

SPL ARL PRIVATE FINANCE (PF5) IC LIMITED
(formerly ARL PRIVATE FINANCE IC LIMITED)
HALF YEARLY REPORT AND
UNAUDITED CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED
30 SEPTEMBER 2009

**SPL ARL PRIVATE FINANCE (PF5) IC LIMITED
FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2009**

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SPL ARL PRIVATE FINANCE (PF5) IC LIMITED
DIRECTORY

Registered Office of the Company	Bordeaux Court Les Echelons St. Peter Port Guernsey GY1 6AW
Directors of the Company	Hugh Aldous - Chairman (appointed on 31 December 2009) Andrew Duquemin (appointed on 31 December 2009) William Scott (appointed on 31 December 2009) Neal Meader (resigned on 28 January 2010) Peter Radford (resigned on 28 January 2010) Robert Addison (resigned on 31 December 2009)
Investment Manager	Spearpoint Limited (appointed on 1 December 2009) Yorkshire House Le Truchot St. Peter Port Guernsey GY1 4PH Arch Financial Products LLP (resigned on 1 December 2009) 7 Savile Row Mayfair London W1S 3PE
Custodian and Bankers	MeesPierson (C.I.) Limited PO Box 119 Martello Court St. Peter Port Guernsey GY1 3QJ
Auditors	Moore Stephens Town Mills South La Rue du Pre St. Peter Port Guernsey GY1 3HZ
Administrator, Secretary and Listing Sponsor	Bordeaux Services (Guernsey) Limited Bordeaux Court Les Echelons St. Peter Port Guernsey GY1 6AW
Lawyers	Carey Olsen Carey House Les Banques St. Peter Port Guernsey GY1 4BZ
Company Registration Number	47352

SPL ARL PRIVATE FINANCE (PF5) IC LIMITED
CHAIRMAN'S STATEMENT
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2009

On 31st December 2009 the Company, and its holding company SPL Guernsey ICC Limited (formerly Arch Guernsey ICC Limited), appointed three new directors, Andrew Duquemin, Bill Scott and myself and Robert Addison resigned. Peter Radford and Neal Meader resigned on 28th January 2010. It is therefore my duty as Chairman of the board of the Company to present the Report and Accounts for the six months to 30th September 2009. Although these are unaudited, the audit of the accounts to 31st March 2009 was only completed at the end of December 2009 and the administrators have reflected the relevant audit adjustments to those accounts in these 6 month accounts.

On 1st December 2009 Spearpoint Limited (“Spearpoint”) an independent investment management firm regulated by the Guernsey Financial Services Commission and the Jersey Financial Services Commission, was appointed as investment manager of the funds of the Company and of the funds of all cells within SPL Guernsey ICC Limited. Your board’s intention, and as directors of the board of the holding company, is that the assets of your Company should now be managed so as to achieve value for shareholders through an orderly realisation. It is also the board’s intention that communication with shareholders should be greatly improved and to that end factsheets on the Company’s investments, and on all the other active cells of the holding company, have been prepared by Spearpoint and have already been made available prior to the completion of these Report and Accounts. The latest factual information on the Company’s investments is therefore contained in its factsheet.

The boards also called Extraordinary General Meetings for the majority of the cells within SPL Guernsey ICC Limited which were held in Guernsey on 28th January 2010 for the principal purpose of obtaining shareholder approval for the change of objectives to an orderly realisation of assets and a change of name to SPL Secured Venture Finance (PF6) IC Limited. Those resolutions were passed.

From 1st February 2010 the Company will have a redesigned website on which regular factsheets will be posted.

To a large extent therefore, events have overtaken these half year Report and Accounts to 30th September 2009. The Fund’s new managers, Spearpoint, have provided a manager’s review but that usefully looks forward rather than trying to interpret the thinking of the previous managers, Arch Financial Products LLP. It is both the board’s and Spearpoint’s intention that factsheets on the Company’s investments should be published every two months and we give shareholders a commitment to greatly improved communication in future.

Hugh Aldous
Chairman
29 January 2010

SPL ARL PRIVATE FINANCE (PF5) IC LIMITED
DIRECTORS' REPORT
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2009

The Directors of SPL ARL Private Finance (PF5) IC Limited (formerly ARL Private Finance IC Limited) ("the Fund") are pleased to submit their half yearly report and unaudited condensed financial statements for the six month period ended 30 September 2009.

THE FUND

The Fund is an incorporated cell of SPL Guernsey ICC Limited (formerly Arch Guernsey ICC Limited) ("the ICC"), a closed-end 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 Fund was registered with limited liability on 13 July 2007.

The Fund has created three classes of 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 will hold an undivided share in a single portfolio of assets held by the Fund 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 Manager for currency hedging purposes. At the date of these accounts only shares in the Sterling class had been issued.

