

## **Amber Capital UK LLP**

Registered Number: 0C322586

### **Members' Report and Financial Statements**

For the year ended 31 December 2012



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## Amber Capital UK LLP

Registered Number 0C322586

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Amber Capital UK LLP

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Registered Number 0C322586

## **Administrative information**

### **Members**

Amber Capital UK Holdings Ltd  
Gilles Fretigne  
Joseph Oughourlian

### **Registered office**

Kent House  
14-17 Market Place  
London, England W1W 8AJ

### **Independent Auditors**

PricewaterhouseCoopers LLP  
7 More London Riverside  
London  
SE1 2RT

### **Bankers**

The Royal Bank of Scotland  
62/63 Threadneedle Street  
London  
EC2R 8LA

HSBC Bank  
Hanover Square Branch  
19 St George Street  
London  
W1S 1FN

### **Solicitors**

Schulte Roth & Zabel International LLP  
Heathcoat House  
20 Savile Row  
London  
W1S 3PR

## Amber Capital UK LLP

Registered Number 0C322586

### **Members' report**

**For the year ended 31 December 2012**

The Members present their report and the audited financial statements for the year ended 31 December 2012

#### **Incorporation and commencement**

Amber Capital UK LLP (the 'LLP') was incorporated on 22 September 2006. The LLP was authorised by the Financial Services Authority to conduct investment business on 13 July 2007.

#### **Principal activity**

From 1 January 2012 to 31 August 2012, the LLP's principal activity was providing investment advisory and administrative services to Amber Capital LP (an entity incorporated in the US). Commencing 31 August 2012, the LLP's principal activity was providing investment advisory and administrative services to Amber Global Opportunities Master Fund Ltd, Amber Global Opportunities Fund Ltd, and Amber Global Opportunities Fund LP, and sub-advisory services to PM Manager Fund, SPC, on behalf of and for the account of Segregated Portfolio 22. The LLP also provides execution services to Amber Capital Italia SGR SpA (commencing 1 November 2009), and investment and administrative services to San Lazzaro LLC (commencing 18 December 2012).

#### **Results and allocation to members**

The results for the year are a loss of £414,740 shown in the profit and loss account on page 7. All losses have been shared amongst the members as governed by the Partnership Agreement dated 28 June 2012 and a subsequent Deed of Adherence dated 22 August 2012.

#### **Financial Position**

The LLP's balance sheet as detailed on page 8 shows a satisfactory position. Members' other interests amount to £1,010,000.

#### **Review of the business**

The financial statements show a loss of £414,740 as disclosed on page 7. The members expect the Partnership to return to profit in 2013.

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

Policies for members' drawings, subscriptions and repayment of members' capital are governed by the Partnership Agreement dated 28 June 2012 and any subsequent amendments/deeds of adherence since that date. In summary, the capital contributions made by each existing member were set out in the Partnership Agreement and the Corporate Member determines the capital contribution to be paid by all future Further Members. These capital contributions are only repaid at the discretion of the Members of the Partnership when a partner's membership of the LLP ceases. The Members of the Partnership have sole discretion to determine and vary the level of each member's drawings. To the extent that the aggregate drawings of any member in any financial year exceed the profits so allocated to such member in respect of such financial year, such excess shall be treated as a debt due to the Partnership, repayable immediately, unless determined otherwise by the Governance Committee. There were no transfers of equity to debt or debt to equity during the year and up to 29 March 2013.

## Amber Capital UK LLP

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### **Members' report (continued)**

**For the year ended 31 December 2012**

#### **Members**

The members of the LLP during the year and up to the date of this report were as follows

Amber Capital UK Holdings Ltd\*

Gilles Fretigne\*

Joseph Oughourlian\* (as of 22<sup>nd</sup> August 2012)

The responsibility for the management and control of the Partnership is exercised by the Members of the Partnership, as exercised by the Governance Committee

\* Designated members

#### **Principal risks and uncertainties**

The principal risks and uncertainties affecting the Group relate to the performance of the underlying funds it manages and the impact that poor performance has on the ability to attract and retain investors. The funds advised by the Group and its affiliates are subject to various market, counterparty, operational and regulatory risks that can ultimately have an impact on the group business. To the extent possible the Group continues to monitor and improve our controls and processes to provide the proper infrastructure for managing our clients' assets. Other risks and uncertainties relate to the ability to attract and retain key investment executives.

