

TH STRUCTURED ASSET FINANCE LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY 2012
TO 30 SEPTEMBER 2012

COMPANY REGISTRATION NO. 03051085

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COMPANIES HOUSE

CORPORATE INFORMATION

DIRECTORS

N M Dent
N C Proudfoot
S Fowler
M A Nimmo
S Cook
C A Hastings

SECRETARY

K Balinska-Jundzill

AUDITORS

Ernst & Young LLP
1 More London Place
London
SE1 2AF

BANKERS

Société Générale
SG House
41 Tower Hill
London
EC3N 4SG

REGISTERED OFFICE &
PRINCIPAL PLACE OF BUSINESS

SG House
41 Tower Hill
London
EC3N 4SG

TH STRUCTURED ASSET FINANCE LIMITED
FOR THE PERIOD FROM 1 JANUARY 2012 TO 30 SEPTEMBER 2012

REPORT OF THE DIRECTORS

The directors have pleasure in submitting their annual report together with the financial statements and auditors' report, for the period from 1 January 2012 to 30 September 2012

PRINCIPAL ACTIVITY AND BUSINESS REVIEW

TH Structured Asset Finance Limited is a company incorporated in the United Kingdom under the Companies Act 2006. These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the company operates.

The principal activity of the company is the provision of leasing and fixed asset finance. The company has one lease with the British Research Council, a government funded body that supports research, training and knowledge transfer activities in the environmental sciences.

The company registration number is 03051085.

The company did not enter into any new leasing transactions during the period (31 December 2011: £nil).

The company has changed its accounting reference date from 31 December to 30 September in line with the underlying leasing transaction. As a result, it is not possible to make direct comparisons with the prior period.

On 28 May 2013, loans amounting to £15,342,350 provided to TH Structured Asset Finance Limited by ACR, an SG group company, were written off (Refer to Note 16).

The company relies on business generated by staff employed by Société Générale London Branch ('SGLB') whose principal activity is investment banking. The client relationship exists with, and is managed by, SGLB.

The directors consider the results for the period to be satisfactory and expect the current level of business to be sustained for the foreseeable future. The company will continue to administer its portfolio of assets to increase profitability.

The current deterioration in the economic environment has not had a significant impact on the Company's activities. The Company has secure financing arrangements from Group companies that are matched with its asset base. The risks facing the company and the actions taken to address those risks are set out in the Financial Risk Management paragraph below. There is no indication that these risks will adversely impact the Company in the foreseeable future.

The directors' report has been prepared in accordance with the special provisions relating to small companies under Part 15 of the Companies Act 2006.

RESULTS AND DIVIDEND

The company made a profit on ordinary activities after taxation of £460,039 (31 December 2011: £588,111). The results for the period are set out on page 7.

The directors do not recommend payment of a dividend for the period (31 December 2011: £nil).

FINANCIAL RISK MANAGEMENT

The company's principal risk is financial risk which it is exposed to through its financial assets and liabilities. The key financial risk is that the proceeds from financial assets are not sufficient to fund the obligations arising from liabilities as they fall due. The most important components of financial risk are interest rate risk, currency risk and credit risk. Due to the nature of the company's business and the assets and liabilities contained within the company's balance sheet the only financial risks the directors consider relevant to this company are credit, liquidity and cash flow risk. The risks relating to liquidity and cash flow are mitigated by the routine monitoring of key management information. Credit risk is monitored by the risk department of Société Générale London Branch. They regularly monitor the credit worthiness of clients and will advise the relevant officer in charge of the exposure if there is any deterioration in the credit status (Refer to Note 15).

TH STRUCTURED ASSET FINANCE LIMITED
FOR THE PERIOD FROM 1 JANUARY 2012 TO 30 SEPTEMBER 2012

REPORT OF THE DIRECTORS (Continued)

DIRECTORS

The directors who served during the period were

S Cook
N Dent
S Fowler
C Hastings
M Nimmo
N Proudfoot

LIABILITY INSURANCE FOR COMPANY OFFICERS

The company has taken out liability insurance as permitted under Part 10 of the Companies Act 2006 to cover directors and officers

GOING CONCERN

The Company has adequate availability of financial resources. As a consequence, the directors believe that the company is well placed to manage its business risks successfully despite the current uncertain economic outlook. The directors have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

DISCLOSURE OF INFORMATION PROVIDED TO AUDITORS

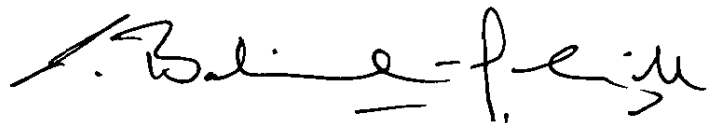
Each of the persons who is a director at the date of approval of this report confirms that

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

APPOINTMENT OF AUDITORS

Ernst & Young LLP were appointed and they have expressed their willingness to continue in office. A resolution to reappoint them as auditors of the Company will be proposed at the forthcoming SG Group Annual General Meeting.

