

Report of the Director and
Financial Statements for the Period 3 June 2008 to 31 December 2008
for
Straumur Asset Management (UK) Limited

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Straumur Asset Management (UK) Limited

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for the Period 3 June 2008 to 31 December 2008

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Straumur Asset Management (UK) Limited

Company Information

for the Period 3 June 2008 to 31 December 2008

DIRECTOR:

D Bingham

REGISTERED OFFICE:

Berkeley Square House
Third Floor, Berkeley Square
London
W1J 6BU

REGISTERED NUMBER:

6609604 (England and Wales)

AUDITORS:

S H Landes LLP
Registered auditors
5th Floor
Walmar House
288 Regent Street
London
W1B 3AL

Straumur Asset Management (UK) Limited

Report of the Director **for the Period 3 June 2008 to 31 December 2008**

The director presents his report with the financial statements of the company for the period 3 June 2008 to 31 December 2008.

INCORPORATION

The company was incorporated on 3 June 2008 and commenced trading on the same date.

PRINCIPAL ACTIVITY

The principal activity of the company in the period under review was that of managing member of Julia Capital Management LLP which is involved in managing an investment fund.

REVIEW OF BUSINESS

The results of the year and financial position of the company are as shown in the annexed financial statements.

The results and the financial position at the year end were considered satisfactory by the director who expects continued growth in the foreseeable future.

The company key financial highlights are as follows:

	31/12/2008
	€
Turnover	90,895
Profit before tax	86,762

PRINCIPAL RISKS AND UNCERTAINTIES

Following the moratorium and subsequent withdrawal of the operating license, Straumur Burdardas Investment Bank hf the ultimate controlling party is seeking to redeem its investment from the fund which is currently managed by Julia Capital Management LLP, a partnership in which Straumur Asset Management (UK) Limited is a managing member and from which it derived its entire income during the year.

The other key risks are the recoverability of the debtor which represents the profit share from the company's investments, and ensuring that there is enough liquidity for the company to meet its short term obligations.

RISK MANAGEMENT

Various opportunities are currently being sought by the management to secure a source of future income and therefore to enable the company to continue to trade.

The risk of the recoverability of the debtor is managed by ensuring that the share of profits from the company's investment is paid on a timely basis. This will ensure that there is sufficient working capital to meet the company's short term obligations.

DIVIDENDS

No dividends will be distributed for the period ended 31 December 2008.

EVENTS SINCE THE END OF THE PERIOD

Information relating to events since the end of the period is given in the notes to the financial statements.

DIRECTORS

W Fall - appointed 3 June 2008

S A Jack - appointed 3 June 2008

D Bingham was appointed as a director after 31 December 2008 but prior to the date of this report.

W Fall and S A Jack ceased to be directors after 31 December 2008 but prior to the date of this report.

The director who is eligible offers himself for election at the forthcoming first Annual General Meeting.

Straumur Asset Management (UK) Limited

Report of the Director
for the Period 3 June 2008 to 31 December 2008

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

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

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director is required to

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements 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 to enable him to ensure that the financial statements comply with the Companies Act 2006. 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.

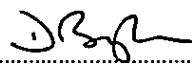
STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the director is aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and he 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 auditors, S H Landes LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

Y 
.....
D Bingham - Director

Date: 8/9/2009.....

**Report of the Independent Auditors to the Shareholders of
Straumur Asset Management (UK) Limited**

We have audited the financial statements of Straumur Asset Management (UK) Limited for the period ended 31 December 2008 on pages six to twelve. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Sections 495 and 496 of the Companies Act 2006. 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 a Report of the Auditors 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 director and auditors

The director's responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and for being satisfied that the financial statements give a true and fair view are set out on page three.

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 have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, have been prepared in accordance with the Companies Act 2006, and give a true and fair view. We also report to you whether in our opinion the information given in the Report of the Director is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept adequate accounting records, if we have not received all the information and explanations we require for our audit, or if certain disclosures of director's remuneration specified by law are not made.

We read the Report of the Director 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 judgements made by the director 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 have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- the financial statements have been prepared in accordance with the Companies Act 2006;
- the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2008 and of its profit for the period then ended; and
- the information given in the Report of the Director is consistent with the financial statements.

Report of the Independent Auditors to the Shareholders of
Straumur Asset Management (UK) Limited

Emphasis of matter - Going concern

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the company's ability to continue as a going concern. There is a considerable uncertainty as to the future source of income for Straumur Asset Management (UK) Limited. This condition, along with the other matters explained in the note 1 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

Steven H Landes (Senior Statutory Auditor)
for and on behalf of S H Landes LLP
Registered auditors
5th Floor
Walmar House
288 Regent Street
London
W1B 3AL



Date: 8/9/09

Straumur Asset Management (UK) Limited

Profit and Loss Account

for the Period 3 June 2008 to 31 December 2008

	Notes	€
TURNOVER		-
Administrative expenses		4,134
OPERATING LOSS	3	(4,134)
Income from fixed asset investments		90,896
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		86,762
Tax on profit on ordinary activities	4	24,293
PROFIT FOR THE FINANCIAL PERIOD AFTER TAXATION		62,469

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current period.

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the profit for the current period.