#### **Statement of members' responsibilities in respect of the financial statements**

The members are responsible for preparing the Annual 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 year. 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,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the partnership and the group 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.

Amber Capital UK LLP

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## **Members' report (continued)**

**For the year ended 31 December 2012**

### **Statement of disclosure of information to auditors**

In the case of each member in office at the date the members' report is approved confirms that

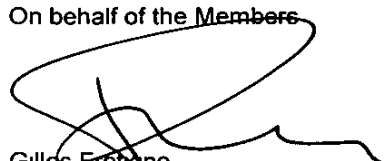
(a) so far as the member is aware, there is no relevant audit information of which the partnership's auditors are unaware, and

(b) he has taken all the steps that he ought to have taken as a member in order to make himself aware of any relevant audit information and to establish that the partnership's auditors are aware of that information

### **Independent auditors**

PricewaterhouseCoopers LLP were appointed as independent auditors. A resolution concerning their re-appointment will be proposed at the Members' meeting to approve these financial statements

On behalf of the Members



Gilles Frégné  
28 March 2013

## Amber Capital UK LLP

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Registered Number 0C322586

### **Independent auditors' report to the Members' of Amber Capital UK LLP**

We have audited the financial statements of Amber Capital UK LLP for the year ended 31 December 2012 which comprise the Profit and Loss Account, Balance Sheet and the related notes. 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).

#### **Respective responsibilities of members and auditors**

As explained more fully in the Statement of members' responsibilities set out on page 3, 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.

This report, including the opinions, has been prepared for and only for the members of the partnership as a body in accordance with 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 and for no other purpose. We do not, in giving these opinions, 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.

#### **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. In addition, we read all the financial and non-financial information in the Members' Report and additional information to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **Opinion on financial statements**

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 2012 and of its loss for the year 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

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**Independent auditors' report**  
to the Members' of Amber Capital UK 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



Natasha McMillan (senior statutory auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
28 March 2013

Amber Capital UK LLP

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**Profit and loss account**

For the year ended 31 December 2012

	<i>Notes</i>	<b>2012</b> £	<b>2011</b> £
Turnover	1	1,444,039	1,866,720
Administrative expenses		(1,866,156)	(1,524,928)
<b>Operating (loss)/profit</b>	2	<u>(422,117)</u>	<u>341,792</u>
Interest receivable and similar income		<u>7,377</u>	<u>10,465</u>
<b>(Loss)/Profit for the financial period before members' remuneration and profit share available for discretionary division among members</b>	3	<u>(414,740)</u>	<u>352,257</u>

All activities derive from continuing operations

There is no difference between the (loss)/profit on ordinary activities for the financial year and its historical cost equivalent

The limited liability partnership has no recognised gains and losses other than the loss/gain shown above and therefore no separate statement of total recognised gains and losses has been presented

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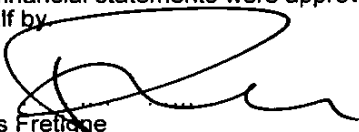
### Balance Sheet

As at 31 December 2012

	Notes	2012 £	2011 £
<b>Fixed Assets</b>			
Tangible fixed assets	4	10,612	-
Investments	5	624	-
		<u>11,236</u>	-
<b>Current assets</b>			
Debtors	6	397,327	1,380,221
Cash at bank and in hand		<u>1,830,331</u>	<u>1,607,124</u>
		2,227,658	2,987,345
<b>Creditors amounts falling due within one year</b>	7	(178,265)	(63,756)
<b>Net current assets</b>		<u>2,049,393</u>	<u>2,923,589</u>
<b>Total assets less current liabilities</b>		<u>2,060,629</u>	<u>2,923,589</u>
<b>Net assets attributable to members</b>		<u>2,060,629</u>	<u>2,923,589</u>
<b>Represented by</b>			
Loans and other debts due to members within one year	8	1,050,629	1,923,589
<b>Members' other interests</b>			
Members' Capital classified as equity under FRS 25	8	1,010,000	1,000,000
Other reserves	8	-	-
		<u>1,010,000</u>	<u>1,000,000</u>
		<u>2,060,629</u>	<u>2,923,589</u>
<b>Memorandum of members' total interests</b>			
Members' other interests	8	1,010,000	1,000,000
Loans from and other amounts due to members	8	<u>1,050,629</u>	<u>1,923,589</u>
Members' total interests	8	<u>2,060,629</u>	<u>2,923,589</u>

