Company Registration Number 6198361

CLEF HOLDINGS LIMITED

DIRECTORS' REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD FROM INCORPORATION ON 2 APRIL 2007 TO 31 MARCH 2008

CLEF HOLDINGS LIMITED

FOR THE PERIOD FROM INCORPORATION ON 2 APRIL 2007 TO 31 MARCH 2008

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CLEF HOLDINGS LIMITED

COMPANY INFORMATION

The board of directors	Wilmington Trust SP Services (London) Limited Mrs R L Samson Mr S Masson
Company secretary	Wilmington Trust SP Services (London) Limited
Registered office	c/o Wilmington Trust SP Services (London) Limited Fifth Floor 6 Broad Street Place London EC2M 7JH
Auditors	Deloitte LLP London

DIRECTORS' REPORT

FOR THE PERIOD FROM INCORPORATION ON 2 APRIL 2007 TO 31 MARCH 2008

The directors have pleasure in presenting their report and the financial statements of the Group, which comprise the results of the Company and its subsidiary, Channel Link Enterprises Finance Plc, for the period from incorporation on 2 April 2007 to 31 March 2008. Consequently there are no comparative figures.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW
The Company was incorporated on 2 April 2007 as Conkerbridge Limited and changed its name to Clef Holdings Limited, by special resolution, on 14 June 2007.

The Company's principal activity is to hold an investment in Channel Link Enterprises Finance Plc.

Channel Link Enterprises Finance Plc is a special purpose company established in order to issue floating rate loan notes due between June 2041 and June 2050 ("the loan notes"), as consideration for the purchase of loan assets ("the permanent facility assignment assets") from Deutsche Bank AG, London Branch and Goldman Sachs International Bank ("the original lenders") to open accounts, to create security and receive interest in respect thereof, and to enter into certain related transactions as described in the Offering Circular dated 16 August 2007. On 20 August 2007, the Channel Link Enterprises Finance Plc issued £1,500,000,000 and €1,965,000,000 (£1,340,000,000 on closing) floating rate Sterling and Euro loan notes respectively in accordance with the Offering Circular.

The Channel Tunnel Group Limited, a company registered in England and Wales, and France Manche S.A., a company registered in France, (the "Borrowers"), are the borrowers of the permanent facility assets.

On 20 August 2007, Channel Link Enterprises Finance Plc issued Sterling and Euro Liquidity Notes of £175,000,000 and €160,000,000 (£109,109,415 on closing) due December 2050 ("the liquidity notes") respectively to be held in liquidity accounts to be drawn in the event of shortfalls in principal and interest on the various loan and liquidity notes issued.

The directors do not foresee a change in the Group's activities in the future.

BUSINESS REVIEW
The key performance indicator of the business is considered to be the net interest margin. During 2008, the Group achieved a net interest margin (net interest income divided by interest income) of 0.01%. At the period end, the Group had net liabilities of £24,857,044.

RESULTS AND DIVIDENDS
The trading results for the period and the Group's financial position at the end of the period are shown in the attached financial statements.

The loss of the Group for the period after tax amounted to £24,857,045 as a result of a fair value loss of £24,867,665 on derivatives held. The cumulative fair value loss is expected to reverse to maturity of the derivatives. The directors have not recommended a dividend.

CREDITOR PAYMENT POLICY
The Group's policy concerning payment of its trade creditors is to pay in accordance with its contractual and other legal obligations. Due to the nature of the business, the main creditors are the noteholders. Principal and interest is repaid quarterly in accordance with the agreements in place. The Group does not follow any other code or standard on payment practice.

PRINCIPAL RISKS, UNCERTAINTIES AND GOING CONCERN
The directors acknowledge that the global macro-economic indicators and general business environment have deteriorated during 2008 and first two quarters of 2009 which may pose significant challenges to all borrowers with whom the Group has exposure through. Conditions may deteriorate further due to the continued global financial and economic uncertainty.

The Group's financial instruments, other than derivatives, comprise the permanent facility assignment assets, cash and cash equivalents, interest-bearing loan notes and various receivables and payables that arise directly from its operations. The main purpose of the interest bearing loan notes is to finance the assignment of the permanent facility assignment assets acquired from the original lenders.

The Group also enters into derivative transactions. The purpose of such transactions is to manage the interest rate risk arising from the Group's operations and its sources of finance.

PRINCIPAL RISKS, UNCERTAINTIES AND GOING CONCERN (continued)

The Board reviews and agrees policies for managing risks arising on the Group's financial instruments and they are summarised below.

The loan notes issued by the Group are non-recourse and their terms are such that amounts due are only payable to the extent that there are sufficient receipts from the Group's assets. The loan issued by the Company is non-recourse and its terms are such that amounts due are only payable to the extent that there are sufficient funds available to the Company. As a consequence, the directors believe that the Group and Company are well placed to manage their business risks successfully despite the current uncertain economic outlook.

