
ACP CAPITAL LIMITED

(a public company incorporated with limited liability under the laws of Jersey under registration number 91066)

Report and Financial Statements for the year ended
31 December 2007

DIRECTORS AND ADVISERS

Directors	Derek Vago Eric Youngblood Nikolaj Larsen François Georges Alan Braxton Daniele Discepolo Hilary Valentine Craig Stewart	<i>Chief Executive Officer</i> <i>Chief Financial Officer</i> <i>Executive Director</i> <i>Non-Executive Director</i> <i>Non-Executive Director</i> <i>Non-Executive Director</i> <i>Non-Executive Director</i> <i>Non-Executive Director</i>
Registered Office	Ordnance House 31 Pier Road St Helier Jersey JE4 8PW Channel Islands	
Company Number	91066	
Secretary	R&H Fund Services (Jersey) Limited Ordnance House 31 Pier Road St Helier Jersey, JE4 8PW Channel Islands	
Auditors	Kingston Smith LLP Devonshire House 60 Goswell Road London EC1M 7AD United Kingdom	
Registrars	Computershare Investor Services (Channel Islands) Limited Ordnance House 31 Pier Road St Helier Jersey, JE4 8PW Channel Islands	
Broker	Collins Stewart Europe Limited 9th Floor 88 Wood Street London EC2V 7QR United Kingdom	
Nominated Adviser	Collins Stewart Europe Limited 9th Floor 88 Wood Street London EC2V 7QR United Kingdom	
Legal Advisers	Mishcon de Reya Summit House 12 Red Lion Square London WC1R 4QD United Kingdom	Walkers PO Box 72, 44 Esplanade St Helier Jersey, JE4 8PN Channel Islands
Bankers	Deutsche Bank International Limited PO Box 727 St Paul's Gate New Street St Helier Jersey, JE4 8ZB Channel Islands	

CHIEF EXECUTIVE OFFICER'S STATEMENT
Derek Vago, Chief Executive Officer of ACP Capital Limited ("ACP Capital" or the "Company") said:

"ACP Capital has performed well with its operations showing strong progress in 2007, generating £17 million of diversified operating income and £13 million of net operating income. As a result, the Directors are recommending a final dividend of 3.5p per share. Going forward, there are strong prospects for continued growth in our two business areas: Asset Management and SME Origination.

Key highlights for the year include:

- Strong growth in the operating business with operating income of £17.4 million (2006: £4.0 million), net operating income of £13.3 million (2006: £0.1 million) and net income of £1.5 million (2006: £15.0 million)
- Net asset value per share at the end of the year of £1.17 per share (31 Dec 2006: £1.12), with no distressed assets, no credit losses and no exposure to US subprime markets
- Recommended final dividend of 3.5p per share (2006: 3.0p per share), in line with the target stated at the time of the secondary placing in March 2007
- Following the substantial capital raise in March 2007, increasing the Company's share capital by £150 million before costs, there is no anticipated need for additional equity capital to support the intended development plans for 2008
- First two local origination platforms were established through the investments in Leasecom Group SAS in France and GCI Management AG in Germany
- ACP Mezzanine, the sub-investment grade lender that ACP Capital manages, reported strong 2007 results with a dividend of €0.095 per share, surpassing its dividend target of €0.09 per share stated at the time of its listing
- £30 million of senior debt assets are being warehoused for the future managed vehicle ACP Capital High Income, supported by a dedicated £125 million, five-year committed funding line
- ACP Capital has initiated preparations for a move from AIM to the Official List of the London Stock Exchange, with a Rule 6 letter submitted in July 2007 and the change of listing expected to occur by the end of 2008.

With the establishment of ACP Capital's business model, operations showed strong progress during 2007. Importantly, the first two local origination platforms were established and our managed vehicle, ACP Mezzanine, had excellent performance. Equally satisfying were the continued development of Leasecom into a diversified lending business and the close collaboration with GCI Management.

ACP Capital will continue its focus on establishing additional local SME origination platforms in the core countries of France, Germany, Italy and the UK, and shortly expect to announce further progress in this area. With a cash balance of £60 million at the end of 2007, the Company has significant capital and do not anticipate any need for additional equity capital to support its growth in 2008.

The asset management business progressed not only with the performance of ACP Mezzanine, but also through the efforts creating further managed vehicles. £30 million of senior debt assets were being warehoused for ACP Capital High Income at the end of the year, supported by a committed funding facility. The Company is also in discussions with potential joint venture partners in various niche infrastructure sectors as part of the preparations for the launch of ACP Capital Infrastructure."

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2007

The Directors present their report with the financial statements of ACP Capital Limited (the “Company”) and its subsidiaries (together, the “Group”) for the year ended 31 December 2007. The Company was incorporated on 30 August 2005.

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The Company is a Jersey-incorporated specialist integrated finance and asset management company focused on European small and mid-sized enterprises (“SMEs”). ACP Capital provides equity, mezzanine and senior debt to companies targeting an integrated finance solution across their capital structure. ACP Capital aims to benefit from the strong growth in SME demand for integrated finance to optimise corporate profitability and the reduced appetite for SME lending among traditional banks owing to higher regulatory capital requirements. ACP Capital is establishing localised origination platforms in France, Germany, Italy, and the United Kingdom to originate lending and investment opportunities, and earning dividend income on equity investments. In addition, ACP Capital earns management and performance-related fees from its listed managed vehicle, ACP Mezzanine Limited. Since January 2006 ACP Capital has raised £215 million of public equity from leading institutional investors in primary and secondary transactions.

FINANCIAL HIGHLIGHTS

The Company generated operating income of £17.4 million (up from £4.0 million in 2006), consisting of interest income of £7.3 million, dividend income of £4.4 million and fees receivable of £5.7 million, and net operating income of £13.2 million (up from £0.1 million in 2006). Following mark-to-market declines in fair value of investments of £(12.7) million, with a majority relating to long-term equity investments in ACP Mezzanine Ltd (“ACP Mezzanine”: ACPM.LN) and the SME origination platforms (2006: gain of £15.8 million), the overall business generated a net income of £1.5 million during the year, representing diluted earnings per share of 0.83p. The Directors have recommended a total dividend of 3.5p per share, which is in line with the target stated at the time of the secondary placing in March 2007. The dividend will be paid on 7 April 2008, subject to shareholder approval at the Annual General Meeting on 3 April 2008.

As at 31 December 2007, the Company had a total asset base of £243.2 million after £(12.7) million of mark-to-market declines in fair value of investments and £1.0 million of foreign exchange gains during the year. Total liabilities amounted to £10.0 million, which resulted in net assets at the end of the year of £233.2 million, or £1.17 per share (2006: £1.12 per share). ACP Capital has no exposure to assets in the US, no exposure to the US subprime market, and negligible exposure to UK residential mortgages.

