

STANFIELD RMF TRANSATLANTIC CDO INVESTMENTS (JERSEY) LIMITED

FINANCIAL STATEMENTS

31 DECEMBER 2008

STANFIELD RMF TRANSATLANTIC CDO INVESTMENTS (JERSEY) LIMITED
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Secretary and Administrator

Deutsche International Corporate Services Limited
St Paul's Gate
New Street
St Helier
Jersey JE4 8ZB
Channel Islands

Registered Office

St. Paul's Gate
New Street
St. Helier
Jersey, JE4 8ZB
Channel Islands

Independent auditors

Baker Tilly Channel Islands Limited
13 Castle Street
St Helier
Jersey JE4 0ZE
Channel Islands

The Directors of the Company present their report to the members together with the audited financial statements for the year ended 31 December 2008.

INCORPORATION

The Company was incorporated in Jersey, Channel Islands on 15 June 2000.

PRINCIPAL ACTIVITY

The principal activity of the Company is the issue, to sophisticated investors, of collateral notes which are listed on the Irish Stock Exchange. The funds raised by the issue were used to finance the purchase of a portion of the subordinated notes of Stanfield RMF Transatlantic CDO Investments Limited.

RESULTS AND DIVIDEND

The results for the year are set out on Page 5. The Directors do not recommend the payment of a dividend for the year under review (2007: Nil).

DIRECTORS

The Directors who held office during the year and subsequently are as follows:

James Wiseman (appointed on 23 November 2007 and resigned on 29 February 2008)

Martin Toudic (appointed on 4 June 2007 and resigned on 1 June 2009)

Paul Cope (appointed on 23 November 2007)

Ed Fletcher (appointed on 23 November 2007)

David McGuinness (appointed on 19 June 2009)


AUDITORS

Baker Tilly Channel Islands Limited have expressed their willingness to continue in office.

SECRETARY

Deutsche International Corporate Services Limited acted as Secretary for the year ended 31 December 2008 and subsequent to the year end.

BY ORDER OF THE BOARD



Deutsche International Corporate Services Limited as Secretary

REGISTERED OFFICE

St. Paul's Gate
New Street
St. Helier
Jersey, JE4 8ZB
Channel Islands

**STANFIELD RMF TRANSATLANTIC CDO INVESTMENTS (JERSEY) LIMITED
STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL
STATEMENTS**

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The directors are responsible for preparing the financial statements in accordance with applicable law and regulations. Jersey Company Law requires the directors to prepare financial statements for each financial period in accordance with generally accepted accounting principles. The financial statements of the company are required to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for the period then ended. In preparing these financial statements, the directors should:

- 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 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 are sufficient to show and explain its transactions and are such as to disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements prepared by the company comply with the requirements of the Companies (Jersey) Law 1991. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud, error and other irregularities.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
STANFIELD RMF TRANSATLANTIC CDO INVESTMENTS (JERSEY) LIMITED**

We have audited the financial statements of Stanfield RMF Transatlantic CDO Investments (Jersey) Limited for the year ended 31 December 2008 which comprise the Profit and Loss Account, Balance Sheet, 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 Article 113 of the Companies (Jersey) Law 1991. Our audit work has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditor's 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 the directors and Auditors

As described in the Statement of Directors' Responsibilities, the Company's directors are responsible for the preparation of the financial statements in accordance with applicable law and applicable accounting standards in the United Kingdom.

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 of 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 or material inconsistencies with the financial statements.

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 judgements 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 applicable accounting standards in the United Kingdom of the state of the Company's affairs as at 31 December 2008 and of its result for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies (Jersey) Law 1991, as amended; and
- the information given in the Directors' Report is consistent with the financial statements.

Emphasis of matter

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosures made in note 1 of the financial statements concerning the Company's ability to continue as a going concern. The Company has since 2006 not received any income to enable it fully settle its obligations and in addition the underlying value of the collateral portfolio securing its investments has significantly reduced in value. These conditions along with other matters explained in note 1 of the financial statements indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. The financial statements do not include any adjustments that would result if the Company was unable to continue as a going concern.



