year ended 31 March 2010 which comprise the Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Changes in Net Assets Attributable to Holders of Participating Redeemable Preference Shares, Consolidated Statement of Cash Flows and the related notes 1 to 23. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Fund's members, as a body, in accordance with Section 262 of The Companies (Guernsey) Law, 2008 as amended. Our audit work has been undertaken so that we might state to the Fund'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 Fund and the Fund'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 are responsible for the preparation of the financial statements in accordance with applicable Guernsey law and International Financial Reporting Standards as 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 (Guernsey) Law, 2008 as amended. We also report to you if, in our opinion, the Fund has not kept proper accounting records, if the Fund's financial statements are not in agreement with the accounting records or if we have not received all the information and explanations we require for our audit.

We read the other information in the Annual Report and consider whether it is consistent with the financial statements. The other information comprises only the Chairman's Statement, and the Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of 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 Fund'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.

**SPL TREASURY (AT1) IC LIMITED
INDEPENDENT AUDITOR'S REPORT (continued)
TO THE MEMBERS OF SPL TREASURY (AT1) IC LIMITED**

Opinion - disclaimer of audit opinion regarding the results of operations and unqualified opinion regarding financial position

With respect to the comparative figures for the year ended 31 March 2009 the audit evidence available to us was limited as we were not able to obtain adequate evidence in respect of the timing or magnitude of adjustments which may have been necessary to the prior period results and financial position, prior to our appointment as auditor of the Fund. The former directors of the Fund were no longer in office at the date of our appointment and the investment manager appointed to advise the Fund was replaced before our appointment. We were unable to obtain sufficient audit evidence regarding the comparative figures for the year ended 31 March 2009 and were unable to satisfy ourselves on these matters by performing other audit procedures.

Because of the significance of the above matter in relation to the results of the Company's operations for the year to 31 March 2010 we are not in a position to, and do not, express an opinion on the results of its operations or its cash flows for the year then ended.

In our opinion, the balance sheet gives a true and fair view, in accordance with International Financial Reporting Standards, of the financial position of the Fund as at 31 March 2010 and has been properly prepared in accordance with the Companies (Guernsey) Law, 2008.

Emphasis of matter – carrying value of investments

In forming our opinion on the Fund's financial position at 31 March 2010, which is not qualified, we have considered the adequacy of the disclosure made in notes 2 and 10 to the financial statements concerning the uncertainties involved in estimating impairments for those investments where fair value can no longer be reliably measured. The matters explained in notes 2 and 10 to the financial statements indicate the existence of a material uncertainty about the carrying value of such investments. The amounts eventually recovered may differ from the carrying value but the difference cannot presently be determined.

**Ernst & Young LLP
Guernsey, Channel Islands**

30 September 2010

SPL TREASURY (AT1) IC LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2010

	Notes	2010	2009
		£	£
Income			
Bank interest		706	99,368
Sundry income		9,420	-
Investment income		596,062	8,921,358
Total income		606,188	9,020,726
Expenses			
Administration fees	4,5	-	5,544
Audit fees		4,357	20,099
Custodian fees	4	(11,237)	6,248
Directors' fees and expenses	6	(77)	114
Finance costs	15	678,108	9,085,113
Impairment of loans and goodwill		2,020,277	3,342,078
Other operating expenses		89,572	130,768
Total expenses		2,781,000	12,589,964
Investment gains and losses			
Realised gains from sale of investments	9	-	50,136
Movement in unrealised loss on investments	9	1,677,153	6,434,561
Total investment gain		1,677,153	6,484,697
Net (loss)/profit from operating activities before gains and losses on foreign currency exchange		(497,659)	2,915,459
Gain on foreign currency exchange		1,072,916	1,062,825
Loss for the year from discontinued operations		-	(7,220,784)
Total comprehensive income/(loss) for the year attributable to holders of Participating Redeemable Preference Shares		575,257	(3,242,500)
Weighted average shares in existence during the year		5,287,863	3,650,799
Earnings/(loss) per Participating Redeemable Preference Share	8	£0.1088	(£0.8882)

All items in the above statement are derived from continuing operations.

There was no other comprehensive income in the year.

The accompanying notes on pages 13 – 29 form an integral part of these audited financial statements.

SPL TREASURY (AT1) IC LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2010

	Notes	2010	2009
		£	£
Assets			
Non-Current assets			
Financial assets	9,10	80,481	17,700,000
Other receivables and prepayments	11	6,517,111	73,534,841
Total assets		6,597,592	91,234,841
Current assets			
Net gain on open forward foreign exchange	17	-	36,686
Other receivables and prepayments	11	32,196,938	2,828,057
Cash and cash equivalents		165,801	2,933,727
		32,362,739	5,798,470
Total assets		38,960,331	97,033,311
Equity and liabilities			
Share capital – Management Shares	18	2	2
Participating Redeemable Preference Shares	19	6,000,000	6,000,000
Retained deficit	19	(5,575,644)	(6,150,901)
Total equity		424,358	(150,899)
Liabilities			
Current liabilities			
Other payables	13	107,617	1,547,083
Borrowings	14	32,196,938	1,349,951
Total liabilities		32,304,555	2,897,034
Non-current liabilities			
Borrowings	14	6,231,418	94,287,176
		6,231,418	94,287,176
Total equity and liabilities		38,960,331	97,033,311
Net Asset Value per Participating Redeemable Preference Share		£0.0803	(£0.0285)

These financial statements were approved by the Board and authorised for issue on 30 September 2010.

For and on behalf of
SPL TREASURY (AT1) IC LIMITED

H Aldous
Director

A Duquemin
Director

The accompanying notes on pages 13 – 29 form an integral part of these audited financial statements.

