ACP MEZZANINE LIMITED

(a public company incorporated with limited liability under the laws of Jersey under registration number 93614)

Report & Financial Statements for the year ended
31 December 2009

ACP MEZZANINE LIMITED

CONTENTS

ACP MEZZANINE LIMITED

DIRECTORS AND ADVISORS

Directors	John Chapman George Baird Stephen Coe Rupert Walker	
Registered Office	22-24 Seale Street St Helier, Jersey JE2 3QG Channel Islands	
Company Number	93614	
Secretary	SJ Secretaries Limited 22-24 Seale Street St Helier, Jersey JE2 3QG Channel Islands	
Auditors	BDO LLP 55 Baker Street London W1U 7EU United Kingdom	
Registrars	Computershare Investor Services (Channel Islands) Limited Ordnance House 31 Pier Road St Helier, Jersey JE4 8PW Channel Islands	
Nominated Adviser and Broker	Collins Stewart Europe Limited 9th Floor 88 Wood Street London EC2V 7QR United Kingdom	
Legal Advisers	Travers Smith LLP 10 Snow Hill London EC1A 2AL United Kingdom	Ozannes PO Box 733, 29 Esplanade St Helier, Jersey JE4 OZS Channel Islands
Bankers	Deutsche Bank International Limited PO Box 727 St Paul's Gate New Street St Helier, Jersey JE4 8ZB Channel Islands	Royal Bank of Scotland International Royal Bank House 71 Bath Street St Helier, Jersey JE4 8PJ Channel Islands
Investment Manager	ACP Investment Management Limited 22-24 Seale Street St Helier, Jersey JE2 3QG Channel Islands	

CHAIRMAN'S STATEMENT

Dear Shareholders:

ACP Mezzanine Limited's ("**ACPM**" or "**the Company**") net asset value per share at year end was 9.5 eurocents as compared with 32.40 eurocents at the end of 2008. During the year we returned €70.8 million (30.05 eurocents per share) of capital primarily from the sales of the following investments:

- The IFR Capital plc ("IFR") preferred shares and Tranche D / second lien debt;
- The sale of the CLO, CDO and RMBS ;
- The sale of our subordinated debt investments in GCI Automotive Holdings GmbH;
- The sale of our participation in the mezzanine debt issued by Iceland Foods Group Limited; and
- The sale of certain shares in and held as security in respect of a loan to PFAFF Industrie Machinen AG.

Additionally, the €15 million facility to Leasecom Financial Assets SAS was cancelled and repaid in full.

Our current portfolio comprises investments in tranches "A," "B," and "C" of the IFR debt. All three tranches are secured. The A tranche is amortising, has a margin of 225 bps per annum over 3-month Euribor payable quarterly and matures in December 2014 . The B and C tranches are non-amortizing and have margins of 275 bps and 325 bps, respectively, over 3-month Euribor, payable quarterly and mature in December 2015 and December 2016 respectively. Following the sale of the IFR preferred shares, two shareholders now control almost all of IFR's equity and IFR has been delisted from the AIM Market of the London Stock Exchange plc (the "**LSE**") ("**AIM**").

Our objective is to realise assets and return capital net of expenses to our shareholders. Our major expense is the investment management contract with our manager, ACP Investment Management Limited ("**ACPIM**"). That agreement, which we inherited, requires us to pay ACPIM a management fee equal to 1.75% of gross shareholder equity per annum. Gross shareholder equity represents the aggregate gross proceeds of all issues of shares in the capital of the Company, less any distributions made. Under the terms of the investment management agreement, we may terminate by giving ACPIM 24 months notice of termination or pay a termination fee equal to twice the total of the four most recent quarterly management fee payments. On 2 December 2009 notice was served on the manager to terminate the agreement, with effect from 3 December 2011.

Respectfully yours,

John D. Chapman
Chairman

DIRECTORS' REPORT

The Directors present their report with the financial statements of ACP Mezzanine Limited ("**ACPM**" or the "**Company**") and its subsidiaries (together, the "**Group"**) for the year ended 31 December 2009. The Company was incorporated on 31 May 2006.

PRINCIPAL ACTIVITES AND REVIEW OF THE BUSINESS

The Company is a Jersey-incorporated limited liability public company which listed on AIM in July 2006. The Group, while it was in investment mode, had invested in a portfolio of debt facilities, CDOs, and CLOs. The Group's investments are managed by ACP Investment Management Limited ("**ACPIM**"), a subsidiary of the parent company ACP Capital Limited ("**ACP**"), through an investment management agreement.

A review of the business during the year is contained in the Chairman's statement.

At an EGM held on 9 December 2008, shareholders approved a change in investment policy whereby ACPM will seek to dispose of assets on an orderly basis and return the proceeds to shareholders by way of distributions.

RESULTS AND DIVIDENDS

The results for the year are set out in the financial statements.

For the 2009 calendar year, ACPM has distributed to shareholders a total of 30.05 eurocents per share.

The Directors do not recommend the payment of a final dividend.

The Group's net asset value per share at 31 December 2009 was 9.5 eurocents per share (2008: 32.4 eurocents per share).

DIRECTORS AND THEIR INTERESTS

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

John Chapman
Stephen Coe
George Baird
Rupert Walker (appointed 9 January 2009)
Graeme Ross (resigned 9 January 2009)

All the current Directors hold non-executive positions on the Board. There are currently no executive Directors on the Board.

The Directors have no interest in the Company's shares as at 31 December 2009.

DIRECTORS' TERMS OF SERVICE

There are no executive Directors on the Board. None of the Directors have service contracts with any company in the Group. Their terms of appointment are governed by letters of appointment. The majority of Directors have been appointed for an initial period of three years 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.