After making enquiries, the directors have a reasonable expectation that the Group and Company have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Currency risk
The Group's assets and liabilities are denominated in either pound Sterling or Euros. The currency risk is managed by matching currencies of assets and associated liabilities where possible or through the use of derivative financial instruments.

Interest rate risk
Interest rate risk exists where assets and liabilities have interest rates under a different basis or which reset at a different time. The Group minimises its exposure to interest rate risk by ensuring that the interest rate characteristics of assets and liabilities are similar. The Group has entered into a number of interest rate swaps with Deutsche Bank AG, London Branch and Goldman Sachs International Bank to manage the Group's remaining exposure to interest rate risk.

Credit risk
The principal credit risk to the Group is that the borrowers will not be able to meet their obligations as they fall due.

Liquidity risk
As has been mentioned above, the Group issued Sterling and Euro Liquidity Notes of £175,000,000 and €160,000,000 respectively, the proceeds of which are held in liquidity accounts to be drawn in the event of shortfalls in principal and interest on the various loan notes issued.

DIRECTORS
The directors who served the Company during the period, except as noted, were as follows:

Mr A Levy	(appointed 2 April 2007 and resigned on 12 June 2007)
Mr D J Pudge	(appointed 2 April 2007 and resigned on 12 June 2007)
Wilmington Trust SP Services (London) Limited	(appointed 12 June 2007)
Mr R G Baker	(appointed 12 June 2007 and resigned on 28 February 2008)
Mrs R L Samson	(appointed 12 June 2007)

Mr S Masson was appointed as an alternate director to Mrs R L Samson on 26 October 2007.

AUDITORS
Deloitte LLP were appointed as the first auditors of the Company. A resolution to re-appoint Deloitte LLP as auditors for the ensuing year will be proposed at the annual general meeting.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS
Each of the persons who are directors of the Company at the date when this report was approved confirms that:
• so far as each of the directors is aware, there is no relevant audit information of which the Company's auditors are unaware; and
• each of the directors has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.
This confirmation is given and should be interpreted in accordance with the provisions of S234ZA of the Companies Act 1985.

Signed by order of the directors

For and on behalf of
WILMINGTON TRUST SP SERVICES (LONDON) LIMITED, Company Secretary
17 September 2009

CLEF HOLDINGS LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

FOR THE PERIOD FROM INCORPORATION ON 2 APRIL 2007 TO 31 MARCH 2008

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. The financial statements are required by law to be properly prepared in accordance with IFRSs as adopted by the European Union and the Companies Act 1985.

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

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

The directors are responsible for keeping proper accounting records that 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 1985. 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CLEF HOLDINGS LIMITED

We have audited the group and parent company financial statements (the "financial statements") of Clef Holdings Limited for the period from incorporation on 2 April 2007 to 31 March 2008 which comprise the Consolidated income statement, the Consolidated and Company balance sheets, the Consolidated and Company statements of changes in equity, the Consolidated and Company cash flow statements, and the related notes 1 to 17. 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 section 235 of the Companies Act 1985. 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 Annual Report and the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the other information contained in the Directors' Report and consider whether it is consistent with the audited financial statements. 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 further information outside the Directors' Report.

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 group's and 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CLEF HOLDINGS LIMITED (CONTINUED)

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the group and company's affairs as at 31 March 2008 and of the group's loss for the period from 2 April 2007 to 31 March 2008;

- the financial statements have been properly prepared in accordance with the Companies Act 1985; and

- the information given in the Directors' Report is consistent with the financial statements.

Deloitte LLP.

Deloitte LLP
Chartered Accountants and Registered Auditors
London, United Kingdom
17 September 2009

CLEF HOLDINGS LIMITED

CONSOLIDATED INCOME STATEMENT

FOR THE PERIOD FROM INCORPORATION ON 2 APRIL 2007 TO 31 MARCH 2008

Continuing operations	**Notes**	**2008 £**
Interest income	2	139,561,574
Interest expense	3	(138,246,808)
Net interest income		1,314,766
Fair value loss on derivative financial instruments	15	(24,867,665)
Other operating income		55,310
Other operating expenses	4	(1,356,632)
Loss before tax for the period		(24,854,221)
Taxation	5	(2,824)
Loss after tax for the period attributable to equity holders	10	(24,857,045)

The notes on pages 14 to 28 form part of these financial statements.

