

**Report of the Directors and
Financial Statements for the year ended 30 November 2008
for
Picus Services Limited**

FRIDAY



L5WTUA2L

LD4

22/05/2009

208

COMPANIES HOUSE

**Contents of the Financial Statements
for the year ended 30 November 2008**

	Page
Company Information	1
Report of the Directors	2
Report of the Independent Auditors	4
Profit and Loss Account	6
Balance Sheet	7
Cash Flow Statement	8
Notes to the Financial Statements	9

**Company Information
for the year ended 30 November 2008**

DIRECTORS:	W T Healey R J Hartmann
SECRETARY:	Throgmorton Secretaries LLP
REGISTERED OFFICE:	42-44 Portman Road Reading Berkshire RG30 1EA
REGISTERED NUMBER:	04792364 (England and Wales)
AUDITORS:	BDO Stoy Hayward LLP 55 Baker Street London W1U 7EU
BANKERS:	Coutts and Company 440 The Strand London WC2R 0QS
SOLICITORS:	Schulte Roth & Zabel International LLP Heathcoat House 20 Savile Row London W1S 3PR

Picus Services Limited

**Report of the Directors
for the year ended 30 November 2008**

The directors present their report with the financial statements of the company for the year ended 30 November 2008.

PRINCIPAL ACTIVITY

The principal activity of the Company in the year under review was to provide support services to Picus Capital Management LLP (the "LLP"), a limited liability partnership whose principal activity is to provide investment management services.

REVIEW OF BUSINESS

The results for the year and financial position of the Company are shown in the annexed financial statements. The Directors are satisfied with the Company's financial results for the year. However, throughout 2008 the Funds managed by the LLP suffered from extremely volatile and difficult market conditions and received notices of significant redemptions from Investors, causing the Directors of the Funds to suspend redemptions in February 2008. These conditions have continued following the year end reporting date. In response, the Directors of the Company have taken steps to restructure the business and reduce substantially the financial commitments of the Picus Group and have arranged for the Picus Group's capital base to be strengthened further. The Picus Group is also confident of being mandated to manage two new Funds to be launched in May 2009 which should further strengthen substantially the Picus Group's financial position. Considering these factors, the Directors fully expect the Company will have sufficient financial resources to enable it to meet its liabilities as they fall due for the foreseeable future. These financial statements have therefore been prepared on a "going concern" basis.

DIVIDENDS

No dividends will be distributed for the year ended 30 November 2008.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 December 2007 to the date of this report.

W T Healey
R J Hartmann

PRINCIPAL RISKS AND UNCERTAINTIES

The company's activities are closely linked to those of Picus Capital Management LLP and the risks and uncertainties relevant to both entities are that poor performance of the funds managed by the LLP, or market forces, will cause assets under management to fall through investor redemptions or falls in value to a level where they generate insufficient investment management fee income to sustain the entities.

**Report of the Directors
for the year ended 30 November 2008 continued**

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing 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;
- 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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

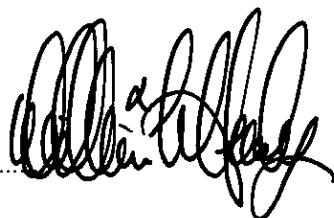
So far as the directors are aware, there is no relevant audit information (as defined by Section 234ZA of the Companies Act 1985) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information

AUDITORS

The directors have elected to dispense with the requirement to appoint auditors annually in accordance with section 386 Companies Act 1985.

ON BEHALF OF THE BOARD:

.....
Director



Date: 22nd MAY 2009

We have audited the financial statements of Picus Services Ltd for the year ended 30 November 2008 which comprise the profit and loss account, the balance sheet, the cash flow statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

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 have been properly prepared in accordance with the Companies Act 1985 and whether the information given in the directors' report is consistent with those financial statements. We also 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.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

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.

**Report of the Independent Auditors to the Shareholders of
Picus Services Limited**

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 30 November 2008 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.