SPL TREASURY (AT1) IC LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS
OF PARTICIPATING REDEEMABLE PREFERENCE SHARES
FOR THE YEAR ENDED 31 MARCH 2010

	Notes	2010	2009
		£	£
Net assets attributable to holders of Participating Redeemable Preference Shares at start of year		(150,901)	(1,908,401)
Issue of Participating Redeemable Preference Shares	18	-	5,000,000
Total comprehensive income/(loss) attributable to holders of Participating Redeemable Preference Shares		575,257	(3,242,500)
Net assets attributable to holders of Participating Redeemable Preference Shares at end of year		424,356	(150,901)

The accompanying notes on pages 13 – 29 form an integral part of these audited financial statements.

SPL TREASURY (AT1) IC LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2010

	<u>2010</u>	<u>2009</u>
	£	£
Cash flows from operating activities		
Total comprehensive income/(loss) attributable to holders of Participating Redeemable Preference Shares	575,257	(3,242,500)
<i>Adjusted for:</i>		
Bank interest received	(706)	(99,368)
Decrease/(increase) in receivables	37,648,849	(12,714,595)
Decrease in payables	(1,439,466)	(11,038,122)
Realised profit on sale of investments	-	(50,136)
Unrealised (gain)/loss on investments	(1,677,153)	3,792,247
Discontinued operating activities	-	566,044
Purchase of investments	(3,049,944)	(13,595,232)
Sale proceeds from disposal of investments	22,346,616	2,069,150
Discontinued operating activities	-	123,310,743
Net cash inflow from operating activities	<u>54,403,453</u>	<u>88,998,231</u>
Cash flows from financing activities		
Bank interest received	706	99,368
(Decrease)/increase in borrowings	(57,208,771)	15,762,638
Proceeds from issue of Participating Redeemable Preference Shares	-	5,000,000
Discontinued financing activities	-	(110,672,048)
Net cash outflow from financing activities	<u>(57,208,065)</u>	<u>(89,810,042)</u>
Net decrease in cash and cash equivalents	(2,804,612)	(811,811)
Effect of exchange rate changes during the year	36,686	19,695
Net movement in cash and cash equivalents	<u>(2,767,926)</u>	<u>(792,116)</u>
Cash and cash equivalents at start of year	2,933,727	3,725,843
Cash and cash equivalents at end of year	<u><u>165,801</u></u>	<u><u>2,933,727</u></u>

The accompanying notes on pages 13 – 29 form an integral part of these audited financial statements.

SPL TREASURY (AT1) IC LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2010

1. GENERAL INFORMATION

SPL Treasury (AT1) IC Limited (formerly Arch Treasury IC Limited) (the "Company") is an incorporated cell of SPL Guernsey ICC Limited (formerly Arch Guernsey ICC Limited) (the "ICC"), a closed-ended incorporated cell Company registered with limited liability and domiciled in Guernsey on 21 December 2006 and authorised by the Guernsey Financial Services Commission under the Incorporated Cell Companies Ordinance, 2006. The Company was registered with limited liability on 25 June 2007.

The Company's registered office is at 2nd Floor, No. 1 Le Truchot, St Peter Port, Guernsey, GY1 3JX.

Following the passing of a resolution at the Extraordinary General Meeting ("EGM") held on 28 January 2010, the Investment Manager now manages the Company's portfolio with a view to realising its assets within the shortest period of time consistent with achieving a reasonable realisation price for such assets and with the intention of disposing of all such assets within five years. Realisations are managed, as far as possible, with a view to ensuring regular and consistent distributions of proceeds to Shareholders.

Prior to the EGM held on 28 January 2010, the investment objective of the Company was to provide Shareholders over the medium to long term with capital appreciation through economic exposure to a diverse range of treasury-related investment strategies, employing various risk management techniques selected by the Investment Manager. The investment objectives and policies contained herein will not materially change without the consent of a majority of Shareholders.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance and basis of preparation

The consolidated audited financial statements have been prepared on a going concern basis, under the historical cost convention as modified by the revaluation of investments and assets and liabilities at fair value through profit or loss (where applicable) and in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB"), The Companies (Guernsey) Law 2008, as amended and The Protection of Investors (Bailiwick of Guernsey) Law, 1987.

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from such estimates.

Standards and amendments to existing standards effective on 1 April 2009

IAS 1 (revised), 'Presentation of financial statements'.

The revised standard prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the Statement of Changes in Net Assets Attributable to Holders of Participating Redeemable Preference Shares, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity. All non-owner changes in equity are required to be shown in a performance statement, but entities can choose whether to present one performance statement (the Statement of Comprehensive Income) or two statements (the Income Statement and Statement of Comprehensive Income). Where entities restate or reclassify comparative information, they are required to present a restated Statement of Financial Position as at the beginning of the comparative period in addition to the current requirement to present financial statements of financial position at the end of the current period and comparative period. The Company has applied IAS 1 (Revised) from 1 April 2009 and has elected to present a single Statement of Comprehensive Income. The adoption of this revised standard has not resulted in a significant change to the presentation of the Company's performance statement as the Company has no elements of other comprehensive income.

SPL TREASURY (AT1) IC LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Standards and amendments to existing standards effective on 1 April 2009 (continued)

IAS 32 (amendment), 'Financial instruments: Presentation', and IAS 1 (amendment), 'Presentation of financial statements – Puttable financial instruments and obligations arising on liquidation'.

The amended standards require entities to classify puttable financial instruments, or components of instruments that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation as equity, provided the financial instruments have particular features and meet specific conditions, including that all financial instruments in the class of instruments that is subordinate to all other instruments have identical features. The adoption of these amendments has not resulted in any change in the classification of the Company's Participating Redeemable Preference Shares.

IAS 39 (amendment), 'Financial instruments: Recognition and measurement'.

