

Partnership Registration Number: OC 309312

SATELLITE ASSET MANAGEMENT (U.K.) LLP

Financial Statements

Period from 21st September 2004 to 31st December 2005



Satellite Asset Management (U.K.) LLP

Financial Statements

Period ended 31st December 2005

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Satellite Asset Management (U.K.) LLP

The Members' Report

Period ended 31st December 2005

The designated members have pleasure in presenting their report and the financial statements of Satellite Asset Management (U.K.) LLP (the "LLP") for the period ended 31st December 2005.

Principal activities

The LLP was incorporated on 21 September 2004. The LLP registered with the Financial Services Authority (FSA) on 2 March 2005. The principal activity of the LLP is providing investment advisory services.

Review of the business and future developments

The LLP is an investment advisor to Satellite Asset Management, L.P., a U.S. based investment manager.

The profit for the period attributable to members was £524,653.

The members consider the results for the period to be satisfactory and expect the LLP to continue to be profitable in 2006.

Designated members

The following designated members have held office since incorporation on 21 September 2004:

- Satellite Fund Management (U.K.) Ltd.
- William Mansfield (resigned on 15 July 2005)

Statement of members' responsibilities

Company law as amended by the Limited Liability Partnerships Regulations 2001 requires the designated members to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the LLP and of the profit or loss of the LLP for that year. In preparing those financial statements, the designated members are 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 accounts; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the LLP will continue in business.

The designated members confirm that the above requirements have been met in preparing the financial statements.

The designated members are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the LLP and to enable them to ensure that the financial statements comply with the Companies Act 1985 as amended by the Limited Liability Partnerships Regulations 2001. They are also responsible for safeguarding the assets of the LLP and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Satellite Asset Management (U.K.) LLP

The Members' Report

Period ended 31st December 2005

Policy with respect to member's drawings and the subscription and repayments of member's capital

Distribution of profits among the members is made at the discretion of the Managing Member.


Each member contributes to the capital of the LLP certain sums as an initial capital contribution in the amount which is agreed upon their admission to the LLP. In case of retirement, the managing member will have the right to acquire the relevant member's interest in the LLP for an amount equal to its capital contribution, failing which the LLP shall repay to the relevant member its capital contribution.

In the event of the LLP being wound up, no member has agreed with other Members that he shall contribute in any way to the assets of the LLP in accordance with Section 74 of the Insolvency Act.

Auditors

PricewaterhouseCoopers LLP were appointed as auditors during the period. PricewaterhouseCoopers LLP have indicated their willingness to continue in office and a resolution concerning their reappointment with the proposed at the next members' meeting.

Signed by order of the members



Brian S. Kiftcher
Director of Satellite Fund Management (U.K.) Ltd.
Designated Member
28 April 2006

Satellite Asset Management (U.K.) LLP

Independent auditors' report to the members of Satellite Asset Management (U.K.) LLP

Period ended 31st December 2005

We have audited the financial statements which comprise the profit and loss account, the balance sheet and the related notes.

Respective responsibilities of members and auditors

The members' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of members' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the partnership's members as a body in accordance with section 235 of the Companies Act 1985 as it applies to the partnership in accordance with the Limited Liability Partnerships Act 2000 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 Limited Liability Partnerships Regulations 2001 made under the Limited Liability Partnerships Act 2000. We also report to you if, in our opinion, the Members' Report is not consistent with the financial statements, the partnership 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 members' remuneration is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The only other information is the Members' Report.

Basis of audit opinion

We conducted our audit in accordance with 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 members in the preparation of the financial statements, and of whether the accounting policies are appropriate to the partnership'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.

Satellite Asset Management (U.K.) LLP

Independent auditors' report to the members of SATELLITE ASSET MANAGEMENT (U.K.) LLP *(Continued)*

Period ended 31st December 2005

Opinion

In our opinion the financial statements give a true and fair view of the state of the partnership's affairs at 31 December 2005 and of its profit for the period then ended and have been properly prepared in accordance with the provisions of the Limited Liability Partnerships Regulations 2001 made under the Limited Liability Partnerships Act 2000.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London

28 April 2006

Satellite Asset Management (U.K.) LLP

Profit and Loss Account

Period from 21 September 2004 to 31st December 2005

	Note	2005 £
Turnover	2	1,007,708
Administrative expenses		(485,602)
Operating profit	3	522,106
Bank interest receivable		2,547
		<hr/>
Profit for the financial year available for division among members		524,653

All of the activities of the LLP are classed as continuing.

The LLP has no recognised gains or losses other than the results for the period as set out above.

There is no difference between the profit available for division amongst the members and its historical cost equivalents.

The notes on pages 7 to 11 form part of these financial statements.