In March 2007, ACP Capital raised £150 million before costs in a secondary capital raise targeting primarily UK and US institutional investors. The proceeds are intended to be used in the establishment of ACP Capital’s pan-European origination network targeting the SME segment as well as for the growth of its asset management business. In March, ACP Capital also raised a five-year, multi-currency committed funding facility of £125m with Deutsche Bank for ACP Capital High Income.

In July 2007, ACP Capital provided a senior debt bridge of €142 million for IFR Capital plc’s (“IFR Capital”: IFR.LN) acquisition of Homann Chilled Food GmbH, alongside a €75 million bridge provided by ACP Mezzanine. This unrated senior debt bridge was refinanced in December 2007 and syndicated into rated senior term facilities.

The Company’s activities to date have been funded through an initial seed funding of circa £7.1 million for 14,194,018 ordinary shares, a placing of 50,000,000 ordinary shares at the time of the Company’s admission to AIM in January 2006 that raised circa £50 million (before costs), a secondary placing of 13,043,479 ordinary shares in December 2006 that raised £15 million (before costs) and a secondary placing of 120 million ordinary shares in March 2007 that raised £150 million (before costs).

There are 199,531,941 ordinary shares in issue as at 13 March 2008.

STRATEGIC REVIEW

ACP Capital operates within the two main business areas of Asset Management and SME Origination, which target the SME segment in Europe and with a predominant focus on France, Germany, Italy and the UK. The Company views this segment as an 'under-served' market with vast opportunities:

- The European SME market consists of a number of privately owned, smaller corporations with broad but small-scale financing needs, which presently are not adequately serviced;
- Larger banks are increasingly reviewing their efforts in this market due to new regulatory constraints (i.e. Basel II) which may restrict them to low margin senior debt lending to these smaller companies; and
- There is a preference among many SMEs for 'one-stop-provider' solutions that creates an opportunity for independent integrated finance players, such as ACP Capital, that can provide financing across the capital structure.

Through its managed vehicles, such as its sub-investment grade lender ACP Mezzanine, ACP Capital intends to offer the European SME market a variety of financing solutions, from senior debt to equity, and often combined into an integrated finance offering. To facilitate origination in this segment, ACP Capital is in the process of developing a network of localised established origination businesses in France, Germany, Italy and the UK. During the year, ACP Capital established two such origination businesses through investments in Leasecom in France and GCI Management in Germany.

Leasecom Group SAS – In June 2007, ACP Capital acquired approximately 45% of Leasecom Group SAS, the holding company for France's leading independent IT lease finance broker. Leasecom has approximately 200 employees in nine offices, and approximately 15,000 SME customers. ACP Capital sees great potential in developing Leasecom into a diversified lender to the French SME sector, extending its balance sheet and operational capabilities, and enhancing its ability to manage its portfolio and refine its origination and pricing strategy. The progress so far can be summarised as follows:

- ACP Mezzanine has agreed to provide a €100 million committed funding line;
- A new scoring system is being implemented;
- A new car leasing subsidiary is being established; and
- Leasecom is in the process of applying for a Banque de France license in order to be able to launch a new corporate debt offering.

GCI Management AG – During the year, ACP Capital has acquired, through participation in secondary capital increases and market purchases, an approximate 29% equity stake in GCI Management, which is listed in Frankfurt. GCI Management is a leading German SME-focused private equity and consultancy company targeting German-speaking markets in Europe. It has approximately 30 employees, five offices and is headquartered in Munich. One of its key holdings is an investment together with management in a German lending platform for the Mittelstand, Vantargis. GCI Management has been collaborating closely with ACP Capital, sourcing both equity investment and lending opportunities.

These two separate businesses mirror ACP Capital's origination strategy, with two distinct origination routes to target the ultimate customer:

- In the smaller part of the SME sector (with enterprise values generally below €50 million), margins are traditionally quite high but companies can be difficult to access as a result of the sector's diversified and fragmented nature. These smaller SMEs are accessed via a

'wholesale' strategy, e.g. providing a committed funding line to a company like Leasecom, which then provides its financing products directly.

- Larger SME companies (with enterprise values generally between €50 million and €250 million) offer sufficient economic scale to be accessed directly, e.g. by providing smaller leveraged loan packages. Such opportunities are sourced via companies such as GCI Management, who are often interested in direct investments in the equity of these SMEs.

Asset Management

Through its subsidiary, ACP Investment Management Limited, ACP Capital is currently the mandated manager of ACP Mezzanine. ACP Mezzanine is ACP Capital's first managed vehicle and is designed to take advantage of the planned flow of asset opportunities generated primarily from the Company's localised origination platforms.

ACP Mezzanine Ltd

ACP Mezzanine, the sub-investment grade lender with a primary strategy of originating, structuring and underwriting sub-investment grade loans to the SME market, showed substantial progress during 2007. The managed vehicle reported diluted earnings per share of €0.10 and exceeded its dividend target with a recommended total dividend for 2007 of €0.095 per share. Through the raising of a new committed five-year facility from Deutsche Bank, ACP Mezzanine also eliminated any short-term financing risk. The facility amounted to €150 million and was entered into on improved terms over ACP Mezzanine's previous leverage facility, including lower financing costs, the option of leveraging unrated assets and extending the maturity from two years to five years. In light of the successful performance and its robust pipeline of possible investments, ACP Mezzanine intends to launch a secondary capital raise, targeting up to €200 million of new equity. Conditional on the completion of this equity capital raise, ACP Mezzanine expects, subject to shareholder approval, to change its listing from AIM to Euronext Amsterdam.

Further Managed Vehicles

ACP Capital is currently in the process of creating three further managed vehicles: ACP Capital High Income, ACP Capital Infrastructure and ACP Capital Strategic Equity. Prior to the launch of any of the proposed managed vehicles, ACP Capital envisages acquiring and warehousing assets to be transferred at the time of launch as well as having the appropriate financing structure in place. All managed vehicles will be managed by ACP Capital either directly or through any of its subsidiaries and will have agreements with management and performance fee elements.

ACP Capital High Income – a tailored senior debt fund with capital protection intending to invest in a diverse range of European and US senior debt assets across industry sectors and asset classes, to be sourced from ACP Capital's localised origination businesses and the secondary market. As at 31 December 2007, ACP Capital had £30 million of senior debt assets warehoused for ACP Capital High Income and a £125 million committed funding line in place, provided by Deutsche Bank. ACP Capital has started discussions with potential fund raisers regarding the launch of this vehicle.

