

KDA Capital LLP

Members' Report & Financial Statements

For The Period Ended 31 December 2010

Registration No: OC314975 (England and Wales)



KDA Capital LLP
Registration No. OC314975

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KDA Capital LLP
Registration No. OC314975

Partnership Information

Members	D Baverez 7 Clifford Street UK LLP KDA Capital Limited
Partnership Number	OC314975
Business address/Registered office	7 Clifford Street London W1S 2WE
Independent Auditors	Ernst & Young LLP 1 More London Place London SE1 2AF

Members' Report

The Members submit their report together with the Financial Statements for the nine month period ended 31 December 2010

Principal Activities and Review of the Business

The principal activity of KDA Capital LLP ('the Partnership') is investment management. The Partnership is regulated by the Financial Services Authority. The Members are satisfied with the results for the period. However, on 1 December 2010, the Investment Manager took the decision to close the funds to which the Partnership provided investment management support to. Income flows ceased as of this date.

The Partnership has ceased trading, however it is the designated member's intention to keep the Partnership operational and as a going concern for the foreseeable future. Additionally, the Partnership has sufficient capital to ensure it meets its ongoing obligations.

Profit for the financial period ended 31 December 2010 available for discretionary division among Members, is £714,173 (31 March 2010: £287,377). The profits disclosed for the prior period were earned in the four month period to 31 March 2010.

Principal Risks and Uncertainties and Key Performance Indicators ('KPI's')

The management of the business and the execution of the strategy are subject to a number of risks. The key business risks and uncertainties affecting the business are considered to relate to the ability of the Partnership to meet its ongoing financial obligations. In accordance with the rules of the Financial Services Authority, the Partnership has published information on its risk management objectives and also policies on its regulatory capital requirements and resources. This information is available at the following website link: <http://www.pillar3.eu/KDA1000605>

Given the nature of the business and its current position, the Members are of the opinion that key performance indicators are not required.

Going concern

The Partnership's business activities and the principal business risks considered by the Members are described above.

Although the Partnership has ceased acting as the investment manager to the underlying funds, the Partnership has adequate capital to meet expected financial obligations as they fall due. As a consequence, the Members believe that the Partnership is well placed to manage its business risks successfully.

The Members have a reasonable expectation that the Partnership has adequate liquid resources to continue in operational existence for the foreseeable future and meet its liabilities as they fall due as the business activities have ceased. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements as it is not the intention of the designated member to liquidate the Partnership.

Members' drawings and policy on treatment of capital introduced

The Members draw down sums from the Partnership. The amounts drawn down are determined by the Board and are at its discretion. The amount of capital to be introduced into the Partnership by new and existing members is determined by the Board.

Members' Report *(continued)*

Members

The following Member served as a Designated Member during the period

D Baverez

Political and charitable contributions

The Partnership made no charitable donations (31 March 2010 £nil) during the period. No political donations were made nor any political expenditure incurred during the period (31 March 2010 £nil).

Disclosure of information to auditors

The Members who held office at the date of approval of this Members' Report confirmed that, so far as they are aware, there is no relevant audit information of which the Partnership's auditors are unaware, and that the Members have taken all the steps that they ought to have taken as Members to make themselves aware of any relevant audit information and to establish that the Partnership's auditors are aware of that information.

The Members confirm that the requirements in the statement of Members' responsibilities in respect of the Members' Report and the Financial Statements have been met in preparing these Financial Statements.

Independent Auditors

The auditors, Ernst & Young LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be put to the General Meeting of Members.

On behalf of the Partnership



D. Baverez
Designated Member

4 May 2011

Statement of Members' Responsibilities

The Members are responsible for preparing the Members' Report and the financial statements in accordance with applicable law and regulations

Company law as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 (the "Regulations") requires the members to prepare financial statements for each financial period. Under that law the Members have prepared the Partnership financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law, as applied to limited liability partnerships, the Members must not approve the financial statements unless they are satisfied that they 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 period. In preparing these financial statements, the Members are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting 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 concern basis unless it is inappropriate to presume that the Partnership will continue in business.

The Members are responsible for keeping adequate accounting records that are sufficient to show and explain the Partnership's transactions and disclose with reasonable accuracy at any time the financial position of the Partnership and enable them to ensure that the financial statements comply with the Companies Act 2006 as applied to limited liability partnerships by the Regulations. They 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.

Independent Auditors' Report to the Members of KDA Capital Limited Liability Partnership ('LLP')

We have audited the financial statements of KDA Capital LLP ('the Partnership') for the nine month period ended 31 December 2010 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement, Notes to the Cash Flow Statement and the related notes 1 to 8. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 as applied by The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008. Our audit work has been undertaken so that we might state to the members those matters we are required to state to them in an auditor's 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Members and auditors

As explained more fully in the Statement of Members' Responsibilities set out on page 5, the members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the limited liability partnership's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the designated members, and the overall presentation of the financial statements.

