
ACP CAPITAL LIMITED

(a public company incorporated with limited liability under the laws of Jersey under registration number 91066)

Report and financial statements for the period ended
31 December 2006

DIRECTORS AND ADVISERS

| | | |
|--------------------------|--|--|
| Directors | Derek Vago Eric Youngblood Nikolaj Larsen Heiner Kamps François George Alan Braxton Hilary Valentine Craig Stewart | <i>Chief Executive Officer</i> <i>Chief Financial Officer</i> <i>Executive Director</i> <i>Non-Executive Director</i> <i>Non-Executive Director</i> <i>Non-Executive Director</i> <i>Non-Executive Director</i> <i>Non-Executive Director</i> |
| Registered Office | Ordnance House 31 Pier Road St Helier Jersey JE4 8PW Channel Islands | |
| Company Number | 91066 | |
| Secretary | R&H Fund Services (Jersey) Limited Ordnance House 31 Pier Road St Helier Jersey, JE4 8PW Channel Islands | |
| Auditors | Kingston Smith LLP Devonshire House 60 Goswell Road London EC1M 7AD United Kingdom | |
| Registrars | Computershare Investor Services (Channel Islands) Limited Ordnance House 31 Pier Road St Helier Jersey, JE4 8PW Channel Islands | |
| Broker | Collins Stewart Limited 9th Floor 88 Wood Street London EC2V 7QR United Kingdom | |
| Nominated Adviser | Collins Stewart Limited 9th Floor 88 Wood Street London EC2V 7QR United Kingdom | |
| Legal Advisers | Mishcon de Reya Summit House 12 Red Lion Square London WC1R 4QD United Kingdom | Walkers PO Box 72, 44 Esplanade St Helier Jersey, JE4 8PN Channel Islands |
| Bankers | Deutsche Bank International Limited PO Box 727 St Paul's Gate New Street St Helier Jersey, JE4 8ZB Channel Islands | |

CHIEF EXECUTIVE OFFICER'S STATEMENT
Derek Vago, Chief Executive Officer said:

"ACP Capital Limited has developed strongly during its first year and exceeded the objectives set out at the time of its admission and we have therefore increased our proposed dividend recommendation from 2.0 pence per ordinary share to 3.0 pence per ordinary share.

In 2006 we built an experienced team and launched our first two Managed Vehicles, ACP Mezzanine Limited and IFR Capital Plc. We now have a strong base from which to grow. We have announced plans to raise *circa* £150 million through a placing, which could enable us to grow the Company further, in order for it to attain its pan-European integrated finance objectives for the SME sector and enabling it to generate cash revenue from diversified sources such as management / performance fees, dividends, net interest income and underwriting fees.

We believe in having a local presence in our key markets to develop our SME business and therefore aim to establish offices in Munich and, through a potential joint venture with Eurinvest, in Milan during the first half of this year.

Finally, I would like to take this opportunity to thank our shareholders for their continued support and belief in us during the Period and look forward to delivering increased value to them through the Company's development plans."

It should be noted that past performance cannot be relied on as a guide to future performance.

REPORT OF THE DIRECTORS FOR THE PERIOD ENDED 31 DECEMBER 2006

The Directors present their report with the financial statements of ACP Capital Limited (the "Company") and its subsidiaries (together, the "Group") for the period ended 31 December 2006 (the "Period"). The Company was incorporated on 30 August 2005. Separate financial statements for the Company have not been produced.

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The Company is a Jersey-incorporated limited liability public company which listed on AIM in January 2006 and which operates as a niche integrated finance provider specialising in the European SME market. As an integrated finance specialist, the Company can offer a combination of equity, mezzanine and senior debt to companies in niche markets, such as the German "Mittelstand" (small and middle-sized privately-owned companies), and for asset backed transactions, for example, in the real estate and infrastructure sectors.

As an asset manager, the Company manages a series of investment vehicles that can provide the required funding for its integrated finance capabilities. The Company intends to launch at least two managed vehicles each year in specific sectors in its target markets.

The Company's strategy is to develop strong synergies between its broad funding capabilities and its various managed vehicles, providing optimal financing solutions to its clients while securing a strong flow of recurring revenue for its core business.

The Company's CEO is Derek Vago, who is assisted on the Board by non-executive directors Heiner Kamps, François Georges, Alan Braxton and executive directors Nikolaj Larsen and Eric Youngblood (as well as two other non-executive directors). A further key team member is Jeff Bennett, who is the Group's Chief Investment Officer for ACP Mezzanine.

FINANCIAL HIGHLIGHTS

The Company generated total income and increase in fair value of investments of £19.0 million and a net profit of £15.0 million with diluted earnings per ordinary share of 21.5 pence for the Period.

Two managed vehicles were established during the Period – ACP Mezzanine Limited ("ACP Mezzanine") which was admitted to AIM in July 2006 and IFR Capital Plc ("IFR Capital") which was admitted to AIM in November 2006.

In the Period, the Company's trading and revenues were ahead of its directors' (the "Directors") original targets and as a result the Directors declare their intention to recommend to the shareholders, at the Annual General Meeting, a dividend of 3.0 pence per ordinary share, representing an increase from the target of 2.0 pence per ordinary share stated in the Company's AIM admission document published in December 2005.

The Company's activities to date have been funded through an initial seed funding of circa £7.1 million for 14,194,018 ordinary shares, a placing of 50,000,000 ordinary shares at the time of the Company's admission to AIM in January 2006 that raised circa £50 million (before costs) and a further £15 million (before costs) raised by way of a placing of 13,043,479 ordinary shares in December 2006 (the "Secondary Placing").

There are 77,237,497 ordinary shares in issue as at 6 February 2007.

It should be noted that past performance cannot be relied on as a guide to future performance.