CLEF HOLDINGS LIMITED

CONSOLIDATED BALANCE SHEET

AS AT 31 MARCH 2008

	Notes	2008 £
Assets		
Non-current assets		
Permanent facility assignment assets	7	3,063,761,926
Current assets		
Trade and other receivables	8	59,794,868
Cash and cash equivalents	9	304,620,720
		364,415,588
Total assets		3,428,177,514
Equity		
Share capital	10	1
Retained loss	10	(24,857,045)
Total deficit		(24,857,044)
Non-current liabilities		
Interest-bearing loans	11	3,366,091,141
Other loans	12	13,176
Total non-current liabilities		3,366,104,317
Current liabilities		
Accrued interest payable	11	51,465,651
Trade and other payables	13	10,594,101
Derivative financial instruments	15	24,867,665
Corporation tax payable	5	2,824
Total current liabilities		86,930,241
Total liabilities		3,453,034,558
Total equity and liabilities		3,428,177,514

These financial statements on pages 8 to 28 were approved by the directors and authorised for issue on 17 September 2009 and are signed on their behalf by:

For and on behalf of
WILMINGTON TRUST SP SERVICES (LONDON) LIMITED
Director

The notes on pages 14 to 28 form part of these financial statements.

CLEF HOLDINGS LIMITED

COMPANY BALANCE SHEET

AS AT 31 MARCH 2008

	Notes	2008 £
Non-current asset		
Investment in subsidiary	6	12,501
Current assets		
Cash and cash equivalents	9	1
Total assets		12,502
Equity		
Share capital	10	1
Retained profit	10	(675)
Total equity		(674)
Non-current liabilities		
Other loans	12	13,176
Total non-current liabilities		13,176
Total liabilities		13,176
Total equity and liabilities		12,502

These financial statements on pages 8 to 28 were approved by the directors and authorised for issue on 17 September 2009 and are signed on their behalf by:

For and on behalf of
WILMINGTON TRUST SP SERVICES (LONDON) LIMITED
Director

The notes on pages 14 to 28 form part of these financial statements.

CLEF HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD FROM INCORPORATION ON 2 APRIL 2007 TO 31 MARCH 2008

	2008 £
At start of period 2 April 2007	-
Loss for the period	(24,857,045)
Total recognised income and expense for the period	(24,857,045)
Issue of share capital	1
Closing equity at 31 March 2008	(24,857,044)

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD FROM INCORPORATION ON 2 APRIL 2007 TO 31 MARCH 2008

	2008 £
At start of period 2 April 2007	-
Loss for the period	(675)
Total recognised income and expense for the period	(675)
Issue of share capital	1
Closing equity at 31 March 2008	(674)

The notes on pages 14 to 28 form part of these financial statements.

CLEF HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE PERIOD FROM INCORPORATION ON 2 APRIL 2007 TO 31 MARCH 2008

	Notes	2008 £
Cash flows from operating activities		
Loss before tax for the period		(24,854,221)
Adjustments for:		
Fair value movement on derivative financial instrument	15	24,867,665
Bank interest receivable	2	(281,212)
Increase in trade and other receivables	8	(59,794,868)
Increase in trade and other payables	11, 13	62,060,427
Exchange rate movement on translation of Euro liquidity notes		18,219,800
Net cash used in operating activities		20,217,591
Investing activities		
Purchase of the permanent facility assignment assets	7	(2,840,000,000)
Bank interest received	2	281,212
Net cash used in investing activities		(2,839,718,788)
Financing activities		
Proceeds on issue of shares	10	1
Proceeds on issue of loan notes	11	2,840,000,000
Proceeds on issue of liquidity notes	11	284,109,415
Loans received	12	12,501
Net cash from financing activities		3,124,121,917
Net increase in cash and cash equivalents		304,620,720
Cash and cash equivalents at beginning of period		-
Cash and cash equivalents at 31 March 2008	9	304,620,720

As explained in the accounting policies note on page 16, the cash is not freely available to be used.

CLEF HOLDINGS LIMITED

COMPANY STATEMENT OF CASH FLOWS

FOR THE PERIOD FROM INCORPORATION ON 2 APRIL 2007 TO 31 MARCH 2008

	Notes	2008 £
Cash flows from operating activities		
Profit before tax for the period		-
Net cash from operating activities		-
Cash flows from investing activities		
Investments	6	(12,501)
Net cash used in investing activities		(12,501)
Cash flows from financing activities		
Loans received	12	12,501
Proceeds on issue of shares	10	1
Net cash from financing activities		12,502
Net increase in cash and cash equivalents		1
Cash and cash equivalents at beginning of period		-
Cash and cash equivalents at 31 March 2008	9	1

As explained in the accounting policies note on page 16, the cash is not freely available to be used.

1. SIGNIFICANT ACCOUNTING POLICIES

Clef Holdings Limited is a company incorporated in Great Britain under the Companies Act 1985 and domiciled in England. The address of the registered office is given on page 1.

Statement of compliance
The Group's financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU as they apply to the financial statements of the Group and the Company for the period ended 31 March 2008.

The accounting policies set out below have been applied in respect of the financial period ended 31 March 2008.

Basis of preparation
The Group has adopted all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (the IFRIC) of the IASB that are relevant to its operations and effective for annual reporting periods beginning on 1 January 2007.

The financial statements are presented in Pounds Sterling since this is the currency of the primary economic environment in which the Group operates.

The financial statements have been prepared on the historical cost basis as modified for the revaluation of certain financial instruments under IAS 39 Financial Instruments: Recognition and Measurement.

