

**THE SILVER THATCH PENSION PLAN**

**FINANCIAL STATEMENTS**

**JUNE 30, 2008**

**REPORT OF THE INDEPENDENT AUDITORS TO THE TRUSTEES OF**

**THE SILVER THATCH PENSION PLAN**

We have audited the accompanying financial statements of The Silver Thatch Pension Plan (the "Plan"), which comprise the statement of net assets available for benefits as of June 30, 2008 including the schedule of investments, and the income statement, statement of changes in net assets available for benefits and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

*Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

*Auditor's Responsibility*

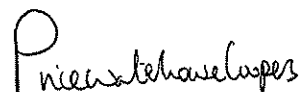
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Plan as of June 30, 2008, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.



November 28, 2008



**THE SILVER THATCH PENSION PLAN**

**SCHEDULE OF INVESTMENTS**

**AS AT JUNE 30, 2008**

(Expressed in United States dollars)

<u>Number of</u> <u>units/shares</u>		<u>June 30, 2008</u> <u>Fair value</u>	<u>% of net assets</u> <u>of Portfolio</u>
<b>Balanced Portfolio</b>			
<u>Investments:</u>			
Unit Trusts (all Series 5, see Note 7):			
U.S. Dollar			
53,000	Coutts Global Emerging Markets Equity Programme (equities)	1,939,800	2.09%
111,190	Coutts Global Investment Grade Bond Programme (bonds)	11,365,842	12.25%
29,995	I Share II PLC (Bonds)	4,638,727	5.00%
36,100	Coutts Pacific Basin Equity Programme (equities)	1,679,372	1.81%
439,940	Coutts United States Equity Index Programme (equities)	19,561,804	21.09%
1,049,900	Coutts United States Sovereign Bond Index Programme (bonds)	23,118,798	24.92%
269,000	Coutts United States Specialist EQT Programme (equities)	5,435,820	5.86%
Total U.S. Dollar Unit Trusts (cost: \$65,624,025)		67,740,163	73.02%
Pounds Sterling			
35,000	Coutts United Kingdom Equity Index Programme (equities)	1,526,399	1.65%
17,861	Coutts United Kingdom Specialist Equity Programme (equities)	528,785	0.57%
Total Pounds Sterling Unit Trusts (cost: \$1,702,368)		2,055,184	2.22%
Japanese Yen			
40,900	Coutts Japan Equity Programme (equities)	1,887,306	2.03%
Total Japanese Yen Unit Trust (cost: \$1,933,432)		1,887,306	2.03%
Total Unit Trusts in Balanced Portfolio (cost: \$69,259,825)		<u>\$ 71,682,653</u>	<u>77.27%</u>

The accompanying notes are an integral part of these financial statements.

**THE SILVER THATCH PENSION PLAN**  
**SCHEDULE OF INVESTMENTS (continued)**

**AS AT JUNE 30, 2008**

(Expressed in United States dollars)

<u>Number of</u> <u>units/shares</u>		<u>June 30, 2008</u> <u>Fair value</u>	<u>% of net assets</u> <u>of Portfolio</u>
<b>Balanced Portfolio (continued)</b>			
	U.S. Dollar mutual funds (investing in offshore open-ended investment funds):		
72	Orbita Asian Growth Strategy Ltd.	987,127	1.06%
305	Orbita Capital Return Strategy Ltd.	6,118,646	6.60%
177	Orbita European Growth Strategy Ltd.	2,672,499	2.88%
277	Orbita Global Opportunities Strategy Ltd.	5,843,982	6.30%
465,000	Orbita Global Opportunities Strategy Ltd - Rights	<u>465,000</u>	<u>0.50%</u>
	Total U.S. Dollar mutual funds in Balanced Portfolio (cost: \$12,989,859)	<u>\$ 16,087,254</u>	<u>17.34%</u>
	Total investments in Balanced Portfolio (cost: \$82,249,684)	<u>\$ 87,769,907</u>	<u>94.61%</u>

**Growth Portfolio**

Investments:

Unit Trusts (all Series 5, see Note 7):

	U.S. Dollar		
60,200	Coutts Global Emerging Markets Equity Programme (equities)	2,203,320	2.50%
73,990	Coutts Global Investment Grade Bond Programme (bonds)	7,563,258	8.59%
112,310	Coutts Pacific Basin Equity Programme (equities)	5,224,661	5.93%
642,360	Coutts United States Equity Index Programme (equities)	28,758,457	32.66%
316,500	Coutts United States Sovereign Bond Index Programme (bonds)	6,969,330	7.91%
449,420	Coutts United States Specialist EQT Programme (equities)	<u>9,078,284</u>	<u>10.31%</u>
	Total U.S. Dollar Unit Trusts (cost: \$57,842,629)	<u>59,797,310</u>	<u>67.90%</u>

The accompanying notes are an integral part of these financial statements.

**THE SILVER THATCH PENSION PLAN**  
**SCHEDULE OF INVESTMENTS (continued)**

**AS AT JUNE 30, 2008**

(Expressed in United States dollars)

<u>Number of units/shares</u>		<u>June 30, 2008 Fair value</u>	<u>% of net assets of Portfolio</u>
<b>Growth Portfolio (continued)</b>			
Unit Trusts (all Series 5, see Note 7) (continued):			
Euro			
4,478	Coutts Continental European Equity Index Programme (equities)	2,214,028	2.51%
13,358	Coutts European Specialiste Equity Programme (equities)	<u>1,785,987</u>	<u>2.03%</u>
	Total Euro Unit Trust (cost: \$3,897,893)	<u>4,000,015</u>	<u>4.54%</u>
Pounds Sterling			
39,200	Coutts United Kingdom Equity Index Programme (equities)	1,709,567	1.94%
30,900	Coutts United Kingdom Specialist Equity Programme (equities)	<u>914,812</u>	<u>1.04%</u>
	Total Pounds Sterling Unit Trusts (cost: \$2,248,945)	<u>2,624,379</u>	<u>2.98%</u>
Japanese Yen			
77,825	Coutts Japan Equity Programme (equities)	<u>3,591,188</u>	<u>4.08%</u>
	Total Japanese Yen Unit Trust (cost: \$3,611,105)	<u>3,591,188</u>	<u>4.08%</u>
	Total Unit Trusts in Growth Portfolio (cost: \$67,600,572)	<u>\$ 70,012,892</u>	<u>79.50%</u>
U.S. Dollar mutual funds (investing in offshore open-ended investment funds):			
265	Orbita Capital Return Strategy Ltd.	5,315,962	6.04%
298	Orbita Global Opportunities Strategy Ltd.	6,290,706	7.14%
278,000	Orbita Global Opportunities Strategy Ltd. - Rights	<u>278,000</u>	<u>0.32%</u>
	Total U.S. Dollar mutual funds in Growth Portfolio (cost: \$9,508,027)	<u>\$ 11,884,668</u>	<u>13.50%</u>
	Total Investments in Growth Portfolio (cost: \$77,108,599)	<u>\$ 81,897,560</u>	<u>93.00%</u>

The accompanying notes are an integral part of these financial statements.

**THE SILVER THATCH PENSION PLAN**  
**SCHEDULE OF INVESTMENTS (continued)**  
**AS AT JUNE 30, 2008**

(Expressed in United States dollars)

<u>Number of</u> <u>units/shares</u>		<u>June 30, 2008</u> <u>Fair value</u>	<u>% of net assets</u> <u>of Portfolio</u>
<b>Conservative Portfolio</b>			
Investments:			
Unit Trusts (all Series 5, see Note 7):			
U.S. Dollar			
4,130	Coutts Global Emerging Markets Equity Programme (equities)	151,158	0.94%
13,900	Coutts Global Investment Grade Bond Programme (bonds)	1,420,858	8.86%
3,170	Coutts Pacific Basin Equity Programme (equities)	147,468	0.92%
4,955	I Share II PLC (Bonds)	766,291	4.78%
28,795	Coutts United States Equity Index Programme (equities)	1,289,152	8.04%
333,830	Coutts United States Sovereign Bond Index Programme (bonds)	7,350,937	45.86%
22,440	Coutts United States Specialist EQT Programme (equities)	453,288	2.83%
	Total U.S. Dollar Unit Trusts (cost: \$11,266,004)	<u>11,579,152</u>	<u>72.23%</u>
U.S. Dollar mutual funds (investing in offshore open-ended investment funds):			
9	Orbita Asian Growth Strategy Ltd.	120,740	0.75%
56	Orbita Capital Return Strategy Ltd.	1,114,997	6.96%
30	Orbita European Growth Strategy Ltd.	447,165	2.79%
39	Orbita Global Opportunities Strategy Ltd.	826,986	5.16%
57,000	Orbita Global Opportunities Strategy Ltd.	<u>57,000</u>	<u>0.36%</u>
	Total U.S. Dollar mutual funds in Conservative Portfolio (cost: \$2,061,921)	<u>\$ 2,566,888</u>	<u>16.02%</u>
	Total Investments in Conservative Portfolio (cost: \$13,327,925)	<u>\$ 14,146,040</u>	<u>88.25%</u>

The accompanying notes are an integral part of these financial statements.