The amendment was part of the IASB's annual improvement project published in May 2008. The definition of financial asset or financial liability at fair value through profit or loss as it relates to items that are held for trading was amended. This clarifies that a financial asset and financial liability that is part of a portfolio of financial instruments managed together with evidence of an actual pattern of short-term profit taking is included in such a portfolio on initial recognition. Adoption of this amendment did not have a significant impact on the Group's financial statements.

IFRS 7 (amendments), 'Financial instruments: Disclosures'.

The IASB published amendments to IFRS 7 in March 2009. The amendments require enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendments require disclosure of fair value measurements by reference to a three-level fair value measurement hierarchy. In addition, it is clarified that the maturity analysis of liabilities should include issued financial guarantee contracts at the maximum amount at which the guarantee could be called; and secondly requires disclosure of remaining contractual maturities that are essential for the understanding of the timing of the cash flows. An entity has to disclose a maturity analysis of financial assets it holds for managing liquidity risk. The adoption of the amendments results in additional disclosures but does not have an impact on the Group's financial position.

IFRS 8, 'Operating Segments'.

This standard is effective for accounting periods beginning on or after 1 January 2009, it requires disclosure of information about the Group's operating segments and replaced the requirement to determine primary (business) and secondary (geographical) reporting segments of the Company. For management purposes, the Company is organised into one business unit. The Company determined that this operating segment was the same as the business segment previously identified under IAS 14, Segment Reporting.

Standards, amendments and interpretations effective on 1 April 2009 but not relevant

IAS 23 (amendment), 'Borrowing costs'

IAS 39 and IFRIC 9 (amendments), 'Embedded derivatives' (effective for all periods ending on or after 30 June 2009)

IAS 39 and IFRS 7 (amendments), 'Reclassification of financial assets'

IFRS 1 (amendment), 'First time adoption of IFRS', and IAS 27, 'Consolidated and separate financial statements'

IFRIC 9 (amendment), 'Reassessment of Embedded Derivatives'

IFRIC 13, 'Customer Loyalty Programmes'

IFRIC 15, 'Agreements for construction of real estate'

IFRIC 16, 'Hedges of a Net Investment in a Foreign Operation'

IFRIC 18, 'Transfer of Assets from Customers'

SPL TREASURY (AT1) IC LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Improvements to IFRS

In May 2008, the IASB issued its first omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions for each standard. The amendments to the following standards did not have any impact on the accounting policies, financial position or performance of the Company:

- IFRS 5, 'Non-current Assets Held for Sale and Discontinued Operations: Plan to sell the controlling interest in a subsidiary'
- IFRS 7, 'Financial Instruments Disclosures: Presentation of finance costs'
- IAS 1, 'Presentation of Financial Statements: Current/non-current classification of derivatives'
- IAS 8, 'Accounting Policies, Change in Accounting Estimates and Errors: Status of implementation guidance'
- IAS 10, 'Events after the Reporting Period: Dividends declared after the end of the reporting period'
- IAS 16, 'Property, Plant and Equipment: Recoverable amount'
- IAS 16, 'Property, Plant and Equipment: Sale of assets held for rental'
- IAS 18, 'Revenue: Costs of originating loan'
- IAS 19, 'Employee Benefits: Curtailments and negative past service costs'
- IAS 19, 'Employee Benefits: Plan administration costs'
- IAS 19, 'Employee Benefits: Replacement of the term "fall due"'
- IAS 19, 'Employee Benefits: Guidance on contingent liability'
- IAS 20, 'Accounting for Government Grants and Disclosures of Government Assistance: Government loans with a below-market rate of interest'
- IAS 20, 'Accounting for Government Grants and Disclosures of Government Assistance: Consistency of terminology with other IFRS'
- IAS 23, 'Borrowing Costs: Components of borrowing costs'
- IAS 27, 'Consolidated and Separate Financial Statements: Measurement of subsidiary held for sale in separate financial statements'
- IAS 28, 'Investment in Associates: Required disclosures when investments in associates are accounted for at fair value through profit or loss'
- IAS 28, 'Investment in Associates: Impairment of investment in associate'
- IAS 29, 'Financial Reporting in Hyperinflationary Economies: Description of measurement basis in financial statements'
- IAS 29, 'Financial Reporting in Hyperinflationary Economies: Consistency of terminology with other IFRS'
- IAS 31, 'Interest in Joint Ventures: Required disclosures when interests in jointly controlled entities are accounted for at fair value through profit or loss'
- IAS 34, 'Interim Financial Reporting: Earnings per share disclosures in interim financial reporting'
- IAS 36, 'Impairment of Assets: Disclosure of estimates used to determine recoverable amount'
- IAS 38, 'Intangible Assets: Advertising and promotional activities'
- IAS 38, 'Intangible Assets: Unit of production method of amortisation'
- IAS 39, 'Financial Instruments: Recognition and Measurement: Reclassification of derivatives into or out of the classification of at fair value through profit or loss'
- IAS 39, 'Financial Instruments: Recognition and Measurement: Designation and documentation of hedges at the segment level'
- IAS 39, 'Financial Instruments: Recognition and Measurement: Applicable effective interest rate on cessation of fair value hedge accounting'
- IAS 40, 'Investment Property: Property under construction or development for future use as investment property'
- IAS 40, 'Investment Property: Consistency of terminology with IAS 8, investment property held under lease'
- IAS 41, 'Agriculture: Discount rate for fair value calculations'

SPL TREASURY (AT1) IC LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Improvements to IFRS (continued)

IAS 41, 'Agriculture: Additional biological transformations'

IAS 41, 'Agriculture: Examples of agricultural produce and products, point of sale costs'

