Pantera Capital Management Ltd

Report and Financial Statements

31 December 2008

Registered No: 6266585

Director
D Morehead

Secretary
M Tremmel

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

Bankers
HSBC
HSBC BANK PLC HBEU
Pall Mall Commercial Centre
5th Floor, 70 Pall Mall, London, SW1Y 5EZ

Registered Office
18b Charles Street
London
W1J 5DU

Director's report

The director presents his report and the audited financial statements for the year ended 31 December 2008.

Results and dividends

The profit for the period after taxation amounted to £36,305 (2007: £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.

A decision has been taken to wind up the company's consulting services and consequently arrangements were made to place voluntary liquidation in December 2008.

Review of business

The company's balance sheet as detailed on page 8 shows a satisfactory position, shareholder's funds amounting to £59,119 (2007: £22,814). The company's parent entity decided to cease operations in London and wind up the company and accordingly these financial statements have been prepared on a break up basis. The process of voluntary liquidation is expected to be completed subsequent to issuance of the financial statements.

Principal risk and uncertainties

The principal risks affecting the company is 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.

Director

The director of the company is:

Daniel Morehead

Disclosure of information to the auditors

So far as the 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. The director has taken all 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 auditors are aware of that information.

Director's report (continued)

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:

7/15/09

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 director 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 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 concerns basis unless it is inappropriate to presume that the company will continue in business, in which case there should be supporting assumptions or qualifications.

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. 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 Pantera Capital Management Ltd

We have audited the company's financial statements for the year ended 31 December 2008 which comprise Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet, Cash Flow Statement and the related notes 1 to 18. These financial statements have been prepared on the basis of the accounting policies set out therein and under the break up basis.

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 financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) as 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.

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 Director's remuneration and transactions with the company 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 Limited (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 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 Director's report is consistent with the financial statements.

Ernst & Young LLP

Ernst & Young LLP
Registered Auditor
London
Date:

20 July 2009

Profit and loss account

For the year ended 31 December 2008

	Notes	*31 December 2008 £*	*1 June to 31 December 2007 £*
Turnover	2	343,525	180,996
Administrative expenses		(298,717)	(151,495)
Operating profit	5	44,808	29,501
Interest receivable and similar income	6	1,254	840
Profit on ordinary activities before taxation		46,062	30,341
Taxation on profit on ordinary activities	7	9,757	(7,528)
Profit for the financial year / period		36,305	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 attributable to the shareholder of the company.

Balance sheet
At 31 December 2008

	Notes	2008 £	2007 £
Fixed assets			
Tangible fixed assets	8	–	4,466
		–	4,466
Current assets			
Tangible fixed assets	8	2,679	–
Debtors	9	64,147	10,015
Cash at bank		50,117	66,303
		116,943	76,318
Creditors: amounts falling due within one year	10	57,824	57,970
Net current assets		59,119	13,348
Net assets		59,119	22,814
Capital and reserves			
Called up share capital	12	1	1
Profit and loss account	13	59,118	22,813
Shareholder's funds	13	59,119	22,814

The financial statements on pages 7 to 16 were approved by the Director on 7/15/09 and signed on its behalf by:

Director

Date:

7/15/09

Cash flow statement

For the year ended 31 December 2008

	Notes	31 December 2008 £	1 June to 31 December 2007 £
Net cash (outflow) / inflow from operating activities	14(a)	(9,882)	70,822
Returns on investments and servicing of finance	14(b)	1,254	840
Taxation	14(b)	(7,558)	–
Capital expenditure	14(b)	–	(5,360)
Financing	14(b)	–	1
(Decrease) / increase in cash in the period		(16,186)	66,303

Reconciliation of net cash flow to movement in net funds

	Notes	31 December 2008 £	1 June to 31 December 2007 £
(Decrease) / increase in cash in the year	14(c)	(16,186)	66,303
(Decrease) / increase in net funds resulting from cash flows		(16,186)	66,303
Net funds at 1 January		66,303	–
Net funds at 31 December		50,117	66,303

Notes to financial statements

At 31 December 2008

1. Accounting policies

Basis of preparation

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

It is anticipated that the company will be wound up in the near future. The company will be able to meet its liabilities as they fall due and the liquidation will be solvent. As a consequence, the financial statements have been prepared on a break-up basis.

As a result of this decision fixed assets have been re-classified as current assets, assets have been written down to recoverable amounts, long term liabilities have been re-classified as current liabilities and all relevant additional liabilities have been recognised. The Director believes that any provision for liquidation costs would not be material and accordingly no additional liabilities have been recognised.

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 services arising from continuing activities in the United Kingdom.