Due to the fact that the nature of the business is to provide finance, the directors are of the opinion that it is more appropriate to use interest income and interest expense rather than turnover and cost of sales in preparing the income statement.

Company income statement
As permitted by section 230 of the Companies Act 1985, the Company's income statement has not been included in these financial statements. The Company's result for the financial year was £nil.

Basis of preparation - going concern
The Group's business activities, together with the factors likely to affect its future development, performance and position and its principal uncertainties are set out in the Directors' Report on pages 3 to 4. In addition, note 15 to the financial statements includes the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to credit risk and liquidity risk.

The loan notes issued by the Group are non-recourse and their terms are such that amounts due are only payable to the extent that there are sufficient receipts from the Group's assets. The loan issued by the Company is non-recourse and its terms are such that amounts due are only payable to the extent that there are sufficient funds available to the Company. As a consequence, the directors believe that the Group and Company are well placed to manage their business risks successfully despite the current uncertain economic outlook.

After making enquiries, the directors have a reasonable expectation that the Group and Company have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation
The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (the Subsidiaries).

- Subsidiaries
Subsidiaries are those entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to benefit from its activities.

- Transactions eliminated on consolidation
Intra-group balances and any unrealised gains and losses arising from intra-group transactions are eliminated in preparing the Consolidated Financial Statements.

Business combinations
The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair value at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non Current Assets Held for Sale and Discontinued Operations,* which are recognised and measured at fair value less costs to sell.

Critical accounting judgements and key sources of estimation and uncertainty
The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. In particular for the fair value of derivatives and the recoverability of assets, the estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements and carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates used in the financial statements.

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

Financial instruments
The Group's financial instruments comprise the permanent facility assignment assets, cash and liquid resources, derivatives, interest-bearing loan notes and various receivables and payables that arise directly from its operations. The main purpose of these financial instruments is to finance the beneficial interest in the permanent facility assignment assets. These financial instruments are classified in accordance with the principles of IAS 39 Financial Instruments: Recognition and Measurement as described below.

Permanent facility assignment assets
The permanent facility assignment assets are initially measured at fair value with subsequent measurement being at amortised cost using the effective interest method.

Appropriate allowances for estimated irrecoverable amounts are recognised in the income statement when there is objective evidence that the asset is impaired. The allowance 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 initial recognition.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and in hand and short-term deposits with an original maturity of three months or less. All withdrawals from the Group's bank accounts are restricted by the detailed priority of payments set out in the securitisation agreements and as such the cash and cash equivalents are not freely available to be used for other purposes.

Derivative financial instruments and hedging activities

The Group uses derivative financial instruments to hedge its exposure to interest rate risk arising from operational, financing and investment activities. In accordance with its treasury policy, the Group does not hold or issue derivative financial instruments for trading purposes. Derivatives are accounted for as held for trading.

IAS 39 requires all financial assets and liabilities to be recognised initially at fair value on the balance sheet. Subsequent to initial recognition, any changes in fair value of the derivatives held are recognised in the income statement.

The fair value of interest rate swaps and basis swaps is the estimated amount that the Group would receive or pay to terminate the swap at the balance sheet date, taking into account current interest rates and the current creditworthiness of the swap counterparties.

Interest income receivable or interest expense on the interest rate swap is accounted for on an effective interest rate basis within interest income or interest expense in the income statement.

Interest-bearing loans

Interest-bearing loans are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing loans are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

Embedded derivatives

Certain derivatives are embedded within other non-derivative host financial instruments to create a hybrid instrument. Where the economic characteristics and risks of the embedded derivatives are not closely related to the economic characteristics and risks of the host instrument, and where the hybrid instrument is not measured at fair value, the embedded derivative is separated from the host instrument with changes in fair value of the embedded derivative recognised in the income statement. Depending on the classification of the host instrument, the host is then measured in accordance with IAS 39.

Interest income and expense

Interest income and expense is accounted for on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability to that asset's or liability's net carrying amount.

Value added tax

Value added tax is not recoverable by the Group and is included with its related cost.

1. **SIGNIFICANT ACCOUNTING POLICIES (continued)**

Taxation

Income tax on the profit and loss for the period comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exceptions:

- where the temporary difference arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination that at the time of the transaction affects neither the accounting nor taxable profit or loss; and
- deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Standards issued but not adopted

The directors are considering the following standards which are currently in issue but are not yet effective and have not been adopted in the current financial period.

IFRS 2 (amended) – Share based Payment – Vesting Conditions and Cancellations.
IAS 23 (revised 2007) – Borrowing Costs.
IAS 32 (amended)/IAS 1 (amended) – Puttable Financial Instruments and Obligations Arising on Liquidation.
IFRIC 12 – Service Concession Arrangements.
IFRIC 15 – Agreements for the Construction of Real Estate.
IFRIC 16 – Hedges of a Net Investment in a Foreign Operation.