ACP Capital Infrastructure – intends to invest in infrastructure assets within niche sectors, such as renewable energy, transport and public finance initiatives (PFI). For each asset class, ACP Capital Infrastructure intends to have management agreements in place with experienced asset managers who are to be responsible for the day-to-day management of the assets. ACP Capital is currently in discussions regarding two to three potential joint ventures, with a targeted launch in 2008.

ACP Capital Strategic Equity – an equity fund that intends to make direct equity investments in European SME companies as well as invest in and being co-sponsor (and as such participating in the

carry structure) of localised SME-focused private equity funds. The target is to build up a portfolio of diversified European equity assets across different geographies, industry sectors and company sizes. This vehicle is expected to accelerate as local origination platforms, such as GCI Management in Germany, are further developed. Further collaborations in ACP Capital's key markets are anticipated to be announced shortly.

LISTING

ACP Capital will continue its preparations for a move from AIM to the Official List of the London Stock Exchange. The Rule 6 letter was submitted in July 2007 and the change of listing is expected to occur by the end of 2008.

HUMAN RESOURCES

The Group made notable appointments during the year, including a Head of Debt Origination and a Head of Germany and Infrastructure Investments. Additionally, ACP Capital has employed further high calibre professionals to support its growing pipeline. The Group had, at the end of the year, a total of 16 employees.

Given its increasing advisory role, the Company's subsidiaries, ACP Capital UK LLP and ACP Capital Management Germany GmbH, intend to continue to recruit in London and Munich in due course.

DIVIDEND RECOMMENDATION

The Directors of ACP Capital recommend a dividend for 2007 of 3.5p per share. The dividend is subject to shareholder approval at the Annual General Meeting to be held on 3 April 2008, and, should it be approved at that meeting, will be paid on 7 April 2008 to all shareholders on the register at close of business on 14 March 2008.

LIQUIDITY ANALYSIS

As at 31 December 2007, the Company had £59.8 million of cash and cash equivalents. ACP Capital's ongoing costs are fully covered by the income generated by the Company's operations.

NET ASSET VALUE CALCULATION

The Company's net asset value at 31 December 2007 amounted to £233.2 million or £1.17 per share. This compares with net asset value of £86.7 million and £1.12 per share as at 31 December 2006.

DIRECTORS AND THEIR INTERESTS

The Directors during the year and to the date of this report were:

Derek Vago	
Eric Youngblood	
Nikolaj Larsen	
François Georges	
Alan Braxton	
Hilary Valentine	
Craig Stewart	
Daniele Discepolo	(appointed 2 July 2007)
Heiner Kamps	(resigned 29 February 2008)

Directors' interests in the Company at 31 December 2007 were as follows:

Name	Number of ordinary shares	Percentage of issued share capital	Number of ordinary shares (2006)	Percentage of issued share capital (2006)
Derek Vago ⁽¹⁾	13,227,000	6.63%	12,500,000	16.18%
Eric Youngblood	710,000	0.36%		
Nikolaj Larsen	700,000	0.35%		
Heiner Kamps ⁽²⁾	675,068	0.34%	675,068	0.87%
François Georges ⁽³⁾	675,068	0.34%	675,068	0.87%
Alan Braxton ⁽⁴⁾	343,882	0.17%	343,882	0.45%

(1) through a nominee company, Lanqtry Trust Company (Channel Islands) Limited

(2) Heiner Kamps ceased to be a Director on 29 February 2008

(3) by virtue of his interest in Acapace SAS

(4) by virtue of his interest in Presidio Equity

The details of Share Options granted to the directors are disclosed in the Report of Directors Remuneration.

SUBSTANTIAL SHAREHOLDINGS

At 31 December 2007 the Company had been notified of the following interests in its issued share capital:

QVT Financial Limited	19.24%
Toscafund	14.47%
Aviva	11.68%
Artemis Investment Management	7.08%
The Baupost Group	6.74%
Derek Vago	6.63%
UBS Global AM	4.69%
Société Générale	4.15%
AXA Framlington	4.01%

CREDITORS PAYMENT POLICY

Group operating companies are responsible for agreeing the terms and conditions under which business transactions with their suppliers are conducted. It is Group policy that payments to suppliers are made in accordance with all relevant terms and conditions.

DIRECTORS LIABILITY INSURANCE

The Group maintains liability insurance to indemnify the Directors for losses that may arise from their duties as directors of the Company or subsidiary companies.

KEYMAN INSURANCE

The Group maintains a Keyman Insurance policy in respect of Derek Vago up to the sum of £10 million.

THE ANNUAL GENERAL MEETING

The Notice of the Annual General Meeting of the Company and the circular dealing with the special business to be considered at the Annual General Meeting has been dispatched to shareholders separately.

DISCLOSURE OF INFORMATION TO AUDITORS

So far as the Directors are aware, there is no relevant audit information of which the Company's auditors are unaware. The Directors have taken all the steps they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

AUDITORS

Kingston Smith LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

On behalf of the Board

Derek Vago
Director

13 March 2008

CORPORATE GOVERNANCE

The Directors are committed to maintaining high standards of corporate governance to ensure that the Company is headed by an effective Board which can lead and control the business. The Company is incorporated in Jersey. Jersey law does not contain a mandatory code of corporate governance, although the Companies (Jersey) Law 1991 in Jersey does impose statutory obligations on directors to act in good faith and with a view to the best interests of a company. The Company currently complies with applicable corporate governance requirements in Jersey.

The Directors acknowledge the importance of the principles of corporate governance set out in The Combined Code issued by the Financial Reporting Council in June 2006. Although the Combined Code is not compulsory for AIM listed companies, the Directors have applied the principles as far as practicable for a relatively small public company and have also considered the QCA guidelines in relation to corporate governance for quoted companies outside the FTSE 350.

THE BOARD OF DIRECTORS

The Board is currently comprised of a Chief Executive Officer (Derek Vago), two executive Directors (Eric Youngblood and Nikolaj Larsen) and five non-executive Directors. The Board considers that all non-executive Directors are capable of exercising independent judgement. They all have extensive experience.

The Chief Executive Officer and the executive Directors are employed on service agreements that can be terminated on six months' notice by either party. The non-executive Directors are engaged on terms whereby their appointment can be terminated on three months' notice.

Directors are subject to re-election by the shareholders at Annual General Meetings. The Articles of Association provide that a certain proportion of the Directors will be subject to re-election at each Annual General Meeting.

The Board meets regularly and is responsible for commercial strategy, performance, approval of investments, monitoring and approval of major business.

The Board has a formal schedule of matters specifically reserved to it for decision. To enable the Board to discharge its duties, all Directors receive appropriate and timely information. Briefing papers are distributed to all Directors in advance of Board meetings. All Directors have access to the advice and services of the Secretary, who is responsible for ensuring that Board procedures are followed and that applicable rules and regulations are complied with. The appointment and removal of the Secretary is a matter for the Board as a whole. In addition, procedures are in place to enable the Directors to obtain independent professional advice in the furtherance of their duties, if necessary, at the Company's expense.