INVESTMENT OBJECTIVE

Following the resolution passed at the EGM held on 28 January 2010, the Investment Manager will manage the Fund'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 5 years. Realisations will be managed, as far as possible, with a view to ensuring regular and consistent distributions of proceeds to Shareholders.

The former objective of the Fund was to provide Shareholders with capital appreciation over the medium to long term through an economic exposure to a diverse range of investments in private finance.

RESULTS AND DIVIDENDS

The results for the period are shown on page 9.

The Directors do not recommend the payment of a dividend for the period.

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 and served as a Director throughout the period, resigned as a Director on 31 December 2009. Neal Meader and Peter Radford, who were appointed as Directors on incorporation of the Company and served as Directors throughout the period, resigned as Directors on 28 January 2010. Hugh Aldous, Andrew Duquemin and William Scott were appointed as Directors on 31 December 2009.

During the period business relationships existed between the Directors of the Fund and Related Parties to the Fund. These relationships are detailed in note 3, of the financial statements.

SPL ARL PRIVATE FINANCE (PF5) IC LIMITED
DIRECTORS' REPORT (continued)
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2009

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing these half yearly unaudited condensed financial statements and are

- prepare the half yearly unaudited condensed financial statements in accordance with International Accounting Standard 34: Interim Financial Reporting;
- include a fair review of important events that have occurred during the six month period, and their impact on the half yearly unaudited condensed financial statements, together with a description of the principal risks and uncertainties of the Fund for the remaining six months of the financial year, as detailed in the Investment Manager's Report, and, where there were no changes, in the notes to the financial statements for the year ended 31 March 2009; and
- include a fair review of related party transactions that have taken place during the six month period which have had a material effect on the financial position or performance of the Fund, together with disclosure of any changes in related party transactions in the last annual financial statements which have had a material affect on the financial position of the Fund in the current period.

The Directors confirm that the half yearly unaudited condensed financial statements comply with the above requirements.

THE INVESTMENT MANAGER

Arch Financial Products LLP resigned as Investment Manager to the Fund and Spearpoint Limited was appointed in its place on 1 December 2009 pursuant to an Investment Management Agreement effective from that date, (the "Management Agreement") between the Investment Manager and the Fund.

The Investment Manager's appointment may be terminated, after the expiry of a minimum period of 1 year, on six months' notice given by either party or immediately at any time by the Fund upon material breach of the Management Agreement by the Investment Manager, the insolvency, liquidation (save for the purpose of a previously approved winding up) or receivership of the Investment Manager or if the Investment Manager ceases to be qualified to act as such or, if for good and sufficient reason, the Fund is of the opinion that a change of manager is desirable in the interests of Shareholders and an Extraordinary Resolution is passed removing the Investment Manager.

The Investment Management fee remains at 1.5% pa payable monthly in arrears calculated on the Net Asset Value of the Company.

The performance fee for the Fund remains at 20% of performance above the Cumulative Hurdle Rate of 7%. The High Water Mark for the Fund will be reset as the higher of: i) The November end-of-month NAV, ii) The arithmetic average of the end-of-month NAV's, for the 9 data points between March and November inclusive 2009. This will be published once it has been agreed by the Board.

SPL ARL PRIVATE FINANCE (PF5) IC LIMITED
DIRECTORS' REPORT (continued)
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2009

THE ADMINISTRATOR

Bordeaux Services (Guernsey) Limited has been appointed as Administrator of the Fund pursuant to an Administration Agreement dated 16 July 2007 (the "Administration Agreement"). The Administrator has also been appointed to act as secretary of the ICC and the Fund.

The Administration Agreement may be terminated by either party on not less than three months' notice, or earlier upon certain breaches of the Administration Agreement or the insolvency or receivership of either party or if the Administrator ceases to be qualified to act as such.

CUSTODIAN

The Manager has appointed MeesPierson (C.I.) Limited as the Custodian of the Fund under the terms of a Custodian Agreement dated 16 July 2007.

The appointment of the Custodian can be terminated by the Fund or the Custodian (subject to the appointment of a replacement) upon not less than three months' prior written notice or earlier upon default by any party.

STATUS OF TAXATION

The Income Tax Authority of Guernsey has granted the Fund exemption from Guernsey income tax under the Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989 and the income of the Fund may be distributed or accumulated without deduction of Guernsey income tax. Exemption under the above mentioned Ordinance entails payment by the Fund 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 Fund's investments may be subject to withholding tax in the country of origin.

The Fund 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 Fund.

EXTRAORDINARY GENERAL MEETING

As detailed in note 10, an EGM of the Fund was held on 28 January 2010 and voted to change the investment objective and hedging policy of the Fund, authorise the purchase of shares and change the Fund's name.

SUSPENSION OF LISTING ON CISX

On 27 July 2009, the Directors of the ICC suspended the listing of the Fund on the CISX pending the publication of the March 2009 net asset valuation. The March 2009 net asset value was published on 30 December 2009 and the Board continues to review the suspension of the listing with the aim of lifting the suspension at the earliest practicable opportunity.