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

Segmental reporting

The principal asset of the Group is the beneficial interest in the permanent facility assignment assets originated in the United Kingdom and France which is funded by floating rate notes issued in the United Kingdom. The directors do not consider it necessary to provide a further analysis of the results of the Group from those already disclosed in these financial statements.

2. INTEREST INCOME

	2008 Group £
Income from permanent facility assignment assets	126,350,401
Investment income	12,929,961
Bank interest received	281,212
	139,561,574

3. INTEREST EXPENSE

	2008 Group £
Interest on loan notes	119,203,257
Interest on liquidity notes	11,051,630
Residual certificate distributions	3,320,664
Net total return swap interest payable	3,328,287
Net basis and margin swap interest payable	1,342,295
Interest payable on other loans	675
	138,246,808

4. OPERATING EXPENSES

	2008 Group £
Administration and cash management fees	1,305,847
Audit fees for audit of the Company's statutory accounts paid by the subsidiary	5,875
Audit fees for audit of the Company's subsidiary statutory accounts	29,375
Corporate services fees	15,535
	1,356,632

The directors received no emoluments for their services as directors to the Group during the period. The directors had no any material interest in any contract of significance in relation to the business of the Group. The Group did not have any employees in the current period.

5. INCOME TAX EXPENSE

	2008 Group £	2008 Company £
Current tax:		
Corporation tax charge for the period at a rate of 20%	2,824	-
Total income tax charge in income statement	2,824	-

	2008 Group £	2008 Company £
Reconciliation of total tax charge		
The tax assessed for the period is at the small companies rate of corporation tax in the UK of 20%		
Loss before tax	(24,854,221)	-
Loss before tax multiplied by the standard rate of corporation tax in the UK 20%	(4,970,844)	(675)
Permanent differences relating to application of Taxation of Securitisation Company Regulations 2006 for Channel Link Enterprises Finance Plc	4,973,533	(135)
Adjustment due to Holdings tax rate being 0%	135	135
Total tax charge reported in the income statement	2,824	-

5. INCOME TAX EXPENSE (continued)

Channel Link Enterprises Finance Plc is taxable under The Taxation of Securitisation Companies Regulations 2006, which is effective for accounting periods beginning on or after 1 January 2007.

6. INVESTMENT IN SUBSIDIARY

The investment represents the acquisition of 99.98% of the newly issued ordinary share capital of Channel Link Enterprises Finance Plc, a special purpose entity incorporated in Great Britain, on 19 March 2007. Channel Link Enterprises Finance Plc was established in order to issue floating rate loan notes due between June 2041 and June 2050, as consideration for the assignment of the permanent facility assignment assets from Deutsche Bank AG, London Branch and Goldman Sachs International Bank ("the original lenders") to open accounts, to create security and receive interest in respect thereof, and to enter into certain related transactions as described in the Offering Circular dated 16 August 2007. On 20 August 2007, Channel Link Enterprises Finance Plc issued £2,840,000,000 floating rate loan notes in accordance with the Offering Circular.

On 20 August 2007, Channel Link Enterprises Finance Plc issued Sterling and Euro Liquidity Notes of £175,000,000 and €160,000,000 (translated at the rate prevailing at that date of £1/€0.6819) due December 2050 ("the liquidity notes") respectively to be held in liquidity accounts to be drawn in the event of shortfalls in principal and interest on the various loan and liquidity notes issued.

The shares were purchased at par for cash consideration of £12,501 and the net assets of the subsidiary were £12,501 at this date (comprising only cash on issuance of shares), hence no goodwill arose on acquisition. This transaction has been accounted for by the purchase method of accounting.

7. PERMANENT FACILITY ASSIGNMENT ASSETS

	Group
	£
At 2 April 2007	-
Assignment of permanent facility assignment assets	2,840,000,000
Foreign exchange rate movements on translation of the balance at the period end	223,761,926
At 31 March 2008	3,063,761,926

The balance can be analysed as follows:

Non-current assets due after five years	3,063,761,926
	3,063,761,926

8 TRADE AND OTHER RECEIVABLES

	Group	Company
	2008	2008
	£	£
Prepayments and accrued income	59,794,868	-

The directors consider that the carrying value of trade and other receivables approximate their fair value.

9. CASH AND CASH EQUIVALENTS

Withdrawals from the Group's bank accounts are restricted by the detailed priority of payments set out in the securitisation agreements.

	Group	Company
	2008	2008
	£	£
Cash at bank	1,445,055	1
Cash in short term investments	303,175,665	-
Cash and cash equivalents	304,620,720	1

The directors consider that the carrying values of cash and cash equivalents approximate their fair value.

The Group has deposits in bank accounts held in the Group's name which meet the definition of cash and cash equivalents but their use is restricted by a detailed priority of payments set out in the securitisation transaction agreements. As the cash can only be used to meet certain specific liabilities and is not available to be used with discretion, it is viewed as restricted cash.

