

**Potential investors should read the whole of this Admission document. Your attention is drawn in particular to Part I headed “RISK FACTORS” set out on page 8.**

This is an Admission document which has been drawn up in accordance with the AIM Rules. It does not constitute a prospectus as defined by the Prospectus Rules and has not been filed with the UK Listing Authority. It is not a public offering. Copies will be available free of charge to the public during normal business hours on any day (Saturdays, Sundays and public holidays excepted) at the offices of Marshall Securities Limited, 145-157 St John Street, London EC1V 4RE for a period of one month from the date of Admission in accordance with Rule 3 of the AIM Rules.

Details of the registered office of the Company and the names of the Directors appear on page 7 of this Admission document. The Directors accept both individual and collective responsibility for the information contained herein. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this Admission document is in accordance with the facts and does not omit anything likely to affect the import of such information.

**Application is being made for all of the Shares to be issued pursuant to the Placing to be admitted to trading on AIM. The Shares are not dealt in on any other investment exchange and no application is being or has been made for the Shares to be admitted to any such exchange. AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the UK Listing Authority. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. London Stock Exchange plc (“LSE”) has not itself examined or approved the contents of this document. It is expected that Admission will take place and dealings in the Shares will commence on 20 December 2006 in respect of the Initial Placing and on 17 January 2007 in respect of the Supplemental Placing.**

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## **ADVANCE AIM VALUE REALISATION COMPANY LIMITED**

*(Incorporated in Guernsey under the Companies (Guernsey) Laws, 1994 to 1996,  
as amended, with registered number 45899)*

### **Placing of up to 50 million Shares at 100p each and Admission to trading on AIM**

*Nominated Adviser*  
**Ernst & Young LLP**

*Broker*  
**Marshall Securities Limited**

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Consent under the Control of Borrowing (Bailiwick of Guernsey) Ordinances, 1959 to 1989, has been obtained for the Company to raise up to £50 million by the Placing and for the circulation of this Admission document. Neither the Guernsey Financial Services Commission nor the Policy Council of the States of Guernsey accepts any responsibility for the financial soundness of the Company or for the correctness of any of the statements made or opinions expressed with regard thereto.

The Shares have not been and will not be registered under the US Securities Act of 1933, as amended (the “Securities Act”) or with any securities authority of any State or other jurisdiction of the United States and, subject to certain exceptions, may not be offered or sold within the United States to, or for the account or benefit of, US Persons (as defined in Regulation S under the Securities Act). In addition, the Company has not been and will not be registered under the US Investment Company Act of 1940, as amended, and investors will not be entitled to the benefits of that Act.

Ernst & Young LLP (“E & Y”) is the nominated adviser to the Company for the purposes of the AIM Rules and Marshall Securities Limited (“Marshall”) is the broker for the purposes of the AIM Rules. Marshall is a member of the LSE, and both Marshall and E & Y are authorised and regulated by the Financial Services Authority (“FSA”) and are acting exclusively for the Company in connection with the matters set out in this Admission document. E & Y and Marshall are not acting for, and will not be responsible to, any other person for providing the protections afforded to customers of E & Y or Marshall or for advising any such person on the contents of this Admission document or any transaction or arrangement referred to herein. For the purposes of the AIM Rules, the nominated adviser’s responsibilities are owed solely to the LSE, not to the Company or to any Director or any other person in respect of any decision to buy or acquire Shares in reliance upon part or all of this Admission document. No representation or warranty is made by E & Y or Marshall as to the contents of this Admission document.

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## KEY INFORMATION

The following is a summary of the more detailed information set out in this Admission document and should be read as an introduction before reading the full text. Your particular attention is drawn to the Risk Factors set out in Part I of this Admission document, and it is most important that any decision to acquire Shares should be based on consideration of the document as a whole.

### The Company

Advance AIM Value Realisation Company Limited (“AIMVARC”) is a newly incorporated closed-ended investment company based in Guernsey which has been formed to provide value and liquidity for its shareholders. On Admission it will become an investing company for the purposes of the AIM Rules.

AIMVARC has been established to acquire principally AIM Securities from financial institutions, in consideration for which the Company will issue new Shares at a price of 100p each. The Investment Manager believes that the portfolios of many UK institutions include holdings in AIM Securities which may comprise a fairly small percentage of their overall holdings. It may not be economically viable for the institutions to commit the time and bear the costs of becoming actively involved in such stocks.

The Company provides such institutions with an opportunity to :

- ▶ dispose of their non-core holdings and then recycle the proceeds in accordance with their investment priorities; and
- ▶ rationalise their portfolios and thereby improve portfolio efficiency by focussing more resources on their core investments.

The Company has retained the services of Progressive AIM Realisation Limited (“PARL”) to manage its portfolio.

### Objective

The objective of AIMVARC is to realise value from a portfolio of AIM Securities and progressively return cash to Shareholders.

### The concept

The Company’s approach is based on the model of three investment companies, Advance Value Realisation Company Limited (“ADVARC”), Second Advance Value Realisation Company Limited (“SAVR”) and Third Advance Value Realisation Company Limited (“TAVR”). ADVARC and SAVR acquired only Listed Securities, whilst TAVR acquired Listed Securities and some AIM Securities. ADVARC and SAVR have both been placed in voluntary liquidation, having achieved their objectives.

TAVR is managed by PARL’s parent, Progressive Value Management Limited (“PVML”), as were ADVARC and SAVR. The personnel of PARL are the same team of people who manage TAVR.

AIMVARC follows the concept of ADVARC, SAVR and TAVR, with some changes to reflect its investment focus on AIM Securities. Further information concerning these investment companies can be found in Part II of this document.

### Capital structure and life of the Company

The Company’s issued share capital following the Placing will consist of Shares and (for technical reasons of Guernsey company law) Founders’ Shares. Application is being made for the Shares to be admitted to trading on AIM. The Shares will be redeemable by the Company at any time at a price per Share determined having regard to the NAV per Share and in the manner described in paragraph 6 of Part IV of this document. The Shares are not redeemable at the request of Shareholders.

On a winding up, any surplus assets available for distribution to the members will be applied first in returning to Shareholders 100p, secondly in returning to the holders of the Founders’ Shares the capital paid up on, and any premium paid on issue of, the Founders’ Shares, and thirdly in returning any surplus to Shareholders. At an extraordinary general meeting to be held in the first quarter of 2010, Shareholders will be invited to consider the future of the Company and will be given an opportunity to initiate the winding up of the Company.

### **Dividend policy**

The Board and the Investment Manager will seek to achieve capital growth rather than dividend income. It is unlikely that the Company will pay any significant dividends.

### **Investment management fees**

The Investment Manager will be entitled to receive (i) a basic fee equivalent to one per cent. per annum of the aggregate value at the Placing Price of the Shares placed pursuant to the Placing for the first two years following Admission and thereafter one per cent. per annum of the Net Asset Value of the Company as at the second anniversary of Admission; (ii) a capital return fee at the rate of one per cent. in respect of Capital Returns (up to 100p per Share) made in any calendar month up to and including December 2008; and (iii) an equity appreciation fee equal to ten per cent. of any value returned to Shareholders in excess of 100p per Share.

### **Qualifying Securities**

Qualifying Securities are those which meet the investment criteria set out in paragraph 3(a) of Part IV of this Admission document.

### **Annual expenses**

The Company will have annual expenses related to its management, administration and regulatory obligations. Further details are set out in paragraph 14(i) of Part IV of this document.

### **The Placing**

The minimum subscription level in the Placing is £50,000. On the basis described in paragraph 14(h) of Part IV of this Admission document, it is expected that the aggregate costs of the Placing and Admission, including stamp duty or stamp duty reserve tax on the acquisition of Qualifying Securities, will be between 2.5 per cent. and 3.0 per cent. of the gross value of the Company's initial portfolio.

#### *The Initial Placing*

It is proposed that the Company acquire Qualifying Securities up to a value of £50 million by the issue of Shares at 100p per Share. The Placing Price will be satisfied entirely by the transfer to the Company of Qualifying Securities save that investors will be obliged to subscribe in cash if they are unable to settle the transfer to the Company of contracted Qualifying Securities. An investor may, at the discretion of the Company, also agree with the Company to subscribe in cash on the basis that the Company will apply such cash to purchase specified Qualifying Securities from such an investor at an agreed price. Qualifying Securities will be acquired at the market bid price as at the close of business on 8 December 2006, as derived from Bloomberg. In limited circumstances (described in paragraph 3(a) of Part IV of this document) Qualifying Securities may be acquired at a lower price. The aggregate value of all Qualifying Securities to be transferred to the Company by each placee will be rounded to the nearest £1.00.

The Initial Placing is expected to close at 5.00 p.m. on 8 December 2006. The Initial Placing, which is not underwritten, is conditional on the Company acquiring Qualifying Securities to the value of at least £30 million as at that date.

Taking into account the expenses of the Placing the initial NAV of the Company following the Initial Placing is expected to be between £29.1 million and £48.7 million.

#### *The Supplemental Placing*

The Company may, within four weeks of the date of Admission to trading on AIM of the Shares issued pursuant to the Initial Placing, acquire further Qualifying Securities in consideration of a further issue of Shares provided that the maximum number of Shares issued pursuant to the Initial Placing plus the Supplemental Placing will not exceed 50 million. The aggregate number of Shares issued in the Supplemental Placing will be less than 10 per cent. of the aggregate number of Shares issued in the Initial Placing. The Company may acquire any Qualifying Securities in the Supplemental Placing, whether or not the transferor of such securities participated in the Initial Placing and whether or not the Investments to be acquired by the Company in the Supplemental Placing are in companies already included in the Company's portfolio.

Qualifying Securities will be acquired pursuant to the Supplemental Placing on the same basis as under the Initial Placing save that the relevant market bid price for the bargain will be that at close

of business on 5 January 2007. The Supplemental Placing, which will not be underwritten, is conditional on the Initial Placing having been completed. The Supplemental Placing is expected to close at 5.00 p.m. on 5 January 2007.

## PLACING STATISTICS

Placing Price	100p
Number of Shares in issue at the date of this document:	nil
Total number of Shares in issue immediately following completion of the Placing and Admission to trading on AIM (assuming the Placing is fully subscribed)	50 million
Estimated opening NAV (assuming the Placing is fully subscribed)	£48.7 million

## EXPECTED TIMETABLE

<b>Publication of this document</b>		30 November 2006
<b>The Initial Placing:</b>		
Close of Initial Placing	5.00 p.m.	8 December 2006
Latest time and date to deliver certificated and uncertificated stock	5.00 p.m.	18 December 2006
Dealings in Shares issued pursuant to the Initial Placing to commence on AIM		20 December 2006
CREST stock accounts credited		20 December 2006
Share certificates despatched by		27 December 2006
<b>The Supplemental Placing</b>		
Close of Supplemental Placing	5.00 p.m.	5 January 2007
Latest time and date to deliver certificated and uncertificated stock	5.00 p.m.	15 January 2007
Dealings in Shares issued pursuant to the Supplementary Placing to commence on AIM		17 January 2007
CREST stock accounts credited		17 January 2007
Share certificates despatched by		24 January 2007

## DIRECTORS, SECRETARY AND ADVISERS

Directors	Alexander James Fleming (Chairman) David Sydney Copperwaite (non-executive director) Helen Foster Green (non-executive director) Timothy James Henderson (non-executive director) David Lawrence Kempton (non-executive director)
Registered office and place of business	1 Le Marchant Street, St. Peter Port Guernsey GY1 4HP <i>Website : <a href="http://www.aimvarc.com">www.aimvarc.com</a></i> <i>Telephone number: 01481 726034</i>
Secretary and administrator	Legis Corporate Services Limited 1 Le Marchant Street, St. Peter Port Guernsey GY1 4HP
Investment Manager	Progressive AIM Realisation Limited 145-157 St John Street London EC1V 4RU <i>Telephone number: 020 7566 5550</i>
Nominated Adviser	Ernst & Young LLP 1 More London Place London SE1 2AF
Broker	Marshall Securities Limited 145-157 St John Street London EC1V 4RE
Solicitors as to English law	Freshfields Bruckhaus Deringer 65 Fleet Street London EC4Y 1HS
Legal Advisers as to Guernsey law	Ozannes 1 Le Marchant Street, St. Peter Port Guernsey GY1 4HP
Auditors	RSM Robson Rhodes PO Box 313, Anson Court La Route des Camps, St Martins Guernsey GY1 3TF
Reporting Accountants	RSM Robson Rhodes LLP 30 Finsbury Square London EC2P 2YU
UK Administration Agent	Cavendish Administration Limited 145-157 St John Street London EC1V 4RU
Registrar	Capita Registrars (Guernsey) Limited 2nd Floor, No 1 Le Truchot St. Peter Port Guernsey GY1 4AE
Custodian	The Northern Trust Company 50 Bank Street, Canary Wharf London E14 5NT
Principal bankers	Lloyds TSB Bank plc 34 Moorgate London EC2R 6PL

## **PART I**

### **RISK FACTORS**

#### **General**

The Company expects that its typical investors will be institutional investors who are capable themselves of evaluating the merits and risk of an investment in the Company and who have sufficient resources to be able to bear any losses that may result from the investment (which may equal the whole amount invested).

An investment in the Company is suitable only for investors who are capable of evaluating the risks and merits of such an investment and who have sufficient resources to bear any loss which might result from such an investment.

The value of an investment in the Company, and income derived from it, if any, may go down as well as up. There can be no guarantee that any appreciation in the value of the Company's investments will occur and investors may realise less than the value of their original investment. There can be no guarantee that the objective of the Company will be met.

There are a number of risks associated with investment in the Company, in particular:

#### **Company**

The Company is new and has no operating history.

The past performance of the Investment Manager or its parent and of the assets managed by the Investment Manager or its parent is not a guide to the potential future performance of the Company.

#### **Shares**

Investors contemplating acquiring Shares should recognise that the market value of Shares and potential income derived from such Shares can fluctuate. Furthermore, the market price of the Shares may not reflect their underlying net asset value. The market in the Shares is likely to be illiquid.

On the winding up of the Company the proceeds of disposal of its net assets may not be sufficient for Shareholders to receive back the full value of their original investment in the Company.

#### **Economy**

Changes in economic conditions (for example, interest rates and rates of inflation) and changes in industry conditions, competition, political and diplomatic events and trends, tax laws and other factors can and do substantially and adversely affect stocks and will also, therefore, affect the Company's portfolio and the Company's prospects.

#### **Company's Investments**

Many of the stocks in the Company's portfolio are likely to be illiquid and the ability of the Investment Manager to dispose of Investments may be affected if current levels of liquidity deteriorate, for instance if the channels for realisation referred to under "Management of portfolio" in Part II of this Admission document do not remain open and available. The initial price at which an Investment is acquired by the Company may turn out to exceed its realisable value. The Investments will be subject to normal market fluctuations and the risks inherent in investment securities and there can be no assurance that appreciation will occur.

As explained in paragraph 3(a) of Part IV of this document the Company may decline to accept securities with a recent record of abnormal share price volatility. Nevertheless it is likely that many of the Investments may show above average volatility compared to securities on the Official List.

#### **Market risk**

AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List.

Shareholders will not enjoy any protections or rights other than those reflected in the Articles and those rights conferred by law. The Listing Rules of the UK Listing Authority will not apply to the Company.

AIM companies do not have to comply with the United Kingdom Principles of Good Governance and Code of Best Practice (“the Code”), although the Directors recognise the importance of sound corporate governance and, to this end, the Company has decided to apply the “Combined Code”.

The City Code may not apply to the Company or to certain of its investee companies.