BDO Stoy Hayward LLP

*BDO Stoy Hayward LLP
Chartered Accountants and Registered Auditors
London*

Date 22 May 2009

The notes on pages 9 to 14 form part of these financial statements

Picus Services Limited

**Profit and Loss Account
for the year ended 30 November 2008**

	Notes	2008 £	2007 £
TURNOVER		373,082	317,635
Administrative expenses		<u>(72,562)</u>	<u>(314,491)</u>
OPERATING PROFIT	3	300,520	3,144
Interest receivable and similar income	4	<u>5</u>	<u>5</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		300,525	3,149
Tax on profit on ordinary activities	5	<u>250</u>	<u>(121,803)</u>
PROFIT/(LOSS) FOR THE FINANCIAL YEAR AFTER TAXATION		<u>300,275</u>	<u>(118,654)</u>

CONTINUING OPERATIONS

All amounts are in respect of continuing activities.

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the profit for the current year and the loss for the previous year.

The notes on pages 9 to 14 form part of these financial statements

Picus Services Limited

**Balance Sheet
30 November 2008**

	Notes	2008 £	2007 £
FIXED ASSETS			
Tangible assets	6	518	997
Investments	7	<u>1,001,180</u>	<u>570,561</u>
		<u>1,001,698</u>	<u>571,558</u>
CURRENT ASSETS			
Debtors	8	15,996	90,710
Cash at bank		<u>72,111</u>	<u>14,636</u>
		88,107	105,346
CREDITORS			
Amounts falling due within one year	9	<u>(167,952)</u>	<u>(55,326)</u>
NET CURRENT (LIABILITIES)/ASSETS		<u>(79,845)</u>	<u>50,020</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>921,853</u>	<u>621,578</u>
CAPITAL AND RESERVES			
Called up share capital	10	15	15
Share premium	11	1,173,985	1,173,985
Profit and loss account	11	<u>(252,147)</u>	<u>(552,422)</u>
SHAREHOLDERS' FUNDS	15	<u>921,853</u>	<u>621,578</u>

The financial statements were approved by the Board of Directors on 22nd MAY 2009 and were signed on its behalf by:

Director

The notes on pages 9 to 14 form part of these financial statements

Picus Services Limited**Cash Flow Statement
for the year ended 30 November 2008**

		2008 £	2007 £
Net cash inflow from operating activities	Notes 16	95,022	12,335
Returns on investments and servicing of finance	17	5	5
Taxation		(37,552)	-
Capital expenditure and financial investment	17	<u>-</u>	<u>(1,435)</u>
Increase in cash in the period		<u>57,475</u>	<u>10,905</u>
<hr/>			
Reconciliation of net cash flow to movement in net funds	18		
Increase in cash in the period		<u>57,475</u>	<u>10,905</u>
Change in net funds resulting from cash flows		<u>57,475</u>	<u>10,905</u>
Movement in net funds in the period		57,475	10,905
Net funds at 1 December		<u>14,636</u>	<u>3,731</u>
Net funds at 30 November		<u>72,111</u>	<u>14,636</u>

The notes on pages 9 to 14 form part of these financial statements

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost convention. They are prepared on a going concern basis, which assumes that the company will continue in existence for the foreseeable future and to be able to meet its liabilities as they fall due.

Going concern

The Directors of Picus Services Limited (the "Company") have overseen the preparation of the financial statements of the Company on a "going concern" basis. The Directors have taken into account all information of which they are aware and have concluded that a "going concern" basis continues to be appropriate considering the current financial position and future prospects for the Company. The Company derives the bulk of its revenues from providing advice, facilities, equipment and services to an affiliated company Picus Capital Management LLP (the "LLP"), whose main business is serving as "Investment Manager" for the Picus Venator Master Fund and its related feeder funds (together the "Funds"). However, throughout 2008 the Funds suffered from extremely volatile and difficult market conditions and received notices of significant redemptions from investors, causing the Directors of the Funds to suspend redemptions in February 2008. These conditions have continued following the year end reporting date. In response, the Directors of the Company have taken steps to restructure the business and reduce substantially the financial commitments of the Picus Group and have arranged for the Picus Group's capital base to be strengthened further. The Picus Group is also confident of being mandated to manage two new Funds to be launched in May 2009 which should further strengthen substantially the Picus Group's financial position. Considering these factors, the Directors fully expect the Company will have sufficient financial resources to enable it to meet its liabilities as they fall due for the foreseeable future. These financial statements have therefore been prepared on a "going concern" basis.

