Pantera Capital Management Ltd

Report and Financial Statements

Period from date of incorporation
on 1 June 2007 to 31 December 2007

Registered No 6266585

Director
D Morehead

Secretary
M Tremmel

Auditors
Ernst & Young LLP
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London
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Bankers
HSBC
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Director's report

The director presents his report and the audited financial statements for the period from incorporation to 31 December 2007

Incorporation and commencement

Pantera Capital Management Ltd ("the Company") was incorporated on 1 June 2007 in England and Wales and commenced operations on 1 June 2007

Results and dividends

The profit for the period after taxation amounted to £22,813 No dividend is proposed and the profit will be transferred to reserves

Principal activity

The principal activity of the Company is the provision of consulting services to Pantera Capital Management LP, an asset management entity registered in the United States of America This will be the principal activity for the foreseeable future

Review of business

The Company's balance sheet as detailed on page 7 shows a satisfactory position with shareholder's funds amounting to £22,814

Principal risk and uncertainties

The principal risks affecting the Company is the performance of Pantera Capital Management LP's funds under management as these generate its revenue The immediate risk to the Company of underperforming funds is a decline in revenues, and long term, the risk of redemptions to the funds managed by the parent entity

Future developments

There are no plans which will significantly change the activities and risks of the Company

Director

The director of the Company was

Daniel Morehead

Disclosure of information to the auditors

So far as each person who was a director at the date of signing this report is aware, there is no relevant audit information, being the information needed by the auditor in connection with preparing its reports of which the auditors is unaware Each director has taken all steps that he ought to have taken as directors in order to make himself aware of any relevant audit information and to establish that the auditors are aware of that information

Auditors

Ernst & Young LLP were appointed auditors during the period A resolution to re-appoint Ernst & Young LLP as the Company's auditor will be put to the forthcoming Annual General Meeting

On behalf of the board

Director

Date 9-19-08

Statement of director's responsibilities in respect of the financial statements

The director is responsible for preparing the Annual Report and financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial period Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom 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, and
- prepare the financial statemetns on the going concern basis unless it is inappropriate to presume that the Company will continue in business

The director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that financial statements comply with the Companies Act 1985 He is 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 Pantera Capital Management Ltd

We have audited the Company's financial statements for the period from incorporation on 1 June 2007 to 31 December 2007 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet, the Cash Flow Statement and the related notes 1 to 17 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 auditors

The director's responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Director's 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 Director's 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 Director's remuneration and transactions is not disclosed

We read the Director's 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

Independent auditors' report

to the members of Pantera Capital Management Ltd (continued)

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 2007 and of its profit for the period then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Director's report is consistent with the financial statements

Ernst & Young LLP

Ernst & Young LLP
Registered Auditor
London
24 September 2008

Profit and loss account

for the period from incorporation on 1 June 2007 to 31 December 2007

	Notes	*2007* *£*
Turnover	2	180,996
Administrative expenses		(151,495)
Operating profit	5	29,501
Interest receivable and similar income	6	840
Profit on ordinary activities before taxation		30,341
Taxation on profit on ordinary activities	7	(7,528)
Profit for the period		22,813

All amounts are in respect of continuing activities

Statement of total recognised gains and losses

There were no recognised gains or losses other than the profit for the period attributable to the shareholder of the Company

Balance sheet

at 31 December 2007

	Notes	2007 £
Fixed assets		
Tangible fixed assets	8	4,466
		4,466
Current assets		
Debtors	9	10,015
Cash at bank		66,303
		76,318
Creditors amounts falling due within one year	10	57,970
Net current assets		13,348
Net assets		22,814
Capital and reserves		
Called up share capital	12	1
Profit and loss account	13	22,813
Shareholder's funds	13	22,814

The financial statements on pages 6 to 15 were approved by the Director on 19 September 2008 and signed on its behalf by

Director

Date

9-19-08

Cash flow statement

for the period from incorporation on 1 June 2007 to 31 December 2007

	Notes	2007 £
Net cash inflow from operating activities	14(a)	70,822
Returns on investments and servicing of finance	14(b)	840
Capital expenditure	14(b)	(5,360)
Financing	14(b)	1
Increase in cash in the period		66,303

Reconciliation of net cash flow to movement in net funds

Increase in cash in the period	14(c)	66,303
Increase in net funds resulting from cash flows		66,303
Net funds at 1 June		-
Net funds at 31 December		66,303

Notes to the financial statement

At 31 December 2007

1. Accounting policies

Basis of preparation

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

Turnover

Turnover represents fees receivable for consultancy services and is recognised to the extent that the Company obtains the right for consideration in exchange for its performance Turnover is measured at the fair value of the consideration received, net of value added tax

Fixed assets

All tangible fixed assets are recorded at cost and then depreciated

Depreciation

Depreciation of fixed assets is calculated to write off their cost or valuation less any residual value over their estimated useful lives as follows