By order of the Board,



K Balinska-Jundzill
Secretary

27 June 2013

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and applicable law. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent,
- state whether applicable IFRS have been followed, subject to any material departures disclosed and explained in the financial statements,
- 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

TH STRUCTURED ASSET FINANCE LIMITED
FOR THE PERIOD FROM 1 JANUARY 2012 TO 30 SEPTEMBER 2012

Independent auditors' report to the members of TH Structured Asset Finance Limited

We have audited the Company financial statements of TH Structured Asset Finance Limited for the period ended 30 September 2012 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Cash Flow Statement and the related notes 1 to 16. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 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 directors and auditors

As explained more fully in the Directors' Responsibilities Statement, set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors Report and Financial Statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion, the financial statements

- give a true and fair view of the state of the Company's affairs as at 30 September 2012 and of its profit for the period then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- have been properly prepared in accordance with the Companies Act 2006

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

TH STRUCTURED ASSET FINANCE LIMITED
FOR THE PERIOD FROM 1 JANUARY 2012 TO 30 SEPTEMBER 2012

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit, or
- the directors were not entitled to take advantage of the small companies' exemption in preparing the director's report

Ernst & Young LLP

James Bateman (Senior Statutory Auditor)

For and on behalf of Ernst & Young LLP

Statutory Auditor

London

27 June 2013

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TH STRUCTURED ASSET FINANCE LIMITED
FOR THE PERIOD FROM 1 JANUARY 2012 TO 30 SEPTEMBER 2012

STATEMENT OF COMPREHENSIVE INCOME

For the period ended 30 September 2012

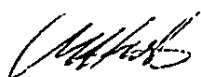
	Notes	30 September 2012 £	31 December 2011 £
<u>Continuing Operations</u>			
Revenue	2	742,085	195,379
Interest expense	4b	(848,788)	(336,737)
Interest receivable	4c	209,222	80,339
		<hr/>	<hr/>
Gross margin / (loss)		102,519	(61,019)
Other operating income	3	10,891	840,375
Other operating expenses		(179,003)	(86,985)
		<hr/>	<hr/>
Operating (loss) / profit		(65,593)	692,371
Interest expense	4b	-	(14,555)
Interest receivable	4c	-	2,851
		<hr/>	<hr/>
(LOSS) / PROFIT BEFORE TAXATION	4	(65,593)	680,667
Tax	5	525,632	(92,556)
		<hr/>	<hr/>
PROFIT FOR THE PERIOD		<u>460,039</u>	<u>588,111</u>
<u>Other Comprehensive Income</u>			
Other comprehensive income for the period net of tax		-	-
		<hr/>	<hr/>
Total comprehensive income for the period net of tax		<u>460,039</u>	<u>588,111</u>
		<hr/>	<hr/>
Profit attributable to Equity holders of the parent		<u>460,039</u>	<u>588,111</u>
		<hr/>	<hr/>
Total comprehensive income attributable to Equity holders of the parent		<u>460,039</u>	<u>588,111</u>
		<hr/>	<hr/>

TH STRUCTURED ASSET FINANCE LIMITED
FOR THE PERIOD FROM 1 JANUARY 2012 TO 30 SEPTEMBER 2012

STATEMENT OF FINANCIAL POSITION
As at 30 September 2012

	Notes	September 2012 £	December 2011 £
ASSETS			
NON-CURRENT ASSETS			
Finance lease receivables	6	12,844,232	14,509,466
Other receivables	7	4,081,149	4,376,973
		<hr/> 16,925,381	<hr/> 18,886,439
CURRENT ASSETS			
Finance lease receivables	6	3,134,311	3,134,491
Other receivables	7	1,062,929	1,121,299
Cash and cash equivalents		562,441	2,546,049
		<hr/> 4,759,681	<hr/> 6,801,839
TOTAL ASSETS		<hr/> 21,685,062	<hr/> 25,688,278
LIABILITIES			
CURRENT LIABILITIES			
Borrowings	8	2,296,170	2,083,340
Other payables	8	351,843	2,740,185
		<hr/> 2,648,013	<hr/> 4,823,525
NON-CURRENT LIABILITIES			
Borrowings	8	14,539,184	16,195,144
Deferred tax liability	9	3,265,045	3,896,828
		<hr/> 17,804,229	<hr/> 20,091,972
TOTAL LIABILITIES		<hr/> 20,452,242	<hr/> 24,915,497
NET ASSETS		<hr/> 1,232,820	<hr/> 772,781
EQUITY			
Share capital	10	2	2
Retained earnings		1,232,818	772,779
TOTAL EQUITY AND RESERVES		<hr/> 1,232,820	<hr/> 772,781

