Grant Thornton

Financial statements Elliott Advisors (UK) Limited

For the Year Ended 31 December 2011

Company No. 02989338

Company information

Company registration number	02989338
Registered office	4th Floor Cleveland House 33 King Street London SW1Y 6RJ
Directors	K Horn J D Pollock G M Singer
Secretary	Salans Secretarial Services Limited
Auditor	Grant Thornton UK LLP Chartered Accountants Statutory Auditor 30 Finsbury Square London EC2P 2YU

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Report of the directors

The directors present their report and the financial statements of the company for the year ended 31 December 2011

Principal activities and business review

The principal activity of the company during the year was the provision of services related to investment management, research and advice

The company was granted permission by the Financial Services Authority under Part IV of the Financial Services and Markets Act 2000 to act as an authorised person with effect from 5 November 2004

The principal risks facing the business include the loss of investment professionals who provide investment advisory services The company seeks to provide competitive performance-related remuneration packages to ensure it retains quality staff

Key performance indicators used by the directors to monitor the performance of the business include staff retention

Future developments

The directors anticipate modest growth in staff numbers and the company will continue to provide services related to investment management, research and advice It continues to maintain good working relations with Elliott Management Corporation, its sole client Having considered the company's operations and its financial resources, the directors consider the company has 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

Results and dividends

The profit for the year, after taxation, amounted to £1,006,655 (2010 £2,037,964) The directors have not recommended a dividend

Financial risk management objectives and policies

The company is exposed to interest rate risk on short-term fixed interest treasury deposits The risk is limited as the company policy is to invest in treasury deposit accounts with a maturity date of up to six months Other cash balances are held in variable interest rate accounts

The company trades with one related company and, in the opinion of the directors, the exposure to credit risk on amounts receivable from that related company is low

The company has debt in the form of subordinated loans subject to interest at a variable rate The company is exposed to cash flow risk on those debt instruments as a result of movements in interest rates

Pillar 3 risk disclosure

The European Capital Requirements Directive introduced consistent capital adequacy standards and an associated supervisory framework in the EU based on the Basel II rules The Directive was introduced into the UK by the Financial Services Authority ("FSA") The new framework consisted of three 'pillars'

Pillar 1 specifies the minimum capital requirements

Pillar 2 is a supervisory review process that requires an assessment to be made of whether additional capital should be held against risks not covered by Pillar 1

Pillar 3 introduces public disclosure of qualitative and quantitative information and is designed to promote market discipline by providing market participants with key information on a firm's risk exposures and risk management processes

Full details of how the Company complies with Pillar 3 are available at the following internet address

www pillar3 eu/EAL0904015

Directors

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

K Horn
J D Pollock
G M Singer

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 United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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 those 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, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping 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

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

Grant Thornton UK LLP, having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with section 487(2) of the Companies Act 2006 unless the company receives notice under section 488(1) of the Companies Act 2006

ON BEHALF OF THE BOARD

G M Singer

24 April 2012

Independent auditor's report to the members of Elliott Advisors (UK) Limited

We have audited the financial statements of Elliott Advisors (UK) Limited for the year ended 31 December 2011 which comprise the principal accounting policies, profit and loss account, the balance sheet and the related notes The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

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 Report of the Directors, 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 (APB's) Ethical Standards for Auditors

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www frc org uk/apb/scope/private cfm

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 31 December 2011 and of its profit for the period then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the report of the directors for the financial year for which the financial statements are prepared is consistent with the financial statements

Independent auditor's report to the members of Elliott Advisors (UK) Limited (continued)

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

Grant Thornton UK LLP

William Pointon
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London
24 April 2012

Principal accounting policies

Basis of accounting

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

The principal accounting policies of the company have remained unchanged from the previous year and are set out below

Turnover

The turnover shown in the profit and loss account represents the amounts earned during the year, for the provision of investment management and research and advisory services, net of VAT

Fixed assets

All fixed assets are initially recorded at cost

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows

Leasehold Property	-	Period of lease
Plant & Machinery	-	25% straight line
Fixtures & Fittings	-	25% straight line

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease

Principal accounting policies (continued)

Taxation

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 The current tax charge is based on the results for the year, adjusted for items that are non-assessable or disallowable It is calculated using rates that are enacted (or substantively enacted) by the balance sheet date