DIRECTORS FEES

Directors' remuneration for the year was as follows:

	2009	2008
Directors' fees	**€**	**€**
George Baird	18,280	17,772
Stephen Coe (1)	4,739	2,010
John Chapman (1)	38,309	18,528
	61,328	38,310

2009 Directors' fees reflect a full year for Messrs Coe and Chapman; 2008 was a partial year.

(1) John Chapman and Stephen Coe are also Directors of ACP Capital Limited. John Chapman is also a Director of ACP Investment Management Limited and ACP Capital UK Limited, whilst Stephen Coe is also a director of ACP Capital (Cyprus) Limited and Leasecom Financial Assets SAS.

SUBSTANTIAL SHAREHOLDINGS

At 31 December 2009, the Company had been notified of the following interests in its issued share capital:

ACP Capital Limited	54.37%
F & C Asset Managers plc	8.67%
Weiss Asset Managers plc	6.62%
Credit Agricole Cheuvreux International	5.56%
Midas Capital Partners Limited	5.07%
Artemis Investment Management Limited	4.11%
Brooks Macdonald Asset Management	4.03%

THE ANNUAL GENERAL MEETING

The Notice of the Annual General Meeting of the Company and a circular dealing with the special business to be considered at the Annual General Meeting will be 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 Group'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 Group's auditors are aware of that information.

AUDITORS

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

On behalf of the Board

Director
15 March 2010

CORPORATE GOVERNANCE

The Directors are committed to maintaining high standards of corporate governance. The Company is incorporated in Jersey. The Companies (Jersey) Law 1991 does not contain a mandatory code of corporate governance, although it does impose statutory obligations on directors to act in good faith and with a view to the best interests of the 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 2008. Although the Combined Code is not compulsory for AIM listed companies, the Directors have applied the principles as far as practicable and appropriate for a relatively small public company as follows:

BOARD OPERATION

The Board meets regularly and is responsible for strategy, performance, approval of disposals where such disposals do not fall within the discretion granted to ACP Investment Management Limited (ACPIM) pursuant to the Investment Management Agreement, and the framework of internal controls. 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 services of the Company Secretary. The appointment and removal of the Company 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 Directors are satisfied that the balance of the Board is such that no individual or small group of individuals can dominate the Board's decision making. There are no executive Directors on the Board. Executive functions are carried out by ACPIM.

The Board met 12 times during the year, including the Annual General Meeting.

BOARD COMMITTEES

Nomination Committee

A nomination committee is not considered appropriate because of the small size of the Board and the Company, but all appointments or potential appointments are fully discussed by all Board members. All new Directors and senior management are given a comprehensive introduction to the Company's business. Any training which is deemed by the Board to be necessary will be provided at the Company's expense. Consideration will be given by the Board as to whether the Board has the skills required to manage the Group effectively, and particularly its relationship with the Company Secretary. The Directors do not consider that it is necessary at present for formal procedures to be in place to enable the Board to conduct a formal annual performance evaluation of itself or individual members of the Board.

Remuneration Committee

The Directors do not intend to establish a remuneration committee, as such committee would not be appropriate given the structure of the Board and the Company's operations. The Board will review annually the remuneration of the Directors and agree reasonable and market standard levels of non-executive fees based on market information sourced through discussions with third parties.

CORPORATE GOVERNANCE - continued

Audit Committee

The Audit Committee comprises Stephen Coe, John Chapman and George Baird. Stephen Coe is a Chartered Accountant who has financial experience of acting as a non executive finance director.

The Audit Committee carries 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 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.

REGULATORY COMPLIANCE

The Company will take all reasonable steps to ensure compliance by the Directors with the provisions of the AIM Rules for Companies as published by the LSE relating to dealings in securities of the Company and has adopted a share dealing code for this purpose. The Company is also aware of the Channel Islands Stock Exchange Model Code for Securities Transactions by Directors of Listed Companies and will take all reasonable steps to ensure compliance by the Directors with the relevant provisions of this code.

INTERNAL FINANCIAL CONTROL

The Board is responsible for establishing and maintaining the Group'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 Group's organisational structure has clear lines of responsibility;
- quarterly results and activity reports are closely monitored by the Directors;
- the Board is responsible for identifying the major business risks faced by the Group and for determining the appropriate courses of action to manage those risks; and
- oversight of the performance of ACPIM and its compliance with the Investment Management Agreement.

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. In addition to the regular announcements, including ACPM's announcement of the preliminary year end results and at the half year, the Board also issues reports in respect of ACPM's net asset value to its shareholders on a quarterly basis. The Board uses the Annual General Meeting to communicate with investors and welcomes their participation. The Board aims to ensure that at least one Director is available at Annual General Meetings to answer questions.

CREDITORS PAYMENT POLICY

The operating companies are responsible for agreeing the terms and conditions under which business transactions with their suppliers are conducted.

DIRECTORS LIABILITY INSURANCE

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

CORPORATE GOVERNANCE - continued

INVESTMENT MANAGER

In 2006, ACPM entered into an Investment Management Agreement ("IMA") with ACPIM, a wholly owned subsidiary of ACP Capital Limited (ACP). Under the Agreement, ACPIM was appointed investment manager for an initial period of 3 years and given discretion to deal with the Group's assets subject to certain guidelines. The period of appointment was extended to 7 years starting in December 2007. The annual management fee chargeable by ACPIM is currently based on 1.75 percent of gross shareholders' equity, less any distributions. Additionally, ACPIM is entitled to a performance fee equivalent to 25 percent above a benchmark return (minimum 2 percent per quarter).

As a result of the reduction in the Group's investment portfolio, ACPIM has been given notice of termination of the IMA. The IMA will terminate on 3 December 2011.

DIRECTOR'S RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Directors are responsible for preparing the financial statements in accordance with applicable laws and International Financial Reporting Standards.

Jersey company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and of the profit or loss of the Group for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis unless it is inappropriate to do so.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and to enable them to ensure that the financial statements have been properly prepared in accordance with the Companies (Jersey) Law 1991. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

GOING CONCERN

After making enquiries, the Directors have a reasonable expectation that the Group 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.

