

AVEBURY ASSET MANAGEMENT LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31st MARCH 2007

Company Registration Number 890308

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BREBNERS

Chartered Accountants & Registered Auditors
The Quadrangle
180 Wardour Street
London
W1F 8LB

AVEBURY ASSET MANAGEMENT LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31st MARCH 2007

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AVEBURY ASSET MANAGEMENT LIMITED
COMPANY INFORMATION

The board of directors	M J W Daley B J Mason
Company secretary	E J Daley
Registered office	The Quadrangle 180 Wardour Street London W1F 8FY
Auditor	Brebners Chartered Accountants & Registered Auditors The Quadrangle 180 Wardour Street London W1F 8LB
Bankers	Bank of Scotland 38 Threadneedle Street London EC2P 2EH
Solicitors	Speechly Bircham 6 St Andrew Street London EC4A 3LX

AVEBURY ASSET MANAGEMENT LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31st MARCH 2007

The directors present their report and the financial statements of the company for the year ended 31st March 2007

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The company's principal activity is the management of global fixed income and associated currency overlay programmes and the provision of investment advice for institutional clients and regulated investment management companies

During 2007 the company has experienced a substantial reduction in the number of clients and associated assets under management as a result of an increasingly competitive market which favours larger investment managers in the US based ERISA pension plan business and has had a corresponding fall in the number of employees. This has enabled the company to increase focus on alternative investment strategies and a revised marketing strategy to manage money for other regulated investment managers and to seek new markets for these alternative products

In the year the group dissolved its strategic relationship with The Real Return Group, another regulated investment company, which gives it the freedom to pursue its strategic goals outlined above

The company is authorised and regulated by the Financial Services Authority (FSA) in the United Kingdom and the Securities & Exchange Commission (SEC) in the United States

Financial Key Performance Indicators

The directors consider the Financial Key Performance Indicators to be the following

	2007	2006
Turnover	424,490	424,997
Increase/(Decrease) in turnover	Nil%	21%
Funds under management	\$14,389,224	\$156,461,801
Increase/(Decrease) in funds under management	(91)%	5%

Non-Financial Key Performance Indicators

Management believe that building investment management businesses is a long term activity and that in the initial years it is difficult to achieve profits given the dynamics of the market place for investment management services (which do not favour relatively new businesses). The key values imbedded in an investment management business are the staff and the investment management performance they create, the ability of the company's processes to continually produce competitive performance and the reputation the company achieves by being fully compliant with the rules and requirements of its regulators across varying jurisdictions

The company will be judged successful if in a compliant manner it can achieve better than average investment performance for its clients while experiencing a below average turnover in its professional staff

In a company this size the directors consider there are collectively other numerous non-financial performance indicators but none individually are key

AVEBURY ASSET MANAGEMENT LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31st MARCH 2007

RESULTS AND DIVIDENDS

The profit for the year amounted to £9,709. The directors have not recommended a dividend.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The company had no hedging arrangements at 31st March 2007.

As the company is a regulated company, management gives continuous attention to the company's financial position especially in terms of its net regulatory capital position (NRCP). The NRCP is calculated by the company annually following the annual audit, using the current rules set down by the company's regulator. In achieving NRCP compliance, the company identifies and provides for financial risks it may encounter and, for example, it seeks to allocate capital in excess of NRCP to cover exposures, if any, to illiquid assets, prepayments, foreign exchange exposures and debtors in excess of one month.

As the company's income is primarily denominated in foreign currency, management's neutral policy is to hedge back into sterling expected future foreign exchange receivables. Such transactions are unlikely to involve sales with a tenor of more than six months. However, as foreign exchange management is a key competence of the company, management may in the light of the company's analysis of future foreign exchange movements leave receivables denominated in foreign currency un-hedged in anticipation of a fall in the external value of Sterling.

The company, in its formative years (which could extend to ten years) is likely to gain and retain a small number of clients and their investment needs are likely to be similar. The company may therefore be exposed to, for example, a market-driven switch in investment product by a significant number of clients simultaneously, or alternatively, may under-perform other managers leading over time to the loss of simultaneous clients.

The company monitors all cash, debtors, creditors and foreign exchange rate fluctuations on an ongoing basis to ensure that it has sufficient cash flows and funds for its working capital requirements.