Andrew Duquemin

Director

Date: 29 January 2010

**SPL ARL PRIVATE FINANCE (PF5) IC LIMITED
INVESTMENT MANAGER'S REPORT
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2009**

Spearpoint Limited was appointed to manage the portfolio on 1 December 2009. We have played no part in the management of the portfolio before this date. Neither have we been involved in valuing the assets or preparing the net asset value calculations. In this report we have been asked to delve back into history and write a report on the assets of the company as at 30 September 2009. This is very difficult. We have for the most part, therefore, focused on the future and what progress has been made since our appointment.

Shareholders will doubtless have been disappointed by the fall in net asset value of the company between the 31 March 2009 final accounts and the 30 September 2009 interim accounts. By the time this investment report has been published shareholders will be aware of further falls in net asset value post the 30 September 2009 interim accounts. Shareholders will also be aware from the factsheets published on the Channel Islands Stock Exchange (www.CISX.com) that we have made a number of changes to the portfolio. These factsheets contained a more detailed breakdown of assets as at 30 November 2009 and have also been published on the company website (www.SPLFUNDS.com). We will be producing factsheets every two months to help keep shareholders up to date on progress with the portfolio.

Since our appointment on 1 December we have undertaken a detailed review of assets with particular emphasis on those where we feel urgent action was required to avoid further deterioration. Going forward we expect the assets of the portfolio to be volatile. Further falls cannot be ruled out but we feel hopeful that shareholders have already suffered the worst of the falls as I write at the end of January 2010.

A new investment objective has been proposed for approval by shareholders at the EGM on 28 January 2010. This amounts to an orderly realisation with capital to be returned to shareholders quickly without destroying value. We can begin this process by using the share buyback authority also proposed at the EGM. We have recommended a share buyback plan to the Board which will commence in February. This is based on a rapid use of excess cash to the full extent of the powers granted. As well as buying shares back from shareholders for cancellation we will be able to begin the process of unwinding the intra-ICC holdings. We are aware that share buy backs, alone, will be insufficient to meet the liquidity requirements of shareholders. We are, therefore, already working on other mechanisms for returning capital to shareholders.

When a material amount of excess cash is available, above that required to support existing assets and fill the buyback program, we will, having utilised all of the share buyback powers available to us, be seeking to implement tender offers which will allow all shareholders to tender their shares close to the net asset value of the fund. Post the use of this mechanism we will explore further structural change which will allow us to return liquidity to shareholders.

Our core economic outlook for 2010 is quite positive: strong global growth with modest inflation and a benign G7 (the group of 7 leading industrial nations) interest rate environment. This should remain supportive for risk assets. Whilst the broad trend of an unfolding global economic recovery seems clear, the speed and underlying strength of the recovery differs from region to region, reflecting different policy stances, underlying growth potential and the general health of the financial system. Although the global economic recovery is developing fast, it remains unstable. Deleveraging pressures, a weak banking system (especially in the G7), different policy stances among the major central banks, global economic imbalances, differences in structural growth rates and the diminishing impact of fiscal stimulus could all adversely impact the economic recovery.

SPL ARL PRIVATE FINANCE (PF5) IC LIMITED
INVESTMENT MANAGER'S REPORT (continued)
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2009

The cyclical bull market in global equities should remain intact. We believe that the recent sideways movement will eventually give way to another up-leg in global stocks. This will be supportive of our underlying fund investments redeeming assets to meet our redemption requests. This next stage of the recovery will be driven by improving growth and corporate profits rather than policy action, falling interest rates and plentiful liquidity. One of the key issues for “reflation” trades in 2010 (and markets generally) will be whether the recent US Dollar strength proves to be sustainable and the start of a new trend. Indeed, the recent strength of the Dollar is a warning signal that the Dollar bear market is very late and is probably part of a bottom-making process. The Dollar is the key risk threatening the global reflation trade and its future direction will be one of the major investment themes for the early part of 2010. This will impact our decision on whether to hedge Dollar exposure back to Sterling to reduce currency risk. We will be publishing a regular up-date of our look through foreign exchange exposure on a monthly basis.

As we move into the second half of 2010, markets, policy makers and investors may all become worried about the economic recovery either being too strong or too weak. If the former, this will create an intense clash between reflation assets and monetary policy, which could threaten the cyclical bull market in stocks. If the latter, the implied threat of a double-dip and renewed deflationary concerns would also be bearish for stocks. Redemption requests have been placed on all of the underlying hedge fund exposure and we are pushing for as much capital back whilst the equity market environment remains benign.

Government bonds are caught in a stalemate, with bond yields likely stuck in a narrow range, at least in the early part of the year. Bonds continue to face both positive and negative forces but we expect strengthening global economic activity to create an upward bias in interest rates across the entire yield curve as the year progresses. Corporate bonds are in the final leg of their bull market, although there are still attractive opportunities available. Liquidity will become an issue at some point this year.