On behalf of the Board

Director
15 March 2010

INDEPENDENT AUDITOR'S REPORT

To the Members of ACP Mezzanine Limited
We have audited the financial statements of ACP Mezzanine Limited for the year ended 31 December 2009 which comprise the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of cash flows, the consolidated statement of changes in equity and related notes. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Article 110 of the Companies (Jersey) Law 1991. 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 Jersey law and International Financial Reporting Standards 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 and are properly prepared in accordance with the Companies (Jersey) Law 1991. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records and if we have not received all the information and explanations we require for our audit.

We read the Directors' Report and consider the implications for our Report if we become aware of any apparent misstatements within it. We read other information contained in the annual report and consider whether it is consistent with the annual financial statements. This other information comprises only the Chairman Statement and Corporate Governance Statement. 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 Group's financial statements give a true and fair view of the state of the Group's affairs in accordance with International Financial Reporting Standards as at 31 December 2009 and of its profit for the year then ended; and
- the Group's financial statements have been properly prepared in accordance with the Companies (Jersey) Law 1991.

BDO LLP, Chartered Accountants
London
United Kingdom
15 March 2010

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

FINANCIAL STATEMENTS

Consolidated Statement of Comprehensive Income
For the year ended 31 December 2009

	Notes	2009 €	2008 €
Investment income			
Gains/(losses) on investments at fair value through profit or loss		12,154,507	(24,057,920)
Dividend and interest income		10,832,929	14,765,307
Fees and other income		42,090	615,000
Total net investment income		23,029,526	(8,677,613)
Exchange movements		158,763	(236,591)
Impairment of loans and receivables		-	(21,435,114)
Impairment of available-for-sale investments		(2,822,547)	(30,813,934)
Investment manager's fees	21	(2,562,110)	(2,511,379)
Other operating expenses	7	(1,014,822)	(3,021,305)
Operating profit/(loss)		16,788,810	(66,695,936)
Finance expense	8	(811)	(5,784,601)
Finance income	8	60,373	1,745,272
Profit/(loss) before tax		16,848,372	(70,735,265)
Income taxes	9	-	-
Total comprehensive income for the year		16,848,372	(70,735,265)

Earnings/(loss) per share			
Basic and diluted	19	7.15 cents	(40.25) cents

ACP MEZZANINE LIMITED

FINANCIAL STATEMENTS

Consolidated Statement of Financial Position
As at 31 December 2009

		2009	2008
Assets	**Notes**	**€**	**€**
Non-current assets			
Investments measured at fair value through profit or loss	10	14,586,155	41,022,886
Investment classified as loans and receivables	11	-	-
Available-for-sale investments	12	-	22,488,110
		14,586,155	63,510,996
Current assets			
Investments measured at fair value through profit or loss	10	1,104,964	756,474
Trade and other receivables	14	1,215,710	1,072,292
Cash and cash equivalents		5,717,258	11,781,538
Total current assets		8,037,932	13,610,304
Total assets		22,624,087	77,121,300
Liabilities			
Current liabilities			
Trade and other payables	15	220,589	724,701
Total current liabilities		220,589	724,701
Total liabilities		220,589	724,701
Net assets		22,403,498	76,396,599
Equity & Reserves			
Issued capital	16	-	-
Share premium	17	77,658,496	148,499,969
Retained earnings		(55,254,998)	(72,103,370)
Total equity and reserves		22,403,498	76,396,599
Net asset value per share (eurocents)		9.5	32.4

The financial statements were approved by the Board of Directors and authorised for issue on 15 March 2010.

Director

FINANCIAL STATEMENTS

Consolidated Statement of Cash Flows
For the year ended 31 December 2009

	2009	2008
	€	€
Cash flow from operating activities:		
Profit /(loss) for the financial period	16,848,372	(70,735,265)
Movement in fair value of investments and loans	(12,154,507)	24,057,920
Finance expense	811	5,784,601
Finance income	(60,373)	(1,745,272)
Exchange rate differences	(158,763)	236,591
Impairment of investments classified as loans and receivables	-	21,435,114
Impairment of available-for-sale investments	2,822,547	30,813,934
Changes in working capital:		
(Increase)/decrease in trade and other receivables	(143,418)	7,952,603
Decrease in trade and other payables	(504,112)	(7,130,883)
New lending/investments	(3,175,054)	(17,850,200)
Capitalised accrued interest	(4,344,761)	(2,793,994)
Sale/repayment of investments	65,428,126	1,536,057
Net cash flow from operations	64,558,868	(8,438,794)
Cash flow from financing activities		
Proceeds from issues of share capital	-	80,000,000
Costs of issues of share capital	-	(3,176,733)
Share options exercised	-	1,000,000
Repayment of financing	-	(47,764,656)
Interest paid and other related financing costs	(811)	(6,247,383)
Drawdown of financing facilities	-	13,729,933
Bank interest received	60,373	1,745,272
Capital distributions	(70,841,473)	(25,106,878)
Dividends paid	-	(8,873,550)
Net cash flow from financing activities	(70,781,911)	5,306,005
Effects of exchange rate changes on cash and cash equivalents	158,763	(242,881)
Net decrease in cash and cash equivalents	(6,064,280)	(3,375,670)
Opening cash and cash equivalents	11,781,538	15,157,208
Closing cash and cash equivalents	5,717,258	11,781,538

ACP MEZZANINE LIMITED

FINANCIAL STATEMENTS

Consolidated Statement of Changes in Equity
For the year ended 31 December 2009

	Share capital	Share premium	Retained earnings	Total
	€	€	€	€
At 31 December 2007	-	95,783,580	7,505,445	103,289,025
Total comprehensive income for the period	-	-	(70,735,265)	(70,735,265)
Dividends paid (note 23)	-	-	(8,873,550)	(8,873,550)
Capital distributions (note 23)	-	(25,106,878)	-	(25,106,878)
Shares issued	-	76,823,267	-	76,823,267
Share options exercised	-	1,000,000	-	1,000,000
At 31 December 2008	-	148,499,969	(72,103,370)	76,396,599
Total comprehensive income for the period	-	-	16,848,372	16,848,372
Capital distributions (note 23)	-	(70,841,473)	-	(70,841,473)
At 31 December 2009	-	77,658,496	(55,254,998)	22,403,498

NOTES TO THE FINANCIAL STATEMENTS

1 General information

ACP Mezzanine Limited ("**ACPM**" or the "**Company**") and its subsidiaries (together the **"Group**"), while in investment mode, provided sub-investment grade finance to European small and mid-sized enterprises - with a primary focus on the United Kingdom, France, Germany and Italy. The financial statements for the year ended 31 December 2009 were authorised for issue by the Board of Directors on 15 March 2010.