DIRECTORS

The directors who served the company during the year were as follows:

M J W Daley	
B J Mason	(Appointed 31st January 2007)
S J McClennon	(Resigned 31st January 2007)

A R C Taylor was appointed as a director on 18th May 2007.

B J Mason resigned as a director on 18th May 2007.

At 31st March 2007 and 2006 the directors had no interest in the shares of the company.

M J W Daley's interest in the shares of the ultimate parent undertaking are shown in the directors' report of that company.

B J Mason had no interest in the shares of the ultimate parent company.

AVEBURY ASSET MANAGEMENT LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31st MARCH 2007

DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

select suitable accounting policies and then apply them consistently,

make judgements and estimates that are reasonable and prudent,

state whether applicable UK Accounting Standards 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 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.

In so far as the directors are aware

there is no relevant audit information of which the company's auditor is unaware, and

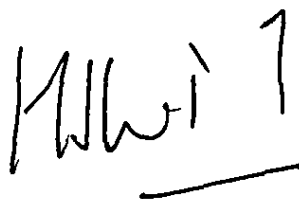
the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

AUDITOR

In accordance with Section 386 of the Companies Act 1985, the company has elected to dispense with the obligation to appoint auditors annually.

Brebners (previously known as Brebner Allen & Trapp) Chartered Accountants are therefore deemed to be reappointed as the company's auditors for each succeeding year.

Signed on behalf of the directors



M J W Daley
Director

Approved by the directors on

24 JUL 2007

AVEBURY ASSET MANAGEMENT LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
AVEBURY ASSET MANAGEMENT LIMITED
YEAR ENDED 31st MARCH 2007

We have audited the financial statements of Avebury Asset Management Limited for the year ended 31st March 2007 on pages 7 to 16, which have been prepared on the basis of the accounting policies set out on page 10

This report is made solely to the company's shareholders, 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 shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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 Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

AVEBURY ASSET MANAGEMENT LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
AVEBURY ASSET MANAGEMENT LIMITED *(continued)*
YEAR ENDED 31st MARCH 2007

OPINION

In our opinion

the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31st March 2007 and of its profit for the year then ended,

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



BREBNERS
Chartered Accountants
& Registered Auditors

The Quadrangle
180 Wardour Street
London
W1F 8LB

27th July 2007

AVEBURY ASSET MANAGEMENT LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 31st MARCH 2007

	Note	2007 £	2006 £
TURNOVER	2	424,490	424,997
Administrative expenses		418,438	441,202
OPERATING PROFIT/(LOSS)	3	6,052	(16,205)
Interest receivable	6	3,657	2,914
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		9,709	(13,291)
Tax on profit/(loss) on ordinary activities	7	–	–
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		9,709	(13,291)

All of the activities of the company are classed as continuing

The company has no recognised gains or losses other than the results for the
year as set out above

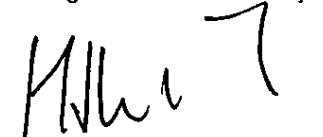
AVEBURY ASSET MANAGEMENT LIMITED

BALANCE SHEET

31st MARCH 2007

	Note	2007 £	£	2006 £	£
FIXED ASSETS					
Tangible assets	8		3,115		4,473
CURRENT ASSETS					
Debtors	9	91,252		94,796	
Cash at bank		87,031		112,603	
		178,283		207,399	
CREDITORS Amounts falling due within one year	10	44,658		84,841	
NET CURRENT ASSETS			133,625		122,558
TOTAL ASSETS LESS CURRENT LIABILITIES			136,740		127,031
CAPITAL AND RESERVES					
Called-up equity share capital	12		195,140		195,140
Share premium account	13		1,678		1,678
Profit and loss account	14		(60,078)		(69,787)
SHAREHOLDERS' FUNDS	15		136,740		127,031

These financial statements were approved by the directors and authorised for issue on 24th July 2007 and are signed on their behalf by


