THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document, or as to the action that you should take, you are recommended to seek your own independent financial advice from your stockbroker, bank manager, solicitor, accountant or other independent professional adviser authorised under FSMA who specialises in advising on the acquisition of shares and other securities.

If you have sold or otherwise transferred all or some of your ordinary shares, you should immediately send this document, together with the accompanying Form of Proxy and/or Form of Direction (as applicable), to the stockbroker, bank or other agency through whom the sale or transfer was effected, for transmission to the purchaser or transferee. However, these documents should not be forwarded in the United States, Canada, Australia, Japan or South Africa or their respective territories or possessions or into any jurisdiction if to do so would constitute a violation of the relevant laws of such other jurisdiction.

The Existing Ordinary Shares are currently admitted to trading on AIM. Application has been made, conditional upon the Resolutions being passed at the General Meeting, to the London Stock Exchange for the Enlarged Share Capital to be admitted to trading on AIM. It is expected that Admission will become effective and that trading in the New VCT/EIS Placing Shares and Existing Ordinary Shares will commence and re-commence to trading on AIM at 8.00 a.m. on 6 July 2010, in the Old VCT Placing Shares at 8.00 a.m. on 7 July 2010 and in the General Placing Shares at 8.00 a.m. on 8 July 2010. This document does not contain an offer of transferable securities to the public in the United Kingdom within the meaning of section 102B of FSMA and is not required to be issued as a prospectus pursuant to section 85 of FSMA, but comprises an AIM admission document drawn up in accordance with the AIM Rules for Companies. Accordingly, this document has not been pre-approved by or filed with the FSA nor any other competent authority.

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. 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. Each AIM company is required pursuant to the AIM Rules for Companies to have a nominated adviser. The nominated adviser is required to make a declaration to the London Stock Exchange on Admission in the form set out in Schedule Two of the AIM Rules for Nominated Advisers. Neither the London Stock Exchange nor any competent authority has itself examined or approved the contents of this document. The AIM Rules for Companies are less demanding than those which apply to companies whose shares are listed on the Official List. It is emphasised that no application is being made for admission of the Enlarged Share Capital to the Official List or any other recognised investment exchange and no application has been or is being made for the Enlarged Share Capital to be admitted to trading on any such exchange.

Your attention is also drawn to the discussion of risks and other factors which should be considered in connection with an investment in the Ordinary Shares, set out in Part III (*Risk Factors*). All statements regarding the Company and the Enlarged Group's future business should be viewed in light of these risk factors. NOTWITHSTANDING THIS, PROSPECTIVE INVESTORS IN THE COMPANY SHOULD READ THE WHOLE TEXT OF THIS DOCUMENT.

MARWYN CAPITAL I LIMITED

(Incorporated in the Cayman Islands under the Companies Law (2009 Revision) with registered number 234240)

Proposed acquisition of Fulcrum Group Holdings Limited
Placing of 91,666,667 Ordinary Shares of 0.1 pence each at 12 pence per Ordinary Share
and Admission of the Enlarged Share Capital to trading on AIM
and
Notice of General Meeting

CENKOS SECURITIES PLC

Nominated Adviser and Broker

The Directors and the Proposed Directors, whose names, business address and functions appear on page 6 of this document and the Company, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors, the Proposed Directors and the Company (having taken all reasonable care to ensure such is the case), the information contained in this document is in accordance with the facts and contains no omission likely to affect the import of such information. In connection with this document, no person is authorised to give any information or make any representation other than as contained in this document.

Cenkos Securities is authorised and regulated by the Financial Services Authority in the United Kingdom and is acting exclusively as nominated adviser and broker to the Company (for the purposes of the AIM Rules for Companies) and no one else in connection with Admission, the Placing and the matters set out in this document. Cenkos Securities will not regard any other person as its customer or be responsible to any other person for providing the protections afforded to customers of Cenkos Securities nor for providing advice in relation to the transactions and arrangements detailed in this document for which the Company, the Directors and the Proposed Directors are solely responsible and, without limiting the statutory rights of any recipient of this document, no liability is accepted by Cenkos Securities for the accuracy of any information or opinions contained in this document or for omissions of any material information for which it is not responsible. Cenkos Securities is not making any representation or warranty, express or implied, as to the contents of this document. **The responsibilities of Cenkos Securities as the Company's nominated adviser and broker for the purposes of the AIM Rules for Nominated Advisers are owed solely to the London Stock Exchange and are not owed to the Company, any Director, Proposed Director or to any other person in respect of his decision to invest in the Company in reliance on any parts of this document.**

This document is exempt from the general restriction on the communication of invitations or inducements to enter into investment activity (within the meaning of section 21 of FSMA) and has therefore not been approved by an authorised person within the meaning

of FSMA. This document is only being communicated to persons falling within Articles 19 (*investment professionals*) and 49 (*high net worth companies etc.*) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (SI. 2005/No. 1529) or other persons to whom it may otherwise lawfully be communicated or cause to be communicated ("**Relevant Persons**"). Consequently, this document will not be available in the United Kingdom to anyone other than Relevant Persons and no one falling outside those categories is entitled to rely on, and they must not act on, any information in this document. The communication of this document to any person in the UK other than Relevant Persons is unauthorised and may contravene FSMA. The Company and Cenkos Securities will only deal with Relevant Persons in relation to the investments to which this document relates and those who are not Relevant Persons should not rely on it.

This document does not constitute, and may not be used for the purposes of an offer for, or the solicitation of any offer to subscribe for or buy, any Ordinary Shares to any person in any jurisdiction to whom it is unlawful to make such an offer or solicitation in such jurisdiction. In particular this document should not be distributed, published, reproduced or otherwise made available in whole or in part (directly or indirectly) in or into the United States, Canada, Australia, Japan or South Africa or any other country outside the United Kingdom where such distribution may lead to a breach of any law or regulatory requirements. Accordingly, subject to certain exemptions, the Ordinary Shares may not be offered or sold directly or indirectly in or into the United States, Canada, Australia, Japan or South Africa or to or for the account or benefit of any national, resident or citizen of the United States, Canada, Australia, Japan or South Africa. The Ordinary Shares have not been and will not be registered under the U.S. Securities Act or under the securities legislation of any state of the United States, Canada, Australia, Japan or South Africa and they may not be offered or sold except pursuant to an available exemption from, or in a transaction not subject to the registration requirements of the US Securities Act and applicable US state securities laws. **This document does not constitute an offer to sell or issue or the solicitation of an offer to buy or subscribe for Ordinary Shares in any jurisdiction in which such offer or solicitation is unlawful.**

Copies of this document will be available free of charge during normal business hours on any weekday (except Saturdays, Sundays and public holidays) at the offices of Cenkos Securities, 6.7.8 Tokenhouse Yard, London EC2R 7AS and the Company's website www.marwyncapitalone.com from the date of this document until the date which is one month from the date of Admission.