Turnover

Revenue is recognised to the extent that the company obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received, excluding VAT.

Tangible fixed assets

Tangible fixed assets are stated at historic purchase cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is calculated to write off the cost of tangible fixed assets, less their residual values, over their expected useful lives using the straight line basis. The expected useful lives of the assets to the business are reassessed periodically in the light of experience.

Depreciation rates are :

Computer equipment - over 3 years

Deferred taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred taxation is provided on all timing differences that have originated but not reversed by the balance sheet date other than those differences regarded as permanent. An asset is not recognised to the extent that the transfer of economic benefits in the future is uncertain. Any deferred tax asset or liability recognised is provided at the average rate of tax expected to apply when the asset or liability crystallises and is not discounted.

1. ACCOUNTING POLICIES - continued

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All differences are taken to the profit and loss account.

Investments

Investments are held at cost less provision for any permanent impairment in value.

2. STAFF COSTS

	2008	2007
	£	£
Wages and salaries	78,680	243,692
Social security costs	<u>9,088</u>	<u>28,966</u>
	<u>87,768</u>	<u>272,658</u>

The average monthly number of employees during the year was as follows:

	2008	2007
Administration	<u>2</u>	<u>3</u>

3. OPERATING PROFIT

The operating profit is stated after charging:

	2008	2007
	£	£
Depreciation - owned assets	479	5,990
Auditors' remuneration – for the audit of the financial statements	<u>7,500</u>	<u>7,500</u>
Directors' emoluments	<u>-</u>	<u>-</u>

4. INTEREST RECEIVABLE AND SIMILAR INCOME

	2008	2007
	£	£
Bank Interest	<u>5</u>	<u>5</u>

5. TAXATION**Analysis of the tax charge**

The tax charge on the profit on ordinary activities for the year was as follows:

	2008 £	2007 £
Current tax:		
UK corporation tax	250	37,552
Deferred tax	-	84,251
Tax on profit on ordinary activities	<u>250</u>	<u>121,803</u>

UK corporation tax was charged at 30% in 2007.

Factors affecting the tax charge

The tax assessed for the year is the same as the standard rate of corporation tax in the UK.

	2008 £	2007 £
Profit on ordinary activities before tax	<u>300,525</u>	<u>3,149</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20.67% (2007 - 30%)	62,109	945
Effects of:		
Timing differences	(61,859)	91,721
Utilisation of losses brought forward from earlier years	-	(46,199)
Marginal relief	-	(8,915)
Current tax charge	<u>250</u>	<u>37,552</u>

6. TANGIBLE FIXED ASSETS

	Computer and office equipment £
COST	
At 1 December 2007 and 30 November 2008	<u>84,137</u>
DEPRECIATION	
At 1 December 2007	83,140
Charge for year	<u>479</u>
At 30 November 2008	<u>83,619</u>
NET BOOK VALUE	
At 30 November 2008	<u>518</u>
At 30 November 2007	<u>997</u>

7. FIXED ASSET INVESTMENTS

	£
COST	
At 1 December 2007	710,000
Additions	<u>430,619</u>
At 30 November 2008	<u>1,140,619</u>
 Provision for impairment	
At 30 November 2008 and 2007	<u>139,439</u>
 NET BOOK VALUE	
At 30 November 2008	<u>1,001,180</u>
At 30 November 2007	<u>570,561</u>

The unlisted investment represents capital contributions made to Picus Capital Management LLP ("the Partnership"), and is stated at cost less provision for permanent impairment in value. Consolidated accounts are not prepared as, under the terms of the Partnership Agreement dated 31 March 2004, the Partnership is controlled by parties other than the company and is not a subsidiary.