Opinion

In our opinion the financial statements

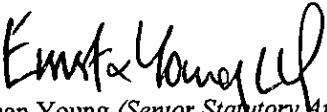
- give a true and fair view of the state of the Limited Liability Partnership's affairs as at 31 December 2010 and of its profit for the period then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships by The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008.

Independent Auditors' Report to the Members of KDA Capital Limited Liability Partnership ('LLP') (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 as applied to limited liability partnerships requires us to report to you if, in our opinion

- Adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- The financial statements are not in agreement with the accounting records and returns, or
- We have not received all the information and explanations we require for our audit.


Julian Young (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP
Statutory Auditor

London

6/6/11

Profit and Loss Account for the Period Ended 31 December 2010

	Notes	9 month Period Ended 31 December 2010 £	4 month Period ended 31 March 2010 £
Turnover	1(b)	1,757,357	857,659
Loss on Foreign Exchange Transactions		(159)	(11,202)
Administrative Expenses		(1,043,037)	(559,080)
Operating Profit	2	714,161	287,377
Interest Receivable and Similar Income		12	-
Profit for the Financial Period Available for Discretionary Division Amongst Members	7	714,173	287,377

The Profit and Loss account has been prepared on the basis that all operations are continuing operations

There are no recognised gains and losses other than those included in the results above and therefore no separate statement of total recognised gains and losses has been presented

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

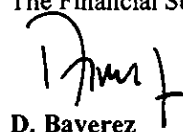
The accounting policies and the notes on pages 12 to 16 form an integral part of these Financial Statements

Balance Sheet as at 31 December 2010

	Notes	31 December 2010 £	31 March 2010 £
Current Assets			
Debtors	4	1,774,347	1,915,223
Cash at Bank and in Hand		1,706,290	703,862
		<u>3,480,637</u>	<u>2,619,085</u>
Creditors Amounts Falling Due within One Year	5	<u>(364,972)</u>	<u>(214,593)</u>
Net Current Assets		<u>3,115,665</u>	<u>2,404,492</u>
Net Assets Attributable to Members		<u>3,115,665</u>	<u>2,404,492</u>
Represented by			
Total Reserves	6	2,716,665	2,002,492
Equity - Members' Capital	6	<u>399,000</u>	<u>402,000</u>
		<u>3,115,665</u>	<u>2,404,492</u>
TOTAL MEMBERS' INTERESTS			
Other Reserves	6	2,716,665	2,002,492
Amounts Due from Members	6	(1,697,977)	(1,477,977)
Equity - Members' Capital	6	<u>399,000</u>	<u>402,000</u>
Total Members' Interests		<u>1,417,688</u>	<u>926,515</u>

The accounting policies and the notes on pages 12 to 16 form an integral part of these Financial Statements

The Financial Statements were approved by the members on 4 May 2011 and were signed on its behalf by



D. Baverez
Designated member

Cash Flow Statement for the Period Ended 31 December 2010

	Notes	9 month period ended 31 December 2010 £	9 month period ended 31 December 2010 £	4 month period ended 31 March 2010 £	4 month period ended 31 March 2010 £
Net cash inflow from operating activities	A		1,167,999		323,578
Returns on investments and servicing of finance					
Interest received		12		-	
Interest paid		-		-	
Net cash inflow for returns on investment and servicing of finance			12		-
Transactions with members					
Receipts from members		56,417		-	
Payments to members - Capital		(2,000)		(1,000)	
Payments to members - Drawings		(220,000)		(600,000)	
Net cash outflow from transactions with members			(165,583)		(601,000)
Increase / (decrease) in cash in the period	C		1,002,428		(277,422)

Notes to the Cash Flow Statement for the Period Ended 31 December 2010

A. Reconciliation of Operating Profit to Net Cash Inflow from Operating Activities

	9 month period ended 31 December 2010	4 month period ended 31 March 2010
	£	£
Operating Profit	714,161	287,377
Decrease in Debtors	360,876	96,370
Increase / (Decrease) in Creditors	92,962	(60,169)
Net Cash Inflow from Operating Activities	<u>1,167,999</u>	<u>323,578</u>

B. Analysis of Net Funds

	31 March 2010	Cashflow	31 December 2010
	£	£	£
Cash at Bank and in Hand	<u>703,862</u>	<u>1,002,428</u>	<u>1,706,290</u>

C. Reconciliation of net cash flow to movement in net funds

	9 month period ended 31 December 2010	4 month period ended 31 March 2010
	£	£
Increase / (Decrease) in cash in the period	<u>1,002,428</u>	<u>(277,422)</u>
Movement in net funds in the period	1,002,428	(277,422)
Opening net funds	703,862	981,284
Closing net funds	<u>1,706,290</u>	<u>703,862</u>

Notes to the Financial Statements for the Period Ended 31 December 2010 *(forming part of the financial statements)*

1 Accounting Policies

(a) Basis of Accounting

The Financial Statements have been prepared on the going concern basis, under the historical cost convention and in accordance with applicable accounting standards and the requirements of the Statement of Recommended Practice - Accounting by Limited Liability Partnerships issued in March 2010. A summary of the accounting policies adopted are described below.