**THE SILVER THATCH PENSION PLAN**  
**SCHEDULE OF INVESTMENTS (continued)**

**AS AT JUNE 30, 2008**

(Expressed in United States dollars)

<u>Number of</u> <u>units/shares</u>		<u>June 30, 2008</u> <u>Fair value</u>	<u>% of net assets</u> <u>of Portfolio</u>
<b>Aggressive Growth Portfolio</b>			
Investments:			
Unit Trusts (all Series 5, see Note 7):			
U.S. Dollar			
1,049	Coutts Global Emerging Markets Equity Programme (equities)	38,398	7.36%
874	Coutts Pacific Basin Equity Programme (equities)	40,659	7.79%
176	Coutts Global Investment Grade Bond (Bonds)	18,022	3.45%
3,930	Coutts United States Equity Index Programme (equities)	175,933	33.71%
3,244	Coutts United States Specialist EQT Programme (equities)	65,530	12.55%
	Total U.S. Dollar Unit Trusts (cost: \$348,148)	338,542	64.86%
Euro			
40	Coutts Continental European Equity Index Programme (equities)	19,777	3.79%
94	Coutts European Specialiste Equity Programme (equities)	12,629	2.42%
	Total Euro Unit Trust (cost: \$33,439)	32,406	6.21%
Pounds Sterling			
412	Coutts United Kingdom Equity Index Programme (equities)	17,971	3.44%
190	Coutts United Kingdom Specialist Equity Programme (equities)	5,625	1.08%
	Total Pounds Sterling Unit Trusts (cost: \$24,638)	23,596	4.52%
Japanese Yen			
549	Coutts Japan Equity Programme (equities)	25,341	4.85%
	Total Japanese Yen Unit Trust (cost: \$27,888)	25,341	4.85%
	Total Unit Trusts in Aggressive Growth (cost: \$434,113)	\$ 419,885	80.44%

The accompanying notes are an integral part of these financial statements.



**THE SILVER THATCH PENSION PLAN**  
**SCHEDULE OF INVESTMENTS (continued)**

**AS AT JUNE 30, 2008**

(Expressed in United States dollars)

<u>Number of</u> <u>units/shares</u>		June 30, 2008 <u>Fair value</u>	% of net assets <u>of Portfolio</u>
<b>Aggressive Growth Portfolio (continued)</b>			
	U.S. Dollar mutual funds (investing in offshore open-ended investment funds):		
1.49	Orbita Global Opportunities Strategy Ltd.	31,171	5.97%
5,000	Orbita Global Opportunities Strategy Ltd. - Rights	<u>5,000</u>	<u>0.96%</u>
	Total U.S. Dollar mutual funds in Aggressive Growth (cost: \$32,096)	<u>\$ 36,171</u>	<u>6.93%</u>
	Total Investments in Aggressive Growth (cost: \$466,209)	<u>\$ 456,056</u>	<u>87.37%</u>
	<b>Total investments in Plan (cost: \$173,152,417)</b>	<b><u>\$ 184,269,563</u></b>	

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**THE SILVER THATCH PENSION PLAN**

**SCHEDULE OF INVESTMENTS**

**AS AT JUNE 30, 2007**

(Expressed in United States dollars)

<u>Number of units/shares</u>		<u>June 30, 2007 Fair value</u>	<u>% of net assets of Portfolio</u>
<b>Balanced Portfolio</b>			
<u>Investments:</u>			
Unit Trusts (all Series 5, see Note 7):			
U.S. Dollar			
53,000	Coutts Global Emerging Markets Equity Programme (equities)	1,827,970	2.16%
32,800	Coutts Global Investment Grade Bond Programme (bonds)	3,228,734	3.82%
22,050	Coutts Global Small Cap Equity Programme (equities)	1,215,176	1.44%
36,100	Coutts Pacific Basin Equity Programme (equities)	1,798,502	2.13%
359,000	Coutts United States Equity Index Programme (equities)	18,800,830	22.26%
707,100	Coutts United States Sovereign Bond Index Programme (bonds)	14,636,970	17.33%
271,600	Coutts United States Specialist EQT Programme (equities)	6,249,516	7.40%
376,000	Schroder International Selection Fund (bonds)	8,260,720	9.78%
Total U.S. Dollar Unit Trusts (cost: \$50,482,505)		56,018,418	66.33%
Euro			
7,440	Coutts Continental European Equity Index Programme (equities)	4,166,654	4.93%
7,121	Coutts European Specialiste Equity Programme (equities)	1,026,826	1.22%
Total Euro Unit Trust (cost: \$4,017,310)		5,193,480	6.15%
Pounds Sterling			
35,000	Coutts United Kingdom Equity Index Programme (equities)	1,814,021	2.15%
17,800	Coutts United Kingdom Specialist Equity Programme (equities)	613,942	0.73%
Total Pounds Sterling Unit Trusts (cost: \$1,700,533)		2,427,963	2.88%
Japanese Yen			
46,800	Coutts Japan Equity Programme (equities)	2,486,972	2.94%
Total Japanese Yen Unit Trust (cost: \$2,143,761)		2,486,972	2.94%
Total Unit Trusts in Balanced Portfolio (cost: \$58,344,109)		\$ 66,126,833	78.30%

The accompanying notes are an integral part of these financial statements.

**THE SILVER THATCH PENSION PLAN**  
**SCHEDULE OF INVESTMENTS (continued)**

**AS AT JUNE 30, 2007**

(Expressed in United States dollars)

<u>Number of units/shares</u>		<u>June 30, 2007 Fair value</u>	<u>% of net assets of Portfolio</u>
<b>Balanced Portfolio (continued)</b>			
	U.S. Dollar mutual funds (investing in offshore open-ended investment funds):		
101	Orbita Asian Growth Strategy Ltd.	1,446,018	1.71%
295	Orbita Capital Return Strategy Ltd.	5,753,721	6.81%
205,000	Orbita Capital Return Strategy Ltd. - Rights	205,000	0.24%
185	Orbita European Growth Strategy Ltd.	2,796,992	3.31%
205,000	Orbita European Growth Strategy Ltd. - Rights	205,000	0.24%
277	Orbita Global Opportunities Strategy Ltd.	<u>5,676,479</u>	<u>6.72%</u>
	Total U.S. Dollar mutual funds in Balanced Portfolio (cost: \$13,083,341)	<u>\$ 16,083,210</u>	<u>19.04%</u>
	Total investments in Balanced Portfolio (cost: \$71,427,450)	<u>\$ 82,210,043</u>	<u>97.35%</u>
<b>Growth Portfolio</b>			
Investments:			
	Unit Trusts (all Series 5, see Note 7):		
	U.S. Dollar		
60,200	Coutts Global Emerging Markets Equity Programme (equities)	2,076,298	2.41%
40,200	Coutts Global Investment Grade Bond Programme (bonds)	3,957,167	4.60%
51,100	Coutts Pacific Basin Equity Programme (equities)	2,545,802	2.96%
22,740	Coutts Small Cap Equity Programme (equities)	1,253,201	1.46%
515,100	Coutts United States Equity Index Programme (equities)	26,975,787	31.36%
232,200	Coutts United States Sovereign Bond Index Programme (bonds)	4,806,540	5.59%
384,800	Coutts United States Specialist EQT Programme (equities)	8,854,248	10.29%
114,900	Schroder International Selection Fund (bonds)	<u>2,524,353</u>	<u>2.93%</u>
	Total U.S. Dollar Unit Trusts (cost: \$44,753,347)	<u>52,993,396</u>	<u>61.60%</u>

The accompanying notes are an integral part of these financial statements.

