

**SPL STRUCTURED FINANCE (PF4) IC LIMITED**  
**(formerly ARCH STRUCTURED FINANCE IC LIMITED)**  
**HALF YEARLY REPORT AND**  
**UNAUDITED CONDENSED FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS ENDED**  
**30 SEPTEMBER 2009**

**SPL STRUCTURED FINANCE (PF4) IC LIMITED  
CONDENSED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 SEPTEMBER 2009**

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**SPL STRUCTURED FINANCE (PF4) IC LIMITED**  
**DIRECTORY**

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<b>Registered Office of the Company</b>	Bordeaux Court Les Echelons St. Peter Port Guernsey GY1 6AW
<b>Directors of the Company</b>	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)
<b>Investment Manager</b>	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
<b>Custodian and Bankers</b>	MeesPierson (C.I.) Limited PO Box 119 Martello Court St. Peter Port Guernsey GY1 3QJ
<b>Auditors</b>	Moore Stephens Town Mills South La Rue du Pre St. Peter Port Guernsey GY1 3HZ
<b>Administrator, Secretary and Listing Sponsor</b>	Bordeaux Services (Guernsey) Limited Bordeaux Court Les Echelons St. Peter Port Guernsey GY1 6AW
<b>Lawyers</b>	Carey Olsen Carey House Les Banques St. Peter Port Guernsey GY1 4BZ
<b>Company Registration Number</b>	46590

**SPL STRUCTURED FINANCE (PF4) IC LIMITED**  
**CHAIRMAN'S STATEMENT**  
**FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2009**

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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 Structured Finance (PF4) 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 STRUCTURED FINANCE (PF4) IC LIMITED  
DIRECTORS' REPORT  
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2009**

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The Directors of SPL Structured Finance (PF4) IC Limited (formerly Arch Structured 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 15 March 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 investment 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 STRUCTURED FINANCE (PF4) IC LIMITED**  
**DIRECTORS' REPORT (continued)**  
**FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2009**

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**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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

- 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 10% of performance above the Cumulative Hurdle Rate of three month Sterling LIBOR + 4%. 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 STRUCTURED FINANCE (PF4) IC LIMITED**  
**DIRECTORS' REPORT (continued)**  
**FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2009**

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**THE ADMINISTRATOR**

Bordeaux Services (Guernsey) Limited has been appointed as Administrator of the Fund pursuant to an Administration Agreement dated 21 March 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 21 March 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 period 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 9, 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 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 STRUCTURED FINANCE (PF4) IC LIMITED  
INVESTMENT MANAGER'S REPORT  
FOR THE PERIOD ENDED 30 SEPTEMBER 2009**

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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](http://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](http://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 STRUCTURED FINANCE (PF4) IC LIMITED  
INVESTMENT MANAGER'S REPORT (continued)  
FOR THE PERIOD ENDED 30 SEPTEMBER 2009**

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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 funds 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 STRUCTURED FINANCE (PF4) IC LIMITED  
INVESTMENT MANAGER'S REPORT (continued)  
FOR THE PERIOD ENDED 30 SEPTEMBER 2009**

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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 STRUCTURED FINANCE (PF4) 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) £
<b>Income</b>			
Bank interest		982	487,993
Net Investment interest		57,625	952,530
<b>Total income</b>		<b>58,607</b>	<b>1,440,523</b>
<b>Expenses</b>			
Administration fees	3	15,897	24,095
Audit fees		12,030	2,868
Custodian fees		9,935	16,089
Directors' fees and expenses		390	459
Management fees	3	198,915	321,783
Tax exemption fees		313	317
Other operating expenses		2,676	2,552
<b>Total expenses</b>		<b>240,156</b>	<b>368,163</b>
<b>Investment gains and losses</b>			
Realised gain from sale of investments		2,870,311	54,271
Movement in unrealised (loss)/gain on valuation of investments		(15,935,353)	1,909,549
<b>Total investment (loss)/gain</b>		<b>(13,065,042)</b>	<b>1,963,820</b>
<b>Net (loss)/profit from operating activities before gains and losses on foreign currency exchange</b>			
		<b>(13,246,591)</b>	<b>3,036,180</b>
Gain/(loss) on foreign currency exchange		67,659	(2,382,834)
<b>Total comprehensive (loss)/gain for the period attributable to holders of Participating Redeemable Preference Shares</b>		<b>(13,178,932)</b>	<b>653,346</b>
Weighted average shares in existence during the period		39,704,597	25,809,480
(Loss)/gain per Participating Redeemable Preference Share		(£0.33)	£0.03

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 – 17 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 STRUCTURED FINANCE (PF4) IC LIMITED**  
**CONDENSED STATEMENT OF FINANCIAL POSITION**  
**FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2009**

