

LCF Edmond de Rothschild Asset Management Limited

(Formerly LCF Rothschild Asset Management Limited)

(Company Number 1831706)

REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 2004



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LCF EDMOND DE ROTHSCHILD ASSET MANAGEMENT LIMITED

(Formerly LCF Rothschild Asset Management Limited)

REPORT AND FINANCIAL STATEMENTS 2004

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LCF EDMOND DE ROTHSCHILD ASSET MANAGEMENT LIMITED
(Formerly LCF Rothschild Asset Management Limited)

OFFICERS AND PROFESSIONAL ADVISERS

Directors	Mr. J. B. A. Alexander	(Chairman)
	Mr. R. M. Sopher	(Managing Director)
	Mr. P. J. R. Maddison	

Secretary	Mr. P. J. R. Maddison
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Registered Office	Orion House 5 Upper St. Martin's Lane London WC2H 9EA
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Auditors	PricewaterhouseCoopers LLP Chartered Accountants and Registered Auditors
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Solicitors	Freshfields
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Bankers	Lloyds TSB Bank Plc Barclays Bank Plc
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Regulator	Financial Services Authority FSA Firm Code: 144038
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LCF EDMOND DE ROTHSCHILD ASSET MANAGEMENT LIMITED
(Formerly LCF Rothschild Asset Management Limited)

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 2004.

1. ACTIVITIES

The Company has continued trading as a financial adviser.

2. REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

The directors consider the results achieved during the year to be satisfactory and expect improvements during 2005.

3. DIVIDENDS

The directors recommend that a dividend of £8.00 per share be paid in respect of the year ended 31 December 2004 (2003 – £3.20 per share). The profit for the financial year of £97,705 (2003 - profit £157,959) will be transferred to reserves.

4. DIRECTORS' RESPONSIBILITIES

The directors are required by UK company law to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit and loss for that period. In preparing the financial statements, appropriate accounting policies have been used and applied consistently, and reasonable and prudent judgements and estimates have been made. Applicable accounting standards have been followed and the financial statements have been prepared on a going concern basis. The directors are responsible for maintaining adequate accounting records, for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.

LCF EDMOND DE ROTHSCHILD ASSET MANAGEMENT LIMITED

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DIRECTORS' REPORT (Continued)

5. DIRECTORS

The present membership of the board is set out on Page 1. There were no changes during the year. None of the directors had, at any time during the year, any interest in the shares of the company or of other group companies, that required disclosure in accordance with the Companies Act 1985.

6. CLOSE COMPANY PROVISIONS

As far as the directors are aware, the company is a close company as defined by the Income and Corporation Taxes Act 1988.

7. AUDITORS

A resolution to reappoint PricewaterhouseCoopers LLP as auditors to the company will be proposed at the annual general meeting.

BY ORDER OF THE BOARD



P. J. R. Maddison
Secretary

25th February 2005

LCF EDMOND DE ROTHSCHILD ASSET MANAGEMENT LIMITED

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

We have audited the financial statements which comprise the profit and loss account, the balance sheet and the related notes which have been prepared under the historical cost convention and the accounting policies set out on pages 7 and 8.

Respective responsibilities of directors and auditors

The directors' 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 directors' 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 company's members as a body in accordance with Section 235 of the Companies Act 1985 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. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company 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 directors' remuneration and transactions 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 other information comprises only the directors' 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 directors 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 give a true and fair view of the state of the company's affairs at 31 December 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London
25 February 2005

LCF EDMOND DE ROTHSCHILD ASSET MANAGEMENT LIMITED

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PROFIT AND LOSS ACCOUNT**YEAR ENDED 31 DECEMBER 2004**

	Notes	2004 £	2003 £
Turnover		6,285,862	3,160,201
Administrative expenses	3	(3,300,114)	(1,800,000)
Operating profit		2,985,748	1,360,201
Interest receivable		10,973	8,312
Profit on ordinary activities before taxation		2,996,721	1,368,513
Tax on profit on ordinary activities	6	(899,016)	(410,554)
Profit on ordinary activities after taxation		2,097,705	957,959
Dividends proposed	11	(2,000,000)	(800,000)
Retained profit for the year		<u>£97,705</u>	<u>£157,959</u>

STATEMENT OF RETAINED PROFITS

	2004 £	2003 £
Balance at 1 January	1,407,065	1,249,106
Retained profit for the year	97,705	157,959
Balance at 31 December	<u>£1,504,770</u>	<u>£1,407,065</u>

There are no movements in shareholders' funds other than in respect of retained profits.