At an EGM held on 9 December 2008, ACPM's shareholders approved a resolution authorising the Company to dispose of assets in an orderly basis and return the proceeds to shareholders by way of distributions. Any new lending subsequent to the EGM has been due to commitments under previous commitments.

2 Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards, and International Accounting Standards and Interpretations (collectively "**IFRSs**") issued by the International Accounting Standards Board ("**IASB**") as adopted by the European Union and with those parts of Companies (Jersey) Law 1991 applicable to companies preparing their financial statements under IFRSs.

The financial statements are presented in Euro, the functional and presentational currency of the Group.

They are prepared under the historical cost convention modified to include investments and available-for-sale investments measured at fair value through profit or loss. 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.

Note 3 sets out a description of the significant accounting policies of the Group. The accounting policies are consistent with those applied in the year ended 31 December 2008, and amended to reflect the adoption of the new standards, amendments to standards or interpretations which are mandatory for the first time for the financial year ended 31 December 2009.

New and amended standards adopted by the group
The Group has adopted the following new and amended IFRSs as of January 2009:

IFRS 7 'Financial instruments – Disclosures' (amendment) – effective 1 January 2009. The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. As the change in accounting policy only results in additional disclosures, there is no impact on earnings per share.

IAS 1 (revised). 'Presentation of financial statements' – effective 1 January 2009. The revised standard amends the presentation of certain aspects of the financial statements.

None of the other new standards that are effective from 1 January 2009 have had a material effect on the financial statements.

Standards, amendments and interpretations to published standards not yet effective

The following standards and amendments to existing standards have been published and are mandatory for the group's accounting periods beginning on or after 1 January 2010 or later periods, but the group has not yet adopted them:

IAS 27 - Consolidated and Separate Financial Statements (effective for accounting periods beginning on or after 1 July 2009).

IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations (effective for accounting periods beginning on or after 1 January 2010).

IAS 1 – Presentation of Financial Statements (effective for accounting periods beginning on or after 1 January 2010).

IAS 7 – Statement of Cash Flows (effective for accounting periods beginning on or after 1 January 2010).

IAS 36 – Impairment of assets (effective for accounting periods beginning on or after 1 January 2010).

IAS 39 – Financial Instruments: Recognition and Measurement (effective for accounting periods beginning on or after 1 January 2010).

IAS 24 (revised) – Related Party Disc;osures (effective for accounting periods beginning on or after 1 January 2011).

IFRS 9 - Financial Instruments (effective for accounting periods beginning on or after 1 January 2013).

3 Significant accounting policies

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

a) Basis of consolidation

The financial information in the Group's Financial Statements for the year ended 31 December 2009 incorporates the Financial Statements of the Company and its subsidiaries. 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.

Intra-group balances and any unrealised gains and losses arising from intra-group transactions are eliminated in preparing the Financial Statements of the Group.

b) Investments measured at fair value through profit and loss

Investments are recognised and derecognised at trade date. All listed and unlisted equity investments are designated as at fair value through profit or loss and subsequently carried in the statement of financial position at fair value, and the changes in fair value are recognised in the consolidated statement of comprehensive income analysed between accrued interest and other fair value movements.

The valuation technique used for each class of investment is as follows:

Preference equity– valued as a percentage to par using the same percentage to par of indicative bids of junior debt in the company in which the preference equity is held.

Syndicated loans – valued based on indicative bids from market makers.

c) Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Group will be unable to collect all of the amounts due under the terms receivable, the amount of such provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable, these impairments together with foreign exchange gains and losses, and associated interest on these assets are recognised through the profit or loss.

d) Available-for-sale investments

Non-derivative financial assets not included in the above categories are classified as available-for-sale and comprise principally the Group's CDOs, CLOs and small and medium sized enterprise ("**SME**") loans. They are carried at fair value and valued based on an average of indicative bids from market makers. Available-for-sale financial assets are carried at fair value with changes in fair value generally recognised in other comprehensive income and accumulated available-for-sale reserve; exchange differences on assets denominated in a foreign currency and interest calculated using the effective interest rate method is recognised in profit or loss. Where there is a significant or prolonged decline in the fair value of the available-for-sale financial asset (which constitutes objective evidence of impairment), the full amount of the impairment including any amount previously recognized in other comprehensive income, is recognised in profit or loss. Purchases and sales of available-for-sale financial assets are recognised on trade date with any change in fair value between trade date and settlement date being recognised in retained earnings.

e) Trade and other receivables

Trade and other receivables are recognised initially at fair value. A provision for impairment is established where there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables concerned.

f) Cash & cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

g) Trade and other payables

Trade and other payables are stated at amortised cost.

h) Equity instruments

Equity instruments issued by the Company are recognised at the proceeds or fair value received. As share capital has nil par value proceeds are credited to the share premium account. Direct issue costs are deducted from share premium.

i) Revenue

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 to that asset's carrying value.

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.