**THE SILVER THATCH PENSION PLAN**  
**SCHEDULE OF INVESTMENTS (continued)**

**AS AT JUNE 30, 2007**

(Expressed in United States dollars)

<u>Number of</u> <u>units/shares</u>		<u>June 30, 2007</u> <u>Fair value</u>	<u>% of net assets</u> <u>of Portfolio</u>
<b>Growth Portfolio (continued)</b>			
Unit Trusts (all Series 5, see Note 7) (continued):			
Euro			
9,328	Coutts Continental European Equity Index Programme (equities)	5,223,999	6.07%
8,928	Coutts European Specialiste Equity Programme (equities)	1,287,396	1.50%
	Total Euro Unit Trust (cost: \$5,024,983)	6,511,395	7.57%
Pounds Sterling			
52,200	Coutts United Kingdom Equity Index Programme (equities)	2,705,483	3.15%
23,800	Coutts United Kingdom Specialist Equity Programme (equities)	820,888	0.95%
	Total Pounds Sterling Unit Trusts (cost: \$2,504,262)	3,526,371	4.10%
Japanese Yen			
64,600	Coutts Japan Equity Programme (equities)	3,432,872	3.99%
	Total Japanese Yen Unit Trust (cost: \$2,979,085)	3,432,872	3.99%
	Total Unit Trusts in Growth Portfolio (cost: \$55,261,677)	\$ 66,464,034	77.26%
U.S. Dollar mutual funds (investing in offshore open-ended investment funds):			
109	Orbita Asian Growth Strategy Ltd.	1,572,506	1.83%
194,000	Orbita Asian Growth Strategy Ltd. - Rights	194,000	0.23%
252	Orbita Capital Return Strategy Ltd.	4,924,044	5.72%
253,000	Orbita Capital Return Strategy Ltd. - Rights	253,000	0.29%
231	Orbita European Growth Strategy Ltd.	3,490,842	4.06%
298	Orbita Global Opportunities Strategy Ltd.	6,110,400	7.10%
	Total U.S. Dollar mutual funds in Growth Portfolio (cost: \$13,401,652)	\$ 16,544,792	19.23%
	Total Investments in Growth Portfolio (cost: \$68,663,329)	\$ 83,008,826	96.50%

The accompanying notes are an integral part of these financial statements.

**THE SILVER THATCH PENSION PLAN**  
**SCHEDULE OF INVESTMENTS (continued)**

**AS AT JUNE 30, 2007**

(Expressed in United States dollars)

<u>Number of units/shares</u>		<u>June 30, 2007 Fair value</u>	<u>% of net assets of Portfolio</u>
<b>Conservative Portfolio</b>			
Investments:			
Unit Trusts (all Series 5, see Note 7):			
U.S. Dollar			
4,130	Coutts Global Emerging Markets Equity Programme (equities)	142,444	1.07%
4,300	Coutts Global Investment Grade Bond Programme (bonds)	423,279	3.19%
3,170	Coutts Pacific Basin Equity Programme (equities)	157,929	1.19%
2,420	Coutts Small Cap Equity Programme (equities)	133,464	1.01%
29,600	Coutts United States Equity Index Programme (equities)	1,550,152	11.69%
263,780	Coutts United States Sovereign Bond Index Programme (bonds)	5,460,246	41.18%
22,440	Coutts United States Specialist EQT Programme (equities)	516,344	3.89%
59,700	Schroder International Selection Fund (bonds)	1,311,609	9.89%
	Total U.S. Dollar Unit Trusts (cost: \$9,354,652)	<u>9,695,467</u>	<u>73.11%</u>
Euro			
710	Coutts Continental European Equity Index Programme (equities)	397,624	3.00%
613	Coutts European Specialiste Equity Programme (equities)	88,329	0.67%
	Total Euro Unit Trust (cost: \$379,374)	<u>485,953</u>	<u>3.66%</u>
Pounds Sterling			
3,780	Coutts United Kingdom Equity Index Programme (equities)	195,914	1.48%
1,910	Coutts United Kingdom Specialist Equity Programme (equities)	65,830	0.50%
	Total Pounds Sterling Unit Trusts (cost: \$224,177)	<u>261,744</u>	<u>1.97%</u>
Japanese Yen			
4,120	Coutts Japan Equity Programme (equities)	218,939	1.65%
	Total Japanese Yen Unit Trust (cost: \$183,240)	<u>218,939</u>	<u>1.65%</u>
	Total Unit Trusts in Conservative Portfolio (cost: \$10,141,443)	<u>\$ 10,662,103</u>	<u>80.40%</u>

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**THE SILVER THATCH PENSION PLAN**  
**SCHEDULE OF INVESTMENTS (continued)**

**AS AT JUNE 30, 2007**

(Expressed in United States dollars)

<u>Number of</u> <u>units/shares</u>		<u>June 30, 2007</u> <u>Fair value</u>	<u>% of net assets</u> <u>of Portfolio</u>
<b>Conservative Portfolio (continued)</b>			
U.S. Dollar mutual funds (investing in offshore open-ended investment funds):			
9	Orbita Asian Growth Strategy Ltd.	126,963	0.96%
56	Orbita Capital Return Strategy Ltd.	1,085,842	8.19%
30	Orbita European Growth Strategy Ltd.	447,608	3.38%
39	Orbita Global Opportunities Strategy Ltd.	803,283	6.06%
Total U.S. Dollar mutual funds in Conservative Portfolio (cost: \$2,004,922)		<u>\$ 2,463,696</u>	<u>18.58%</u>
Total Investments in Conservative Portfolio (cost: \$12,146,365)		<u>\$ 13,125,799</u>	<u>98.98%</u>
<b>Aggressive Growth Portfolio</b>			
Investments:			
Unit Trusts (all Series 5, see Note 7):			
U.S. Dollar			
250	Coutts Global Emerging Markets Equity Programme (equities)	8,623	0.07%
318	Coutts Pacific Basin Equity Programme (equities)	15,843	0.12%
101	Coutts Small Cap Equity Programme (equities)	5,566	0.04%
2,374	Coutts United States Equity Index Programme (equities)	124,326	0.94%
1,836	Coutts United States Specialist EQT Programme (equities)	42,246	0.32%
Total U.S. Dollar Unit Trusts (cost: \$163,541)		<u>196,604</u>	<u>1.48%</u>
Euro			
42	Coutts Continental European Equity Index Programme (equities)	23,521	0.18%
41	Coutts European Specialiste Equity Programme (equities)	5,978	0.05%
Total Euro Unit Trust (cost: \$24,289)		<u>29,499</u>	<u>0.22%</u>

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**THE SILVER THATCH PENSION PLAN**  
**SCHEDULE OF INVESTMENTS (continued)**

**AS AT JUNE 30, 2007**

(Expressed in United States dollars)

<u>Number of</u> <u>units/shares</u>		<u>June 30, 2007</u> <u>Fair value</u>	<u>% of net assets</u> <u>of Portfolio</u>
<b>Aggressive Growth Portfolio (continued)</b>			
Unit Trusts (all Series 5, see Note 7) (continued):			
	Pounds Sterling		
256	Coutts United Kingdom Equity Index Programme (equities)	13,268	0.10%
112	Coutts United Kingdom Specialist Equity Programme (equities)	<u>3,863</u>	<u>0.03%</u>
	Total Pounds Sterling Unit Trusts (cost: \$13,742)	<u>17,131</u>	<u>0.13%</u>
	Japanese Yen		
293	Coutts Japan Equity Programme (equities)	<u>15,570</u>	<u>0.12%</u>
	Total Japanese Yen Unit Trust (cost: \$15,455)	<u>15,570</u>	<u>0.12%</u>
	Total Unit Trusts in Aggressive Growth (cost: \$217,027)	<u>\$ 258,804</u>	<u>1.95%</u>
U.S. Dollar mutual funds (investing in offshore open-ended investment funds):			
0.47	Orbita Asian Growth Strategy Ltd.	6,725	0.05%
1,200	Orbita Asian Growth Strategy Ltd. - Rights	1,200	0.01%
0.86	Orbita European Growth Strategy Ltd.	13,042	0.10%
1,100	Orbita European Growth Strategy Ltd. - Rights	1,100	0.01%
1.01	Orbita Global Opportunities Strategy Ltd.	20,762	0.16%
1,600	Orbita Global Opportunities Strategy Ltd. - Rights	<u>1,600</u>	<u>0.01%</u>
	Total U.S. Dollar mutual funds in Aggressive Growth (cost: \$37,039)	<u>\$ 44,429</u>	<u>0.34%</u>
	Total Investments in Aggressive Growth (cost: \$254,066)	<u>\$ 303,233</u>	<u>2.29%</u>
	Total investments in Plan (cost: \$152,491,210)	<u>\$ 178,647,901</u>	

The accompanying notes are an integral part of these financial statements.