MANAGED VEHICLES

IFR Capital (AIM: IFR)

In May 2006, the Company undertook its first integrated finance transaction in the European SME sector, investing €3.3 million for a 12.2% equity stake in Kamps Food Retail Investments S.A. ("KFRI"), the owner of Nordsee GmbH ("Nordsee"), and also providing a €9.25 million corporate loan and underwriting €20 million of mezzanine facilities to KFRI. Subsequently, in November 2006, the Company and Heiner Kamps, one of its non-executive directors, established and listed IFR Capital Plc ("IFR Capital") on AIM, raising €135 million before costs, with the Company taking a 12.9% shareholding. Following its Admission, IFR Capital made an offer to acquire KFRI, valuing the business at €130 million (equity value). The acquisition of KFRI was completed in January 2007 with the Company now holding, directly or indirectly, approximately 17.1% of IFR Capital's share capital.

The KFRI investment has been a financial success for the Company, resulting in a non-realised mark-to-market gain during the Period of circa £12.0 million based on IFR Capital's closing price on 31 December 2006.

IFR Capital has been established as an acquisition vehicle targeting the continental European food retail market, combining the operational experience of Heiner Kamps with the financing capabilities of the Company. As mandated financial adviser, the Company receives a management fee equalling €1.5m for the first year of IFR Capital's operation and 0.3% of IFR Capital's enterprise value thereafter. The Company also participates in a performance-based share option scheme whereby, subject to performance, it will be awarded options over approximately 2.16% of the issued share capital of IFR Capital for each of the first three years of IFR Capital's operation (each set of options vesting over three years).

In conjunction with the acquisition of KFRI by IFR Capital, the Company also participated, alongside ACP Mezzanine (described below), in underwriting an €80 million refinancing of the Nordsee senior debt in December 2006, illustrating the Company's integrated finance capabilities alongside its Managed Vehicles (see definition below).

The Directors believe that IFR Capital provides an important entry for the Company into the German SME market and expect it to generate further opportunities for the continued roll-out of its integrated finance platform.

ACP Mezzanine (AIM: ACPM)

On 26 July 2006, the Company successfully listed ACP Mezzanine, its first Managed Vehicle, on AIM, raising €100 million, and also arranged a leverage facility of €125 million with the Royal Bank of Scotland.

ACP Mezzanine underwrites and lends mezzanine debt, both on a standalone basis and in a complementary role alongside the Company's equity and senior debt capabilities. ACP Mezzanine continues to focus on the continental European SME sub-investment grade market across all sectors with an ability to underwrite up to €75 million per transaction. ACP Mezzanine's investment strategy is implemented and managed by a subsidiary of the Company through an investment management agreement.

Through a subsidiary, the Company receives an annual management fee of 1.75% of gross shareholders' equity and a performance fee equivalent to 25% of returns above a benchmark return (minimum 2% per quarter).

The Company holds a circa 46% stake in ACP Mezzanine, and has benefited from favourable share price appreciation during the Period, on a mark-to-market basis.

ACP Mezzanine disclosed its preliminary year-end results for the period 31 May 2006 to 31 December 2006 on 1 February 2007, announcing revenue of €3.0 million and a profit for the period of €2.0 million. ACP Mezzanine's directors have recommended a dividend of 2 Euro cents per ordinary share, exceeding the target of 1 Euro cent per ordinary share stated in its admission document. It should be noted that past performance cannot be relied on as a guide to future performance.

ACP Mezzanine made €62.5 million of investments over the period stated above which translates to an annualized origination volume of approximately €145 million, approximately 20% above of its targeted year one run rate. ACP Mezzanine currently has a total investment portfolio of €107.5 million.

FINANCING ACTIVITIES

As a result of activity in the Company's first full year, the Directors recognised a need for a further equity raising as a bridge to its larger secondary placing, planned for the first quarter in 2007. Hence, following its seed financing and IPO, the Company carried out the Secondary Placing, raising £15 million, before costs, in December 2006 at a share price of £1.15. Again, it should be noted that past performance cannot be relied on as a guide to future performance. The ordinary shares, placed pursuant to the Secondary Placing and trading under ticker APLR, are not eligible for dividends attributable for the Period. Following declaration of the dividend, these ordinary shares placed pursuant to the Secondary Placing will enjoy all rights attributable to ordinary shares of the Company (including entitlement to dividends going forward) and will start trading under the Company's main ticker, APL.

HUMAN RESOURCES

The Group made notable appointments during the Period, including Eric Youngblood as Chief Financial Officer, Nikolaj Larsen as Managing Director and Head of Strategic Investments. Additionally, Jeff Bennett was appointed as CIO for ACP Mezzanine. The Group had, at the end of the Period, a total of eleven employees.

Given its increasing advisory role, the Company's subsidiary, ACP Capital UK LLP, intends to continue to recruit in London with the aim of increasing its team by a further three to five persons in 2007.

The Company is putting in place its administrative functions in Jersey and has hired its Financial Controller, Antony Perez, who will commence employment at the end of March 2007. Antony Perez will work closely with R&H Fund Services (Jersey) Limited, who act as the Company's administrators and company secretary.

The Company is currently intending to open up an office in Munich, building up a team of five to eight people and an office in Milan, likely through a joint venture with Italian investment firm Eurinvest Finanza Stabile Srl ("Eurinvest"), as part of its continued focus on developing its activities in these key markets.

By the end of 2007, the Group (including any joint venture arrangements) intends to have a total of approximately 25 employees.

DIVIDEND RECOMMENDATION

The Directors are proposing to recommend a dividend for the Period of 3.0 pence per ordinary share, increased from the 2.0 pence per ordinary share targeted in the Company's AIM admission document. The dividend is subject to shareholder approval at the Annual General Meeting to be held on 28 February 2007, and is proposed to be paid on 2 March 2007 to all shareholders on the register at close of business on 16 February 2007, with the exception of the ordinary shares issued in relation to the Secondary Placing and trading under ticker APLR, which are not eligible for dividends for the Period. It should be noted that past performance cannot be relied on as a guide to future performance.