#### **Accounting**

Changes to UK GAAP and the introduction of IFRS may affect reported earnings and stock market valuation of investee companies.

#### **Taxation**

Any change in the Company’s intended tax status or in taxation legislation in the United Kingdom or Guernsey could affect the value of the investments held by the Company, affect the Company’s ability to provide returns to its investors or alter the post-tax returns to its investors. Information in this Admission document concerning the taxation of investors is based upon current tax law and practice which is, in principle, subject to change.

#### **Key individuals**

The investment management and realisation of the Investments requires specialist skills and experience. In the event of an individual manager or managers no longer being available to the Investment Manager or its parent, there could be a need for the Investment Manager or its parent to identify and recruit a replacement or replacements with the necessary skills. No guarantees can be made that such an individual would be readily available for recruitment.

## PART II

### INFORMATION ON ADVANCE AIM VALUE REALISATION COMPANY LIMITED AND THE PLACING

#### Introduction

Advance AIM Value Realisation Company Limited (“AIMVARC”) is a newly incorporated closed-ended investment company based in Guernsey which is being formed to provide value and liquidity for its shareholders. On Admission it will become an investing company for the purposes of the AIM Rules.

The Company has been established to acquire principally AIM Securities from financial institutions, in consideration for which the Company will issue new Shares at a price of 100p each.

The Investment Manager believes that the portfolios of many UK institutions include holdings in AIM Securities which may comprise a fairly small percentage of their overall holdings. It may not be economically viable for the institutions to commit the time and bear the costs of becoming actively involved in such stocks.

The Company provides such institutions with an opportunity to :

- ▶ dispose of their non-core holdings and then recycle the proceeds in accordance with their investment priorities; and
- ▶ rationalise their portfolios and thereby improve portfolio efficiency by focussing more resources on their core investments.

The Company has retained the services of PARL to manage its portfolio.

#### Objective

The objective of AIMVARC is to realise value from a portfolio of AIM Securities and progressively return cash to Shareholders. This objective will not be varied without the approval of an ordinary resolution of Shareholders.

#### The concept

The Company’s approach is based on the model of three investment companies, ADVARC, SAVR and TAVR. TAVR is managed by PARL’s parent, PVML, as were ADVARC and SAVR. The personnel of PARL are the same team of people who manage TAVR.

ADVARC and SAVR acquired only Listed Securities whilst TAVR acquired Listed Securities and some AIM Securities. The companies had a similar structure, investment remit and process and were established to provide value and liquidity for their investors. ADVARC and SAVR achieved their objectives in differing market conditions while TAVR has made significant progress toward achieving its objective.

In July 2000 ADVARC acquired UK Listed Securities in 113 companies with an aggregate value of £52.7 million and returned in aggregate £44.7 million in cash to shareholders (through redemptions, share repurchases, dividends and finally on its winding-up). This is equivalent to 85 per cent. of the initial portfolio value of ADVARC and was achieved in poor market conditions. £41.3 million was returned by 30 June 2003. ADVARC received the “Investment Trust Magazine” award for best performance of a small cap investment trust (out of 45) in 2002.

In April 2003 SAVR was established modelled on and with the same objective as ADVARC. SAVR acquired UK Listed Securities in 138 companies with an aggregate value of £45.8 million and over a period of 27 months returned in aggregate £59.7 million in cash to shareholders (through redemptions, share repurchases, dividends and in its winding-up). This is equivalent to 130 per cent. of the initial portfolio value of SAVR and was achieved in generally good market conditions.

In December 2005 TAVR was launched. TAVR was modelled on ADVARC and SAVR but in addition to acquiring Listed Securities it also acquired securities in AIM companies. TAVR acquired securities in a total of 114 companies of which 12 were AIM companies, the securities of which were formerly listed on the Official List. The aggregate value of the initial portfolio of TAVR was £76.1m. Since flotation TAVR has returned £19.5 million in cash to shareholders and on 13 November 2006 it announced that it would return £24.6 million on 30 November 2006 by way of redemption of shares.

AIMVARC follows the concept of ADVARC, SAVR and TAVR, with some changes to reflect its investment focus on AIM Securities.

### **AIM<sup>1</sup>**

AIM has expanded from 347 companies as at 31 December 1999 to 1,582 companies as at 31 October 2006. Of these, 404 (26 per cent.) have a market capitalisation above £50 million, 241 (15 per cent.) have a market capitalisation of between £25 million and £50 million, 903 (57 per cent.) have a market capitalisation below £25 million, and 33 (2 per cent.) were suspended. One company had only fixed interest securities trading on AIM.

The Investment Manager has reviewed the make up and liquidity of AIM and concluded that the level of liquidity remains low compared to the Investment Manager's experience of the smaller companies held by ADVARC, SAVR and TAVR.

As a result, the Investment Manager has concluded that the main means of disposal of the AIM Securities comprised in the Company's portfolio is likely to be through corporate transactions, by encouraging the management of investee companies to enhance shareholder value and through investor attention brought about by the activities of the Investment Manager.

### **Establishment of portfolio**

The Company's portfolio is expected to include securities which are relatively illiquid. In the interests of the general body of its shareholders the Company reserves the right not to accept securities which are unlikely to be saleable at a reasonable value even with the application of expertise and effort. To this end the Company has adopted a number of mandatory and discretionary criteria for the exclusion of certain securities from the Company's portfolio. These criteria are set out in paragraph 3(a) of Part IV of this Admission document. The Investment Manager will carefully evaluate the securities offered to the Company in the Placing in order to assess their eligibility based on these criteria. In addition to acquiring AIM Securities, the Company may acquire Listed Securities which satisfy the criteria up to a maximum of ten per cent. of the value of the securities acquired in the Placing. There are no mandatory restrictions on the business or geographical sectors of investee companies.

Although the Directors expect that most of the companies in the portfolio will have market capitalisations of substantially less than £100 million, there are no criteria relating to minimum or maximum market capitalisation in determining whether securities are Qualifying Securities.

Following the Placing, the Company will acquire no further equity securities except that it may exchange Investments for other Qualifying Securities if, in the opinion of PARL, this would improve the value or liquidity of the Company's portfolio.

### **Management of portfolio**

Utilising the experience gained on ADVARC, SAVR and TAVR, PARL's investment team has refined the processes by which the portfolio will be managed.

Following the Placing PARL will perform an evaluation of the Company's portfolio in order to assess the most appropriate strategy for each Investment. PARL expects that whilst some Investments may be considered appropriate for sale in the shorter term, other Investments will be held for a longer period in order to enable their inherent value to be realised successfully.

PARL will be flexible in its strategy in relation to a particular Investment. The strategy may need to be altered to reflect changes in market conditions or changes in the circumstances of that Investment. Accordingly, regular reviews will be held to address the current position of the unrealised holdings and the portfolio risk.

The particular characteristics of each individual Investment will be analysed carefully. For instance, in cases where the investee company adopts policies or engages in actions designed to achieve value and liquidity, PARL may decide to hold the Investment for a period to benefit from such actions. In other cases AIMVARC's shareholding may represent a key stake derived from the consolidation of several smaller holdings which, of itself, would alter the dynamics of a corporate situation.

<sup>1</sup> The statistics set out in this section are derived from AIM Market Statistics at 31 October 2006 published by the London Stock Exchange. Accordingly, statistics in this section are given at 31 October 2006.

When engaging with an investee company, PARL intends to adopt a constructive approach in relation to its board and management so as to encourage them to be active in the pursuit of enhanced value and liquidity in their company's shares.

Neither the Company nor PARL will engage in the management of companies in the portfolio but, if appropriate, will encourage the investee company to engage a suitably qualified person to fulfil such a role.

PARL may, with the agreement of the Board in each case, arrange for AIMVARC to enter into agreements to sell part of an Investment to a third party with appropriate arrangements to incentivise that third party to purchase or procure the purchase of the remainder of the Investment.

The Investment Manager expects to realise assets through a variety of channels, for example:

- ▶ sales to particular interest groups, such as other shareholders, private equity specialists or trade buyers;
- ▶ stimulating broker and market activity;
- ▶ encouraging the company concerned to buy in its own securities;
- ▶ sales to management teams or their backers in management buy-outs or buy-ins; and
- ▶ sales of all or part of an Investment to a potential bidder.

The Investment Manager will seek to establish a number of strategic stakes, some by consolidation of holdings from several institutions. The Investment Manager considers that relatively large equity holdings in companies with small market capitalisations provide an opportunity to create value and liquidity and believes that managing these types of holdings fits well with the Investment Manager's skill set.

PARL expects that AIMVARC may, towards the end of its life, have fewer than twenty investments in its portfolio. PARL intends to identify at the outset any Investments which, in the absence of concerted action, would be likely to become residual holdings towards the end of the Company's life and will adopt strategies designed to realise the maximum value from them at an earlier stage.

#### **Capital structure and life of the Company**

The Company's issued share capital following the Placing will consist entirely of the Shares placed pursuant to the Placing and two Founders' Shares. The latter have negligible rights. Application is being made for the Shares to be admitted to trading on AIM. The Shares will be redeemable by the Company at any time at a price per Share as described below under "Use of net proceeds of realisations". The Shares are not redeemable at the request of Shareholders.

On a winding up, any surplus assets available for distribution to the members will be applied first in returning to the holders of the Shares 100p; secondly in returning to the holders of the Founders' Shares the capital paid up on, and any premium paid on issue of, the Founders' Shares and thirdly in returning any surplus to holders of Shares.

The Shares carry the exclusive right to any dividend distributed by the Company.

At an extraordinary general meeting of the Company to be held in the first quarter of 2010 (and, if applicable, at each subsequent annual general meeting) shareholders will be invited to consider the future of the Company and, as described in more detail in paragraph 5(e)(i) of Part IV of this Admission document, shareholders will be given the opportunity to initiate the winding up of the Company by passing a resolution by a simple majority requesting the Directors to wind up the Company.

#### **Use of net proceeds of realisations**

The net cash proceeds from realisations of the portfolio, after settlement of and provision for liabilities (including any amounts due under the overdraft facility) of the Company, will be applied exclusively to the redemption and re-purchase of the Shares.

Any cash which is not required for imminent redemption of the Shares may be invested in liquid non-equity securities, such as cash funds. The Company will not re-invest proceeds of realisations in equity securities.

## Redemption of Shares

### *Re-purchase and redemption of Shares*

If the Shares trade at a sufficient discount to NAV per Share, the Company intends to apply, on a rolling basis, up to 50 per cent. of the net cash proceeds of realisations since the Placing to re-purchase and redeem Shares in the market. Under the Articles the Company has the authority to redeem the Shares as described in paragraph 5(k) of Part IV of this Admission document. Although there may be occasions when the Board is precluded from making redemptions because it is in possession of unpublished price sensitive information relating to the Company, in general the Board intends to re-purchase and redeem Shares whenever the Shares are trading at a sufficient discount to their underlying net asset value and the Company has funds available for the purpose. Such re-purchases and redemptions will be made at a price agreed between the Company and the redeeming Shareholder provided that price is less than NAV per Share. This will generally have the effect of increasing the net asset value attributable to the remaining Shares and accelerating the return of funds to Shareholders.

### *Pro rata redemptions of Shares*

In May and November each year, commencing in May 2007, the Company intends to apply all available funds to effect a redemption of outstanding Shares at the NAV per Share as at that date less any costs that may be attributable to such redemption. For this purpose "all available funds" means the entirety of the cash balances received from disposals of Investments less funds used or required to settle liabilities of the Company and funds used to pay any dividends on Shares and to re-purchase and redeem Shares in the market at a discount to NAV per Share as described in the preceding paragraph. These redemptions will be effected *pro rata* to the number of Shares held by each holder on giving not less than 14 days' notice.

Further information concerning the calculation of the price at which Shares will be redeemed is set out in paragraph 6 of Part IV of this document.

## **Borrowings**

The Company does not intend to have any structural borrowings. The Company has obtained an overdraft facility of up to £3 million from Lloyds TSB Bank plc which will be utilised, if necessary, to defray the expenses of the Placing and to provide initial working capital.

## **Fees and expenses**

There are initial expenses incurred in the formation of the Company and various professional fees necessary for the structuring and organisation of the Company leading up to the Placing and Admission, as well as fees payable to the LSE. Further details of these expenses are set out in paragraph 14(h) of Part IV of this Admission document. It is expected that these expenses will be between 2.5 and 3.0 per cent. of the gross value of the securities acquired in the Placing.

## **Annual expenses**

The Company will have annual expenses related to its management, administration and regulatory obligations. Further details are set out in paragraph 14(i) of Part IV of this document.

## **Valuation Policy**

Cavendish Administration Limited will calculate on a weekly basis the NAV per Share and the Company will make an announcement via a Regulatory Information Service. The valuations will be calculated using the policies set out in paragraph 6(a) of Part IV.

## **Accounting standards**

A number of changes have taken place or are currently taking place with regard to financial reporting which affect publicly quoted companies.

### *Effects on companies in the Company's portfolio*

Most UK listed companies preparing consolidated accounts are required to prepare those accounts under IFRS in place of UK GAAP for periods commencing on or after 1 January 2005. Most AIM Companies will be required to prepare their accounts under IFRS in place of UK GAAP for periods commencing on or after 1 January 2007. The adoption of IFRS is likely to affect the reported

earnings of companies although it is unclear what impact this will have on the stock market valuation of such companies.

#### *Effect on the Company*

The Company intends to adopt IFRS and accordingly will carry investments in the balance sheet at “fair value through profit and loss”. Fair value is deemed to be the market bid price for quoted securities.

#### **Dividend policy**

The Board and the Investment Manager will seek to achieve capital growth rather than dividend income. It is unlikely that the Company will pay any significant dividends.

#### **Board of Directors**

The Directors of the Company, all of whom are independent of the Investment Manager, are:

**Alexander Fleming** Aged 60, is chairman of the Company. A chartered company secretary he started his career with Unilever’s pension department, moving to Commercial Union Assurance Limited in 1972. He worked in a number of fund management groups, joining Manchester Exchange and Investment Bank (MANEX) in 1988. The fund management business of MANEX was acquired by the Electricity Supply Pension Fund in 1993 which in turn merged with F&C in 1996, where he was appointed a director and head of smaller companies. From 2000 he was the manager of F&C Smaller Companies plc, the largest quoted global smaller companies investment trust. In 2005 he retired from F&C.

**David Copperwaite** Aged 59, is a non-executive director of the Company. In 1973 he joined Lloyds Bank International Limited to concentrate on taxation and estate duty planning for UK and foreign domiciled individuals. In 1978 he became manager in the Cayman Islands and was responsible for the Bank’s operations including the company and trust management operations. In 1982 he was promoted to manager in Guernsey and worked in a number of executive positions including compliance until, in 1988, he was appointed as the principal manager (Sterling Europe Region). His responsibilities included all international private banking operations in Guernsey, Jersey, Gibraltar and London, encompassing banking, investment funds, cash management, lending, trusts and offshore company management. At the end of 1997, he retired from Lloyds TSB Bank and since then has been involved as a director to a number of investment funds operated by various financial groups including Lloyds TSB Bank, Scottish Widows and Premier Asset Management. These include multi-functional investment funds, a number of which are listed on stock exchanges in London, Dublin, Singapore, the Cayman Islands and Luxembourg. He is a former Chairman or President of The Guernsey International Bankers Association, The Association of Guernsey Banks, The Guernsey Fund Managers Association and is a current Member of The Institute of Directors and The Guernsey Fund Association.