Office equipment – 3 years

Taxation and deferred tax

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 using the liability method on all timing differences which are expected to reverse in the future without being replaced calculated at the rate at which it is anticipated the timing differences will reverse Deferred tax assets are recognised only when, on the basis of available evidence, it is more likely than not that there will be taxable profits in the future against which the deferred tax asset can be offset

Foreign currencies

Asset and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date Transactions in foreign currencies rate translated into sterling at the rate of exchange ruling at the date of transaction Exchange differences are taken into account in arriving at the operating result

Leasing commitments

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

2. Turnover

Turnover represents fees for consultancy fees arising from continuing activities in the United Kingdom

Notes to the financial statement (continued)

At 31 December 2007

3. Staff costs

	2007
	£
Staff costs including Director's emoluments	
Wages and salaries	59,956
Social security costs	6,783
Other staff costs	1,550
	68,289

The average monthly number of employees during the period was as follows

	2007
	Number
Administrative	1
Fund advisory services	2
	3

4. Director's emoluments

	2007
	£
Emoluments	Nil

5. Operating profit

The operating profit is stated after charging

	2007
	£
Depreciation of tangible fixed assets	894
Auditors' remuneration - audit services	10,000
- taxation services	7,000
Operating leases – land and buildings	21,587

6 Interest receivable and similar income

	2007
	£
Bank interest receivable	840
	840

Notes to the financial statement (continued)

At 31 December 2007

7. Tax on profit on ordinary activities

(a) Analysis of tax charge for the year

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

	2007
	£
UK Corporation tax	
UK Corporation tax on profits of the period	7,558
Deferred tax	
Deferred tax credit	(30)
	7,528

(b) Factors affecting the tax charge for the period

The tax assessed on the profit on ordinary activities for the period is higher than the standard rate of corporation tax in the UK The differences are explained below

	2007
	£
Profit on ordinary activities before tax	30,341
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20%	6,059
Effects of	
Disallowed expenses	1,469
Deprecation in excess of capital allowances	30
Current tax charge for the period	7,558

Notes to the financial statement (continued)

At 31 December 2007

8. Tangible fixed assets

	Office Equipment £
Cost at incorporation	
Additions	5,360
At 31 December 2007	5,360
Depreciation at incorporation	
Charge for the period	894
At 31 December 2007	894
Net book value	
At 31 December 2007	4,466

9. Debtors

	2007 £
VAT receivable	4,908
Rent deposits	5,000
Deferred tax (note 11)	30
Other debtors	77
	10,015

10. Creditors: amounts falling due within one year

	2007 £
Amounts due to Pantera Capital Management LP	22,460
Corporation tax	7,558
Other taxation and social security	4,112
Accruals	23,840
	57,970

Notes to the financial statement (continued)

At 31 December 2007

11. Deferred tax assets

	2007
	£
Provided during the period	30
At 31 December 2007	30

The deferred tax consists of depreciation in excess of capital allowances

12. Called up share capital

		2007
	Number of shares	£
Authorised		
Ordinary shares of £1 each	1,000,000	1,000,000
Allotted, issued and fully paid		
Ordinary shares of £1 each	1	1
	1	1

On 1 June 2007 one ordinary share of £1 was issued at par

13. Reconciliation of movements in shareholder's funds and movements on reserves

	Share Capital	Profit and loss account	Total
	£	£	£
Share capital issued in the period	1	-	1
Profit for the period	-	22,813	22,813
At 31 December 2007	1	22,813	22,814

Notes to the financial statement (continued)

At 31 December 2007

14. Notes to the cash flow statement

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

	2007
	£
Operating profit	29,501
Depreciation charges	894
Increase in debtors	(9,985)
Increase in creditors	50,412
Net cash inflow from operating activities	70,822

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

	2007
	£
Returns on investments and servicing of finance	
Interest received	840
Capital expenditure	
Purchase of tangible fixed assets	5,360
Net cash outflow for capital expenditure	5,360
Financing	
Proceeds from issue of shares	1

(c) Analysis of changes in cash

	At incorporation	*Cash flow*	*At 31 December 2007*
	£	*£*	*£*
Cash at bank	-	66,303	66,303

Notes to the financial statement (continued)

At 31 December 2007

15. Operating lease commitments

The Company had the following annual financial commitments under a non-cancellable lease of buildings

	Buildings *2007* *£*
Operating lease which expires	
After one year	48,580
After two years	16,080

16 Related party transactions

The Company provides consulting services to its parent company per the service agreement in place between the two entities Per the agreement, the Company is entitled to an annual fee of 115% of the costs and expenses incurred by the Company in connection with the provision of services pursuant to the terms of the agreement

During the period, the Company received fees in respect of services provided to its parent entity of £180,996 At period end, £22,460 was payable to the parent company

17. Ultimate Parent undertaking

The Company's ultimate parent undertaking is Pantera Capital Management LP, a company incorporated in the United States of America The parent controls 100% of the Company