The financial statements were approved by the board of directors and authorised for issue on 27 June 2013
They were signed on its behalf by



Director C A Hastings

The notes on pages 11 to 24 form an integral part of these financial statements

TH STRUCTURED ASSET FINANCE LIMITED
FOR THE PERIOD FROM 1 JANUARY 2012 TO 30 SEPTEMBER 2012

STATEMENT OF CHANGES IN EQUITY

For the period ended 30 September 2012

	<u>Share Capital</u>	<u>Retained Earnings</u>	<u>Total</u>
	<u>£</u>	<u>£</u>	<u>£</u>
Balance as at 20 September 2011	2	184,668	184,670
Profit for the period	-	588,111	588,111
	<hr/>	<hr/>	<hr/>
Balance as at 31 December 2011	2	772,779	772,781
Profit for the period	-	460,039	460,039
	<hr/>	<hr/>	<hr/>
Balance as at 30 September 2012	2	1,232,818	1,232,820
	<hr/>	<hr/>	<hr/>

TH STRUCTURED ASSET FINANCE LIMITED
FOR THE PERIOD FROM 1 JANUARY 2012 TO 30 SEPTEMBER 2012

CASH FLOW STATEMENT

For the period ended 30 September 2012

	<u>Notes</u>	<u>30 September</u> <u>2012</u> <u>£</u>	<u>31 December</u> <u>2011</u> <u>£</u>
Net cash flow (used in) / from operating activities	14b	(984,788)	2,866,247
<u>Investing activities</u>			
Interest received		213,817	57,617
Net cash flow from investing activities		213,817	57,617
<u>Financing activities</u>			
Loans raised		-	13,585,513
Repayments of borrowings		(1,212,637)	(14,023,464)
Net cash flow used in financing activities		(1,212,637)	(437,951)
Net (decrease) / increase in cash and cash equivalents		(1,983,608)	2,485,913
Cash at the beginning of the period		2,546,049	60,136
Cash at the end of the period	14a	562,441	2,546,049

NOTES TO THE FINANCIAL STATEMENTS

1 ACCOUNTING POLICIES

A summary of the principal accounting policies, all of which have been applied consistently throughout the period and the preceding period is set out below

(a) Basis of preparation

The accompanying financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and have been prepared under the historical cost convention, except for the revaluation of financial instruments held at fair value

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective

- IAS 1 Financial Statement Presentation – Presentation of Items of Other Comprehensive Income is effective for annual periods beginning on or after 1 July 2012
- IAS 19 (Revised) Employee Benefits is effective for annual periods beginning on or after 1 January 2013
- IAS 27 (Revised) Separate Financial Statements is effective for annual periods beginning on or after 1 January 2013
- IAS 28 (Revised) Investments in Associates and Joint Ventures is effective for annual periods beginning on or after 1 January 2013
- IAS 39 (Amendment) Offsetting Financial assets and Financial liabilities is effective for annual periods beginning on or after 1 January 2013
- IFRS 1 (Amendment) Government loans is effective for annual periods beginning on or after 1 January 2013
- IFRS 7 (Amendment) Disclosures — Offsetting Financial assets and Financial liabilities is effective for annual periods beginning on or after 1 January 2013
- IFRS 9 Financial Instruments (issued 2009 and 2010) is effective for annual periods beginning on or after 1 January 2015
- IFRS 7 and IFRS 9 - Mandatory effective date and Transition disclosures is effective for annual periods beginning on or after 1 January 2015
- IFRS 10 Consolidated Financial Statements is effective for annual periods beginning on or after 1 January 2013
- IFRS 11 Joint Arrangements is effective for annual periods beginning on or after 1 January 2013
- IFRS 12 Disclosure of Interests with Other Entities is effective for annual periods beginning on or after 1 January 2013
- IFRS 13 Fair Value Measurement is effective for annual periods beginning on or after 1 January 2013
- Annual improvements to IFRSs 2009 – 2011 cycle is effective for annual periods beginning on or after 1 January 2013

The directors' anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements

At the date of authorisation of these financial statements, the following amended IFRS and IFRIC interpretations have been applied in these financial statements. The adoption of these Standards and Interpretations had no impact on the financial statements