Notes 1-10 form an integral part of these financial statements

The financial statements were approved by the Members on 28 March 2013 and were signed on their behalf by

  
Gilles Fretigne

## Amber Capital UK LLP

Registered Number 0C322586

### Notes to the financial statements

for the year ended 31 December 2012

#### 1. Accounting policies

##### Basis of accounting

The financial statements have been prepared on the going concern basis, in accordance with applicable UK Accounting Standards, under the historical cost convention and in accordance with the Limited Liability Partnerships Act 2000, the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 and the Statement of Recommended Practice 'Accounting for Limited Liability Partnerships' issued in March 2010. Accounting policies have been applied consistently throughout the year.

##### Cash Flow Statement

Amber Capital UK Holdings Limited controls 98% of the voting rights in the LLP. The LLP is included in the consolidated financial statements of Amber Capital UK Holdings Limited which are publicly available. Consequently, the LLP has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1 (revised 1996), "cash flow statements".

##### Turnover and revenue recognition

Turnover, which is stated net of any value added tax, represents fees arising from (1) investment services activities in the United Kingdom up to 31 August 2012 charged to Amber Capital LP, which is a related entity domiciled in the US, and (2) execution activities charged to Amber Capital Italia SGR S.p.A., a related entity domiciled in Italy. These fees are accounted for on an accruals basis. Management fees were charged to San Lazzaro LLC for the month of December 2012. The LLP received profit share revenue of £67,018 from Amber Capital Management LP.

##### Tangible fixed assets and depreciation

All fixed assets are recorded at historical cost less accumulated depreciation. Cost includes the original purchase price of the assets and the costs attributed to bringing the asset to its working condition for its intended use.

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	-	3 years straight line
Leasehold improvements	-	3 years straight line

##### Investments

Investments are held at cost less any provision for impairment in value that is considered by the members to be permanent.

##### Expenses

Expenses incurred have been recognised on an accruals basis.

##### 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.

## Amber Capital UK LLP

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### Notes to the financial statements (continued) for the year ended 31 December 2012

#### Taxation

No provision has been made for taxation in the financial statements. Each member is exclusively liable for any tax liabilities arising out of his interest in the LLP. Tax will be assessed on the individual members and not on the LLP.

#### 2 Operating (loss)/profit

Operating (loss)/profit is stated after charging

	2012 £	2011 £
Auditors remuneration		
Fee payable to auditor for audit of financial statements	8,650	8,400
Fee payable to auditor's associates for tax services	15,100	10,900
Depreciation	2,561	-
Advisory Fee paid to Amber Capital UK Holdings Limited	1,458,903	1,375,739

#### 3. Payments to members

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 year.

Amounts due to members in respect of equity participation rights, following a discretionary division of profits, are debited to equity and credited to member's 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 those profits are included within debtors.

	2012 £	2011 £
(Loss)/Profit for the financial year before members' remuneration and profit share and available for division among members	<u>(414,740)</u>	<u>352,257</u>
(Loss)/Profit for the financial year available for discretionary division among members	<u>(414,740)</u>	<u>352,257</u>
(Loss)/Profit in respect of the highest allocated member during the year	<u>(619,103)</u>	<u>134,919</u>

The average monthly number of members in the year was 2.5 (2011: 2.5). There are no employees.

## Amber Capital UK LLP

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### Notes to the financial statements (continued)

for the year ended 31 December 2012

#### 4. Tangible fixed assets

	Computer Equipment £	Leasehold Improvements £	Total £
At 01 January 2012	-	-	-
Additions	1,070	12,103	13,173
At 31 December 2012	1,070	12,103	13,173
At 1 January 2012	-	-	-
Accumulated depreciation			
Charge for the year	208	2,353	2,561
At 31 December 2012	208	2,353	2,561
Net book value			
At 31 December 2012	862	9,750	10,612

