

Soros Private Equity Partners Limited

**Report and Financial Statements
For the year ended 31 December 2005**

Registered Number: 3678336



Soros Private Equity Partners Limited
Report and Financial Statements
For the year ended 31 December 2005

Contents	Pages
Report of the directors	1 to 2
Independent auditors' report	3 to 4
Profit and loss account	5
Balance sheet	6
Notes to the financial statements	7 to 13

Soros Private Equity Partners Limited

Report and Financial Statements

For the year ended 31 December 2005

Report of the directors for the year ended 31 December 2005

The directors present their report and the audited financial statements for the year ended 31 December 2005.

Principal activities

The company is a wholly owed subsidiary of Soros Funds Limited, a company registered in England and Wales.

Up until 31 March 2005, the principal activity of the company was providing advice and arranging investments primarily in the private equity arena. The company was regulated by the Financial Services Authority during 2005 (see below).

Review of business and future developments

The company ceased operations on 31 March 2005, upon the formation and spin-out of Towerbrook Capital Partners (UK) LLP. The company formally de-registered with the FSA with an effective date of 14 September 2005. As of 1 January 2006, the company assumed a dormant status and will remain so until it is officially liquidated.

Both the level of business and the year end financial position were satisfactory.

Results and dividends

The company's loss for the financial year is £1,448,000 (2004: loss: £479,000). An interim dividend of £0.0250 per Class A share (2004: £0.04 per share) and £495.025 per Class B share (2004: £650 per share) was paid in 2005. A further interim dividend of £52 per Class B share was paid in November 2005. The aggregate dividends on ordinary shares therefore amounted to £1,430,000 (2004: £1,775,000).

Directors and their interests

Directors during the year were:

Gavin Murphy	
Ramez Sousou	- Resigned 31 March 2005
Filippo Cardini	- Resigned 31 March 2005
Marc George	- Appointed 31 March 2005 & Resigned 30 April 2005

No directors had any interest in the ordinary share capital of the company or of any other company in the group of which it is a member at 31 December 2005 (2004: £nil).

Soros Private Equity Partners Limited
Report and Financial Statements
For the year ended 31 December 2005

Report of the directors for the year ended 31 December 2005 (continued)

Directors' responsibilities

The directors are required by UK company law to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that year per the Companies Act 1985.


The directors confirm that suitable accounting policies have been used and applied consistently and that reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 31 December 2005. The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

The directors are responsible for keeping proper accounting records, for safeguarding the assets of the company and hence taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

The company, having passed an elective resolution to dispense with the requirement to re-appoint auditors annually, propose that PricewaterhouseCoopers LLP will continue in office.

By order of the board


Gavin Murphy
Company Secretary
Date: 18 October 2006

Soros Private Equity Partners Limited
Report and Financial Statements
For the year ended 31 December 2005

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SOROS PRIVATE EQUITY PARTNERS LIMITED

We have audited the financial statements of Soros Private Equity Partners Limited for the year ended 31 December 2005 which comprise the profit and loss account, the balance sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 if, in our opinion, the Directors' Report is not consistent with the financial statements, if 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 judgments 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.

Soros Private Equity Partners Limited
Report and Financial Statements
For the year ended 31 December 2005

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 31 December 2005 and of its loss for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors

London

20 October 2006

Soros Private Equity Partners Limited
Report and Financial Statements
For the year ended 31 December 2005

Profit and loss account
For the year ended 31 December 2005

	Notes	2005	2004
		£'000	£'000
Turnover		882	14,326
Foreign Exchange		14	(7)
Staff costs	3	(415)	(9,682)
Other operating costs		(502)	(2,908)
		<hr/>	<hr/>
Operating (loss)/profit	5	(21)	1,729
Net interest receivable	6	100	145
		<hr/>	<hr/>
Profit on ordinary activities before taxation		79	1,874
Tax payable on profit on ordinary activities	7	(97)	(578)
		<hr/>	<hr/>
(Loss)/profit on ordinary activities after taxation		(18)	1,296
Dividends	8	(1,430)	(1,775)
		<hr/>	<hr/>
Retained (loss)/profit for the financial year	14	<u>(1,448)</u>	<u>(479)</u>

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year, as stated above, and their historical cost equivalents.

All of the company's activities are discontinuing activities.


The Company has no recognised gains and losses other than those included in the profit above and therefore no separate statement of total recognised gains and losses has been presented.