Notice of a General Meeting to be held at the offices of Mayer Brown International LLP, 201 Bishopsgate, London EC2M 3AF at 10.00 a.m. on 5 July 2010 is set out at the end of this document. The action to be taken in respect of the General Meeting is set out at page 24 of this document. Shareholders will find enclosed with this document a Form of Proxy for use in connection with the General Meeting. Whether or not you plan to attend the General Meeting, please complete and sign the Form of Proxy and return it in accordance with the instructions printed on the Form of Proxy by post, in any event so as to be received during normal business hours or by hand at the Company's Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU no later than 48 hours before the time appointed for the General Meeting. The completion and return of the Form of Proxy will not prevent you from attending and voting in person at the General Meeting, or any adjournment thereof, should you wish to do so.

Depository Interest holders will find enclosed with this document a Form of Direction for use in connection with the General Meeting. If you are a Depository Interest holder and whether or not you plan to attend the General Meeting, please complete and sign the Form of Direction and return it in accordance with the instructions printed on the Form of Direction by post, in any event so as to be received during normal business hours or by hand at the Company's Depository, Capita Registrars, 34 Beckenham Road, Beckenham, Kent, BR3 4TU, no later than 72 hours before the time appointed for the General Meeting. On receipt of the Form of Direction, the Depository will vote at the General Meeting (either in person or by proxy) on the Depository Interest holder's behalf, as directed by the Depository Interest holder in the Form of Direction.

For the attention of Cayman Island Residents

No invitation or offer, whether direct or indirect, may be or has been made to the public in the Cayman Islands to subscribe for the Ordinary Shares. Neither the Cayman Islands Monetary Authority nor any other governmental authority in the Cayman Islands has passed judgment upon or approved the terms or merits of this document. There is no investment compensation scheme available to investors in the Cayman Islands.

Forward looking statements

This document includes statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "anticipates", "expects", "intends", "may", "will" or "should" or, in each case, their negative or other variations or comparable terminology. These forward-looking statements relate to matters that are not historical facts. They appear in a number of places throughout this document and include statements regarding the intentions, beliefs or current expectations of the Company, the Directors and the Proposed Directors concerning, amongst other things, the investment strategy, financing strategies, investment performance, results of operations, financial condition, liquidity, prospects, and dividend policy of the Enlarged Group and the markets in which it will operate. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance. The Company's and the Enlarged Group's actual investment performance, results of operations, financial condition, liquidity, dividend policy and the development of their financing and growth strategies may differ materially from the impression created by the forward-looking statements contained in this document. In addition, even if the investment performance, results of operations, financial condition, liquidity and dividend policy of the Company or of the Enlarged Group (as the case may be), and the development of their financing and growth strategies, are consistent with the forward-looking statements contained in this document, those results or developments may not be indicative of results or developments in subsequent periods. Important factors that may cause these differences include, but are not limited to, changes in general market conditions, legislative or regulatory changes, changes in taxation regimes, the availability and cost of capital for future investments, the availability of suitable non-recourse financing and the development of the business sector and industry in which the Company operate.

These forward-looking statements speak only as at the date of this document. Subject to its legal and regulatory obligations (including under the AIM Rules for Companies), the Company expressly disclaims any obligations to update or revise any forward-looking statement contained herein to reflect any change in expectations with regard thereto or any change in events, conditions or circumstances on which any statement is based.

NOTICE

The attention of potential investors is drawn to the Risk Factors set out in Part III (*Risk Factors*) of this Admission Document.

1. **Investment in the Company will involve certain risks and special considerations. Investors should be able and willing to withstand the loss of their entire investment.**

2. **The price of the Ordinary Shares can go up as well as down.**

3. **The investments of the Company are subject to market fluctuations and the risks inherent in all investments and there can be no assurance that an investment will retain its value or that appreciation will occur.**

4. **Investment in the Company is suitable only for institutional investors (which includes authorised or exempt persons under FSMA) and other persons to whom such investment may be lawfully promoted in accordance with the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005.**

5. **The Ordinary Shares are suitable only for investors who understand or who have been advised of, the potential risk of capital loss from an investment in the Ordinary Shares and there may be limited liquidity in the Ordinary Shares and the underlying investments of the Company and for whom an investment in the Ordinary Shares is part of a diversified investment portfolio and who fully understand and are willing to assume the risks involved with an individual investment in such a portfolio.**

General

No broker, dealer or other person has been authorised by the Company, its Directors, the Proposed Directors or Cenkos Securities to issue any advertisement or to give any information or make any representation in connection with the offering or sale of any Ordinary Shares (including the Placing Shares) other than those contained in this document and if issued, given or made, that advertisement, information or representation must not be relied upon as having been authorised by the Company, its Directors, the Proposed Directors or Cenkos Securities.

This document does not constitute, and may not be used for the purposes of, an offer or an invitation to subscribe for Ordinary Shares by any person in any jurisdictions: (i) in which such offer or invitation is not authorised; (ii) in which the person making such offer or invitation is not qualified to do so; or (iii) to any person to whom it is unlawful to make such offer or invitation.

Prospective investors should not treat the contents of this document as advice relating to legal, taxation, investment or any other matters. Prospective investors should inform themselves as to: (a) the legal requirements within their own countries for the purchase, holding, transfer, repurchase or other disposal of Ordinary Shares; (b) any foreign exchange restrictions applicable to the purchase, holding, transfer, repurchase or other disposal of Ordinary Shares which they might encounter; and (c) the income or other taxation consequences which may apply in their own countries as a result of the purchase, holding transfer, repurchase or other disposal of Ordinary Shares. Prospective investors must rely upon their own representatives, including their own legal advisers and accountants as to legal, taxation, investment and other related matters concerning the Company and an investment therein.

Statements made in this document are based on the law and practice currently in force in England and Wales (and, where relevant, the Cayman Islands) and are subject to change therein.

This document should be read in its entirety before any application for Ordinary Shares is made.

CONTENTS

ADMISSION AND PLACING STATISTICS

Number of Existing Ordinary Shares	62,640,000
Existing Ordinary Shares as a percentage of the Enlarged Share Capital	40.6 per cent.
Placing Price	12 pence
Number of Placing Shares being issued and allotted pursuant to the Placing	91,666,667
Placing Shares as a percentage of the Enlarged Share Capital	59.4 per cent.
Number of New VCT/EIS Placing Shares	11,666,165
New VCT/EIS Placing Shares as a percentage of Enlarged Share Capital	7.6 per cent.
Number of Old VCT Placing Shares	14,249,500
Old VCT Placing Shares as a percentage of Enlarged Share Capital	9.2 per cent.
Number of General Placing Shares	65,751,002
General Placing Shares as a percentage of Enlarged Share Capital	42.6 per cent.
Market capitalisation of the Company at the Placing Price on Admission	£18,516,800
Gross proceeds of the Placing	£11,000,000
Estimated proceeds of the Placing net of expenses	£9,000,000
Enlarged Share Capital immediately following Admission	154,306,667