On 20 August 2007, the Group issued Sterling and Euro Liquidity Notes of £175,000,000 and €160,000,000 ("the liquidity notes") respectively to be held in liquidity accounts to be drawn in the event of shortfalls in principal and interest on the various loan and liquidity notes issued. No amounts were drawn during the period.

10. TOTAL EQUITY

Group	Issued share capital	Retained loss	Total
	£	£	£
Issued share capital	1	-	1
Loss for the period	-	(24,857,045)	(24,857,045)
Balance at 31 March 2008	1	(24,857,045)	(24,857,044)

Company	Issued share capital	Retained loss	Total
	£	£	£
Issued share capital	1	-	1
Loss for the period	-	(675)	(675)
Balance at 31 March 2008	1	(675)	(674)

There are 100 authorised ordinary shares of £1 each. The issued share capital comprises one allotted £1 share called up and fully paid at par.

11. INTEREST-BEARING LOANS

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings. For more information about the Group's exposure to interest rate risk, see note 14.

	Group 2008 £	Company 2008 £
Loan notes	3,063,761,926	-
Liquidity notes	302,329,215	-
	3,366,091,141	-
Non-current liabilities		
Loan notes	3,063,761,926	-
Liquidity notes	302,329,215	-
	3,366,091,141	-
Current liabilities		
Interest payable on loan notes	46,236,114	-
Interest payable on liquidity notes	5,229,537	-
	51,465,651	-

Current liabilities due within one year are paid when cash is available after other commitments have been fulfilled in order of priority in accordance with the Offering Circular.

The interest bearing loans are secured by way of fixed and floating charges over the Company's assets. The loan notes are listed on the Irish Stock Exchange.

Interest-bearing loans and borrowings are repayable as follows:

Group	Total £	Less than 1 year £	More than 5 years £
Liabilities			
Floating rate notes due between 2041 and 2050	3,063,761,926	-	3,063,761,926
Interest payable	46,236,114	46,236,114	-
Liquidity notes due 2050	302,329,215	-	302,329,215
Interest payable	5,229,537	5,229,537	-
	3,417,556,792	51,465,651	3,366,091,141

The loan notes are denominated in Euro and Sterling.

11. INTEREST-BEARING LOANS (continued)

On 20 August 2007, the Group issued the following loan notes

Class of Note	Currency	Balance	Interest	Due
A1	Sterling	400,000,000	6.341% fixed rate	June 2046
A2	Euro	645,000,000	5.892% fixed rate	June 2041
A3	Sterling	350,000,000	6 month LIBOR plus 1.25% margin	June 2050
A4	Euro	953,000,000	6 month EURIBOR plus 1.25% margin	June 2050
G1	Sterling	300.000.000	3.487% to June 2009 and 2.887% RPI index linked thereafter	June 2042
G2	Sterling	150.000.000	3.487% to June 2009 and 2.887% RPI index linked thereafter	June 2042
G3	Sterling	300.000.000	3.487% to June 2009 and 2.887% RPI index linked thereafter	June 2042
G4	Euro	73,000,000	3.377% CPI indexed link	June 2041
G5	Euro	147,000,000	3.377% CPI indexed link	June 2041
G6	Euro	147,000,000	3.377% CPI indexed link	June 2041
Sterling Liquidity notes	Sterling	175,000,000	6 month LIBOR plus 0.6%	December 2050
Euro Liquidity notes	Euro	160,000,000	6 month EURIBOR plus 0.6%	December 2050

The interest bearing loans are secured by way of fixed and floating charges over the Group's assets.
The loan notes are listed on the Irish Stock Exchange.

At the balance sheet date £400,000,000 in respect of the Class A1 notes was outstanding, €645,000,000 (£513,295,899) in respect of Class A2 notes, £350,000,000 in respect of Class A3 notes, €953,000,000 (£758,404,639) in respect of Class A4 notes, £300,000,000 in respect of the Class G1 notes, £150,000,000 in respect of the Class G2 notes, £300,000,000 in respect of the G3 notes, €73,000,000 (£58,093,956) in respect of the Class G4 notes, €147,000,000 (£116,983,716) in respect of the Class G5 notes, €147,000,000 (£116,983,716) in respect of the Class G6 notes, £175,000,000 in respect of the Sterling liquidity notes and €160,000,000 (£127,329,215) in respect of the Euro liquidity notes. The notes are secured by way of a fixed and floating charge over the assets of the Group. The proceeds of the notes were used by the Group to purchase the permanent facility assignment assets from Deutsche Bank, London AG and Goldman Sachs International Bank in accordance with the terms of the securitisation documents.

11. INTEREST-BEARING LOANS (continued)

Ambac Assurance UK Limited ("Ambac") guarantees the scheduled payments of interest and principal on the Class G1 Notes and Class G4 Notes. FGIC UK Limited ("FGIC") guarantees the scheduled payments of interest and principal on the Class G2 and Class G5 Notes. Financial Security Assurance (U.K.) Limited ("FSA") guarantees the scheduled payments of interest and principal on the Class G3 Notes and Class G6 Notes.