**Helen Green FCA** Aged 43, is a non-executive director of the Company. Helen is a Partner of Saffery Champness and commenced her career as a chartered accountant in their London office where she was a partner in the private client/landed estate team. She was audit partner for a number of property investment companies and an AIM Company. Helen moved to Saffery’s Guernsey office in November 2000 and as Client Liaison Director is responsible for a number of the trust and company administration departments. She is on the board of two AIM Companies, Puma Brandenburg Limited, and Landore Resources Limited, and two companies admitted to the Official List, TRIO Finance Limited which invests in asset-backed securities and Kenmore European Industrial Fund Limited, a European industrial property fund. The companies are all Guernsey registered. Helen is also a director of two non listed property funds and a non-executive director of a number of Cayman Islands and Irish registered funds.

**Timothy Henderson** Aged 65, is a non-executive director of the Company. He joined The Hongkong and Shanghai Banking Corporation Limited in 1958. Between 1964 and 1993 he held various executive positions in Hong Kong, Japan, Sri Lanka (where he was Manager), and Brunei, becoming the Area Manager in Brunei in 1990. In 1993, when the HSBC Head Office relocated to London, he was appointed Senior Manager, HR Planning and Policy at HSBC Holdings plc. He returned to Guernsey in 1994 to become Chief

Executive of Leopold Joseph (Channel Islands) Limited, where he had overall responsibility for investment management, trust and banking services. In 1998 he was appointed Business Manager of James Capel in Guernsey (subsequently HSBC Investment Management (International) Limited), from which position he retired at the end of 2000. He has a Personal Fiduciary Licence issued by the Guernsey Financial Services Commission and at present holds a number of non-executive directorships in the financial sector. He is also a Fellow of the Institute of Directors.

**David  
Kempton**

Aged 65, is a non-executive director of the Company. He is a non-executive director of TAVR and was a non-executive director of ADVARC and SAVR. An engineer by training, he spent four years as commercial director of Chamberlain Industries PLC. He then established Kemray Engineering in the United Kingdom in 1976 as a 50 per cent. shareholder and acquired a 50 per cent. interest in PLH Limited, an industrial employment agency. These companies were sold to Taskforce Group PLC in 1988 which itself was purchased by Adia group in Switzerland later in the same year. He remained with the businesses until August 1989 and in the following year established his own private investment company, Kempton Holdings. From 1990 until 1998 he was a director and 50 per cent. shareholder in Endoscopy Services Limited and related companies specialising in endoscopy, fibre optics and micro lens technology whose businesses were sold to General Electric in 1998. He is also a non-executive director of Impax Group plc, Hartest Holdings plc and of Forrest Recruitment Limited, a recruitment company based in the North West of England, which he helped to found in 1985 and of which he owns 30 per cent. of the share capital. He is a director of a number of other companies.

**Investment management**

The Company's investments will be managed by PARL, a company limited by shares and domiciled and incorporated in England and Wales (registered number 3916234) and authorised and regulated by the FSA. PARL's ultimate parent is PMIB Limited, the holding company for an independent financial services group set up in 1992. PARL was established in 2000 and is a subsidiary of PVML, part of the Progressive Group which managed funds of approximately £472 million as at 31 October 2006. PARL supports the Statement of Principles issued by the Institutional Shareholders' Committee in October 2002, in particular the requirement that institutional shareholders should consistently monitor the performance of investee companies and back this up by direct intervention where appropriate. The Investment Manager is prepared to encourage investor activity by proposing resolutions at annual general meetings and extraordinary general meetings in order to change corporate strategy or re-structure company boards if this is considered necessary in order to enhance value and liquidity for AIMVARC's shareholders.

PARL is not prohibited under the investment management agreement from providing investment management services to other investment funds or clients with investment objectives and policies which are similar to those of the Company. However, it is the Investment Manager's policy, in managing or advising on its clients' portfolios, to do so on a consistent basis to ensure, so far as circumstances allow, that all clients are treated fairly.

The Company's investment portfolio and assets will be managed by Ross Courtier and Robert Legget, the investment director and managing director respectively of PVML, PARL's parent company.

**Ross Courtier**

Aged 43, joined PVML in 2004. Prior to this he worked for Norwich Union/Morley Fund Management for 19 years, where he was head of UK Activism, being responsible for both a specialist activism fund and traditional UK equity portfolios. He started his career at Norwich Union in 1984 where he managed a wide range of UK equity portfolios including launching the Norwich Union UK Equity Income Unit Trust and the Norwich Union UK Ethical Unit Trust. Norwich Union and CGU merged in May 2000 with the merged asset management businesses trading as Morley Fund Management.

**Robert Legget**

Aged 56, joined PVML in April 2000 from Quayle Munro Holdings PLC, an independent Edinburgh-based investment bank, where he had been a main board director. From 1986 until 1991 he was responsible for Quayle Munro's management of East of Scotland Industrial Investments PLC, an investment company which specialised in making direct unquoted investments. From 1991 he was a corporate finance director

of Quayle Munro's merchant banking subsidiary, responsible for certain merger and acquisition and private equity transactions. His responsibilities included the controlled realisation of the investments of a number of venture capital funds for the benefit of the investors in such funds, predominantly institutions. He is a non-executive director of F&C Private Equity Trust plc.

The Investment Manager will be entitled to receive (i) a basic fee equivalent to one per cent. per annum of the aggregate value at the Placing Price of the Shares placed pursuant to the Placing for the first two years following Admission, and thereafter one per cent. per annum of the Net Asset Value of the Company as at the second anniversary of Admission pursuant to the Initial Placing; (ii) a capital return fee at the rate of one per cent. in respect of Capital Returns (up to 100p per Share) made in any calendar month up to and including December 2008; and (iii) an equity appreciation fee equal to ten per cent. of any value returned to holders of Shares in excess of 100p per Share.

It is intended that 50 per cent. of the basic fee and the capital return fee, and the entirety of the equity appreciation fee, will be charged to capital.

The Company has appointed Legis Corporate Services Limited to be its company secretary and administrator in Guernsey, and Capita Registrars (Guernsey) Limited to be its registrar in Guernsey.

Cavendish Administration Limited, a subsidiary of PMIB Limited which provides administration and secretarial services to various investment trusts and other companies, will act as administration agent in the United Kingdom.

The Northern Trust Company has been appointed as the custodian of the Company's securities and assets.

The agreements between the Company and each of the above are summarised in paragraphs 10 and 12 of Part IV of this Admission document.

#### **Relationship with Third Advance Value Realisation Company Limited**

As described above, the Investment Manager's immediate parent company, PVML is the manager of TAVR, a company launched in late 2005 with a similar objective to that of the Company but focussing primarily on smaller companies on the Official List. TAVR announced on 13 November 2006 its intention to return £24.6 million to its preference shareholders which, taken together with the previous redemptions of preference shares and market purchases of preference shares, represents a return to shareholders of 57.9 per cent. of the initial portfolio value of TAVR. TAVR intends to propose a resolution at an extraordinary general meeting to be held in the first quarter of 2009 which will give its shareholders the opportunity to initiate the winding-up of TAVR. Accordingly, there will be a period during which the Company and TAVR will co-exist.

The Investment Manager and PVML have developed the following principles to address any conflicts of interest which may arise in the management of the two portfolios during this period. The Investment Manager expects that such conflicts, if they arise at all, will be infrequent since TAVR's portfolio contains few AIM Securities. Following the Placing, neither company will purchase equity securities for cash and therefore no cash investment conflicts can arise. Potential conflicts on disposal are likely to be limited to those instances, if any, where the Company and TAVR hold securities in the same investee company. In such cases, if the price and disposal timing targets established for each portfolio are identical, any such securities will be disposed of *pro rata* as opportunities arise. If price or disposal timing targets differ for the Company and TAVR, the Investment Manager will consult with the boards of the Company and TAVR to ensure fair and equitable treatment.

#### **Corporate governance**

The Company is incorporated in Guernsey but has decided to apply the Principles of Good Governance and Code of Best Practice (the "Combined Code") of the United Kingdom. The Company is committed to high standards of corporate governance and the Board has established a framework which it believes is appropriate for the Company and which satisfies the Combined Code.

The Company has established three permanent committees, whose terms of reference are summarised below, to assist in the execution of its responsibilities. Other committees of the Board may be formed from time to time to deal with specific matters.

Reports of the committees' activities will be provided to the Board and minutes will be circulated to all Directors.

#### *Remuneration and Management Engagement Committee*

The Remuneration and Management Engagement Committee will meet formally on at least an annual basis for the purpose of considering the appointment and remuneration of the Investment Manager and of suppliers of services to the Company, as well as the fees of non-executive directors. David Copperwaite is Chairman of the Remuneration and Management Engagement Committee. All of the Directors are members of the Remuneration and Management Engagement Committee.

#### *Nominations Committee*

The Nominations Committee has been established for the purpose of identifying and putting forward candidates for the office of director of the Company. The Nominations Committee will meet as and when it is required. Timothy Henderson is Chairman of the Nominations Committee. All of the Directors are members of the Nominations Committee.

#### *Audit Committee*

The Audit Committee will meet formally at least twice a year for the purpose of reviewing the internal controls of its main service providers, the appointment and remuneration of the auditors and to review the production of the annual accounts and interim report. Helen Green is Chairman of the Audit Committee. The Audit Committee comprises David Copperwaite, Helen Green, Timothy Henderson and David Kempton.

### **Financial Information**

The Company was incorporated on 22 November 2006. It has not yet commenced business and, other than the Accountants' Report set out in Part III, at the date of this Admission document there are no financial statements.

### **The Placing**

The application for the Shares to be admitted to trading on AIM is being made by the Nominated Adviser, Ernst & Young LLP. The Placing, which is conditional, *inter alia*, on Admission to trading, will be effected by Marshall on behalf of the Company.

The minimum subscription level in the Placing is £50,000. On the basis described in paragraph 14(h) of Part IV of this Admission document, it is expected that the aggregate costs of the Placing and Admission to trading, including stamp duty or stamp duty reserve tax on the acquisition of Qualifying Securities, will be between 2.5 per cent. and 3.0 per cent. of the gross value of the Company's initial portfolio.

#### *The Initial Placing*

It is proposed that the Company acquire Qualifying Securities to a value of up to £50 million (before expenses) by the issue of Shares at 100p per Share. The Placing Price will be satisfied entirely by the transfer to the Company of Qualifying Securities save that investors will be obliged to subscribe in cash if they are unable to settle the transfer to the Company of contracted Qualifying Securities. An investor may, at the discretion of the Company, also agree with the Company to subscribe in cash on the basis that the Company will apply such cash to purchase specified Qualifying Securities from such an investor at an agreed price. Qualifying Securities will be acquired at the market bid price as at the close of business on 8 December 2006, as derived from Bloomberg. In limited circumstances (described in paragraph 3(a) of Part IV of this document) Qualifying Securities may be acquired at a lower price. The aggregate value of all Qualifying Securities to be transferred to the Company by each placee will be rounded to the nearest £1.00

The Initial Placing is expected to close at 5.00 p.m. on 8 December 2006. The Initial Placing, which is not underwritten, is conditional on the Company acquiring Qualifying Securities to the value of at least £30 million as at the date of closing of the Initial Placing.

Taking into account the expenses of the Placing the initial NAV of the Company following the Initial Placing is expected to be between £29.1 million and £48.7 million.

#### *The Supplemental Placing*

The Company may, within four weeks of the date of Admission to trading on AIM of the Shares issued pursuant to the Initial Placing, acquire further Qualifying Securities in consideration of a further issue of Shares provided that the maximum number of Shares issued pursuant to the Initial Placing plus the Supplemental Placing will not exceed 50 million. The aggregate number of Shares

issued in the Supplemental Placing will be less than 10 per cent. of the aggregate number of Shares issued in the Initial Placing. The Company may acquire any Qualifying Securities in the Supplemental Placing, whether or not the transferor of such securities participated in the Initial Placing and whether or not the Investments to be acquired by the Company in the Supplemental Placing are in companies already included in the Company's portfolio.

Qualifying Securities will be acquired pursuant to the Supplemental Placing on the same basis as under the Initial Placing save that the relevant market bid price for the bargain will be that at close of business on 5 January 2007.

The Supplemental Placing, which will not be underwritten, is conditional on the Initial Placing having been completed. The Supplemental Placing is expected to close at 5.00 p.m. on 5 January 2007.

The results of the Initial Placing are expected to be announced on 20 December 2006 and the results of the Supplemental Placing are expected to be announced on 17 January 2007. The results of both Placings will be announced via a Regulatory Information Service.

### **Lock-in arrangements**

In accordance with the AIM Rules, the Directors have undertaken to the Company, Marshall and E & Y that for a period commencing on the acquisition of any Shares and ending 12 months after Admission they will not sell or dispose of any interest in Shares (save in certain limited circumstances). No Shares will be acquired by any of the Directors pursuant to the Placing. The obligations under the lock-in arrangements are set out in paragraph 12 (k) of Part IV of this document.

### **Taxation**

Information concerning the taxation of AIMVARC and its investors is contained in paragraph 13 of Part IV of this Admission document. A potential investor should seek advice from his own suitably qualified professional adviser with regard to the taxation consequences of his acquiring, holding or disposing of Shares.

### **Dealings and CREST**

#### *Initial Placing*

Dealings in the Shares to be issued pursuant to the Initial Placing are expected to commence on 20 December 2006. CREST stock accounts are expected to be credited on 20 December 2006 and definitive share certificates are expected to be posted to shareholders by 27 December 2006.

The ISIN (International Securities Identification Number) code of the Shares will be GG00B1HP8003.

Dealings in the Shares to be issued pursuant to the Supplemental Placing are expected to commence on 17 January 2007. CREST stock accounts are expected to be credited on 17 January 2007 and definitive share certificates are expected to be posted to shareholders by 24 January 2007.

#### *CREST*

Shares in the Company will be eligible for electronic settlement through CREST following commencement of dealings.

#### *Market Makers*

Cenkos Securities Limited of 6, 7, 8 Tokenhouse Yard, London EC2R 7AS and Winterflood Securities Limited of The Atrium Building, Cannon Bridge, 25 Dowgate Hill, London EC4R 2GA have agreed to act as market makers in respect of the Shares.

## PART III

### ACCOUNTANTS' REPORT ON THE COMPANY

The Directors  
Advance AIM Value Realisation Company Limited  
1 Le Marchant Street  
St Peter Port  
Guernsey GY1 4HP

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

**RSM Robson Rhodes**  
RSM Robson Rhodes LLP  
30 Finsbury Square  
London  
EC2P 2YU

30 November 2006

Dear Sirs

We report on the financial information set out below. This financial information has been prepared for inclusion in the AIM Admission document ("Admission document") of Advance AIM Value Realisation Company Limited (the "Company") dated 30 November 2006. This report is required by the AIM Rules and is given for the purpose of complying with those rules and for no other purposes.

#### **Basis of Preparation**

The financial information set out on pages 19 to 20 is based on the financial records of Advance AIM Value Realisation Company Limited for the period from incorporation on 22 November 2006 to 24 November 2006 and has been prepared on the basis set out in the accounting policies below.

#### **Responsibility**

The Directors of Advance AIM Value Realisation Company Limited are responsible for preparing the financial information.

It is our responsibility to form an opinion on whether the financial information gives a true and fair view, for the purposes of the Admission document, and to report our opinion to you.

#### **Basis of opinion**

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgments made by those responsible for the preparation of the financial statements underlying the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work 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 information is free from material misstatement whether caused by fraud or other irregularity or error.

#### **Opinion**

In our opinion, the financial information gives, for the purposes of the Admission document dated 30 November 2006, a true and fair view of the state of affairs of Advance AIM Value Realisation Company Limited as at 24 November 2006 and of its results and cash flows for the period then ended.