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Publication of this document	17 June 2010
Latest time and date for receipt of Forms of Proxy	10.00 a.m. on 3 July 2010
Latest time and date for receipt of Forms of Direction	10.00 a.m. on 2 July 2010
General Meeting	10.00 a.m. on 5 July 2010
Cancellation of dealing facility for the Existing Ordinary Shares	5 July 2010
First Admission becomes effective and dealings commence in the New VCT/EIS Placing Shares and the Existing Ordinary Shares on AIM	8.00 a.m. on 6 July 2010
Delivery into CREST of the Depository Interests representing the New VCT/EIS Placing Shares to be held in uncertificated form	6 July 2010
Second Admission becomes effective and dealings commence in the Old VCT Placing Shares	8.00 a.m. on 7 July 2010
Delivery into CREST of the Depository Interests representing the Old VCT Placing Shares to be held in uncertificated form	7 July 2010
Completion of the Acquisition; Third Admission becomes effective and dealings commence in the General Placing Shares	8.00 a.m. on 8 July 2010
Delivery into CREST of the Depository Interests representing the General Placing Shares to be held in uncertificated form	8 July 2010
Despatch of definitive share certificates (where applicable) in respect of the Placing Shares to be held in certificated form	16 July 2010

Each of the dates and times in the above timetable are subject to change at the absolute discretion of the Company and Cenkos Securities and satisfaction of all conditions contained in the Acquisition Agreement is assumed.

DIRECTORS, PROPOSED DIRECTORS, SECRETARY AND ADVISERS

Directors	**Paul Everitt** (*Non-executive Director to resign at Completion*) **James Corsellis** (*Non-executive Director to resign at Completion)* **Paul Cookson** (*Non-executive Director to resign at Completion*)
Proposed Directors	**Philip Holder** *(Proposed Chairman)* **John Spellman** (*Proposed Chief Executive*) **Mark Watts** (*Proposed Non-executive Director*) **Stephen Gutteridge** (*Proposed Non-executive Director*)
Registered Office and business address of the Directors and Proposed Directors	PO Box 309 Ugland House Grand Cayman KY1-1 104 Cayman Islands
Secretary	**Axio Capital Solutions Limited** Surville Office La Ruette Pinel, St. Helier Jersey JE2 3HF Channel Islands
Financial Adviser	**Marwyn Capital LLP** 11 Buckingham Street London WC2N 6DF
Nominated Adviser and Broker	**Cenkos Securities plc** 6.7.8 Tokenhouse Yard London EC2R 7AS
Reporting Accountant	**BDO LLP** 55 Baker Street London W1U 7EU
Auditors of the Company and Fulcrum and Reporting Accountant of Fulcrum	**PricewaterhouseCoopers LLP** Cornwall Court 19 Cornwall Street Birmingham B3 2DT
Solicitors to the Company as to English law	**Mayer Brown International LLP** 201 Bishopsgate London EC2M 3AF
Solicitors to the Company as to Cayman Islands law	**Maples and Calder** Princes Court 7 Princes Street London EC2R 8AQ

Solicitors to the Nominated Adviser and Broker	**Lawrence Graham LLP** 4 More London Riverside London SE1 2AU
Registrars	**Capita Registrars (Guernsey) Limited** Longue Hougue House St. Sampson Guernsey GY2 4JN Channel Islands
Depository	**Capita IRG Trustees Limited** The Registry 34 Beckenham Road Beckenham Kent B23 4TU
ISIN	KYG587891014
EPIC as at the date of this document	**MCIL**
EPIC as of Admission	**FCRM**
Website up to Admission	www.marwyncapitalone.com

PART I

LETTER FROM THE DIRECTORS OF MARWYN CAPITAL I LIMITED

MARWYN CAPITAL I LIMITED

(Incorporated in the Cayman Islands under the Companies Law (2009 Revision) with registered number 234240)

Directors:

Paul Everitt *(Non-executive Director)*
James Corsellis *(Non-executive Director)*
Paul Cookson *(Non-executive Director)*

Registered Office:

PO Box 309
Ugland House
Grand Cayman
KY1-1 104
Cayman Islands

Proposed Directors:

Philip Holder (*Proposed Chairman*)
John Spellman (*Proposed Chief Executive*)
Mark Watts (*Proposed Non-executive Director*)
Stephen Gutteridge (*Proposed Non-executive Director*)

To the Shareholders of Marwyn Capital I Limited

17 June 2010

Dear Shareholders,

Proposed acquisition of Fulcrum Group Holdings Limited
Placing of up to 91,666,667 Ordinary Shares of 0.1 pence each at 12 pence per share
Admission of the Enlarged Share Capital to trading on AIM
Notice of General Meeting

1. Introduction

The Board announced today that Marwyn Capital Investments I Limited, a subsidiary of the Company, has entered into the Acquisition Agreement for the purposes of acquiring the entire issued share capital of Fulcrum, an Independent Gas Transporter and provider of unregulated gas connection services to the UK residential, commercial and industrial markets for a total consideration of £10, with a post-Completion working capital adjustment, which it is anticipated will be approximately £5.0 million in favour of the Subsidiary, to ensure a working capital figure at Completion of negative £5.275 million.

The Company also announced today that it has conditionally raised approximately £11.0 million (before expenses) by issuing 91,666,667 Placing Shares at the Placing Price. The net proceeds of the Placing will be used to fund the costs associated with the Acquisition, the ongoing working capital requirements of the Enlarged Group and to finance the proposed turnaround strategy of the Fulcrum business.

In view of the size of Fulcrum, the Acquisition will, on Completion, constitute a reverse takeover pursuant to Rule 14 of the AIM Rules for Companies and as such will require the approval of the Shareholders which will be sought at the General Meeting convened for this, and other purposes, at the offices of Mayer Brown International LLP, 201 Bishopsgate, London EC2M 3AF at 10.00 a.m. on 5 July 2010.

The Acquisition remains conditional *inter alia* upon approval of the Acquisition by the Shareholders in the General Meeting, the Placing Agreement becoming unconditional in all respects and Admission occurring. An application has been made to the London Stock Exchange for the Enlarged Share Capital to be admitted to trading on AIM, subject to these conditions having been met, and trading is expected to commence at 8.00 a.m. on 8 July 2010.

The Company was admitted to AIM on 24 December 2009 as a special purpose vehicle with initial funding of £6.3 million (before expenses). As at that date, the stated strategy of the Company was to acquire one or

more companies with particular focus on the media, business and support services and industrials sectors. The Directors and the Proposed Directors believe that the acquisition of Fulcrum represents an attractive opportunity within this strategy.

The purpose of this document is to set out the principal terms of and seek Shareholder approval for (amongst other things) the Acquisition, the Placing and Admission and to explain why the Directors and the Proposed Directors believe that the Acquisition is in the best interests of the Enlarged Group and Shareholders as a whole and to recommend that you vote in favour of the Resolutions at the General Meeting.

Certain Shareholders (including Marwyn Value Investors L.P.) have irrevocably undertaken to vote in favour of the Resolutions, at the General Meeting, in respect of their beneficial holdings which amount in aggregate to 50,741,025 Existing Ordinary Shares representing 81.0 per cent. of the Existing Ordinary Share capital, further details of which are set out in paragraph 14.1 of Part VII (*Additional Information*) of this document.