Soros Private Equity Partners Limited
Report and Financial Statements
For the year ended 31 December 2005

Balance sheet
As at 31 December 2005

	Notes	2005	2004
		£'000	£'000
Current assets			
Debtors	10	2,001	436
Cash at bank and in hand	11	595	4,590
		<hr/>	<hr/>
		2,596	5,026
		<hr/>	<hr/>
Creditors: amounts falling due within one year	12	193	1,175
		<hr/>	<hr/>
Net current assets		2,403	3,851
		<hr/>	<hr/>
Net assets		2,403	3,851
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	13	2,500	2,500
Profit and loss account	14	(97)	1,351
		<hr/>	<hr/>
Total equity shareholder's funds	15	2,403	3,851
		<hr/>	<hr/>

The financial statements on pages 5 to 13 were approved by the board of directors on 18 October 2006 and signed on its behalf by:


Gavin Murphy

Soros Private Equity Partners Limited
Report and Financial Statements
For the year ended 31 December 2005

Notes to the Financial Statements

1 Accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been consistently applied, is set out below.

Basis of preparation

The financial statements are prepared in accordance with the historical cost convention.

Turnover

Turnover represents fees received for services, exclusive of value added tax. All turnover relates to activities based in the United Kingdom.

Depreciation

Depreciation of tangible fixed assets is calculated to write off their cost over their expected useful lives in equal annual instalments as follows:

Office equipment	over 7 years
Computer hardware and telephones	over 5 years

Foreign currencies

Transactions denominated in currencies other than sterling are translated into sterling using the relevant closing mid market rate of exchange for the month in which the transaction was executed. Monetary assets and liabilities denominated in currencies other than sterling are translated into sterling using the relevant closing mid market rate of exchange. Where appropriate the rate of exchange under the terms of any related or matching forward contract is used. All exchange gains or losses are reported as part of the profit or loss for the year from ordinary activities.

Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from timing differences between the recognition of gains and losses in the financial statements and their recognition for tax purposes, measured using tax rates that have been enacted or substantially enacted. Deferred tax assets and liabilities are not discounted to reflect the time value of money. The recoverability of deferred tax assets is considered and valuation allowance is made if it is considered more likely than not that the asset will not be recoverable.

Leased assets

Rentals under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

Pensions

The company does not operate a pension scheme for employees. Company contributions to employees' personal pension plans are charged to the profit and loss account as incurred.

Soros Private Equity Partners Limited
Report and Financial Statements
For the year ended 31 December 2005

2 Cash flow statement and related party disclosures

Soros Funds Limited owns 99.9% of the company's issued share capital and the company's results are included in the consolidated financial statements of Soros Funds Limited, which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1 (revised 1996). The company is also exempt under the terms of Financial Reporting Standard 8 from disclosing related party transactions with entities that are part of the Soros Funds Limited group (note 17).

3 Staff costs

The average monthly number of persons, including directors, employed by the company during the year was 4 (2004: 23).

The costs incurred during the year in respect of staff were as follows:

	2005	2004
	£'000	£'000
Wages and salaries	200	8,296
Social security costs	139	1,013
Pension contributions	13	73
Other staff costs	63	300
	<hr/>	<hr/>
	415	9,682
	<hr/>	<hr/>

4 Directors' remuneration

Directors received the following emoluments during the year:

	2005	2004
	£'000	£'000
Aggregate emoluments	67	2,637

The highest paid director received remuneration of £66,673 (2004: £1,966,452) during the year. Directors are entitled to neither share options nor shares under any long-term incentive schemes.

As at year end no directors had an outstanding amount due to the company under a rental arrangement (2004: £14,300 from Ramez Sousou). The highest amount outstanding during the year was £14,300. No interest was due on this amount and it was repaid in full on 5 January 2005.

Soros Private Equity Partners Limited
Report and Financial Statements
For the year ended 31 December 2005

5 Operating profit

	2005 £'000	2004 £'000
Operating profit is arrived at after charging:		
Auditors' remuneration for audit	10	9
Auditors' remuneration for non-audit services	8	10
Depreciation	-	8
Operating lease charges – land and buildings	-	499

6 Net interest receivable

	2005 £'000	2004 £'000
Other interest payable	(30)	-
Bank interest receivable	130	145
	<hr/>	<hr/>
Net interest receivable	<u>100</u>	<u>145</u>

7 Taxation

a) Tax payable on profit on ordinary activities

	2005 £'000	2004 £'000
Current tax:		
Current tax on profits for the year	70	563
Adjustment in respect of previous periods	(14)	-
Tax on assets in trust	-	1
	<hr/>	<hr/>
	56	564
Deferred taxation:		
Origination and reversal of timing differences	41	14
	<hr/>	<hr/>
Tax on profit on ordinary activities	<u>97</u>	<u>578</u>

Soros Private Equity Partners Limited
Report and Financial Statements
For the year ended 31 December 2005

b) Factors affecting the current tax charge for the year

The current tax charge for the year is higher (2004: higher) than the standard rate of corporation tax in the UK of 30% (2004:30%).