**THE SILVER THATCH PENSION PLAN**

**INCOME STATEMENT**

**YEAR ENDED JUNE 30, 2008**

(Expressed in United States dollars)

	Year ended June 30,	
	<u>2008</u>	<u>2007</u>
<b>Revenue</b>		
Interest income	388,192	202,100
Dividend income	2,978,473	2,611,578
Miscellaneous income	6,165	8,130
Net realised gain on investments	5,316,106	1,538,075
Net change in unrealised gain on investments	<u>( 15,039,545)</u>	<u>19,261,307</u>
Total revenue	<u>( 6,350,609)</u>	<u>23,621,190</u>
<b>Expenses</b>		
Administration, accounting and secretarial fees (Note 6)	1,339,364	1,037,766
Investment management fees (Note 7)	493,964	445,775
Consulting fees	25,908	140,830
Printing and advertising	12,777	55,361
Audit fees	59,266	119,635
Other	<u>172,482</u>	<u>187,410</u>
Total expenses	<u>2,103,761</u>	<u>1,986,777</u>
<b>Operating (loss) / profit</b>	<u>( 8,454,370)</u>	<u>21,634,413</u>
<b>Net (decrease) / increase in net assets available for benefits resulting from operations*</b>	<u>\$ ( 8,454,370)</u>	<u>\$ 21,634,413</u>

\* Operations on a Portfolio basis for the years ended June 30, 2008 & 2007 are disclosed in Note 13.

The accompanying notes are an integral part of these financial statements.



**THE SILVER THATCH PENSION PLAN**

**STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS**

**YEAR ENDED JUNE 30, 2008**

(Expressed in United States dollars)

	Year ended <u>June 30,</u>	
	<u>2008</u>	<u>2007</u>
<b>Additions to net assets available for benefits attributed to:</b>		
<b>Operations:</b>		
Net (decrease) /increase in net assets available for benefits resulting from operations	( 8,454,370)	<u>21,634,413</u>
<b>Contributions:</b>		
Employers	16,317,348	14,422,912
Participants	12,967,886	11,526,737
Transfers from other plans	<u>1,045,854</u>	<u>2,396,166</u>
Net increase in net assets available for benefits from contributions	<u>30,331,088</u>	<u>28,345,815</u>
Total net additions	<u>21,876,718</u>	<u>49,980,228</u>
<b>Deductions from net assets available for benefits attributed to:</b>		
Benefits paid to participants (Note 5)	6,433,881	5,334,587
Transfers to other plans	<u>2,154,223</u>	<u>1,676,682</u>
Total deductions	<u>8,588,104</u>	<u>7,011,269</u>
Net increase in net assets available for benefits	13,288,614	42,968,959
Net assets available for benefits at beginning of year	<u>184,091,473</u>	<u>141,122,514</u>
Net assets available for benefits at end of year	<u>\$197,380,087</u>	<u>\$184,091,473</u>

The accompanying notes are an integral part of these financial statements.

**THE SILVER THATCH PENSION PLAN**

**STATEMENT OF CASH FLOWS**

**YEAR ENDED JUNE 30, 2008**

(Expressed in United States dollars)

	Year ended June 30,	
	<u>2008</u>	<u>2007</u>
<b>Cash flows from operating activities</b>		
Interest received	388,192	202,100
Dividends received	2,978,473	2,611,578
Other income received	6,165	8,130
Fees and expenses paid	( 2,128,087)	( 1,850,909)
Net cash provided by operating activities	<u>1,244,743</u>	<u>970,899</u>
<b>Cash flows from investing activities</b>		
Purchase of investments	( 62,332,762)	( 56,009,006)
Proceeds from sale and maturity of investments	<u>43,312,412</u>	<u>32,732,926</u>
Net cash used in investing activities	( 19,020,350)	( 23,276,080)
<b>Cash flows from financing activities</b>		
Contributions from employers and participants	29,285,234	25,949,649
Transfers from other plans	1,045,854	2,396,166
Contributions and transfers received in advance	54,666	63,935
Benefits paid to participants	( 6,754,682)	( 4,419,571)
Transfers to other plans	( 2,154,223)	( 1,676,682)
Net cash provided by financing activities	<u>21,476,849</u>	<u>22,313,497</u>
<b>Net increase in cash and cash equivalents</b>	3,701,242	8,316
<b>Cash and cash equivalents at beginning of year</b>	<u>9,379,099</u>	<u>9,370,783</u>
<b>Cash and cash equivalents at end of year</b>	<u>\$ 13,080,341</u>	<u>\$ 9,379,099</u>

The accompanying notes are an integral part of these financial statements.

## THE SILVER THATCH PENSION PLAN

### NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

#### 1. Introduction and background information

The Silver Thatch Pension Plan (the "Plan") was established under the laws of the Cayman Islands by a Declaration of Trust (the "Trust Deed") on June 30, 1997 as a membership controlled, private sector operated trust fund to enable all Caymanians and other residents to participate in a locally structured and managed retirement plan. The Plan's registration number is OSP/19/B0003 and principal address is P.O. Box 31694, Grand Cayman. The Plan has no employees. Certain of the Trustees of the Plan are also individual members of the Plan and may also be employers of members of the Plan.

The Trustees proposed and passed a resolution at the Annual General Meeting of participants of the Plan on December 4, 2003 amending the investment program to increase the number of portfolios offered by the Plan. The existing portfolio was replaced with three new portfolios: the Conservative Portfolio, the Balanced Portfolio and the Growth Portfolio (each a separate portfolio of the Plan and referred to collectively as "the Portfolios"). Participants' contributions mandated by the National Pensions Law will be directed to one of these three portfolios based upon the profile of each participant derived from their age, estimated annual income and marital status. Participants can use their discretion in directing voluntary contributions only, to any of the three portfolios, plus an additional two portfolios, the Aggressive Growth Portfolio and the 100% Fixed Income Portfolio. On November 30, 2004, the Cayman Islands National Pensions Office provided regulatory approval of the above amendments to the Plan, and the launch date of the new investment program was January 1, 2005.

The following description of the Plan provides only general information. Participants should refer to the Trust Deed for a more complete description of the Plan's provisions.

**General:** The Plan is a defined contribution pension plan. Its participants are primarily Caymanians or Cayman Islands residents who either work for an employer participating in the Plan or are self-employed. The Plan is subject to the provisions of the National Pensions Law of the Cayman Islands, which became effective on June 1, 1998. The Plan is divided into units in accordance with the Trust Deed. The Trustees of the Plan are expected to review the Trust Deed along with current procedures and guidelines when necessary and make the appropriate changes to the Trust Deed to comply with the Regulations of the National Pensions Law.

**Contributions:** If an employer is a contributor, then the normal contribution rate is 10% of the employee's earnings (up to the maximum pensionable earnings), typically, being borne equally by the employee and employer. The normal contribution for self-employed participants and participants whose employers do not contribute is 10% of the participant's earnings.

**Participant accounts:** Net assets available for benefits consist of the total participants' accounts. Each participant's account is credited with the contributions received in respect of that participant which are applied in the purchase of units in the Plan. These units are calculated by dividing each participant's contributions by the unit value. The unit value is formally calculated by the administrator of the Plan on the last business day of each month (the "valuation date"). The value of any benefits paid to a participant or his/her beneficiaries is deducted from the participant's account.

**Payment of benefits:** Participants are entitled to receive benefits by way of redemption of units, on the basis of termination of employment and residence in the Cayman Islands, retirement, permanent medical disability or death, at the discretion of the Trustees in accordance with the National Pensions Law.

**Transfers:** A participant can elect to transfer his or her units if he or she ceases to be employed by an employer who has participated in this plan and who is then employed by an employer who does not participate in this plan, or whose employer ceases to participate in this plan. The date of transfer is the immediately following contribution date which falls at least three business days following the receipt of the election to transfer. The Plan, in accordance with the Regulations of the National Pension Law, executes transfers within 45 days following the receipt of the transfer election.

## **THE SILVER THATCH PENSION PLAN**

### **NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2008**

#### **1. Introduction and background information (continued)**

**Investment policy:** The Plan is invested in such shares, securities, immovable property or other investments wherever situated as permitted by the National Pensions Law. There are four different investment portfolios that target different investment objectives, with their investment risk levels ranging from low to high. Investments are diversified as far as is reasonably practical to ensure that risk is not unduly concentrated in any one type of investment, area or currency other than the United States dollar.