Paul Everitt, James Corsellis and Paul Cookson will all resign as Non-executive Directors following Completion and the Proposed Directors will be appointed to the Board with effect from Completion. In addition, Ecofin have been granted the right by the Company to nominate an individual to be appointed to the Board as a non-executive director as soon as practicable from Admission. The Board will consider such nomination within its current guidelines. Details of such director shall be disclosed once the appointment has been approved by the Board.

2. Introduction to Fulcrum

Fulcrum's primary business is the provision of unregulated gas connection services to the residential, commercial and industrial markets in the UK. Fulcrum designs and project manages connections to gas pipelines for customers seeking either a new connection or the alteration or refurbishment of an existing connection. Fulcrum outsources the physical labour associated with the connection to third parties. These connections range from simple, single-site alterations to large, complex multi-site new connections. In either case, Fulcrum's team of skilled design and engineering staff are required to design the connection to detailed specifications and to ensure the connection is appropriate and complies with extensive health and safety requirements. Fulcrum Pipelines, a subsidiary of Fulcrum is licensed as an Independent Gas Transporter in the UK which enables it to own and operate gas pipelines. Fulcrum currently employs approximately 350 people (including agency staff and consultants), the majority of whom are based at sites in Rotherham and Edinburgh.

Fulcrum is currently an indirect wholly-owned subsidiary of National Grid and, as set out in the sections below, is currently loss making. Following Completion, the Company will commence a turnaround strategy for Fulcrum, more detail of which is set out in paragraphs 6 and 7 of this Part I. The Directors and Proposed Directors believe that, under new management and independent ownership, Fulcrum can be returned to profitability through growth in market share, improved operational performance and enhanced cost efficiencies.

It is the Directors and the Proposed Directors belief that the Company and its management team can establish Fulcrum as one of the leading providers of connection services in the unregulated connections market in the UK.

3. Market overview

The UK gas infrastructure

The UK gas infrastructure is divided between the National Transmission System and eight Gas Distribution Networks. The National Transmission System, which is owned and operated by National Grid, is a national network of high-pressure gas distribution pipelines. Each of the Gas Distribution Networks connect to the National Transmission System, providing lower pressure gas distribution to local areas. National Grid owns four Gas Distribution Networks. The remaining four Gas Distribution Networks have been under independent ownership since their sale by National Grid in June 2005.

In addition, there are eleven Independent Gas Transporters in the UK, of which Fulcrum Pipelines is one, who own and operate small networks which connect to the Gas Distribution Networks, providing the "final mile" of low pressure pipeline to customers who cannot connect directly to a Gas Distribution Network.

The National Transmission System, Gas Distribution Networks and Independent Gas Transporters generate revenue by charging for gas volumes to flow through their pipeline assets.

The gas connections market

The gas connections market represents the physical connection of the end customer to a Gas Distribution Network. A typical connection will involve the design and installation of a meter (to measure gas usage) and a connecting pipeline (connecting the property and meter to the Gas Distribution Network) but may also include the diversion or extension of the mains network. Gas connections range from the connection of a single property through a single service pipe to larger, more complex pipeline connections from the Gas Distribution Network to industrial and commercial premises or residential developments.

Gas connections fall into either regulated or unregulated categories. Standard single gas connections to domestic properties, using a pipeline of less than 23 metres from the Gas Distribution Network, remain regulated by Ofgem. Such regulated connections are typically carried out by the relevant network operator and are charged at a standard regulated price with regulated service delivery standards. By contrast, all other connections (including those relating to new property developments, more complex domestic connections and industrial and commercial connections) are unregulated and priced in a competitive environment.

The ultimate customer in any new gas connection is the occupier of the property to be connected to the gas supply. However, only a small proportion of new connections work is generated through a direct relationship with the ultimate customer and such revenue is generally limited to larger new developments. Most customers seeking a new connection will typically approach their gas supplier (such as British Gas), the operator of their Gas Distribution Network (such as National Grid), or a local Independent Gas Transporter. In addition, industrial and commercial customers may rely on third party intermediaries, such as energy consultants, to source utilities connections. The ability of each of these parties to manage the connection on behalf of the ultimate customer is limited by their in-house engineering, design and physical installation capabilities. Where they do not have the capability or capacity to manage such a connection, they will outsource the management of connections to third parties such as Fulcrum.

In the year to 31 March 2009, there were 208,963 new and modified gas connections undertaken, a 19 per cent. decrease on the year to 31 March 2008 (*Source: Ofgem*). This reduction has been attributed in large part to the impact of the UK recession on the market for new residential and commercial developments. Of this total, the Directors and Proposed Directors estimate that Fulcrum's core addressable market is approximately 90,000 unregulated new and modified connections per annum.

Further information concerning the gas connections industry is set out in Part II (*Market Information*) of this document.

4. Information on Fulcrum

History of Fulcrum

Although the current structure of Fulcrum was only created in 2007, Fulcrum has a trading history, either as part of British Gas, Transco or National Grid, dating back many years. Prior to the sale of four of the eight Gas Distribution Networks by National Grid in June 2005, it was the UK's dominant provider of both regulated and unregulated connections to a National Grid monopoly-owned infrastructure.

However, between March 2005 and March 2007, Fulcrum's annual revenues fell from £210.9 million to £57.9 million as the four newly independent Gas Distribution Networks sought to provide gas connection services through internal resources or sought to source connections services more competitively from a number of new independent suppliers to the market. Since 2007, Fulcrum revenues have fallen further; in the ten months to January 2010 they fell to £31.0 million largely caused by increased competition and broader economic pressures impacting the gas market and that during 2008 and 2009 National Grid transferred the majority of its regulated connections work from Fulcrum to elsewhere within the National Grid group.

The Directors and Proposed Directors believe that Fulcrum's ability to respond to changes in the competitive pressures of the current market has been hampered by its position as a small subsidiary within the National Grid group and that under independent ownership Fulcrum will be better able to compete and service its customers' needs.

Group structure

Following a restructuring in 2007, Fulcrum's operations are divided into three divisions, each housed within separate group entities:

- Fulcrum Infrastructure Services – representing the principal operations of Fulcrum, providing unregulated gas connections services throughout the UK;
- Fulcrum Gas Services – provider of regulated gas connection services to National Grid under a contract which will not continue past the current financial year; and
- Fulcrum Pipelines – operator of Fulcrum's Independent Gas Transporter network.

Principal operations

Fulcrum's principal business is the provision of gas connection services to the unregulated residential, commercial and industrial markets in the UK. In the twelve months to 31 March 2009, Fulcrum managed 4,804 connections which represents approximately 2 per cent. of the total UK gas connections market. In the ten months to 31 January 2010, approximately 71 per cent. of the connections undertaken by Fulcrum were to industrial and commercial customers and included work driven by both modification/refurbishment as well as new build projects. Through its subsidiary, Fulcrum Pipelines, Fulcrum is also licensed as an Independent Gas Transporter, operating pipelines that connect over 16,000 properties to the Gas Distribution Network. The majority of Fulcrum's approximately 350 employees (including agency and other workers) are located in Rotherham and Edinburgh, with regional teams operating throughout the UK.