	Notes	30 September 2009 (unaudited) £	31 March 2009 (audited) £
<b>Assets</b>			
<b>Current assets</b>			
Financial Assets at fair value through profit or loss	4	12,576,298	26,963,566
Other receivables and prepayments	5	17,053	533,677
Due from brokers		99,720	126,792
Cash and cash equivalents		3,566,901	1,484,844
<b>Total assets</b>		<b>16,259,972</b>	<b>29,108,879</b>
<b>Equity and liabilities</b>			
Share Capital – Management Shares		2	2
Share premium - Participating Redeemable Preference Shares		43,581,230	43,581,230
Retained deficit		(27,997,936)	(14,819,004)
<b>Total equity</b>		<b>15,583,296</b>	<b>28,762,228</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Net amounts due out on open forward foreign exchange contracts		370,585	162,737
Other payables	6	306,091	183,914
<b>Total liabilities</b>		<b>676,676</b>	<b>346,651</b>
<b>Total equity and liabilities</b>		<b>16,259,972</b>	<b>29,108,879</b>
<b>Net Asset Value per Participating Redeemable Preference Share</b>	7	<b>£0.3925</b>	<b>£0.7244</b>

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

For and on behalf of  
**SPL STRUCTURED FINANCE (PF4) IC LIMITED**

**Andrew Duquemin**

**Director**

The accompanying notes on pages 13 – 17 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 STRUCTURED FINANCE (PF4) 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**

	<b>1 April 2009 to 30 September 2009 (unaudited)</b>	<b>1 April 2008 to 30 September 2008 (unaudited)</b>
	<b>£</b>	<b>£</b>
<b>Net Assets attributable to holders of Participating Redeemable Preference Shares at end of period</b>	<b>28,762,226</b>	39,953,425
Movement due to issue of shares:		
Amounts receivable on issues	-	5,500,000
	<b>28,762,226</b>	45,453,425
(Decrease)/increase in net assets attributable to holders of Participating Redeemable Preference Shares	<b>(13,178,932)</b>	653,346
<b>Net Assets attributable to holders of Participating Redeemable Preference Shares at end of period</b>	<b>15,583,294</b>	46,106,771

The accompanying notes on pages 13 – 17 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 STRUCTURED FINANCE (PF4) IC LIMITED**  
**CONDENSED STATEMENT OF CASH FLOWS**  
**FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2009**

	<b>1 April 2009 to 30 September 2009 (unaudited)</b>	<b>1 April 2008 to 30 September 2008 (unaudited)</b>
	<b>£</b>	<b>£</b>
<b>Cash flows from operating activities</b>		
Total Comprehensive (loss)/income attributable to holders of Participating Redeemable Preference Shares	<b>(13,178,932)</b>	653,346
<i>Adjusted for:</i>		
Bank interest received	<b>982</b>	(952,530)
Decrease/(increase) in receivables	<b>516,624</b>	(447,308)
Decrease/(increase) in amount due from brokers	<b>27,072</b>	(82,470)
Increase/(decrease) in payables	<b>122,177</b>	(127,644)
Realised profit on sale of investments	<b>(2,870,311)</b>	(54,271)
Unrealised loss/(profit) on investments	<b>15,935,353</b>	(1,909,549)
Purchase of investments at fair value through profit or loss	<b>(39,732,392)</b>	(13,860,903)
Sale proceeds from disposal of investments at fair value through profit or loss	<b>41,054,618</b>	7,258,086
<b>Net cash generated from/(used in) operating activities</b>	<b>1,875,191</b>	(9,523,243)
<b>Cash flows from financing activities</b>		
Bank interest received	<b>(982)</b>	952,530
Proceeds from issue of Participating Redeemable Preference Shares	<b>-</b>	5,500,000
<b>Net cash (outflow)/inflow from financing activities</b>	<b>(982)</b>	6,452,530
Net increase/(decrease) in cash and cash equivalents	<b>1,874,209</b>	(3,070,713)
Effect of exchange rate changes during the period/year	<b>207,848</b>	545,428
Net movement in cash and cash equivalents	<b>2,082,057</b>	(2,525,285)
Cash and cash equivalents, at beginning of period/year	<b>1,484,844</b>	8,936,341
<b>Cash and cash equivalents, end of period/year</b>	<b>3,566,901</b>	6,411,056

The accompanying notes on pages 13 – 17 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 STRUCTURED FINANCE (PF4) IC LIMITED**  
**NOTES TO THE HALF YEARLY FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2009**

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**1. GENERAL INFORMATION**

SPL Structured Finance (PF4) IC Limited (formerly Arch Structured 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 15 March 2007, commenced operations on 30 March 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 condensed 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 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 STRUCTURED FINANCE (PF4) IC LIMITED**  
**NOTES TO THE HALF YEARLY FINANCIAL STATEMENTS (continued)**  
**FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2009**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of preparation (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
- IFRIC 16: Hedges of a Net Investment in a Foreign Operation

The accounting policies have been applied consistently throughout the period for the purpose of preparing these unaudited half yearly condensed 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 21 March 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. At period ended 30 September 2009 management fees totalling £198,915 (30 September 2008: £321,783) were due to Arch Financial Products LLP. As at 30 September 2009 the management fee payable was £257,322 (31 March 2009: £153,182).