Dividends from equity investments are recognised in the profit or loss when the shareholders' rights to receive payment have been established.

j) Dividends

Dividends are recognised when they become legally payable. In the case of interim dividends to equity shareholders, this is when declared by the Directors. In the case of final dividends, this is when approved by the shareholders at the AGM.

k) Share-based payments

Where equity settled share options are awarded to Directors, the fair value of the options at the date of grant is charged to the profit or loss over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

When the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the profit or loss over the remaining vesting period.

l) Finance expense

Interest expense is calculated using the effective interest rate method. Finance costs are recognised in the consolidated statement of comprehensive income over the period of the loans and borrowings related to those costs.

m) Foreign currency translation

Transactions entered into in a currency other than the Euro are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the reporting date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are translated at the rates ruling at the reporting date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognised immediately in the profit or loss.

4 Significant judgments, key assumptions and estimates

The Group's significant accounting policies are stated in note 3 above. Not all of these significant accounting policies required management to make difficult, subjective or complex judgements or estimates. The following is intended to provide an understanding of the policies that management consider critical because of the level of complexity, judgment or estimation involved in their application and their impact on the financial statements. These judgments involve assumptions or estimates in respect of future events. Actual results may differ from these estimates.

Fair value of financial instruments

The Group determines the fair value of financial instruments that are not quoted by using indicative prices. These indicative prices are significantly affected by the assumptions used, including discount rates and estimates of future cash flows. In that regard, the derived fair value estimation cannot always be substantiated by comparison with independent markets and in many cases may not be capable of being realised immediately. Note 6 states the financial risk management policies for the Group.

5 Segment reporting

The Directors consider that there is only one business segment being specialist integrated finance and asset management and only one geographic area being Europe.

6 Financial risk management

The Group's activities expose it to a variety of financial risks: concentration risk, market price risk, interest rate risk, currency risk, credit risk, liquidity risk, and capital risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

a) Concentration risk

Concentration risk arises from individual investments to which the Group has significant exposure. The Group defines significant exposure as at least 20 percent of gross portfolio value.

Following the investment disposals during the year, the only investments the Group still retain are the tranches of IFR debt. At 31 December 2009 IFR accounted for €15.7 million of the net asset value total of €22.4 million (2008: €41.8 million of the net asset value total of €76.6 million.).

This concentration risk is managed through regular review of public information and from review of reports from debt agents and similar, where appropriate. ACPIM reports quarterly to the Board on such matters.

b) Market price risk

Market price risk arises from uncertainty in the future value of financial instruments. No new investments are being made and during the year the Group disposed of its entire investment portfolio with the exception of its IFR Senior Facilities. These remaining investments are managed by the investment advisor who reports regularly to the board to review past and expected future performance. Monitoring includes reviewing monthly and quarterly financial management reports and monthly portfolio managers' reports. Regular contact is maintained with borrowers, agent banks and portfolio managers. Board meetings are also attended. All pricing is indicative only as there is little, if any, actual trading in comparable instruments.

The Group's investments are exposed to market price fluctuation.

The market price of the remaining investments fluctuated by 5 percent during the year ended 31 December 2009.

The Directors' consider that price volatility during the year ended 31 December 2010 will be at a similar level.

As such, if the market price of these investments had been 5 percent lower at 31 December 2009 the Group's profit and net assets would have been lower by €0.78 million (2008: €0.80 million). A 5 percent increase in market price would, on the same basis, have increased the profit and net assets by the same amount.

c) Interest rate risk

As the Group has no borrowings, interest rate risk arises solely from interest received in respect of the Group's investments and cash balances. The Group has no interest rate hedging in place as the Directors do not consider that the reduction in interest rate exposure warrants the cash flow risk created from such hedging techniques. Investments issued at floating interest rates therefore expose the Group to cash flow interest rate risk.

The table below details the Group's exposure to interest rates at 31 December 2009 by reference to the earlier of the contractual re-pricing or maturity date:

2009	Within 1 year €	1 - 2 years €	3 - 5 years €	Over 5 years €	Total €
Floating rate: Investments measured at fair value through profit or loss	1,104,964	1,348,056	5,001,065	8,237,034	15,691,119
Cash and cash equivalents	5,717,258	-	-	-	5,717,258
	6,822,222	1,348,056	5,001,065	8,237,034	21,408,377

2008	Within 1 year €	1 - 2 years €	3 - 5 years €	Over 5 years €	Total €
Fixed rate:					
Investments measured at fair value through profit or loss	-	-	-	13,375,500	13,375,500
Floating rate:					
Investments available- for-sale	-	-	215,520	22,272,590	22,488,110
Investments measured at fair value through profit or loss	756,474	3,144,893	3,611,587	20,890,906	28,403,860
Cash and cash equivalents	11,781,538	-	-	-	11,781,538
	12,538,012	3,144,893	3,827,107	56,538,996	76,049,008

Floating rate interest on the remaining investments (the IFR Senior Facilities) is based on Euribor and a fixed margin.

In the year to 31 December 2010, the Directors consider that any movement in the Eurobor rate is likely to be upward and the increase will be a maximum of 150 basis points.

If such an increase had been applicable for the year ended 31 December 2009, profit after tax, with all other variables held constant, would have been €0.3 million higher (2008: €1.4 million higher).

d) Foreign exchange risk

The Group has assets denominated in currencies other than the Euro. The Group has no foreign exchange hedging in place as the Directors do not consider that the reduction in foreign currency exposure warrants the cash flow risk created from such hedging techniques. Therefore the movements in the exchange rate between the Euro and any currencies in which the Group transact expose the Group to currency risk resulting in gains or losses on retranslation into the Euro all of which are recognised through the consolidated statement of comprehensive income. These movements in the exchange rate may be influenced by factors such as trade imbalances, levels of short term interest rates, differences in relative values of similar assets in different currencies, long term opportunities for investment and capital appreciation and political developments.