#### **Statutory information**

The Company was incorporated with limited liability under the Companies (Guernsey) Laws on 22 November 2006.

## Financial information

### PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 24 NOVEMBER 2006

The Company did not trade during the period from its incorporation to 24 November 2006 nor were there any other recognised gains or losses in that period.

### BALANCE SHEET AS AT 24 NOVEMBER 2006

	<i>24 November 2006</i>
	<i>Note</i>
	<i>£</i>
<b>Current Assets</b>	
Cash at bank and in hand	2
	<hr/>
<b>Net Current Assets</b>	2
	<hr/>
<b>Net Assets</b>	2
	<hr/>
<b>Capital and Reserves</b>	
Called up share capital	2
	<hr/>
	2
	<hr/> <hr/>

### CASH FLOW STATEMENT FOR THE PERIOD ENDED 24 NOVEMBER 2006

The Company's cash flows during the period from its incorporation to 24 November 2006 consisted solely of a cash inflow from financing of £2 arising from the issue of shares.

## NOTES TO THE FINANCIAL INFORMATION

### 1. Accounting Policies

The financial information has been prepared under historical cost convention, and in accordance with International Financial Reporting Standards.

### 2. Share Capital

	<i>24 November 2006</i>
	<i>£</i>
<b>Authorised</b>	
100 Founder shares of £1.00 each	100
50,000,000 shares of no par value	—
<b>Allotted, issued and fully paid</b>	
2 Founder shares of £1.00 each	2
	<hr/> <hr/>

On 22 November 2006, two founders' shares of £1.00 each were issued and fully paid.

### Declaration

For the purposes of Paragraph (a) of Schedule Two of the AIM Rules we are responsible for this report as part of the AIM Admission document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the AIM Admission document in compliance with Schedule Two of the AIM Rules.

Yours faithfully,

**RSM Robson Rhodes LLP**  
*Chartered Accountants*

## PART IV

### ADDITIONAL INFORMATION

#### 1. INCORPORATION

- (a) The Company was incorporated and registered in Guernsey under Guernsey Law as a limited company on 22 November 2006 with the name Advance AIM Value Realisation Company Limited and with the registered number 45899. The Company is domiciled in Guernsey. The Company has not traded, and no accounts have been made up, since its incorporation.
- (b) The Company operates under Guernsey Law and the regulations made thereunder. As a company whose Shares are admitted to trading on AIM, the Company will be subject to the AIM Rules. It has no subsidiaries but may establish or acquire a subsidiary or subsidiaries to engage in transactions connected with its proposed activities.
- (c) Changes in the authorised and issued share capital of the Company since its incorporation are summarised in paragraph 2 below. Contracts entered into by the Company since its incorporation are referred to in paragraphs 10, 11 and 12 below.
- (d) The liability of the Company's members is limited to amounts, if any, unpaid on the shares held by them.

#### 2. SHARE CAPITAL

- (a) The authorised share capital of the Company on incorporation was 100 Founders' Shares of £1.00 each and 50,000,000 Shares of no par value. On incorporation two Founders' Shares were issued at £1.00 per share to the subscribers to the Company's Memorandum of Association.
- (b) In order for the Shares to be redeemable they must be preference shares and therefore, the Company must have another class of shares over which they have preference. The Founders' Shares serve this purpose. The Shares rank ahead of the Founders' Shares on a winding-up. Founders' Shares are not redeemable and do not carry any rights to a dividend.
- (c) The authorised and issued share capital of the Company at present and immediately following the Placing (assuming that the maximum number of Shares are subscribed for) are, and will be, as follows:

	<i>At present</i>		<i>Following the Placing</i>	
	<i>Authorised</i>	<i>Issued fully paid</i>	<i>Authorised</i>	<i>Issued and fully paid</i>
<i>Founders' Shares</i>				
Number	100	2	100	2
Nominal Value	£100	£2	£100	£2
<i>Shares</i>				
Number	50,000,000	—	50,000,000	50,000,000

The maximum number of Shares being made available in the Placing should not be taken as being indicative of the number of Shares which will be allotted.

- (d) By ordinary resolutions passed on 28 November 2006, the Directors have been generally and unconditionally authorised pursuant to the Articles to allot and issue the authorised but unissued share capital of the Company for the purpose of issuing Shares pursuant to the Placing. The authority expires at the conclusion of the first annual general meeting of the Company.
- (e) The Articles contain pre-emption rights, details of which are set out in paragraph 5(b)(v) below, which can be disapplied by way of a special resolution of shareholders. By a special resolution passed on 28 November 2006, these rights have been disapplied in respect of the allotment and issue of any shares in the authorised but unissued share capital of the Company, pursuant to the authorities summarised in paragraph 2(d) above.
- (f) Save as referred to in sub-paragraphs 2(a), (c) and (d) above, no share or loan capital of the Company has been issued for cash or for a consideration other than cash, no such share or loan capital is proposed to be issued, no commissions (other than as mentioned in paragraph 11 below), discounts, brokerages or other special terms have been granted by the Company in

connection with the issue or sale of any share or loan capital and no share or loan capital of the Company is under option or is agreed conditionally or unconditionally to be put under option.

- (g) The Shares will be in registered form and will be eligible for settlement in CREST. Temporary documents of title will not be issued.

### **3. INVESTMENT RESTRICTIONS**

- (a) The Company's investments will initially be made up of Qualifying Securities acquired by the Company pursuant to the Placing. The Company has adopted the following mandatory and discretionary criteria to determine whether securities are Qualifying Securities and these will be applied by the Investment Manager in evaluating the securities offered to the Company in the Placing.

#### **Mandatory criteria**

The Company will not accept:

- (i) securities which are not admitted to trading on AIM (save that up to ten per cent. of the Company's portfolio may comprise securities which are admitted to the Official List);
- (ii) securities in companies which have a 50 per cent. controlling shareholder as defined below;
- (iii) warrants, preference shares or debt securities;
- (iv) securities of companies in which any of the directors of the Company or of companies in the Investment Manager's Group is a director or has an interest (as defined in section 203 of the UK Companies Act) in any class of securities of one per cent. or more;
- (v) securities the acquisition of which would or might oblige the Company to make a general offer under Rule 9 of the City Code or would or might cause the Company to be in breach of the City Code or the AIM Rules; or
- (vi) securities in companies whose assets are managed, wholly or in part, by the Investment Manager or any member of the Investment Manager's Group.

For the purposes of the criterion specified in paragraph (ii) above a 50 per cent. controlling shareholder of a company is any person or persons (including Associates) acting jointly or by agreement (whether formal or otherwise) who is:

- (a) entitled to exercise, or to control the exercise of, 50 per cent. or more of the rights to vote at general meetings of the company; or
- (b) able to control the appointment of directors who are able to exercise a majority of votes at board meetings of the company.

Associates (as defined in the Listing Rules of the UK Listing Authority) will be presumed to be acting jointly or by agreement.

Notwithstanding the criterion specified in paragraph (iii) above the Company may accept, but shall not be obliged to accept, preference shares or debt securities which are convertible into securities which are Qualifying Securities.

#### **Discretionary criteria**

The Company will only accept securities within the following categories if, having taken advice from the Investment Manager, the Company so agrees:

- (i) securities in companies which have a 30 per cent. controlling shareholder as defined below;
- (ii) securities which are suspended from trading;
- (iii) securities of companies whose auditors' report on the latest published audited accounts contains a qualification or refers to a fundamental uncertainty;
- (iv) securities of companies which are known or believed to be the subject of existing, pending or threatened criminal, tax, customs, excise, competition or other regulatory investigation;
- (v) companies which, in the opinion of the Investment Manager, do not have an established and sustainable business;
- (vi) securities of split capital investment trusts or venture capital trusts;

- (vii) securities of companies in respect of which, in the Investment Manager's opinion, a disproportionate expenditure of time and/or money would be required for the Investment Manager to gain a proper understanding of the business or investments or the ownership structure (for instance owing to features of the company concerned or of the industry or sector in which it operates);
- (viii) securities of companies incorporated outside the United Kingdom or whose investments or operations are predominantly outside the United Kingdom;
- (ix) securities which would result in the Company's portfolio being significantly unbalanced;
- (x) securities the price of which is, or has been, in the view of the Investment Manager abnormally volatile or where the Investment Manager believes that the market bid price is substantially higher than the price at which such securities could realistically be realised in the context of the achievement of the Company's objective; or
- (xi) securities in companies which the Investment Manager believes may require the raising of funds for working capital within the next 18 months.

For the purposes of the discretionary criterion specified in paragraph (i) above a 30 per cent. controlling shareholder of a company is any person or persons (including Associates) acting jointly or by agreement (whether formal or otherwise) who is entitled to exercise, or to control the exercise of, 30 per cent. or more of the rights to vote at general meetings.

Associates (as defined in the Listing Rules of the UK Listing Authority) will be presumed to be acting jointly or by agreement.

Where the Company has rejected a security under the discretionary criterion specified in paragraph (x) above and the potential transferor of such security proposes a lower price which satisfies the Investment Manager's concerns the Company may, on the advice of the Investment Manager, accept such security at such lower price.

- (b) The Directors have resolved that the Company adopt the following investment restrictions:
  - (i) the Company will not invest in securities carrying unlimited liability or deal short in securities or, to a significant extent, be a dealer in investments;
  - (ii) the Company will not exercise legal or management control of Investments or control or seek to control, or be actively involved in the management of Investments;
  - (iii) the Company will not buy or sell commodities or commodity contracts or real estate or interests in real estate, although it may purchase and sell securities which are secured by real estate or commodities and securities in companies which invest in or deal in real estate or commodities;
  - (iv) dividends will not be paid unless they are covered by income received from underlying investments, and for this purpose a share of profit of an associated company is unavailable unless and until distributed to the Company;
  - (v) the Company's distributable income will be derived from investments and neither the Company nor any subsidiary company from time to time will conduct a trading activity which is significant in the context of the group as a whole;
  - (vi) the Company will not distribute as dividend surpluses arising from the realisation of investments (and this is prohibited under the Articles);
  - (vii) the Company will not invest in the securities of any one company an amount that is more than 15 per cent. of the Company's assets (before deducting borrowed money, if any) including loans to or shares in any subsidiary of the Company at the time the investment or loan is made;
  - (viii) not more than 10 per cent., in aggregate, of the value of the total assets of the Company at the time of Admission will be invested in listed investment companies or listed investment trusts unless they have a stated investment policy to invest no more than 15 per cent. of their total assets in other listed investment companies or listed investment trusts;

In the event of any material breach of the above investment restrictions, the Investment Manager will agree with the Board an appropriate course of action to remedy such breach and such course of action will be announced through a Regulatory Information Service.

- (c) None of the investment restrictions specified in paragraph 3(b) (vii) and (viii) above will require the realisation of any assets of the Company where any restriction is breached as a result of an event beyond the control of the Company which occurs after the investment is acquired, but no further relevant assets of the kind giving rise to the breach may be acquired by the Company until it can again comply with the relevant restriction.

#### **4. CERTAIN MATERIAL DIFFERENCES BETWEEN GUERNSEY AND ENGLISH CORPORATE LAW**

*(a) Authority to issue shares*

Under the Guernsey Law, the directors of a company (subject to having the power under the company's articles of association) are generally and unconditionally authorised to allot and issue the shares of the company without needing authority to do so from shareholders as would be the case in respect of the issue of relevant securities under the provisions contained in the UK Companies Act. For this reason, the Articles prohibit the directors of the Company from issuing shares in the Company without Shareholders' authority.

*(b) Pre-emption rights*

Under the Guernsey Law there are no statutory rights of pre-emption equivalent to those contained in section 89 of the UK Companies Act. For this reason, the Articles contain contractual pre-emption rights as described in paragraph 5(b)(v) below.

*(c) Valuation reports for certain issues of shares for non-cash consideration*

Under the Guernsey Law there is no requirement for an independent valuation report to be obtained in respect of the allotment of shares for non-cash consideration. The UK Companies Act, save for certain circumstances, requires such an independent valuation report.

No equivalent requirement for a valuation report is contained in the Articles.

*(d) Notice period for shareholders' meetings*

Under the Guernsey Law, shareholders' meetings can be convened on 10 days' notice. The UK Companies Act requires an annual shareholders' meeting or a meeting for the passing of a special resolution to be convened on at least 21 days' notice in writing and other shareholders' meetings to be convened on at least 14 days' notice in writing. Notices convening the general meeting in each year at which the audited financial statements of the Company will be considered will be sent not less than 20 Business Days before the date fixed for the meeting. Other general meetings may be convened from time to time by the Board by sending notices at least 10 clear days prior to the meeting.

*(e) Disclosure of interests*

Section 212 of the UK Companies Act provides that a public company may by notice in writing require a person whom the company knows or has reasonable cause to believe to be, or to have been at any time during the three years immediately preceding the date on which the notice is issued, interested in shares comprised in the company's "relevant share capital" to confirm that fact or (as the case may be) to indicate whether or not that is the case, and where he holds or has during the relevant time held an interest in such shares, to give such further information as may be required relating to his interest and any other interest in the shares of which he is aware. There are no provisions under Guernsey Law empowering a company to require such disclosure. For this reason a provision reflecting the power under the UK Companies Act to compel disclosure has been included in the Articles, as described in paragraph 5(i) below.

*(f) Loans to directors*

Under the Guernsey Law, there are no equivalent restrictions to those contained in section 330 of the UK Companies Act in relation to loans to directors. For this reason a provision mirroring the position under the UK Companies Act has been included in the Articles.

*(g) Notification of share interests*

There are no provisions in the Guernsey Law requiring the disclosure of substantial share interests or directors' interests in a company. Under the UK Companies Act, notification requirements are imposed on persons who are interested in three per cent. or more of a company's relevant share capital and on directors in respect of their share interests. The Articles do not contain corresponding requirements but under the terms of their appointment letters the Directors are obliged to notify the

Company of their interests and the interests of their connected persons, as described in paragraph 7(a) below.

## 5. MEMORANDUM AND ARTICLES OF ASSOCIATION

The Memorandum of Association of the Company provides that the Company's principal object is to undertake and carry on the business of an investment company. The objects of the Company are set out in full in Clause 4 of the Memorandum of Association which is available for inspection at the address and during the period set out in paragraph 15 below.

The Articles contain, *inter alia*, provisions to the following effect:

### (a) *Voting rights*

- (i) Subject to any special terms as to voting upon which any shares may be issued and to any other provisions of the Articles (including as set out in paragraph 5(e)(i) below), every member present in person at a general meeting shall have one vote on a show of hands, and on a poll every member present in person or by proxy shall have one vote, for every Share of which he is the registered holder.
- (ii) No member shall, unless the Board decides otherwise, be entitled to vote either in person or by proxy at any general meeting of the Company (or any separate meeting of the holders of any class of shares of the Company in the event that there is in issue shares of more than one class) in respect of any share if any call or other sum presently payable by him in respect of that share remains unpaid. In addition a member shall not be entitled to vote in the circumstances set out in paragraph 5(i) below.