Fulcrum is primarily a design and project management business. Its employee base includes skilled design engineers, project managers, onsite field engineers, customer support and sales teams. Fulcrum's projects range from large technical developments, such as Heathrow Terminal 5 and the 2012 Olympics site, to small scale projects such as the connection upgrade of a restaurant or single residential property. Fulcrum operates across the UK and has a national footprint that the Directors and the Proposed Directors believe is rare amongst its competitors. Fulcrum outsources the physical labour associated with its connections work to third parties, approximately 90 per cent. of Fulcrum's physical connection work is currently outsourced to a single service provider.

Although the ultimate customer in any connection is the occupier of the property to be connected, customers modifying a connection will typically approach their supplier to arrange work, making suppliers a key customer group for Fulcrum. Other customer relationships include network operators, developers and construction companies. As a result of business interruption, delays to the installation of connections can be of significant consequence to each customer group. The Directors and Proposed Directors therefore believe that service delivery is a key determinant in attracting new business.

Fulcrum benefits from a customer payment structure where approximately 70–80 per cent. of customers prepay for connections on acceptance of quotes. The remaining 20–30 per cent. of sales relate to key customer accounts where credit terms are offered.

Independent Gas Transportation

Fulcrum via its subsidiary, Fulcrum Pipelines, was granted an Independent Gas Transporter licence by Ofgem in July 2007. As a result, Fulcrum is authorised to own and operate Gas Distribution Networks, enabling it to be an end-to-end gas connections provider; incorporating network design through to asset ownership. In addition, where asset ownership opportunities exist, Fulcrum's Independent Gas Transporter licence allows it to authorise the excavation of public roads without having to seek costly and time consuming council planning approvals.

Since gaining its Independent Gas Transporter licence in 2007, Fulcrum has built a pipeline asset base with a book value of £5.3 million (as at January 2010) incorporating over 16,000 customer connections nationwide. The Directors and Proposed Directors believe that pipeline ownership will continue to provide a recurring revenue stream for the Fulcrum business going forward.

Accreditations

Fulcrum is accredited to provide gas connection services through the Gas Industry Registration Scheme (GIRS) and is approved to install meters as an Ofgem Approved Meter Installer (OAMI). Fulcrum is also registered as a Utility Infrastructure Provider, enabling it to design and construct gas pipeline systems.

In addition to its gas accreditations, in 2007 Fulcrum received accreditations to carry out water installations through the Water Industry Regulations Scheme and electricity installations through the National Electricity Registration Scheme. Fulcrum also has Multi-Utility Recognition Status, allowing it to provide a multi-utility offering to customers, being the single point of contact for all utility connections in any project. Multi-utility services are still in the development stage within the Fulcrum service portfolio but the Directors and Proposed Directors believe that the offering represents an opportunity for future revenue growth.

National Grid ownership

Fulcrum is currently an indirect, wholly owned subsidiary of National Grid, the international energy delivery business. National Grid's current strategy is focused on energy delivery within regulated markets. During 2008 and 2009, National Grid transferred its regulated connections work from Fulcrum to elsewhere within the National Grid group. Consequently, as a provider of unregulated gas connection services, Fulcrum represents a non-core asset within the organisation and, with National Grid group revenues being in excess of £11 billion, represents less than 0.5 per cent. of National Grid's operations.

The Directors and Proposed Directors believe that Fulcrum's ability to compete effectively in the gas market has been constrained by its ownership by National Grid and the complex shift that it has had to undergo, since 2005, in moving from being a default supplier of regulated services within a National Grid monopoly to being an independent business in a competitive market for unregulated services. The Directors and Proposed Directors believe that National Grid's ownership restricts Fulcrum's business in a number of ways, including:

(a) the relative size of the business in the National Grid group and lack of core strategic fit means that sufficient attention and resource may have not been allocated to the Fulcrum business;

(b) given its ownership by one of four Gas Distribution Network owners, the Directors and Proposed Directors believe that Fulcrum has not been able to fully exploit its Independent Gas Transporter licence particularly in the geographic areas covered by non-National Grid owned Gas Distribution Networks;

(c) Fulcrum's multi-utility offering has not yet been fully exploited due, at least in part, to National Grid's core gas competency; and

(d) historically, asset ownership and connections work has focussed on pipelines rather than meters due, at least in part, to meter operations within National Grid being the focus of other group entities.

The Directors and Proposed Directors believe that under new management and independent ownership Fulcrum is well positioned to compete more effectively in the future.

Although a subsidiary of National Grid, Fulcrum is not reliant on National Grid for the majority of its operational services or for its licences, accreditations or regulatory approval, and the Directors and Proposed Directors believe that appropriate arrangements are, or will be, in place as part of the Acquisition to mitigate any separation issues in relation to its operational services that may arise following Completion. National Grid is currently a customer of Fulcrum and the Directors and Proposed Directors expect to maintain an arm's length commercial relationship between the two businesses going forward.

5. Trading record of Fulcrum and current trading

As set out above, Fulcrum's revenues have fallen from £210.9 million in the year to 31 March 2005 to £31.0 million in the unaudited ten months to 31 January 2010.

In the financial year ended 31 March 2009, Fulcrum made an EBITDA loss before exceptional items of £6.4 million from revenues of £54.3 million. Prior to the current Fulcrum structure being in place, the business had generated approximately £27.0 million of EBITDA at a margin of 17 per cent. in the year to 31 March 2006. During the unaudited ten month period to 31 January 2010, Fulcrum generated revenues of £31.0 million and an EBITDA loss (before exceptional items) of £8.3 million. The Directors and Proposed Directors believe that although Fulcrum has undergone significant change since 2005, it has not yet aligned its cost base appropriately to its position in a fully competitive market and that opportunities remain to improve its operational efficiency under new management and independent ownership.

Full details of the historic trading record of Fulcrum and a pro forma statement of net assets for the Enlarged Group are included in Parts V (*Historical Financial Information of Fulcrum*) and VI (*Unaudited pro forma net asset statement for the Enlarged Group*) of this document.

6. Turnaround opportunity

The Directors and Proposed Directors believe that, under new management and independent ownership Fulcrum's financial performance can be improved through growth in market share, improved operational performance and enhanced cost efficiencies. The Directors and the Proposed Directors have identified an operational management team with a proven track record and significant sector experience to implement the turnaround strategy. Although restricted by a number of factors, the Directors and the Proposed Directors believe that Fulcrum has several key strengths which the Proposed Directors plan to leverage to increase market share:

- Fulcrum has national coverage in the UK which is rare amongst its competitors;
- Fulcrum continues to have a well recognised brand throughout the industry;
- Fulcrum has a highly skilled engineering and design team (whereas some other connection suppliers, for example suppliers and Gas Distribution Networks, have only limited design capability);
- Fulcrum has utilities accreditation in the UK across all utilities;
- Fulcrum has an Independent Gas Transporter licence, which it has not fully exploited to date, allowing it to adopt pipeline assets and excavate public roads without having to seek costly time consuming council approvals; and
- Fulcrum has begun to implement umbrella agreements with certain key customers, which the Directors and Proposed Directors believe provide a strong base for future revenue growth.