The Board has established Audit, Remuneration and Nomination Committees.

Audit Committee

The Audit Committee comprises a minimum of two members, of which one must be an independent non-executive Director. At least one member of the Committee has recent and relevant financial experience. The composition of the Audit Committee is currently Craig Stewart (Chairman), Hilary Valentine, Derek Vago and Eric Youngblood.

The Audit Committee will carry out a variety of functions, including reviewing annual and interim results, receiving reports from its auditors, agreeing the auditors' remuneration and assessing the effectiveness of the audit and internal control environment. The Audit Committee oversees the relations with the external auditors and where necessary, may obtain specialist external advice from either its auditors or other advisers.

Audit Committee meetings will coincide with meetings of the Company's Board and take place not less than twice a year.

The Audit Committee has written terms of reference.

The Board are satisfied that these procedures will ensure that there are no matters that would compromise the independence of the auditors or affect the performance of their statutory duties. The Board is satisfied that none of the non-audit services provided by Kingston Smith LLP in the year gave rise to problems with auditors' independence.

Remuneration Committee

The Remuneration Committee comprises a minimum of two members, of which one must be an independent non-executive Director. The Remuneration Committee is currently Alan Braxton (Chairman) and Derek Vago.

The Remuneration Committee is charged with agreeing the broad policy and remuneration packages for the remuneration of the Company's Chairman, executive management and the Secretary. The objective of the policy is to ensure that the executive management of the Company are rewarded fairly for their contribution to the Company and incentivised to enhance performance.

Remuneration Committee meetings coincide with meetings of the Company's Board and take place not less than twice a year.

The Remuneration Committee has written terms of reference.

A full report of Directors' Remuneration is set out on page 12 and 13.

Nomination Committee

The Nomination Committee comprises a majority of non-executive Directors, nominated by the Board, who serve for a period of up to three years. The Nomination Committee is currently Craig Stewart (Chairman), Derek Vago and Hilary Valentine.

The Nomination Committee is responsible for reviewing the composition of the Board and for nominating candidates to the Board in light of their evaluation of the Board's skills requirements and whether the Board has the expertise to manage the Company effectively.

The Nomination Committee meet at least twice a year and have written terms of reference.

Regulatory Compliance

The Company will take all reasonable steps to ensure compliance by the Directors with the provisions of the AIM Rules relating to dealings in securities of the Company and has adopted a share dealing code for this purpose.

Internal Financial Control

The Board is responsible for establishing and maintaining the Company's system of internal financial control and places importance on maintaining a strong control environment.

Procedures which the Directors have established with a view to providing effective internal financial control include:

- the Company's organisational structure has clear lines of responsibility and delegation of authority;
- a budgeting system whereby actual performance is measured against budget on a regular basis;

- periodic results and activity reports are closely monitored by the Directors;
- the Board is responsible for identifying the major business risks faced by the Company and for determining the appropriate courses of action to manage those risks; and
- the Audit Committee monitors the effectiveness of the Company's internal financial control system.

The Directors recognise, however, that such a system of internal financial control can only provide reasonable, not absolute, assurance against material misstatement or loss.

Relations with Shareholders

Communications with shareholders are given high priority. The Company makes regular announcements, including announcements of the half year interim results and the preliminary year end results. The Board uses the Annual General Meeting to communicate with investors and welcomes their participation. The Board aims to ensure that Directors are available at Annual General Meetings to answer questions.

REPORT ON DIRECTORS' REMUNERATION

Remuneration Committee

The Board has established a Remuneration Committee, which will review annually the remuneration of the Directors and agree reasonable and market standard levels of non-executive fees, based upon market information sourced from appropriate external consultants. No director is involved in determining his or her own level of remuneration. The award of shares under the Company's Employee Share Award Plan and the granting of options under the Company's Share Option Plan are determined by the Committee.

Directors' Terms of Service

The executive Directors have service contracts with the Company. The written notice period for the executive Directors is six months. The terms of appointment of non-executive Directors are governed by letters of appointment. Non-executive Directors are appointed for a period of one year and for the majority of the Directors this may be terminated by either the Company or the Director serving three months written notice on the other at any time and is further subject to rotational retirement rules. No fees are payable to the non-executive Directors, except for £12,000 of annual fees which are payable to R&H Fund Services (Jersey) Limited in respect of the duties undertaken by Craig Stewart as a director, and £10,000 of annual fees which are payable to R&H Fund Services (Jersey) Limited in respect of the duties undertaken by Hilary Valentine as a director, both in accordance with the Administration Agreement.

Directors Remuneration

The remuneration of the Directors in the year was as follows:

Name	Salary and Fees
<i>Executive Directors</i>	
Derek Vago	200,000
Nikolaj Larsen	175,000
Eric Youngblood	175,000
<i>Non-Executive Directors</i>	
Craig Stewart ⁽¹⁾	12,000
Hilary Valentine ⁽¹⁾	10,000

(1) Fees paid to R&H Fund Services (Jersey) Limited

No cash bonuses were paid to directors in respect of the results for the year

Share Options

Options to acquire ordinary shares in the company held by directors, in accordance with the Company's Employee Share Option Plan, are as follows:

Name	Share Options
Derek Vago	2,500,000
Nikolaj Larsen	750,000
Eric Youngblood	750,000

The exercise price of all options is £0.001. None of the options are exercisable until at least January 2010 and only vest if Total Shareholder Return targets are achieved. The market price of the Company's shares at 31 December 2007 was £0.725.

Directors' Interests

The Directors' interests in the Ordinary Shares of the Company are set out in the Directors' Report on page 8.

On behalf of the Board

Derek Vago
Director

13 March 2008

DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Directors are responsible for preparing the Annual Report and the financial statements. The Companies (Jersey) Law 1991 permits the Group to prepare financial statements which comprise the consolidated income statement, the consolidated balance sheet, the consolidated cash flow statement, the consolidated statement of changes in equity and the related notes in accordance with International Financial Reporting Standards and Article 4 of the IAS Regulation.

International Accounting Standard 1 "Presentation of financial statements" requires that financial statements present fairly for each financial period the Company's financial position, financial performance and cash flows. This requires the faithful presentation of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's "Framework for the Preparation and Presentation of Financial Statements". In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable International Financial Reporting Standards. Directors are also required to:

- properly select accounting policies and then apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in International Reporting Standards is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at all times the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies (Jersey) Law 1991. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps to ensure the prevention and detection of fraud and other irregularities.

The Directors confirm that they have complied with the above requirements in preparing these financial statements.