David Hopkins
for and on behalf of Baker Tilly Channel Islands Limited
Chartered Accountants
Jersey

27 April 2010

**STANFIELD RMF TRANSATLANTIC CDO INVESTMENTS (JERSEY) LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2008**

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	2008	2007
	EUR	EUR
INCOME	-	-
EXPENDITURE	-	-
RESULT FOR THE YEAR	-	-
RETAINED EARNINGS BROUGHT FORWARD	-	-
RETAINED EARNINGS CARRIED FORWARD	-	-

All activities derive from continuing operations.

Total recognised gains and losses.

There are no recognised gains and losses other than the result for the year shown above, therefore no separate statement of recognised gains and losses has been presented

STANFIELD RMF TRANSATLANTIC CDO INVESTMENTS (JERSEY) LIMITED
BALANCE SHEET
AT 31 DECEMBER 2008

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	Note	2008 EUR	2007 EUR
CURRENT ASSETS			
Debtors	3	3	3
NET ASSETS			
		3	3
CAPITAL AND RESERVES			
Ordinary shares	5	3	3
Profit and loss account		-	-
EQUITY SHAREHOLDERS' FUNDS			
	6	3	3

The financial statements on pages 5 to 12 were approved by the Board of Directors on 26th April 2010 and were signed on its behalf by :-



Director

**STANFIELD RMF TRANSATLANTIC CDO INVESTMENTS (JERSEY) LIMITED
 CASH FLOW STATEMENT
 FOR THE YEAR ENDED 31 DECEMBER 2008**

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	Note	2008 EUR	2007 EUR
NET CASH FLOW FROM OPERATING ACTIVITIES	7	-	-
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
NET MOVEMENT IN CASH FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		-	-
MOVEMENT IN CASH DURING THE YEAR		-	-
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT			
MOVEMENT IN CASH DURING THE YEAR		-	-
DECREASE IN NET DEBT IN THE YEAR		-	-
Net debt at start of the year		-	-
NET DEBT AT END OF THE YEAR		-	-

The notes on pages 8 to 12 form an integral part of these financial statements

1. ACCOUNTING POLICIES

Accounting principles

The financial statements have been prepared under the historical cost accounting rules in accordance with accounting principles generally accepted in the Island of Jersey incorporating United Kingdom accounting standards. The more important accounting policies adopted and consistently applied are described below.

Going concern

Since the last Interest payment date (IPD) of 10 October 2005 and up to the date of the signing of these financial statements, the Company hasn't received much interest income from its Investments in collateral notes issued by Stanfield RMF Transatlantic CDO Limited to enable it fully settle its obligations, primarily interest payments to note holders of collateralised notes it issued.

Furthermore, owing to a significant reduction in the value of the portfolio on which the investments are secured, there is significant uncertainty about whether any interest will be received in the future.

The directors have considered that owing to the limited recourse link between the investments and the limited recourse notes, the company is only obliged to pay interest to note holders to the extent that there are funds available from the relevant interest proceeds of the collateral notes.

In addition, as all other administrative expenses of the Company are borne by the arranger of the notes, the directors have, after careful consideration, concluded that it is appropriate to prepare these financial statements on a going concern basis.

Interest income

Interest receivable is accounted on a receipt basis.

Interest expense

Interest expense is accounted on an accrual basis as long as sufficient income is generated by the collateral to meet the Company's obligations to pay an annual interest of 6% of principal outstanding amount to noteholders. Where the collateral is paying out insufficient income, interest expense is accounted based on amount available to be distributed to noteholders.

Foreign currency

Foreign currency balances are expressed in Euros at closing rate on the last business day in the company's financial year.

Foreign currency transactions during the year are stated at the rate ruling at the date of the transaction and any exchange gains or losses included within the financial statements.

Financial assets and liabilities at fair value through profit or loss

Investments and limited recourse loan notes issued

The Company's investments and limited recourse loan notes have been designated as financial assets at fair value through profit or loss and financial liabilities at fair value through profit or loss respectively.

Financial assets and financial liabilities are recognised on trade date and derecognised when the Company has transferred substantially all of its financial rewards/obligations relating thereto. Gains or losses arising from changes in the fair value of financial assets and financial liabilities at fair value through profit or loss are presented in the profit and loss account within 'Gains and Losses' in the period in which they arise.

2. INVESTMENTS

The unquoted investment consists of US\$ 5,000,000 Stanfield RMF Transatlantic CDO, Ltd Subordinated Notes due 2015.