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 that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date Timing differences are differences between the group's taxable profits and its results as stated in the accounts that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the accounts

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing difference can be deducted

Deferred tax balances are not discounted

Foreign currencies

Monetary 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 Exchange differences are taken into account in arriving at the operating profit

Principal accounting policies (continued)

Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities Financial liabilities are presented as such in the Balance Sheet Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account Finance costs are calculated so as to produce a constant rate of return on the outstanding liability

Where the contractual terms of share capital do not have any provisions meeting the definition of a financial liability, such share capital is classed as an equity instrument Dividends and distributions relating to equity instruments are debited direct to equity

Cash and cash equivalents

Cash and cash equivalents are included in the Balance sheet at cost

Current asset investments

Current asset investments are short-term deposits with an original maturity of six months or less

Interest-bearing loans and borrowings

All loans and borrowings are recognised initially at cost, which is the fair value of the consideration received, net of issue costs associated with the borrowing

After initial recognition, interest-bearing loans and borrowings are measured at amortised cost using the effective interest method Gains or losses are recognised in the profit and loss account when liabilities are derecognised or impaired, as well as through the amortisation process

Employee benefits

Employee benefits, such as salaries, paid absences and other benefits include any estimated tax payable in respect of employee services rendered during the period and are accounted for on an accruals basis over the period in which the employees provide the related services, but only to the extent that the company has either paid or has an obligation to pay such employee benefits

Contributions to pension scheme

The costs of the company's defined contribution scheme that are charged against profits represent the amount of contributions payable to the scheme in the accounting period

Profit and loss account

	Note	2011 £	2010 £
Turnover	1	**52,615,376**	46,175,632
Other operating charges		**51,029,293**	43,945,066
Operating profit	2	**1,586,083**	2,230,566
Interest receivable		**37,787**	33,282
Interest payable and similar charges	5	**(182,009)**	(186,275)
Profit on ordinary activities before taxation		**1,441,861**	2,077,573
Tax on profit on ordinary activities	6	**435,206**	39,609
Profit for the financial year	18	**1,006,655**	**2,037,964**

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

Balance sheet

	Note	2011 £	2010 £
Fixed assets			
Tangible assets	7	**1,139,819**	1,352,267
Current assets			
Debtors	8	**27,119,295**	10,374,726
Investments	10	**4,500,000**	4,500,000
Cash at bank		**10,406,401**	16,571,601
		42,025,696	31,446,327
Creditors: amounts falling due within one year	11	**24,887,551**	15,527,285
Net current assets		**17,138,145**	15,919,042
Total assets less current liabilities		**18,277,964**	17,271,309
Creditors: amounts falling due after more than one year	12	**3,000,000**	3,000,000
		15,277,964	14,271,309
Capital and reserves			
Called-up equity share capital	17	**30,000**	30,000
Share premium account	18	**2,980,000**	2,980,000
Profit and loss account	18	**12,267,964**	11,261,309
Shareholders' funds	18	**15,277,964**	14,271,309

These financial statements were approved by the directors and authorised for issue on 24 April 2012, and are signed on their behalf by:

G M Singer

Company Registration Number: 02989338

The accompanying accounting policies and notes form part of these financial statements.

Cash flow statement

	Note	2011 £	2010 £
Net cash outflow from operating activities	19	**(6,285,421)**	(17,758,361)
Returns on investments and servicing of finance			
Interest received		**37,787**	**33,282**
Interest paid		**(182,009)**	**(186,275)**
Net cash outflow from returns on investments and servicing of finance		**(144,222)**	**(152,993)**
Taxation		**327,615**	(2,725,000)
Capital expenditure			
Payments to acquire tangible fixed assets		**(63,172)**	(73,105)
Net cash outflow from capital expenditure		**(63,172)**	(73,105)
Decrease in cash	19	**(6,165,200)**	(20,709,459)

Notes to the financial statements

1 Turnover

The turnover and profit before tax are attributable to the one principal activity of the company An analysis of turnover is given below

	2011 £	2010 £
United Kingdom	**52,615,376**	46,175,632

2 Operating profit

Operating profit is stated after charging/(crediting)