DIRECTORS AND THEIR INTERESTS

The Directors during the Period and to the date of this report were:

| | |
|------------------|---|
| Derek Vago | (appointed 19 December 2005) |
| Eric Youngblood | (appointed 19 December 2006) |
| Nikolaj Larsen | (appointed 28 November 2006) |
| Heiner Kamps | (appointed 19 December 2005) |
| François George | (appointed 19 December 2005) |
| Alan Braxton | (appointed 19 December 2005) |
| Hilary Valentine | (appointed 24 November 2006) |
| Craig Stewart | (appointed 24 November 2006) |
| Richard Boléat | (appointed 19 December 2005, resigned 31 October 2006) |
| Trevor Hunt | (appointed 19 December 2005, resigned 31 October 2006) |
| Andrew Duquemin | (appointed 19 December 2005, resigned 28 November 2006) |

Directors' interests in the Company at 31 December 2006 were as follows:

| <i>Name</i> | <i>Number of ordinary shares</i> | <i>Percentage of issued share capital</i> |
|---------------------------------|----------------------------------|---|
| Derek Vago ⁽¹⁾ | 12,500,000 | 16.18 |
| Heiner Kamps | 675,068 | 0.87 |
| François Georges ⁽²⁾ | 675,068 | 0.87 |
| Alan Braxton ⁽³⁾ | 343,882 | 0.45 |

(1) through a nominee company, Langtry Trust Company (Channel Islands) Limited
(2) by virtue of his interest in Acapace SAS
(3) by virtue of his interest in Presidio Equity Partners 2005-1 LLC

There have been no changes in Directors' interests since 31 December 2006. The details of Share Options granted to the directors are disclosed in the Report of Directors Remuneration.

SUBSTANTIAL SHAREHOLDINGS

At 10 January 2007 the Company had been notified of the following interests in its issued share capital:

| | |
|---|-------|
| Derek Vago (through Langtry Trust Company (Channel Islands) Limited | 16.2% |
| Morley Fund Management Limited | 12.1% |
| Jupiter Asset Management Limited | 9.3% |
| Artemis Investment Management Limited | 9.1% |
| UBS Asset Management | 6.9% |
| MPC Investors Limited | 5.0% |
| Credit Suisse Asset Management | 4.4% |
| Hansa | 3.9% |
| Electricity Supply Pension Scheme | 3.9% |
| Rathbone Investment Management | 3.6% |
| Baillie Gifford | 3.1% |

CREDITORS PAYMENT POLICY

Group operating companies are responsible for agreeing the terms and conditions under which business transactions with their suppliers are conducted. It is Group policy that payments to suppliers are made in accordance with all relevant terms and conditions.

DIRECTORS LIABILITY INSURANCE

The Group maintains liability insurance to indemnify the Directors for losses that may arise from their duties as directors of the Company or subsidiary companies.

KEYMAN INSURANCE

The Group maintains a Keyman Insurance policy in respect of Derek Vago up to the sum of £10 million.

THE ANNUAL GENERAL MEETING

The Notice of the Annual General Meeting of the Company and the circular dealing with the special business to be considered at the Annual General Meeting has been dispatched to shareholders separately.

DISCLOSURE OF INFORMATION TO AUDITORS

So far as the Directors are aware, there is no relevant audit information of which the Company's auditors are unaware. The Directors have taken all the steps they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

AUDITORS

Kingston Smith LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

On behalf of the Board

Derek Vago
Director
12 February 2007

CORPORATE GOVERNANCE

The Directors are committed to maintaining high standards of corporate governance to ensure that the Company is headed by an effective Board which can lead and control the business. The Company is incorporated in Jersey. Jersey law does not contain a mandatory code of corporate governance, although the Companies (Jersey) Law 1991 in Jersey does impose statutory obligations on directors to act in good faith and with a view to the best interests of a company. The Company currently complies with applicable corporate governance requirements in Jersey.

The Directors acknowledge the importance of the principles of corporate governance set out in The Combined Code issued by the Financial Reporting Council in June 2006. Although the Combined Code is not compulsory for AIM listed companies, the Directors have applied the principles as far as practicable for a relatively small public company and have also considered the QCA guidelines in relation to corporate governance for quoted companies outside the FTSE 350.

The Board of Directors

The Board is currently comprised of a Chief Executive Officer (Derek Vago), two Executive Directors (Eric Youngblood and Nikolaj Larsen) and five non-executive Directors. The Board considers that all non-executive Directors are capable of exercising independent judgement. They all have extensive experience.

The Chief Executive Officer and the Executive Directors are employed on service agreements that can be terminated on six months' notice by either party. The non-executive Directors are engaged on terms whereby their appointment can be terminated on three months' notice.

Directors are subject to re-election by the shareholders at Annual General Meetings. The Articles of Association provide that a certain proportion of the Directors will be subject to re-election at each Annual General Meeting.

The Board meets regularly and is responsible for commercial strategy, performance, approval of investments, monitoring and approval of major business.

The Board has a formal schedule of matters specifically reserved to it for decision. To enable the Board to discharge its duties, all Directors receive appropriate and timely information. Briefing papers are distributed to all Directors in advance of Board meetings. All Directors have access to the advice and services of the Secretary, who is responsible for ensuring that Board procedures are followed and that applicable rules and regulations are complied with. The appointment and removal of the Secretary is a matter for the Board as a whole. In addition, procedures are in place to enable the Directors to obtain independent professional advice in the furtherance of their duties, if necessary, at the Company's expense.

The Board has established Audit, Remuneration and Nomination Committees.

Audit Committee

The Audit Committee comprises a minimum of two members, of which one must be an independent non-executive Director. At least one member of the Committee has recent and relevant financial experience.

The Audit Committee will carry out a variety of functions, including reviewing annual and interim results, receiving reports from its auditors, agreeing the auditors' remuneration and assessing the effectiveness of the audit and internal control environment. The Audit Committee oversees the relations with the external auditors and where necessary, may obtain specialist external advice from either its auditors or other advisers.

Audit Committee meetings will coincide with meetings of the Company's Board and take place not less than twice a year.

The Audit Committee has written terms of reference.

The Board are satisfied that these procedures will ensure that there are no matters that would compromise the independence of the auditors or affect the performance of their statutory duties. The Board is satisfied that none of the non-audit services provided by Kingston Smith LLP in the period gave rise to problems with auditors' independence.