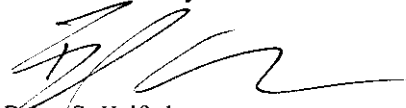
Satellite Asset Management (U.K.) LLP

BALANCE SHEET

Period ended 31st December 2005

		2005
Fixed assets		£
Tangible assets	7	<u>4,331</u>
Current assets		
Debtors	8	34,270
Cash at bank		<u>192,157</u>
		226,427
Creditors: Amounts falling due within one year	9	<u>47,651</u>
Net current assets		<u>178,776</u>
Total assets less current liabilities		<u>183,107</u>
Loans and other debts due to members	10	<u>(51,107)</u>
Net assets		<u>132,000</u>
Members' other interests		
Members' capital	10	132,000
Other reserves		-
		<u>132,000</u>
Total members' interests		
Loans and other debts due to members	10	51,107
Members' other interests	10	<u>132,000</u>
		<u>183,107</u>

The financial statements were approved by the designated members on 28 April 2006 and were signed on their behalf by:



Brian S. Kriftcher
Director of Satellite Fund Management (U.K.) Ltd.
Designated member

The notes on pages 7 to 11 form part of these financial statements.

Satellite Asset Management (U.K.) LLP

Notes to the Financial Statements

Period ended 31st December 2005

1. Accounting policies

Basis of accounting

The financial statements are prepared on the going concern basis, under the historical cost convention and comply with the Statement of Recommended Practice on Accounting by Limited Liability Partnerships issued in May 2002. The principal accounting policies are set out below:

Turnover

The turnover shown in the profit and loss account represents amounts due for investment advisory services recognised on an accruals basis during the period, exclusive of Value Added Tax.

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Computer Hardware	20 % per annum
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Foreign currency transactions

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

Cash flow statement

The LLP is a subsidiary entity of Satellite Fund Management (U.K.) Ltd and is included in the consolidated financial statements of Satellite Fund Management (U.K.) Ltd, which are publicly available. Consequently the LLP has taken advantage of the exemption from preparing a cash flow statement under the requirements of Financial Reporting Standard No. 1.

Related parties

The LLP is also exempt under the requirements of Financial Reporting Standard No. 8 from disclosing related party transactions with entities that are part of the Satellite Fund Management (U.K.) Ltd group.

2. Segmental Reporting

The LLP's activities consist solely of the provision of investment advisory services to Satellite Asset Management, L.P., a partnership established in the United States of America.

Satellite Asset Management (U.K.) LLP

Notes to the Financial Statements

Period ended 31st December 2005

3. Operating profit

Operating profit is stated after charging:

	2005 £
Depreciation of owned fixed assets	805
Auditors' remuneration	
- Audit	12,500
- Other services	147,437
Operating lease costs – land and buildings	<u>112,597</u>

4. Employees and remuneration

There were no employees during the period.

5. Information in relation to members

	2005 No.
The average number of members during the period was	<u>3</u>

The amount of profit attributable to the member with the largest entitlement was

168,461

6. Tax on profit on ordinary activities

The nature of a limited liability partnership is that there will be no tax incurred by the LLP and the tax charge is borne personally by the members. Therefore there is no tax charge in the LLP's financial statements.

Satellite Asset Management (U.K.) LLP

Notes to the Financial Statements

Period ended 31st December 2005

7. Tangible fixed assets

	Computer Hardware £
Cost	
Additions during the period	5,136
At 31st December 2005	<u>5,136</u>
Depreciation	
Charge for the period	805
At 31st December 2005	<u>805</u>
Net book value	
At 31st December 2005	<u>4,331</u>

8. Debtors

	2005 £
VAT recoverable	6,743
Other debtors	15,000
Prepayments	12,527
	<u>34,270</u>

9. Creditors: Amounts falling due within one year

	2005 £
Amounts due to parent undertaking	7,604
Amount due to other group undertakings	25,547
Accruals	14,500
	<u>47,651</u>

Satellite Asset Management (U.K.) LLP

Notes to the Financial Statements

Period ended 31st December 2005

10. Reconciliation of movement in members' interests

	Members' Capital	Other reserves	Total	Loans & other debts due to members	Total
	£	£	£	£	£
Members' interest at 21 September 2004:	-	-	-	-	-
Capital introduced in the period	133,000	-	133,000	-	133,000
Profit for the financial period available for division among members	-	524,653	524,653	-	524,653
Members' interest after profit for the year	133,000	524,653	657,653	-	657,653
Repayment of Capital	(1,000)	-	(1,000)	-	(1,000)
Allocated profits	-	(524,653)	(524,653)	524,653	-
Drawings	-	-	-	(473,546)	(473,546)
Members interest at 31 December 2005	132,000	-	132,000	51,107	183,107
Amounts due to members	132,000	-	132,000	51,107	183,107
Amounts due from members	-	-	-	-	-

Amounts due to members are not subordinated.

11. Commitments under operating leases

On 18 July 2005 the LLP entered into an agreement in respect of a lease for a new office in London. The lease is effective from 18 July 2005, expires in 6 months and is cancellable with three months notice.

The rental payments are £7,590 per month.

Satellite Asset Management (U.K.) LLP

Notes to the Financial Statements

Period ended 31st December 2005

12. Related party transactions

During the period LLP invoiced, £1,007,708 to Satellite Asset Management, L.P. for advisory services during the period. At 31 December 05, an amount of £25,547 was due by the LLP to Satellite Asset Management, L.P, which is included in creditors.

As on 31 December 05, an amount of £7,604 was due by LLP to Satellite Fund Management (U.K.), Ltd, which is included in creditors.

13. Ultimate controlling party

During the period, the LLP was under the control of Satellite Asset Management, L.P., a partnership domiciled in the United States of America.