**SPL STRUCTURED FINANCE (PF4) 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**

Under the former Investment management agreement, the former Investment Manager would have been entitled to receive a performance fee of 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: £Nil) 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 £15,897 (30 September 2008: £24,095) were due to Bordeaux Services (Guernsey) Limited. As at 30 September 2009 the administration fee payable was £19,231 (31 March 2009: £12,268).

**4. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS**

	<b>30 September 2009</b> <b>(unaudited)</b>	31 March 2009 (audited)
<b>Investments</b>	£	£
Cost at start of period/year	<b>44,210,113</b>	29,647,214
Purchases	<b>39,732,392</b>	44,666,785
Sales	<b>(41,054,618)</b>	(35,467,407)
Realised gains on sales	<b>2,870,311</b>	5,363,521
Closing book cost at end of period/year	<b>45,758,198</b>	44,210,113
Unrealised loss on valuation of investments	<b>(33,181,900)</b>	(17,246,547)
Closing fair value of investments at end of period/year	<b>12,576,298</b>	26,963,566

**5. OTHER RECEIVABLES AND PREPAYMENTS**

	<b>30 September 2009</b>	31 March 2009 (audited)
	£	£
Bank interest receivable	<b>17,051</b>	531,441
Other receivables	<b>2</b>	2,236
	<b>17,053</b>	533,677

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

**SPL STRUCTURED FINANCE (PF4) IC LIMITED**  
**NOTES TO THE HALF YEARLY FINANCIAL STATEMENTS (continued)**  
**FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2009**

**6. OTHER PAYABLES**

	<b>30 September 2009</b> <b>(unaudited)</b>	31 March 2009 (audited)
	£	£
Management fees	<b>257,322</b>	153,182
Administration fees	<b>19,231</b>	12,268
Custodian fees	<b>9,964</b>	7,881
Audit fees	<b>18,655</b>	6,800
Directors' fees	<b>613</b>	223
Other payables	<b>306</b>	3,560
	<b>306,091</b>	183,914

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

**7. NET ASSET VALUE PER PARTICIPATING REDEEMABLE PREFERENCE SHARE**

The net asset value per Participating Redeemable Preference Share ("NAV per Share") is calculated based on the net assets attributable to holders of Participating Redeemable Preference Shares ("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:

	<b>30 September 2009</b> <b>(unaudited)</b>	31 March 2009 (audited)
	£	£
NAV	<b>15,583,294</b>	28,762,226
No. of shares in issue	<b>39,704,597</b>	39,704,597
<b>Financial Statements NAV per Share</b>	<b>0.3925</b>	0.7244
<b>Add back:</b>		
Write off of formation expenses, initial charge and audit fee revision	<b>445,452</b>	3,113,355
<b>Published NAV per Share</b>	<b>0.4037</b>	0.8028

**8. 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.

## **9. 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, hedging policy of the Fund, authorised the purchase of shares and changed the Fund's 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.”

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 Structured Finance (PF4) 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 STRUCTURED FINANCE (PF4) IC LIMITED**  
**PORTFOLIO STATEMENT**  
**FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2009**

Description	30 September 2009 (unaudited)	
	£ Fair Value	% of Portfolio
AT Nautical Ventures 0.75% Loan Note	5,622,978	44.71%
Noble Venture Finance II	1,554,080	12.36%
Ark Royal Fund (Offshore) Ltd Class B, Series 1	1,364,513	10.85%
Bond Capital Partners 1 Limited C shares	1,294,638	10.29%
AT Santa Maria Linked 13% Loan Note	1,030,491	8.19%
SOLA 1, Class L3, Series E Initial	833,218	6.63%
AT The Cloud Linked Loan Note	734,105	5.84%
Cru Investment Mgmt Ltd Loan Note 10% 02/02/2009	142,275	1.13%
AT Lonscale Mezz Note	0	0.00%
Arch Treasury	0	0.00%
Cru Investment Management Ltd Warrants	0	0.00%
<b>Total Portfolio</b>	<b>12,576,298</b>	<b>100.00%</b>

Description	31 March 2009 (audited)	
	£ Fair Value	% of Portfolio
AT Nautical Ventures 6.558% Loan Note	13,680,755	50.74%
AT Lonscale Mezz Note	3,355,504	12.44%
SOLA 1, Class L3, Series E Initial	2,354,040	8.73%
Bond Capital Partners 1 Limited C shares	1,042,336	3.87%
Noble Venture Finance II	1,591,840	5.90%
Ark Royal Fund (Offshore) Ltd Class B, Series 1	1,538,902	5.71%
AT Santa Maria Linked 13% Loan Note	1,156,391	4.29%
AT The Cloud Linked Loan Note	1,010,588	3.75%
AT Nautical Ventures 6.5% Loan Note	853,926	3.17%
Cru Investment Mgmt Ltd Loan Note 10% 02/02/2009	379,284	1.41%
Arch Treasury	0	0.00%
Cru Investment Management Ltd Warrants	0	0.00%
<b>Total Portfolio</b>	<b>26,963,566</b>	<b>100.00%</b>

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%.