- IAS 12 Income Taxes – Recovery of Underlying Assets is effective for annual periods beginning on or after 1 January 2012
- IFRS 7 Financial Instruments Disclosures — Enhanced Derecognition Disclosure Requirements

NOTES TO THE FINANCIAL STATEMENTS

1 ACCOUNTING POLICIES (Continued)

(b) Finance leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee

Amounts due from lessees under finance leases are recorded as receivables at the amount of the company's net investment in the leases

Leases are categorised as loans and receivables

(c) Revenue

Revenue comprises of finance lease income and net sales proceeds

Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the company's net investment outstanding in respect of leases

The net sales proceeds represent the gross sales proceeds less the rental rebate (the major part of sales proceeds received, usually 99%)

(d) Impairment

An impairment loss is recognised immediately in profit and loss when there is objective evidence that the financial asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at the initial recognition

Impairment losses are reversed immediately in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the asset at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised

(e) Taxation

The tax expense represents the sum of the tax currently payable and deferred tax

UK corporation tax is provided at amounts expected to be paid or recovered using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date

Deferred tax is recognised in respect of all temporary differences. Temporary differences are differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax is accounted for using the balance sheet method

Deferred tax liabilities are generally recognised for all taxable temporary differences

Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised

NOTES TO THE FINANCIAL STATEMENTS

1 ACCOUNTING POLICIES (Continued)

(f) Financial Instruments

Financial assets and financial liabilities are recognised on the company's balance sheet when the company becomes a party to the contractual provisions of the instrument

Other receivables

Other receivables are initially recognised at fair value and subsequently valued at amortised cost, using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit and loss when there is objective evidence that the asset is impaired. Other receivables are categorised as loans and receivables.

Other payables and long-term payables

Other payables and long-term payables are initially measured at fair value and subsequently at amortised cost using the effective interest rate method. Other payables and long-term payables are categorised as liabilities measured at amortised cost.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

(g) Significant accounting judgements, estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Impairment of non-financial assets

An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use.

The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model.

The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded.

TH STRUCTURED ASSET FINANCE LIMITED
FOR THE PERIOD FROM 1 JANUARY 2012 TO 30 SEPTEMBER 2012

NOTES TO THE FINANCIAL STATEMENTS

1 ACCOUNTING POLICIES (Continued)

(g) Significant accounting judgements, estimates and assumptions (Continued)

Taxes (Continued)

The Company establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the company's domicile.

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Further details on deferred taxes are disclosed in Note 9.

2 REVENUE

	<u>30 September</u> <u>2012</u> £	<u>31 December</u> <u>2011</u> £
Finance income earned on finance leases	742,085	195,379
	<u>742,085</u>	<u>195,379</u>

Income has been derived from activities within the UK.

3 OTHER OPERATING INCOME

	<u>30 September</u> <u>2012</u> £	<u>31 December</u> <u>2011</u> £
Breakage gain on swap	-	840,000
Amortisation of consent fees	891	375
Other sundry income	10,000	-
	<u>10,891</u>	<u>840,375</u>

TH STRUCTURED ASSET FINANCE LIMITED
FOR THE PERIOD FROM 1 JANUARY 2012 TO 30 SEPTEMBER 2012

NOTES TO THE FINANCIAL STATEMENTS

4 (LOSS) / PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The (loss) / profit on ordinary activities before taxation is stated after (charging) / crediting

	<u>30 September</u> <u>2012</u> £	<u>31 December</u> <u>2011</u> £
(a) Auditors' remuneration - audit fees	-	-
<p>Audit fees payable for the audit of the company's annual financial statements amounted to £7,000 (31 December 2011 £7,000) These fees are paid by the ultimate parent company, Société Générale</p>		
(b) Interest payable Interest payable to group companies £632,393 (31 December 2011 £237,131) (Refer to Note 11)	(848,788)	(351,292)
(c) Interest receivable All of the interest receivable during the period was from group companies (Refer to Note 11)	209,222	83,190

5 TAXATION

(a) Analysis of the tax credit / (charge) in the period

	<u>30 September</u> <u>2012</u> £	<u>30 September</u> <u>2012</u> £	<u>31 December</u> <u>2011</u> £	<u>31 December</u> <u>2011</u> £
Corporation tax.				
Corporation tax charge for the period		(322,958)		(254,079)
Adjustments in respect of prior periods		216,807		-
Total current tax charge		(106,151)		(254,079)
Deferred tax.				
Origination and reversal of temporary differences				
Current period movement	343,182		157,387	
Adjustments in respect of prior periods	12		-	
Effect of change in tax rate	288,589		4,136	
		631,783		161,523
Tax credit / (charge) on loss on ordinary activities		525,632		(92,556)