#### **2. Significant accounting policies**

These financial statements have been prepared under the historical cost convention, modified by the revaluation of investments at fair value and in accordance with International Financial Reporting Standards ("IFRS"). The preparation of financial statements in conformity with IFRS requires the Trustees to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

A). Amendment to published standards effective for the period beginning July 1, 2007:

IFRS 7 - Financial Instruments: Disclosures, and a complementary Amendment to IAS 1 - Presentation of Financial Statements: Capital Disclosures. IFRS 7 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk. The amendment to IAS 1 introduces disclosures about the level of an entity's capital and how it manages capital. The Plan's trustees assessed the impact of IFRS 7 and the amendment to IAS 1 and concluded that the main additional disclosures are the expanded qualitative and quantitative financial instrument risk disclosures (including sensitivity to market risk disclosures) and the capital disclosures required by the amendment of IAS 1.

Adoption of IFRS 7 and the IAS 1 amendment were applied retrospectively, and only impacts the disclosures presented in the financial statements and not the Plan's accounting policies or primary statements. There was no impact on opening net assets at July 1, 2006 from the adoption of any of the above-mentioned standards.

All other new standards, amendments and interpretations effective for the period beginning July 1, 2007 are not considered relevant to the Plan's operations.

B) Relevant standards and amendments issued prior to June 30, 2008 but not effective until future periods:

IFRS 8, Operating Segments (effective from January 1, 2009) is not expected to impact the Plan as the Plan is currently not included in the scope of IFRS 8 by virtue of the fact that the Plan does not have any issued securities which are publicly traded.

IAS 1 – Presentation of Financial Statements (Revised and effective January 1, 2009) results in a new requirement that all changes in equity arising from transactions with owners in their capacity as owners (i.e., owner changes in equity) be presented separately from non-owner changes in equity. As a result, an entity will no longer be permitted to present components of comprehensive income (i.e., non-owner changes in equity) in the statement of changes in equity. Instead, a new "statement of comprehensive income" will be required. This revised standard is not expected to significantly impact the plan as currently all non-owner changes in equity are included in the income statement.

IFRIC 12 – Service concession arrangements (effective for periods beginning after 1 January 2008) is not expected to impact the Plan as the Plan has no service concession arrangements in place

## THE SILVER THATCH PENSION PLAN

### NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

#### 2. Significant accounting policies (continued)

IFRIC 13 – Customer Loyalty Programmes (effective for periods beginning after 1 January 2008) is not expected to impact the Plan as the Plan has no customer loyalty programmes in place.

IFRIC 14 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (effective for periods beginning after 1 January 2008) is not expected to impact the Plan as the Plan has no defined benefit assets and is not impacted by IAS 19.

All references to net assets throughout this document refer to net assets available for benefits unless otherwise stated. Net assets per unit information as disclosed in Note 13 has been determined as total assets less liabilities (excluding net assets available for benefits) divided by the number of outstanding units for each Portfolio as determined based on the allocation made by the Trustees.

The significant accounting policies adopted by the Plan are as follows:

**Investment transactions:** The Plan has classified its investments as financial assets or liabilities at fair value through profit and loss. Investment transactions are accounted for on a trade date basis (the date the order is executed). Realised and unrealised gains and losses are calculated on the first in first out cost basis and are recognised in the Income Statement in the period in which they arise. Transaction costs are expensed as incurred and have been included in gains and losses on investments.

**Valuations of investments:** Investments in securities for which market quotations are not readily available are valued at their fair value using methods which are in accordance with recognized accounting and financial principles and which have been approved by the Trustees. In this context, investments in unit trusts and mutual funds which are not publicly traded are valued at the net asset valuations provided by the managers of the unit trusts/mutual funds unless the Trustees are aware of good reasons why such a valuation would not be the most appropriate indicator of fair value. Such valuations could differ significantly from the values that would have been used had ready markets existed, and the differences could be material. Securities that are traded on recognised securities exchanges are valued by reference to quotations provided by the market on which the securities are traded on the last day of trading in the period.

**Interest income:** Investment income is recognised in the Income Statement using the effective interest method.

**Dividend income:** Dividend income is recognised at the time the income becomes receivable (the "ex-dividend" date).

**Contributions and transfers from other plans:** Contributions and transfers from other plans are accounted for as the cash is received by the administrator.

**Expenses:** Expenses are accounted for on the accrual basis.

**Benefit payments and transfers to other plans:** Benefit payments and transfers to other plans are accounted for on the accrual basis.

**Advance payment for investments:** Amounts paid in advance of the subscription date for the purchase of an investment in a unit trust/mutual fund are recorded as advance payments for investments (details are included in the Schedule of Investments).

## THE SILVER THATCH PENSION PLAN

### NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

#### 2. Significant accounting policies (continued)

**Foreign currencies:** Transactions in foreign currencies are translated at the rate of exchange prevailing at the date of the transaction. Assets and liabilities that are denominated in foreign currencies are translated at the rate prevailing at the valuation date. The Plan does not isolate that portion of the results of operations resulting from changes in foreign exchange rates on investments from the fluctuations arising from changes in market prices of investments held. Such fluctuations are included with the net realised and change in unrealised gain or loss on investments in the Income Statement in the period in which they arise.

**Functional and presentation currency:** Items included in the Plan's financial statements are measured using the currency of the primary economic environment in which it operates (the "functional currency"). This is the United States dollar, which reflects the Plan's primary activity of investing in United States dollar denominated investments. In addition, the Plan has adopted the United States dollar as its presentation currency.

**Cash and cash equivalents:** For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of financial institution balances on demand and at short notice.

**Allocation of expenses to Portfolios:** Expenses attributable to all Portfolios are allocated monthly to each of the Portfolios on a pro rata basis in the proportion that the net asset value attributable to each portfolio at the beginning of each month bears to the aggregate net asset value of the total Plan. Any expenses attributable to a specific Portfolio are allocated to the applicable Portfolio, as determined by the Trustees.

#### 3. Investments

The Plan's investments are managed by the investment manager, RBS Coutts Bank Ltd. ("RBS Coutts") under a discretionary investment agreement. The Plan's investments for each Portfolio at June 30, 2008 and 2007 are detailed in the Schedule of Investments. There were no investments in the 100% Fixed Income Portfolio as at June 30, 2008 or June 30, 2007. Details of the net rates of return for the Portfolios are as follows:

	Year ended <u>June 30,</u>	
	<u>2008</u>	<u>2007</u>
Conservative Portfolio	3.03%	10.36%
Balanced Portfolio	-1.51%	14.02%
Growth Portfolio	-6.43%	16.77%
Aggressive Growth Portfolio	-9.17%	18.80%

In accordance with the National Pensions (Pension Fund Investments) Regulations the above returns have been calculated on a time-weighted basis using the Modified Dietz method consistent with the current requirements of the Global Investment Performance Standards ("GIPS"). The return is calculated net of investment management fees (see Note 7).

The investment portfolio at June 30, 2008 and 2007 represents investments in unit trusts and mutual funds which have been fair valued in accordance with the policies set out in Note 2 above and are detailed in the Schedule of Investments. Since the shares of the unit trusts and mutual funds are not publicly traded, redemption can only be made by the Plan on the redemption dates and subject to the required notice periods specified in the offering documents of each of the unit trusts and mutual funds. The Coutts Equator Investment Programme unit trusts are redeemable on a daily basis with one day notice prior to the dealing day, and the Orbita funds are redeemable on a quarterly basis with 37 calendar days notice prior to the dealing day. As a result, the carrying values of the other funds may not be indicative of the prevailing value ultimately realised on redemption.

The Plan's investments may be pledged to the custodian, RBS Coutts, for use as collateral against any obligations or liabilities of the Plan to RBS Coutts, under the general terms and conditions of the custodial agreement.

**THE SILVER THATCH PENSION PLAN**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2008**

**4. Accounts payable**

	<u>2008</u>	<u>June 30,</u> <u>2007</u>
Administration, accounting and secretarial fees (Note 6)	224,033	322,400
Audit fees	56,000	56,000
Consulting fees	56,536	24,881
Other	<u>-</u>	<u>16,308</u>
Total accounts payable	<u>\$ 336,569</u>	<u>\$ 419,589</u>

**5. Benefits**

Benefits paid to participants leaving the Plan are analysed as follows:

	<u>2008</u>	<u>June 30,</u> <u>2007</u>
Termination of residence (lump sum payments)	4,059,091	3,971,052
Retirement benefits (lump sum payments)	993,627	137,059
Retirement benefits (annual income payments)	1,123,168	979,344
Disability benefits (lump sum and annual income payments)	28,934	59,623
Death benefits (lump sum payments)	<u>229,061</u>	<u>187,509</u>
	<u>\$ 6,433,881</u>	<u>\$ 5,334,587</u>

**6. Administration, accounting and secretarial fees**

The Plan is administered by Close Brothers (Cayman) Ltd. ("CBCL"). Under the administration agreement, CBCL receives administration fees on a sliding scale basis. The fee is payable monthly in arrears and is calculated based on the monthly net asset value of the total Plan.