In April 2009, the IASB issued a second omnibus of amendments to its standards and interpretations. The following amendment did not have any impact on the accounting policies, financial position or performance of the Company:

IAS 18, 'Revenue: Determining whether an entity is acting as a principal or as an agent'

New standards and interpretations not applied

The IASB has issued/revised the following relevant standards and interpretations with an effective date after the date of these financial statements:

International Accounting Standards (IAS/IFRS)

IAS 1, 'Presentation of Financial Statements' (revised April 2009 and effective for annual periods beginning on or after 1 January 2010)

IAS 7, 'Statement of Cash flows' (revised April 2009 and effective for annual periods beginning on or after 1 January 2010)

IAS 17, 'Leases' (revised April 2009 and effective for annual periods beginning on or after 1 January 2010)

IAS 24, 'Related Party Disclosures' (revised November 2009 and effective for annual periods beginning on or after 1 January 2011)

IAS 27, 'Consolidated and Separate Financial Statements' (revised May 2008 and effective for annual periods beginning on or after 1 July 2009)

IAS 32, 'Financial Instruments: Presentation' (revised 2009 and effective for annual periods beginning on or after 1 February 2010)

IAS 36, 'Impairment of Assets' (revised April 2009 and effective for annual periods beginning on or after 1 January 2010)

IAS 38, 'Intangible Assets' (revised April 2009 and effective for annual periods beginning on or after 1 July 2009)

IAS 39, 'Financial Instruments: Recognition and Measurement' (revised July 2008 and effective for annual periods beginning on or after 1 July 2009)

IFRS 1, 'First time adoption of International Financial Reporting Standards' (revised July 2009 and January 2010 and effective for annual periods beginning on or after 1 July 2010)

IFRS 2, 'Share-based Payment' (revised April 2009 and July 2009 and effective for annual periods beginning on or after 1 January 2010)

IFRS 3, 'Business Combinations' (revised January 2008 and April 2009 and effective for annual periods beginning on or after 1 July 2009)

IFRS 5, 'Non-current Assets Held for Sale and Discontinued Operations' (revised April 2009 and effective for annual periods beginning on or after 1 January 2010)

IFRS 8, 'Operating Segments' (revised April 2009 and effective for annual periods beginning on or after 1 January 2010)

IFRS 9, 'Financial Instruments – Classification and Measurement' (revised November 2009 and effective for annual periods beginning on or after 1 January 2013)

IFRIC 14, 'IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction' (effective January 2011)

IFRIC 17, 'Distributions of Non-Cash Assets to Owners' (issued November 2008 and effective for annual periods beginning on or after 1 July 2009)

IFRIC 18, 'Transfers of Assets from Customers' (Transfers received on or after 1 July 2009)

IFRIC 19, 'Extinguishing Financial Liabilities with Equity Instruments' (effective for annual periods beginning on or after 1 July 2010)

SPL TREASURY (AT1) IC LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Directors have chosen not to early adopt the above standards and interpretations and they do not anticipate that they would have a material impact on the Company's financial statements in the period of initial application.

Consolidation

Subsidiary undertakings are all entities over which the Group has the power to govern the financial and operating policies of the subsidiary and therefore exercises control. The existence and effect of both current voting rights and potential voting rights that are currently exercisable or convertible are considered when assessing whether control of an entity is exercised. Subsidiaries are consolidated from the date at which the Group obtains the relevant level of control and are de-consolidated from the date at which control ceases.

The acquisition method of accounting is used for all business combinations. On acquisition, the assets, liabilities and contingent liabilities of the subsidiary are measured at their fair values. The cost of the business combination is measured at the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Any excess of the cost of the combination over the fair value of the Group's share of the identifiable net assets is recorded as goodwill. If the cost of the combination is less than the fair value of the Group's share of the identifiable net assets acquired, the difference is credited to the statement of comprehensive income in the period of acquisition.

When payment of part of the cost of the combination is contingent on future events, for instance future profit streams of the subsidiary acquired, a provision is recognised at the date of acquisition if it is thought probable that such events will be achieved, and the cost of the combination increased accordingly. The provision is recognised at its fair value, discounted to recognise the effect of the time value of money. The discount is released over the period over which the future events are assessed such that at the date of payment the provision is equal to the amount of deferred consideration to be paid. The provision is assessed at each reporting date and adjusted if expectations of the amount payable have changed.

Inter-company transactions and balances between Group companies are eliminated on consolidation.

Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation but are instead tested annually for impairment and are subject to additional impairment testing of events or changes in circumstances which indicate that the carrying amount of the asset may not be recoverable.

Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. A review for indicators of impairment is performed annually. An impairment loss is recognised for the amount by which the asset's carrying value less costs to sell differs from its cost. Any impairment charge is recognised in the statement of comprehensive income in the year in which it occurs. When an impairment loss, other than an impairment loss on goodwill, subsequently reverses due to change in the original estimate, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, up to the carrying amount that would have resulted, net of depreciation, had no impairment loss been recognised for the asset in prior years.

SPL TREASURY (AT1) IC LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Assets

The Fund classifies its investments at fair value through profit or loss when fair value can be reliably measured. The Directors consider that fair values can be reliably measured when it would be possible to redeem an investment at either the published net asset value or, if this is not available, the latest estimate of net asset value from the administrator or manager of the investment.

When it is no longer possible to redeem an investment at its net asset value, whether due to suspension of redemptions, liquidation or otherwise, the Directors consider whether net asset value is a reliable estimate of fair value. In circumstances where it is not, the investment is included in the financial statements at the most recent net asset value at which it could have been redeemed. This amount is deemed to be a new cost for the investment. The Directors review such cost for subsequent impairments, and reduce the carrying value accordingly.