### (b) *Variation of rights and changes to capital*

- (i) Subject to the provisions of the Guernsey Law, all or any of the rights for the time being attached to any class of shares may (unless otherwise provided by the terms of allotment of the shares of that class) be varied or abrogated with the consent in writing of the holders of not less than three-quarters in nominal value of the issued shares of that class, or with the sanction of a special resolution when passed at a separate general meeting of the holders of those shares not more than two months prior to the relevant variation or abrogation (notwithstanding that further shares of that class are issued in that two month period). The quorum requirement for such a separate general meeting of holders of any class of shares is a person or persons holding or representing by proxy not less than one-third in nominal value of the issued shares of the class or at any adjourned meeting of such holders, one holder present in person or by proxy, whatever the amount of his holding.
- (ii) The Company may by ordinary resolution:
  - (a) increase its authorised share capital by such sum to be divided into shares of such amounts as the resolution shall prescribe;
  - (b) consolidate and divide its share capital into shares of a larger amount;
  - (c) subject to the provisions of the Guernsey Law, sub-divide its share capital into shares of a smaller amount; and
  - (d) cancel any shares which have not been taken or agreed to be taken by any person and diminish its authorised share capital by the amount of the shares so cancelled.
- (iii) The Company may, subject to the provisions of the Guernsey Law and the rights of the holders of any shares or class of shares, issue any share which is to be redeemed or is to be liable to be redeemed at the option of the Company or the holder and may purchase any of its own shares including any redeemable shares.
- (iv) The directors are prohibited from issuing shares (other than shares which do not constitute relevant securities under the UK Companies Act) without the authority of an ordinary resolution of Shareholders.
- (v) Unless otherwise determined by the Company by special resolution, before any equity securities of a particular class are allotted for cash they must be offered to existing holders of equity securities of that class in proportion as nearly as is practicable to the equity securities of that class held by them. Any offer must be in writing and open for acceptance for at least 14 days.

(c) *Dividends and other distributions*

- (i) Subject to any special terms as to dividend upon which any shares may be issued or may for the time being be held and to the provisions of the Guernsey Law, the Company may by ordinary resolution from time to time declare dividends not exceeding the amount recommended by the Board. Subject also to the provisions of the Guernsey Law, the Board may pay such interim dividends, and also any fixed rate dividend, as appear to the Board to be justified by the financial position of the Company. Except insofar as the rights attaching to, or the terms of issue of, any share otherwise provide all dividends will be declared and paid proportionately to the amounts paid up on the shares in respect of which the dividend is paid during any portion of the period in respect of which the dividend is paid.
- (ii) The Company may direct that no dividend (or shares issued in lieu of dividend) payable in respect of shares, or amount payable on redemption of, or other money payable in respect of the shares shall be paid by the Company in the circumstances set out in paragraph 5(i) below.
- (iii) Any dividend unclaimed after a period of 12 years from the date when it becomes due for payment will, if the Board so resolves, be forfeited and shall revert to the Company.
- (iv) No distribution shall be made as dividend of surpluses arising from the realisation of any investments.

(d) *Transfer of shares*

The Shares will be in registered form and may be transferred by instrument in writing in any usual form, or in any other form which the Board may approve.

The Articles provide that the directors may implement such arrangements as they think fit in order for any class of shares to be admitted to settlement by means of the CREST UK system. If the directors implement any such arrangements, no provision of the Articles shall apply or have effect to the extent that it is in any respect inconsistent with:

- (i) the holding of shares of that class in Uncertificated form;
- (ii) the transfer of title to shares of that class by means of the CREST UK system; or
- (iii) the CREST Guernsey Requirements.

Where any class of shares is for the time being admitted to settlement by means of the CREST UK system such securities may be issued in Uncertificated form in accordance with and subject as provided in the CREST Guernsey Requirements. Unless the directors otherwise determine, such securities held by the same holder or joint holder in both Certificated form and Uncertificated form shall be treated as separate holdings. Such securities may be changed from Uncertificated to Certificated form and from Certificated to Uncertificated form in accordance with and subject as provided in the CREST Guernsey Requirements.

Title to such of the shares as are recorded on the register as being held in Uncertificated form may be transferred only by means of the CREST UK system. Every transfer of shares from a CREST account of a CREST member to a CREST account of another CREST member shall vest in the transferee a beneficial interest in the shares transferred, notwithstanding any agreements or arrangements to the contrary however and whenever arising and however expressed. The instrument of transfer of a Certificated share must be executed by or on behalf of the transferor and (in the case of a partly paid share) the transferee, and the transferor is deemed to remain the holder until the transferee's name is entered in the register of members of the Company. The Board may in its absolute discretion and without specifying any reason refuse to register the transfer of any share which is not fully paid, except where to do so would prevent dealings in shares in the Company taking place on an open and proper basis. The Board may also refuse to register any transfer of Certificated shares unless the instrument of transfer is duly stamped (if stampable) and lodged with the Company accompanied by the certificate for the shares to which it relates and such other evidence as the Board may reasonably require to show the right of the intending transferor to make such transfer. The Board may also decline to register any transfer if the instrument of transfer is in respect of more than one class of share or, in the case of a transfer to joint holders, the number of joint holders to whom the share is to be transferred exceeds four.

If it comes to the notice of the Board that, without the consent of the Board, a registered holder or beneficial owner of any Certificated share is a non-qualified person (as defined below), the Board may at any time serve a notice on such non-qualified person requiring the transfer of the relevant interest in the relevant shares to a person who is not a non-qualified person. If a stock transfer form so transferring the shares and any relevant share certificate(s) have not been received at the registered office of the Company within 28 days of service of the notice, or the person to whom such notice is addressed does not within such period satisfy the Board that the requirements of the notice have been satisfied, the Company may sell the relevant shares on behalf of the holder of the shares by instructing a stockbroker to sell them in accordance with the best practice then applicable to a person who is not a non-qualified person.

To give effect to any sale of shares pursuant to the preceding paragraph the Board may authorise some person to transfer the shares in question and an instrument of transfer executed by that person will be as effective as if it had been executed by the holder of, or person entitled by transmission to, the shares. The purchaser will neither be bound to see to the application of the purchase monies nor will his title to the shares be affected by any irregularity or invalidity in the proceedings relating to the sale. The net proceeds of sale will belong to the Company and, upon their receipt, the Company will become indebted to the former holder of, or person entitled by transmission to, the shares for an amount equal to the net proceeds of sale. No trust will be created in respect of the debt, and no interest will be payable in respect of it, and the Company will not be required to account for any monies earned from the net proceeds of sale. The Company may employ such monies in its business or as it thinks fit.

The Board may, at any time, require the registered holder of any shares to provide evidence that the beneficial owner of those shares is not a non-qualified person and that such shares have not been acquired for the account, or for the benefit, of any non-qualified person or with a view to offering or selling the shares to a non-qualified person or in any jurisdiction in which an offer or sale of shares would not be permitted in the manner contemplated.

For the purposes of the preceding three paragraphs a non-qualified person is any person:

- (i) whose holding of shares might in the opinion of the Board cause the assets of the Company to be deemed “plan assets” for the purposes of the U.S. Employee Retirement Income Security Act of 1974, as amended; or
- (ii) to whom a transfer of shares or whose holding of shares might in the opinion of the Board require registration of the Company as an investment company under the U.S. Investment Company Act of 1940, as amended.

(e) *Duration and winding up*

- (i) At an extraordinary general meeting to be held in the first quarter of 2010 and, if applicable, at each subsequent annual general meeting of the Company, an ordinary resolution will be put to all shareholders to the effect that the directors be requested to commence the winding up of the Company. If that resolution is passed the Directors will, within not more than one month, dispatch a notice convening an extraordinary general meeting of the Company to be held within 21 days of the date of the notice at which a special resolution will be proposed for the voluntary winding up of the Company. On any such special resolution any member will be entitled to demand a poll and, on a poll, any member will be entitled to 100 million votes for each Share registered in his name which he votes in favour of the special resolution (and only one vote for each Share which he votes against the special resolution).
- (ii) On a winding-up of the Company, subject to the rights of any holders of other classes of shares in issue at the relevant time, any surplus assets available for distribution to the members shall be applied first in returning to the holders of the Shares the capital paid up on, and any premium paid on issue of, the Shares; secondly, in returning to the holders of the Founders’ Shares the capital paid up on, and any premium paid on issue of, the Founders’ Shares; and, thirdly, in returning any surplus thereafter to holders of Shares.
- (iii) On a winding up the liquidator may, with the sanction of an extraordinary resolution of the Company, divide among the members *in specie* the whole or any part of the assets of the Company.

(f) *Borrowing powers*

The Board may exercise all the powers of the Company to borrow money, to guarantee, to indemnify and to mortgage or charge its undertaking, property and uncalled capital, and to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party. The Board must restrict the borrowings of the Company and exercise all voting and other rights or powers of control exercisable by the Company in relation to its subsidiary undertakings so as to secure that the aggregate principal amount from time to time outstanding of all borrowings (as defined in the Articles) by the Company and its subsidiary undertakings (exclusive of borrowings intra-group) does not at any time without the previous sanction of an ordinary resolution of the Company exceed an amount equal to one quarter of the Net Asset Value.

(g) *Directors*

(i) *Appointment of directors*

Directors may be appointed by the Company by ordinary resolution or by the Board. A director appointed by the Board will hold office only until the next following annual general meeting and will not be taken into account in determining the directors who are to retire by rotation at that meeting.

(ii) *Remuneration of directors*

Each of the directors shall be paid a fee for his services at such rate as may be determined by the Board provided that the total fees paid to the directors (excluding amounts payable under other provisions of the Articles) may not exceed in aggregate £150,000 per annum or such higher amount as may from time to time be decided by ordinary resolution of the Company. Each director will also be paid his reasonable travelling, hotel and incidental expenses of attending and returning from the meetings of the Board, of committees of the Board or general meetings of the Company or separate meetings of the holders of any class of shares or of debentures or any other meeting which as a director he is entitled to attend, and will be paid all expenses properly and reasonably incurred by him in the conduct of the Company's business or in connection with the discharge of his duties as a director.

Any director who at the request of the Board performs services which in the opinion of the Board go beyond the ordinary duties of a director may be paid such extra remuneration as the Board or any committee authorised by the Board may determine in addition to any other remuneration from the Company (notwithstanding that such extra remuneration may result in the aggregate referred to in the previous paragraph exceeding £150,000 per annum).

(iii) *Executive directors*

The Board may from time to time appoint one or more of its body to hold any employment or executive office (except that of auditor) with the Company (including that of managing director) for such period (subject to the provisions of the Guernsey Law) and upon such other terms as the Board may decide and may revoke or vary any appointment so made. A director so appointed shall receive such remuneration (whether by way of additional fee, salary, commission, participation in profits or otherwise) as the Board may decide either in addition to or in lieu of his remuneration as a director. Unless the Board otherwise determines, the appointment of a director to an executive office shall terminate if he ceases to be a director.

(iv) *Retirement of Directors*

At the first annual general meeting of the Company, all the Directors shall retire and be eligible for re-election. At every subsequent annual general meeting, as nearly as possible one third of the directors will retire by rotation and be eligible for re-election. The directors to retire shall first be those who wish to retire and not be reappointed to office and secondly be those who have been longest in office or, in the case of those who were appointed or reappointed on the same day, will (unless they otherwise agree) be determined by lot. If any director has at the start of an annual general meeting been in office for more than three years since his last appointment or re-appointment, he shall retire and be eligible for re-election at that meeting.

Directors are not obliged to retire on attaining any particular age.

(v) *Restrictions on voting*

A director shall not vote on, or be counted in the quorum in relation to, any resolution of the Board concerning his own appointment, or the settlement or variation of the terms or the termination of his own appointment to any office or place of profit with the Company or any other company in which the Company is interested but, where proposals are under consideration concerning the appointment, or the settlement or variation of the terms or the termination of the appointment, of two or more directors to offices or places of profit with the Company or any other company in which the Company is interested, a separate resolution may be put in relation to each director, and in that case each of the directors concerned shall be entitled to vote and be counted in the quorum in respect of each resolution unless it concerns his own appointment, or the settlement or variation of the terms or the termination of his own appointment, or the appointment of another director to an office or place of profit with a company in which the Company is interested and the director seeking to vote or to be counted in the quorum owns one per cent. or more of that company as determined in accordance with the Articles.

A director shall not vote on, or be counted in the quorum in relation to, any resolution of the Board in respect of any contract in which to his knowledge his interest (taken together with any interest of any person connected with him) is material and, if he shall do so, his vote shall not be counted, but this prohibition shall not apply to any resolution where that interest arises only from one or more of the following matters:

- (a) the giving to him of any guarantee, indemnity or security in respect of money lent or obligations undertaken by him at the request of or for the benefit of the Company or any of its subsidiaries;
- (b) the giving to a third party of any guarantee, indemnity or security in respect of a debt or obligation of the Company or any of its subsidiaries for which he himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security;
- (c) where the Company or any of its subsidiaries is offering securities in which offer the director is or may be entitled to participate or in the underwriting or sub-underwriting of which the director is to participate;
- (d) any contract or arrangement in which he is interested by virtue of his interest in shares or debentures or other securities of the Company or any of its subsidiaries or by reason of any other interest in or through the Company or any of its subsidiaries;
- (e) any contract concerning any other company, not being a company in which the director owns (as defined by the Articles) one per cent. or more of the equity share capital or voting rights, in which he is interested directly whether as an officer, shareholder, creditor or otherwise;
- (f) any contract concerning the adoption, modification or operation of a pension fund or retirement, death or disability benefits scheme which relates both to directors and employees of the Company or any of its subsidiaries and does not provide in respect of any director as such any privilege or advantage not accorded to the employees to which the fund or scheme relates;
- (g) any employees' share scheme of the Company or any of its subsidiaries under which he benefits in a similar manner as the employees and which does not accord to any director as such any privilege or advantage not accorded to the employees to whom the scheme relates; and
- (h) any contract for the purchase or maintenance for any director of directors' insurance against any liability.

(vi) *Indemnity of officers*

Subject to the provisions of the Guernsey law, every director or other officer of the Company shall be indemnified by the Company against any liability incurred by him in the course of acting as a director or other officer of the Company (as the case may be) including all costs, expenses and liabilities in defending any proceedings, whether civil or criminal, in which judgment is given in his favour (or the proceedings are otherwise

disposed of without any finding or admission of any material breach of duty on his part) or in which he is acquitted or in connection with any application in which relief is granted to him by the Court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the Company. These indemnities shall not apply in relation to any liability, cost or expense arising out of the negligence, wilful default or fraud of any such director or other officer.

The Company will, if requested by one or more directors and approved by the Board, use its best endeavours to maintain appropriate directors' and officers' liability insurance (including ensuring that premiums are properly paid) for the benefit of that or those directors during their appointment and after their appointment in respect of any matter occurring or alleged to have occurred while they are or were a director.

(h) *Untraced shareholders*

The Company, after advertising its intention and waiting for three months, may sell any shares in the Company if the shares have been in issue for at least 12 years and during that period at least three cash dividends have become payable on them and no such cash dividends have been claimed or satisfied and, so far as any director is aware, the Company has received no indication during the relevant period either of the whereabouts or of the existence of the holder of the shares or any person entitled to them by transmission. Upon any such sale, the Company will become indebted to the former holder of the shares, or the person entitled to them by transmission, for an amount equal to the net proceeds of the sale.

(i) *Disclosure of interests in shares*

The Company may by notice in writing require a person whom the Company knows or has reasonable cause to believe to be or, at any time during the three years immediately preceding the date on which the notice is issued, to have been interested in shares comprised in the Company's "relevant share capital" as defined in the UK Companies Act to confirm that fact or (as the case may be) to indicate whether or not that is the case, and where he holds or has during the relevant time held an interest in such shares, to give such further information as may be required relating to his interest and any other interest in the shares of which he is aware.