Remuneration Committee

The Remuneration Committee comprises a minimum of two members, of which one must be an independent non-executive Director.

The Remuneration Committee is charged with agreeing the broad policy and remuneration packages for the remuneration of the Company's Chairman, executive management and the Secretary. The objective of the policy is to ensure that the executive management of the Company are rewarded fairly for their contribution to the Company and incentivised to enhance performance.

Remuneration Committee meetings coincide with meetings of the Company's Board and take place not less than twice a year.

The Remuneration Committee has written terms of reference.

A full report of Directors' Remuneration is set out on page 11.

Nomination Committee

The Nomination Committee comprises a majority of non-executive Directors, nominated by the Board, who serve for a period of up to three years.

The Nomination Committee is responsible for reviewing the composition of the Board and for nominating candidates to the Board in light of their evaluation of the Board's skills requirements and whether the Board has the expertise to manage the Company effectively.

The Nomination Committee meet at least twice a year and have written terms of reference.

Regulatory Compliance

The Company will take all reasonable steps to ensure compliance by the Directors with the provisions of the AIM Rules relating to dealings in securities of the Company and has adopted a share dealing code for this purpose.

Internal Financial Control

The Board is responsible for establishing and maintaining the Company's system of internal financial control and places importance on maintaining a strong control environment.

Procedures which the Directors have established with a view to providing effective internal financial control include:

- the Company's organisational structure has clear lines of responsibility and delegation of authority;
- a budgeting system whereby actual performance is measured against budget on a regular basis;
- periodic results and activity reports are closely monitored by the Directors;
- the Board is responsible for identifying the major business risks faced by the Company and for determining the appropriate courses of action to manage those risks; and
- the Audit Committee monitors the effectiveness of the Company's internal financial control system.

The Directors recognise, however, that such a system of internal financial control can only provide reasonable, not absolute, assurance against material misstatement or loss.

Relations with Shareholders

Communications with shareholders are given high priority. The Company makes regular announcements, including announcements of the half year interim results and the preliminary year end results. The Board uses the Annual General Meeting to communicate with investors and welcomes their participation. The Board aims to ensure that Directors are available at Annual General Meetings to answer questions.

REPORT ON DIRECTORS' REMUNERATION

Remuneration Committee

The Board has established a Remuneration Committee, which will review annually the remuneration of the Directors and agree reasonable and market standard levels of non-executive fees, based upon market information sourced from appropriate external consultants. No director is involved in determining his or her own level of remuneration. The award of shares under the Company's Employee Share Award Plan and the granting of options under the Company's Share Option Plan are determined by the Committee.

Directors' terms of service

The Executive Directors have service contracts with the Company. The written notice period for the Executive Directors is six months. The terms of appointment of non-executive Directors are governed by letters of appointment. Non-Executive Directors are appointed for an initial period of three years and for the majority of the Directors this may be terminated by either the Company or the Director serving three months written notice on the other at any time and is further subject to rotational retirement rules. In the initial period of three years no fees are payable to the non-executive Directors, except for £12,000 of annual fees which are payable to R&H Fund Services (Jersey) Limited in respect of the duties undertaken by Craig Stewart as a director, and £10,000 of annual fees which are payable to R&H Fund Services (Jersey) Limited in respect of the duties undertaken by Hilary Valentine as a director, both in accordance with the Administration Agreement.

Directors Remuneration

The remuneration of the Directors from their date of appointment in the Period was as follows:

| <i>Name</i> | <i>Salary and Fees (£)</i> |
|---------------------------------|----------------------------|
| Executive Directors | |
| Derek Vago ⁽¹⁾ | 216,667 |
| Nikolaj Larsen ⁽²⁾ | 16,301 |
| Eric Youngblood ⁽³⁾ | 6,233 |
| Non-Executive Directors | |
| Craig Stewart ⁽⁶⁾ | 1,249 |
| Hilary Valentine ⁽⁶⁾ | 1,041 |
| <u>Former Directors</u> | |
| Richard Boléat ⁽⁴⁾ | 8,932 |
| Trevor Hunt ⁽⁴⁾ | 8,932 |
| Andrew Duquemin ⁽⁵⁾ | 9,418 |

⁽¹⁾ Appointed 19 December 2005

⁽²⁾ Appointed 28 November 2006

⁽³⁾ Appointed 19 December 2006

⁽⁴⁾ Appointed 19 December 2005; resigned 31 October 2006; fees paid to Capita Financial (CI) Limited

⁽⁵⁾ Appointed 19 December 2005; resigned 28 November 2006

⁽⁶⁾ Appointed 24 November 2006; fees paid to R&H Fund Services (Jersey) Limited

No bonuses were paid to directors in respect of the results for the period

The following Directors participated in the Company's Employee Share Award Plan and were awarded the following ordinary shares of the Company in return for a nominal consideration:

| <i>Name</i> | <i>Ordinary Shares Granted</i> | <i>Consideration (£)</i> |
|-----------------|------------------------------------|--------------------------|
| Nikolaj Larsen | 700,000 | 700 |
| Eric Youngblood | 500,000 | 500 |

Share Options

The following options to acquire ordinary shares in the company were granted to directors in the Period, in accordance with the Company's Employee Share Option Plan:

| <i>Name</i> | <i>Share Options</i> |
|-----------------|----------------------|
| Derek Vago | 2,500,000 |
| Nikolaj Larsen | 750,000 |
| Eric Youngblood | 750,000 |

The exercise price of all options is £0.001. None of the options are exercisable until at least January 2010 and only vest if Total Shareholder Return targets are achieved. The market price of the Company's shares at 31 December 2006 was £1.18

Directors' Interests

The Directors' interests in the Ordinary Shares of the Company are set out in the Directors' Report on page 6.

On behalf of the Board

Derek Vago
Director
12 February 2007

DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Directors are responsible for preparing the Annual Report and the financial statements. The Companies (Jersey) Law 1991 permits the Group to prepare financial statements which comprise the consolidated income statement, the consolidated balance sheet, the consolidated cash flow statement, the consolidated statement of changes in equity and the related notes in accordance with International Financial Reporting Standards and Article 4 of the IAS Regulation.