The notes form part of these financial statements

Straumur Asset Management (UK) Limited

Balance Sheet

31 December 2008

	Notes	€	€
FIXED ASSETS			
Investments	5		249,000
CURRENT ASSETS			
Debtors	6	90,906	
CREDITORS			
Amounts falling due within one year	7	<u>277,427</u>	
NET CURRENT LIABILITIES			<u>(186,521)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>62,479</u>
CAPITAL AND RESERVES			
Called up share capital	8		10
Profit and loss account	9		<u>62,469</u>
SHAREHOLDERS' FUNDS	12		<u>62,479</u>

The financial statements were approved by the director on 6/3/2009 and were signed by:


.....
D Bingham - Director

The notes form part of these financial statements

Straumur Asset Management (UK) Limited

Cash Flow Statement

for the Period 3 June 2008 to 31 December 2008

	Notes	€
Net cash inflow from operating activities	1	158,104
Returns on investments and servicing of finance	2	90,896
Capital expenditure and financial investment	2	(249,000)
Increase in cash in the period		-

**Reconciliation of net cash flow
to movement in net debt**

3

Increase in cash in the period	-
Change in net debt resulting from cash flows	-
Movement in net debt in the period	-
Net debt at 3 June	-
Net debt at 31 December	-

The notes form part of these financial statements

Straumur Asset Management (UK) Limited

Notes to the Cash Flow Statement
for the Period 3 June 2008 to 31 December 2008

1. RECONCILIATION OF OPERATING LOSS TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	€
Operating loss	(4,134)
Increase in debtors	(90,896)
Increase in creditors	253,134
	<hr/>
Net cash inflow from operating activities	158,104
	<hr/>

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

	€
Returns on investments and servicing of finance	
Dividends received	90,896
	<hr/>
Net cash inflow for returns on investments and servicing of finance	90,896
	<hr/>
Capital expenditure and financial investment	
Purchase of fixed asset investments	(249,000)
	<hr/>
Net cash outflow for capital expenditure and financial investment	(249,000)
	<hr/>

3. ANALYSIS OF CHANGES IN NET DEBT

	At 3.6.08	Cash flow	At
	€	€	31.12.08
			€
Net cash:			
Cash at bank and in hand	-	-	-
	<hr/>	<hr/>	<hr/>

Straumur Asset Management (UK) Limited

Notes to the Financial Statements **for the Period 3 June 2008 to 31 December 2008**

1. ACCOUNTING POLICIES

Going Concern

At present Straumur Asset Management derives its income for being a managing partner of Julia Capital Management LLP, however there is a considerable uncertainty as to Julia Capital Management LLP's source of income for subsequent periods. At present all the LLP's income is derived from being a sub-manager of an investment fund controlled by its ultimate controlling party, Straumur Burdardas Investment Bank HF. Following the withdrawal of this bank's operating license on 9 March 2009 and subsequent restructuring proposals, the ultimate controlling party is seeking to redeem its investment in the fund which will cast significant doubt about the future income of this company.

However the management of the company consider that the company is still a going concern as they seek to find other trading opportunities.

Accounting convention

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

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Foreign currencies

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

2. STAFF COSTS

There were no staff costs for the period ended 31 December 2008.

3. OPERATING LOSS

The operating loss is stated after charging:

Auditors' remuneration	€ 4,134
Directors' remuneration	-

4. TAXATION

Analysis of the tax charge

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

Current tax:	€
UK corporation tax	24,293
Tax on profit on ordinary activities	24,293

5. FIXED ASSET INVESTMENTS

The unlisted investment represents the cost of the company's members interest in Julia Capital Management LLP.

Straumur Asset Management (UK) Limited

Notes to the Financial Statements - continued
for the Period 3 June 2008 to 31 December 2008

6. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	€
Called up share capital not paid	10
Prepayments and accrued income	90,896
	<u>90,906</u>

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	€
Tax	24,293
Other creditors	249,000
Accrued expenses	4,134
	<u>277,427</u>

8. CALLED UP SHARE CAPITAL

Allotted and issued:			
Number:	Class:	Nominal value:	€
1	Ordinary	£10	10

During the period 1 ordinary £10 share was issued.

9. RESERVES

	Profit and loss account €
Profit for the period	62,469
At 31 December 2008	<u>62,469</u>

10. POST BALANCE SHEET EVENTS

On 9 March 2009 the Icelandic Financial Supervisory Authority (IFSA) assumed the powers of the meeting of the shareholders of Straumur Burdaras Investment Bank h.f. (the ultimate controlling party) and immediately suspended the Board in its entirety. Further, the IFSA appointed a Resolution Committee, which took overall authority of the Board of Directors of Straumur Burdaras Investment Bank h.f.

On 8 July 2009 Straumur Asset Management (UK) Limited entered into a contract with Julia Capital Management LLP and the Fund Manager of Julia Capital Management LLP whereby the Fund Manager will assign and transfer his membership interest and the capital contribution in Julia Capital Management LLP to Straumur Asset Management Limited, the managing member. This will effectively terminate the membership of the fund manager in Julia Capital Management LLP.

11. ULTIMATE CONTROLLING PARTY

The immediate controlling party is Straumur Funds UK EHF, a company registered in Iceland. The ultimate controlling party is Straumur Burdaras Investment Bank h.f., which is the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of consolidated financial statements can be obtained from Borgartun 25, 7th floor, 105 Reykjavik, Iceland.

Straumur Asset Management (UK) Limited

Notes to the Financial Statements - continued
for the Period 3 June 2008 to 31 December 2008

12. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	€
Profit for the financial period	62,469
Issued share capital	10
	<hr/>
Net addition to shareholders' funds	62,479
Opening shareholders' funds	-
	<hr/>
Closing shareholders' funds	<u>62,479</u>
	<hr/>
Equity interests	<u>62,479</u>