The differences are explained below:

	2005 £'000	2004 £'000
Profit on ordinary activities before tax	79	1,874
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30%	24	563
Effects of:		
Expenses disallowed for the purpose of tax provision	38	11
Capital allowances in excess of depreciation	(44)	(11)
Adjustments to tax charge in respect of previous periods	(14)	-
Tax loss not utilised	52	-
Tax on assets held in trust	-	1
	<hr/>	<hr/>
Current tax charge for the year	56	564
	<hr/>	<hr/>

c) Provision for deferred tax

	2005 £'000	2004 £'000
Deferred tax asset at start of period	41	55
Deferred tax charge in profit and loss account	(41)	(14)
	<hr/>	<hr/>
Deferred tax asset at end of period (see note 10)	-	41
	<hr/>	<hr/>

8 Dividends

	2005 £'000	2004 £'000
Class A: £0.0250 per £1 share (2004: £0.04 and £0.021 per £1 share)	62	150
Class B: £495.025 and £52 per £1 share (2004: £650 per £1 share)	1,368	1,625
	<hr/>	<hr/>
	1,430	1,775
	<hr/>	<hr/>

Soros Private Equity Partners Limited
Report and Financial Statements
For the year ended 31 December 2005

9 Fixed assets

	Hardware	Office Equipment	Total
	£'000	£'000	£'000
Cost			
At 1 January 2005 & 31 December 2005	<u>11</u>	<u>10</u>	<u>21</u>
Depreciation			
At 1 January 2005 & 31 December 2005	<u>11</u>	<u>10</u>	<u>21</u>
Net Book Value			
At 1 January 2005 & 31 December 2005	<u>-</u>	<u>-</u>	<u>-</u>

10 Debtors: amounts falling due within one year

	2005	2004
	£'000	£'000
Deferred tax asset (see note 7)	-	41
Amount due from Parent Company	4	-
Other debtors (see note 17)	1,997	307
Prepayments	<u>-</u>	<u>88</u>
	<u>2,001</u>	<u>436</u>

The entire deferred tax asset is made up of timing differences on fixed assets.

11 Cash at bank and in hand

	2005	2004
	£'000	£'000
Cash at bank and in hand	<u>595</u>	<u>4,590</u>
	<u>595</u>	<u>4,590</u>

Soros Private Equity Partners Limited
Report and Financial Statements
For the year ended 31 December 2005

12 Creditors: amounts falling due within one year

	2005 £'000	2004 £'000
Corporation tax	23	318
Amounts due to parent company	-	438
Other creditors	150	58
Accruals	20	361
	<hr/>	<hr/>
	193	1,175
	<hr/>	<hr/>

13 Share capital

	2005 £	2004 £
Authorised		
2,497,500 A ordinary shares of £1 each	2,497,500	2,497,500
2,500 B ordinary share of £1	2,500	2,500
	<hr/>	<hr/>
	2,500,000	2,500,000
	<hr/>	<hr/>
Allotted, called-up and fully paid		
2,497,500 ordinary A shares of £1 each	2,497,500	2,497,500
2,500 ordinary B shares of £1 each	2,500	2,500
	<hr/>	<hr/>
	2,500,000	2,500,000
	<hr/>	<hr/>

Voting rights are carried by A class shares only. The directors retain the right to pay each class of share a separate dividend. For all other purposes, all shares rank pari passu.

14 Profit and loss account

	2005 £'000	2004 £'000
At 1 January	1,351	1,830
Retained loss for the year	(1,448)	(479)
	<hr/>	<hr/>
At 31 December	(97)	1,351
	<hr/>	<hr/>

Soros Private Equity Partners Limited
Report and Financial Statements
For the year ended 31 December 2005

15 Reconciliation of movement on shareholders' funds

	2005 £'000	2004 £'000
Profit for the financial year	(18)	1,296
Dividend paid	<u>(1,430)</u>	<u>(1,775)</u>
Net movement on shareholders' funds	(1,448)	(479)
Opening shareholders' funds	<u>3,851</u>	<u>4,330</u>
Closing shareholders' funds	<u>2,403</u>	<u>3,851</u>

16 Operating lease commitments

	2005 £'000	2004 £'000
Land and buildings		
Expiring within one year	-	114

17 Related party transactions

The company's turnover is generated solely from the investment advisory services provided to Soros Funds Management LLC ("SFM"). At 31 December 2005, included within other debtors (see note 10) is a net balance of £1,997,000 due from SFM (2004: £246,000).

In November 2005, the Company issued a demand promissory note of £2,000,000 to SFM. The loan is payable on demand and is non-interest bearing.

18 Ultimate parent undertaking

The immediate parent undertaking and controlling party is Soros Funds Limited, which is the parent undertaking of the group to consolidate these financial statements. Copies of Soros Funds Limited consolidated financial statements can be obtained from the Company Secretary at 888 Seventh Avenue, New York, New York 10106. The ultimate parent undertaking is Soros Fund Management LLC, 888 Seventh Avenue, New York, USA.