12. OTHER LOAN

	Group 2008	Company 2008
Non-current liabilities	**£**	**£**
Other loan	13,176	13,176

The other loan was made available to the Company to provide for the investment in subsidiaries.

13. TRADE AND OTHER PAYABLES

	Group 2008	Company 2008
Current liabilities	**£**	**£**
Accruals and deferred income	10,594,101	-

Current liabilities due within one year are paid when cash is available after other commitments have been fulfilled, in order of priority in accordance with the Offering Circular.

The directors consider that the carrying amount of trade and other payables approximates to their fair value.

14. FINANCIAL INSTRUMENTS

The principal risks and uncertainties are set out in the Directors' Report on page 2.

Interest rate risk
The Group is exposed to movements in interest rates and manages this exposure using interest rate swaps. More specifically, the Group is exposed to basis risk due to the timing difference in interest payment dates on the notes and the permanent facility assignment assets and any variance between the rate of interest receivable on the permanent facility assignment assets and the rate of interest payable on the floating rate loan notes. This risk exposure is hedged using interest rate swaps that were taken out on inception of the securitisation.

After taking into consideration the Group's derivative instruments, together with the nature of the Group's other assets and liabilities, the directors do not believe that the Group had any significant interest rate re-pricing exposure during the period. As such no sensitivity analysis has been presented.

CLEF HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM INCORPORATION ON 2 APRIL 2007 TO 31 MARCH 2008

14. FINANCIAL INSTRUMENTS (continued)

Credit risk

The credit quality of the permanent facility assignment assets is summarised as follows:

	Group 31 March 2008
	£
Neither past due nor impaired	3,063,761,926
	3,063,761,926
Less: allowance for impairment	-
	3,063,761,926

The maximum exposure to credit risk on the Group's assets is the balance sheet amount.

With regard to credit risk on derivatives, the directors monitor the credit rating of the swap provider and in case of any downgrade may require the swap provider to provide sufficient collateral or transfer its obligations to another bank of the same credit rating.

Liquidity risk

On 20 August 2007, the Group issued Sterling and Euro Liquidity Notes of £175,000,000 and €160,000,000 ("the liquidity notes") respectively to be held in liquidity accounts to be drawn in the event of shortfalls in principal and interest on the various loan and liquidity notes issued.

The length of the floating and fixed rate assets is designed to match the length of the limited recourse notes and hence there are deemed to be limited liquidity risks facing the Group.

The table below reflects the undiscounted contractual cash flows of financial liabilities at the balance sheet date of non-derivative financial instruments.

As at 31 March 2008 Group	Carrying value	Gross cash flows	After 1 month but within 3 months	After 3 months but within one year	After 1 year but within 5 years	After 5 years
	£	£	£	£	£	£
Notes	3,063,761,926	3,063,761,926	-	-	-	3,063,761,926
Interest payable on Notes	46,236,114	5,130,749,628	82,285,821	82,285,821	658,286,567	4,307,891,419
Liquidity notes	302,329,215	302,329,215	-	-	-	302,329,215
Interest payable on liquidity notes	5,229,537	735,976,510	9,262,695	9,262,695	74,101,558	643,349,562
Total non-derivative financial instruments	**3,417,556,792**	**9,232,817,279**	**91,548,516**	**91,548,516**	**732,388,125**	**8,317,332,122**

The redemption of the notes is dependent on the receipt of payments on the assets. Interest payable on floating rate notes was estimated based on the floating rate amounts as at 31 March 2008.

14. FINANCIAL INSTRUMENTS (continued)

Capital risk management
The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for the shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Group is not subject to any external capital requirements except for the minimum requirement under the Companies Act 1985. The Group has not breached the minimum requirement.

Currency risk
All of the Group's assets and liabilities are denominated in both pounds Sterling and Euros respectively. This risk is managed by matching as far as possible the currency of the assets and liabilities and by ensuring interest earned on the permanent facility assignment assets is sufficient to cover the interest payments of the loan notes and liquidity notes respectively.

Financial instruments
The Group's financial instruments, other than derivatives, comprise the permanent facility assignment assets, cash and liquid resources, interest-bearing borrowings and various receivables and payables that arise directly from its operations. The Group also enters into derivative transactions (principally interest rate swaps). The purpose of such transactions is to manage the interest rate risks arising from the Group's operations and its sources of finance.

It is, and has been throughout the period under review, the Group's policy that no trading in financial instruments is undertaken.