Notes to financial statements (continued)

At 31 December 2008

3. Staff costs

	31 December 2008 £	1 June to 31 December 2007 £
Wages and salaries	162,949	59,956
Social security costs	23,334	6,783
Other staff costs	–	1,550
	186,283	68,289

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

	2008 Number	2007 Number
Administrative	1	1
Fund advisory services	2	2
	3	3

4. Director's emoluments

No payments were paid to the director in respect of the current or previous year.

5. Operating profit

The operating profit is stated after charging:

	31 December 2008 £	1 June to 31 December 2007 £
Depreciation of tangible fixed assets	1,787	894
Auditors' remuneration: audit services	20,275	10,000
taxation services	6,250	7,000
Operating leases – land and buildings	46,392	21,587

6. Interest receivable and similar income

	31 December 2008 £	1 June to 31 December 2007 £
Bank interest receivable	1,254	840
	1,254	840

Notes to financial statements (continued)

At 31 December 2008

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 year was as follows:

	31 December 2008	*1 June to 31 December 2007*
	£	£
UK Corporation tax		
UK Corporation tax on profits of the year	9,727	7,558
Deferred tax		
Originating and reversal of timing differences	30	(30)
	9,757	7,528

(b) Factors affecting the tax charge for the year
The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK. The differences are explained below:

	31 December 2008	*1 June to 31 December 2007*
	£	£
Profit on ordinary activities before tax	46,062	30,341
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.75% (2007:20%)	9,558	6,059
Effects of:		
Disallowed expenses	–	1,469
Depreciation in excess of capital allowances	169	30
Current tax charge for the year	9,727	7,558

Notes to financial statements (continued)

At 31 December 2008

8. Tangible fixed assets

	Office Equipment £
Cost	
At 1 January	5,360
Additions	–
At 31 December	5,360
Accumulated depreciation	
At 1 January	894
Charge for the year	1,787
At 31 December	2,681
Net book value:	
At 31 December 2007	4,466
Net book value:	
At 31 December 2008	2,679

9. Debtors

	2008 £	*2007* £
Vat receivable	4,649	4,908
Rent deposits	5,360	5,000
Deferred tax (note 11)	–	30
Amounts due from Pantera Capital Management LP	54,124	–
Other debtors	14	77
	64,147	10,015

10. Creditors: amounts falling due within one year

	2008 £	*2007* £
Amounts due to Pantera Capital Management LP	–	22,460
Corporation tax	9,727	7,558
Other taxation and social security	12,954	4,112
Accruals	35,143	23,840
	57,824	57,970

Notes to financial statements (continued)

At 31 December 2008

11. Deferred tax assets

	2008	2007
	£	£
At 1 January	30	–
Provided during the period	–	30
Reversal of timing differences	(30)	–
At 31 December	–	30

The deferred tax consists of depreciation in excess of capital allowances. As at 31 December 2008, the company has not recognised a deferred tax asset of £194 relating to decelerated capital allowances.

12. Called up share capital

	2008		2007	
	Number of shares	£	Number of shares	£
Authorised				
Ordinary shares of £1 each	1,000,000	1,000,000	1,000,000	1,000,000
Allotted, issued and fully paid				
Ordinary shares of £1 each	1	1	1	1
	1	1	1	1

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

	Share Capital	Profit and loss account	Total shareholder's funds
	£	£	£
At incorporation	–	–	–
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
Profit for the year	–	36,305	36,305
At 31 December 2008	1	59,118	59,119

Notes to financial statements (continued)

At 31 December 2008

14. Notes to the cash flow statement

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

	31 December 2008 £	*1 June to 31 December 2007* £
Operating profit	44,808	29,501
Depreciation charges	1,787	894
Increase in debtors	(54,162)	(9,985)
(Decrease) / increase in creditors	(2,315)	50,412
Net cash (outflow) / inflow from operating activities	(9,882)	70,822

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

	31 December 2008 £	*1 June to 31 December 2007* £
Returns on investments and servicing of finance		
Interest received	1,254	840
Capital expenditure		
Purchase of tangible fixed assets	–	5,360
Net cash outflow from capital expenditure	–	5,360
Taxation		
UK Corporation tax paid	(7,558)	–
Financing		
Proceeds from issue of shares	–	1

(c) Analysis of changes in cash

	At 31 December 2007 £	*Cash flow* £	*At 31 December 2008* £
Cash at bank	66,303	(16,186)	50,117

Notes to financial statements (continued)

At 31 December 2008

15. Operating lease commitments

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

		Buildings
	2008	*2007*
	£	*£*
Operating lease which expires:		
After one year	17,420	45,580
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 year, the company received fees in respect of services provided to it s parent entity of £343,525 (2007: £180,996). At year end, £54,124 was due from the parent company (2007: payable - £22,460).

17. Post balance sheet event

The company's parent entity decided to cease operations in London and wind up the company.

18. 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.