 M J W Daley
 Director

AVEBURY ASSET MANAGEMENT LIMITED

CASH FLOW STATEMENT

YEAR ENDED 31st MARCH 2007

		2007 £	2006 £
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	Note 16	(29,150)	(36,925)
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	16	3,657	2,914
TAXATION	16	509	-
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	16	(588)	(3,358)
CASH OUTFLOW BEFORE FINANCING		(25,572)	(37,369)
FINANCING	16	-	25,000
DECREASE IN CASH		(25,572)	(12,369)
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS			
		2007 £	2006 £
Decrease in cash in the period		(25,572)	(12,369)
Movement in net funds in the period		(25,572)	(12,369)
Net funds at 1 April 2006	16	112,603	124,972
Net funds at 31 March 2007	16	87,031	112,603

The notes on pages 10 to 16 form part of these financial statements

AVEBURY ASSET MANAGEMENT LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31st MARCH 2007**

1 ACCOUNTING POLICIES**Basis of accounting**

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards

Consolidation

The company was, at the end of the year, a subsidiary of another company incorporated in the EEA and in accordance with Section 228 of the Companies Act 1985, is not required to produce, and has not published, consolidated accounts

Turnover

Turnover represents management performance fees received and receivable on portfolios managed during the year. All amounts are stated net of attributable value added tax

Fixed assets

All fixed assets are initially recorded at cost

Depreciation

Depreciation is calculated so as to write off the cost of an asset over the useful economic life of that asset as follows

Fixtures & Fittings - 33 3% straight line

Pension costs

Pension costs charged against profits represent the amount of the contributions payable to employee pension schemes in respect of the accounting period

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction or an agreed forward contract rate. Exchange differences are taken into account in arriving at the operating profit

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities

AVEBURY ASSET MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31st MARCH 2007

2 TURNOVER

The turnover and profit before tax are attributable to the one principal activity of the company

An analysis of turnover is given below

	2007 £	2006 £
United Kingdom	163,129	112,780
USA	261,361	312,217
	424,490	424,997

3 OPERATING PROFIT/(LOSS)

Operating profit/(loss) is stated after charging/(crediting)

	2007 £	2006 £
Depreciation of owned fixed assets	1,946	2,057
Auditor's remuneration		
- as auditor	4,500	4,000
- for other services	15,975	15,165
Net loss/(profit) on foreign currency translation	2,358	(4,118)

4 PARTICULARS OF EMPLOYEES

The average number of staff employed by the company during the financial year amounted to

	2007 No	2006 No
Number of management staff	5	6

The aggregate payroll costs of the above were

	2007 £	2006 £
Wages and salaries	182,199	212,177
Social security costs	20,614	24,660
Other pension costs	9,236	10,955
	212,049	247,792

AVEBURY ASSET MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31st MARCH 2007

5 DIRECTORS' EMOLUMENTS

The directors' aggregate emoluments in respect of qualifying services were

	2007	2006
	£	£
Emoluments receivable	79,679	75,000
Value of company pension contributions to money purchase schemes	4,292	3,750
	83,971	78,750

The number of directors who accrued benefits under company pension schemes was as follows

	2007	2006
	No	No
Money purchase schemes	2	2

6 INTEREST RECEIVABLE

	2007	2006
	£	£
Bank interest receivable	3,657	2,914

7 TAXATION ON ORDINARY ACTIVITIES

Factors affecting current tax charge

The tax assessed on the profit/(loss) on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 19% (2006 - 19%)

	2007	2006
	£	£
Profit/(loss) on ordinary activities before taxation	9,709	(13,291)
Profit/(loss) on ordinary activities multiplied by the standard rate of corporation tax	1,845	(2,526)
Expenses not deductible for tax purposes	534	759
Depreciation in excess of capital allowances	156	52
Tax losses carried forward	-	1,715
Brought forward tax losses utilised	(1,840)	-
Group relief	(695)	-
Total current tax	-	-

Factors that may affect future tax charges

The company has available tax losses of £42,061 to carry forward against future trading profits

No deferred tax has been provided on the above tax losses due to the uncertainty of the timing of the recovery of these losses

AVEBURY ASSET MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31st MARCH 2007

8 TANGIBLE FIXED ASSETS

	Fixtures & Fittings £
COST	
At 1st April 2006	20,519
Additions	588
At 31st March 2007	21,107
DEPRECIATION	
At 1st April 2006	16,046
Charge for the year	1,946
At 31st March 2007	17,992
NET BOOK VALUE	
At 31st March 2007	3,115
At 31st March 2006	4,473