GOING CONCERN

After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS

We have audited the financial statements of ACP Capital Limited for the year ended 31 December 2007 which comprise the Consolidated Income Statement, the Consolidated Balance Sheet, the Consolidated Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Companies (Jersey) Law. Our audit work has been undertaken so that we might state to the company'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 company and the company'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' responsibilities for preparing the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union are 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, in accordance with the relevant financial reporting framework, and whether the financial statements have been properly prepared in accordance with the Companies (Jersey) Law 1991 and Article 4 of the IAS Regulation. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements. We also report to you if, in our opinion, the company has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit.

We are not required to consider whether the directors' statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the Group's corporate governance procedures or its risk and control procedures.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. The other information comprises only the Directors' Report, the Corporate Governance Report and the Directors' Remuneration 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 AUDIT 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 judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company'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.

OPINION

In our opinion:

- the financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the group's affairs as at 31 December 2007 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies (Jersey) Law 1991 and Article 4 of the IAS Regulation and;
- the information given in the Directors' Report is consistent with the financial statements.

13 March 2008

Kingston Smith LLP
Chartered Accountants & Registered Auditors

Devonshire House
60 Goswell Road
London
EC1M 7AD

ACP Capital Limited
Consolidated Income Statement
For the year from 1 January 2007 to 31 December 2007

	Notes	Year Ending 31 December 2007	Period Ending 31 December 2006
		£	£
Operating Income			
Investment income	5	11,710,009	2,234,929
Fees receivable		5,734,489	1,798,883
Total Operating Income		<u>17,444,498</u>	<u>4,033,812</u>
Operating Expenses			
Interest payable and other related financing costs		(322,064)	-
Other operating expenses	6, 7	(2,661,698)	(1,553,746)
Equity-settled share-based payments	14	(1,207,248)	(2,369,867)
Total Operating Expenses		<u>(4,191,010)</u>	<u>(3,923,613)</u>
Net Operating Income		<u>13,253,488</u>	<u>110,199</u>
Change in fair value of investments		(12,678,348)	15,771,223
Net foreign exchange gains (losses)		987,825	(804,686)
Profit before tax		<u>1,562,965</u>	<u>15,076,736</u>
Income taxes	8	(83,055)	(69,061)
Profit for the Period attributable to the equity shareholders		<u>1,479,910</u>	<u>15,007,675</u>
Earnings per share			
Basic	Basic (pence)	13	0.85p
Diluted	Diluted (pence)	13	22.92p
			21.50p

All activities relate to continuing operations.

There are no recognised gains and losses other than the profit for the Period stated above. Accordingly, a separate consolidated statement of recognised income and expense is not presented in these financial statements.

The movement in equity in the year is disclosed in note 12.

ACP Capital Limited
Consolidated Balance Sheet
As at 31 December 2007

	Notes	31 December 2007	31 December 2006
		£	£
Assets			
Non-current assets			
Investments			
Investments measured at fair value through profit or loss	9	164,676,271	62,281,436
Loans and receivables	9	16,012,561	13,588,149
		180,688,832	75,869,585
Property, plant and equipment	10	27,233	24,787
Total non-current assets		180,716,065	75,894,372
Current assets			
Trade and other receivables	11	2,610,567	677,759
Cash and cash equivalents		59,855,959	10,769,468
Total current assets		62,466,526	11,447,227
Total assets		243,182,591	87,341,599
Liabilities			
Non Current liabilities			
Loans and borrowings	15	9,188,157	-
Total non current liabilities		9,188,157	-
Current liabilities			
Trade and other payables	16	761,016	540,495
Current income tax payable	8	83,055	69,061
Total current liabilities		844,071	609,556
Total liabilities		10,032,228	609,556
Net Assets		233,150,363	86,732,043
Equity & Reserves			
Issued share capital	12	199,531	77,237
Share premium	12	216,734,311	69,231,328
Share-based payment reserve	12	1,657,102	2,415,803
Retained earnings	12	14,559,419	15,007,675
Equity Shareholders' funds		233,150,363	86,732,043

The financial statements were approved by the Board of Directors and authorised for issue on 13 March 2008.

Derek Vago
Director

ACP Capital Limited
Consolidated Cash Flow Statement
For the year from 1 January 2007 to 31 December 2007

	Year Ending 31 December 2007	Period Ending 31 December 2006
	£	£
Cash and cash equivalents at start of Period	<u>10,769,468</u>	<u>-</u>
Cash flow from operating activities		
Investment income	11,695,798	1,672,110
Fees received	5,698,894	1,140,576
Operating expenses	(2,645,365)	(1,360,322)
Taxes paid	(69,061)	-
Net cash inflow from operations	<u>14,680,266</u>	<u>1,452,364</u>
Cash flow from investing activities		
New lending / investments	(233,309,998)	(86,585,723)
Sale / repayment of investments	113,881,100	26,246,652
Purchase of property, plant and equipment	(17,026)	(33,309)
Net cash outflow from investing activities	<u>(119,445,924)</u>	<u>(60,372,380)</u>
Cash flow from financing activities		
Proceeds from issues of share capital	145,290,833	72,097,009
Amounts received from employees in respect of shares to be issued	-	334,983
Costs of issues of share capital	-	(2,742,508)
Interest Payable and other financing costs	(281,021)	-
Drawdown of loan	9,947,352	-
Dividends paid	(1,988,377)	-
Net cash inflow from financing activities	<u>152,968,787</u>	<u>69,689,484</u>
Effect of exchange rate fluctuations	883,362	-
Net increase in cash and cash equivalents	<u>49,086,491</u>	<u>10,769,468</u>
Cash and cash equivalents at end of Period	<u>59,855,959</u>	<u>10,769,468</u>

ACP Capital Limited
Notes to the financial statements
For the year from 1 January to 31 December 2007

1 General Information

ACP Capital Limited (the “Company”) and its subsidiaries (together “the Group”) is a niche investment and fund manager. The Company was incorporated on 30 August 2005 and registered in Jersey under registration number 91066. The Company's shares were admitted to trading on AIM on 6 January 2006. The Group consolidated financial statements were authorized for issue by the Board of Directors of the Company on the 11 March 2008.

2 Basis of Preparation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and their interpretations issued or adopted by the International Accounting Standards Board as adopted for use in the European Union (“IFRS”). The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries for the Period ended 31 December 2007. These consolidated financial statements also show a true and fair view of the profit of the Company for the Period and of the state of the Company’s affairs at the end of the Period and otherwise comply with the requirements of the Companies (Jersey) Law 1991; accordingly, separate financial statements for the Company have not been presented.

The financial statements are presented in British Pounds, the functional currency of the Company and its subsidiaries. They are prepared under the historical cost convention modified to include investments measured at fair value. The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on the experience of the Directors and other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the Period in which the estimate is revised if the revision affects only that Period, or in the Period of the revision and future Periods if the revision affects both current and future Periods.