If a member, or any other person appearing to be interested in shares held by that member has been issued with a notice by the Company and has failed in relation to any shares (the "default shares") to give the Company the information thereby required within 14 days from the date of the notice the following sanctions shall apply:

- (i) the member shall not be entitled in respect of the default shares to be present or to vote (either personally or by proxy) at any general meeting or at any separate meeting of the holders of that class of shares or on any poll; and
- (ii) where the default shares represent at least 0.25 per cent. in nominal value of their class:
  - (A) no dividend, amount payable on redemption or other moneys payable in respect of the default shares shall be paid by the Company and no share shall be allotted by way of scrip dividend in respect of the default shares; and
  - (B) no transfer of the default shares shall be registered unless (i) the member has supplied a certificate in such form as the Board may in its discretion require to the effect that after due and careful enquiry the member is satisfied that no person in default as regards supplying such information is interested in any of those shares; (ii) the transfer is an approved transfer (as defined in the Articles); or (iii) the registration of the transfer is required by CREST.

(j) *Directors' decisions for other companies*

No director who is also a director (by whatever name called) of any other body corporate shall be liable to account to or compensate the Company or the members in respect of any act or decision made or taken by him *bona fide* in his capacity as such a director, notwithstanding that any such act or decision may involve or result in a correlative or consequential decision by such director as a director of the Company, provided always that such correlative or consequential decision is also taken *bona fide*, and for the avoidance of doubt this shall apply irrespective of whether such director is also interested in such body corporate in any capacity otherwise than as

a director thereof, and such director shall equally not be liable to account to or compensate the Company or the members in respect of any such correlative or consequential decision as aforesaid.

(k) *Redemption of Shares*

- (i) The Shares will be redeemable by the Company in the following circumstances:
- (a) at the discretion of the Board *pro rata* to the number of Shares registered in the name of each Shareholder at the commencement of business on the redemption date (rounded down to the nearest whole number) at a price per Share calculated as described in paragraph 6(b)(ii) of this Part IV by giving not less than 14 days' prior written notice of the date fixed for redemption;
  - (b) if the Shares trade at a discount to NAV per Share on any market on which they are listed or traded, the Company may, at the discretion of the Board, repurchase and redeem Shares from one or more Shareholders on such terms and at a price per Share agreed by the Board, being less than NAV per Share as most recently calculated;

and in all cases on such other terms and conditions as the Board may in its discretion determine.

- (ii) Shareholders have no entitlement to require their Shares to be redeemed.
- (iii) Each member holding a Share in Certificated form that is to be redeemed may be required to deliver the relevant share certificate to the Company. If any member fails or refuses to deliver the relevant share certificate(s) in the required manner, the Company may retain the amount payable to that member on redemption of the Shares to which the certificate(s) relates until delivery of the certificate(s) or the receipt of an indemnity satisfactory to the Company (whereupon the Company shall pay the amount payable on redemption of the Shares to which the certificate(s) relates without interest and return any relevant balance certificate within 14 days of that delivery or receipt).

## 6 NET ASSET VALUE AND REDEMPTION PRICE

(a) *Net asset value*

The Company will adopt International Financial Reporting Standards.

The NAV as of any date will be calculated as the value of all the assets less all the liabilities of the Company, as at the close of business on that date, less a sum equal to the amount paid up in respect of any Founders' Shares in issue. The NAV per Share will be calculated by dividing the resulting figure by the total number of Shares in issue at the close of business on that date. The NAV per Share will be calculated by the UK Administration Agent on a weekly basis and the Company will inform the LSE via a Regulatory Information Service.

The NAV will be calculated in accordance with the following accounting policies:

- (i) listed investments and those traded on AIM held by the Company will be valued at their market bid price (as derived from Bloomberg or, if no such price is available from Bloomberg, from a comparable system);
- (ii) the value of all other assets of the Company and the value of all of the liabilities of the Company will be calculated as being their fair value as determined by the Directors in their reasonable discretion;
- (iii) provision will be made for any capital return or equity appreciation fees which would have become payable to the Investment Manager had all the Company's net assets been distributed to Shareholders at the date of the NAV calculation;
- (iv) notwithstanding (i), (ii) and (iii) above, the directors of the Company may in their reasonable discretion permit an alternative method of valuation to be used if they consider that such valuation better reflects the fair value of any asset or liability.

No person shall be under any liability by reason of the fact that a price reasonably believed to be the appropriate price for any quoted or unquoted investment may be found subsequently not to be such.

(b) *Redemption price*

- (i) Where, on any date, a Share is to be re-purchased and redeemed in the market, the redemption price of that Share will be agreed by the directors of the Company with the redeeming Shareholder provided that such price will be less than NAV per Share as most recently calculated.
- (ii) Where, on any date, Shares are redeemed *pro rata* to the number of Shares held by each Shareholder, the redemption price of any such Share to be redeemed on that redemption date will be the NAV per Share on the business day preceding the redemption date less such amount (if any) as the directors of the Company may determine in their absolute discretion to be the costs attributable to the redemption of that Share. The resulting figure in pence will be rounded down to two decimal places.

## 7. DIRECTORS' AND OTHER INTERESTS

- (a) No Director, nor any members of their immediate families nor any person connected with them (within the meaning of section 346 of the Act or the AIM Rules) has any interest beneficial or otherwise in the share capital of the Company or a Related Financial Product, which is required to be notified to the Company under the provisions of their appointment letters nor so far as is known to the Directors or could with reasonable diligence be ascertained by the Directors, will any person connected with the Directors (as defined in their appointment letters) have any interest in the share capital of the Company which is required to be disclosed as above as if the person were a Director. No Director has any options over the share capital of the Company.
- (b) As at the date of this document, the Company is not aware of any person who directly or indirectly will, following the Placing, be interested in 3 per cent. or more of the issued share capital of the Company.
- (c) As at the date of this document, the Company is not aware of any person who, directly or indirectly, jointly or severally, will, following the Placing, own or control the Company and is not aware of any arrangements which may, at a subsequent date result in a change of control of the Company.
- (d) Each of the Directors has been appointed with effect from 22 November 2006 pursuant to the terms of a letter dated 28 November 2006 which provides, *inter alia*, for a fixed term appointment until the first annual general meeting of the Company, subject to renewal. Each of the Directors is entitled to a fee, payable from Admission, at the rate of £15,000 per annum (£25,000 per annum in the case of the Chairman). It is estimated that a total sum of £81,000 will be payable by the Company to the Directors for the current financial period under the arrangements in force at the date of this Admission document. There are no service contracts or consultancy agreements in existence between the Company and any of the Directors, nor are any such contracts proposed. None of the Directors is eligible for bonuses, pensions, retirement or other similar benefits.
- (e) The current directorships and partnerships of the Directors and their directorships and partnerships during the last five years are listed below.

<i>Director</i>	<i>Current directorships/partnerships</i>	<i>Past directorships/partnerships</i>
Alexander James Fleming		F & C Investment Management Limited
David Sydney Copperwaite	AnaCap FP GP Limited Channel Islands Management Services Limited C Capital Limited Smoothed Growth Funds SPC C M Management Company Limited Dara Capital Services Limited Earlwood Limited Edward Limited Freshwater Limited Islands Of Excellence Limited Lloyds TSB Global MultiFund Allocation Lloyds TSB International Liquidity Lloyds TSB International Portfolio Porton Capital Technology	Delta Capital Management Limited Dneiper (Guernsey) Limited Europa Limited Investment Fund Services Limited The Euro Spain Fund Limited The Portugal Property Fund Limited The Vietnam Fund Limited Valencia Limited Vina Capital Limited

<i>Director</i>	<i>Current directorships/partnerships</i>	<i>Past directorships/partnerships</i>
	Premier Asian Assets Trust Limited Structured Buy-Out Limited The Carrousel Fund 11 Limited The Central and Eastern European Fund Limited The European Growth Fund Limited The Thai-Euro Fund Limited The Thai Prime Fund Limited Tumulus Limited	
Helen Foster Green	Albany International Corporation Alicante Services Limited Anna Corporation Astraeus Limited S.A. Auriga Nominees Limited Balaga Limited Barba Family Foundation Company Ltd. S.A Bovingdon Properties Unlimited Carina Nominees Limited Clairwood Limited Datchworth Properties Unlimited Dove Holdings Inc Draco Nominees Limited Euro Petroleum Trading Limited Eythrope Trustee Co. Limited Fizzyberry Limited Garfield Investments S.A. GB Partnership Investment Associates Inc Gowerton Holdings Limited HPFM (Guernsey) Limited HPFM (Trinity Lodge) Limited Jermyn Pte Ltd Juromant Investments Limited Kenmore European Industrial Fund Limited Landore Resources Limited Les Prairies Investment Trust Limited Lewdown Holdings Limited Medieval Investment Fund Limited Medsea Limited Mensa Nominees Limited Mica Enterprises Limited SA MiNC Residential Property Fund Limited Ophelia Holdings Inc Paloma Holdings Limited Pavo Nominees Limited Pictor Nominees Limited Project 407 Limited Puma Brandenburg Limited Puma Sphera Puma Sphera Master Fund Puma Theta Puma Theta Management (Cayman) Limited Saffery Champness Saffery Champness Holdings Limited Saffron Maritime Limited Seahaven Investments (Mauritius) Limited Shalford Limited Shore Epsilon Limited Shore SFK Limited Silverdale Holdings Limited Southern Cross Nominees Limited Stanco International Inc The Family of N & J Rothschild SA Thea Investments Inc Tidegrove Holdings Limited The St John Ambulance & Rescue Service Tidegrove Management Limited Topibel S.A. Trio Finance Limited Tucana Nominees Limited Westerwald Holdings Inc	Bandar Holdings Limited Bluescop Limited Canadian Gold Inc. Chrysolite Investments Limited Clare/Duffield Foundations Nominees Limited Easson Property Investments (Pty) Limited Englefield Trustee Company Limited European Internet Capital Limited Farrago Inc Fenchurch Enterprises Inc First Arrow Global Currency Fund Trustees Limited First Arrow Global Fund Trustees Limited First Arrow Managed Fund Trustees Limited Georgiana Inc Henry Investment Holdings Limited HN Properties (Overseas) Limited Ivybrook Limited Katherine Inc Markton Limited Nile Holdings Limited Oakhill Limited Puma Sphera Management (Cayman) Limited R M S Investments Limited Rockhurst Limited Rushington Investments Limited Seap Corporation Limited Shore Capital (GP) Limited Silver Firs Limited Telematix (Guernsey) Limited Tintoretto Limited Willesden Limited Woodland Holdings Limited Zodiac Trading Limited

<i>Director</i>	<i>Current directorships/partnerships</i>	<i>Past directorships/partnerships</i>
	Yardarm Investments Limited Yellowstrand Limited Yillman Limited	
Timothy James Henderson	Audley Private Capital Management Limited Gyre CIS Limited IV Sight Developments Ltd L'Etienne Farm (2002) Ltd Macau Property Opportunities Fund Ltd R.S.T. Concerts Inc R.S.T.E. Inc R.S.T. (2002) Inc R.S.T. (2005) Inc R.S.Tours Inc Sixela Asia Ventures Limited Sixela International Growth Fund Limited Sixela Investments Limited SPI Capital Limited Zenith Secretarial Services Limited Zenith Trust Company Limited	BFS Managed Properties Ltd Blue Circle Holdings Ltd Brig Specialist Investments Ltd Butterfly Specialist Assets Ltd Corvus Capital Inc. Dorson Investments Inc. Global Opportunities Trust Ltd GOT Zeros 2007 Ltd Morley Absolute Growth Investment Co Ltd Newmarket Assets Ltd Saints Farm (1999) Ltd SGO Investment Management Limited Strategic Global Opportunities Limited The Charteris European Government Bond Fund Limited The Charteris US Treasury Government Bond Fund Limited Tolnord Corporation Tuvalu Ltd Vitamer Company Inc.
David Lawrence Kempton	Forrest Recruitment Limited Hartest Holdings plc Impax Group plc Kempton Holdings Metrogrange Ltd and certain of its subsidiary companies Neptune-Calculus Income & Growth VCT Limited Third Advance Value Realisation Company Limited	Advance Value Realisation Company Ltd Second Advance Value Realisation Company Limited Zap! International Limited

- (f) On 24 September 2003 Advance Value Realisation Company Limited, of which David Kempton was a director, was placed in members' voluntary liquidation. Creditors were paid in full and the surplus funds distributed to shareholders.
- (g) On 22 June 2005 Second Advance Value Realisation Company Limited, of which David Kempton was a director, was placed in members' voluntary liquidation. Creditors were paid in full and surplus funds have been distributed to shareholders. The members' voluntary liquidation has not been completed pending the outcome of a claim by the company to recover certain VAT paid by it.
- (h) Helen Green was a director of European Internet Capital Limited from 30 July 2002 until her resignation on 14 July 2003. European Internet Capital Limited was placed into compulsory liquidation on 15 March 2004. Creditors claims are estimated to be approximately £778,000. It is not known if there will be a distribution to creditors.
- (i) Save as disclosed in this paragraph 7, none of the Directors has:
- (i) any unspent convictions in relation to indictable offences;
  - (ii) had any bankruptcy order made against him/her or entered into any voluntary arrangements;
  - (iii) been a director of a company which has been placed in receivership, compulsory liquidation, creditors' voluntary liquidation or administration or been the subject of a voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors whilst he/she was a director of that company or within 12 months after he/she ceased to be a director of that company;
  - (iv) been a partner in a partnership which has been placed in compulsory liquidation, administration or been the subject of a partnership voluntary arrangement whilst he/she was a partner in that partnership or within 12 months after he/she ceased to be a partner in that partnership;
  - (v) been the owner of any assets which have been the subject of receivership;

- (vi) been a partner in any partnership which has been placed in receivership whilst he/she was a partner in that partnership or within 12 months after he/she ceased to be a partner in that partnership;
- (vii) been publicly criticised by any statutory or regulatory authority (including recognised professional bodies); or
- (viii) been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the business affairs of a company.

## 8. FINANCIAL STATEMENTS AND GENERAL MEETINGS

- (a) Copies of the audited financial statements of the Company, which will be made up to 30 November in each year commencing in 2007, will be sent to the shareholders at their registered address not less than 20 Business Days before the date fixed for the annual general meeting of the Company at which they will be considered.
- (b) Notices convening the general meeting in each year at which the audited financial statements of the Company will be considered will be sent to the shareholders not less than 20 Business Days before the date fixed for the meeting. Other general meetings may be convened from time to time by the Board by sending notices to shareholders at least 10 clear days prior to the meeting or by shareholders requisitioning such meetings in accordance with the Guernsey Law and will be held in Guernsey.
- (c) The Company intends to adopt IFRS.

## 9. WORKING CAPITAL, INDEBTEDNESS AND CAPITALISATION

- (a) The Directors are of the opinion, having made due and careful enquiry, that the working capital available to the Company will be sufficient for its present requirements (that is, for at least the 12 months from the date of Admission).
- (b) As at the date of this document, the Company has no guaranteed or unguaranteed, secured or unsecured, indirect or contingent indebtedness. This information is unaudited.
- (c) As at the date of this document, the Company has no principal investments that are in progress nor has it entered into any financial investments.
- (d) The following table, which is unaudited, sets out the capitalisation of the Company as at the date of this document.

<i>Shareholders' equity</i>	£
Share capital	2
Legal reserves	nil
Other reserves	nil
	2
Total Shareholders' equity	2

## 10. INVESTMENT MANAGEMENT AGREEMENT

By an agreement (the "Investment Management Agreement") dated 30 November 2006 between the Company and the Investment Manager, the Company has appointed the Investment Manager to act as the manager of the Investments and other assets of the Company provided the Placing Agreement becomes unconditional. Under the provisions of the Investment Management Agreement, the Investment Manager is at all times subject to the control of, and its actions subject to review by, the Directors.