Impairment arises if subsequent published or estimated net asset values are lower than deemed cost or other information becomes available that indicates that the Fund will not be able to recover the carrying value of the investment. Impairments and reversals thereof on investments are included in the Statement of Comprehensive Income.

The Directors identify fair values and impairments to carrying values based upon the latest information available to the Fund by the fund manager or administrator of the funds held in the Fund's investment portfolio. The valuation date of such funds may not always be coterminous with the reporting date of the Fund and, in such cases, fair value adjustments and impairments or impairment reversals are based on the most recent valuation date of the funds. The net asset values reported by the fund manager or administrator may be unaudited and may differ from the amounts which would have been realised from a redemption of the investment in the relevant fund as, in some cases, the notified net asset values are based on estimates. The Directors may make adjustments to the notified net asset values where it is deemed appropriate to do so after considering the circumstances of the funds held. Further information can be found under 'Significant Estimates and Judgements' in note 10.

Cash and Cash Equivalents

Cash and cash equivalents are defined as cash in hand, demand deposits and highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value. For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash in hand and deposits in bank.

Borrowings

Interest-bearing borrowings are recognised initially at fair value, net of any transaction costs incurred. Borrowings are subsequently stated at amortised cost using a straight line method to apportion transactions costs over the term of the individual borrowings. The effective interest method is not used due to the fact that all the Group's borrowings incur variable interest rates such that it is impossible to accurately determine the effective rate. Borrowing interest costs are therefore recognised in the Statement of Comprehensive Income as and when they are incurred. This is a departure from the requirements of IAS 39.

All borrowings are classified as current unless the Group has an unconditional right to defer payment of the borrowings until at least twelve months from the year end date.

Provisions

Provisions are recognised in the statement of financial position where there is a legal or constructive obligation to transfer economic benefits as a result of a past event. Provisions are discounted using a rate which reflects the effect of the time value of money and the risks specific to the obligation, where the effect of discounting is material.

SPL TREASURY (AT1) IC LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Functional and Presentation Currency

The performance of the Company is measured and reported to investors in Sterling. The Directors consider Sterling as the currency that most accurately represents the economic effects of the underlying transactions, events and conditions. The financial statements are presented in Sterling, which is the Company's functional and presentation currency.

Foreign Currency

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income. Translation differences on non-monetary financial assets and liabilities, such as financial assets at fair value through profit or loss, are recognised in the Statement of Comprehensive Income.

Forward foreign currency contracts are treated as derivative contracts and as such are recognised at fair value on the date on which they are entered into and subsequently re-measured at their fair value. Fair value is determined by rates in active currency markets. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

Participating Redeemable Preference Shares

The Company is closed-ended and therefore Shareholders will not be entitled to require the Company to redeem their shares at any time. Accordingly the Participating Redeemable Preference Shares have been classified as equity in accordance with IAS 32 'Financial Instruments: Presentation'.

Segmental Reporting

The Directors are of the opinion that the Company is engaged in a single business segment, being investment in private finance.

Financial Assets and Liabilities

The financial assets and liabilities of the Company are defined as investments, cash and cash equivalents, other receivables and payables and gain/loss on forward foreign currency contracts. The currency exposure of the Company's net financial assets is disclosed in note 16.

Significant Estimates and Judgements

The Directors make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are set out in note 10.

SPL TREASURY (AT1) IC LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income and Expenses

Bank interest and investment interest are recognised on a time-proportionate basis using the effective interest rate method.

Other income is the value of rents receivable on tenanted residential and commercial properties. Revenue is recognised in accordance with the terms of contracts entered into with tenants.

Expenses are recognised on an accruals basis.

3. TAXATION

The Income Tax Authority of Guernsey has granted the Company exemption from Guernsey income tax under the Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989 and the income of the Company may be distributed or accumulated without deduction of Guernsey income tax. Exemption under the above mentioned Ordinance entails payment by the Company of an annual fee of £600 for each year in which the exemption is claimed. It should be noted, however, that interest and dividend income accruing from the Company's investments may be subject to withholding tax in the country of origin.

The Company has not suffered any withholding tax in the year on its direct investments, although withholding tax may have been suffered within certain investments held by the Company.

4. MATERIAL AGREEMENTS

The Company is responsible for the continuing fees of the Administrator, the Custodian and the Investment Manager in accordance with the Administration and Custodian Agreements dated 10 July 2007 and the Investment Management Agreement dated 1 December 2009.

Administration Fees

Until its resignation on 1 August 2010 the Administrator was entitled to receive a fee calculated by reference to the NAV of the ICC according to the following schedule and subject to a minimum fee for the ICC of £40,000 per annum, pro rated by reference to the Company's NAV:

<u>Net Asset Value Range</u>	<u>Relevant % of NAV</u>
£0 million < £50 million	0.16%
£50 million < £100 million	0.13%
>£100 million	0.11%

Custodian Fees

Pursuant to the provisions of the Custodian Agreement, MeesPierson (C.I.) Limited is entitled to receive 0.075% per annum of the NAV of the Company, subject to a minimum annual fee of £6,000. Following discussions with the Custodian, it was agreed that no Custodian fees would be payable by the Fund and the balance of accrued fees was written off in the year.

SPL TREASURY (AT1) IC LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2010

5. RELATED PARTIES AND RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. During the year, business relationships existed between Directors of the Company and other parties to the Company.

Administration Fees

Neal Meader and Peter Radford, who were Directors of the Company during the year until their resignations on 28 January 2010, are directors of Bordeaux Services (Guernsey) Limited, the former Administrator.

In the year ended 31 March 2010, administration fees totalling £nil (31 March 2009: £5,544) were due to Bordeaux Services (Guernsey) Limited. As at 31 March 2010 the administration fee payable was £nil (31 March 2009: £1,321).