	2011 £	2010 £
Depreciation of owned fixed assets	**275,620**	342,133
Auditor's remuneration.		
Audit fees	**50,000**	47,500
Other services	**55,531**	50,722
Operating lease costs		
- Plant and equipment	**19,551**	12,104
- Other	**1,154,828**	1,548,431
Net profit on foreign currency translation	**(12,414)**	(73,663)

Auditors' remuneration consists of fees payable for the audit of the company totalling £50,000 (2010 £47,500) Other services provided by the auditors relating to taxation total £55,531 (2010 £50,722)

3 Particulars of directors and employees

The average number of persons employed by the company during the financial year, including the directors, amounted to 42 (2010 - 41)

The aggregate payroll costs of the above were

	2011	2010
	£	£
Wages and salaries	35,720,429	29,690,800
Social security costs	4,725,505	3,902,649
Other pension costs	556,624	446,734
	41,002,558	34,040,183

4 Directors

Remuneration in respect of directors was as follows

	2011	2010
	£	£
Remuneration receivable	7,618,416	10,046,783
Contribution to money purchase schemes	20,739	21,085
	7,639,155	10,067,868

Remuneration of highest paid director

	2011	2010
	£	£
Total remuneration (excluding pension contributions)	7,618,416	10,046,783
Contribution to money purchase schemes	20,739	21,085
	7,639,155	10,067,868

5 Interest payable and similar charges

	2011	2010
	£	£
Other similar charges payable	182,009	186,275

6 Taxation on ordinary activities

(a) Analysis of charge in the year

	2011 £	2010 £
Current tax		
In respect of the year		
UK Corporation tax based on the results for the year	(220,988)	672,385
Over/under provision in prior year	-	1,061
Total current tax	(220,988)	673,446
Deferred tax		
Origination and reversal of timing differences	656,194	(633,837)
Tax on profit on ordinary activities	435,206	39,609

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 26 5% (2010 - 28%)

	2011 £	2010 £
Profit on ordinary activities before taxation	1,441,861	2,077,573
Profit on ordinary activities by rate of tax	382,093	581,720
Expenditure not deductible for tax purposes	49,791	117,459
Adjustment in respect of the prior year	-	1,061
Depreciation less than capital allowances	512	(10,811)
Adjustment for differences in tax rates	(11,893)	25,717
Other timing differences	(641,491)	(41,700)
Total current tax (note 6(a))	(220,988)	673,446

7 Tangible fixed assets

	Leasehold Property £	Plant & Machinery £	Fixtures & Fittings £	Total £
Cost				
At 1 January 2011	2,109,572	777,350	52,408	2,939,330
Additions	1,069	62,103	–	63,172
Disposals	–	(71,352)	(26,216)	(97,568)
At 31 December 2011	2,110,641	768,101	26,192	2,904,934
Depreciation				
At 1 January 2011	983,047	554,570	49,446	1,587,063
Charge for the year	156,830	116,208	2,582	275,620
On disposals	–	(71,352)	(26,216)	(97,568)
At 31 December 2011	1,139,877	599,426	25,812	1,765,115
Net book value				
At 31 December 2011	**970,764**	**168,675**	**380**	**1,139,819**
At 31 December 2010	1,126,525	222,780	2,962	1,352,267

8 Debtors

	2011 £	2010 £
Amounts owed by group undertakings	**25,504,216**	8,216,644
Corporation tax receivable	**420,988**	527,615
Other debtors	**672,420**	478,891
Prepayments and accrued income	**483,517**	457,228
Deferred taxation (note 9)	**38,154**	694,348
	27,119,295	10,374,726

9 Deferred taxation

The deferred tax included in the Balance sheet is as follows

	2011	2010
	£	£
Included in debtors (note 8)	**38,154**	694,348

The movement in the deferred taxation account during the year was

	2011	2010
	£	£
Balance brought forward	**694,348**	60,511
Profit and loss account movement arising during the year	**(656,194)**	633,837
Balance carried forward	**38,154**	694,348

The balance of the deferred taxation account consists of the tax effect of timing differences in respect of

	2011	2010
	£	£
Excess of depreciation over taxation allowances	**29,543**	31,385
Other timing differences	**8,611**	662,963
	38,154	694,348