Sovereign risk is another key theme for the year ahead. The problems in Dubai and the brewing debt crises in Greece and Ireland (and potentially the UK) highlight the underlying fragility of the global financial system. They are also a reminder that there will be a price to pay for the transfer of debt from private to public sector balance sheets. The fixed interest market is likely to be less benign in the second half of 2010 so again we are pushing for a quick return of capital from the underlying fund holdings.

The outlook for commodities will primarily be driven by the direction of the Dollar and the developing economic recovery. Those commodities that are sensitive to global business activity (i.e. oil) will likely outperform as the world economy picks up strength. Gold, on the other hand, may struggle if the Dollar sustains its recovery and as policy is tightened. Continued high demand for physical commodities and high commodity prices should be supportive of the underlying shipping exposure where ships are actually owned, and trading in the commodity space. This will benefit some of the fund's shipping exposure.

The broad trend of an unfolding and globally synchronised economic recovery seems clear; world industrial production (the most sensitive indicator of the underlying strength of economic activity) is on the cusp of a potentially sharp rebound. US consumer spending, which has been the most troubled area, is showing clear signs of stabilisation and potential recovery. Whilst unemployment rates in the industrialised world remain very high, the worst of the job cuts seems to be over in the US and unemployment is even falling in parts of Europe. The unstable nature of the world economy, however, and the increasing risk of policy error, means that investors should be vigilant.

SPL ARL PRIVATE FINANCE (PF5) IC LIMITED
INVESTMENT MANAGER'S REPORT (continued)
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2009

Although the world economy is on the mend, this is by no means a stable process. This is partly because we have never experienced global stimulus and liquidity creation on the scale that we have seen over the past year or so. Thus no one can really be sure about the future path of the world economy or financial markets. There are several potential problems or issues that may adversely affect the stability of the global economy, making its recovery process more volatile and less stable than in the past. This will inevitably impact the portfolio.

An additional reason why the current economic recovery is uncertain is the sorry state of the G7 banking system. Although policy makers have essentially stabilised the system, the bursting of the housing bubble and deleveraging have inflicted horrendous damage on the G7 banks, which will take a long time to repair. Finally, the huge fiscal stimulus that has been unleashed throughout the world over the past year is unprecedented and cannot be sustained forever. The resulting very large budgetary deficits will need to be addressed. All of this creates doubt and uncertainty over whether the recovery process is sustainable once this stimulus is removed or reversed. It also impacts liquidity within the portfolio and our ability to access the banking system on our more distressed investments.

All of these issues suggest that the policy environment will become extremely complicated and perhaps dangerous as we move further into 2010. We hope that there is no major policy disaster that derails the global recovery process but nobody can be certain that this will be the case. Financial markets could, thus, experience a period of erratic movement and heightened volatility as policy makers try to steer the world economy through an increasingly challenging and difficult environment whilst investors attempt to make sense of it all.

In conclusion, the unstable nature of the world economy, the underlying fragility of the global financial system and the increasing risk of policy error requires investors to be flexible, vigilant and non-dogmatic, willing to change investment strategy quickly along with changing economic and financial conditions. The attributes required to be successful, in particular, flexibility and the ability to be dynamic in making changes to the portfolio are not really available to us given the underlying assets and our realisation mandate. On the positive front if we are correct in our belief that we will have a benign economic environment then it will be supportive for the portfolio. Our success in returning capital to shareholders will be heavily influenced by the shipping exposure.

We will be making regular up-dates to shareholders through the factsheets published every two months with more detailed comments on material developments.

Spearpoint Limited
25 January 2010

SPL ARL PRIVATE FINANCE (PF5) IC LIMITED
CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2009

	Notes	1 April 2009 to 30 September 2009 (unaudited) £	1 April 2008 to 30 September 2008 (unaudited) £
Income			
Bank interest		(272,553)	97,636
Bond interest		116,475	673,256
Total income		(156,078)	770,892
Expenses			
Administration fee	3	19,494	26,267
Audit fee		12,030	3,091
Custodian fees		22,167	32,797
Directors' fees and expenses		483	498
Investment manager's initial dealing charge		-	300,000
Management fees	3	243,730	623,954
Performance fees	3	-	184,564
Other operating expenses		33,475	6,872
Total expenses		331,379	1,178,043
Investment gains and losses			
Realised gain from sale of investments		1,146,218	271,446
Movement in unrealised (loss)/gain on valuation of investments		(13,304,804)	5,076,243
Total investment (loss)/gain		(12,158,586)	5,347,689
Net (loss)/profit from operating activities before gains and losses on foreign currency exchange			
		(12,646,043)	4,940,538
Loss on foreign currency exchange			
		(308,834)	(3,562,269)
Total comprehensive (loss)/income for the period attributable to holders of Participating Redeemable Preference Shares			
		(12,954,877)	1,378,269
Weighted average shares in existence during the period			
		78,727,439	65,391,097
(Loss)/Earnings per Participating Redeemable Preference Share			
		(£0.16)	£0.02

Items in the above statement are derived from continuing operations.