6. DIRECTORS' FEES

The Company's former Directors, Robert Addison, Neal Meader and Peter Radford were each entitled to receive an annual Director's fee of £5,000 for the ICC and its Cells which was pro rated by reference to the Company's NAV. Robert Addison had agreed to waive his fee.

The new Directors, Hugh Aldous, Andrew Duquemin, William Scott and Christopher Harris are each entitled to receive an annual Director's fee of £80,000 for the ICC and its Cells. In addition, Hugh Aldous is entitled to receive £25,000 as Chairman and Andrew Duquemin and William Scott are entitled to receive £15,000 each as Chairman of the Audit Committee and the Risk Committee respectively. All such fees shall be pro rated by reference to the Group's NAV. No directors' fees were charged to the Company for the year ended 31 March 2010 (31 March 2009: £114) with Directors' fees payable at 31 March 2010 of £nil (31 March 2009: £77).

No bonus or pension contributions were paid or payable on behalf of the Directors. None of the Directors have any interests in the share capital of the Company.

The Directors are also entitled to be reimbursed for reasonable travel and accommodation expenses incurred by them in connection with their attendance at meetings in relation to the ICC and the Company.

7. DIVIDENDS PAID

No interim dividends were paid in respect of the year (2009: nil). The Directors do not propose the payment of a final dividend (2009: nil).

8. EARNINGS PER PARTICIPATING REDEEMABLE PREFERENCE SHARE

Basic and diluted

The earnings per Participating Redeemable Preference Share ("Share") are based on net profit of £575,257 (2009: loss of £3,242,500) and on a weighted average number of Shares in issue throughout the year of 5,287,863 (2009: 3,650,799).

SPL TREASURY (AT1) IC LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2010

9. FINANCIAL ASSETS

	2010	2009
	£	£
Investments		
Cost at start of year	21,449,262	9,873,044
Purchases	3,049,944	13,595,232
Disposals	(22,346,616)	(2,069,150)
Realised gains on disposals	-	50,136
Cost at end of year	2,152,590	21,449,262
Unrealised loss on investments	(2,072,109)	(3,749,262)
Investments at end of year	80,481	17,700,000

Prior to the re-classification of investments from "fair value through profit or loss" to "cost less impairment", all of the investments would have been classified as Level 3 under IFRS 7's fair value hierarchy.

10. SIGNIFICANT ESTIMATES AND JUDGEMENTS

The preparation of financial statements involves the use of estimates and judgements. The principal estimates and judgements in the Fund's financial statements involve the classification of investments between those that are measured at fair value and those that are measured at deemed cost less impairment and the estimation of impairment for those that are measured at deemed cost less impairment. There is no active market for such investments and fair value cannot be reliably measured. Consequently the estimation of impairment and carrying value involves judgement. The Directors use the most recent net asset value including those post year end as a basis for assessing impairment. They also consider the underlying assets of the Fund's investments including the extent to which they are fair valued. These assessments are often based on unaudited information as financial statements for the Fund's investments are not generally available at the time of completion of the Fund's own financial statements and material information about the assets and liabilities of the Fund's investments may not have come to light at the time. Equally, changes in market conditions generally and in relation to specific investments may cause recoverable amounts to be different to those estimated by the Directors. These conditions give rise to material uncertainty about the recoverable amounts of the Fund's investments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2010

11. OTHER RECEIVABLES AND PREPAYMENTS

	2010	2009
	£	£
<i>Non-current</i>		
Loans receivable	6,517,111	73,534,841
<i>Current</i>		
Loans receivable	32,196,938	1,349,951
Loan interest receivable	-	1,473,109
Sundry debtors	-	4,997
	32,196,938	2,828,057

The loans have variable interest rates ranging from 0% to 20% and variable repayment dates up to but not exceeding 2022. The loans, excluding £879,899 which is unsecured, are secured on a range of shipping vessels.

12. SUBSIDIARIES, ACQUISITIONS AND DISPOSALS

Direct holdings

At 31 March 2010, SPL Treasury (AT1) IC Limited owned 100% of the share capital in the following SPV'S:

	Country of registration or incorporation	Principal Activity	Shares held	
			Class	%
Savile AD10 Limited	Guernsey	Asset holding	Ordinary	100
Anchor Limited	Guernsey	Asset holding	Ordinary	100

Disposals

During the year ended 31 March 2010, there were no disposal on investments (31 March 2009: Disposal of 100% ownership in the Lonscale Group).

13. OTHER PAYABLES

	2010	2009
	£	£
Administration fees	-	1,321
Custodian fees	-	11,457
Audit fees	6,304	20,000
Directors' fees	-	77
Other payables	101,313	5,503
Loan interest payable	-	1,508,725
	107,617	1,547,083

SPL TREASURY (AT1) IC LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2010

14. BORROWINGS

	<u>2010</u>	<u>2009</u>
	£	£
<i>Current</i>		
Other loans	<u>32,196,938</u>	<u>1,349,951</u>
<i>Non-current</i>		
Other loans	<u>6,231,418</u>	<u>94,287,176</u>

Non-current loan notes amounting to £6,231,418 (31 March 2009: £94,287,176) have variable maturity dates that can be extended or shortened by the Company. The borrowings are all with other cells within the ICC and have variable interest rates ranging from 0% to 20% and variable repayment dates up to but not exceeding 2022. The borrowings, excluding £879,899, are asset linked but not secured.

15. FINANCE COSTS

	<u>2010</u>	<u>2009</u>
	£	£
Interest on loan notes	<u>678,108</u>	<u>9,085,113</u>

16. FINANCIAL RISK MANAGEMENT

The Company is exposed to a number of financial risks, including market risk (which includes price risk, currency risk and interest rate risk), credit risk and liquidity risk arising from the financial instruments it holds. Risk management procedures are in place to minimise the Company's exposure to these financial risks in order to create and protect shareholder value.

