

Baker Steel Capital Managers LLP

Registration Number: OC301191

Members' Report and Financial Statements

For the year ended 31 December 2009

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Baker Steel Capital Managers LLP

Registration No OC301191

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Baker Steel Capital Managers LLP

Registration No OC301191

Administrative information

Members

T D Steel
Northcliffe Holdings Pty Limited
Meadow International Investments Limited
P M Tompson
J C Withall
C Isnardi
A K Bhatt
Baker Steel Limited

Registered Office

86 Jermyn Street
London
SW1Y 6JD

Auditors

Ernst & Young LLP
1 More London Place
London
SE1 2AF

Bankers

National Westminster Bank plc
PO Box 4QQ
19 Shaftesbury Avenue
London
W1A 4QQ

Legal Advisors

Simmons & Simmons
CityPoint
One Ropemaker Street
London
EC2Y 9SS

Members' report (continued)

for the year ended 31 December 2009

The Members present their report and the audited financial statements of Baker Steel Capital Managers LLP ("the LLP") for the year ended 31 December 2009

Principal activity and business review

The LLP is authorised and regulated by The Financial Services Authority and its principal activity during the year under review was the provision of investment management services to Baker Steel Capital Managers (Cayman) Ltd

Results and allocation to Members

The profit for the year was £5,936,398 (2008 £1,653,224) as shown on page 7. The LLP distributed £1,803,998 (2008 £1,520,318) of its retained profits to its Members. Any profits are shared amongst the Members as decided by the Managing Members and governed by the Partnership Agreement dated 30 November 2007.

Financial position

The LLP's balance sheet as detailed on page 8 shows a satisfactory position, Members' other interests amounting to £6,283,307 (2008 £1,722,767).

Future development

The Members do not expect any change in the principal activity of the LLP in the foreseeable future.

Policy for Members' drawings, subscriptions and repayment of Members' capital

Policies for Members' drawings, subscriptions and repayment of Members' capital are governed by the Partnership Agreement dated 30 November 2007.

Going concern

The LLP's business activities, together with the factors likely to affect its future development, performance and position are set out above. The financial and liquidity position of the LLP are reflected on the balance sheet.

The LLP has considerable financial resources and ongoing investment management contracts. As a consequence, the members believe that the LLP is well placed to manage its business risks successfully and have a reasonable expectation that the LLP has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Pillar 3

In accordance with the rules of the Financial Services Authority, the LLP has prepared information on its risk management objectives and policies on its regulatory capital requirements and resources. This information is available from the LLP on application to the registered office, at 86 Jermyn Street London, SW1Y 6JD.

Baker Steel Capital Managers LLP

Registration No OC301191

Members' report (continued)

for the year ended 31 December 2009

Members

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

T D Steel

Northcliffe Holdings Pty Limited

Meadow International Investments Limited

A N Pullar

(resigned 31 January 2009)

C Isnardi

J C Withall

Baker Steel Limited

P M Tompson

A K Bhatt

(appointed 1 January 2009)

The Designated Members are T D Steel and Baker Steel Limited

The Managing Members are Northcliffe Holdings Pty Limited and T D Steel

Auditors

The auditors, Ernst & Young LLP, have indicated their willingness to continue in office and a resolution to reappoint them as auditors will be proposed at the Members' meeting to approve these financial statements

On behalf of the Members



T D Steel

Designated Member

29 APRIL 2010

Statement of Designated Members' responsibilities in respect of the financial statements

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

Legislation applicable to limited liability partnerships requires the Designated Members to prepare financial statements for each financial year. Under that law the Designated Members have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The Designated 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 LLP and of the profit or loss of the LLP for that period. 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 LLP will continue in business, and
- state whether applicable UK Accounting Standards have been followed subject to any material departures disclosed and explained in the financial statements

The Designated Members are responsible for keeping adequate accounting records that are sufficient to show and explain the LLP's transactions and disclose with reasonable accuracy at any time the financial position of the LLP and enable them to ensure that the financial statements comply with the Companies Act 2006 as modified by the Limited Liability Partnerships Regulations 2008. The Designated Members are also responsible for safeguarding the assets of the LLP and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditors' report

to the Members of Baker Steel Capital Managers LLP

We have audited the financial statements of Baker Steel Capital Managers LLP for the year ended 31 December 2009 which comprise Profit and Loss Account, Balance Sheet, Cash Flow Statement and the related notes 1 to 12. These financial statements have been prepared on the basis of the accounting policies set out therein.