Despite these attributes, Fulcrum has been loss making. The Directors and Proposed Directors believe that this is due to a number of factors that have constrained the business but which they believe can be addressed under new and independent ownership, including:

- the constraints (both direct and indirect) of National Grid ownership, as discussed in paragraph 4 of this Part 1 above;
- low customer service levels due to a number of factors including poor communication and lengthy job lead times; and
- underperforming legacy business processes and IT systems.

Following Completion, the new management team of the Company will commence a turnaround strategy for Fulcrum focused on revenue growth, operational efficiency and cost control. The Directors and Proposed Directors believe that Fulcrum's service levels have suffered over recent years and are focused on delivering an improved level of customer service. The key areas of this turnaround strategy are:

(i) ***Revenue growth***

In the short term, the new management team will work to establish certainty of service delivery and focus on proactive sales delivery, aimed at targeting key customer groups where the Proposed Directors and senior management have important existing relationships.

In the medium to long term, the new management team will focus on increasing sales volumes on this established platform of improved service delivery and aim to position Fulcrum as the preferred service provider for key suppliers.

(ii) ***Operational efficiencies***

In the short term, the new management team will focus on streamlining business processes and operational structures and will review opportunities to manage the cost base of the business in line with its position within a competitive market environment.

In the medium to long term the new management team will look to improve the utilisation of the group's employee base, supported by IT investment and business process management focused on facilitating operational efficiency, optimising management information and supporting high levels of customer service in order to deliver sustainable operating margins.

7. Further opportunities

The Directors and Proposed Directors believe that the Fulcrum business will benefit from a number of further opportunities to grow revenue.

Multi-utility service offering

As stated in paragraph 4 above, Fulcrum has recently achieved accreditation as a multi-utility provider. Multi-utility connection services, being the single point of contact for all utility connections in any project, can provide significant benefits to the customer, cutting down on duplication of costs and reducing the logistical burden and time taken to complete projects. Multi-utility services are still in the development stages within the Fulcrum service portfolio but the Directors and Proposed Directors believe that the offering will give the business competitive advantage and represents an opportunity for revenue growth.

Smart meter installations

Smart meters represent the next generation of gas and electricity meters that provide real-time data on energy usage to the customer. In December 2009, the UK Government has made public its intention to roll out smart meters across the UK by 2020 at an estimated cost of up to £9 billion necessitating the replacement of approximately half of the UK's meter asset base (representing approximately 19 million meters). This represents a significant longer term opportunity for the Enlarged Group, with Fulcrum well placed to deliver meter installations.

Asset ownership

The Directors and Proposed Directors believe there is a significant opportunity in pipeline and meter asset ownership and management. Fulcrum does not currently hold the necessary accreditations to manage a gas meter. Fulcrum does, however, hold an Independent Gas Transporter licence and currently owns pipeline assets with a balance sheet value of £5.3 million. Under this licence, Fulcrum is able to charge for the transportation of gas through its pipelines. In the 10 months to 31 January 2010, income from these assets was £1.4 million. The Directors and Proposed Directors believe that an opportunity exists to expand the income generating asset base, through acquisition of existing assets and the adoption of assets on completion of connections work.

8. Summary financial information of Fulcrum

Audited full year financial results are presented only for the last two full financial years of trading due to a significant reorganisation of the Fulcrum operations within the National Grid group in the year ending 31 March 2007 undertaken in order to separate unregulated gas connections work from regulated connections work. As a result the Directors and Proposed Directors believe that Fulcrum's audited accounts

for the year ended 31 March 2007 would be materially misleading to Shareholders when presented with subsequent audited accounts.

The following financial information has been extracted from the historical financial information of Fulcrum contained in Sections A and B(II) of Part V (*Historical Financial Information of Fulcrum)* of this document and should be read in conjunction with the full text of this document. Investors should not solely rely on the summarised information.

	12 month period ended on 31 March 2009 £'000				
	Infrastructure Services	*Gas Services*	*Pipeline*	*Adjustments*	*Total*
Revenue	38,886	19,326	945	(4,877)	54,280
Operating profit	(2,076)	(4,316)	(1,976)	(493)	(8,861)
EBITDA	(490)	(3,717)	(1,706)	(493)	(6,406)

	10 month period ended on 31 January 2010 £'000				
	Infrastructure Services	*Gas Services*	*Pipeline*	*Adjustments*	*Total*
Revenue	27,913	3,609	1,373	(1,910)	30,985
Operating profit	(5,274)	(4,980)	(1,565)	(280)	(12,099)
EBITDA	(2,895)	(4,067)	(1,043)	(280)	(8,285)

NOTES

1. EBITDA represents profit before finance income, finance costs, income tax expense and depreciation and amortisation (including negative goodwill) as further adjusted to add back exceptional items.
2. Infrastructure services represent unregulated connections, Gas Services represent regulated connections and Pipeline relates to pipeline transportation income.

9. The Board and Senior Management

The Board currently comprises Paul Michael Everitt (aged 41) as Non-Executive Director, James John Merrick Corsellis (aged 40) as Non-Executive Director and Paul Cookson (aged 39) as Non-executive Director. On Completion, Paul Everitt, James Corsellis and Paul Cookson will resign as directors of the Company. Philip Holder and John Spellman will join the Board as Chairman and Chief Executive Officer respectively. Mark Watts and Stephen Gutteridge will join the Board as Non-executive Directors.

In addition, the Company has granted a right to Ecofin to nominate an individual to be appointed to the Board as a non-executive director, such right to be exercised as soon as practicable from Admission. The Board will consider such nomination within its current guidelines and based on the merit of the individual nominated. If and when a director nominated by Ecofin is appointed to the Board, the Company will announce further details of the appointment and director appointed. Ecofin are participating in the Placing and it has agreed to subscribe for 20,000,000 Ordinary Shares which represents 13.0 per cent. of the Enlarged Share Capital.

Immediately following Admission, the Board will therefore comprise:

Philip Bernard Holder *(aged 61) (Chairman)*

Philip has over 30 years experience in the utilities sector. From 1997 to March 2007, Philip was Managing Director of East Surrey Holdings, the mid-cap water and gas utilities business. Until March 2010, Philip was full time operational adviser to The Infrastructure Partnership. He is also an operational adviser for JO Hambro Capital Management Group which manages the Trident Private Equity funds. Philip is the non-executive chairman of the gas main laying contractor Forefront Group Limited and is a non-executive director of the CLH Group (Compania Logistica de Hidrocarburos) which owns and operates Spain's refined fuel pipelines and the associated storage and distribution facilities.