The operating profit of the company is derived entirely from continuing operations.

There is no difference between the profit on ordinary activities before taxation and the retained profit for the financial period stated above and their historical cost equivalents.

The company has no recognised gains and losses other than those included in the profit and loss account, and therefore no separate statement of recognised gains and losses has been presented.

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

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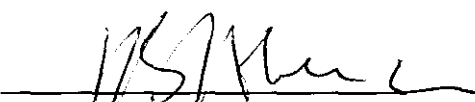
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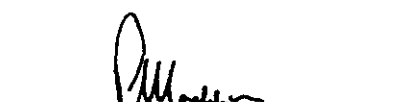
BALANCE SHEET

31 DECEMBER 2004

	Notes	2004	2003
		£	£
FIXED ASSETS			
Investments	7	81,045	80,347
CURRENT ASSETS			
Debtors	8	1,307,106	1,685,415
Cash at bank		367,317	301,857
		<u>1,674,423</u>	<u>1,987,272</u>
CREDITORS: amounts falling due within one year	9	<u>(698)</u>	<u>(410,554)</u>
		1,673,725	1,576,718
Total assets less current liabilities		<u><u>£1,754,770</u></u>	<u><u>£1,657,065</u></u>
CAPITAL AND RESERVES			
Called up share capital	10	250,000	250,000
Profit and loss account		1,504,770	1,407,065
Equity Shareholders' Funds		<u><u>£1,754,770</u></u>	<u><u>£1,657,065</u></u>

These financial statements were approved by the Board on 25th February 2005.


J. B. A. Alexander (Director)


P. J. R. Maddison (Director)

The notes on pages 7 to 11 form part of these financial statements.
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LCF EDMOND DE ROTHSCHILD ASSET MANAGEMENT LIMITED

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NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2004

1 ACCOUNTING POLICIES

(a) Accounting Convention

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

(b) Foreign Currencies

Assets and liabilities denominated in foreign currencies are translated into sterling at rates ruling at the balance sheet date. Transactions denominated in foreign currencies are translated at the rate of exchange prevailing at the end of the month in which the transaction occurred. Profits and losses on exchange arising in the ordinary course of business are taken to the profit and loss account.

(c) Taxation

The charge for taxation is based on the profit for the year, as adjusted for disallowable items. Timing differences arise from the recognition for tax purposes of certain items of income and expense in a different accounting period from that in which they are recognised in the financial statements. Full provision is made for all tax timing differences.

Deferred tax assets are recognised where it is more likely than not there will be suitable taxable profits from which the future reversal of the underlying differences can be deducted.

(d) Cash Flow Information

As permitted by FRS 1, these financial statements do not include a cash flow statement, because the consolidated financial statements of Edmond de Rothschild Limited, which include this company as a wholly owned subsidiary and which are publicly available, include a consolidated cash flow statement dealing with the cash flows of the group.

(e) Related Party Disclosure

Advantage has been taken of the exemption in FRS 8, which permits a wholly owned subsidiary undertaking, which is included in the consolidated financial statements of a group, which are publicly available, from disclosing any transactions with other entities which are 90% or more owned within the group.

(f) Turnover

Turnover represents fees charged for the provision of advisory services, which are recognised on an accruals basis. The balance is stated exclusive of VAT and other related taxes.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

YEAR ENDED 31 DECEMBER 2004

1 ACCOUNTING POLICIES (continued)

(g) Investments Held As Fixed Assets

Investments, which are held as fixed assets, are included in the balance sheet at cost less provision for impairment in value.

2 SEGMENTAL AND GEOGRAPHICAL ANALYSIS

The directors consider that a geographical split of turnover, results and assets is inappropriate, as the company's services are provided to a world market and the company operates in one category of business, that of the provision of financial services.

