


**WestHarbor Capital Services Limited**  
(formerly Arb Capital Services Limited)

**Report and financial statements**

From date of incorporation on 23 May 2003 to 31 October 2004

 **ERNST & YOUNG**



**WestHarbor Capital Services Limited**  
(formerly Arb Capital Services Limited)

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Registered No: 4776291

**Directors**

Mr Joost Wissink  
Mr Richard Kershaw

**Secretary**

*Throgmorton Secretaries Limited*  
42 Portman Road  
Reading  
Berkshire  
RG30 1EA

**Auditors**

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

**Bankers**

Natwest  
Direct Business Banking  
P.O.Box 4115  
Hornchurch  
Essex  
RM12 4DF

HSBC  
19 Saint George Street  
Hanover Square  
London  
W1S 1FN

**Legal Advisors**

Simmons & Simmons  
Citypoint  
One Ropemaker Street  
London  
EC2Y 9SS

**Registered Office**

WestHarbor Capital Services Limited  
2 Conduit Street  
London  
W1S 2XB

## Directors' report

The directors present their first report with the financial statements of the company for the period ended 31 October 2004.

### Incorporation

The company was incorporated on 23 May 2003 and commenced trading on 1 November 2003. The company passed a special resolution on 19 January 2004 changing its name from ARB Capital Services Limited to WestHarbor Capital Services Limited.

### Results and dividends

The company's loss for the period amounted to £125,605. No dividends will be distributed for the period ended 31 October 2004.

### Principal activity

The principal activity of the company in the period under review was that of a service company.

### Going concern

The directors have indicated their willingness to continue to provide the company with the necessary financial support for the foreseeable future. As a result, there is a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and the directors continue to adopt the going concern basis in preparing these financial statements.

### Directors and their interests

The directors during the period under review were:

Mr Joost Wissink  
Mr Richard Kershaw

The directors holding office on 31 October 2004 had no interests in the issued share capital of the company.

Both the directors, being eligible, offer themselves for election at the forthcoming first Annual General Meeting.

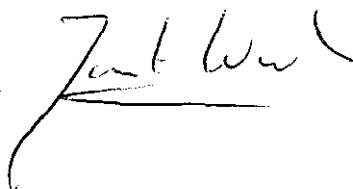
### Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

On behalf of the board



Director



## **Statement of directors' responsibilities in respect of the financial statements**

Company law requires the directors to prepare financial statements for each financial period which 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; 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to 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 WestHarbor Capital Services Limited (formerly Arb Capital Services Limited)**

We have audited the company's financial statements for the period ended 31 October 2004 which comprise Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet, Cash Flow Statement, and the related notes 1 to 15. These financial statements have been prepared on the basis of 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 auditor**

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 United Kingdom law and accounting standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 transactions with the company 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.

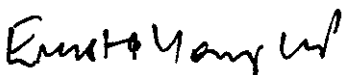
### **Basis of audit opinion**

We conducted our audit in accordance with United Kingdom Auditing Standards 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.

### **Opinion**

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 October 2004 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young LLP  
Registered Auditor  
London

24 February 2005

## Profit and loss account

for the period ended 31 October 2004

	Notes	From incorporation to 31 October 2004 £
<b>Income</b>		
Profit allocation from WestHarbor Capital LLP	2	18,907
<b>Expenses</b>		
Administrative expenses		(269,366)
Reimbursed expenses from WestHarbor Capital LLP		124,806
<b>Operating loss</b>	4	(125,653)
Interest receivable and similar income		48
<b>Loss on ordinary activities before taxation</b>		(125,605)
Taxation	5	—
<b>Loss retained for the financial period</b>		(125,605)

### Statement of total recognised gains and losses

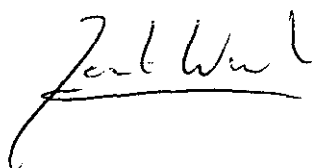
There are no recognised gains or losses other than the loss attributable to the shareholder for the current period. All amounts are in respect of continuing activities.