The fees are allocated to each Portfolio on a pro rata basis in the proportion that the net asset value attributable to each Portfolio at the beginning of each month bears to the aggregate net asset value of the total Plan.

<u>Monthly net asset value</u>	<u>Administration Fee charged</u>
• First US\$10 million	2.035%
• US\$10 million to US\$25 million	1.035%
• US\$25 million to US\$50 million	0.785%
• US\$50 and above	0.535%

**7. Investment management and other fees related to investments**

RBS Coutts Bank Ltd. ("RBS Coutts") acted as the Plan's investment manager for the year. RBS Coutts is part of the Coutts group, which is wholly owned by The Royal Bank of Scotland Group. In consideration for these services, the investment manager was paid the following annual rates, charged quarterly in arrears and calculated by reference to the aggregate closing value of the Portfolios' investment portfolios on the first business day of each month in each calendar quarter:

## THE SILVER THATCH PENSION PLAN

### NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

#### 7. Investment management and other fees related to investments (continued)

<u>Investments at fair value</u>	<u>Annual fee charged on aggregate investments</u>
• Under US\$50 million	0.45%
• US\$50 million to US\$100 million	0.35%
• US\$100 million to US\$125 million	0.325%
• US\$125 million to US\$150 million	0.30%
• US\$150 million to US\$175 million	0.275%
• US\$175 million to US\$200 million	0.25%

The fees are allocated to each Portfolio on a pro rata basis in the proportion that the net asset value attributable to each Portfolio at the beginning of each month bears to the aggregate net asset value of the total Plan.

RBS Coutts acts as the Plan's custodian. No custodian fees are passed on to the Plan by RBS Coutts.

RBS Coutts utilizes Coutts' Equator Investment Programme Series 5 unit trusts under the investment management mandate. These Programmes are managed by external fund managers appointed by RBS Asset Management (Dublin) Limited. The values of these units are net of the manager, trustee, sub-custodian, investment adviser, consultant, and administrator's fees (where applicable).

The Plan invests in Series 5 units of the unit trusts. The total fees and expenses on Series 5 of the unit trusts are charged at a rate of 0.3% to 2% per annum of the underlying net asset values of each unit trust, except for the Coutts US Dollar Liquidity (Distributing) Programme, which has a rate of 0.3% per annum, and the Coutts United Kingdom Specialist EQT Programme and the Coutts United States Specialist EQT Programme, which have a rate of 2.0% per annum. When the investment management fees disclosed above are combined with the fees charged on these unit trusts, the total costs in respect of that portion of the Plan's portfolio invested in the Coutts Investment Programmes range 0.6% to 2.325% per annum as at June 30, 2008 and 2007.

Each of the Plan's four investment portfolios invests into alternative investment strategies, the "Orbita funds", which are fund of hedge funds. There is a management fee of 1.25% per annum of the net asset value charged within each Orbita fund by RBS Asset Management (Cayman) Limited. RBS Asset Management (Cayman) Limited also receives a quarterly performance fee equal to 10% of each Orbita fund's profits, after all other fees and expenses have been deducted, to the extent they are in excess of the applicable hurdle rate for the relevant quarter, as defined in each of the Orbita fund's Information Memorandum. If at the end of any quarter the percentage change in the net asset value falls below the hurdle rate for that quarter, the shortfall must be made up in subsequent quarterly periods in addition to the hurdle rate for those subsequent quarterly periods, before any further performance fees are payable.

RBS Asset Management (Cayman) Limited selects sub-advisors to manage the assets of each Orbita fund and each sub-advisor may receive two forms of compensation: (i) a management fee payable to the sub-advisor out of the assets of the particular strategy, and (ii) a performance fee payable to the sub-advisor out of the assets of each strategy. Each sub-advisor may appoint a custodian or prime broker which is likely to be that typically engaged by the relevant sub-advisor. Such custodian or prime broker will be entitled to additional fees at, generally, no more than normal commercial rates. Each Orbita fund also pays administration fees to Fortis Prime Fund Solutions (Cayman) Limited at annual rates ranging from 0.03% to 0.05% of the net asset value, depending on the level of net assets.

The values of the Plan's investment in the shares of the Orbita funds are net of all expenses described above.



## **THE SILVER THATCH PENSION PLAN**

### **NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2008**

#### **8. Expense ratio**

The expense ratios for the years ended June 30, 2008 and 2007 are as follows:

	<u>2008</u>	<u>2007</u>
Conservative Portfolio	0.97%	1.21%
Balanced Portfolio	1.08%	1.21%
Growth Portfolio	1.06%	1.21%
Aggressive Growth Portfolio	1.06%	1.36%

In accordance with the National Pensions (Pension Fund Investments) Regulations the expense ratio is calculated based on total expenses (excluding the fees reflected in the values of the Coutts Equator Investment Programme unit trusts and Orbita funds as described above in Note 7, which are expenses of the underlying unit trusts and mutual funds and not direct expenses of the Plan) as a percentage of average monthly net assets.

#### **9. Plan termination**

The Trustees may at any time, with written notice as required by the National Pensions Law, determine that the Plan shall forthwith terminate, and upon termination either:

- a. refund the participants' entitlements under the Plan; or
- b. transfer all sums credited to a participant's account to another pension plan approved by the Trustees for the benefit of the participant.

#### **10. Financial instruments and associated risks**

**Strategy in using financial instruments:** The following is not intended to be a comprehensive summary of all risks.

The Plans' activities expose them to a variety of financial risks which includes price risk, currency risk and interest rate risk.

**Market risk/concentration of risk:** The Plan's activities expose it to effects of fluctuations in financial markets. Although the strategies of the Plan's Portfolios are to diversify their investments through various external fund managers, it is possible that the investment activity of such fund managers may result in the Plan being exposed to significant concentration of investments in markets and/or individual investments, including investments funds, which may be both volatile and illiquid. As discussed in note 3, certain of the investments of the Plan may be subject to specific restrictions on transferability and disposal. Consequently, risks exists that the Plan may not be able to readily dispose of its holdings in such investments when it chooses and also that the price attained on a disposal is below the amount at which such investments are included in the Plan's Statement of the Net Assets Available for Benefits.

**Interest risk:** The Plan's interest bearing investments relate to fiduciary and time deposits held with RBS Coutts earning interest on a monthly basis. The Plan is also indirectly exposed to additional interest rate risk in that the fair value of the Plan's holdings in unit trusts and mutual funds that themselves hold interest bearing investments will fluctuate as a result of changes in interest rates, however this additional exposure is not reflected in the table below.

# **THE SILVER THATCH PENSION PLAN**

## **NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2008**

### **10. Financial instruments and associated risks (continued)**

At June 30, 2008, should interest rates have increased by 20 basis points with all other variables remaining constant, profit for the year would increase by \$20,460, arising substantially from increases in net interest revenue.

Portfolio	Increase in basis points	Sensitivity of net interest income	0-3 months	3-12 months	1-5 years	over 5 years
Aggressive	+ 20 bps	80	20	60	-	-
Balanced	+ 20 bps	9,244	2,311	6,933	-	-
Conservative	+ 20 bps	694	174	521	-	-
Growth	+ 20 bps	10,442	2,611	7,832	-	-
<b>TOTAL</b>		<b>\$ 20,460</b>	<b>\$ 5,115</b>	<b>\$ 15,345</b>	<b>-</b>	<b>-</b>

\* The sensitivity of the interest income is the effect of the assumed changes in interest rates on the net interest income for one year, based on floating rate trading financial assets and financial liabilities held at June 30, 2008.

**Currency risk:** Although the majority of the Plan's investments are denominated in U.S. dollars, the Plan invests in unit trusts denominated in currencies other than the U.S. dollar, as detailed in the Schedule of Investments. Consequently, the Plan is exposed to risks that the exchange rate of the U.S. dollar relative to other currencies may change in a manner which has an adverse effect on the reported value of that portion of the Plan's assets which are denominated in currencies other than the U.S. dollar. The Plan is also indirectly exposed to additional foreign currency risk in that the Plan's holdings in unit trusts and mutual funds hold investments denominated in currencies other than the U.S. dollar, however this additional exposure is not reflected in the table below.