Risk management structure

The Investment Manager is responsible for identifying and controlling risks. The Board of Directors supervises the Investment Manager and is ultimately responsible for the overall risk management approach within the Group.

Concentration indicates the relative sensitivity of the Group's performance to developments affecting a particular industry or geographical location. Concentrations of risk arise when a number of financial instruments or contracts are entered into with the same counterparty, or where a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of liquidity risk may arise from the repayment terms of financial liabilities, sources of borrowing facilities or reliance on a particular market in which to realise liquid assets. Concentrations of foreign exchange risk may arise if the Company has a significant net open position in a single foreign currency, or aggregate net open positions in several currencies that tend to move together.

Market Risk

(i) Price Risk

Price risk exposure arises from the uncertainty about future prices of financial instruments held. It represents the potential loss that the Company may suffer through holding market positions in the face of price movements. All investments present a risk of loss of capital. The price risk for the Company has been amplified as its investments are illiquid. Although the Investment Manager has not been able to fully mitigate the price risk, as the investment portfolio is in realisation, the investments are managed with a view to being sold as and when a fair price can be achieved.

At 31 March 2010, if market prices had moved by 5% with all other variables remaining constant, the change in net assets attributable to holders of Participating Redeemable Preference Shares for the year would amount to approximately +/- £2,349 (31 March 2009: +/- £885,000). The maximum price risk resulting from financial instruments is equal to the carrying value of the financial instruments.

SPL TREASURY (AT1) IC LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2010

16. FINANCIAL RISK MANAGEMENT (continued)

(ii) Foreign Currency Risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Company's functional currency.

The Company monitors its exposure to foreign exchange rates and adopts hedging techniques as required to minimise these exposures.

As at 31 March 2010 a proportion of the net financial assets/(liabilities) (defined in note 2) of the Company are denominated in currencies other than Sterling as follows:

	2010	2009
	£	£
Sterling	105,533	6,109,419
US Dollars	286,690	(6,396,406)
Euro	23	136,086
Net financial assets attributable to holders of Participating Redeemable Preference Shares	392,246	(150,901)

The Company's currency exposures to Euro and US Dollars, noted above, are shown after taking into account the effect of currency hedging. The Company has engaged in currency hedging to reduce its exposure to fluctuations in the foreign exchange rate of Sterling to both Euro and US Dollars. Please refer to note 17 for further details of the Company's currency hedging arrangements. The hedging arrangements are not an effective hedge as defined by IAS 39.

At 31 March 2010, if exchange rates of both Euro and US Dollars had strengthened/weakened by 5% against Sterling with all other variables remaining constant, the increase/(decrease) in net assets attributable to holders of Participating Redeemable Preference Shares for the year would amount to approximately £(13,653)/£15,090 (31 March 2009: £298,110 / (£329,491)).

(iii) Interest Rate Risk

The Company is exposed to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial instruments and cash flow. Bonds, cash and cash equivalents are the only interest bearing financial instruments.

The Investment Manager manages the Company's exposure to interest rate risk, paying heed to prevailing interest rates and economic conditions, market expectations and its own views as to likely moves in interest rates.

31 March 2010	Fixed interest	Variable interest	Non-interest bearing	Total
Assets	£	£	£	£
Financial assets	-	-	80,481	80,481
Other receivables	38,714,049	-	-	38,714,049
Cash and cash equivalents	-	165,801	-	165,801
Total Assets	38,714,049	165,801	80,481	38,960,331
Liabilities				
Other payables	-	-	107,617	107,617
Borrowings	38,428,356	-	-	38,428,356
Total Liabilities	38,428,356	-	107,617	38,535,973
Total interest sensitivity gap	285,693	165,801	(27,136)	424,358

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2010

16. FINANCIAL RISK MANAGEMENT (continued)

(iii) Interest Rate Risk (continued)

31 March 2009	Fixed interest	Variable interest	Non-interest bearing	Total
	£	£	£	£
Assets				
Financial assets at fair value through profit or loss	-	-	17,700,000	17,700,000
Forward foreign exchange contracts	-	-	36,686	36,686
Other receivables and prepayments	74,884,792	-	1,478,106	76,362,898
Cash and cash equivalents	-	2,933,727	-	2,933,727
Total Assets	74,884,792	2,933,727	19,214,792	97,033,311
Liabilities				
Other payables	-	-	1,547,083	1,547,083
Borrowings	77,939,630	-	17,697,497	95,637,127
Total Liabilities	77,939,630	-	19,244,580	97,184,210
Total interest sensitivity gap	(3,054,838)	2,933,727	(29,788)	(150,899)

At 31 March 2010, if interest rates had moved by 50 basis points on variable interest rate balances with all other variables remaining constant, the change in net assets attributable to holders of Participating Redeemable Preference Shares for the year would have amounted to approximately +/-£829 (31 March 2009: +/- £14,669), arising substantially from cash and cash equivalents.

Credit Risk

Credit risk is the risk that an issuer or counterparty will be unable or unwilling to meet a commitment that it has entered into with the Company. The investments of the Company are determined by the Investment Manager in accordance with the criteria set out in the Company's scheme particulars. Impairment provisions are provided for losses that have been incurred by the financial reporting date, if any. The Company's maximum credit exposure is limited to the carrying amount of financial assets recognised at the financial reporting date which amounted to £38,960,331 (31 March 2009: £97,033,311).

Liquidity Risk

The Group's objective is to maintain a balance between the availability of sufficient continued funding and flexibility through the use of bank and other lender finance by means of overdraft facilities, loan facilities and mortgage facilities. The Directors monitor monthly forecasts of the Group's expected cash flows to ensure that a sufficiently liquid position is maintained.

