

Satellite Asset Management (U.K.) LLP

Registered Number: OC309312

Members' Report and Financial Statements

For the year ended 31 December 2007

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Satellite Asset Management (U.K.) LLP

Registered Number OC309312

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Satellite Asset Management (U.K.) LLP

Registered Number OC309312

Administrative Information

Members

Satellite Fund Management (U K) Ltd

J-L Harnay

A Wright

G Barnes

C Turland (appointed 14 March 2008)

Auditors

PricewaterhouseCoopers LLP

Hay's Galleria

London

SE1 2RD

Bankers

HSBC

431 Oxford Street

London

W1C 2DA

Solicitors

Schulte Roth & Zabel International LLP

Heathcoat House

20 Savile Row

London

W1S 3PR

Registered Office

13 Hanover Square

London

W1S 1HN

Members' report

for the year ended 31 December 2007

The designated members have pleasure in presenting their report and the audited financial statements of Satellite Asset Management (U K) LLP for the year ended 31 December 2007

Principal activity and review of the business

The principal activity of Satellite Asset Management (U K) LLP (the 'LLP' or 'Partnership') during the year was to provide investment management services to Satellite Asset Management, LP , a US based investment manager. The members do not see any change in the nature of these activities going forward.

The results and the financial position at year end were considered satisfactory by the members.

Results and allocation to members

The profit for the year was £1,783,712 (2006 £2,833,259) as shown on page 6. The Partnership distributed £2,874,620 (2006 £1,182,562) of its retained profits to its members. Any profits are shared among the members as decided by the managing member and governed by the revised Partnership Agreement dated 27 April 2007.

Key performance indicators ("KPIs")

Given the straightforward nature of the business, the members are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

Financial risk management

The Partnership operates systems and controls to mitigate any adverse effects across the range of risks that it faces. The Partnership has no significant exposure to price, credit or interest rate risk.

Post balance sheet events

No matters or circumstances have arisen since the end of the financial year which significantly affected, or may significantly affect the operations of the Partnership, the results of those operations or the state of affairs of the Partnership in financial years subsequent to the financial year ended 31 December 2007.

Financial position

The Partnership's balance sheet as detailed on page 7 shows a satisfactory net asset value of £1,539,543 (2006 £3,019,421). Members' other interests amount to £1,457,789 (2006 £2,536,697).

Policy for members' drawings, subscriptions and repayments of members' capital

Allocation of profits among the members, and the amount of a member's drawings, are determined at the discretion of the managing member. Each member shall upon admission to the LLP make a capital contribution of such amount as shall be determined by the managing member. No member shall have the right to withdraw or receive back any part of the capital contribution except upon the winding-up of the LLP.

Members

The members of the Partnership during the year, and up to the date of this report, were as follows:

Satellite Fund Management (U K) Ltd	Designated member
C Turland	Designated member (appointed 14 March 2008)
J-L Harnay	Designated member
A Wright	(appointed 1 February 2007)
G Barnes	(appointed 1 February 2007)
J-Y Chereau	(appointed 17 January 2006, resigned 24 September 2007)
A Gray	(appointed 17 July 2006, resigned 26 December 2007)
N Menon	(appointed 6 February 2006, resigned 24 September 2007)
A Rangnekar	(appointed 6 February 2006, resigned 24 September 2007)

Satellite Fund Management (U K) Ltd is the managing member.

Members' report

for the year ended 31 December 2007 (continued)

Statement of members' responsibilities in respect of the financial statements

The members are responsible for preparing financial statements in accordance with applicable law and regulations that give a true and fair view of the state of affairs of the Partnership and of the profit or loss of the Partnership for that year. In preparing those financial statements, the members 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 Partnership will continue in business, and
- state whether applicable accounting standards have been followed subject to any material departures disclosed and explained in the financial statements

The members confirm that they have complied with the above requirements in preparing the financial statements

The members are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Partnership and to ensure that the financial statements comply with the Companies Act 1985 (as applied to Limited Liability Partnerships by regulation 3 of the Limited Liability Partnership Regulations 2001). The members are also responsible for safeguarding the assets of the Partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

Statement of disclosure of information to auditors

In the case of each of the persons who are members at the time when the report is approved

- so far as the member is aware, there is no relevant audit information of which the Partnership's auditors are unaware, and
- each member has taken all the steps that ought to be taken as a member in order to make themselves aware of any relevant audit information and to establish that the Partnership's auditors are aware of that information