#### 5 Fixed asset investments

##### Unlisted investments

	2012 £
At 1 January 2012	-
Additions	624
At 31 December 2012	624

The members consider the value of the investments to be supported by their underlying asset

#### 6 Debtors amounts falling due within one year

	2012 £	2011 £
Amount receivable from San Lazzaro LLC	3,446	-
Amount receivable from Amber Capital UK Holdings Limited	-	400,000
Amount receivable from Amber Capital LP	22,139	595,881
Amount receivable from Amber Capital Italia SGR SpA	16,664	9,901
Other Debtors	4,236	18,847
Prepayments	66,835	76,345
VAT receivable	18,291	22,207
Deferred Expense	8,676	-
	140,287	1,123,181
Rent Deposit due after one year	257,040	257,040
	397,327	1,380,221

## Amber Capital UK LLP

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### Notes to the financial statements (continued)

for the year ended 31 December 2012

#### 7 Creditors amounts falling due within one year

	2012 £	2011 £
Trade creditors	48,513	48,626
Amount Payable to Amber Capital Management LP	112,026	-
Accruals	17,726	15,130
	<u>178,265</u>	<u>63,756</u>

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

	Members' capital (classified as equity) £	Other reserves £	Total £	Loans from and other amounts due to members £	Members' total interests £
Members' interests as at 01 January 2012	1,000,000	-	1,000,000	1,923,589	2,923,589
Loss for the year available for discretionary division among members	-	(414,740)	(414,740)	-	(414,740)
Members' interests after loss for the year	1,000,000	(414,740)	585,260	1,923,589	2,508,849
Drawings	-	-	-	(754,920)	(754,920)
Appropriations of loss	-	414,740	414,740	(414,740)	-
Other movements	-	-	-	296,700	296,700
Capital Contribution	10,000	-	10,000	-	10,000
Members' interests as at 31 December 2012	<u>1,010,000</u>	<u>-</u>	<u>1,010,000</u>	<u>1,050,629</u>	<u>2,060,629</u>
Amounts due to members				1,064,904	
Amounts due from members				<u>(14,275)</u>	
				<u>1,050,629</u>	

## Amber Capital UK LLP

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### **Notes to the financial statements (continued)**

for the year ended 31 December 2012

#### **9. Parent undertaking and ultimate controlling party**

The LLP's immediate parent undertaking is Amber Capital UK Holdings Limited, which has included the LLP in its consolidated financial statements, copies of which are available from its registered office at Kent House, 14-17 Market Place, London, W1W 8AJ. Amber Capital UK Holdings Limited's parent is Amber Capital LP, a Limited Partnership organised under the laws of the state of Delaware. The ultimate controlling party is Joseph Oughourlian.

#### **10 Related Party Transactions**

During the year, service fee of £1,458,903 (2011: £1,376,149) was charged from Amber Capital UK Holdings Limited. The amount due to Amber Capital UK Holdings Limited at 31 December 2012 was £442,614 (2011: £145,914).

The LLP charged research service fees of £1,327,356 (2011: £1,745,700) to Amber Capital LP and execution service fees of £46,220 (2011: £26,928) to Amber Capital Italia SGR SpA.

During the year, the LLP charged management fees of £3,446 to San Lazzaro LLC (2011: £0).

During the year, the LLP received profit sharing revenue of £67,018 from Amber Capital Management LP.

As at 31 December 2012, the balances owed to the LLP by Amber Capital LP, Amber Capital Italia SGR SpA, and San Lazzaro LLC were £22,139 (2011: £595,881), £16,664 (2011: £9,901), £3,446 (2011: £0) respectively.

The LLP redeemed its investment in San Lazzaro LLC on 31 January 2013 at book value.

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### **Additional Information – Pillar III disclosure (unaudited)**

The following unaudited additional information does not form part of the financial statements

#### **AMBER CAPITAL UK LLP PILLAR 3 RISK DISCLOSURE STATEMENT**

##### **Introduction**

Amber Capital UK LLP (the "Firm") is required by the Financial Services Authority ("FSA") to disclose information relating to the capital it holds and each material category of risk it faces in order to assist users of its accounts and to encourage market discipline. These disclosures aim to provide information on the risk exposures faced by the Firm and the risk assessment process it has in place to monitor these. Known as "Pillar 3" disclosures, they are required to be made under Chapter 11 of the FSA's Prudential Sourcebook for Banks, Building Societies and Investment Firms ("BIPRU") and are seen as complimentary to the Firm's minimum capital requirement calculation ("Pillar 1") and the internal review of its capital adequacy ("Pillar 2").