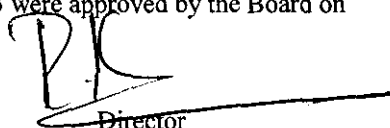
## Balance sheet

As at 31 October 2004

	Notes	2004 £
<b>Fixed assets</b>		
Tangible assets	6	69,066
Investments	7	1,000
		<hr/> 70,066
<b>Current assets</b>		
Debtors	8	44,428
Cash in hand and at bank		4,505
		<hr/> 48,933
<b>Creditors: amounts falling due within one year</b>	9	(244,603)
<b>Net current liabilities</b>		<hr/> (195,670)
<b>Total assets less current liabilities</b>		<hr/> (125,604)
<b>Capital and reserves</b>		
Called up share capital	10	1
Profit and loss account	11	(125,605)
<b>Shareholders' funds</b>	11	<hr/> (125,604)

The accounts on pages 5 to 13 were approved by the Board on



  
Director

## Cash flow statement

for the period ended 31 October 2004

		<i>From incorporation to 31 October 2004 £</i>
	<i>Notes</i>	
<b>Net cash outflow from operating activities</b>	12(a)	(49,455)
<b>Returns on investments and servicing of finance</b>	12(b)	48
<b>Capital expenditure and financial investment</b>	12(b)	(93,233)
<b>Financing</b>	12(b)	147,145
<b>Increase in cash</b>	12(c)	<u>4,505</u>
<b>Reconciliation of net cash flow to movement in net cash</b>		
Increase in cash in the period		4,505
Change in net debt resulting from cash flows	12(c)	<u>4,505</u>
<b>Movement in net debt in the period</b>		
Net cash at incorporation		—
<b>Net cash at 31 October 2004</b>		<u><u>4,505</u></u>

## Notes to the financial statements

As at 31 October 2004

### 1. Accounting policies

#### Basis of preparation

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

#### Investments

Investments are held at cost less impairment.

#### Fixed Assets

All fixed assets are recorded at cost less depreciation.

#### Going concern

The financial statements have been prepared on a going concern basis, which assumes that the company will continue in operational existence for the foreseeable future and be able to meet its liabilities as they fall due. There are uncertainties that the directors have had to consider in deciding to prepare the accounts on the going concern basis, which are set out below.

The Board is confident that the funds under the management of WestHarbor Capital LLP ("the LLP") will increase and generate significant income in the LLP, of which the company is a member. The Directors are confident that the LLP will distribute sufficient income to the company to allow it to meet its liabilities as they fall due.

In the event that the company earns insufficient income to meet its liabilities, the directors of the company will provide or arrange the provision of support to WestHarbor Capital Services Limited, to enable it to meet its liabilities as they fall due.

#### Depreciation

Depreciation is provided on office equipment, software and fixtures & fittings in order to write off each asset over its estimated useful life of three years, five years and three years respectively.

#### Taxation and deferred taxation

Provision is made for corporation tax at the current rates on the excess of taxable income over allowable expenses. Provision is made for deferred tax on all material timing differences arising from the different treatment of items for accounting and tax purposes. A deferred tax asset is recognised only to the extent that it is more likely than not that there will be taxable profits in the future against which the asset can be offset.

#### Foreign currencies

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 result. Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date.

#### Operating leases

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

### 2. Income

Income represents profit allocation from WestHarbor Capital LLP.

## Notes to the financial statements

As at 31 October 2004

### 3. Staff costs

	<i>From incorporation to 31 October 2004 £</i>
Wages and salaries	86,262
Social security costs	9,804
	<u>96,066</u>

	<i>No.</i>
The average monthly number of employees during the period was as follows:	
Administration	<u>3</u>

### 4. Operating loss

The operating loss is stated after charging:

	<i>From incorporation to 31 October 2004 £</i>
Depreciation – owned assets	23,167
Auditors' remuneration - audit services	5,000
- non audit services	2,000
Directors' emoluments	<u>—</u>

## Notes to the financial statements

As at 31 October 2004

### 5. Taxation

#### Analysis of the tax charge

No liability to UK corporation tax arose on ordinary activities for the period.

#### Factors affecting the tax charge for the period:

The tax assessed for the period is different than the standard rate of corporation tax in the UK (30%). The differences are explained below:

	<i>From incorporation to 31 October 2004 £</i>
Loss on ordinary activities before tax	(125,605)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30%	(37,682)
Effects of:	
Expenses not deductible for tax purposes	569
Adjustment to accounting profit allocation from WestHarbor Capital LLP	(7,542)
Unrelieved tax losses	44,655
Current tax charge for the period	—

There is an unrecognised deferred tax asset of £44,655 arising as a result of unutilised trading losses. The asset has not been recognised.