Auditors

PricewaterhouseCoopers LLP have indicated their willingness to continue in office. A resolution to reappoint PricewaterhouseCoopers LLP as auditors will be put to the members at their Members' Meeting approving these financial statements

On behalf of the members



Matthew DesChamps
On behalf of Satellite Fund Management (U K) Ltd
Designated Member
25 April 2008

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

We have audited the financial statements of Satellite Asset Management (U K) LLP ('the Partnership') for the year ended 31 December 2007 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of members and auditors

The members' responsibilities for preparing the Annual Report and 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 members' 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). This report, including the opinion, has been prepared for and only for the members of the Partnership in accordance with the Companies Act 1985 as applied to limited liability partnerships by the Limited Liability Partnerships Act 2000 and regulations made thereunder, 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 Companies Act 1985, as applied to limited liability partnerships. We also report to you if, in our opinion, the Partnership has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit.

We read the other information contained in the Annual Report, and consider whether it is consistent with the financial statements. This other information comprises only the Members' report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

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 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

Registered Number OC309312

Independent Auditors' report

to the members of Satellite Asset Management (U.K.) LLP (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 Partnership's affairs as at 31 December 2007 and of its profit for the year 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

PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors

London

25 April 2008

Satellite Asset Management (U.K.) LLP

Registered Number OC309312

Profit and Loss Account

for the year ended 31 December 2007

	<i>Notes</i>	<i>2007</i> £	<i>2006</i> £
Turnover	1	3,366,624	4,517,341
Administrative expenses		(1,603,934)	(1,693,634)
Operating profit	2	<u>1,762,690</u>	<u>2,823,707</u>
Interest receivable and similar income		21,022	9,552
Profit for the financial year available for discretionary division among members		<u>1,783,712</u>	<u>2,833,259</u>

All activities derive from continuing operations

The LLP has no recognised gains and losses other than the profit shown above and therefore no separate statement of total recognised gains and losses has been presented

Notes 1 to 11 form an integral part of these financial statements

Satellite Asset Management (U.K.) LLP

Registered Number OC309312

Balance Sheet

at 31 December 2007

	Notes	2007 £	2006 £
Fixed assets			
Tangible assets	5	<u>57,509</u>	<u>69,048</u>
		57,509	69,048
Current assets			
Debtors amounts falling due within one year	6	531,901	1,921,415
Cash at bank and in hand		969,174	1,051,659
		<u>1,501,075</u>	<u>2,973,074</u>
Creditors amounts falling due within one year	7	(19,041)	(22,701)
Net current assets		<u>1,482,034</u>	<u>2,950,373</u>
Net assets attributable to members		<u>1,539,543</u>	<u>3,019,421</u>
Represented by			
Loans and other debts due to members within one year	8	81,754	482,724
Members' other interests			
Members' capital classified as equity under FRS25	8	898,000	886,000
Other reserves	8	<u>559,789</u>	<u>1,650,697</u>
		<u>1,457,789</u>	<u>2,536,697</u>
		<u>1,539,543</u>	<u>3,019,421</u>
Total members' interests			
Loans and other debts due to members	8	81,754	482,724
Members' other interests	8	1,457,789	2,536,697
	8	<u>1,539,543</u>	<u>3,019,421</u>

Notes 1 to 11 form an integral part of these financial statements

The financial statements were approved by the members on April 2008 and here signed on their behalf by



Matthew DesChamps
On behalf of Satellite Fund Management (U K) Ltd
Designated Member
25 April 2008

Notes to the Financial Statements

for the year ended 31 December 2007

1. Accounting policies**Basis of accounting**

The financial statements have been prepared on the going concern basis, under the historical cost convention, and in accordance with applicable UK Accounting Standards under the requirements of the Statement of Recommended Practice 'Accounting by Limited Liability Partnerships' (SORP) issued in March 2006

Cash flow statement

The Partnership 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 Partnership has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS1

Turnover and revenue recognition

Turnover, which is stated net of value added tax, represents a service fee charged to Satellite Asset Management, LP , and related to the continuing activities of the Partnership in the United Kingdom

Expenses

Expenses incurred have been recognised on an accrual basis

Operating leases

Rentals paid under operating leases are charged to the profit and loss account as incurred. The value of any rent free period is amortised over the life of the lease

Foreign currencies

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 recorded at the rate ruling at the date of the transaction. All differences are taken to the profit and loss account

Taxation

No provision has been made for taxation in the financial statements. Each member is exclusively liable for any taxation liabilities arising out of their interest in the Partnership. Taxation is assessed on the individual members and not the Partnership