The table below details the Group's exposure to foreign currencies at 31 December 2009:

2009	Euro €	Sterling €	US Dollar €	Swiss Franc €	Total €
Total Assets	21,290,936	1,333,151	-	-	22,624,087
Total Liabilities	(220,589)	-	-	-	(220,589)
Net assets	21,070,347	1,333,151	-	-	22,403,498

2008

	Euro	Sterling	US Dollar	Swiss Franc	Total
	€	€	€	€	€
Total Assets	72,075,157	4,056,118	984,012	6,013	77,121,300
Total Liabilities	(723,822)	(879)	-	-	(724,701)
Net assets	71,351,335	4,055,239	984,012	6,013	76,396,599

The table below shows the effect on the net assets of the Group at the reporting date if Sterling had strengthened or weakened by various percentages against the Euro with all other variables held constant. Any change in net assets would impact the profit or loss.

	2009	2008
% change in Sterling against Euro	€	€
20% weakened	22,136,868	75,720,726
10% weakened	22,270,183	76,027,941
5% weakened	22,336,841	76,203,492
Year end closing rate	22,403,498	76,396,599
5% strengthened	22,470,156	76,610,033
10% strengthened	22,536,813	76,847,181
20% strengthened	22,670,128	77,410,409

e) Credit risk

Credit risk is the risk of financial loss to the Group if a counterparty to a financial instrument fails to meet their interest payment and capital repayment obligations.

The Group is exposed to credit risk from deposits with banks and financial institutions. The credit risk on cash and cash equivalents is limited due to the high proportion of funds being held with high rated banking institutions. The table below shows the balance of cash and cash equivalents held with various financial institutions at the end of the reporting period.

Bank & rating	2009	2008
	€	€
Deutsche Bank AG - rated A-	4,992,186	11,340,965
The Bank of New York Mellon Corp. - rated A-	158,252	440,573
Royal Bank of Scotland - rated A-	566,820	-
	5,717,258	11,781,538

The Group is exposed to a loss in investment value, loss in income and increase in costs, such as legal fees, if counterparties of their investments fail to meet their interest payment obligations.

The table below shows the fair value of the Group's investments at the end of each of reporting periods and the rating of those investments (where applicable).

	2009		2008	
	€	%	€	%
Syndicated loans:				
Rating - BB	15,691,119	100.00%	15,920,993	24.77%
Rating – B	-	0.00%	9,688,873	15.08%
	15,691,119	100.00%	25,609,866	39.85%
Preference shares (not rated)	-	0.00%	16,169,494	25.16%
SME loans (not rated)	-	0.00%	12,032,900	18.72%
CLO[1:]				
Rating - BB	-	0.00%	7,785,128	12.11%
Rating – B	-	0.00%	1,634,150	2.54%
	-	0.00%	9,419,278	14.65%
CDO [2:]				
Rating - BB	-	0.00%	760,000	1.18%
RMBS [3:]				
Rating - B	-	0.00%	263,693	0.41%
Rating - CCC	-	0.00%	12,239	0.02%
	-	0.00%	275,932	0.43%
	15,691,119	100.00%	64,267,470	100.00%

1 Structured portfolio of leveraged loan assets (**"CLO"**)

2 Structured portfolio of debt assets (**"CDO"**)

3 Structured portfolio of residential mortgage assets (**"RMBS")**

During the year, the lowest ranking debt tranches (CLO ,CDO and RMBS investments) were sold. Accordingly the Directors consider credit risk has been reduced.

To mitigate against potential interest default and loss in value, the remaining investments (IFR Senior Facilities), are managed on an ongoing basis as follows:

- Review of monthly reports.
- Review of quarterly financial covenant compliance certificates.
- Regular contact with agent banks or in some instances the borrower directly, to determine covenant compliance, trading status and performance.

However, there is no guarantee that these credit risk management procedures will be able to limit potential loss in investment value or loss of income from counterparties who default on their obligations. If any or the Group's counterparties default on interest payments, the Group's revenues and profitability will be adversely affected.

At both 31 December 2009 there were no financial assets overdue or impaired.

f) Liquidity risk

Liquidity risk is the risk that the Group will be unable to meet its immediate financial commitments.

At 31 December 2009 the Group had working capital of €6.7 million (2008: €12.1 million) represented by €5.7 million (2008: €11.8 million) of cash, €1.2 million (2008: €1.1 million) of short-term receivables and €0.2 million (2008: €0.8 million) of short-term liabilities.

The Group's policy is to ensure that its operating costs are fully covered by the interest income currently generated by the Group's assets.

The table below shows the multiple of operating costs to interest income:

	2009 €	2008 €
Interest income	10,832,929	14,765,307
Investment manager's fees	2,562,110	2,511,379
Other operating expenses	1,014,822	3,021,305
	3,576,932	5,532,684
Multiple of operating costs to interest income	**3**	**3**

To monitor liquidity risk, the Board receives rolling 12 month cash flow projections on a quarterly basis as well as information regarding cash balances and indications of any potential defaults on interest income from its investments.

g) Capital risk management policies and objectives

Following the EGM of the parent Company ACP Capital Limited on 17 July 2008, the Group's capital management policy and objective is to return capital to shareholders by way of distributions.

The Group's capital comprises purely equity funding, with the Group having no borrowings.

h) Fair value estimation

Effective 1 January 2009, the group adopted the amendment to IFRS 7 for financial instruments that are measured in the statement of financial position at fair value, this requires disclosure of fair value measurements (by level) according to the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2)
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

All of the Group's financial instruments measured at fair value are valued using indicative prices and accordingly are classified as level 3.