The Company purchased a US\$ 5,000,000 portion of the subordinated class of notes issued by Stanfield RMF Transatlantic CDO, Ltd pursuant to an indenture, dated 4 May 2000. With respect to the indenture, the subordinated notes are subordinated to the other notes issued by Stanfield RMF Transatlantic CDO, Ltd as part of their note issuance programme.

The subordinated notes are secured by a portfolio consisting of US Dollar denominated below-investment grade bank loans and high yield bonds and certain other assets included in the collateral pool.

The timing and size of any interest received under the notes is not fixed. Due to their junior status, the collateral notes suffer the first loss of both interest and principal from any underperformance of the underlying portfolio of below-investment grade securities and high yield bonds. Therefore, any income generated by the collateral notes cannot be guaranteed nor can the repayment of the issue price on maturity in 2015.

Interest from the collateral notes is received denominated in US\$. On the day preceding the payment of interest on the Company's limited recourse notes, the funds are converted in Euros at the spot rate prevailing on that day. Such funds are called the Euro Available Funds. Any gains or losses are included within the interest payments.

Since the last Interest payment date (IPD) of 10 October 2005 and up to the date of the signing of these financial statements, the Company hasn't received much interest income from its Investments in collateral notes issued by Stanfield RMF Transatlantic CDO Limited to enable it fully settle its obligations, primarily interest payments to note holders of collateralised notes it issued.

Furthermore, owing to a significant reduction in the value of the portfolio on which the investments are secured, there is significant uncertainty about whether any interest will be received in the future. In that respect, the Directors have decided to bring down the investment value to nil as at 31 December 2008.

3. DEBTORS

	2008	2007
	EUR	EUR
Unpaid share capital	3	3

4. LIMITED RECOURSE NOTES

The Company issued € 5,213,764 Principal Amount Collateralised Notes due 2015. The notes were issued pursuant to an Offering Circular dated 15 June 2000. The notes were issued at 100% of the face value.

Interest

The notes bear interest at 6% per annum calculated quarterly in arrears. The amount available for payment of interest and principal on the notes is limited to the cash flows received in respect of the Stanfield RMF Transatlantic CDO, Ltd Subordinated notes.

4. LIMITED RECOURSE NOTES (continued)

Principal amortisation

The principal amount of the notes is amortized quarterly on each payment date by an amount equal to the excess funds remaining after paying the Company's expenses, including Trustee fees and the interest payment amount. Amortization of the principal amount will cease as soon as the principal amount outstanding is reduced to 10% of the initial principal amount. Thereafter, on each payment date until 15 April 2015 excluding the final payment date, all excess funds remaining after paying the Company's expenses will be applied to pay note interest until paid in full, and thereafter to make payments of additional interest on the notes. On the final payment date, all cash flows remaining after paying the Company's expenses will be applied first to pay the remaining principal amount and additional interest. No amortisation was recognised in the year ended.

Security

The Notes are secured and limited recourse obligations of the Company. The Notes are secured under an Indenture by the collateral note issuer, Stanfield RMF Transatlantic CDO, Ltd, which consists of (i) US\$5,000,000 aggregate principal amount of Subordinated Notes, (ii) the collection account into which will be deposited, among other amounts, the distributions received under the collateral notes, (iii) the payment account into which will be deposited the Euro Available Funds and (iv) all funds deposited in such account and the proceeds of any of the foregoing.

Limited Recourse and impairment loss

The Notes are direct, secured, limited recourse obligations of the Company. Interest and principal on the Notes are payable only to the extent that funds are available from the relevant proceeds of the collateral notes. To the extent such funds are not available, the amounts payable by the Company pursuant to the terms of the Notes will be reduced.

Since the notes have limited recourse to the assets of the Company, primarily the investments, any foreign exchange gain or loss arising from the year end foreign exchange retranslation of the investment will be reflected in the carrying value of the notes.