The loan maturity profile of the Group is as follows:

	2010	2009
	£	£
Loans due in:		
Less than one year	32,196,938	1,349,951
One to two years	5,255,382	2,021,176
Two to five years	976,036	92,266,000
	38,428,356	95,637,127

At 31 March 2010 the Group had total undrawn borrowings facilities of £ nil (31 March 2009: £ nil).

SPL TREASURY (AT1) IC LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2010

17. FORWARD CURRENCY CONTRACTS

As at 31 March 2010, there were no outstanding forward currency contracts.

As at 31 March 2009, outstanding forward currency contracts were held as set out below:

Purchase Currency	Contractual Amount	Sale Currency	Contractual Amount	Maturity Date	Unrealised Loss
					£
EUR	10,211,485	GBP	9,500,000	15 May 2008	27,311
EUR	2,043,043	GBP	1,900,000	15 May 2008	5,073
USD	500,000	GBP	353,357	16 June 2008	4,302
					36,686

The above forward currency contracts were held for the purposes of currency hedging.

18. SHARE CAPITAL

	2010	2009
	£	£
Authorised Share		
2 Management Shares of £1 each	2	2
Unlimited unclassified Shares of no par value that may be issued as Participating Redeemable Preference Shares	5,287,863	5,287,863
	5,287,865	5,287,865

The principal rights attaching to the shares are as follows:

(i) *Management Shares:*

The Management Shares exist to comply with The Companies (Guernsey) Law, 2008 as amended, which requires that the Participating Redeemable Preference Shares have preference over another class of capital in order to be redeemable. The Management Shares can only be issued at par and are owned by the Investment Manager.

The Management Shares confer upon the holders thereof the right in a winding-up to the repayment of the amount paid up on the Management Shares but confer no further or other right to participate in the profits or assets of the Company. Accordingly, Management Shares will not entitle the holders thereof to receive any dividends nor do they carry any voting rights whilst Participating Redeemable Preference Shares are in issue.

The issued Management Shares are as follows:

	2010	2010	2009	2009
	No.	£	No.	£
At end of year	2	2	2	2

(ii) *Participating Redeemable Preference Shares:*

In a winding-up, the holders of Participating Redeemable Preference Shares have the right to receive surplus assets available for distribution after repayment of the nominal amounts paid up on the Management Shares.

The Participating Redeemable Preference Shares confer the right to dividends. At General Meetings, on a poll, every holder is entitled to one vote in respect of each Participating Redeemable Preference Share held.

The Company is authorised to create three classes of Participating Redeemable Preference Shares, designated Dollar Shares, Euro Shares and Sterling Shares, each of which is denominated in the specified currency and which rank pari passu to each other. Each Share Class would hold an undivided share in a single portfolio of assets held by the Company but may have certain assets or liabilities attributable solely to the Share Class, such assets and liabilities to include, but not be limited to, forward foreign exchange agreements utilised by the Investment Manager for currency hedging purposes. At 31 March 2010, only shares in the Sterling Class had been issued.

SPL TREASURY (AT1) IC LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2010

18. SHARE CAPITAL (continued)

The issued Participating Redeemable Preference Shares (£ Class) are as follows:

	2010	2010	2009	2009
	No.	£	No.	£
At start of year	5,287,863	(150,901)	814,998	(1,908,401)
Issued	-	-	4,472,865	5,000,000
Profit/(loss) attributable to holders of Participating Redeemable Preference Shares	-	575,257	-	(3,242,500)
At end of year	5,287,863	424,356	5,287,863	(150,901)

19. CAPITAL RISK MANAGEMENT

The Company's capital risk management objectives are to ensure that the Company is able to continue as a going concern, and to maximise the income and return on capital to holders of Participating Redeemable Preference Shares. The Company is not subject to any externally imposed capital requirements.

The Company is closed-ended and the Participating Redeemable Preference Shares are not redeemable at the instance of Shareholders. The table below shows the capital structure as at 31 March 2010.

Year ended 31 March 2010	Brought forward	Issues/ increase	Redemptions/ decrease	Carried forward
	£	£	£	£
Participating Redeemable Preference Shares	6,000,000	-	-	6,000,000
Management Shares	2	-	-	2
Distributable reserves	(6,150,901)	-	575,257	(5,575,644)
	(150,899)	-	575,257	424,358
Year ended 31 March 2009	Brought forward	Issues/ increase	Redemptions/ decrease	Carried forward
	£	£	£	£
Participating Redeemable Preference Shares	1,000,000	5,000,000	-	6,000,000
Management Shares	2	-	-	2
Distributable reserves	(2,908,401)	-	(3,242,500)	(6,150,901)
	(1,908,399)	5,000,000	(3,242,500)	(150,899)

The capital structure shows that the investment objective of the Company is being met entirely out of equity, as the Company is not leveraged.

20. SEGMENTAL INFORMATION

For management purposes, the Company is organised into one main operating segment, which invests in equity securities and debt instruments. All of the Company's activities are interrelated, and each activity is dependent on the others. Accordingly, all significant operating decisions are based upon analysis of the Company as one segment. The financial results from this segment are equivalent to the financial results of the Company as a whole.

21. CONTINGENT LIABILITIES

At 31 March 2010 there were no contingent liabilities (2009: nil).

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2010

22. COLLATERAL

The loans given by the Group are secured with various rights over mortgages, assignments of insurance, share pledges, warranties and corporate and personal guarantees.

23. EVENTS AFTER THE FINANCIAL REPORTING DATE

With effect from 1 August 2010, Bordeaux Services (Guernsey) Limited resigned as Administrator to the Company and Elysium Fund Management Limited was appointed in its place.