The Investment Manager will be entitled to receive from the Company for its services as investment manager a "basic fee", a "capital return fee" and an "equity appreciation fee".

The basic fee will be payable monthly in arrears (and *pro rata* for any part of a month) and will be a fixed amount equivalent to one twelfth of one per cent. of the aggregate value at the Placing Price of the Shares placed pursuant to the Placing up to the second anniversary of Admission pursuant to the Initial Placing. From that date, the basic monthly fee will be one twelfth of one per cent. of the Net Asset Value as at the second anniversary of Admission pursuant to the Initial Placing.

The capital return fee will be payable at the rate of one per cent. on the lower of 100p per Share and the net amount returned to Shareholders per Share by the Company by way of redemptions of Shares and capital distributions (collectively "Capital Returns") made in any calendar month up to

and including December 2008. No capital return fee will be payable in respect of any Capital Returns made after 31 December 2008.

The equity appreciation fee will be ten per cent. of any value returned to Shareholders by way of redemption of Shares or capital distribution in excess of 100p per Share. The equity appreciation fee may be satisfied in whole or in part *in specie* by the transfer to the Investment Manager of any residual holdings of Investments as selected by the Board. The price at which any security will be transferred to the Investment Manager will be the average of the market bid quotations for such security as derived from Bloomberg as at the close of business on the five Business Days immediately preceding the date of the transfer. However, in the case of securities which were acquired by the Company at less than their bid price, the price at which such securities are transferred to the Investment Manager will be reduced by a percentage equivalent to the percentage by which the Company's acquisition cost was less than the bid price at the time of acquisition.

The capital return fee and the equity appreciation fee will be payable in the month following the month in which the relevant redemption or capital distribution is made. The fees under the Investment Management Agreement are not currently subject to VAT. If VAT becomes applicable then the fees will be subject to VAT.

The Investment Management Agreement provides that the Investment Manager will, at its own expense, provide staff and office accommodation for such staff and, save as otherwise agreed, bear the expenses of performing its duties under the Investment Management Agreement. The Company will pay, or reimburse to the Investment Manager, all accountancy, legal and other professional fees and other expenses incurred in connection with the formation and operation of the Company and pursuit of the Company's investment objectives. The Investment Manager will be responsible for travel, accommodation, subsistence and other costs incurred by the Investment Manager in the general course of managing the Investments but the Company will be responsible for such costs reasonably and properly incurred by the Investment Manager at the request of the Board including in connection with overseas trips undertaken at the request of the Board.

The Investment Management Agreement is terminable by either party thereto on not less than twelve months' written notice expiring on 31 May or 30 November in any year, subject to earlier termination in certain circumstances including certain breaches of the agreement or the insolvency of either party.

## **11. PLACING AGREEMENT**

By a Placing Agreement dated 30 November 2006 between the Company, the Investment Manager, E & Y and Marshall, Marshall has undertaken to use its reasonable endeavours to procure, as agent for the Company, subscribers for up to 50 million Shares subject, *inter alia*, to the Shares to be issued pursuant to the Initial Placing being admitted to trading on AIM not later than 5.00 pm on 20 December 2006 or such later date as the Company, Marshall and E & Y shall agree but not later than 5.00 pm on 5 January 2007 and, in relation to the Supplemental Placing, if any, Admission to trading becoming effective not later than 5.00 pm on 17 January 2007 or such later date as the Company, the Investment Manager, Marshall and E & Y shall agree but not later than 5.00 pm on 31 January 2007. In consideration of its services Marshall will be paid a fee of £100,000 and commission at the rate of 1.25 per cent. of the aggregate value at the Placing Price of the Shares placed pursuant to the Placing ("the Value of the Placing"). The minimum subscription is £50,000.

The Company and the Investment Manager have given certain warranties and indemnities to Marshall and E & Y, including warranties and indemnities relating to the accuracy of information in this Admission document and any liabilities arising from its publication. All of these warranties and indemnities are customary in such an agreement.

The Placing Agreement may be terminated prior to Admission by Marshall and E & Y in certain circumstances, such as material breach by the Company of its warranties or its other obligations under the Placing Agreement. The Placing is conditional, *inter alia*, on at least £30 million being subscribed in the Initial Placing.

The placing letters to be issued by Marshall to placees in connection with the Placing will set out the terms and conditions which apply to, and procedures to be followed by, placees to satisfy the Placing Price for Shares by the transfer to the Company of Qualifying Securities or in limited cases for cash on the basis that the Company will apply those cash proceeds in purchasing Qualifying Securities from that subscriber. Under such procedures the Company will conclude agreements, subject to Admission, to acquire specified Qualifying Securities at the bid price of such securities as at the close

of business on 8 December 2006 in the case of the Initial Placing and on 5 January 2007 in the case of the Supplemental Placing, as derived in each case from Bloomberg (or, in the limited circumstances described in paragraph 3(a) above, at a lower price). Accordingly, providing Admission occurs, movements in value and all other risks and benefits associated with such Qualifying Securities in the period between close of business on 8 December 2006 (in the case of the Initial Placing) or close of business on 5 January 2007 (in the case of the Supplemental Placing) and the actual date of Admission will be for the account of the Company.

If the overall expenses of the Placing (including irrecoverable VAT) would otherwise exceed three per cent. of the Value of the Placing, the fee and the commission payable to Marshall and certain other advisers shall be reduced *pro rata* by such amount as shall be necessary to ensure that such expenses do not exceed three per cent. of the Value of the Placing.

The Company will pay all costs and expenses of or incidental to the Placing. In addition, the Company will pay any VAT which may be chargeable on such fees and commissions.

## 12. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business), which are or might be material, have been entered into by the Company within the two year period immediately preceding the date of this Admission document or contain provisions under which the Company has any obligation or entitlement which is material to the Company as at the date of this Admission document:

- (a) the Investment Management Agreement referred to in paragraph 10 above;
- (b) the Placing Agreement referred to in paragraph 11 above;
- (c) an engagement letter dated 30 November 2006 between the Company and E & Y, under which E & Y will act as Nominated Adviser for the purposes of the AIM Rules. In connection with the application for Admission E & Y will receive a fee of £75,000 plus VAT (if applicable). E & Y are retained as nominated adviser to the Company for a fee of £25,000 per annum payable on Admission and thereafter half yearly in advance. The appointment is for an initial period of 12 months from Admission and is terminable by either party on one month's notice thereafter;
- (d) an agreement dated 30 November 2006 between the Company and Marshall, under which Marshall will act as broker to the Company for the purposes of the AIM Rules. Marshall will also be the retained broker to the Company for a fee of £15,000 per annum payable on Admission and thereafter quarterly in advance. The appointment is for an initial period of 12 months from Admission and is terminable by either party on one month's notice thereafter;
- (e) an administration agreement dated 30 November 2006 between the Company and Legis Corporate Services Limited ("Legis") under which Legis will provide administration services to the Company in Guernsey and will act as company secretary from the date of Admission. Legis will receive a fee at the rate of £30,000 per annum as well as the administration fee for the UK Administration Agent. The agreement will continue until terminated by either party thereto on not less than 90 days' written notice, provided that such notice will not be effective until the expiration of the six month period following Admission, subject to earlier termination on breach, in certain circumstances, or either party going into liquidation;
- (f) an administration agreement dated 30 November 2006 between Legis and Cavendish Administration Limited (the "UK Administration Agent") under which the UK Administration Agent will provide administration services in the United Kingdom on behalf of Legis from the date of Admission. The UK Administration Agent will receive from Legis a fee at an annual rate of £25,000 plus a monthly fee equal to one twelfth of 0.1 per cent. of the aggregate value at the Placing Price of the Shares placed pursuant to the Placing up to the second anniversary of Admission pursuant to the Initial Placing. From the second anniversary of Admission pursuant to the Initial Placing, the UK Administration Agent will receive a fee at an annual rate of £25,000 plus a monthly fee equal to one twelfth of 0.1 per cent. of the Net Asset Value as at the second anniversary of Admission pursuant to the Initial Placing. In addition, the UK Administration Agent will receive from Legis a fee on Capital Returns in each month at the rate of 0.1 per cent. of such Capital Returns up to and including December 2008. The fees are payable monthly in arrears (and *pro rata* for part of a month). The agreement will continue until terminated by either party thereto on not less than six months' written notice, subject to

earlier termination on breach, in certain circumstances, or either party going into liquidation. This agreement will also terminate on the termination of the Administration Agreement referred to in paragraph 12(e) above;

- (g) a custody agreement dated 30 November 2006 between the Company and The Northern Trust Company (the “Custodian”) under which the Custodian has agreed to provide custodian services to, and be responsible for the safekeeping of the assets of, the Company conditional upon Admission. The Custodian is entitled to receive an annual fee of £3,750 plus 0.01 per cent. of the value of the assets of the Company payable monthly in arrears and £10 per transaction. The Custodian is also entitled to reimbursement of its reasonable out-of-pocket expenses (excluding the fees of any sub-custodian). Higher charges would apply if the Company were to hold non United Kingdom assets, although the Investment Manager does not expect the Company to hold such assets. The agreement is terminable by either party giving thirty days’ notice;
- (h) an agreement dated 30 November 2006 between the Company and Legis whereby the Company has agreed to indemnify Legis against certain liabilities attributable to the activities of the UK Administration Agent;
- (i) an agreement dated 30 November 2006 between the Company and Capita Registrars (Guernsey) Limited (the “Registrar”) whereby the Registrar will act as the Company’s registrar from the date of Admission. The Registrar will receive from the Company for its services a quarterly fee calculated by reference to the number of shareholders, activity fees calculated by reference to the number of transfers of Shares and certain additional charges relating to work done in relation to meetings of shareholders and the payment of dividends; and
- (j) an Overdraft Facility letter with Lloyds TSB Bank plc (“the Bank”) between the Bank and the Company under which the Bank has agreed to make available an overdraft facility of up to £3 million. Interest is payable at one per cent. per annum above the base rate of the Bank on amounts outstanding under the facility from time to time. Under the facility an arrangement and renewal fee of £1,500 is payable;
- (k) the Directors have undertaken to the Company, Marshall and E & Y that for a period commencing on the acquisition of any Shares and ending 12 months after Admission they will not, and they will procure that any person “related” to them will not, sell or dispose of any interest in Shares. No Shares will be acquired by any of the Directors pursuant to the Placing. The lock-in restrictions will not apply a) on the death of the Director or related party; b) on acceptance by the Director or related party of a general offer for the whole of the share capital of the Company which becomes or is declared unconditional as to acceptances; or c) in the event of an intervening court order.

The contracts referred to in this paragraph contain provisions under which the Company exempts the other parties thereto from liability in certain circumstances and, except in the case of the contracts referred to in paragraphs (e), (g), (h) and (i), indemnifies them in respect of such liability subject to exclusions in, for example, the case of fraud, breach of duty, negligence or wilful default. All of these indemnities are customary for such documents. In addition, the contracts referred to in paragraphs (a), (e), (g) and (h), permit the other parties and their associates to deal with parties other than the Company and to retain profits arising from such dealings. Where applicable, VAT will be charged on the fees payable pursuant to each of the contracts referred to in this paragraph.

### **13. TAXATION**

The comments below are of a general nature based on the Company’s understanding of the current law and practice of the revenue authorities in Guernsey and the United Kingdom and relate only to investors who are the beneficial owners of Shares. In particular, they do not address the position of certain classes of investors, such as dealers. These comments are not exhaustive and do not constitute legal or tax advice.

Potential investors should consult their own professional advisers as to the tax consequences of acquiring, holding and disposing of Shares.

#### *(a) Guernsey taxation*

The Company has applied to the Administrator of Income Tax in Guernsey for exemption from Guernsey Income Tax, subject to the payment of an annual exemption fee (currently £600 per annum).

On 25 November 2002, the Advisory and Finance Committee (now the Policy Council) of the States of Guernsey announced a proposed framework for a structure of corporate tax reform within an indicative timescale. In September 2005, the Fiscal and Economic Policy Steering Group published detailed proposals on Guernsey's future economic and taxation strategy. In March 2006 an independent Working Group set up at the request of the Treasury and Resources Department confirmed the earlier recommendation that the general rate of income tax to be paid by all Guernsey companies (other than certain regulated banking entities) would be reduced to zero (0) per cent. in respect of tax year 2008 and subsequent years. The changes are not expected to have any material impact on the Company.

The Company itself will not suffer any tax in Guernsey on capital gains. Shareholders who are not resident (for tax purposes) in Guernsey will not suffer any capital gains tax in Guernsey on the sale, transfer, redemption or disposal of their shares in the Company.

The Company will be required to report to the Administrator of Income Tax in Guernsey details of dividends paid to Guernsey residents. Shareholders who are not tax resident in Guernsey will receive dividends without deduction of Guernsey income tax. No Guernsey stamp duty will be payable upon the issue of the Shares. In the event of the death of a sole holder of Shares a Guernsey grant of probate or administration may be required in respect of which certain fees will be payable to the Ecclesiastical Registrar in Guernsey.

Document duty calculated at the rate of 0.5 per cent. is payable on the nominal value of the authorised share capital of the Company up to a maximum amount of duty of £5,000.

*(b) United Kingdom Taxation*

*(i) The Company*

The Board intends to conduct the business and affairs of the Company in such a way that, for United Kingdom corporation tax purposes, it will not be regarded as resident in the United Kingdom. Accordingly, and provided that the Company does not carry on a trade in the United Kingdom or does not do so through a "permanent establishment" situated in the United Kingdom, the Company will not be subject to corporation tax on its income or capital gains. The Board and the Investment Manager each intend that the respective affairs of the Company and the Investment Manager are conducted so that the Investment Manager will not constitute a permanent establishment of the Company insofar as this is within their respective control, but it cannot be guaranteed that all of the requirements necessary to prevent any such permanent establishment existing will at all times be satisfied.

Dividends paid to the Company by companies resident in the United Kingdom will not be paid subject to any United Kingdom withholding tax but the Company will not be able to claim repayment of any part of the tax credit attaching to such dividends.

Interest and other income received by the Company which has a United Kingdom source may be subject to withholding taxes in the United Kingdom.

*(ii) Holders of Shares*

*Income*

Corporate holders of Shares that are resident for United Kingdom tax purposes in the United Kingdom or are otherwise within the charge to corporation tax in respect of any dividend paid by the Company will, subject to their particular circumstances, be liable to corporation on such dividend as a foreign source dividend at the rate, currently, of 30 per cent.

Individual holders of Shares who are resident or ordinary resident and domiciled in the United Kingdom will, subject to their particular circumstances, be liable to income tax in respect of any dividend paid by the Company as a foreign source dividend at the rate, currently, of 10% if the individual is not a higher rate taxpayer or at the rate, currently, of 32.5 per cent if the individual is a higher rate tax payer.

*Capital gains*

The Company has been advised that it is not an open-ended investment company within the meaning of section 236 of FSMA. Accordingly it will not be a collective investment scheme for the purposes of FSMA nor an offshore fund for the purposes of the offshore

funds legislation in Chapter V of Part XVII of the Income and Corporation Taxes Act 1988 (the “Taxes Act”). On that basis any gain arising on a disposal of Shares should be treated for United Kingdom tax purposes as a capital gain.

Corporate holders of Shares that are resident in the United Kingdom for United Kingdom tax purposes or are otherwise within the charge to corporation tax in respect of their holding of Shares will, subject to their particular circumstances, be liable to corporation tax on any gains that accrue to them on a disposal of their Shares, subject to any available indexation allowance.