The most significant techniques for estimation are described in the accounting policies or notes to the financial statements.

3 Accounting Policies

The accounting policies have been consistently applied across the Group entities for the purpose of producing these consolidated financial statements. The significant accounting policies applied are as follows:

Basis of Consolidations

Subsidiaries are entities controlled by the Group. Control exists when the company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are currently exercisable or convertible are taken into account. The financial statements of the subsidiaries are included in the consolidated financial statements from the date that the control commences until the date control ceases. Investments that are held as part of the Group’s investment portfolio are carried in the balance sheet at fair value even though the Group may have significant influence over those companies. The treatment is permitted under IAS 28 “Investments in associates” which requires investments held by venture capital organizations

ACP Capital Limited
Notes to the financial statements (continued)
For the year from 1 January to 31 December 2007

to be excluded from its scope where those investments are designated, upon initial recognition, as at fair value through profit or loss and accounted for in accordance with IAS 39, with changes in fair value recognised in profit or loss in the period of the change.

Investments

Investments are recognised and derecognised on a date where the purchase or sale of an investment is under a contract whose terms require the delivery or settlement of the investments. Investments classified as loans and receivables, other than those specifically accounted for under a separate policy, are initially measured at fair value which equates to cost and are subsequently carried in the balance sheet at amortised cost less impairment.

Income from loans and receivables is recognised as it accrues by reference to the principal outstanding and the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash flows through the expected life of the financial asset's carrying value.

All listed and unlisted equity investments are designated as at fair value through profit or loss and subsequently carried in the balance sheet at fair value. The fair value of listed investments is based on quoted market price at the balance sheet date. The fair value of unlisted investments is determined by using valuation techniques. The Group uses a variety of valuation methodologies and makes assumptions that are based on the market conditions existing at each balance sheet date. Dividends from equity investments are recognized when the right to receive payment has been established.

Property, Plant and Equipment

Office equipment is stated at historical cost less depreciation. Depreciation is calculated on a straight line method to allocate the cost over the estimated useful life. The estimated life of office equipment is 3 years.

Other Assets

Assets, other than those specifically accounted for under a separate policy, are stated at their cost less impairment. Losses are reviewed at each balance sheet date to determine whether there is any indication of impairment.

Revenue Recognition

Dividends from equity investments are recognized in the income statement when the shareholders rights to receive payment have been established.

Fee income earned on financing arrangements that relate to investments measured at fair value through profit or loss are recognised when that investment is made. Fees earned from financing arrangements that relate to investments classified as loans and receivables are recognised over the life of the assets. Fees in respect of any ongoing services are recognised as that service is provided.

Cash and Cash Equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less. For the purposes of the cash flow statement, cash and cash equivalents comprise cash and short-term deposits as defined above and other short-term highly liquid investments that are readily convertible into cash and are subject to an insignificant risk of changes in value, net of bank overdrafts.

ACP Capital Limited
Notes to the financial statements (continued)
For the year from 1 January to 31 December 2007

Loans and Borrowings

All loans and borrowings, other than those specifically accounted for under a separate policy, are initially recognised at the fair value of the consideration received net of issue costs associated with the borrowings. After initial recognition, these are subsequently measured at amortised cost using the effective interest method, which is the rate that exactly discounts the estimated future cash flows through the expected life of the liabilities. Amortised cost is calculated by taking into account any issue costs and any discount or premium on settlement.

Other Liabilities

Liabilities, other than those specifically accounted for under a separate policy, are stated based on the amounts which are considered to be payable in respect of goods or services received up to the balance sheet date.

Share-based Payments

The cost of awards to employees that take the form of shares or rights to shares is charged to the income statement on a straight line basis over the Period to which the employee's performance relates and a corresponding amount is reflected in revenue reserves in shareholders' equity. The charge is calculated as being the fair value of the shares or rights to shares at the date of grant, reduced by any consideration payable by the employee. Fair value is measured using a Black-Scholes option pricing model based and is based on a reasonable expectation of the extent to which performance criteria will be met.

Equity-settled share-based payments for services supplied are measured at fair value by reference to the fair value of the shares or rights to shares at the date of grant to the supplier. The resultant fair value measured is charged to the income statement and a corresponding amount is reflected in revenue reserves in shareholders' equity. Share-based payments relating to share issues are taken directly to reserves in shareholders' equity.

Equity Instruments

Equity instruments issued by the Group are recognised at the proceeds or fair value received with the excess of the amount received over nil par value being credited to the share premium account. Direct issue costs are deducted from equity.

Exchange Differences

Transactions in currencies different from the functional currency of the Group entity entering into the transaction are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to British Pounds at the exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. The principal exchange rates used at 31 December 2007 were:

Euro: 1.3606

Dividend Distribution

Dividend distribution to the Company's shareholders is recognized as a liability in the Group's financial statements in the Period in which the dividends are approved by the Company's shareholders.

ACP Capital Limited
Notes to the financial statements (continued)
For the year from 1 January to 31 December 2007

Interpretation to Existing Standards not yet Applied

At the date of approval of these financial statements there were a number of interpretations to existing Financial Reporting Standards that are not effective. The Directors anticipate that the adoption of these interpretations will have no material impact on the Group's financial statements or will not be relevant to the activities of the Group.

Format of Income Statement

The format of the Income Statement has been revised from that used in the previous year's financial statements to provide a more meaningful disclosure of the Company's operations.

4 Segment Reporting

The Group operates in only one business and geographical segment and, accordingly, no additional segment analysis is disclosed.

5 Interest Income

	2007	2006
	£	£
Interest from Loans and receivables	4,962,634	927,864
Interest and dividends from Investments held at fair value through profit or loss	4,408,794	-
Interest from short term bank deposit	2,338,581	1,307,065
	<hr/>	<hr/>
Total	<u><u>11,710,009</u></u>	<u><u>2,234,929</u></u>

6 Operating Expenses

Operating expenses include the following amounts:

Services provided by the Group's auditor

During the year the Group obtained the following services from the Group's auditors, Kingston Smith LLP:

	2007	2006
	£	£
Audit services		
Statutory audit	37,500	30,000
Non-audit services		
Taxation Services	13,081	8,095
Assurance services	15,550	17,500
	<hr/>	<hr/>
Total	<u><u>66,131</u></u>	<u><u>55,595</u></u>

ACP Capital Limited
Notes to the financial statements (continued)
For the year from 1 January to 31 December 2007

Non-audit Services

Work is allocated to the auditors only if it does not impact the independence of the audit team. Due diligence provided by the auditors is carried out by teams which are independent of the audit process.