NOTES TO THE FINANCIAL STATEMENTS

The table below shows the movement during the year of each class of financial instrument:

2009	Opening balance	Additions/ interest receivable	Movement/ impairment in value	Disposal	Closing balance
	€	€	€	€	€
Financial assets at fair value through profit and loss					
Preference share investments	16,169,494	4,344,761	6,484,955	(26,999,210)	-
Syndicated loans	25,609,866	-	5,669,552	(15,588,299)	15,691,119
	41,779,360	4,344,761	12,154,507	(42,587,509)	15,691,119
Available for sale financial assets					
Collateralised debt obligations	760,000	-	(454,152)	(305,848)	-
Collateralised loan obligations	9,419,278	-	(3,374,463)	(6,044,815)	-
Residential Mortgage Backed Securitisation	275,931	-	(87,728)	(188,203)	-
SME loans	12,032,901	3,175,054	1,093,796	(16,301,751)	-
	22,488,110	3,175,054	(2,822,547)	(22,840,617)	-
	64,267,470	7,519,815	9,331,960	(65,428,126)	15,691,119

7 Other 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, BDO LLP (in 2008 the Group obtained these services from BDO LLP and Kingston Smith LLP):

	2009	2008
	€	€
Audit services		
Statutory audit	26,258	58,633
Non audit services		
Taxation and other services	-	17,471
	26,258	76,104

Director emoluments	**2009**	**2008**
	€	**€**
Directors' emoluments	61,328	38,310

Bad debts	**2009**	**2008**
	€	**€**
Bad debt expense	-	2,075,527

8 Net finance income/(cost)

	2009	**2008**
	€	**€**
Finance income		
Interest received on bank deposits	60,373	1,745,272
Finance expense		
Interest payable on bank borrowings	(811)	(3,574,649)
Break costs	-	(2,209,952)
	(811)	(5,784,601)
Net finance income/(cost)	59,562	(4,039,329)

9 Income taxes

The Company is registered in Jersey as an exempt company and is therefore, not liable to Jersey income tax on profits derived outside Jersey. Confirmation has been obtained from the Controller 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.

With effect from the 2009 year of assessment Jersey abolished the exempt company regime for existing companies. Profits arising in the Group for the 2009 year of assessment and future periods will be subject to tax at the rate of 0 percent. In the prior year the Group was exempt from taxation under the provisions of Article 123A of the Income Tax (Jersey) Law 1961 as amended.

10 Investments measured at fair value through profit or loss

	2009 €	2008 €
Opening balance	41,779,360	63,557,429
Interest income receivable after more than one year	4,344,761	2,793,994
Disposals	(42,587,509)	(1,536,057)
Movement in fair value of investments	12,154,507	(23,036,006)
Closing balance	15,691,119	41,779,360

	2009 €	2008 €
Disclosed in current assets	1,104,964	756,474
Disclosed in non-current assets	14,586,155	41,022,886
	15,691,119	41,779,360

The fair value of investments is determined by using indicative prices. Note 6 (b) reviews the sensitivity of the prices used.

11 Investments classified as loans and receivables

	2009 €	2008 €
Opening balance	-	58,728,562
Additions	-	16,361,052
Exchange rate movements	-	(966,180)
Impairment of loans and receivables	-	(22,254,950)
Transfer to Available-for-sale investments	-	(51,868,484)
Closing balance	-	-

Loans and receivables comprise collateralised debt obligations, collateralised loan obligations, SME loans and RMBS assets and are carried at amortised cost using the effective interest rate method, less provision for impairment. Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Group will be unable to collect all of the amounts due under the terms receivable, the amount of such provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable.

12 Available-for-sale investments

	2009 €	2008 €
Opening balance	22,488,110	-
Transfer from loans and receivables	-	51,868,484
Additions	3,175,054	1,489,294
Exchange rate movements	-	(55,734)
Impairment of Available-for-sale investments	(2,822,547)	(30,813,934)
Disposals	(22,840,617)	-
Closing balance	-	22,488,110

Following the EGM in December 2008, the Company announced that it would seek to dispose of its assets and distribute proceeds to its shareholders by way of capital distributions. Accordingly in 2008 assets previously disclosed as Loans and receivables were reclassified to Available-for-sale investments.

Available-for-sale investments were carried at fair value which is determined by using indicative prices.

In relation to the prior year, where the valuation of the assets was based on an average of indicative prices, if the lowest or highest price had been used then the value of the Group's Available-for-sale investments at 31 December 2008 would have been €1.71 million lower or greater respectively.

13 Financial instruments by category

The accounting policies for financial instruments have been applied to line items as follows:

2009	Assets at fair value through profit or loss €	Available-for-sale assets €	Loans and receivables €	Total €
Assets as per balance sheet				
Syndicated loans	15,691,119	-	-	15,691,119
Trade and other receivables	-	-	3,919	3,919
Amounts owed from parent and subsidiaries of parent	-	-	1,211,791	1,211,791
Cash and cash equivalents	-	-	5,717,258	5,717,258
	15,691,119	-	6,932,968	22,624,087

	Liabilities held at amortised cost €
Liabilities as per balance sheet	
Trade and other payables	4,674
Amounts owed to subsidiaries of parent	175,889
Accruals	40,026
	220,589

2008	Assets at fair value through profit or loss	Available-for-sale assets	Loans and receivables	Total
	€	€	€	€
Assets as per balance sheet				
Preference share investments	16,169,494	-	-	16,169,494
Syndicated loans	25,609,866	-	-	25,609,866
CDOs	-	760,000	-	760,000
CLOs	-	9,419,278	-	9,419,278
SME loans	-	12,032,900	-	12,032,900
RMBS	-	275,932	-	275,932
Trade and other receivables	-	-	582,749	582,749
Amounts owed from parent and subsidiaries of parent	-	-	489,543	489,543
Cash and cash equivalents	-	-	11,781,538	11,781,538
	41,779,360	22,488,110	12,853,830	77,121,300

	Liabilities held at amortised cost
	€
Liabilities as per balance sheet	
Trade and other payables	10,139
Amounts owed to parent company and subsidiaries of parent	489,543
Accruals	225,019
	724,701

14 Trade and other receivables

	2009	2008
	€	€
Accrued interest receivable	-	1,054,785
Amounts owed by parent company and subsidiaries of parent	1,211,791	-
Other receivables	3,919	17,507
	1,215,710	1,072,292

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The Group does not hold any collateral as security. At 31 December 2009, and 31 December 2008, there were no assets that were past due or impaired.