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 described in the Statement of Members' Responsibilities, the members are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view of the state of the Limited Liability Partnerships' affairs as at 31 December 2009 and of its profit 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 by The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008. We also report to you if, in our opinion, the LLP has not kept adequate accounting records, or if we have not received all the information and explanations we require for our audit.

We read the Members' 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 judgements made by the members in the preparation of the financial statements, and of whether the accounting policies are appropriate to the LLP'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.

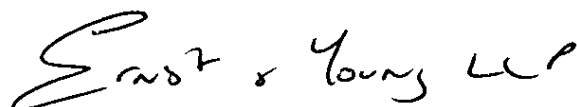
Independent auditors' report (continued)

to the Members of Baker Steel Capital Managers LLP

Opinion

In our opinion the financial statements

- give a true and fair view of the state of the Limited Liability Partnerships's affairs as at 31 December 2009 and of its profit 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 by The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008



Jeremy Young (Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor

London

Date

29th April 2010

Baker Steel Capital Managers LLP

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Profit and loss account

for the year ended 31 December 2009

	Notes	2009 £	2008 £
Turnover	2	8,148,059	3,505,210
Expenses			
Administration expenses		(1,638,234)	(1,160,771)
Service charges reimbursed to Baker Steel Limited		(574,431)	(697,898)
Operating profit	3	5,935,394	1,646,541
Interest receivable		1,004	9,361
Interest payable		-	(652)
Profit on ordinary activities before taxation		5,936,398	1,655,250
Taxation	5	-	(2,026)
Profit for the financial year available for discretionary division amongst Members		5,936,398	1,653,224

All activities are derived from continuing operations

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

Notes 1-12 form an integral part of these financial statements

Baker Steel Capital Managers LLP

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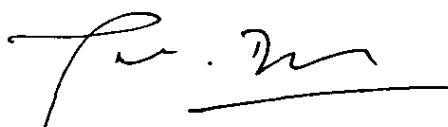
Balance sheet

as at 31 December 2009

	Notes	2009 £	2008 £
Fixed assets			
Tangible fixed assets	6	3,651	2,629
Investments	7	221,417	343,548
		<u>225,068</u>	<u>346,177</u>
Current assets			
Debtors	8	4,771,674	1,834,484
Cash		1,987,659	30,931
		<u>6,759,333</u>	<u>1,865,415</u>
Creditors , amounts falling due within one year	9	(355,793)	(136,103)
Net current assets		<u>6,403,540</u>	<u>1,729,312</u>
Net assets attributable to Members		<u>6,628,608</u>	<u>2,075,489</u>
Represented by			
Loans and other debts due to Members within one year			
Members' capital reclassified as a liability under FRS25		221,399	343,530
Other amounts		123,902	9,192
		<u>345,301</u>	<u>352,722</u>
Members' other interests			
Members' capital classified as equity under FRS 25	10	731,310	303,170
Other reserves	10	5,551,997	1,419,597
		<u>6,283,307</u>	<u>1,722,767</u>
		<u>6,628,608</u>	<u>2,075,489</u>
Total Members' interests			
Amounts owed by Members		(1,981,813)	(1,717,464)
Loans and other debts due to Members		345,301	352,722
Members' other interests	10	6,283,307	1,722,767
	10	<u>4,646,795</u>	<u>358,025</u>

The financial statements were approved by the Members on April 2010 and signed on their behalf by

T D Steel
Designated Member



Notes 1-12 form an integral part of these financial statements

Cash flow statement

for the year ended 31 December 2009

	Notes	2009 £	2008 £
Net cash inflow from operating activities	11(a)	3,467,657	3,201,951
Returns on investments and servicing of finance	11(b)	1,004	8,709
Capital expenditure and financial investment	11(b)	(2,612)	(64,697)
Transactions with Members	11(b)	(1 509 321)	(3,139,322)
Taxation		-	(29,592)
Increase/(decrease) in cash	11(c)	<u>1,956,728</u>	<u>(22,951)</u>
Reconciliation of net cash flow to movement in net funds			
Increase/(decrease) in cash in year		<u>1,956,728</u>	<u>(22,951)</u>
Movement in net funds		1,956 728	(22,951)
Foreign exchange differences		-	(32,926)
Increase/(decrease) in cash		<u>1,956,728</u>	<u>(55 877)</u>
Net funds at 1 January		<u>30,931</u>	<u>86 808</u>
Net funds at 31 December	11(c)	<u>1,987,659</u>	<u>30,931</u>