(b) Turnover

Turnover represents fees receivable during the year in respect of investment management and related services provided to KDA Capital (Cayman) Ltd. These fees are recognised on an earned basis.

(c) Taxation

In accordance with the statement of recommended practice on accounting by Limited Liability Partnerships, no taxation is required to be disclosed. Tax is borne by the individual Members on their attributable profit shares and not the Partnership.

(d) Foreign Currency Translation

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 transaction. All differences are taken to the profit and loss account.

(e) Members' Remuneration

The policy is to distribute profits to the Members according to the terms and conditions of the Partnership Agreement. Any amount allocated to the Members and not drawn down will be treated as amounts due to members. Amounts not allocated but drawn down by Members are treated as amounts due from Members. Such amounts do not accrue interest.

Notes *(continued)*

2 Operating Profit

	9 month period ended 31 December 2010 £	4 month period ended 31 March 2010 £
Operating profit is stated after charging / (crediting)		
Auditors' remuneration for audit services	17,600	16,000
Auditors' remuneration for taxation services	10,500	-
Loss on foreign exchange transactions	159	11,202

3 Staff costs

The average number of persons employed by the Partnership during the year, analysed by category, was as follows

	9 month period ended 31 December 2010 No.	4 month period ended 31 March 2010 No.
Administrative staff	1	1

The aggregate payroll costs of these persons were as follows

	9 month period ended 31 December 2010 £	4 month period ended 31 March 2010 £
Wages and salaries	47,829	19,333
Social security costs	3,442	2,231
	51,271	21,564

Notes *(continued)*

4 Debtors

	9 month period ended 31 December 2010	4 month period ended 31 March 2010
	£	£
Amounts owed from group undertakings	17,558	167,544
Amounts due from Members	1,697,977	1,477,977
Other Debtors	58,812	35,957
Prepayments	-	9,480
Accrued Income	-	224,265
	1,774,347	1,915,223

5 Creditors: Amounts falling due within one year

	9 month period ended 31 December 2010	4 month period ended 31 March 2010
	£	£
Amounts owed to group undertakings	12,353	-
Trade Creditors	126,317	72,444
Other Creditors	59,102	1,360
Accruals and deferred income	167,200	140,789
	364,972	214,593

Notes *(continued)*

6 Members' Current Accounts

	Members' Capital £	Total Reserves £	Total £	Loans and other debts due to/(from) Members £	Total £
Members interests as at 1 April 2010	402,000	2,002,492	2,404,492	(1,477,977)	926,515
Profit for the financial period available for division amongst Members	-	714,173	714,173	-	714,173
Members interests after profit for the period	402,000	2,716,665	3,118,665	(1,477,977)	1,640,688
Capital withdrawn by members	(3,000)	-	(3,000)	-	(3,000)
Drawings	-	-	-	(220,000)	(220,000)
Members' interests as at 31 December 2010	<u>399,000</u>	<u>2,716,665</u>	<u>3,115,665</u>	<u>(1,697,977)</u>	<u>1,417,688</u>

No amounts were allocated during the period (31 March 2010 £nil)

The members draw down sums on account of their anticipated share of the profit from the Partnership. The allocated amounts are determined in accordance with the Limited Liability Partnership Agreement.

There was an average of 7 members of the Partnership during the period (31 March 2010 7)

Notes *(continued)*

7 Related Party Transactions

The Partnership is a subsidiary of KDA Capital Limited, which in turn is a subsidiary of KDA Capital (Cayman) Ltd

During the period the Partnership was charged £9,714 (31 March 2010 £3,273) of expenses by KDA Capital Limited. A balance of £12,353 (March 2010 £3,273) was due to KDA Capital Limited at the period end.

During the period the Partnership received £1,331,504 (31 March 2010 £558,341) in respect to investment management fees from KDA Capital (Cayman) Ltd. As at the period end, there were no amounts outstanding (31 March 2010 £143,614).

8 Ultimate Controlling Party

The Partnership's immediate parent company is KDA Capital Limited. The members consider the ultimate controlling party of the Partnership is KDA Capital (Cayman) Ltd.