At June 30, 2008, had the exchange rate between the foreign currencies and the US dollar increased or decreased by 10% with all other variables held constant, the change in profit is outlined below ignoring the effects of any performance fees.

Portfolio / currency	Change in currency rate	Estimated \$ effect on net assets	% of Total Assets
Aggressive Growth		\$ '000's	
ECU	10%*	(3.2)	(0.62)%
ECU	-10%	3.2	0.62%
JPY	10%	(2.3)	(0.44)%
JPY	-10%	2.8	0.54%
GBP	10%	(2.4)	(0.45)%
GBP	-10%	2.4	0.45%
Balanced			
ECU	10%*	n/a	n/a
ECU	-10%	n/a	n/a
JPY	10%	(171.6)	(0.18)%
JPY	-10%	209.7	0.23%
GBP	10%	(205.5)	(0.22)%
GBP	-10%	205.5	0.22%

**THE SILVER THATCH PENSION PLAN**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2008**

**10. Financial instruments and associated risks (continued)**

Conservative			
ECU	10%*	n/a	n/a
ECU	-10%	n/a	n/a
JPY	10%	n/a	n/a
JPY	-10%	n/a	n/a
GBP	10%	n/a	n/a
GBP	-10%	n/a	n/a

Growth			
ECU	10%*	(400.0)	(0.45)%
ECU	-10%	400.0	0.45%
JPY	10%	(326.5)	(0.37)%
JPY	-10%	399.0	0.45%
GBP	10%	(262.4)	(0.30)%
GBP	-10%	262.4	0.30%

At June 30, 2007

Portfolio / currency	Change in currency rate	Estimated \$ effect on net assets	% of Total Assets
Aggressive Growth		\$ '000's	
ECU	10%*	(3.0)	(0.82)%
ECU	-10%	3.0	0.83%
JPY	10%	(1.4)	(0.40)%
JPY	-10%	1.7	0.48%
GBP	10%	(1.7)	(0.48)%
GBP	-10%	1.7	0.48%

Balanced			
ECU	10%*	(518.6)	(0.61)%
ECU	-10%	520.0	0.62%
JPY	10%	(225.6)	(0.27)%
JPY	-10%	276.8	0.33%
GBP	10%	(244.6)	(0.29)%
GBP	-10%	241.3	0.29%

Conservative			
ECU	10%*	(48.6)	(0.37)%
ECU	-10%	48.6	0.37%
JPY	10%	(19.9)	(0.15)%
JPY	-10%	24.4	0.18%
GBP	10%	(26.4)	(0.20)%
GBP	-10%	26.0	0.20%

**THE SILVER THATCH PENSION PLAN**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2008**

**10. Financial instruments and associated risks (continued)**

Growth			
ECU	10%*	(650.2)	(0.76)%
ECU	-10%	651.9	0.76%
JPY	10%	(311.4)	(0.36)%
JPY	-10%	382.1	0.44%
GBP	10%	(355.2)	(0.41)%
GBP	-10%	350.4	0.41%

\* indicates a 10% strengthening of the US dollar versus the foreign currency.

**Price risk:** Equity price risk exists to the extent that the value of an equity investment will fluctuate as a result of changes in market prices, regardless of whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market. A sensitivity analysis to changes in equity prices is given below.

All investments present a risk of loss of capital. The Plan moderates this risk through a careful selection of mutual fund investments which have specific investment objectives. The maximum risk resulting from financial instruments is reflected by the fair value of the financial instruments. The Plans' overall investment positions are monitored on a weekly basis by the Investment Manager.

The Investment Manager provides the Plan with investment recommendations that are consistent with the Plan's objectives.

A reasonable possible change is management's assessment, based on historical data, of what is a reasonable possible percentage movement in the value of an underlying fund following each respective strategy in USD terms over a twelve-month period. The impact on profit is calculated by applying the reasonable possible movement determined for each strategy to the value of each underlying fund held by the Plan at June 30, 2008 & 2007. The analysis is based on the assumption that the returns on each strategy have increased or decreased as disclosed with all other variables held constant, and excludes the possible impact of any performance fees.

The composition of the Plan's investment portfolio is expected to change over time. In addition, as disclosed, the sensitivity analysis is prepared based on management's assessment of reasonable possible changes in the returns of each of the portfolios to which the Plan is exposed, based on historical data. Accordingly, the sensitivity analysis presented as of June 30, 2008 and 2007 is not intended to estimate future effects on the Plan's net assets or future changes in the returns of each of the portfolios to which the Plan is exposed.

***June 30, 2008***

Strategy	Reasonable possible change (%)	Impact on profit (+ or - \$' 000)
Aggressive Growth	20	91
Balanced	10	8,777
Conservative	5	707
Growth	15	12,285
TOTAL		21,860

## THE SILVER THATCH PENSION PLAN

### NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

#### 10. Financial instruments and associated risks (continued)

*June 30, 2007*

Strategy	Reasonable possible change (%)	Impact on profit (+ or - \$' 000)
Aggressive Growth	20	61
Balanced	10	8,221
Conservative	5	656
Growth	15	12,451
TOTAL		21,389

**Credit risk:** Financial assets which potentially subject the Plan to concentrations of credit risk are cash and cash equivalents. The aggregate extent of the Plan's exposure to credit risk in respect of these financial assets approximates their carrying value as recorded in the Plan's Statement of Net Assets Available for Benefits. Additionally, the Plan's cash is placed with financial institutions considered by the Trustees to be of high credit quality. The bank balances as at June 30, 2008 and 2007 are held in accounts at the administrator and the custodian.

**Liquidity risk:** The Plan is exposed to cash redemptions from plan participants. Refer to Note 3 for details on investments. The Plan's investments comprise investments in unlisted mutual funds, which are not traded in an organised public market and may be illiquid. As a result, the Plan may not be able to liquidate quickly its investments in these instruments at an amount close to fair value in order to respond to its liquidity requirements or to other specific market events. The Investment Manager monitors the Plan's liquidity position on a monthly basis. Substantially all the Plan's liabilities (excluding net assets available for benefits) have an earliest possible contractual maturity date of less than 3 months.

**Fair values:** At June 30, 2008 and 2007, the carrying amount of the Plan's assets and liabilities, approximated their fair values. The fair values of the Plan's investments are disclosed in the Schedule of Investments.

#### 11. Units in issue

Units of the Plan are issued or redeemed on the first business day of each month at a price based on the underlying net asset value of the relevant Portfolio at the opening of business on that date, and subject to the provisions of the Trust Deed. At June 30, 2008 there are 13,130 participants in the Plan (2007: 12,159). Transactions in units are summarized as follows:

	Balanced Portfolio	Growth Portfolio	Conservative Portfolio	Aggressive Growth Portfolio
Outstanding units, at beginning of year July 1, 2006	<u>61,805,548.86</u>	<u>59,829,650.11</u>	<u>10,351,217.62</u>	<u>182,411.93</u>
Issued during the year (contributions and transfers from other plans / portfolios)	11,553,430.53	12,808,209.09	2,627,168.82	105,025.23
Redeemed during the year (benefit payments and transfers to other plans / portfolios)	( 3,029,239.14)	( 4,198,476.50)	( 1,204,917.53)	( 408.55)
Outstanding units, at end of year June 30, 2007	<u>70,329,740.25</u>	<u>68,439,382.70</u>	<u>11,773,468.91</u>	<u>287,028.61</u>

**THE SILVER THATCH PENSION PLAN**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2008**

**11. Units in issue (continued)**

	<u>Balanced Portfolio</u>	<u>Growth Portfolio</u>	<u>Conservative Portfolio</u>	<u>Aggressive Growth Portfolio</u>
Issued during the year (contributions and transfers from other plans / portfolios)	11,441,528.36	12,482,643.98	3,674,591.22	175,687.97
Redeemed during the year (benefit payments and transfers to other plans / portfolios)	( 2,889,920.27)	( 5,521,440.94)	( 1,592,024.48)	( 10,286.46)
Outstanding units, at end of year June 30, 2008	<u>78,881,348.34</u>	<u>75,400,585.74</u>	<u>13,856,035.65</u>	<u>452,430.12</u>

The Plan's capital is primarily represented by net assets available for benefits. In accordance with the objectives outlined in Note 1 and the risk management policies in Note 10, the Plan endeavours to invest the contributions received from members into appropriate investments while maintaining sufficient liquidity to meet benefit payments.

The Plan is not subject to any externally imposed capital requirements.