John Ashley Spellman *(aged 60) (Chief Executive Officer)*

John is a qualified accountant and has over 30 years of senior management experience in the energy sector. John was Chief Executive Officer and Managing Director of Corona Energy Limited, one of the UK's largest independent suppliers of gas to industrial and commercial customers, from 1999 to 2007 and oversaw the acquisition of Corona Energy Limited by Macquarie Bank in 2006. Since 2007 John has acted as an independent consultant providing strategic, process, management and risk identification advice to a number of major multi-national energy companies in the UK and Europe.

Mark Irvine John Watts *(aged 36) (Non-executive Director)*

Mark has a BA (Hons) from London University and since 1998 he has advised the boards of UK and other public companies. Mark worked for Matrix Strategic Research Ltd as a management consultant from 1995 to 1999 and as a freelance consultant from 1999 to 2000, during which time Mark provided financial analysis and was responsible for strategic development projects for several listed and unlisted companies. In 2000, Mark founded Marwyn and is currently a Managing Partner of Marwyn Investment Management LLP and Marwyn Capital LLP. Whilst at Marwyn, Mark has specialised in advising small-cap listed and unlisted companies on strategy and business planning and has overseen a number of transactions, raising an aggregate equity of close to £1.2 billion in acquisition funding. Mark has been a director of several AIM-listed companies including Inspicio plc and Talarius plc and is currently director of, amongst others, Melorio plc, Silverdell plc, Advanced Computer Software plc and Entertainment One Ltd.

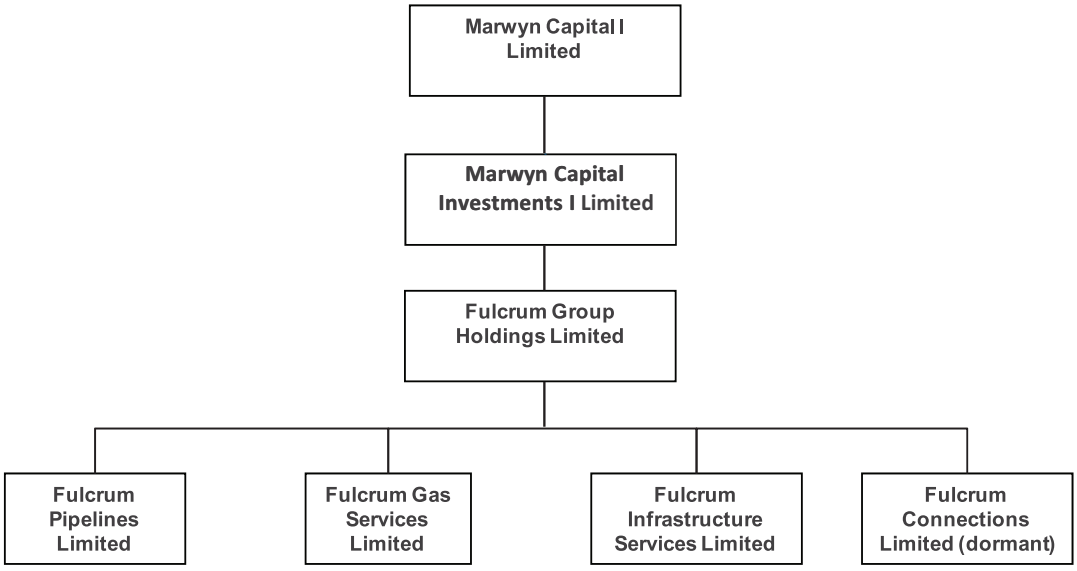
Stephen Gutteridge *(aged 55) (Non-executive Director)*

Stephen has over 30 years' experience in the energy and utilities sectors. He began his career with Shell in marketing and trading, before becoming head of risk management in oil trading in 1986. He then joined Mitsui & Co Inc as an oil trader before moving to Amerada Hess, a global energy company, where he managed its oil trading operations. He then became head of Amerada's UK gas business unit, which became a major supplier to UK businesses. From 1992 to 1997 he was Managing Director of Energy Supply at Seeboard plc. Since then, Stephen has held board positions in numerous companies, including Ferguson International, the International Petroleum Exchange (now ICE Futures), the Council for Registered Gas Installers (CORGI), and Chairman of AIM-listed Star Energy, the gas storage and onshore oil and gas producer. Stephen is currently Chairman of President Petroleum Company PLC, also AIM-listed, and a non-executive Director of TQ Group. Stephen has a degree in Economics and Business Studies and is a member of the Institute of Directors and the Energy Institute.

The Directors and Proposed Directors have identified an operational management team with a proven track record and significant sector experience, who it is intended will join Fulcrum on or after Completion.

10. Structure of the Enlarged Group

A chart detailing the structure of the Enlarged Group post Completion of the Acquisition is set out below:



Marwyn Capital I Limited shall act as the holding company of the Enlarged Group. Marwyn Capital Investments I Limited is a subsidiary of the Company which holds the management incentive arrangements, which are described in more detail at paragraph 13 of this Part I (*Letter from the Directors of Marwyn Capital I Limited*) and which shall be the immediate parent company of Fulcrum post Completion of the Acquisition.

A brief description of the principle activities of each of the companies within Fulcrum is described below:

Fulcrum Group Holdings

Fulcrum Group Holdings acts as the holding company of Fulcrum.

Fulcrum Infrastructure Services

Fulcrum Infrastructure Services is the entity which carries out the principal operations of Fulcrum, providing unregulated gas connections services throughout the UK.

Fulcrum Pipelines

Fulcrum Pipelines holds Fulcrum's Independent Gas Transporter licence and pipeline assets.

Fulcrum Gas Services

Fulcrum Gas Services provides regulated gas connection services to National Grid under a contract which will not continue past the current financial year.

Fulcrum Connections

Fulcrum Connections is a dormant company.

11. Principal terms and conditions of the Acquisition

National Grid Commercial Holdings, a subsidiary of National Grid and the direct holding company of Fulcrum Group Holdings, and the Subsidiary entered into the Acquisition Agreement on or around the date of this document, pursuant to which the Subsidiary will acquire the entire issued share capital of Fulcrum Group Holdings. The initial consideration payable by the Subsidiary is £10, to be satisfied in cash on Completion with a post-Completion working capital adjustment which it is anticipated will be approximately £5.0 million in favour of the Subsidiary to ensure a working capital figure at Completion of negative £5.75 million. Completion of the Acquisition Agreement is conditional, amongst other things, upon:

(a) the Placing Agreement becoming unconditional (save with respect to Admission);

(b) the passing of the Resolutions by the Shareholders at the General Meeting; and

(c) Admission.

Additional information relating to the Acquisition Agreement is set out in paragraph 14 of Part VII (*Additional Information*).

12. Relationship with Marwyn

Mark Watts and James Corsellis are partners in Marwyn Capital LLP, Marwyn Investment Management LLP and Marwyn Management Partners L.P. and shareholders in Marwyn Investments Group Limited. Each of Mark Watts and James Corsellis are directors of other Marwyn companies and Marwyn portfolio companies, a full list of their relevant directorships is described at paragraph 7.2 of Part VII (*Additional Information*) of this document. The Company entered into a corporate finance agreement with Marwyn Capital LLP, further details of which, together with other related party transactions, are set out in paragraphs 11 and 14 of Part VII (*Additional Information*) of this document.