The Firm is a limited liability partnership incorporated in England and Wales. The Firm is 98% owned by a corporate member, Amber Capital UK Holdings Ltd ("ACUK Holdings"), and 1% owned by each of its managing members, Gilles Fretigne and Joseph Oughourlian. ACUK Holdings is a private limited company incorporated in England and Wales.

ACUK Holdings is 100% owned by Amber Capital LP ("ACLP"), a limited partnership organized under the laws of the State of Delaware, U S A.

The Firm is the investment manager, manager and/or sub-advisor of several collective investment schemes (the "Funds") and is responsible for all trading and other investment decisions for the Funds. The Firm is authorised and regulated by the FSA.

##### **Risk management**

The Firm has established a risk management process in order to ensure that it has effective systems and controls in place to identify, monitor and manage risks arising in the business. The risk management process is overseen by Gilles Fretigne, a managing member of the Firm (and also the Firm's Compliance Officer) with the Members' of the Firm taking overall responsibility for this process. A formal update on operational matters is provided to the Members' on a quarterly basis. Management accounts demonstrating continued adequacy of the Firm's regulatory capital are also provided on a quarterly basis.

Appropriate action is taken where risks are identified which fall outside of the Firm's risk tolerance levels or where the need for remedial action is required in respect of identified weaknesses in the Firm's mitigating controls.

Specific risks applicable to the Firm come under the headings of business, operational, and credit risks.

##### **Business risk**

The majority of the Firm's revenue is generated through the provision of services to the Funds. The loss of this revenue would result in the Firm itself making a loss. This risk is mitigated by the significant levels of capital held by the Firm.

## **Amber Capital UK LLP**

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### **Operational risk**

The Firm places strong reliance on the operational procedures and controls that it has in place in order to mitigate risk and seeks to ensure that all personnel are aware of their responsibilities in this respect

The Firm has identified a number of key operational risks to manage. These relate to key man issues, the risk of occurrence of trading errors, disaster recovery risks and the potential for serious regulatory breaches. Appropriate policies are in place to mitigate against these risks, which includes taking out adequate professional indemnity insurance.

The risk of loss of key trading personnel is mitigated by the fact that the portfolio manager is a partner to the Firm, and the majority partner of the Firm's parent. Operational procedures exist to prevent and identify trade errors. The Firm has alternative arrangements in place should a disaster recovery event occur. These arrangements are tested on a regular basis in order to ensure that they would be effective should they be required to be invoked. The Firm's employees undergo periodic training to ensure that they understand their regulatory obligations.

### **Credit risk**

The Firm is exposed to credit risk in respect of fees billed to the Funds and Amber Capital Italia SGR SpA, its rent deposit with its landlord and cash held on deposit.

Since the Firm has one main client, its total number of credit exposures is limited. The Firm's bank accounts are held with large international credit institutions.

Given the nature of the Firm's exposures, no specific policy for hedging and mitigating credit risk is in place. The Firm uses the simplified standardised approach detailed in BIPRU 3.5.5 of the FSA Handbook when calculating risk weighted exposures in respect of its debtors. This amounts to 8% of the total balance due. All bank balances are subject to a risk weighted exposure of 1.6% in accordance with BIPRU 3.4 of the FSA Handbook.

### **Consolidation**

The Firm is a member of a group and prepares accounts on a fully consolidated basis for accounting purposes under UK GAAP. The accounts of the group and of the subsidiary companies are prepared on the going concern basis. Consolidated supervision reports prepared for the purpose of providing prudential returns to the FSA require each company in the group to assess the capital held and the capital required in accordance with the provisions set out in BIPRU 8 of the FSA Handbook. This requires all regulated firms within the group to maintain adequate capital resources so as to meet their capital requirements. Unregulated firms are not required to meet capital requirements on an individual basis provided there is adequate capital in the group as a whole.

The Firm is responsible for preparing consolidated accounts and ensures that sufficient capital is maintained on an entity by entity basis as well as on a consolidated basis.