International Accounting Standard 1 "Presentation of financial statements" requires that financial statements present fairly for each financial period the Company's financial position, financial performance and cash flows. This requires the faithful presentation of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's "Framework for the Preparation and Presentation of Financial Statements". In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable International Financial Reporting Standards. Directors are also required to:

- properly select accounting policies and then apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in International Reporting Standards is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at all times the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies (Jersey) Law 1991. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps to ensure the prevention and detection of fraud and other irregularities.

The Directors confirm that they have complied with the above requirements in preparing these financial statements.

Going Concern

After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS

We have audited the financial statements of ACP Capital Limited for the period ended 31 December 2006 which comprise the Consolidated Income Statement, the Consolidated Balance Sheet, the Consolidated Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Companies (Jersey) Law. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union are set out in the Statement of Directors' Responsibilities.

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

We report to you our opinion as to whether the financial statements give a true and fair view, in accordance with the relevant financial reporting framework, and whether the financial statements have been properly prepared in accordance with the Companies (Jersey) Law 1991. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements. We also report to you if, in our opinion, the company has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit.

We are not required to consider whether the directors' statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the Group's corporate governance procedures or its risk and control procedures.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. The other information comprises only the Directors' Report, the Corporate Governance Report and the Directors' Remuneration Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the group's affairs as at 31 December 2006 and of its profit for the period then ended;
- the financial statements have been properly prepared in accordance with the Companies (Jersey) Law 1991;
- the information given in the Directors' Report is consistent with the financial statements.

12 February 2007

Kingston Smith LLP
Chartered Accountants & Registered Auditors

Devonshire House
60 Goswell Road
London
EC1M 7AD

ACP Capital Limited
Consolidated Income Statement
For the period from 30 August 2005 to 31 December 2006

| | Notes | £ |
|--|-------|--------------------------|
| Increase in fair value of investments | | 15,771,223 |
| Interest income | 5 | 2,234,929 |
| Fees receivable | | 1,798,883 |
| Exchange movements | | <u>(804,686)</u> |
| | | 19,000,349 |
| Equity- settled share- based payments | 14 | (2,369,867) |
| Operating expenses | 6 | <u>(1,553,746)</u> |
| Profit before tax | | 15,076,736 |
| Income taxes | 8 | <u>(69,061)</u> |
| Profit for the period attributable to the equity shareholders | | <u><u>15,007,675</u></u> |
| Earnings per share | | |
| Basic | 13 | 22.92p |
| Diluted | 13 | 21.50p |

All activities relate to continuing operations

There are no recognised gains and losses other than the profit for the period stated above. Accordingly, a separate consolidated statement of recognised income and expense is not presented in these financial statements.

The movement in equity in the period is disclosed in note 12.

ACP Capital Limited
Consolidated Balance Sheet
As at 31 December 2006

| | Notes | £ |
|---|-------|---------------------------------|
| Assets | | |
| Non-current assets | | |
| Investments | | |
| Equity investments at fair value through profit or loss | 9 | 62,281,436 |
| Loans and receivables | 9 | 13,588,149 |
| | | <u>75,869,585</u> |
| Property, plant and equipment | 10 | 24,787 |
| Total non-current assets | | <u><u>75,894,372</u></u> |
| Current assets | | |
| Trade and other receivables | 11 | 677,759 |
| Cash and cash equivalents | | 10,769,468 |
| Total current assets | | <u><u>11,447,227</u></u> |
| Total assets | | <u><u><u>87,341,599</u></u></u> |
| Equity & Reserves | | |
| Issued capital | 12 | 77,237 |
| Share premium | 12 | 69,231,328 |
| Share-based payments reserve | 12 | 2,415,803 |
| Retained earnings | 12 | 15,007,675 |
| Equity Shareholders' funds | | <u><u>86,732,043</u></u> |
| Current liabilities | | |
| Trade and other payables | 15 | 540,495 |
| Current income taxes | 8 | 69,061 |
| Total current liabilities | | <u><u>609,556</u></u> |
| Total liabilities | | <u><u>609,556</u></u> |
| Total equity and liabilities | | <u><u><u>87,341,599</u></u></u> |

The financial statements were approved by the Board of Directors on 12 February 2007 and were signed on its behalf by:

Derek Vago
Director
12 February 2007

ACP Capital Limited
Consolidated Cash Flow Statement
For the period from 30 August 2005 to 31 December 2006

| | £ |
|---|---------------------|
| Cash flow from operating activities | |
| Purchase of investments | (86,585,723) |
| Sale of investments | 26,246,652 |
| Investment income | 1,672,110 |
| Fees received | 1,140,576 |
| Operating expenses | (1,360,322) |
| Net cash outflow from operations | <u>(58,886,707)</u> |
| Cash flow from financing activities | |
| Proceeds from issues of share capital | 72,097,009 |
| Amounts received from employees in respect of shares to be issued | 334,983 |
| Costs of issues of share capital | (2,742,508) |
| Net cash inflow from financing activities | <u>69,689,484</u> |
| Cash flow from investing activities | |
| Purchase of property, plant and equipment | (33,309) |
| Net cash outflow from investing activities | <u>(33,309)</u> |
| Closing cash and cash equivalents | <u>10,769,468</u> |

ACP Capital Limited
Notes to the financial statements
For the period from 30 August 2005 to 31 December 2006

1 General Information

ACP Capital Limited (the "Company") and its subsidiaries (together "the Group") is a niche investment and fund manager. The company was incorporated on 30 August 2005 and registered in Jersey under registration number 91066. The Company's shares were admitted to trading on AIM on 6 January 2006.

The Group consolidated financial statements were authorised for issue by the Board of Directors on 12 February 2007.

2 Basis of preparation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and their interpretations issued or adopted by the International Accounting Standards Board as adopted for use in the European Union ("IFRS"). The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries for the period ended 31 December 2006. These consolidated financial statements also show a true and fair view of the profit of the Company for the period and of the state of the Company's affairs at the end of the period and otherwise comply with the requirements of the Companies (Jersey) Law 1991; accordingly, separate financial statements for the company have not been presented.