Notes 1-12 form an integral part of these financial statements

Notes to the financial statements

for the year ended 31 December 2009

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 accounting standards and the requirements of the Statement of Recommended Practice 'Accounting by Limited Liability Partnerships' (SORP) issued in March 2006

FRS 2 'Accounting for subsidiary undertakings' requires the exclusion of a subsidiary from consolidation if severe long term restrictions substantially hinder the exercise of the parent undertaking's rights over the subsidiary undertaking's assets or management. The Members believe such restrictions exist over their rights over the assets of Ironman Investment Company Limited and accordingly the accounts of that entity have not been consolidated

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 denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken to the profit and loss account

Turnover

Turnover represents fees receivable for investment management services and investment advisory services provided during the year to clients largely based in the Cayman Islands. Management and performance fees are recognised when the LLP obtains the right for consideration in exchange for its performance of services. Turnover is measured at the fair value of the consideration received excluding rebates and VAT

Operating leases

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the lease term

Tangible fixed assets

Tangible fixed assets are recorded at cost less accumulated depreciation. Depreciation of tangible fixed assets is calculated to write off their cost or valuation, less any residual value, over their estimated useful economic lives as follows

Office equipment - 4 years straight line

Investments

Investments are held at cost less provision for any permanent impairment in value

Taxation

Each Member is exclusively liable for any tax liabilities arising out of their interest in the LLP, which will be assessed on the individual Members and not on the LLP

Members' profit allocation

Discretionary profit allocations are recognised when formally approved by the management committee

Allocations made to Members which are not considered discretionary are accrued as an expense to the profit and loss account

Notes to the financial statements

for the year ended 31 December 2009

2. Turnover

Turnover represents fees receivable for investment management and advisory services provided during the year and arising from continuing activities in the UK

Turnover in the year arose largely from the supply of services to clients in the Cayman Islands

Turnover by geographical market is as follows

	2009 £	2008 £
Cayman Islands	6,485,433	2,307,581
United Kingdom	1,662,626	1,197,629
	<u>8,148,059</u>	<u>3,505,210</u>

3. Operating profit

Operating profit is stated after charging

	2009 £	2008 £
Depreciation of tangible fixed assets	1,590	791
Auditors' remuneration		
-fees payable to auditor for audit of financial statements	18,400	15,000
-fees payable to auditor for non-audit services		
- tax services	10,100	-
- other services	15,812	-
Operating lease rentals	11,764	10,762
	<u></u>	<u></u>

4. Members' remuneration

	2009 £	2008 £
Profit for the financial year before Members' remuneration and profit share and available for discretionary division amongst Members	<u>5,936,398</u>	<u>1,653,224</u>
Profit in respect of the highest paid Member during the year	<u>551,478</u>	<u>553,322</u>

The average number of Members in the year was 8 (2008 8)

Notes to the financial statements

for the year ended 31 December 2009

5. Taxation

	2009	2008
	£	£
Tax on profits of Australian branch	-	2,026

The Members of the LLP are liable for tax on the profits of the LLP. Consequently no charge to United Kingdom taxation on profits of the year is reflected in these financial statements

6. Tangible fixed assets

	Office equipment £
Cost	
At 1 January 2009	5,676
Additions	2,612
At 31 December 2009	8,288
Accumulated depreciation	
At 1 January 2009	3,047
Charge for the year	1,590
At 31 December 2009	4,637
Net book value	
At 31 December 2009	3,651
At 31 December 2008	2,629

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Notes to the financial statements

for the year ended 31 December 2009

7. Investments

	2009 £
At 1 January 2009	343,548
Disposal of fixed asset investment	(122,131)
	<u>221,417</u>

Investments are as follows.

Genus Capital Fund	- US\$10 unquoted non-participating founder shares
Genus Natural Resources Fund	- €10 unquoted non-participating founder shares
Genus Dynamic Gold Fund	- US\$10 unquoted non-participating founder shares
Ironman Investment Company Limited	- £10 class A ordinary shares £206,415 class B ordinary shares £14 974 class C ordinary shares

The LLP owns 100% of Ironman Investment Company Limited, a company which is registered in Jersey. The company has been incorporated to carry out investment trading and investment holding activities. At 31 December 2009 the net assets of Ironman Investment Company Limited were US\$369,320 (2008 US\$842,614).

