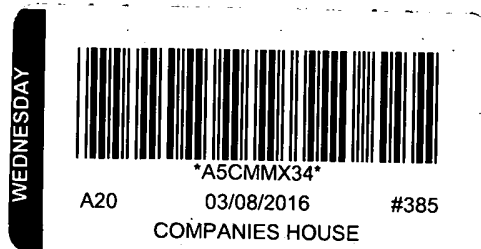


Melqart Asset Management (UK) Ltd

Report And Financial Statements

31 December 2015



**Rees Pollock
Chartered Accountants**

Melqart Asset Management (UK) Ltd

COMPANY INFORMATION

Directors M Massoud (appointed 6 March 2015)
JS Platts (appointed 17 March 2015)

Registered number 09474731

Registered office 47-48 Piccadilly
London
W1J 0DT

Independent auditors Rees Pollock
35 New Bridge Street
London
EC4V 6BW

STRATEGIC REPORT

For the Period Ended 31 December 2015

The principal activity of the company is the provision of investment management services to its customers. The company is authorised and regulated by the Financial Conduct Authority as an Alternative Investment Fund Manager.

Business review

The company currently has eight permanent employees and is the investment manager to one fund which was launched on 5 October 2015 and employs an event driven strategy investing across the capital structure.

Principal risks and uncertainties

The principal risks to the revenues of the company are redemptions from and a period of poor investment performance of the funds under management.

Financial key performance indicators

The financial key performance indicators are considered to be assets under management and investment returns generated for the company's customers. For the period to 31 December 2015 the company was able to generate good positive returns for the fund.

Since the end of the year the assets under management have continued to increase and investment performance has been positive. The company continues to seek sources of investment capital to increase assets under management.

This report was approved by the board on 13 April 2016 and signed on its behalf.



J S Platts
Director

DIRECTORS' REPORT

For the Period Ended 31 December 2015

The directors present their report and the financial statements for the period ended 31 December 2015.

Principal activity

The principal activity of the Company during the period was the provision of investment management services.

Results and dividends

The profit for the period, after taxation, amounted to £135,456.

Directors

The directors who served during the period were:

M Massoud (appointed 6 March 2015)

JS Platts (appointed 17 March 2015)

Directors' responsibilities statement

The directors are responsible for preparing the strategic report, the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under Company law the directors must not approve the financial statements unless satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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 Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditors

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

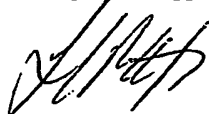
DIRECTORS' REPORT

For the Period Ended 31 December 2015

Auditors

The auditors, Rees Pollock, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 13 April 2016 and signed on its behalf.



J S Platts
Director

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
MELQART ASSET MANAGEMENT (UK) LTD**

We have audited the financial statements of Melqart Asset Management (UK) Ltd for the period ended 31 December 2015, set out on pages 5 to 14. 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) including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' 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 Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and Auditors

As explained more fully in the directors' responsibilities statement, the directors 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 Financial Reporting Council's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2015 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the strategic report and the directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements and the directors' report has been prepared in accordance with applicable legal requirements.

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 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
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

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Philip Vipond (senior statutory auditor)
for and on behalf of
Rees Pollock, Statutory Auditor
18 April 2016

STATEMENT OF COMPREHENSIVE INCOME
For the Period Ended 31 December 2015

	Note	2015 £
Turnover		645,045
Administrative expenses		<u>(472,410)</u>
Operating profit		172,635
Tax on profit	7	<u>(37,179)</u>
Profit for the period		<u>135,456</u>
 Total comprehensive income for the period		 <u>135,456</u>

The notes on pages 9 to 14 form part of these financial statements.

BALANCE SHEET
As at 31 December 2015

	Note	2015 £
Fixed assets		
Tangible assets	8	22,952
Current assets		
Debtors: amounts falling due within one year	9	836,743
Cash at bank and in hand		250,761
		<u>1,087,504</u>
Creditors: Amounts falling within one year	10	<u>(474,900)</u>
Net current assets		<u>612,604</u>
Total assets less current liabilities		<u>635,556</u>
Net assets		<u><u>635,556</u></u>
Capital and reserves		
Called up share capital	11	150
Share premium account		499,950
Profit and loss account		135,456
		<u>635,556</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 13 April 2016.


J S Platts
Director

The notes on pages 9 to 14 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
For the Period Ended 31 December 2015

	Share capital £	Share premium £	Retained earnings £	Total equity £
Comprehensive income for the period				
Profit for the period	-	-	135,456	135,456
Total comprehensive income for the period	-	-	135,456	135,456
Contributions by and distributions to owners				
Shares issued during the period	150	499,950	-	500,100
Total transactions with owners	150	499,950	-	500,100
At 31 December 2015	150	499,950	135,456	635,556

The notes on pages 9 to 14 form part of these financial statements.

STATEMENT OF CASH FLOWS
For the Period Ended 31 December 2015

	2015 £
Cash flows from operating activities	
Profit for the financial period	135,456
Adjustments for:	
Depreciation of tangible assets	3,321
Taxation	37,179
Increase in debtors	(836,743)
Increase in creditors	437,721
Net cash generated from operating activities	<u>(223,066)</u>
Cash flows from investing activities	
Purchase of tangible fixed assets	(26,273)
Net cash from investing activities	<u>(26,273)</u>
Cash flows from financing activities	
Issue of ordinary shares	500,100
Net cash used in financing activities	<u>500,100</u>
Net increase / (decrease) in cash and cash equivalents	<u>250,761</u>
Cash and cash equivalents at the end of period	<u>250,761</u>
Cash and cash equivalents at the end of period comprise:	
Cash at bank and in hand	<u>250,761</u>

The notes on pages 9 to 14 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
For the Period Ended 31 December 2015

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 2).