The financial statements are presented in British pounds, the functional currency of the Group. They are prepared under the historical cost convention. The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on the experience of the directors and other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The most significant techniques for estimation are described in the accounting policies or notes to the financial statements.

3 Accounting policies

The accounting policies have been consistently applied across the Group entities for the purpose of producing these consolidated financial statements. The significant accounting policies applied are as follows:

Basis of consolidation

Subsidiaries are entities controlled by the Group. Control exists when the company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are currently exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date control ceases. Investments that are held as part of the Group's investment portfolio are carried in the balance sheet at fair value even though the group may have significant influence over those companies. This treatment is permitted under IAS 28 "Investments in Associates", which requires investments held by venture capital organisations to be excluded from its scope where those investments are designated, upon initial recognition, as at fair value through profit or loss and accounted for in accordance with IAS 39, with changes in fair value recognised in profit or loss in the period of the change.

ACP Capital Limited
Notes to the financial statements (continued)
For the period from 30 August 2005 to 31 December 2006

3 Accounting policies (continued)

Investments

Investments are recognised and derecognised on a date where the purchase or sale of an investment is under a contract whose terms require the delivery or settlement of the investments. Investments classified as loans and receivables are initially measured at fair value which equates to cost and are subsequently carried in the balance sheet at amortised cost less impairment.

Income from loans and receivables is recognised as it accrues by reference to the principal outstanding and the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash flows through the expected life of the financial asset to that asset's carrying value.

All listed and unlisted equity investments are designated as at fair value through profit or loss and subsequently carried in the balance sheet at fair value. The fair value of listed investments is based on quoted market prices at the balance sheet date. The fair value of unlisted investments is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Dividends from equity investments are recognised when the right to receive payment has been established.

Property, plant and equipment

Office equipment is stated at historical cost less depreciation. Depreciation is calculated on the straight line method to allocate the cost over the estimated useful lives of the assets. The estimated life of office equipment is 3 years.

Other assets

Assets, other than those specifically accounted for under a separate accounting policy, are stated at their cost less impairment losses. They are reviewed at each balance sheet date to determine whether there is any indication of impairment.

Revenue recognition

Fees earned are recognised as that service is provided.

Cash & cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less. For the purposes of the cash flow statement, cash and cash equivalents comprise cash and short-term deposits as defined above and other short-term highly liquid investments that are readily convertible into cash and are subject to an insignificant risk of changes in value, net of bank overdrafts.

Loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received net of issue costs associated with the borrowings. After initial recognition, these are subsequently measured at amortised cost using the effective interest method, which is the rate that exactly discounts the estimated future cash flows through the expected life of the liabilities. Amortised cost is calculated by taking into account any issue costs and any discount or premium on settlement.

Other liabilities

Liabilities, other than those specifically accounted for under a separate accounting policy, are stated based on the amounts which are considered to be payable in respect of goods or services received up to the balance sheet date.

ACP Capital Limited
Notes to the financial statements (continued)
For the period from 30 August 2005 to 31 December 2006

3 Accounting policies (continued)

Share-based payments

The cost of awards to employees that take the form of shares or rights to shares is charged to the income statement on a straight line basis over the period to which the employee's performance relates and a corresponding amount is reflected in revenue reserves in shareholders' equity. The charge is calculated as being the fair value of the shares or rights to shares at the date of grant, reduced by any consideration payable by the employee. Fair value is measured using a modified Black-Scholes option pricing model and is based on a reasonable expectation of the extent to which performance criteria will be met.

Equity-settled share-based payments for services supplied are measured at fair value by reference to the fair value of the shares or rights to shares at the date of grant to the supplier. The resultant fair value measured is charged to the income statement and a corresponding amount is reflected in revenue reserves in shareholders' equity. Share-based payments relating to share issues are taken directly to reserves in shareholders' equity.

Equity instruments

Equity instruments issued by the Group are recognised at the proceeds or fair value received with the excess of the amount received over par value being credited to the share premium account. Direct issue costs are deducted from equity.

Exchange differences

Transactions in currencies different from the functional currency of the Group entity entering into the transaction are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Euro at the exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. The principal exchange rate used at 31 December 2006 was:

| | |
|------|-------|
| Euro | 1.486 |
|------|-------|

Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders.

Interpretations to existing standards not yet applied

At the date of approval of these financial statements there were a number of interpretations to existing Financial Reporting Standards that are not yet effective. The directors anticipate that the adoption of these interpretations will have no material impact on the Group's financial statements or will not be relevant to the activities of the Group.

4 Segment reporting

The Group operates in only one business and geographical segment. Accordingly, no additional segment analysis is disclosed.

5 Interest income

| | £ |
|--|-----------|
| Interest from loans and receivables | 927,864 |
| Interest from short term bank deposits | 1,307,065 |
| | 2,234,929 |

ACP Capital Limited
Notes to the financial statements (continued)
For the period from 30 August 2005 to 31 December 2006

6 Operating expenses

Operating expenses include the following amounts:

Services provided by the Group's auditor

During the period the Group obtained the following services from the Group's auditors, Kingston Smith LLP:

| | |
|---------------------------|---------------|
| Audit services | £ |
| Statutory audit | 30,000 |
| Non-audit services | |
| Taxation services | 8,095 |
| Assurance services | 17,500 |
| | <u>55,595</u> |

Non-audit services

Work is allocated to the auditors only if it does not impact the independence of the audit team. Due diligence provided by the auditors is carried out by teams which are independent of the audit process.

Assurance services are services which it is most efficient for the auditors to provide and are allocated to them subject to consideration of any impact on their independence.