8. Debtors

	2009 £	2008 £
Trade debtors	182,122	45,022
Other debtors	1,808	-
Amounts owed by Baker Steel Capital Managers (Cayman) Limited	2,584 753	37,889
Amounts owed by Members	1,981,813	1,717,464
Overseas tax	-	16,176
Prepayments	21,178	17,933
	<u>4,771 674</u>	<u>1,834,484</u>

Notes to the financial statements

for the year ended 31 December 2009

9. Creditors' amounts falling due within one year

	2009	2008
	£	£
Trade creditors	57,777	3,362
Overseas tax	-	-
Other taxes and social security	-	15
Other creditors	70	3,593
Accruals and deferred income	297,946	129,133
	<u>355,793</u>	<u>136,103</u>

10 Reconciliation of movements in Members' other and Members' total interests

	Members' capital	Other reserves	Total Members' other interests	Loans and other debts due to/(from) Members	Total Members' interests
	£	£	£	£	£
At 1 January 2009	303,170	1,419,597	1,722,767	(1,364,742)	358,025
Profit for the year available for discretionary division amongst Members	-	5,936,398	5,936,398	-	5,936,398
Members' interests after profit for the year	<u>303,170</u>	<u>7,355,995</u>	<u>7,659,165</u>	<u>(1,364,742)</u>	<u>6,294,423</u>
Profit allocation	-	(1,803,998)	(1,803,998)	1,803,998	-
Distributions	-	-	-	(584,782)	(584,782)
Advance drawings	-	-	-	(1,451,455)	(1,451,455)
Introduced by Members	433,140	-	433,140	-	433,140
Repayments of capital	(5,000)	-	(5,000)	-	(5,000)
Repayments of debt (including Members' capital classified as a liability)	-	-	-	(122,131)	(122,131)
Other transactions with Members	-	-	-	82,600	82,600
At 31 December 2009	<u>731,310</u>	<u>5,551,997</u>	<u>6,283,307</u>	<u>(1,636,512)</u>	<u>4,646,795</u>

Amounts due to Members are not subordinated

Notes to the financial statements

for the year ended 31 December 2009

11. Notes to the cash flow statement

(a) Reconciliation of operating profit to net cash inflow from operating activities

	2009	2008
	£	£
Operating profit	5,935,394	1,646,541
Depreciation	1,590	791
(Increase)/decrease in debtors	(2,689,017)	1,555,382
Increase/(decrease) in creditors	219,690	(763)
	<u>3,467,657</u>	<u>3,201,951</u>

(b) Analysis of cash flows for headings netted in the statement of cash flows

	2009	2008
	£	£
Returns on investments and servicing of finance		
Interest paid	-	(652)
Interest received	1,004	9,361
	<u>1,004</u>	<u>8,709</u>

Capital expenditure and financial investment

Purchase of fixed asset investments	-	(63,525)
Payments to acquire fixed assets	(2,612)	(1,172)
	<u>(2,612)</u>	<u>(64,697)</u>

Transactions with Members:

Members' capital contributions received	365,000	180,326
Members' capital contributions repaid	(5,000)	(34,597)
Distributions to Members	(584,782)	(1,520,318)
Advanced drawings to Members	(1,451,455)	(1,684,964)
Other transactions with Members	166,916	(79,769)
	<u>(1,509,321)</u>	<u>(3,139,322)</u>

(c) Analysis of changes in net funds

	At 1 January 2009	Cash Flows	At 31 December 2009
	£	£	£
Cash at bank	<u>30,931</u>	<u>1,956,728</u>	<u>1,987,659</u>

Notes to the financial statements

for the year ended 31 December 2009

12. Related party transactions

During the year, the LLP reimbursed Baker Steel Limited, a Member of the LLP, for service charges of £574,431 (2008 £697,898). In addition, the LLP made allocations of £551,478 (2008 £493,129) to Baker Steel Limited. At the year end, the LLP owed Baker Steel Limited £123,902 (2008 £9,192).

Baker Steel Capital Managers (Cayman) Limited is the parent undertaking of Baker Steel Limited. The LLP manages investments under various advisory agreements. During the year, the LLP received management and performance fees of £6,485,433 (2008 £2,307,581) from Baker Steel Capital Managers (Cayman) Limited. In addition, Baker Steel Capital Managers (Cayman) Limited charged the LLP £1,225,663 (2008 £881,852) for marketing services. At the year end, Baker Steel Capital Managers (Cayman) Limited owed the LLP a net amount of £2,584,753 (2008 £37,889).