14. FINANCIAL INSTRUMENTS (continued)

Fair values

The fair values together with the carrying amounts shown in the balance sheet are as follows:

	Note	Carrying amount 2008 £	Fair value 2008 £
Financial assets at amortised cost:			
Permanent facility assignment assets	7	3,063,761,926	2,884,698,744
Trade and other receivables	8	59,794,868	59,794,868
Cash and cash equivalents	9	304,620,720	304,620,720
		3,428,177,514	3,249,114,332
Financial liabilities at amortised cost:			
Interest bearing loan notes	11	3,063,761,926	2,876,171,175
Interest bearing liquidity notes	11	302,329,215	269,009,089
Accrued interest	11	51,465,651	51,465,651
Trade and other payables	13	10,594,101	10,594,101
Other loan	12	13,176	13,176
Corporation tax payable	5	2,824	2,824
Financial liabilities at fair value:			
Derivative financial instruments	15	24,867,665	24,867,665
		3,453,034,558	3,232,123,681

	Note	Carrying amount 2008 £	Fair value 2008 £
Company			
Investment in subsidiary	6	12,501	12,501
Cash and cash equivalents	10	1	1
		12,502	12,502
Other loan	13	13,176	13,176
		13,176	13,176

Financial instruments include financial assets and financial liabilities. The fair value of a financial instrument is the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Wherever possible, fair values have been estimated using quoted market prices for instruments held. Where market prices are not available, fair values have been estimated using quoted values for instruments with either identical or similar characteristics. In certain cases, where no ready markets currently exist, various techniques (such as discounted cash flows or observations of similar recent market transactions) have been used to estimate what the approximate fair value of such instruments might be. These estimation techniques are necessarily subjective in nature and involve several assumptions.

Interest rate risk profile of financial liabilities

All of the Group's financial liabilities are floating rate and carry interest rates based on the relevant interest rates.

14. FINANCIAL INSTRUMENTS (continued)

Effective interest rates and repricing analysis

The following table details the Group's exposure to interest rate risk by the earlier of contractual maturities or re-pricing:

Group	Weighted average effective interest rate	1 to 3 months	Non- interest bearing	Total
At 31 March 2008	**%**	**£**	**£**	**£**
Assets				
Trade and other receivables	-	-	59,794,868	59,794,868
Permanent facility assignment assets	4.449%	3,063,761,926	-	3,063,761,926
Cash and cash equivalents	3.564%	304,620,720	-	304,620,720
Total assets		3,368,382,646	59,794,868	3,428,177,514
Liabilities				
Accruals and tax liabilities	-	-	62,062,576	62,062,576
Derivative financial instruments	-	-	24,867,665	24,867,665
Other loan	-	-	13,176	13,176
Interest bearing loans	4.169%	3,366,091,141	-	3,366,091,141
Total liabilities		3,366,091,141	86,943,417	3,453,034,558

Company	Weighted average effective interest rate	1 to 3 months	Non interest bearing	Total
At 31 March 2008	**%**	**£**	**£**	**£**
Assets				
Investment in subsidiary	-	-	12,501	12,501
Cash and cash equivalents	-	1	-	1
Total assets		1	12,501	12,502
Liabilities				
Other loan	-	-	13,176	13,176
Total liabilities		-	13,176	13,176

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FOR THE PERIOD FROM INCORPORATION ON 2 APRIL 2007 TO 31 MARCH 2008

15. DERIVATIVE FINANCIAL INSTRUMENTS

The net fair values of derivative financial instruments at the balance sheet date were:

	Group 2008 £	Company 2008 £
Interest rate swaps liability	(24,867,665)	-

The notional principal amount of all the outstanding interest rate swap contracts at 31 March 2008 was £2,324,029,754.

In accordance with IAS 39 'Financial instruments: Recognition and measurement', the Group has reviewed all contracts for embedded derivatives that are required to be separately accounted for if they do not meet certain requirements set out in the standard.

In relation to the repayment of the floating rate notes, the Group has identified a hybrid instrument consisting of a debt contract and a credit derivative embedded in the debt contract. However, the credit derivatives are regarded as closely related to the host contract and therefore do not require separation.

The Group has the ability to redeem the floating rate notes in full or part at their then principal amount outstanding, together with interest accrued to the date of redemption, on any interest payment date. The Group effectively has a call option on the floating rate notes exercisable on certain dates. The option constitutes an embedded derivative; however, as this is closely related to the underlying host contract (the floating rate notes) consistent with IAS 39, the option does not require separation.

16. RELATED PARTY TRANSACTIONS

The Group is a special-purpose company controlled by its Board of directors, which comprises three directors; Wilmington Trust SP Services (London) Limited, Mrs R L Samson and Mr S Masson. The Group pays a corporate service fee to Wilmington Trust SP Services (London) Limited in connection with corporate services received. The fees payable to these directors for their services for the period ended on 31 March 2008 amounted to £15,535 including irrecoverable VAT.

17. ULTIMATE PARENT UNDERTAKING

CLEF Holdings Limited is a company registered in England and Wales.

Wilmington Trust SP Services (London) Limited holds one share in Clef Holdings Limited under a declaration of trust for charitable purposes. The registered office of Wilmington Trust SP Services is given on page 1.

The Group is the smallest and largest group into which the Company is consolidated.