10 Investments

	2011	2010
	£	£
Other investments - treasury deposit	**4,500,000**	4,500,000

11 Creditors: amounts falling due within one year

	2011	2010
	£	£
Trade creditors	**57,521**	22,647
Other taxation and social security	**2,064,599**	385,127
Other creditors	**82,566**	80,149
Accruals and deferred income	**22,682,865**	15,039,362
	24,887,551	15,527,285

12 Creditors: amounts falling due after more than one year

	2011	2010
	£	£
Other creditors	**3,000,000**	3,000,000

Subordinated loans fall due for payment on 1 November 2024 The subordinated loan interest rate is LIBOR + 5% This is unchanged from the prior year

13 Pensions

The company operates a defined contribution pension scheme for the benefit of its employees The assets of the scheme are administered by trustees in a fund independent from those of the company

The company makes payments to the defined contribution pension scheme operated by a related company for the benefit of 3 (2010 - 3) employees

At 31 December 2011, accrued pension contributions were £31,372 (2010 - £nil)

14 Commitments under operating leases

At 31 December 2011 the company had annual commitments under non-cancellable operating leases as set out below

	2011		2010	
	Land and buildings	**Other Items**	Land and buildings	Other Items
	£	**£**	£	£
Operating leases which expire				
Within 2 to 5 years	**952,108**	**4,655**	952,108	3,026
After more than 5 years	**373,485**	**-**	373,485	-
	1,325,593	**4,655**	1,325,593	3,026

15 Contingent assets and liabilities

In the opinion of the directors there were no contingent assets or liabilities at 31 December 2011 (2010 - £nil)

16 Related party transactions

All income is derived from Elliott Management Corporation The general partner of Elliott Associates LP, a 24 9% shareholder of the company, exercises influence over the financial and operating policies of Elliott Management Corporation

Subordinated loan finance amounting to £3,000,000 (2010 £3,000,000) has been provided by the company's shareholders as follows

	Shareholding %	2011 £	2010 £
Elliott Associates, LP	24 90	**747,000**	747,000
J D Pollock	20 00	**600,000**	600,000
P Reid	20 00	**600,000**	600,000
I Gunn	19 90	**597,000**	597,000
M Levine	15 20	**456,000**	456,000
		3,000,000	3,000,000

Subordinated loans are disclosed in note 12

17 Share capital

Allotted, called up and fully paid

	2011 No	2011 £	2010 No	2010 £
Ordinary shares of £1 each	**30,000**	**30,000**	30,000	30,000

18 Reconciliation of shareholders' funds and movement on reserves

	Share capital £	Share premium account £	Profit and loss account £	Total share-holders' funds £
At 1 January 2010	30,000	2,980,000	9,223,345	12,233,345
Profit for the year	–	–	2,037,964	2,037,964
At 31 December 2010 and 1 January 2011	30,000	2,980,000	11,261,309	14,271,309
Profit for the year	–	–	1,006,655	1,006,655
At 31 December 2011	30,000	2,980,000	12,267,964	15,277,964

19 Notes to the cash flow statement

Reconciliation of operating profit to net cash (outflow)/inflow from operating activities

	2011	2010
	£	£
Operating profit	1,586,083	2,230,566
Depreciation	275,620	342,133
(Increase)/decrease in debtors	(17,507,390)	24,346,529
Increase /(decrease) in creditors	9,360,266	(44,677,589)
Other non-cash adjustments	2	-
Net cash outflow from operating activities	(6,285,421)	(17,758,361)

Reconciliation of net cash flow to movement in net funds

	2011	2010
	£	£
Decrease in cash in the period	(13,176,937)	(20,709,459)
Change in net funds	(13,176,937)	(20,709,459)
Net funds at 1 January 2011	18,071,601	38,781,060
Net funds at 31 December 2011	4,894,664	18,071,601

Analysis of changes in net funds

	At 1 Jan 2011	Cash flows	At 31 Dec 2011
	£	£	£
Net cash			
Cash in hand and at bank	16,571,601	(6,165,200)	10,406,401
Liquid resources			
Current asset investments	4,500,000	–	4,500,000
Debt			
Debt due after 1 year	(3,000,000)	–	(3,000,000)
Net funds	18,071,601	(6,165,200)	11,906,401