Assurance services are services which it is most efficient for the auditors to provide and are allocated to them subject to consideration of any impact on their independence.

7 Staff Costs

	2007	2006
	£	£
Wages and Salaries	1,224,323	773,936
Social Security Costs	150,487	23,064
Share based payments costs		
Share Options	829,795	610,406
Share Awards	377,453	1,759,461
Total	2,582,058	3,166,867

Number of employees (including Executive Directors): 12

8 Income Taxes

The income tax charge represents UK corporation tax at a standard rate of 30% chargeable on the Group's share of profit arising in ACP Capital (UK) LLP, a limited partnership in which the subsidiary, ACP Capital (UK) Limited, is the controlling partner. The Company and a number of the subsidiaries are registered in Jersey as exempt companies and are, therefore, not liable to Jersey income tax on profits derived outside Jersey. Confirmation has been obtained from the Comptroller of Income Tax in Jersey that, by concession, the Companies will be liable to tax in Jersey only in respect of income, other than bank interest income, arising in Jersey. During the year no income, other than bank interest income, arose in Jersey. During the year fee income arose in subsidiaries in Cyprus the profit of which have been charged at the appropriate Cyprus tax rate and provision for the tax payable made in the consolidated accounts.

ACP Capital Limited
Notes to the financial statements (continued)
For the year from 1 January to 31 December 2007

9 Investments

	Investments held at fair value through profit or loss £	Loans and Receivables £	Total £
2006			
Additions at cost	73,493,270	13,092,453	86,585,723
Disposals	(26,246,652)	-	(26,246,652)
Increase in fair value	15,771,223	-	15,771,223
Interest income accrued	-	562,820	562,820
Exchange movements	(736,405)	(67,124)	(803,529)
Closing Carrying Value	62,281,436	13,588,149	75,869,585
2007			
Additions at cost	217,651,789	15,536,209	233,187,998
Disposals	(102,578,606)	(13,465,066)	(116,043,672)
Decrease in fair value	(12,678,348)	-	(12,678,348)
Interest income accrued	-	24,261	24,261
Exchange movements	-	329,008	329,008
Closing Carrying Value	164,676,271	16,012,561	180,688,832
Investments held at fair value through profit or loss represent the following:	2007	2006	
	£	£	
Listed equity investments	89,375,377	48,226,057	
Unlisted equity investments	41,322,045	14,055,379	
Corporate loans	33,978,849	-	
	164,676,271	62,281,436	

Loans and receivables are represented by unlisted debt investments.

Unlisted equity investments includes £24,348,647 (2006: £nil) held in Leasecom Group which is carried at cost at 31 December 2007. The investment was acquired in July 2007. The Directors are satisfied that the fair value of the investment exceeded cost at 31 December 2007, but are awaiting the first audited financial statements of the company since acquisition before applying an appropriate valuation methodology to establish fair value.

Loans and receivables of £12,246,650 are held by Deutsche Bank under a Structural Sale and Repurchase Transaction under which the bank has provided funding of approximately 75% of the book value of the loans and receivables. The risk and rewards for those investments principally remain with the Group. Accordingly those investments continue to be included as part of the Company's portfolio.

ACP Capital Limited
Notes to the financial statements (continued)
For the year from 1 January to 31 December 2007

10 Property, Plant and Equipment

	£
Cost	
Additions in Period	33,309
As at 31 December 2006	33,309
Additions in year	17,026
As at 31 December 2007	50,335
Depreciation	
Charge for Period	8,522
As at 31 December 2006	8,522
Charge for year	14,580
As at 31 December 2007	23,102
Net Carrying Value	
As at 31 December 2007	27,233
As at 31 December 2006	24,787

11 Trade and Other Receivables

	2007	2006
	£	£
Trade receivables	2,491,530	668,095
Prepayments and accrued incomes	119,037	9,664
Total	2,610,567	677,759

ACP Capital Limited
Notes to the financial statements (continued)
For the year from 1 January to 31 December 2007

12 Movements in Equity

	Share capital £	Share premium £	Share-based payments reserve £	Retained earnings £	Total £
2006					
Profit for the Period	-	-	-	15,007,675	15,007,675
Share options and awards granted	-	-	2,369,867	-	2,369,867
Issue of shares	77,237	72,019,772	-	-	72,097,009
Costs of share issue	-	(2,742,508)	-	-	(2,742,508)
Equity-settled share-based payments	-	(45,936)	45,936	-	-
As at 31 December 2006	77,237	69,231,328	2,415,803	15,007,675	86,732,043
2007					
Profit for the Period	-	-	-	1,479,910	1,479,910
Share options and awards granted	2,094	2,092,350	(1,759,461)	-	334,983
Share options cancelled	-	-	(66,488)	66,488	-
Issue of shares	120,200	150,119,800	(140,000)	-	150,100,000
Costs of share issue	-	(4,709,167)	-	-	(4,709,167)
Dividends paid	-	-	-	(1,994,654)	(1,994,654)
Equity-settled share-based payments	-	-	1,207,248	-	1,207,248
As at 31 December 2007	199,531	216,734,311	1,657,102	14,559,419	233,150,363

Share Capital

	2007 £	2006 £
Issued and fully paid 0.1p ordinary shares	<u>199,531</u>	<u>77,237</u>
Authorised share capital of 0.1p ordinary shares	<u>350,000</u>	<u>100,000</u>

ACP Capital Limited
Notes to the financial statements (continued)
For the year from 1 January to 31 December 2007

Share Premium

Share premium has arisen from the following share issues:

	Date	Shares Issued	Proceeds (before issue costs) £
2006			
Issued to founders as initial seed capital at £0.50 per share	1 December 2005	14,194,018	7,097,009
Issued on Placing in conjunction with admission to AIM at £1 per share	1 January 2006	50,000,000	50,000,000
Issued on secondary placing at £1.15 per share	1 December 2006	13,043,479	15,000,000
		77,237,497	72,097,009
2007			
Issued on Placing on AIM at £1.25 per share	20 March 2007	120,000,000	150,000,000
Employee share awards issued at £1 per share	20 March 2007	2,094,444	2,094,444
Share options exercised at £1.20 per share	12 February 2007	200,000	240,000
		199,531,941	224,431,453

13 Earnings per Share

	2007 £	2006 £
Earnings		
Earnings for the purposes of basic earnings per share being profit attributable to equity shareholders of the Company	1,479,910	15,007,675
Numbers of Shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	173,535,776	65,479,704
Effect of dilutive potential ordinary shares		
Share options	4,949,411	4,313,953
	178,485,187	69,793,657

14 Share-based Payments

During the Period the Company granted no options to purchase ordinary shares of the Company.

