



LCF Edmond de Rothschild Asset Management Limited
(Company Number 1831706)

REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 2005



LCF EDMOND DE ROTHSCHILD ASSET MANAGEMENT LIMITED

REPORT AND FINANCIAL STATEMENTS 2005

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LCF EDMOND DE ROTHSCHILD ASSET MANAGEMENT LIMITED

OFFICERS AND PROFESSIONAL ADVISORS

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

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 2005.

1. ACTIVITIES

The Company operates as a financial adviser to several investment funds.

2. REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

The directors consider the results achieved during the year to be satisfactory and expect improvements during 2006.

3. DIVIDENDS

No dividend has yet been proposed for approval by the board in respect of the year ended 31 December 2005 (2004 – £8.00 per share). The profit for the financial year of £3,610,471 (2004 - profit £97,705) 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.

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.

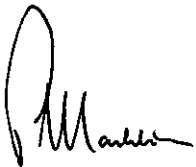
6. CLOSE COMPANY PROVISIONS

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

7th March 2006

LCF EDMOND DE ROTHSCHILD ASSET MANAGEMENT LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LCF EDMOND DE ROTHSCHILD ASSET MANAGEMENT LIMITED

We have audited the financial statements of LCF Edmond de Rothschild Asset Management Limited for the year ended 31 December 2005 which comprise the Profit and Loss Account, the Balance Sheet and the related notes set out on pages 8 to 12. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 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 other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

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 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.

LCF EDMOND DE ROTHSCHILD ASSET MANAGEMENT LIMITED

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 company's affairs as at 31 December 2005 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
7th March 2006

LCF EDMOND DE ROTHSCHILD ASSET MANAGEMENT LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 DECEMBER 2005

	Notes	2005 £	2004 £
Turnover		8,332,487	6,285,862
Administrative expenses	3	<u>(3,200,501)</u>	<u>(3,300,114)</u>
Operating profit		5,131,986	2,985,748
Interest receivable		<u>25,830</u>	<u>10,973</u>
Profit on ordinary activities before taxation		5,157,816	2,996,721
Tax on profit on ordinary activities	6	<u>(1,547,345)</u>	<u>(899,016)</u>
Profit on ordinary activities after taxation		3,610,471	2,097,705
Dividends	11	<u>0</u>	<u>(2,000,000)</u>
Retained profit for the year		<u>£3,610,471</u>	<u>£97,705</u>

STATEMENT OF RETAINED PROFITS

	2005 £	2004 £
Balance at 1 January	1,504,770	1,407,065
Retained profit for the year	<u>3,610,471</u>	<u>97,705</u>
Balance at 31 December	<u>£5,115,241</u>	<u>£1,504,770</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 8 to 12 form part of these financial statements.

Auditors' Report page 4 to 5

LCF EDMOND DE ROTHSCHILD ASSET MANAGEMENT LIMITED

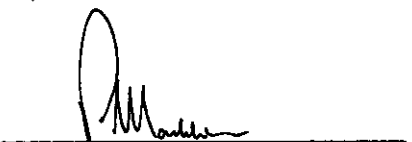
BALANCE SHEET

31 DECEMBER 2005

	Note	2005	2004
		£	£
FIXED ASSETS			
Investments	7	81,045	81,045
CURRENT ASSETS			
Debtors	8	5,695,211	1,307,106
Cash at bank		<u>469,118</u>	<u>367,317</u>
		6,164,329	1,674,423
CREDITORS: amounts falling due within one year	9	<u>(880,133)</u>	<u>(698)</u>
		5,284,196	1,673,725
Total assets less current liabilities		<u>£5,365,241</u>	<u>£1,754,770</u>
CAPITAL AND RESERVES			
Called up share capital	10	250,000	250,000
Profit and loss account		5,115,241	1,504,770
Equity Shareholders' Funds		<u>£5,365,241</u>	<u>£1,754,770</u>

These financial statements were approved by the Board on 7th March 2006.


J. B. A. Alexander (Director)


P. J. R. Maddison (Director)

The notes on pages 8 to 12 form part of these financial statements.
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NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2005

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.

Performance fees and final dividends receivable are recorded on a cash basis when final calculations are not available at year end.

The notes on pages 8 to 12 form part of these financial statements.

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LCF EDMOND DE ROTHSCHILD ASSET MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

YEAR ENDED 31 DECEMBER 2005

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 £3,200,000 (2004 - £3,300,000) from the parent company. This includes directors' emoluments for management services, as detailed below, and audit fees of £10,000 (2004 - £7,000).

4 DIRECTORS' EMOLUMENTS

	2005	2004
	£	£
Aggregate emoluments (excluding pension contributions)	2,065,453	1,438,581
Aggregate value of company contributions to defined contribution pension scheme (in respect of 3 directors)	117,232	131,988
Highest paid director		
Aggregate emoluments (excluding pension contributions)	1,430,578	1,126,027
Company pension contributions to defined contribution pension schemes	12,451	12,107

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 (2004 - Nil).

The notes on pages 8 to 12 form part of these financial statements.

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LCF EDMOND DE ROTHSCHILD ASSET MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

YEAR ENDED 31 DECEMBER 2005

6 TAX ON PROFIT ON ORDINARY ACTIVITIES

	2005	2004
	£	£
U.K. Corporation tax based on profit for the year at 30% (2004 - 30%)	1,547,345	889,016
Tax on profit on ordinary activities	<u>£1,547,345</u>	<u>£889,016</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)			Other Investments	
Cost			£	
At 1 January 2005			81,045	
Additions			0	
At 31 December 2005			<u>£81,045</u>	
Provisions				
At 1 January 2005			0	
Provided during the year			0	
At 31 December 2005			<u>£0</u>	
Net Book Value at 31 December 2005			<u>£81,045</u>	
Net Book Value at 31 December 2004			<u>£81,045</u>	

The notes on pages 8 to 12 form part of these financial statements.

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LCF EDMOND DE ROTHSCHILD ASSET MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

YEAR ENDED 31 DECEMBER 2005

8 DEBTORS

	2005	2004
	£	£
Trade debtors	1,412,490	488,895
Amounts owed by group companies	4,282,721	818,211
	<u>£5,695,211</u>	<u>£1,307,106</u>

9 CREDITORS: amounts falling due within one year

	2005	2004
	£	£
Corporation tax	0	0
Retrocessions payable	780,133	0
Other creditors and accruals	100,000	0
Amounts owed to group companies	0	698
	<u>£880,133</u>	<u>£698</u>

10 CALLED UP SHARE CAPITAL

	<u>Ordinary Shares of £1 each</u>	
	2005	2004
Authorised, issued and fully paid	<u>£250,000</u>	<u>£250,000</u>

11 DIVIDENDS

	2005	2004
Ordinary final dividend	<u>£0</u>	<u>£2,000,000</u>

The notes on pages 8 to 12 form part of these financial statements.
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LCF EDMOND DE ROTHSCHILD ASSET MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

YEAR ENDED 31 DECEMBER 2005

12 CONTINGENT LIABILITIES

There are no contingent liabilities known to the directors (2004 – 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.