**12. Taxation**

The Plan is not subject to any income, withholding or capital gains taxes in the Cayman Islands. Generally the Plan conducts its affairs so as not to be liable to taxation in any other jurisdiction; however, the Plan does invest indirectly through unit trusts or mutual funds in securities whose income is subject to nonrefundable foreign withholding taxes.

**THE SILVER THATCH PENSION PLAN**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2008**

**13. Financial information on a portfolio basis**

The net assets available for benefits on a Portfolio basis as at June 30, 2008 are as follows:

	June 30, 2008			
	<u>Balanced Portfolio</u>	<u>Growth Portfolio</u>	<u>Conservative Portfolio</u>	<u>Aggressive Growth Portfolio</u> <u>Total Plan</u>
<b>ASSETS</b>				
Cash and cash equivalents	5,767,687	6,759,250	493,563	13,080,341
Investments, at fair value (Note 3)	87,769,907	81,897,560	14,146,040	184,269,563
Receivable for investments sold	-	3,660,577	-	3,675,249
Other assets	55,329	48,908	10,537	114,774
Receivable (payable) between Portfolios	<u>1,014,106</u>	<u>( 2,530,099)</u>	<u>1,515,713</u>	<u>-</u>
Total assets	<u>94,607,029</u>	<u>89,836,196</u>	<u>16,165,853</u>	<u>201,139,927</u>
<b>LIABILITIES</b>				
Contributions and transfers received in advance	1,321,702	1,278,461	188,549	2,796,047
Redemptions payable	357,292	345,127	( 75,925)	627,224
Accounts payable (Note 4)	<u>155,275</u>	<u>155,189</u>	<u>25,278</u>	<u>336,569</u>
Total liabilities (excluding net assets available for benefits)	<u>1,834,269</u>	<u>1,778,777</u>	<u>137,902</u>	<u>3,759,840</u>
Net assets available for benefits	<u>\$ 92,772,760</u>	<u>\$ 88,057,419</u>	<u>\$ 16,027,951</u>	<u>\$ 197,380,087</u>
Number of units in issue (Note 11)	78,881,348.34	75,400,585.74	13,856,035.65	452,430.12
Net assets per unit	<u>\$ 1.1761</u>	<u>\$ 1.1679</u>	<u>\$ 1.1567</u>	<u>\$ 1.1537</u>

**THE SILVER THATCH PENSION PLAN**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2008**

**13. Financial information on a portfolio basis (continued)**

The operations for the year ended June 30, 2008 for each Portfolio, are as follows:

	For the year ended June 30, 2008			
	<u>Balanced Portfolio</u>	<u>Growth Portfolio</u>	<u>Conservative Portfolio</u>	<u>Aggressive Growth Portfolio</u>
				<u>Plan</u>
<b>Revenue</b>				
Interest income	183,844	184,863	18,387	1,098
Dividend income	1,538,735	1,086,734	348,888	4,116
Miscellaneous income	2,851	2,852	445	17
Net realised gain/(loss) on investments	2,428,414	2,603,037	272,865	11,790
Net change in unrealised gain on investments	( 5,262,365)	( 9,556,535)	( 161,319)	( 59,326)
Total revenue	( 1,108,521)	( 5,679,049)	479,266	( 42,305)
<b>Expenses</b>				
Administration, accounting and secretarial fees (Note 6)	616,335	622,232	97,497	3,300
Investment management fees (Note 7)	227,021	229,656	36,248	1,039
Consulting fees	11,927	12,023	1,896	62
Printing and advertising	5,868	5,935	922	52
Audit fees	27,127	27,394	4,441	304
Other	87,374	87,100	( 2,137)	145
Total expenses	975,652	984,340	138,867	4,902
<b>Operating profit</b>	( 2,084,173)	( 6,663,389)	340,399	( 47,207)
<b>Net increase / (decrease) in net assets available for benefits resulting from operations</b>	\$( 2,084,173)	\$( 6,663,389)	\$ 340,399	\$( 47,207)
				\$( 8,454,370)



**THE SILVER THATCH PENSION PLAN**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2008**

**13. Financial information on a portfolio basis**

The net assets available for benefits on a Portfolio basis as at June 30, 2007 are as follows:

	June 30, 2007			
	<u>Balanced Portfolio</u>	<u>Growth Portfolio</u>	<u>Conservative Portfolio</u>	<u>Aggressive Growth Portfolio</u>
<b>ASSETS</b>				<u>Total Plan</u>
Cash and cash equivalents	4,089,901	4,681,543	546,626	61,029
Investments, at fair value (Note 3)	82,210,043	83,008,826	13,125,799	303,233
Other assets	<u>82,408</u>	<u>76,221</u>	<u>14,839</u>	<u>-</u>
Total assets	<u>86,382,352</u>	<u>87,766,590</u>	<u>13,687,264</u>	<u>364,262</u>
<b>LIABILITIES</b>				
Contributions and transfers received in advance	1,297,429	1,249,931	188,855	5,166
Redemptions payable	448,969	306,151	192,201	704
Accounts payable (Note 4)	<u>185,209</u>	<u>187,808</u>	<u>45,541</u>	<u>1,031</u>
Total liabilities (excluding net assets available for benefits)	<u>1,931,607</u>	<u>1,743,890</u>	<u>426,597</u>	<u>6,901</u>
Net assets available for benefits	\$ <u>84,450,745</u>	\$ <u>86,022,700</u>	\$ <u>13,260,667</u>	\$ <u>357,361</u>
Number of units in issue (Note 11)	70,329,740.25	68,439,382.70	11,773,468.91	287,028.61
Net assets per unit	\$ <u>1,2008</u>	\$ <u>1,2569</u>	\$ <u>1,1263</u>	\$ <u>1,2450</u>
				\$ <u>184,091,473</u>

THE SILVER THATCH PENSION PLAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

**13. Financial information on a portfolio basis (continued)**

The operations for the year ended June 30, 2007 for each Portfolio, are as follows:

	For the year ended June 30, 2007			
	<u>Balanced Portfolio</u>	<u>Growth Portfolio</u>	<u>Conservative Portfolio</u>	<u>Aggressive Growth Portfolio</u>
				<u>Plan</u>
<b>Revenue</b>				
Interest income	93,576	92,117	16,313	94
Dividend income	1,412,064	864,699	333,089	1,726
Miscellaneous income	3,738	3,788	595	9
Net realised gain/(loss) on investments	452,250	1,046,889	33,749	5,187
Net change in unrealised gain on investments	8,202,896	10,196,069	824,591	37,751
Total revenue	<u>10,164,524</u>	<u>12,203,562</u>	<u>1,208,337</u>	<u>44,767</u>
				<u>23,621,190</u>
<b>Expenses</b>				
Administration, accounting and secretarial fees (Note 6)	479,252	479,644	77,107	1,763
Investment management fees (Note 7)	205,098	207,127	32,882	668
Consulting fees	65,222	64,855	10,610	143
Printing and advertising	25,555	25,613	4,100	93
Audit fees	55,005	55,801	8,632	197
Other	85,491	87,052	13,981	886
Total expenses	<u>915,623</u>	<u>920,092</u>	<u>147,312</u>	<u>3,750</u>
Operating profit	<u>9,248,901</u>	<u>11,283,470</u>	<u>1,061,025</u>	<u>41,017</u>
				<u>21,634,413</u>
<b>Net increase in net assets available for benefits resulting from operations</b>	<u>\$ 9,248,901</u>	<u>\$ 11,283,470</u>	<u>\$ 1,061,025</u>	<u>\$ 41,017</u>
				<u>\$ 21,634,413</u>

**THE SILVER THATCH PENSION PLAN**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2008**

**14. Subsequent events**

The following table shows the percentage movements in the net asset value ("NAV") of each of the Plan's four portfolios for the period June 30, 2008 to September 30, 2008, based on the unaudited NAV's at September 2008.

	NAV at June 30, 2008	NAV at September 30, 2008 (unaudited)	% movement
Aggressive	1.1537	1.0365	(10.16)%
Balanced	1.1761	1.0964	(6.77)%
Conservative	1.1567	1.1232	(2.89)%
Growth	1.1679	1.0456	(10.47)%

The following table shows the unaudited investment performance of each of the four portfolios' investments for the period July 1, 2008 to October 31, 2008, as reported by the Investment Manager.

Investment performance (unaudited) July 1, 2008 – October 31, 2008	
Aggressive	(25.34)%
Balanced	(16.51)%
Conservative	(7.78)%
Growth	(24.83)%

Subsequent to year end and through to September 30, 2008, the Plan had subscriptions of \$8,038,657 and redemptions of \$2,731,567.