TH STRUCTURED ASSET FINANCE LIMITED
FOR THE PERIOD FROM 1 JANUARY 2012 TO 30 SEPTEMBER 2012

NOTES TO THE FINANCIAL STATEMENTS

5 TAXATION (continued)

(b) The total credit / (charge) for the period can be reconciled to the accounting (loss) / profit as follows

	<u>30 September</u> <u>2012</u> <u>£</u>	<u>31 December</u> <u>2011</u> <u>£</u>
(Loss) / Profit on ordinary activities before taxation	(65,593)	680,667
Tax on loss / (profit) on ordinary activities at standard rate of 24.66% (31 December 2011 26%)	16,178	(176,973)
Factors affecting the credit / (charge)		
Disallowable expenses	4,045	1,461
Group relief at different tax rate	-	78,820
Change of tax rate	288,589	4,136
Prior Year Adjustments	216,820	-
	<u>525,632</u>	<u>(92,556)</u>

6 FINANCE LEASE RECEIVABLES

	<u>Minimum lease payments</u>		<u>Present value of minimum lease payments</u>	
	<u>September</u> <u>2012</u> <u>£</u>	<u>December</u> <u>2011</u> <u>£</u>	<u>September</u> <u>2012</u> <u>£</u>	<u>December</u> <u>2011</u> <u>£</u>
Amounts receivable under finance leases				
Within one year	3,210,000	3,210,000	3,134,311	3,134,491
In the second to fifth years inclusive	14,197,941	16,513,930	12,844,232	14,509,466
After five years	-	-	-	-
	<u>17,407,941</u>	<u>19,723,930</u>	<u>15,978,543</u>	<u>17,643,957</u>
Less: unearned finance income	(1,429,398)	(2,079,973)	-	-
Present value of minimum lease payments receivable	<u>15,978,543</u>	<u>17,643,957</u>	<u>15,978,543</u>	<u>17,643,957</u>
Analysed as				
Non-current finance lease receivables (Recoverable after 12 months)			12,844,232	14,509,466
Current finance lease receivables (Recoverable within 12 months)			3,134,311	3,134,491
			<u>15,978,543</u>	<u>17,643,957</u>

NOTES TO THE FINANCIAL STATEMENTS

6 FINANCE LEASE RECEIVABLES (Continued)

The Company entered into a finance leasing arrangement for a ship. The term of the finance lease is 14 years. The lessee is a British research council.

Unguaranteed residual values of assets leased under finance leases at the balance sheet date are estimated as £nil (31 December 2011: £nil) on account of guarantees and collateral placed on behalf of the lessee.

The average effective interest rate contracted approximates 5.34% (31 December 2011: 5.32%) per annum.

The Directors estimate that the fair value of these finance lease receivables is £17,181,702 (31 December 2011: £19,159,130).

The Company is not aware of any material items that would affect the credit quality of its financial lease receivables which are neither past due or impaired. The Company has no financial lease receivables whose carrying value would be impaired or considered to be past due but for renegotiation of their terms.

7 OTHER RECEIVABLES

	<u>September</u> <u>2012</u> £	<u>December</u> <u>2011</u> £
Amounts falling due within one year		
Amounts owed by group undertakings (Refer to Note 11)	381,329	315,998
Interest receivable from group companies (Refer to Note 11)	20,978	25,573
Trade receivable	8,313	8,313
Other debtors	592,562	771,415
Corporation tax	59,747	-
	<u>1,062,929</u>	<u>1,121,299</u>

The directors consider that the carrying amount of other receivables approximates their fair value.

Included in Other debtors is £840,000 premium paid by the company in 2011 to secure its funding arrangements with SG London branch. The premium is being amortised in line with the funding profile. Included in the operating expenses for the period is an amortisation amount of £178,853 (2011: £68,585).

	<u>September</u> <u>2012</u> £	<u>December</u> <u>2011</u> £
Amounts falling due after one year		
Amounts owed by group undertakings (Refer to Note 11)	4,081,149	4,376,973

The directors consider that the fair value of the fixed rate deposit is £5,057,641 (31 December 2011: £5,366,432).

The carrying value of the deposit amounted to £4,462,477 (31 December 2011: £4,692,971) and forms part of the amounts owed by group undertaking balances above.

The credit risk on group undertakings is limited because the undertakings are solvent, under common control and the directors are confident of them continuing as going concerns. The credit on group undertakings is not past due.