Individual holders of Shares that are resident or ordinarily resident and domiciled in the United Kingdom will, subject to their particular circumstances, be liable to capital gains tax on any gains that accrue to them on a disposal of their Shares, subject to any available taper relief.

Shareholders who are not resident or ordinarily resident in the United Kingdom will not normally be chargeable to United Kingdom taxation on capital gains realised on a disposal of their Shares. However, they may be chargeable to taxation in their country of residence, domicile or nationality and should consult their own tax advisers concerning any such taxation.

#### *Certain other United Kingdom tax legislation*

##### Transactions in securities

The attention of investors is drawn to the provisions of sections 703 to 709 of the Taxes Act which give powers to HM Revenue and Customs to cancel tax advantages derived from certain transactions in securities.

##### Section 739 of the Taxes Act

The attention of individual investors ordinarily resident in the United Kingdom for tax purposes is drawn to Chapter III (sections 739 to 745) of Part XVII of the Taxes Act which may render them liable to income tax in respect of undistributed income or profits of the Company. These provisions are aimed at preventing the avoidance of income tax by individuals through a transaction resulting in the transfer of assets or income to persons (including companies) resident or domiciled abroad.

##### Controlled foreign companies legislation

The attention of companies resident in the United Kingdom is drawn to the “controlled foreign companies” provisions contained in sections 747 to 756 of the Taxes Act. If the Company is controlled by companies or other persons who are resident in the United Kingdom for taxation purposes, these provisions might apply to any company so resident that has an interest in the Company such that 25 per cent or more of the Company’s profits for an accounting period could, under these provisions, be apportioned to it and persons associated with it. The effect of these provisions could be to render such companies liable to United Kingdom corporation tax in respect of their share of the undistributed income and profits of the Company.

##### Section 13 of the Taxation of Chargeable Gains Act 1992 (“TCGA”)

The attention of United Kingdom investors resident or ordinarily resident and, if an individual, domiciled in the United Kingdom is drawn to the provisions of section 13 of the TCGA under which, in certain circumstances, a portion of the capital gains realised by the Company can be attributed to an investor who holds, alone or together with associated persons, more than 10 per cent of the Shares. The capital gains attributed to the investor may (in certain circumstances) be liable to United Kingdom tax on capital gains in the hands of the investor.

##### *Other jurisdictions*

Prospective investors that are resident or domiciled in, or nationals of, jurisdictions other than the United Kingdom should consult their own professional tax advisors as to the tax consequences of the acquisition, ownership and disposition of Shares.

#### *(c) United Kingdom Stamp Duty and Stamp Duty Reserve Tax*

No United Kingdom stamp duty or stamp duty reserve tax (“SDRT”) will be payable on the issue of the Shares.

Provided the Shares are not registered in any register maintained in the United Kingdom by or on behalf of the Company, no SDRT is required to be charged on any agreement to transfer Shares. The Company currently does not intend to maintain any such register in the United Kingdom. Whilst certain transfers of Shares may be subject to stamp duty, in practice there is unlikely to be a need for such transfers to be stamped.

The above statements regarding United Kingdom stamp duty and SDRT are general in nature and do not apply to certain persons such as market makers, intermediaries or persons connected with depositary or clearance services, to whom special rules may apply.

#### **14. GENERAL**

- (a) No governmental, legal or arbitration proceedings have, or have had, during the 12 months preceding the date of this Admission document, a significant effect on the financial position or profitability of the Company and, so far as the Company is aware, no such proceedings are pending or threatened by or against the Company.
- (b) The Directors confirm that there has been no significant change in the financial or trading position of the Company since the date of its incorporation.
- (c) Since the date of incorporation of the Company, save as disclosed in this Admission document, no person has received directly or indirectly from the Company, or entered into contractual arrangements to receive, directly or indirectly, from the Company on or after Admission, fees totalling £10,000 or more or securities in the Company with a value of £10,000 or more, calculated by reference to the Placing Price, or any other benefit with a value of £10,000 or more at the date of Admission.
- (d) The accounting reference date of the Company is 30 November.
- (e) The Company has not since its incorporation, and does not expect that it will have, any employees, own any premises or enter into any leases in respect of premises.
- (f) The registered office and principal place of business of the Company is 1 Le Marchant Street, St. Peter Port, Guernsey GY1 4HP.
- (g) Any dividends on the Shares will be paid to Shareholders on the register of members on the record date for such dividend. Such record date will normally be between four and six weeks before the date of payment of the dividend.
- (h) The net proceeds of the Placing are estimated to be between £29.1 million and £48.7 million. The costs and expenses of, and incidental to, the Placing and Admission (including professional fees, commissions, printing costs, disbursements, fees payable to registrars, and the fees payable to the LSE) are estimated to be between £0.9 million and £1.3 million, depending on the level of subscriptions under the Placing (equivalent to between 3 per cent. and 2.5 per cent. of the aggregate Placing Price of the Shares). Of these amounts, the remuneration of financial intermediaries is estimated to be between £0.5 million and £0.8 million and UK stamp duty and/or stamp duty reserve tax is estimated to be between £0.15 million and £0.25 million.
- (i) The annual expenses payable by the Company (including professional fees, fees payable to registrars, and the fees payable to the LSE) are estimated to be approximately £570,000 to £790,000 per annum, dependent upon the amount raised by the Placing (exclusive of VAT).
- (j) Ernst & Young LLP has given and not withdrawn its written consent to the inclusion in this Admission document of its name and the references thereto in the form and context in which they appear.
- (k) Marshall Securities Limited has given and not withdrawn its written consent to the inclusion in this Admission document of its name and the references thereto in the form and context in which they appear.
- (l) RSM Robson Rhodes LLP has given and not withdrawn its written consent to the inclusion of the Accountants' Report set out in Part III in this Admission document and of its name and the references thereto in the form and context in which they appear.
- (m) Progressive AIM Realisation Limited and Progressive Value Management Limited have given and not withdrawn their written consent to the inclusion in this Admission document of their names and the references thereto in the form and context in which they appear.
- (n) The Shares have not been marketed or made available to the public (although it is possible that market makers may participate in the Placing).

- (o) The Company's custodian, The Northern Trust Company (company number FC006465) of 50 South LaSalle Street, Chicago, Illinois 60675, USA, is a banking corporation organised pursuant to the laws of the State of Illinois, United States of America and is subject to the jurisdiction of the courts (state and federal) in Cook County, Illinois. The Custodian was founded in 1889. For the purposes of the custodian agreement referred to in paragraph 12 (g), the Custodian is operating through its branch in London (branch number BR001960) at 50 Bank Street, Canary Wharf, London E14 5NT (telephone number 0207 982 2000). The Custodian's business in the UK is authorised and regulated by the FSA.
- (p) The auditors to the Company are RSM Robson Rhodes of Anson Court, La Route des Camps, St Martins, Guernsey, GY1 3TF. The partners of the firm are subject to professional and regulatory oversight by their respective professional institutes. Since incorporation no auditors resigned, were removed or were not re-appointed.
- (q) RSM Robson Rhodes LLP of 30 Finsbury Square, London EC2P 2YU are members of the Institute of Chartered Accountants for England and Wales.
- (r) The Company will acquire securities in the Placing through stock swap as described in Part II. Accordingly, Admission will only occur if securities with a value of at least £30 million are acquired pursuant to the Placing.
- (s) As described in paragraph 3(b)(iii) above the Company will not exercise legal or management control over investments and therefore will be a passive investor for the purposes of the AIM Rules.
- (t) The information sourced from the LSE has been accurately reproduced and, as far as the Company is aware and is able to ascertain from that published information, no facts have been omitted which would render the reproduced information inaccurate or misleading.

#### **15. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents may be inspected during usual business hours on any Business Day (Saturdays and public holidays excepted) at the offices of Freshfields Bruckhaus Deringer, 65 Fleet Street, London EC4Y 1HS during the period of one month from the date of this document or, if longer, until the close of the Placing:

- (a) the Memorandum and Articles of Association of the Company;
- (b) the material contracts referred to in paragraph 12 above;
- (c) the Directors' letters of appointment referred to in paragraph 7(d) above;
- (d) the Statement of Principles issued by the Institutional Shareholders' Committee in October 2002; and
- (e) this Admission document.

#### **16. AVAILABILITY OF THE ADMISSION DOCUMENT**

Copies of this document are available free of charge for collection from Marshall Securities Limited, 145-157 St John Street, London EC1V 4RE and from the Company's registered office for a period of one month from the date of Admission pursuant to the Initial Placing.

## PART V

### DEFINITIONS

<b>“Admission”</b>	admission of the Shares, issued pursuant to the Initial Placing or the Supplemental Placing (as the context requires) to trading on AIM
<b>“Admission document”</b>	this document
<b>“ADVARC”</b>	Advance Value Realisation Company Limited
<b>“AIM”</b>	AIM, the LSE’s market for smaller and growing companies
<b>“AIM Company”</b>	a company whose securities, or a class of whose securities, are admitted to trading on AIM
<b>“AIM Rules”</b>	the Rules published by the LSE from time to time governing the admission to and the operation of AIM
<b>“AIM Securities”</b>	securities currently admitted to trading on AIM
<b>“AIMVARC” or “the Company”</b>	Advance AIM Value Realisation Company Limited
<b>“Articles”</b>	the articles of association of the Company
<b>“Bloomberg”</b>	the screen based pricing system made available by Bloomberg L.P., a limited partnership established under the laws of the State of Delaware, U.S.A., or entities controlled by it
<b>“Board”</b>	the board of directors of the Company
<b>“Business Day”</b>	a day on which the LSE is open for business
<b>“Capital Returns”</b>	the lower of 100p per Share and the net amount paid per Share by the Company on the redemption of that Share or by way of capital distribution
<b>“Certificated”</b>	not Uncertificated
<b>“Certificated form”</b>	not Uncertificated form
<b>“City Code”</b>	the City Code on Take-overs and Mergers
<b>“Combined Code”</b>	the Principles of Good Governance and the Combined Code on Corporate Governance, published in June 2006 by the Financial Reporting Council
<b>“CREST”</b>	the system of paperless settlement of trades and the holding of Uncertificated securities administered by CRESTCo Limited
<b>“CREST Guernsey Requirements”</b>	Rule 8 and such other of the rules and requirements of CRESTCo Limited as may be applicable to issuers as from time to time specified in the CREST Manual
<b>“CREST Manual”</b>	the document entitled “CREST Reference Manual” issued by CRESTCo Limited
<b>“CREST UK system”</b>	the facilities and procedures for the time being of the relevant system of which CRESTCo Limited has been approved as Operator pursuant to the regulations
<b>“Custodian”</b>	The Northern Trust Company
<b>“Directors”</b>	the directors of the Company at the date of this Admission document whose names are set out on page 7 herein
<b>“E &amp; Y” or “Nominated Adviser”</b>	Ernst & Young LLP, the nominated adviser, who is authorised and regulated by the FSA
<b>“Founders’ Shares”</b>	shares of £1 nominal value each in the Company which carry no rights to dividends and, on a winding up, an entitlement only to the return of the amounts paid up thereon (including any premium)
<b>“FSA”</b>	The UK Financial Services Authority
<b>“FSMA”</b>	The Financial Services and Markets Act 2000, as amended

<b>“Guernsey Law”</b>	the Companies (Guernsey) Laws, 1994 to 1996, as amended
<b>“IFRS”</b>	International Financial Reporting Standards
<b>“Initial Placing”</b>	the placing by Marshall of Shares as described in the sub-paragraph headed “The Initial Placing” in Part II of this Admission document
<b>“Investments”</b>	Qualifying Securities acquired by the Company pursuant to the Placing or by subsequent exchange of Investments for other Qualifying Securities
<b>“Investment Manager” or “PARL”</b>	Progressive AIM Realisation Limited
<b>“Investment Manager’s Group”</b>	PMIB Limited, PARL and other subsidiaries of PMIB Limited
<b>“Legis”</b>	Legis Corporate Services Limited, the Company Secretary and Guernsey Administrator
<b>“Listing Rules”</b>	the Listing Rules of the UK Listing Authority
<b>“Listed Securities”</b>	securities currently admitted to the Official List and to trading on the Main Market
<b>“LSE”</b>	London Stock Exchange plc
<b>“Main Market”</b>	the LSE’s market for larger and established companies
<b>“Marshall”</b>	Marshall Securities Limited, the broker to the admission, which is authorised and regulated by the FSA
<b>“Net Asset Value” or “NAV”</b>	the value, as at any date, of the assets of the Company after deduction of all liabilities (including provisions and accrued liabilities) calculated in the manner described in paragraph 6 of Part IV of this document
<b>“NAV per Share”</b>	the portion of the NAV attributable to a Share for the purposes of calculating the price at which that Share is to be redeemed, as described in paragraph 6 of Part IV of this document
<b>“Official List”</b>	Official List of the UK Listing Authority
<b>“Operator”</b>	a person approved by the Treasury under the Regulations as operator of a relevant system
<b>“Placing”</b>	the Initial Placing and any Supplemental Placing
<b>“Placing Agreement”</b>	the agreement dated 30 November 2006 between (1) the Company (2) the Investment Manager (3) E&Y and (4) Marshall, details of which are set out in paragraph 11 of Part IV of this document
<b>“Placing Price”</b>	100p per Share
<b>“Progressive Group”</b>	Progressive Asset Management Limited and its subsidiaries
<b>“Prospectus Rules”</b>	the Prospectus Rules published by the FSA pursuant to section 73A of FSMA, with effect from 1 July 2005
<b>“Qualifying Securities”</b>	securities which are not excluded by any of the mandatory criteria described in paragraph 3(a) of Part IV of this Admission document and which, in the opinion of the Company on the advice of the Investment Manager, are suitable to be Investments in the light of the discretionary criteria set out in such paragraph
<b>“the Registrar”</b>	Capita Registrars (Guernsey) Limited
<b>“Regulations”</b>	the Uncertificated Securities Regulations 2001 of the United Kingdom including any modification or re-enactment thereof for the time being in force
<b>“Regulatory Information Service”</b>	a regulatory information service that is on the list of regulatory information services maintained by the FSA
<b>“Related Financial Product”</b>	any financial product whose value in whole or in part is determined directly or indirectly by reference to the price of AIM securities or securities being admitted to trading on AIM, including a contract for difference or a fixed odds bet

<b>“SAVR”</b>	Second Advance Value Realisation Company Limited
<b>“Shareholders”</b>	holders of Shares
<b>“the Shares”</b>	the participating redeemable preference shares of no par value in the Company carrying the rights described in Part IV
<b>“Supplemental Placing”</b>	the potential placing by Marshall of further Shares described in the sub-paragraph headed “The Supplemental Placing” in Part II of this Admission document
<b>“TAVR”</b>	Third Advance Value Realisation Company Limited
<b>“UK Administration Agent”</b>	Cavendish Administration Limited
<b>“UK Companies Act”</b>	the Companies Act 1985 of the United Kingdom, as amended
<b>“UK GAAP”</b>	United Kingdom generally accepted accounting principles
<b>“UK Listed Equity Market”</b>	the FTSE 100 Index, the FTSE 250 Index, the FTSE SmallCap Index and the FTSE Fledging Index
<b>“UK Listing Authority”</b>	the FSA acting in its capacity as the competent authority for the purposes of admissions to the Official List
<b>“Uncertificated” or “Uncertificated form”</b>	recorded on the Company’s share register as being held in uncertificated form, title to which, by virtue of the Regulations, is to be transferred by means of CREST

Dated: 30 November 2006