ACP Capital Limited
Notes to the financial statements (continued)
For the year from 1 January to 31 December 2007

The Company recognised the following total expenses and costs in respect of equity settled share payments in the year:

	2007	2006
	£	£
Recognised immediately as an expense and charged to Income statement	1,207,248	610,406
Recognised as cost of raising finance in respect of Placing of shares and taken directly to shareholders equity	-	45,936
Total	1,207,248	656,342

15 Loans and Borrowings

Loans and borrowings are repayable as follows:

	2007	2006
	£	£
Due in the fifth year	9,188,157	-

During the year, investments with book cost of £12,246,650 were transferred to Deutsche Bank in a Total Return Swap facility under which the bank has provided funding of approximately 75% of the book value of the assets transferred (note 9). The Group has the right to repurchase the assets during the five year Period of the facility on the same terms as those by which the assets were swapped. The Group pays a floating interest rate of 0.75% above the relevant LIBOR base rate. The risks and rewards from those investments principally remain with the Group. Accordingly those investments continue to be included as part of the Company's portfolio.

16 Trade and Other Payables

	2007	2006
	£	£
Amount received from employees in respect of share to be issued	-	334,983
Trade payables	348,514	9,512
Accruals	412,502	196,000
Total	761,016	540,495

17 Financial Risk Management

Liquidity Risk

The Group had cash resources of £ 59,855,959 at the year end.

The Directors currently view liquidity risk as low.

ACP Capital Limited
Notes to the financial statements (continued)
For the year from 1 January to 31 December 2007

Derivative Financial Instruments

The Company held no financial derivative instruments at 31 December 2007.

Currency Exposure

The Group invests in assets denominated in currencies other than British Pounds. The value of such investments may therefore be affected by fluctuations in foreign exchange rates.

Interest Rates

In the event of a significant rise in interest rates, defaults on the Group's investments may occur. Interest rates are highly sensitive to many factors outside of the Group's control.

Default Borrower

Debt instruments held as part of the Group's investment portfolio consists of limited resources securities that are subordinated in right of payment and ranked junior to other securities that are secured by or represents ownership in the same pool of assets. In the event of a default the Group may not be able to entirely recover its original investment in such asset.

Foreign Exchange Risk

The Group's exposure to foreign currencies at 31 December was as follows:

	Euro (€)	Sterling (£)	Total
<u>2007</u>	£	£	£
Total Assets	207,388,271	35,794,320	243,182,591
Total Liabilities	(5,109,532)	(4,922,696)	(10,032,228)
Net assets	202,278,739	30,871,624	233,150,363
<u>2006</u>			
Total Assets	75,627,309	11,714,290	87,341,599
Total Liabilities	-	(609,556)	(609,556)
Net assets	75,627,309	11,104,734	86,732,043

ACP Capital Limited
Notes to the financial statements (continued)
For the year from 1 January to 31 December 2007

Interest Rate Risk

The interest rate profile of the interest bearing financial assets and liabilities of the Group is shown below in the table by the earlier of the contractual repricing or maturity date.

	Within 1 Year £	2-5 Years £	More than 5yrs £	Total £
2007				
Fixed rate:	-	-	-	-
Floating rate:				
Investments held at fair value through profit or loss	845,927	12,443,408	38,400,604	51,689,939
Loans and receivables	-	100,000	15,912,561	16,012,561
Cash and cash equivalents	59,855,959	(9,188,157)	-	50,667,802
Total	60,701,886	3,355,251	54,313,165	118,370,302
2006				
Fixed rate				
Loans and receivables	-	6,778,708	-	6,778,708
Floating rate				
Loans and receivables	6,810,441	-	-	6,810,441
Cash and cash equivalents	10,769,468	-	-	10,769,468
Total	17,580,909	6,778,708	-	24,358,617

18 Related Parties

ACP Mezzanine Limited

ACP Capital Limited holds 10,141,200 options to acquire ordinary shares in ACP Mezzanine Limited at an exercise price of €1 per share. These options account for £nil (2006: £667,128) of investments held at fair value shown in the balance sheet. The options have been valued at £nil due to the current share price of ACP Mezzanine Limited being below the exercise price of the options.

During the year loans and receivables with amortised cost of £5,529,828 were transferred from ACP Mezzanine Limited.

In 2006 ACP Investment Management Limited, a wholly owned subsidiary of ACP Capital Limited, entered into an Investment Management Agreement with ACP Mezzanine Limited. Under the agreement, ACP Investment Management Limited was appointed Investment Manager for an initial Period of 3 years and given discretion to manage the investment portfolio of ACP Mezzanine Limited subject to certain guidelines. The Period of appointment was extended to 7 years starting in December 2007. The annual management fee chargeable by the Investment Manager is currently €1,750,000 based on 1.75% of gross shareholders' equity. Additionally, the Investment Manager is entitled to a performance fee equivalent to 25% above the benchmark return (minimum 2% per quarter). A performance fee of €92,767 (2006: €nil) was payable for the year.

ACP Capital Limited
Notes to the financial statements (continued)
For the year from 1 January to 31 December 2007

Eric Youngblood

During the year Eric Youngblood, a director of the company, exercised share options held to purchase 200,000 shares in the company at £0.50 per share. The share issue was paid for via a £100,000 interest bearing loan from the Company to Eric Youngblood. This loan remains unpaid at the year end and is included in loans and receivables.

Derek Vago

Under the term of an indemnity agreement between the Company and Derek Vago dated 12 December 2005, the Company has agreed to indemnify Derek Vago in connection with any adverse UK tax consequences arising out his investment of seed capital in the Company.

19 Subsidiary Companies

Name	Country of Incorporation and Registration	Percentage owned	Principal Activity
ACP Investment Management Limited	Jersey	100%	Investment Manager
ACP Capital Nominee Limited	Jersey	100%	Trustee for employee awards
ACP Capital (UK) Limited	Jersey	100%	Controlling member in LLP
ACP Capital Cyprus (HR) limited	Cyprus	100%	Employment
ACP Capital (Cyprus) Limited	Cyprus	100%	Investment Holdings
Perseus Holding Limited	Jersey	100%	Investment Holding
ACP Capital (UK) LLP	England and Wales		Advisory services
ACP Capital Management Germany GmbH	Germany	100%	Advisory services

All the above subsidiaries undertakings are fully consolidated in the accounts of the Group.

The Group has control of ACP Capital (UK) LLP as ACP Capital (UK) Limited is the controlling member.

20 Fair Value

The Directors consider that the carrying amount of assets and liabilities in the financial statements approximates to the fair value.

21 Dividends

A dividend in respect of the year ended 31 December 2007 of 3.5p per share, amounting to a total dividend of £6,983,617 is to be proposed at the Annual General Meeting. The financial statements do not reflect this dividend payable.