### 6. Tangible fixed assets

	<i>Office equipment £</i>	<i>Office fit out £</i>	<i>Software £</i>	<i>Total £</i>
Cost:				
At incorporation	—	—	—	—
Additions	45,758	11,475	35,000	92,233
At 31 October 2004	45,758	11,425	35,000	92,233
Depreciation:				
At incorporation	—	—	—	—
Charge for the period	15,368	1,966	5,833	23,167
At 31 October 2004	15,368	1,966	5,833	23,167
At 31 October 2004	30,390	9,509	29,167	69,066

## Notes to the financial statements

As at 31 October 2004

### 7. Fixed asset investments

	<i>Unlisted investment 2004 £</i>
Cost:	
At incorporation	–
Additions in the period	1,000
At 31 October 2004	<u>1,000</u>

The investment above is in respect of investment in the partners' capital of WestHarbor Capital LLP. This accounts for 0.8% holding in WestHarbor Capital LLP.

### 8. Debtors: amounts falling due within one year:

	<i>2004 £</i>
Rent deposit	19,070
Amounts due from WestHarbor Event Driven Master Fund	2,387
VAT recoverable	5,214
Prepayments and accrued income	17,757
	<u>44,428</u>

### 9. Creditors: amounts falling due within one year

	<i>2004 £</i>
Social security and other taxes	5,200
Other creditors	1,745
Amounts due to directors	147,144
Amounts due to WestHarbor Capital LLP	74,998
Credit Card	2,239
Accrued expenses	13,277
	<u>244,603</u>

### 10. Called up share capital

	<i>2004 £</i>
Authorised	
1,000 Ordinary shares of £1 each	1,000
Allotted, issued and fully paid:	
1 Ordinary share of £1 each	<u>1</u>

## Notes to the financial statements

As at 31 October 2004

### 11. Reconciliation of shareholders' funds and movements on reserves

	Share capital	Profit and loss account	Total shareholders' funds
	£	£	£
At incorporation	-	-	-
Issue of shares	1	-	1
Loss for period	-	(125,605)	(125,605)
At 31 October 2004	1	(125,605)	(125,604)

### 12. Notes to the cash flow statement

(a) Reconciliation of operating loss to net cash outflow from operating activities

	2004 £
Operating loss	(125,653)
Depreciation	23,167
Increase in debtors	(44,428)
Increase in creditors	97,459
<b>Net cash outflow from operating activities</b>	<b>(49,455)</b>

(b) Analysis of cash flows for headings netted in the cash flow statement

	£
<b>Returns on investments and servicing of finance</b>	
Interest received	48
<b>Net cash inflow for returns on investments and servicing of finance</b>	<b>48</b>
<b>Capital expenditure and financial investment</b>	
Purchase of tangible fixed assets	(92,233)
Investment in WestHarbor Capital LLP	(1,000)
<b>Net cash outflow for capital expenditure and financial investment</b>	<b>(93,233)</b>
<b>Financing</b>	
Advances from directors	147,144
Share issued	1
<b>Net cash inflow from financing</b>	<b>147,145</b>

## Notes to the financial statements

As at 31 October 2004

### 12. Notes to the cash flow statement

(c) Analysis of changes in net debt

	<i>At incorporation</i>	<i>Cash flow</i>	<i>31 October 2004</i>
	£	£	£
Net cash:			
Cash at bank	—	4,405	4,405
	<u>          </u>	<u>          </u>	<u>          </u>

### 13. Other financial commitments

At 31 October 2004 the company had annual commitments under non-cancellable operating leases as set out below:

	<i>Land and buildings 2004</i>
	£
Operating leases which expire:	
Two to five years	38,137
	<u>          </u>

Operating lease commitment relates to a one year rent agreement commencing on 23 February 2004.

### 14. Related party transactions

The company is a designated member of WestHarbor Capital LLP (the "LLP"). It provides support of services to the LLP and, in accordance with the terms of the Partnership Agreement, is entitled to receive reimbursement of expenses incurred in relation to these services.

During the period, the company recharged £124,806 to the LLP in respect of these services. At the period end, £74,998 was due to the LLP.

As at the year end there was an outstanding balance of £2,387 from WestHarbor Event Driven Master Fund, which is one of the funds managed by WestHarbor Capital LLP.

The company also owed a total of £147,144 to its directors. The amounts are interest free with no fixed repayment terms.

### 15. Ultimate controlling party

WestHarbor Capital International Limited, a Cayman entity, is the ultimate controlling party.