15 Trade and other payables

	2009 €	2008 €
Trade payables	4,674	10,139
Amounts owed to subsidiaries of parent	175,889	489,543
Accruals	40,026	225,019
	220,589	724,701

16 Issued capital

Authorised, called up and fully paid.	2009 No.	2009 €	2008 No.	2008 €
Opening balance	235,745,333	-	101,412,000	-
Ordinary shares issued in secondary placing	-	-	133,333,333	-
Share options exercised	-	-	1,000,000	-
Closing balance	235,745,333	-	235,745,333	-

Ordinary shares carry one vote per share and carry a right to dividends and capital distributions.

In June 2008 a secondary placing of 133,333,333 shares was made at €0.60 cents per share, which provided proceeds of €76,823,267 after costs. Also in the prior period, ACP Capital Limited exercised options as part of an Option Deed to acquire 1,000,000 shares at €1.00 per share which provided net proceeds of €1,000,000.

17 Share premium

	2009 €	2008 €
Brought forward	148,499,969	95,783,580
Issued on placing	-	80,000,000
Cost of share issue	-	(3,176,733)
Share options exercised	-	1,000,000
Capital distributions (note 23)	(70,841,473)	(25,106,878)
Carried forward	77,658,496	148,499,969

18 Reserves

The following describes the nature and purpose of each reserve within equity:

Share premium
Amount subscribed for in excess of nominal value.

Retained earnings reserve
Cumulative net gains and losses recognised in the consolidated statement of comprehensive income..

19 Earnings/(loss) per share

The calculation of the basic earnings and diluted earnings per share attributable to the equity shareholders of the Company is based on the following data:

	2009	2008
Earnings/(loss)	**€**	**€**
Earnings/(loss) for the purposes of basic earnings per share being profit attributable to equity shareholders of the Company	16,848,372	(70,735,265)
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	235,745,333	175,755,379
Effect of dilutive potential ordinary shares: Share options	-	-
Weighted average number of ordinary shares for the purposes of diluted earnings per share	235,745,333	175,755,379

9,657,080 of share options with an exercise price exceeding the weighted average quoted price of the issued shares have been excluded from the calculation of diluted earnings per share as they are not deemed dilutive.

20 Share based payments

The Company has options in issue to purchase ordinary shares of the Company.

	2009 € Weighted average exercise price	2009 No.	2008 € Weighted average exercise price	2008 No.
Outstanding at beginning of year		9,657,080		11,032,080
Exercised during the year		-		(1,000,000)
Lapsed during the year		-		(375,000)
Outstanding at end of year	1.00	9,657,080	1.00	9,657,080

All of the options were fully vested at 31 December 2007, and can be exercised in whole or in part at any time until July 2011.

No share options were granted during the current or prior year.

21 Related parties

Related party transactions between the Group, its parent company ACP Capital Limited and fellow subsidiaries of the parent were as follows:

Balance due from/owed to related entities at the balance sheet date:

	2009	2008
	€	€
Owed to/(by):		
ACP Capital Limited (parent company)	1,206,368	295,897
ACP Capital UK LLP (subsidiary of parent)	(175,889)	879
ACP Mezannine UK Limited	2,452	-
ACP Mezzanine Asset Holdings 1 Limited	1,664	-
ACP Mezzanine Asset Holdings 2 Limited	1,307	-
ACP Investment Management Limited (subsidiary of parent)	-	192,767
	1,035,902	489,543

Expense transactions with related entities during the year were as follows:

	2009	2008
	€	€
Expense		
ACP Capital UK LLP – recharged expenses	-	879
ACP Investment Management Limited – investment management fee	2,562,110	2,511,379
ACP Investment Management Limited – performance fee	-	192,767
	2,562,110	2,705,025

ACP Capital Limited

ACP Capital Limited holds 128,179,798 ordinary shares in the Company, representing 54.37 percent of the Company at 31 December 2009.

ACP Capital Limited holds 9,141,200 options to acquire ordinary shares in the Company at an exercise price of €1.00 per share.

ACP Investment Management Limited

In 2006, the Group entered into an Investment Management Agreement ("IMA") with ACPIM, a wholly owned subsidiary of ACP Capital Limited. Under the Agreement, ACPIM was appointed investment manager for an initial period of 3 years and given discretion to deal with the Group's assets subject to certain guidelines. The period of appointment was extended to 7 years starting in December 2007. The annual management fee chargeable by ACPIM is currently based on 1.75 percent of gross shareholders' equity less any distributions. Additionally, ACPIM is entitled to a performance fee equivalent to 25 percent above a benchmark return.

As a result of the reduction in the Group's investment portfolio, ACPIM has been given notice of termination of the IMA. The IMA will terminate on 3 December 2011.

Leasecom Financial Assets SAS ("Leasecom")

At 31 December 2009, Stephen Coe was a director of ACPM and Leasecom.

During the year the Group also had a loan facility with a subsidiary of Leasecom that was repaid in full in the year, at 31 December 2008 the amount due to the Group was €5,854,300, and a further €3,175,054 was advanced under the facility.

22 Subsidiary companies

Name	Country of incorporation and registration	Percentage owned and voting rights
ACP Mezzanine Asset Holdings 1 Limited	Jersey	100%
ACP Mezzanine Asset Holdings 2 Limited	Jersey	100%

The principal activities of ACP Mezzanine Asset Holdings 1 Limited and ACP Mezzanine Asset Holdings 2 Limited are to act as nominees for ACP Mezzanine Limited.

23 Dividends

		2009 €	2008 €
Interim dividends paid:			
Year ended 31 December 2007 – paid March 2008		-	5,070,600
Year ended 31 December 2008 – paid July 2008		-	3,802,950
		-	8,873,550
Capital distribution – paid	December 2008	-	25,106,878
	March 2009	3,536,180	-
	May 2009	4,714,907	-
	November 2009	16,620,046	-
	December 2009	45,970,340	-
		70,841,473	33,980,428