There was no other comprehensive income in the period.

The accompanying notes on pages 13 – 18 form an integral part of these unaudited half yearly condensed financial statements.

These half yearly condensed financial statements are unaudited and not the Fund's statutory financial statements.

SPL ARL PRIVATE FINANCE (PF5) IC LIMITED
CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2009

	Notes	30 September 2009 (unaudited) £	31 March 2009 (audited) £
Assets			
Current assets			
Financial Assets at fair value through profit or loss	4	45,009,027	59,429,346
Other receivables and prepayments	5	5,491	280,387
Due from brokers		-	78,806
Cash and cash equivalents		2,680,710	523,975
Total assets		47,695,228	60,312,514
Equity and liabilities			
Share Capital – Management Shares		2	2
Share premium - Participating Redeemable Preference Shares		80,800,000	80,800,000
Retained deficit		(33,783,445)	(20,828,568)
Total equity		47,016,557	59,971,434
Liabilities			
Current liabilities			
Net amounts due out on open forward foreign exchange contracts	7	49,332	27,073
Due to brokers		364,521	-
Other payables	6	264,818	314,007
Total liabilities		678,671	341,080
Total equity and liabilities		47,695,228	60,312,514
Net Asset Value per Participating Redeemable Preference Share	8	£0.5972	£0.7618

These half yearly condensed financial statements were approved by the board on 29 January 2010.

For and on behalf of
SPL ARL PRIVATE FINANCE (PF5) IC LIMITED

Andrew Duquemin

Director

The accompanying notes on pages 13 – 18 form an integral part of these unaudited half yearly condensed financial statements.

These half yearly condensed financial statements are unaudited and not the Fund's statutory financial statements.

SPL ARL PRIVATE FINANCE (PF5) IC LIMITED
CONDENSED STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF
PARTICIPATING REDEEMABLE PREFERENCE SHARES
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2009

	1 April 2009 to 30 September 2009 (unaudited)	1 April 2008 to 30 September 2008 (unaudited)
	£	£
Net assets attributable to holders of Participating Redeemable Preference Shares at start of period	59,971,432	68,288,592
Amounts receivable on issues	-	15,000,000
(Decrease)/increase in net assets attributable to holders of Participating Redeemable Preference Shares	(12,954,877)	1,378,269
Net assets attributable to holders of Participating Redeemable Preference Shares at end of period	47,016,555	84,666,861

The accompanying notes on pages 13 – 18 form an integral part of these unaudited half yearly condensed financial statements.

These half yearly condensed financial statements are unaudited and not the Fund's statutory financial statements.

SPL ARL PRIVATE FINANCE (PF5) IC LIMITED
CONDENSED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2009

	1 April 2009 to 30 September 2009 (unaudited)	1 April 2008 to 30 September 2008 (unaudited)
	<u>£</u>	<u>£</u>
Cash flows from operating activities		
Total Comprehensive (loss)/income attributable to holders of Participating Redeemable Preference Shares	(12,954,877)	1,378,269
<i>Adjusted for:</i>		
Bank interest received	272,553	(97,636)
Decrease/(increase) in receivables	274,896	(414,953)
Increase/(decrease) in amount due to brokers	443,327	(63,395)
Decrease in payables	(49,189)	(106,548)
Realised profit on sale of investments	(1,146,218)	(271,446)
Unrealised loss/(gain) on investments	13,304,804	(5,076,243)
Purchase of investments at fair value through profit or loss	(18,607,063)	(23,546,928)
Sale proceeds from disposal of investments at fair value through profit or loss	20,868,796	10,382,127
Net cash generated from /(used in) operating activities	<u>2,407,029</u>	<u>(17,816,753)</u>
Cash flows from financing activities		
Bank interest received	(272,553)	97,636
Proceeds from issue of Participating Redeemable Preference Shares	-	15,000,000
Net cash (outflow)/inflow from financing activities	<u>(272,553)</u>	<u>15,097,636</u>
Net increase/(decrease) in cash and cash equivalents	2,134,476	(2,719,117)
Effect of exchange rate changes during the period	22,259	957,200
Net movement in cash and cash equivalents	2,156,735	(1,761,917)
Cash and cash equivalents, at beginning of period	523,975	2,356,041
Cash and cash equivalents, end of period	<u>2,680,710</u>	<u>594,124</u>

The accompanying notes on pages 13 – 18 form an integral part of these unaudited half yearly condensed financial statements.

These half yearly condensed financial statements are unaudited and not the Fund's statutory financial statements.