8. DEBTORS

	2008 £	2007 £
Amounts falling due within one year:		
Amounts owed by Picus Capital Management LLP	-	59,783
VAT	<u>5,096</u>	<u>10,047</u>
	<u>5,096</u>	<u>69,830</u>
 Amounts falling due after more than one year:		
Rent Deposit	<u>10,900</u>	<u>20,880</u>
 Aggregate amounts	<u>15,996</u>	<u>90,710</u>

Amounts owed by Picus Capital Management LLP are unsecured, interest free and have no fixed date of repayment.

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2008 £	2007 £
Trade creditors	9,341	555
Amounts owed to Picus Capital Management LLP	127,361	-
Corporation Tax	250	37,552
Other creditors	11,309	-
Accrued expenses	<u>19,691</u>	<u>17,219</u>
	<u>167,952</u>	<u>55,326</u>

10. CALLED UP SHARE CAPITAL

Authorised:		Nominal value:	2008 £	2007 £
Number:	Class:			
1,000	Ordinary Shares	£1	<u>1,000</u>	<u>1,000</u>
Allotted, issued and fully paid:		Nominal value:	2008 £	2007 £
Number:	Class:			
15	Ordinary Shares	£1	<u>15</u>	<u>15</u>

11. RESERVES

	Profit and loss account £	Share premium £	Totals £
At 1 December 2007	(552,422)	1,173,985	621,563
Profit for the year	<u>300,275</u>	<u>-</u>	<u>300,275</u>
At 30 November 2008	<u>(252,147)</u>	<u>1,173,985</u>	<u>921,838</u>

12. ULTIMATE PARENT COMPANY

The company's immediate parent undertaking is Picus (Cayman) Limited, a company incorporated in the Cayman Islands. In the directors' opinion, the ultimate controlling party is W T Healey.

13. OTHER FINANCIAL COMMITMENTS

At 30 November 2008 the company had annual commitments under non-cancellable operating leases as set out below:

Land and Buildings	2008 £	2007 £
Operating lease which expire:		
Within one year	<u>18,803</u>	<u>125,280</u>

14. RELATED PARTY DISCLOSURES

Picus Services Limited is a corporate member of Picus Capital Management LLP ("the Partnership"), a limited liability partnership registered in England and Wales.

During the year, the company provided services to the value of £73,286 (2007: £317,635) to the Partnership and received appropriations of £299,796 (2007: £Nil). At the year end £123,782 was due to the Partnership (2007: Due from Partnership £59,783).

During the year the company made a capital contribution to the partnership of £430,619 (2007: £Nil)

15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2008 £	2007 £
Profit/(Loss) for the financial year	<u>300,525</u>	<u>(118,654)</u>
Net addition/(reduction) to shareholders' funds	300,525	(118,654)
Opening shareholders' funds	<u>621,578</u>	<u>740,232</u>
Closing shareholders' funds	<u>922,103</u>	<u>621,578</u>

16. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2008 £	2007 £
Operating profit	300,520	3,144
Depreciation charges	479	5,990
Decrease in debtors	74,714	5,380
Increase/(Decrease) in creditors	149,928	(2,179)
Other non-cash movements*	<u>(430,619)</u>	<u>-</u>
Net cash inflow from operating activities	<u>95,022</u>	<u>12,335</u>

* Relates to capital contributed to Picus Capital Management LLP

17. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	2008 £	2007 £
Returns on investments and servicing of finance		
Interest received	<u>5</u>	<u>5</u>
Net cash inflow for returns on investments and servicing of finance	<u>5</u>	<u>5</u>
Capital expenditure and financial investment		
Purchase of tangible fixed assets	-	(1,435)
Purchase of fixed asset investments	<u>-</u>	<u>-</u>
Net cash outflow for capital expenditure and financial investment	<u>-</u>	<u>(1,435)</u>

18. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.12.07 £	Cash flow £	At 30.11.08 £
Net cash:			
Cash at bank	<u>14,636</u>	<u>57,475</u>	<u>72,111</u>
	<u>14,636</u>	<u>57,475</u>	<u>72,111</u>
Total	<u>14,636</u>	<u>57,475</u>	<u>72,111</u>