Tangible fixed assets

All fixed assets are recorded at historical cost less accumulated 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

Computer equipment	– 5 years straight line
Furniture and fittings	– 7 years straight line

2. Operating profit

	2007 £	2006 £
This is stated after charging		
Depreciation of tangible fixed assets (note 5)	11,539	8,863
Auditors' remuneration		
- fees payable to auditor for audit of financial statements	14,100	22,700
- other services relating to taxation	33,750	5,300
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Notes to the Financial Statements

for the year ended 31 December 2007

3. Staff costs

There were no employees during the year (2006 nil)

4. Members' remuneration

A member's share in the profit or loss for the year is accounted for as an allocation of profits or losses. Any unallocated profits and losses are distributed to members in the following accounting period.

Amounts due to members in respect of equity participation rights, following a discretionary division of profits, are debited to equity and credited to members' current accounts in the period when the allocation occurs. Unallocated profits and losses are included within 'other reserves' and are included in equity. Any drawings paid in respect of these unallocated profits are included within debtors.

	2007 £	2006 £
Profit for the financial year available for division among members	<u>1,783,712</u>	<u>2,833,259</u>
Profit in respect of the highest paid member during the year	<u>937,060</u>	<u>777,395</u>
Average number of members in the year	<u>7</u>	<u>7</u>

Satellite Asset Management (U.K.) LLP

Registered Number OC309312

Notes to the Financial Statements

for the year ended 31 December 2007

5. Tangible fixed assets

	<i>Furniture and fittings</i> £	<i>Computer equipment</i> £	<i>Total</i> £
Cost			
At 1 January 2007	73,580	5,136	78,716
Additions	-	-	-
At 31 December 2007	<u>73,580</u>	<u>5,136</u>	<u>78,716</u>
Depreciation			
At 1 January 2007	7,836	1,832	9,668
Charge for the year	<u>10,512</u>	<u>1,027</u>	<u>11,539</u>
At 31 December 2007	<u>18,348</u>	<u>2,859</u>	<u>21,207</u>
Net book value			
At 31 December 2007	<u>55,232</u>	<u>2,277</u>	<u>57,509</u>
At 31 December 2006	<u>65,744</u>	<u>3,304</u>	<u>69,048</u>

6 Debtors: amounts falling due within one year

	<i>2007</i> £	<i>2006</i> £
Amounts due from parent undertaking	517,304	1,886,162
Prepayments and accrued income	9,736	1,029
VAT recoverable	4,803	24,972
Other debtors	58	9,252
	<u>531,901</u>	<u>1,921,415</u>

7. Creditors: amounts falling due within one year

	<i>2007</i> £	<i>2006</i> £
Accruals and deferred income	18,100	22,701
Other creditors	941	-
	<u>19,041</u>	<u>22,701</u>

Satellite Asset Management (U.K.) LLP

Registered Number OC309312

Notes to the Financial Statements

for the year ended 31 December 2007

8. Reconciliation of movements in members' other and members' total interests

	<i>Members' Capital</i> £	<i>Other reserves</i> £	<i>Total members' other interests</i> £	<i>Loans and other amounts due to/(from) members</i> £	<i>Members' total interests</i> £
Members' interests at 1 January 2007	886,000	1,650,697	2,536,697	482,724	3,019,421
Capital introduced in the year	12,000	-	12,000	-	12,000
Profit for the year available for division among members	-	1,783,712	1,783,712	-	1,783,712
Members' interests after profit for the year	898,000	3,434,409	4,332,409	482,724	4,815,133
Allocated profits	-	(2,874,620)	(2,874,620)	2,874,620	-
Drawings	-	-	-	(2,874,620)	(2,874,620)
Other loans	-	-	-	(400,970)	(400,970)
Members' interests at 31 December 2007	898,000	559,789	1,457,789	81,754	1,539,543
Amounts due to members	898,000	559,789	1,457,789	81,754	1,539,543
Amounts due from members	-	-	-	-	-

Amounts due to members are not subordinated

9. Transactions involving members

During the year the Partnership invoiced £3,366,573 (2006 £4,517,341) to Satellite Asset Management LP for advisory services. At the year end an amount of £517,304 was due from Satellite Asset Management, LP (2006 £1,886,162).

10. Other financial commitments and contingencies

There are no other financial commitments or contingencies.

11. Ultimate controlling party

Satellite Fund Management (U.K.) Ltd is the controlling member of the Partnership.

Satellite Asset Management, LP, a partnership domiciled in the United States of America, is considered to be the ultimate controlling party.