SPL ARL PRIVATE FINANCE (PF5) IC LIMITED
NOTES TO THE HALF YEARLY FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2009

1. GENERAL INFORMATION

SPL ARL Private Finance (PF5) IC Limited (formerly ARL Private Finance IC Limited) (the "Fund") 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 Fund was registered with limited liability on 13 July 2007 and commenced operations on 30 October 2007.

The Investment Manager will manage the Fund'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 5 years. Realisations will be managed, as far as possible, with a view to ensuring regular and consistent distributions of proceeds to Shareholders.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

These unaudited half yearly financial statements have been prepared in accordance with International Accounting Standard 34: Interim Financial Reporting ("IAS 34"), and applicable legal and regulatory requirements of Guernsey Law. They do not include all of the information required for full annual financial statements and should be read in conjunction with the financial statements for the year ended 31 March 2009 which were prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"), interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") and applicable legal and regulatory requirements of Guernsey Law.

The unaudited condensed half yearly financial statements were approved by the Board of Directors on 29 January 2010.

Accounting policies

The accounting policies adopted in the preparation of these unaudited half yearly financial statements are consistent with those followed in the preparation of the Fund's annual audited financial statements for the year ended 31 March 2009, except for the adoption of new/amended standards and interpretations as of 1 April 2009, noted below:

- IAS 1: Presentation of Financial Statements (amended)

The adoption of amended IAS 1 makes certain changes to the format and titles of the primary financial statements and to the presentation of some items within these statements. It also gives rise to additional disclosures. The measurement and recognition of the Fund's assets, liabilities, income and expenses is unchanged. IAS 1 affects the presentation of owner changes in equity and introduces a "Statement of Comprehensive Income".

The introduction/amendment of the following standards became effective on or before 1 April 2009: however, the introduction/amendment did not have any impact on the accounting policies, financial position or performance of the Fund.

- IAS 16: Property, Plant and Equipment

SPL ARL PRIVATE FINANCE (PF5) IC LIMITED
NOTES TO THE HALF YEARLY FINANCIAL STATEMENTS (continued)
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2009

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounting policies (continued)

- IAS 19: Employee Benefits
- IAS 20: Government Grants and Disclosures of Government Assistance
- IAS 23: Borrowing Costs
- IAS 27: Consolidated and Separate Financial Statements
- IAS 28: Investments in Associates
- IAS 29: Financial Reporting in Hyperinflationary Economies
- IAS 31: Interests in Joint Ventures
- IAS 32: Financial Instruments: Presentation
- IAS 36: Impairment of Assets
- IAS 38: Intangible Assets
- IAS 39: Financial Instruments: Recognition and Measurement
- IAS 40: Investment Property
- IAS 41: Agriculture
- IFRS 1: First time Adoption of International Financial Reporting Standards
- IFRS 2: Share-Based Payments
- IFRIC 13: Customer Loyalty Programmes
- IFRIC 15: Agreements for the Construction of Real Estate
- IFRIC16: Hedges of a Net Investment in a Foreign Operation

The accounting policies have been applied consistently throughout the Fund for the purposes of preparation of these unaudited condensed half yearly financial statements.

Segmental Reporting

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

3. RELATED PARTIES AND RELATED PARTY TRANSACTIONS

During the period, business relationships existed between the Directors of the Fund and Related Parties to the Fund.

Robert Addison is a director of Arch Financial Products LLP, the former Investment Manager.

The Fund was responsible for the continuing fees of the former Investment Manager in accordance with an Investment Management Agreement dated 16 July 2007.

Management Fees

Pursuant to the provisions of the former Investment Management Agreement, the former Investment Manager was entitled to receive a management fee during the period ended 30 September 2009 at 1.5% per annum of the Net Asset Value of the Fund. In the period to 30 September 2009 management fees totalling £243,730 (30 September 2008: £623,954) were due to Arch Financial Products LLP. As at 30 September 2009 the management fee payable was £201,006 (31 March 2009: £276,413).

SPL ARL PRIVATE FINANCE (PF5) IC LIMITED
NOTES TO THE HALF YEARLY FINANCIAL STATEMENTS (continued)
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2009

3. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

Performance Fees

Pursuant to the provisions of the former Investment Management Agreement, the former Investment Manager was entitled to receive a performance fee during the period ended 30 September 2009 (31 March 2009) at 10% of the amount by which the Net Asset Value of the Fund exceeds the greater of (i) the highest Net Asset Value per share by reference to which a performance fee has previously been paid or (ii) £1.00, provided, however that the performance fee may only be charged to the extent it does not reduce the rate of return achieved by such Fund for such year below the cumulative hurdle rate. The cumulative hurdle rate is the three month LIBOR of the currency of the share class plus 4% set on the final business day of the previous performance period. In the period to 30 September 2009 performance fees totalling £Nil (30 September 2008: £184,564) were due to Arch Financial Products LLP. As at 30 September 2009 the performance fee payable was £Nil (31 March 2009: £Nil).