1.2 Going concern

The financial liquidity position of the Company is such that it is well placed to manage its business risks successfully. The directors expect that the Company has available resources to continue in operational existence for the foreseeable future. Thus the going concern basis of accounting has been adopted in preparing the annual financial statements.

1.3 Revenue

Revenue represents fees receivable during the period for investment management services. Management fees are recognised over the period over which the management services are provided. Performance fees are recognised at the end of the period over which the performance is measured.

1.4 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The estimated useful lives range as follows:

Leasehold improvements	-	5	years
Office equipment	-	5	years
Computer equipment	-	2	years

1.5 Operating leases

Rentals paid under operating leases are charged to the profit or loss on a straight line basis over the period of the lease.

NOTES TO THE FINANCIAL STATEMENTS
For the Period Ended 31 December 2015

1. ACCOUNTING POLICIES (continued)

1.6 Financial instruments

The Company does not trade in financial instruments and all such instruments arise directly from operations.

All trade and other debtors are initially recognised at transaction value, as none contain in substance a financing transaction. Thereafter trade and other debtors are reviewed for impairment where there is objective evidence based on observable data that the balance may be impaired. The Company does not hold collateral against its trade and other receivables so its exposure to credit risk is the net balance of trade and other debtors after allowance for impairment.

The Company's cash holdings comprise on demand balances. All cash is held with banks with strong external credit ratings.

Trade and other creditors and accruals are initially recognised at transaction value as none represent a financing transaction. They are only derecognised when they are extinguished. As the Company only has short term receivables and payables, its net current asset position is a reasonable measure of its liquidity at any given time.

1.7 Foreign currency translation

The company's functional and presentational currency is the pound sterling.

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions. At each period end foreign currency monetary items are translated using the closing rate.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

1.8 Taxation

Tax is recognised in the profit and loss account, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

2. JUDGMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Due to the straight forward nature of the business no critical judgments have been made in applying the company's accounting policies.

There are no key accounting estimates or assumptions made that have been made in applying the company's accounting policies.

NOTES TO THE FINANCIAL STATEMENTS
For the Period Ended 31 December 2015

3. TURNOVER

The whole of the turnover is attributable to the principal business activity.

All turnover arose within the United Kingdom.

4. OPERATING PROFIT

The operating profit is stated after charging:

	2015 £
Depreciation of tangible fixed assets	3,321
Fees payable to the Company's auditor for the audit of the company's annual accounts	7,000
 Fees payable to the Company's auditors for taxation compliance services	 2,000
Exchange differences	(1,277)
	<u><u> </u></u>

5. EMPLOYEES

Staff costs, including directors' remuneration, were as follows:

	2015 £
Wages and salaries	262,248
Social security costs	29,047
	<u><u>291,295</u></u>

The average monthly number of employees, including the directors, during the period was as follows:

2015 No.
5
<u><u> </u></u>

6. DIRECTORS' REMUNERATION

	2015 £
Directors' emoluments	104,186
	<u><u> </u></u>

NOTES TO THE FINANCIAL STATEMENTS
For the Period Ended 31 December 2015

7. TAXATION

	2015 £
Current tax	
UK corporation tax on profits for the year	37,179
Total current tax	<u>37,179</u>

Reconciliation of the tax charge

The tax assessed for the period is higher than the standard rate of corporation tax in the UK of 20%. The differences are explained below:

	2015 £
Profit on ordinary activities before tax	172,635
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20%	34,527
Effects of:	
Expenses not deductible for tax purposes	5,601
Capital allowances for period in excess of depreciation	(2,949)
Total tax charge for the period	<u>37,179</u>

8. TANGIBLE FIXED ASSETS

	Leasehold improvements £	Office equipment £	Computer equipment £	Total £
Cost				
Additions	8,975	9,384	7,914	26,273
At 31 December 2015	<u>8,975</u>	<u>9,384</u>	<u>7,914</u>	<u>26,273</u>
Depreciation				
Charge for the period	748	782	1,791	3,321
At 31 December 2015	<u>748</u>	<u>782</u>	<u>1,791</u>	<u>3,321</u>
Net book value				
At 31 December 2015	<u>8,227</u>	<u>8,602</u>	<u>6,123</u>	<u>22,952</u>

NOTES TO THE FINANCIAL STATEMENTS
For the Period Ended 31 December 2015

9. DEBTORS

	2015 £
Other debtors	208,881
Prepayments and accrued income	627,862
	<u>836,743</u>

10. CREDITORS: Amounts falling due within one year

	2015 £
Trade creditors	17,842
Amounts owed to group undertakings	200,000
Corporation tax	37,179
Taxation and social security	9,871
Other creditors	60,067
Accruals and deferred income	149,941
	<u>474,900</u>

11. SHARE CAPITAL

	2015 £
Allotted, called up and fully paid	
150 Ordinary shares of £1 each	150
	<u>150</u>

On incorporation the Company issued 100 Ordinary shares at par. During the period a further 50 Ordinary shares were issued for £500,000.

NOTES TO THE FINANCIAL STATEMENTS
For the Period Ended 31 December 2015

12. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2015 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2015 £
Not later than 1 year	85,158
Later than 1 year and not later than 5 years	290,957
	<u>376,115</u>

13. RELATED PARTY TRANSACTIONS

The Company's entire turnover was derived from its parent. An amount of £578,842 was due to the Company in relation to this at the period end. Creditors includes an amount of £200,000 due to the parent. Creditors also includes an amount of £60,000 due to a director.

14. CONTROLLING PARTY

The Company's immediate parent undertaking is Melqart Asset Management LP, an entity based in the Cayman Islands. The ultimate controlling party is M Massoud.