TH STRUCTURED ASSET FINANCE LIMITED
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NOTES TO THE FINANCIAL STATEMENTS

8 OTHER PAYABLES

	<u>September</u> <u>2012</u> £	<u>December</u> <u>2011</u> £
Amounts falling due within one year		
Borrowings owed to group undertakings (Refer to Note 11)	2,296,170	2,083,340
Interest payable to group companies (Refer to Note 11)	63,475	72,070
Rentals received in advance	267,500	267,500
Other trade payables	20,868	32,449
Corporation tax	-	2,368,166
	<u>2,648,013</u>	<u>4,823,525</u>
Amounts falling due after one year		
Borrowings owed to group undertakings (Refer to Note 11)	14,539,184	16,195,144
	<u>14,539,184</u>	<u>16,195,144</u>

The directors consider that the fair value of the fixed rate loan is £13,865,700 (31 December 2011 £14,177,448) The carrying value of the loan amounted to £12,400,000 (31 December 2011 £12,400,000) and forms part of the amounts owed to group undertaking balances above

The directors consider that the remaining carrying amount of other payables approximates their fair value

9 DEFERRED TAXATION

	<u>September</u> <u>2012</u> £	<u>December</u> <u>2011</u> £
(a) <u>Analysis of deferred tax balances</u>		
Accelerated capital allowances	3,262,783	3,892,527
Short term temporary differences	2,262	4,301
Total liability	<u>3,265,045</u>	<u>3,896,828</u>
	<u>September</u> <u>2012</u> £	<u>December</u> <u>2011</u> £
(b) <u>Analysis of movement in deferred tax liability</u>		
Liability at beginning of period	3,896,828	4,058,351
Deferred tax debit to profit and loss for the period	(631,783)	(161,523)
Deferred tax liability at end of period	<u>3,265,045</u>	<u>3,896,828</u>

TH STRUCTURED ASSET FINANCE LIMITED
FOR THE PERIOD FROM 1 JANUARY 2012 TO 30 SEPTEMBER 2012

NOTES TO THE FINANCIAL STATEMENTS

9 DEFERRED TAXATION (Continued)

Deferred tax has been provided in respect of all potential tax liabilities and assets

On 21 March 2012 as part of the 2012 Budget, the UK Government announced that it would reduce the main rate of corporation tax from 26% to 24% with effect from 1 April 2012, and to 23% with effect from 1 April 2013. These changes were enacted in July 2012, and the effect of these reductions is reflected in the deferred tax liability disclosed in the accounts. In the March 2013 budget the UK Government also announced its intention to legislate to reduce the rate by a further 2% in 2014 and 1% in 2015, to reduce it to 20% with effect from 1 April 2015.

The directors estimate that the effect of these changes will be to reduce the company's deferred tax liability by £425,875 (31 December 2011: £467,620).

10 SHARE CAPITAL

	<u>September</u> <u>2012</u> £	<u>December</u> <u>2011</u> £
Authorised		
1,000 ordinary shares of £1 each	1,000	1,000
Issued and fully paid		
2 ordinary shares of £1 each, fully paid	2	2

The company has one class of ordinary shares which carry no right to fixed income.

11 RELATED PARTY TRANSACTIONS

During the year, the company entered into the following transactions with related parties within the group:

	<u>Amounts owed by related parties</u>		<u>Amounts owed to related parties</u>	
	<u>September</u> <u>2012</u> £	<u>December</u> <u>2011</u> £	<u>September</u> <u>2012</u> £	<u>December</u> <u>2011</u> £
SG London Branch (cash balances)	562,441	2,546,049	-	-
SG London Branch	4,483,456	4,718,544	4,437,379	5,882,520
ACR	-	-	12,461,450	12,468,034
	<u>5,045,897</u>	<u>7,264,593</u>	<u>16,898,829</u>	<u>18,350,554</u>

TH STRUCTURED ASSET FINANCE LIMITED
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NOTES TO THE FINANCIAL STATEMENTS

11 RELATED PARTY TRANSACTIONS (continued)

	<u>Group interest paid</u>		<u>Group interest received</u>	
	<u>September</u>	<u>December</u>	<u>September</u>	<u>December</u>
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Société Générale London	31,064	13,279	209,222	83,190
ACR	601,329	223,852	-	-
	<u>632,393</u>	<u>237,131</u>	<u>209,222</u>	<u>83,190</u>

ACR Limited is a subsidiary of Société Générale Investments (U K) Limited who is a subsidiary of Société Générale

Société Générale London is a branch of Société Générale, which is incorporated in France

The ultimate holding company, controlling party and parent of the smallest and largest group for which group accounts are prepared is Société Générale (Refer to note 13)

The sales to and purchases from related parties are made at terms equivalent to those that prevail in arm's length transactions