5. SHARE CAPITAL

	2008	2007
<i>Authorised</i>		
10,000 ordinary shares of £1 each	<u>GBP 10,000</u>	<u>GBP 10,000</u>
<i>Issued</i>		
2 ordinary shares of £1 each	<u>EUR 3</u>	<u>EUR 3</u>
<i>Converted at historical rate of GBP to EUR of 1.565165</i>		

6. RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

	2008	2007
	EUR	EUR
Total recognised losses relating to the year	<u>-</u>	<u>-</u>
Opening equity shareholders' funds	<u>3</u>	<u>3</u>
Closing equity shareholders' funds	<u>3</u>	<u>3</u>

7. RECONCILIATION OF NET PROFIT TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2008 EUR	2007 EUR
Result for the year	-	-
	<hr/>	<hr/>
NET CASH FLOW FROM OPERATING ACTIVITIES	-	-
	<hr/> <hr/>	<hr/> <hr/>

8. FINANCIAL INSTRUMENTS

The principal activity of the Company is limited to the purchase of the collateral notes funded through the issue of limited recourse notes. Therefore the role of financial assets and financial liabilities is central to the activities of the Company, the financial liabilities provided the funding to purchase the Company's financial assets. Financial assets and liabilities provide the assets and liabilities of the Company along with all the income.

The strategies used by the Company in achieving its objectives regarding the use of their financial assets and liabilities were set when the Company entered into the transaction, such as aligning the redemption profiles of the issued notes with the collateral notes. The Company has matched the properties of its financial liabilities to its assets to avoid elements of risk generated by mis-matches of maturity and interest rate risk.

Credit risk

The Directors believe that there is no material credit risk to the Company since the notes issued are secured to the underlying collateral notes held. The amounts available for payment of principal and interest on the issued notes are limited to the cash flows received by the Company under the subordinated collateral notes held.

Interest Rate Risk

The Directors believe that there is no material interest rate risk to the Company since payments of principal and interest on the notes are subject to the available funds generated by the Company's underlying securities, the collateral notes. No interest rate profile is shown as the Company did not received interest from the Investment nor paid to the Noteholders during the year.

The weighted average interest rate shown above for the limited recourse notes is capped at 6% per annum. However interest is paid out on the limited recourse notes only to the extent that interest is received from the investments (collateral notes). The timing and size of interest receipts from the collateral notes is not fixed, however interest receipts greater than the 6% paid out on the notes, are used to repay the limited recourse notes.

Currency Rate Risk

The Directors believe that there is no material currency rate risk to the Company. Payments of Euro denominated interest and principal on the issued notes is limited to the amounts received from the conversion of the US\$ denominated receipts from the collateral notes. Any gains or losses arising from the conversion are passed onto the note holders as increased or reduced interest or principal payments.

Counterparty risk

The Company relies upon the performance of the issuer of the collateral notes to meet the Company's obligations under the limited recourse notes. Any failure to perform by the collateral note issuer will be passed onto the holders of the Company's limited recourse notes and will not be borne by the Company. Accordingly the Directors' believe that there is no counterparty risk to the company.

8. FINANCIAL INSTRUMENTS (continued)

Fair values

The Directors have considered the fair values of the Company's financial instruments. Due to their nature, the Directors consider it is not practicable to estimate reliably their respective fair values.

Whilst the Company's limited recourse notes are listed on the Irish Stock Exchange, they are not quoted or priced, there being no liquid secondary market for this type of note. Similarly, the Company's main financial asset, the collateral notes are not quoted or priced on any exchange even though they too may be listed.

Given the limited recourse nature of the structure, any differences between the fair value and book value of the financial instruments would have no net effect on the financial statements of the Company. Furthermore, the holders of the Company's limited recourse notes, as sophisticated investors, are aware of the link between their investment and the underlying assets.

As the Investment and Notes value have been brought down to nil, no maturity profile is disclosed.

9. ADMINISTRATIVE EXPENSES

The administrative expenses of the company, including audit fees of £6,000 for the years ended 31 December 2005 to 2009 (2001- 2004: £8,000) are borne by the arranger of the notes.

10. ULTIMATE CONTROLLING PARTY

The Company is owned by Deutsche International Custodial Services Limited as trustee of The Stanfield RMF Charitable Trust. The Directors do not consider there to be a single ultimate controlling party within the definition of FRS 8.

11. POST BALANCE SHEET EVENTS

On 5 February 2009, one of the Company's Ordinary Shares was transferred from Pitt Street Nominees Limited to Deutsche International Corporate Services Limited.