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### Remuneration Code

The FSA's Remuneration Code ("Code") can be applied in a proportionate way as the Firm falls within proportionality level three. As such, the Members' has determined that the following rules are not proportionate to the Firm and have not implemented these detailed rules

- SYSC 19A 3 44 - Leverage,
- SYSC 19A 3 47 - Retained shares and other instruments,
- SYSC 19A 3 49 - Deferral, and
- SYSC 19A 3 51, 19A 3 52 - Performance adjustment

#### Decision-making process for remuneration policy

The Members' of the Firm is responsible for approving the remuneration policy and, in doing so, takes into account the pay and conditions across the Firm

This includes the individual remuneration packages of Members and other senior employees, including all in positions of significant influence and those having an impact on the Firm's risk profile ("Remuneration Code Staff")

Members receive drawings in accordance with the Partnership Agreement and any remaining profits are allocated to members in accordance with this Partnership Agreement

No individual is involved in decisions relating to his or her own remuneration

#### a) Remuneration Code Staff criteria

In accordance with the FSA's criteria for Remuneration Code Staff, the Firm has identified those individuals who meet the relevant criteria, based on the definition noted below

- a person who performs a significant influence function for a firm,
- a senior manager,
- risk takers, whose professional activities could have a material impact on the Firm's risk profile and
- all staff whose total remuneration takes them into the same bracket as senior management and risk takers

#### b) The link between pay and performance for Remuneration Code Staff

Remuneration is made up of fixed pay (i.e. salary and benefits) and performance-related pay (i.e. annual bonus). Performance related pay is designed to reflect success or failure against a range of targets. The structure of the remuneration package is such that the fixed element is sufficiently large to enable the Firm to operate a truly flexible bonus policy

The Firm is subject to, and is in compliance with, the FSA's Remuneration Code (the "Code"). The purpose of the Code generally is to ensure that firms have risk focused remuneration policies, which are consistent with and promote effective risk management and do not expose the firm to excessive risk

The Code is capable of application in a proportionate manner (the Proportionality Rule), the Firm falls within proportionality tier four. The Firm's Members' is responsible for setting the firm's remuneration policy for all staff, and the compliance oversight officer is a member of the senior management team. No individual is involved in decisions relating to his or her own remuneration

## **Amber Capital UK LLP**

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In accordance with FSA guidance, the firm considers the following criteria in identifying Code Staff those who perform a significant influence function, senior managers, risk takers whose professional activities could have a material impact on the Firm's risk profile, and all staff whose total remuneration takes them into the same bracket as senior management and risk takers

Variable remuneration, to the extent it is paid, is directly linked to the firm's performance and profitability as a whole

### **Quantitative information**

The Firm, which has one business area, has identified two Remuneration Code Staff members, who are the managing members and members of senior management. They are entitled to partnership drawings and neither has received variable remuneration in the past five years. They received aggregate remuneration of £218,638 in 2012.

### **Capital adequacy**

#### **Capital resources**

As at 31 December 2012, the Firm held regulatory capital resources of £2,803,536. This comprised solely of core Tier 1 capital.

#### **Capital requirement**

As at 31 December 2012, the Firm's Pillar 1 capital requirement was £385,860. This has been determined by reference to the Firm's Fixed Overheads Requirement ("FOR") and calculated in accordance with the FSA's General Prudential Sourcebook ("GENPRU") at GENPRU 2.1.53. The requirement is based on the FOR since at all times this exceeds the total of the credit and market risk capital requirements considered by the Firm and also exceeds its base capital requirement of €50,000.

The FOR is based on annual expenses net of variable costs deducted, which include discretionary bonuses paid to staff, exchange losses and certain one-off professional fees. The Firm monitors its expenditure on a monthly basis and takes into account any material fluctuations in order to determine whether the FOR remains appropriate to the size and nature of the business or whether any adjustment needs to be made intra-year. This is monitored by a managing member and reported to Members' of the Firm on a quarterly basis.

#### **Satisfaction of capital requirements**

Since the Firm's ICAAP (Pillar 2) process has not identified capital to be held over and above the Pillar 1 requirement, the capital resources detailed above are considered adequate to continue to finance the Firm over the next year. No additional capital injections are considered necessary and the Firm expects to continue to be profitable.