The amounts outstanding are unsecured and have no fixed date of repayment, settlement occurs in cash
 Certain amounts are interest free

For the year ended, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (31 December 2011 £nil)

No guarantees have been given or received

Remuneration of key management personnel

The remuneration of the directors, has been set out in note 12

Directors' transactions

There were no loans, quasi-loans or any other transactions carried out with the directors during the year other than what has already been disclosed in the directors report (31 December 2011 £nil)

12 EMPLOYEES COST AND DIRECTORS' EMOLUMENTS

The directors received no emoluments for services to the company or TH Investments (Hong Kong) 2 Limited during the period (31 December 2011 £nil)

None of the directors had any material interest in any contract in relation to the business of the company

The company does not have any employees for either period All personnel who perform services are employed and remunerated by Société Générale London

TH STRUCTURED ASSET FINANCE LIMITED
FOR THE PERIOD FROM 1 JANUARY 2012 TO 30 SEPTEMBER 2012

NOTES TO THE FINANCIAL STATEMENTS

13 HOLDING AND CONTROLLING COMPANY

The company is a subsidiary of TH Investments (Hong Kong) 2 Limited (incorporated in Hong Kong) whose immediate holding company is Société Générale Investments (U K) Limited, incorporated in Great Britain and registered in England and Wales

TH Investments (Hong Kong) 2 Limited was previously owned by TH Investments (Hong Kong) 1 Limited but sold its interest to Société Générale Investments (U K) Limited on 21 May 2013 (Refer to Note 16)

The company's ultimate holding company, controlling party and parent of the smallest and largest group for which group accounts are prepared is Société Générale, which is incorporated in France. Copies of the group accounts of Société Générale are available from the registered office at 29, Boulevard Haussmann, 75009 Paris, France

14 NOTES TO THE CASHFLOW STATEMENT

	<u>September</u> <u>2012</u> <u>£</u>	<u>December</u> <u>2011</u> <u>£</u>
(a) <u>Reconciliation of cash</u>		
Cash at bank and in hand	562,441	2,546,049
(b) <u>Reconciliation of (loss) / profit on ordinary activities to cash from operating activities</u>		
(Loss) / Profit on ordinary activities before tax	(65,593)	680,667
Adjusted for		
Interest receivable	(209,222)	(83,190)
Interest expense	848,788	351,292
Operating cash flows before working capital changes	573,973	948,769
Decrease in finance lease receivables	1,665,414	607,017
Decrease / (Increase) in other receivables	178,853	(771,415)
Decrease in other payables	(890)	246,850
Cash flow from operations	2,417,350	1,031,221
Interest paid	(868,074)	(279,061)
Income taxes	(2,534,064)	2,114,087
Net cash flow (used in) / from operating activities	(984,788)	2,866,247

15 FINANCIAL INSTRUMENTS

The management of risks in relation to financial instruments is an integral part of Société Générale's Group corporate culture. The risks encountered by the Company are managed on its behalf by Société Générale. The company has hedged its loan exposures by currency, rate and maturity. It therefore does not have any material sensitivity to any of these risks.

NOTES TO THE FINANCIAL STATEMENTS

15 FINANCIAL INSTRUMENTS (Continued)

The main risks incurred in the Company's activities are as follows

i) Credit Risk

The Company's principal financial assets exposed to credit risk are finance lease receivables and other receivables. The Company is exposed to credit risk to the extent that its customers may experience financial difficulty and would be unable to meet their obligations.

To mitigate exposure to credit risk the Group has a risk approval process that is based on five principles

- All transactions giving rise to a counterparty risk must be authorised in advance
- All requests for authorisations relating to a specific client or client group are handled by a central operating division called the Risk Division. This division is designated, on a case-by-case basis, to ensure a consistent approach to risk management and the permanent control of Société Générale's potential exposure
- Systematic recourse to internal risk ratings. These ratings are provided by the operating divisions that are able to enter into financial exposure with a client and are validated by the Risk Division; they are included in all loan applications and are considered as part of the decision process regarding the issue of a loan
- Responsibility for analysing and approving risk is delegated to specific credit risk units
- Risk assessment departments are fully independent at each decision making level

The Risk Division aims to increase Société Générale's expertise by centralising the analysis of the quality of Société Générale's counterparties and the approval of exposure limits allocated to all locations and business lines.

The maximum credit risk that the Company is exposed to, without taking into account any collateral held or other credit enhancements, is the gross carrying amount of finance lease receivables and other receivables granted. The gross carrying amounts are declared in the balance sheet and the notes to the accounts.