7 Staff costs

| | |
|--------------------------------------|------------------|
| | £ |
| Wages and salaries | 773,936 |
| Social security costs | 23,064 |
| Share-based payments cost (note 14): | |
| Share Options | 610,406 |
| Share Awards | 1,759,461 |
| | <u>3,166,867</u> |

| | |
|---|------------|
| | No. |
| Number of employees (including Executive Directors) | 11 |

8 Income taxes

The income tax charge represents UK Corporation tax at standard rate of 30% chargeable on the Group's share of profits arising in ACP Capital (UK) LLP, a limited partnership in which the subsidiary, ACP Capital (UK) Limited, is the controlling partner. The company and a number of the subsidiaries are registered in Jersey as exempt companies and are, therefore, not liable to Jersey income tax on profits derived outside Jersey. Confirmation has been obtained from the Comptroller of Income Tax in Jersey that, by concession, the companies will be liable to tax in Jersey only in respect of income, other than bank interest income, arising in Jersey. During the period no income, other than bank interest income, arose in Jersey. The subsidiaries resident in Cyprus had no income subject to Cyprus company taxes in the period.

ACP Capital Limited
Notes to the financial statements (continued)
For the period from 30 August 2005 to 31 December 2006

9 Investments

| | Equity Investments £ | Loans and Receivables £ | Total £ |
|---------------------------------------|----------------------------|-------------------------------|-------------------|
| Additions at cost | 73,493,270 | 13,092,453 | 86,585,723 |
| Disposals | (26,246,652) | - | (26,246,652) |
| Increase in fair value of investments | 15,771,223 | - | 15,771,223 |
| Interest income accrued | - | 562,820 | 562,820 |
| Exchange movements | (736,405) | (67,124) | (803,529) |
| Closing book value | <u>62,281,436</u> | <u>13,588,149</u> | <u>75,869,585</u> |
| Listed equity investments | 48,226,057 | | |
| Unlisted equity investments | <u>14,055,379</u> | | |
| | <u>62,281,436</u> | | |

Loans and receivables are represented by unlisted debt instruments.

10 Property, plant and equipment

| | Office equipment £ |
|-----------------------|--------------------------|
| Cost | |
| Additions in period | <u>33,309</u> |
| At 31 December 2006 | <u>33,309</u> |
| Depreciation | |
| Charge for period | <u>8,522</u> |
| At 31 December 2006 | <u>8,522</u> |
| Net Book value | |
| At 31 December 2006 | <u>24,787</u> |

11 Trade and other receivables

| | £ |
|--------------------------------|----------------|
| Trade receivables | 668,095 |
| Prepayments and accrued income | <u>9,664</u> |
| | <u>677,759</u> |

ACP Capital Limited
Notes to the financial statements (continued)
For the period from 30 August 2005 to 31 December 2006

12 Movement in equity

| | Share capital £ | Share premium £ | Share-based payments reserve £ | Retained earnings £ | Total £ |
|-------------------------------------|--------------------|--------------------|---|---------------------------|-------------------|
| Profit for the period | - | - | - | 15,007,675 | 15,007,675 |
| Share options and awards granted | - | - | 2,369,867 | - | 2,369,867 |
| Issue of shares | 77,237 | 72,019,772 | - | - | 72,097,009 |
| Costs of share issue | - | (2,742,508) | - | - | (2,742,508) |
| Equity-settled share-based payments | - | (45,936) | 45,936 | - | - |
| At 31 December 2006 | <u>77,237</u> | <u>69,231,328</u> | <u>2,415,803</u> | <u>15,007,675</u> | <u>86,732,043</u> |

Share Capital

Issued and fully paid

77,237,497 ordinary shares of 0.1p par value.

£

77,237

The authorised number of ordinary shares is 100,000,000 of 0.1p each.

Share premium

Share premium arose from the following share issues:

| | Date | Shares Issued | Proceeds (before issue costs) £ |
|---|-----------------|-------------------|---------------------------------------|
| Issued to founders as initial seed capital at £0.50 per share | 1 December 2005 | 14,194,018 | 7,097,009 |
| Issued on Placing in conjunction with admission to AIM at £1 per share | 1 January 2006 | 50,000,000 | 50,000,000 |
| Issued on secondary placing at £1.15 a share | 1 December 2006 | 13,043,479 | 15,000,000 |
| | | <u>77,237,497</u> | <u>72,097,009</u> |

13 Earnings per share

The calculation of the basic and diluted earnings per share attributable to the equity shareholders of the Company is based on the following data:

| | £ |
|---|-------------------|
| Earnings | |
| Earnings for the purposes of basic earnings per share being profit attributable to equity shareholders of the Company | 15,007,675 |
| Number of shares | |
| Weighted average number of ordinary shares for the purposes of basic earnings per share | 65,479,704 |
| Effect of dilutive potential ordinary shares | |
| Share options | 4,313,953 |
| Weighted average number of ordinary shares for the purposes of diluted earnings per share | <u>69,793,657</u> |

ACP Capital Limited
Notes to the financial statements (continued)
For the period from 30 August 2005 to 31 December 2006

14 Share-based payments

Share options

During the period, the Company granted options to purchase ordinary shares of the company to the following:

| | Number of options | Exercise price £ |
|-------------------------|----------------------|------------------------|
| Directors | 4,000,000 | 0.001 |
| Employees | 1,096,667 | 0.001 |
| Collins Stewart Limited | 500,000 | 1.000 |
| | <u>5,596,667</u> | |

No options were exercised in the period.

Details of the options are as follows:

Directors and Employees

The options were granted under the ACP Capital Employee Option Plan. The options are not exercisable until 1st January 2010 and are subject to certain Total Shareholder Return targets being achieved.

Collins Stewart Limited

The options were granted under a Trust Deed between the Company and Collins Stewart Limited as part of the arrangements relating to the Placing of shares in January 2006. The options are exercisable, in whole or part, anytime until January 2011.