9 DEBTORS

	2007 £	2006 £
Amounts owed by group undertakings	52,294	42,180
Corporation tax repayable	-	509
VAT Recoverable	-	3,379
Other debtors	11,627	1,576
Directors' current accounts	-	733
Prepayments and accrued income	27,331	46,419
	91,252	94,796

10 CREDITORS Amounts falling due within one year

	2007 £	2006 £
Trade creditors	22,552	42,781
Amounts owed to parent undertaking	98	-
Other taxation and social security	6,149	7,785
Other creditors	2,124	5,451
Directors' current accounts	209	-
Accruals and deferred income	13,526	28,824
	44,658	84,841

AVEBURY ASSET MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31st MARCH 2007

11. RELATED PARTY TRANSACTIONS

Included within debtors is an amount of £52,294 (2006 £40,747) due from Avebury Asset Management Group Limited, the immediate parent undertaking

Included within debtors is an amount of £Nil (2006 £1,285) due from Avebury Asset Management LLC, a fellow subsidiary of Avenue Asset Management Group Limited

Included within creditors is an amount of £98 (2006 Debtor of £148) due to Strategic Value Management Limited, the ultimate parent undertaking

Included within creditors is an amount of £209 (2006 Debtor of £733) due to M J W Daley, director. The maximum amount outstanding to the company during the year was £767

During the year the company received services from Avebury Asset Management Group Limited amounting to £20,000 (2006 £Nil)

Control

Control of the company vests with the immediate parent undertaking as disclosed in note 17 and ultimate control vests with M J W Daley, director

12. SHARE CAPITAL

Authorised share capital.

	2007 £	2006 £
1,000,000 Ordinary shares of £1 each	1,000,000	1,000,000

Allotted, called up and fully paid

	2007 No	£	2006 No	£
Ordinary shares of £1 each	195,140	195,140	195,140	195,140

13. SHARE PREMIUM ACCOUNT

There was no movement on the share premium account during the financial year

14. PROFIT AND LOSS ACCOUNT

	2007 £	2006 £
Balance brought forward	(69,787)	(56,496)
Profit/(loss) for the financial year	9,709	(13,291)
Balance carried forward	(60,078)	(69,787)

AVEBURY ASSET MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31st MARCH 2007

15 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2007	2006
	£	£
Profit/(Loss) for the financial year	9,709	(13,291)
New ordinary share capital subscribed	—	25,000
Net addition to shareholders' funds	9,709	11,709
Opening shareholders' funds	127,031	115,322
Closing shareholders' funds	136,740	127,031

16 NOTES TO THE STATEMENT OF CASH FLOWS

RECONCILIATION OF OPERATING PROFIT/(LOSS) TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	2007	2006
	£	£
Operating profit/(loss)	6,052	(16,205)
Depreciation	1,946	2,057
Decrease/(increase) in debtors	3,035	(44,088)
(Decrease)/increase in creditors	(40,183)	21,311
Net cash outflow from operating activities	(29,150)	(36,925)

RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

	2007	2006
	£	£
Interest received	3,657	2,914
Net cash inflow from returns on investments and servicing of finance	3,657	2,914

TAXATION

	2007	2006
	£	£
Taxation	509	—

CAPITAL EXPENDITURE

	2007	2006
	£	£
Payments to acquire tangible fixed assets	(588)	(3,358)
Net cash outflow from capital expenditure	(588)	(3,358)

FINANCING

	2007	2006
	£	£
Issue of equity share capital	—	25,000
Net cash inflow from financing	—	25,000

AVEBURY ASSET MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31st MARCH 2007

16 NOTES TO THE STATEMENT OF CASH FLOWS *(continued)*

ANALYSIS OF CHANGES IN NET FUNDS

	At 1 Apr 2006 £	Cash flows £	At 31 Mar 2007 £
Net cash			
Cash in hand and at bank	112,603	(25,572)	87,031
Net funds	112,603	(25,572)	87,031

17 ULTIMATE PARENT COMPANY

The company is a wholly owned subsidiary of Avebury Asset Management Group Limited, a company registered in England and Wales. The directors consider the company's ultimate parent undertaking to be Strategic Value Management Limited, a company registered in England and Wales.