Administration Fees

Neal Meader and Peter Radford are directors of Bordeaux Services (Guernsey) Limited, the Administrator.

In the period to 30 September 2009 administration fees totalling £19,494 (30 September 2008: £26,267) were due to Bordeaux Services (Guernsey) Limited. As at 30 September 2009 the administration fee payable was £23,321 (31 March 2009: £13,187).

4. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 September 2009 (unaudited)	31 March 2009 (audited)
	£	£
Investment		
Cost at start of period/year	68,910,464	57,924,116
Purchases during the period/year	18,607,063	36,644,066
Sales during the period/year	(20,868,796)	(29,675,087)
Realised gains on sales	1,146,218	4,017,369
Cost at end of period/year	67,794,949	68,910,464
Unrealised loss on valuation of investments	(22,785,922)	(9,481,118)
Fair value of investments at end of period/year	45,009,027	59,429,346

5. OTHER RECEIVABLES AND PREPAYMENTS

	30 September 2009 (unaudited)	31 March 2009 (audited)
	£	£
Bank interest receivable	5,489	278,042
Other receivables	2	2,345
	5,491	280,387

The Directors consider that the carrying amount of other receivables approximates to fair value.

SPL ARL PRIVATE FINANCE (PF5) IC LIMITED
NOTES TO THE HALF YEARLY FINANCIAL STATEMENTS (continued)
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2009

6. OTHER PAYABLES

	30 September 2009	31 March 2009
	(unaudited)	(audited)
	£	£
Management fee	201,006	276,413
Administration fee	23,321	13,187
Custodian fee	21,080	14,272
Audit fee	18,655	6,800
Directors' fees	724	242
Other payables	32	3,093
	264,818	314,007

The Directors consider that the carrying amount of other payables approximates to fair value.

7. FORWARD CURRENCY CONTRACTS

As at 30 September 2009 outstanding forward currency contracts were held as set out below:

Purchase	Contractual	Sale	Contractual	Maturity Date	Unrealised Loss
Currency	Amount	Currency	Amount		£
GBP	775,170	EUR	90,000	17 November 2009	(49,332)

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

Purchase	Contractual	Sale	Contractual	Maturity Date	Unrealised Loss
Currency	Amount	Currency	Amount		£
GBP	768,367	EUR	860,000	15 May 2009	(27,073)

The above forward currency contracts are for the purposes of currency hedging.

8. NET ASSET VALUE PER PARTICIPATING REDEEMABLE PREFERENCE SHARE

The net asset value per Participating Redeemable Preference Share Class ("NAV per Share") is calculated based on the net assets attributable to holders of the Participating Redeemable Preference Share Class ("NAV") at the Balance Sheet date divided by the period end number of Participating Redeemable Preference Shares in issue.

For the purposes of calculating the NAV, preliminary expenses are being written off over a five year period, which commenced on the launch of the Fund. However, in compliance with IFRS, preliminary expenses have been expensed in the Statement of Comprehensive Income as incurred. The table below shows the NAV per Share and reconciles the difference between the financial statements NAV per Share compared to the published NAV per Share:

SPL ARL PRIVATE FINANCE (PF5) IC LIMITED
NOTES TO THE HALF YEARLY FINANCIAL STATEMENTS (continued)
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2009

8. NET ASSET VALUE PER PARTICIPATING REDEEMABLE PREFERENCE SHARE (continued)

	30 September 2009 (unaudited)	31 March 2009 (audited)
	£ Class	£ Class
	£	£
NAV	47,016,557	59,971,432
No. of shares in issue	78,727,439	78,727,439
Financial Statements NAV per Share	0.5972	0.7618
Add back:		
Write off of formation expenses, initial charge and audit fee revision	928,453	2,388,570
Published NAV per Share	0.6090	0.7921

9. SUSPENSION OF LISTING ON CISX

On the 27 July 2009 the Directors of the ICC suspended the listing of the Fund on the CISX pending the publication of the March 2009 net asset valuation. The March 2009 net asset value was published on 30 December 2009 and the Board continues to review the suspension of the listing with the aim of lifting the suspension at the earliest practicable opportunity.

10. POST BALANCE SHEET EVENTS

Change of Investment Manager

Arch Financial Products LLP resigned as Investment Manager with effect from 1 December 2009. The Board appointed Spearpoint Limited as the new Investment Manager to the Fund with effect from 1 December 2009.

Write-Off of Initial Costs and Charges

With effect from 1 October 2009, the Initial Costs and Charges that were being amortised over five years, for the purposes of calculating the published NAV, have been written off in full. This treatment accords with the accounting treatment adopted in the financial statements of the Fund under IFRS.

Extraordinary General Meeting

An EGM of the Fund was held on 28 January 2010 and voted to change the investment objective and hedging policy of the Fund, authorised the purchase of shares and change of Fund name.