The underlying assets financed under finance leases are held as collateral and remain in the ownership of the Company. These assets can be potentially called upon as security. The Company has entered into finance leasing arrangements in film, machinery and equipment.

The Company is not aware of any material items that would affect the credit quality of its financial assets. The Company has no financial assets whose carrying value would be impaired or considered to be past due but for renegotiation of their terms.

ii) Market Risk Interest Rate Risk and Sensitivity Analysis

As the principal business of the Company is lease financing it has a potential market risk exposure to movements in interest rates. Société Générale's policy is to concentrate interest rate risks within the capital market activities. These are monitored and controlled by the Group using 'Value at Risk' assessment models.

Therefore the Company is constrained from entering into transactions where there is a significant interest rate exposure. If a fixed rate lease or loan is entered into by the Company it must be financed on an equal fixed rate basis with one of the dedicated market teams. As this effectively hedges any interest rate risk exposure there is no sensitivity to interest rate movements in the Company's accounts.

Where the fixing date is greater than one year, in the absence of an actively traded market, the fair value is calculated by discounting future cash flow to present values based on a market rate yield curve.

iii) Currency Risk

The Company has limited exposure to foreign currency risk as all balances are held in Sterling.

NOTES TO THE FINANCIAL STATEMENTS

15 FINANCIAL INSTRUMENTS (Continued)

iv) Fair Values

Where the interest rate fixing date of loans, receivables and lease financing transactions are less than one year they are considered to approximate their carrying value due to the short-term nature of these instruments

Where the fixing date is greater than one year, in the absence of an actively traded market, the fair value is calculated by discounting future cash flow to present values based on a market rate yield curve

v) Liquidity Risk

The principles and standards applicable to the management of liquidity risk are defined at Group level. The Company is responsible for managing its own liquidity and for respecting any liquidity constraints locally or those provided by the Asset Liability Management Department, a dedicated division that manages liquidity in the Group overall.

The Company's financial liabilities are primarily in the form of intercompany borrowings from Société Générale's treasury teams.

(a) Maturity analysis of financial liabilities

	<u>Less than 1 year</u>		<u>2 to 5 years</u>		<u>Greater than 5 years</u>	
	<u>September</u>	<u>December</u>	<u>September</u>	<u>December</u>	<u>September</u>	<u>December</u>
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Financial liabilities						
Amounts owed to group undertakings	2,296,170	2,083,340	14,539,184	16,195,144	-	-
Interest payable to group companies	63,475	72,070	-	-	-	-
Rentals received in advance	267,500	267,500	-	-	-	-
Corporation tax	-	2,368,166	-	-	-	-
Other trade payables	20,867	32,449	-	-	-	-
	<u>2,648,012</u>	<u>4,823,525</u>	<u>14,539,184</u>	<u>16,195,144</u>	<u>-</u>	<u>-</u>

The above being the undiscounted cash flow expected to be made

(b) Financial assets and liabilities held at amortised cost

	<u>September</u>	<u>December</u>
	<u>2012</u>	<u>2011</u>
	<u>£</u>	<u>£</u>
Financial assets	<u>17,041,472</u>	<u>18,765,256</u>
Financial liabilities	<u>17,187,197</u>	<u>21,018,669</u>

It is Société Générale's treasury teams which ultimately manage the liquidity exposure of the Group. The objective is to finance the Group's activities at the best possible rates under normal conditions and ensure it can meet its obligations in the event of a crisis.

NOTES TO THE FINANCIAL STATEMENTS

15 FINANCIAL INSTRUMENTS (Continued)

vi) Concentration Risk

Although the Company's assets are concentrated by geography, type of client and economic sector this is ameliorated by its membership of the Société Générale group, which through its other subsidiaries, achieves suitable diversification

vii) Capital Management Policies and Procedures

The Company's capital management objectives are

- to ensure the Company's ability to continue as a going concern, and
- to provide an adequate return to shareholders

The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt

Capital structure

	<u>September</u> <u>2012</u> £	<u>December</u> <u>2011</u> £
Share capital	2	2
Retained earnings	1,232,818	772,779
	<hr/>	<hr/>
Total capital	1,232,820	772,781
	<hr/>	<hr/>

16 POST BALANCE SHEET EVENTS

On 21 May 2013, TH Investments (Hong Kong) 1 Limited whose immediate holding company is Societe Generale, sold its interest in TH Investments (Hong Kong) 2 Limited to Société Générale Investments (U K) Limited (Refer to Note 13)

On 28 May 2013, loans amounting to £15,342,350 (including interest) provided to TH Structured Asset Finance Limited by ACR, an SG group company, were written off, resulting in an extinguishment of the liability