3 ADMINISTRATIVE EXPENSES

Administrative expenses include a management charge of £3,300,000 (2003 - £1,800,000) from the parent company. This includes directors' emoluments for management services, as detailed below, and audit fees of £7,000 (2003 - £7,000).

4 DIRECTORS' EMOLUMENTS

	2004	2003
	£	£
Aggregate emoluments (excluding pension contributions)	1,438,581	828,407
Aggregate value of company contributions to defined contribution pension scheme (in respect of 3 directors)	131,988	28,696
Highest paid director		
Aggregate emoluments (excluding pension contributions)	1,126,027	772,902
Company pension contributions to defined contribution pension schemes	12,107	11,870

Apart from the directors' emoluments information disclosed above, there are no other related party transactions with directors or other officers of the company that are required to be disclosed under FRS 8 Related Party Disclosure.

5 EMPLOYEES

No staff were employed directly by the company during the year (2003 - Nil).

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

YEAR ENDED 31 DECEMBER 2004

6 TAX ON PROFIT ON ORDINARY ACTIVITIES

	2004	2003
	£	£
U.K. Corporation tax based on profit for the year at 30% (2003 - 30%)	889,016	410,554
Tax on profit on ordinary activities	<u><u>£899,016</u></u>	<u><u>£410,554</u></u>

7 INVESTMENTS HELD AS FIXED ASSETS

<u>Name</u>	<u>Country of Registration or Incorporation</u>	<u>Description and amount of Shares Held</u>	<u>Proportion of Nominal Value of Issued Shares Held</u>	<u>Principal Activity</u>
(a) Held by the Company and included in the balance sheet at cost less provision for impairment in value:				
Other Investments				
ACH Management S.A.	Luxembourg	150 Ordinary Shares of Flux 1,000 each	5%	Fund Adviser
ECH Investments Limited	Luxembourg	5,000 Ordinary Shares of EUR 1 each	5%	Fund Adviser
ECH Investments Limited	Luxembourg	7,500 Preference 'E' Shares of EUR 1 each	100%	Fund Adviser
ECH Investments Limited	Luxembourg	667 Participating Preferred Shares of EUR 1 each	66.7%	Fund Adviser
L.C.H. Investments N.V	Curaçao	5 Ordinary Shares of USD 1 each	0.5%	Fund Adviser
(b)				
Cost			Other Investments	
At 1 January 2004			£	
Additions			80,347	
At 31 December 2004			<u>698</u>	
			<u><u>£81,045</u></u>	
Provisions				
At 1 January 2004			0	
Provided during the year			0	
At 31 December 2004			<u>£0</u>	
Net Book Value at 31 December 2004			<u><u>£81,045</u></u>	
Net Book Value at 31 December 2003			<u><u>£80,347</u></u>	

LCF EDMOND DE ROTHSCHILD ASSET MANAGEMENT LIMITED
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

YEAR ENDED 31 DECEMBER 2004

8 DEBTORS

	2004	2003
	£	£
Trade debtors	488,895	732,336
Amounts owed by group companies	818,211	953,079
	<u>£1,307,106</u>	<u>£1,685,415</u>

9 CREDITORS: amounts falling due within one year

	2004	2003
	£	£
Corporation tax	0	732,336
Amounts owed to group companies	698	953,079
	<u>£698</u>	<u>£1,685,415</u>

10 CALLED UP SHARE CAPITAL

	<u>Ordinary Shares of £1 each</u>	
	2004	2003
Authorised, issued and fully paid	<u>£250,000</u>	<u>£250,000</u>

11 DIVIDENDS

	2004	2003
Ordinary final dividend paid/proposed	<u>£2,000,000</u>	<u>£800,000</u>

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

YEAR ENDED 31 DECEMBER 2004

12 CONTINGENT LIABILITIES

There are no contingent liabilities known to the directors (2003 – Nil).

13 ULTIMATE HOLDING COMPANY

The company is a wholly owned subsidiary of Edmond de Rothschild Limited, a company registered in England and Wales. Copies of financial statements can be obtained from the registered office.

The directors consider the ultimate holding company and ultimate controlling party to be La Compagnie Financière Holding Benjamin et Edmond de Rothschild, Genève S.A., a company incorporated in Switzerland.