The Investment Objective of the Fund was amended to read as follows:

“The Investment Manager will manage the Fund’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 5 years. Realisations will be managed, as far as possible, with a view to ensuring regular and consistent distributions of proceeds to Shareholders.”

10. POST BALANCE SHEET EVENTS (continued)

Extraordinary General Meeting (continued)

The Foreign Exchange Hedging Policy of the Fund was amended to read as follows:

“The Investment Manager will not hedge against the Fund’s currency exposure unless it strongly believes that such currency hedging would be in the best interests of the Fund, and there is sufficient cash and hedging facilities available therefor.”

The Fund was generally and unconditionally authorised in accordance with the Companies (Guernsey) Law 2008, as amended, to make market acquisitions (as defined in that Law) of each class of its Shares (either for the retention as treasury shares, or cancellation).

The name of the Fund was changed to “SPL ARL Private Finance (PF5) IC Limited”.

Outstanding former Manager's management fees and new Manager's take on fee.

Following an agreement dated 1 December 2009, Arch Financial Products LLP agreed to forego all of the outstanding management fees due to it which amounted to circa £3.6m across all of the cells of the ICC. Spearpoint Limited agreed to take on the management of the ICC and were paid a take-on fee of £2.7m for doing so. This was largely to reflect various liabilities taken on by Spearpoint Limited, from Arch Financial Products LLP, and the work required to ensure an orderly hand over of the portfolios of the ICC. This resulted in a net saving to the ICC as a whole of approximately £900,000.

SPL ARL PRIVATE FINANCE (PF5) IC LIMITED
PORTFOLIO STATEMENT
AS AT 30 SEPTEMBER 2009

Description	30 September 2009 (unaudited)	
	£ Fair Value	% of Portfolio
Arch Private Finance *	17,165,448	38.14%
Medley Opportunity Fund, Class B, Series 1	5,449,545	12.11%
Ark Royal Fund (Offshore) Ltd Class B, Series 1	5,225,302	11.61%
Arch BMS Finance *	4,642,827	10.32%
Pentagon Bernini Fund Ltd, Class A, Series 1	3,703,395	8.23%
AT Nautical Ventures 0.75% Loan Note	2,868,944	6.37%
Noble Venture Finance II	1,913,461	4.25%
Scipion African Opps Fund SPC - Class A, Series 1	1,465,956	3.26%
SOLA 1, Class L3, Series E Initial	1,431,300	3.18%
Aarkad Fund Plc USD Class	706,226	1.57%
AT Asset Marinter I & II Linked 20% Loan Note	436,623	0.97%
Arch Treasury	0	0.00%
Arche Fund Ltd, Class A sub Class 3 Series 1	0	0.00%
AT Lonscale Mezz Note	0	0.00%
Financial Partners Loan Note 12% 11/07/12	0	0.00%
Financial Partners Loan Note 15% 24/02/10	0	0.00%
Nice Investment Loan note 20% 08/05/09	0	0.00%
Simon Archdale 20% Loan Note 07/05/09	0	0.00%
Total Portfolio	45,009,027	100.00%

Description	31 March 2009 (audited)	
	£ Fair Value	% of Portfolio
Arch Private Finance *	20,713,549	34.85%
AT Nautical Ventures 6.558% Loan Note	6,753,062	11.36%
Medley Opportunity Fund, Class B, Series 1	6,091,817	10.25%
Ark Royal Fund (Offshore) Ltd Class B, Series 1	5,893,113	9.92%
Arch BMS Finance *	4,429,981	7.45%
SOLA 1, Class L3, Series E Initial	4,043,765	6.80%
Pentagon Bernini Fund Ltd, Class A, Series 1	4,132,139	6.95%
Arch AT Lonscale Mezz Note	1,978,887	3.33%
Noble Venture Finance II	1,959,953	3.30%
Scipion African Opps Fund SPC - Class A, Series 1	1,536,341	2.59%
Aarkad Fund Plc USD Class	1,043,591	1.76%
Arch AT Asset Marinter I & II Linked 20% Loan Note	440,960	0.74%
AT Nautical Ventures 6.5% Loan Note	412,188	0.69%
Arch Treasury	0	0.00%
Arche Fund Ltd, Class A sub Class 3 Series 1	0	0.00%
Financial Partners Loan Note 12% 11/07/12	0	0.00%
Financial Partners Loan Note 15% 24/02/10	0	0.00%
Nice Investment Loan note 20% 08/05/09	0	0.00%
Simon Archdale 20% Loan Note 07/05/09	0	0.00%
Total Portfolio	59,429,346	100.00%

* The listing of these securities on the CISX is currently suspended.

The Nautical Ventures Loan Notes of 6.5% and 6.558% were restructured on 1 July 2009 into a single loan with a rate of 0.75%.