The Company recognised the following total expenses and costs in respect of payments settled by options in the period:

| | £ |
|---|----------------|
| Recognised immediately as an expense and charged to Income statement | 610,406 |
| Recognised as cost of raising finance in respect of Placing of shares and taken directly to shareholders equity | 45,936 |
| | <u>656,342</u> |

The total fair value of options granted in the period was £2,977,627

The inputs into a modified Black Scholes model used to calculate the fair values are as follows:

| | |
|-----------------------------------|-----------|
| Expected Volatility | 5% |
| Expected Life | 3.8 years |
| Discount for newly listed company | 20% |
| Dividend yield | 2% |

Share Awards

Shares awarded to directors and employees under the ACP Capital Employee Share Award Plan totalled 2,094,444. Under the rules of the Plan the Award holders were required to pay £334,983 to the company. The fair value of the Awards after deducting the amounts received from the Award Holders was £1,759,461 which has been expensed to the Income statement for the period. The Award Shares had not been issued at 31 December 2006.

15 Trade and other payables

| | |
|---|----------------|
| Amounts received from employees in respect of shares to be issued | £ 334,983 |
| Trade payables | 9,512 |
| Accruals | 196,000 |
| | <u>540,495</u> |

ACP Capital Limited
Notes to the financial statements (continued)
For the period from 30 August 2005 to 31 December 2006

16 Financial risk management

Liquidity risk

The Group had cash resources of £10,769,468 at the period end.

The directors currently view liquidity risk as low.

Derivative financial instruments

The company held no financial derivative instruments at 31 December 2006.

Currency rate exposure

The Group invests in assets denominated in currencies other than Euro. The value of such investments may therefore be affected by fluctuations in foreign exchange rates.

Interest rates

In the event of a significant rise in interest rates, defaults on the group's investments may occur. Interest rates are highly sensitive to many factors outside of the Group's control.

Default of borrower

Debt instruments held as part of the Group's investment portfolio consist of limited recourse securities that are subordinated in right of payment and ranked junior to other securities that are secured by or represent ownership in the same pool of assets. In the event of a default the Group may not be able to entirely recover its original investment in such assets.

Foreign exchange risk

The Group's exposure to foreign currencies at 31 December 2006 was as follows:

| | Euro £ | Sterling £ | Total £ |
|-------------------|-------------------|----------------------|-------------------|
| Total Assets | 75,627,309 | 11,714,290 | 87,341,599 |
| Total Liabilities | - | (609,556) | (609,556) |
| Net assets | <u>75,627,309</u> | <u>11,104,734</u> | <u>86,732,043</u> |

Interest rate risk

The interest rate profile of the interest bearing financial assets and liabilities of the group is shown below in the table by the earlier of the contractual repricing or maturity date.

| | Within 1 year £ | 2-5 years £ | Total £ |
|--------------------------|-------------------------------------|---------------------------------|-------------------|
| Fixed rates | | | |
| Loans and receivables | - | 6,778,708 | 6,778,708 |
| Floating rates | | | |
| Loans and receivables | 6,810,441 | - | 6,810,441 |
| Cash and cash equivalent | 10,769,468 | - | 10,769,468 |
| | <u>17,579,909</u> | <u>6,778,708</u> | <u>24,358,617</u> |

ACP Capital Limited
Notes to the financial statements (continued)
For the period from 30 August 2005 to 31 December 2006

17 Related parties

ACP Mezzanine Limited

During the period, the company sold its shareholdings in its then wholly owned subsidiaries, ACP Mezzanine Holdings 1 Limited and ACP Mezzanine Holdings 2 Limited, to ACP Mezzanine Limited for a consideration of £26,246,652. The consideration received was deemed to be the fair value of the underlying investments held by those subsidiaries at the date of sale.

During the period, ACP Investment Management Limited entered into an Investment Management Agreement with ACP Mezzanine Limited. Under the Agreement, ACP Investment Management Limited was appointed Investment Manager for an initial period of 3 years and given discretion to manage the investment portfolio of ACP Mezzanine Limited subject to certain guidelines. ACP Investment Management Limited is entitled to charge an annual management fee which is currently £1,102,500 (€1,750,000) based on 1.75% of the gross shareholders' equity of ACP Mezzanine Limited. The management fee charged to ACP Mezzanine Limited in the period ended 31 December 2006 was £508,483 (€753,450). ACP Investment Management Limited is also entitled to a performance fee equivalent to 25% above a benchmark return (minimum 2% per quarter). A performance fee was not earned in the period. At 31 December 2006, £98,143 was due from ACP Mezzanine Limited

During the period, the company was granted 10,141,200 options to acquire ordinary shares in ACP Mezzanine Limited at an exercise price of €1 per share as settlement for services provided in respect of the placing and admission to AIM of that company. The options are exercisable between July 2008 and July 2011.

Derek Vago

Under the terms of an indemnity agreement between the Company and Derek Vago dated 12 December 2005, the Company has agreed to indemnify Derek Vago in connection with any adverse UK tax consequences arising out of his investment of seed capital in the company

18 Subsidiary companies

| Name | Country of incorporation and registration | Percentage owned | Principal Activity |
|-----------------------------------|--|---------------------|-----------------------------|
| ACP Investment Management Limited | Jersey | 100% | Investment Manager |
| ACP Capital Nominee Limited | Jersey | 100% | Trustee for Employee awards |
| ACP Capital (UK) Limited | Jersey | 100% | Controlling member in LLP |
| ACP Capital Cyprus (HR) Limited | Cyprus | 100% | Employment |
| ACP Capital (Cyprus) Limited | Cyprus | 100% | Investment Holding |
| Perseus Holdings Limited | Jersey | 100% | Investment Holding |
| ACP Capital (UK) LLP | England and Wales | | Advisory services |

All of the above subsidiary undertakings are fully consolidated in the accounts of the Group.

The Group has control of ACP Capital (UK) LLP as ACP Capital (UK) Limited is the controlling Member.

ACP Capital Limited
Notes to the financial statements (continued)
For the period from 30 August 2005 to 31 December 2006

19 Fair Value

The directors consider that the carrying amounts of assets and liabilities in the financial statements approximate to their fair value.

20 Dividends

A dividend in respect of the period ended 31 December 2006 of 3p per share, amounting to a total dividend of £1,988,640, is to be proposed at the annual general meeting on 28 February 2007. The dividend is payable on all issued shares and on the shares granted under the Share Award Plan, except for the shares issued on the secondary placing. These financial statements do not reflect this dividend payable.