Paul Cookson is employed by Axio Capital Solutions Limited, a company whose ultimate controller is Marwyn Capital Management Limited and which is the Company's company secretary. Paul Everitt is

currently a director of Marwyn Capital Management Limited as well as other Marwyn companies, a full list of his relevant directorships is described at paragraph 7.2 of Part VII (*Additional Information*) of this document

Marwyn Value Investors L.P., a substantial shareholder in the Company, is managed on an arm's length basis by Marwyn Investment Management LLP. Marwyn Value Investors L.P. currently holds 20,000,000 Existing Ordinary Shares via its nominee, Vidacos Nominees Limited, representing 31.9 per cent. of the Existing Ordinary Share capital and approximately 13.0 per cent. of the Enlarged Share Capital. Marwyn Value Investors L.P. has entered into an irrevocable undertaking in relation to its holding of Existing Ordinary Shares to vote in favour of the Resolutions, as further described in paragraph 14.1 of Part VII (*Additional Information*) of this document. As part of the Placing, Marwyn Value Investors L.P. has agreed to subscribe for, in aggregate, 416,500 Placing Shares (representing approximately 0.3 per cent. of the Enlarged Share capital).

The Company entered into the Option Agreement on 8 February 2010 with Marwyn Management Partners L.P., pursuant to which Marwyn Management Partners L.P. was granted an option to acquire a certain number of Ordinary Shares subject to certain conditions. Further details of the Marwyn Participation Option are set out in paragraph 14 of this Part I (*Letter from the Directors of Marwyn Capital I Limited*).

13. Management incentive arrangements

The Directors and the Proposed Directors believe that the success of the Company will depend to a high degree on the future performance of the management team. The Company has therefore established incentive arrangements which will only reward the participants if Shareholder value is created, thereby aligning the interests of management directly with those of the Shareholders.

John Spellman and Philip Holder have subscribed for Management Participation Shares in the Subsidiary. Further details of the amount of such subscriptions are set out at paragraph 9 of Part VII (*Additional Information*). In addition, certain senior managers have subscribed for, in aggregate, a total of 450,000,000 Management Participation Shares. Subject to a number of provisions as described below, if the Growth Condition (as defined below) has been met the Management Participation Shares can be sold to the Company for an aggregate value equivalent to 10 per cent. of the increase in Shareholder value. Shareholder value, for this purpose, is broadly defined as the difference between the market capitalisation of the Company (market capitalisation is defined in the articles of association of the Subsidiary and can mean the market capitalisation of the Company on a fully diluted basis, depending on the terms of the articles of association) at the relevant date of sale and the sum of (i) the market capitalisation of the Company on 24 December 2009, being the date of the original listing, calculated using the placing price of 10p per share, (ii) the market capitalisation of the Placing Shares on Admission, calculated using the Placing Price and (iii) the aggregate subscription price of all Ordinary Shares issued up to the date of sale, adjusted for dividends and capital returns to Shareholders. Under the Articles, the Company is authorised to purchase the Management Participation Shares either for cash or for the issue of new Ordinary Shares at its discretion.

The Management Participation Shares may only be sold on this basis if both the growth and vesting conditions (as described below) have been satisfied. If these conditions have not been satisfied the Management Participation Shares must be sold to the Company for a nominal amount.

Growth Condition

The growth condition is that the compound annual growth of the Company's share price must be at least 12.5 per cent. per annum (the "**Growth Condition**"). The Growth Condition takes into account the price at which the Consideration Shares and the Placing Shares have been issued, being the Placing Price, and the issue price of any subsequent issue of Ordinary Shares, the date on which they are issued, any dividends paid on the Ordinary Shares and any capital returned to Shareholders. The Growth Condition will be measured between three and five years after Admission and, if earlier, on a sale or change of control of the Company.

Vesting Condition

The Management Participation Shares are subject to a vesting period. The vesting period ends on the third anniversary following Admission. However, if the Growth Condition is not met on the third anniversary, the

vesting period will be extended until the fifth anniversary following Admission or, if earlier, when the Growth Condition is met. The vesting period will also end on a sale or change of control of the Company. If the Growth Condition has not been met by the end of the vesting period, the Management Participation Shares must be sold to the Company for a nominal amount.

During the vesting period the participant may not sell any Management Participation Shares unless he leaves the Company's employment. In this case, the participant must sell all the Management Participation Shares to the Company for a nominal amount unless he is a "good leaver".

A good leaver is any leaver, other than one who leaves as a result of fraud, dishonesty or gross negligence. Good leavers will be able to retain their Management Participation Shares until the third anniversary of Admission. If the Growth Condition has been met on the third anniversary of Admission they will be able to sell a time-apportioned percentage of the Management Participation Shares to the Company for an amount that reflects the growth in Shareholder value of the Company, with the remainder being sold to the Company for a nominal value. If the Growth Condition is not satisfied on the third anniversary of Admission, all of their Management Participation Shares must be sold to the Company for a nominal value.

After the end of the vesting period, and if the Growth Condition has been met, a participant may sell their Management Participation Shares to the Company for an amount that reflects the growth in Shareholder value of the Company as described above. The Management Participation Shares must be sold to the Company on the fifth anniversary of Admission. The Management Participation Shares may not be sold or transferred to any other party without the permission of the Company.

14. Marwyn Participation Option

The Company entered into an option agreement with Marwyn Management Partners L.P. dated 8 February 2010 (the "**Option Agreement**") under which Marwyn Management Partners L.P. was granted an option to subscribe for Ordinary Shares. Subject to a growth and vesting condition being satisfied, as described below, the Marwyn Participation Option may be exercised to subscribe for a number of Ordinary Shares at an exercise price equal to 0.1p (the nominal value) per Ordinary Share (subject to certain adjustments by virtue of a variation in share capital). If the Option Growth Condition (as defined below) has been met the number of Ordinary Shares that may be subscribed for is such a number that will give Marwyn Management Partners L.P. a gain (calculated after deducting the exercise price) equivalent to 10 per cent. of the growth in value of the Company (as defined in the Option Agreement). Growth in value of the Company, for this purpose, is broadly defined as the difference between the market capitalisation of the Company (market capitalisation is defined in the Option Agreement and can mean the market capitalisation of the Company on a fully diluted basis, depending on the terms of the Option Agreement) at the relevant date of sale of the Marwyn Participation Option and the sum of (i) the market capitalisation of the Company on 24 December 2009, being the date of the original listing, calculated using the placing price of 10 pence per share, (ii) the market capitalisation of the Placing Shares on Admission, calculated using the Placing Price and (iii) the aggregate subscription price of all Ordinary Shares issued up to the date of sale, adjusted for dividends and capital returns to Shareholders.

Marwyn Management Partners L.P. have agreed to assign 35 per cent. of their right under the Marwyn Participation Option to Ecofin. In addition, Ecofin are participating in the Placing and have agreed to subscribe for 20,000,000 Ordinary Shares which represents 13.0 per cent. of the Enlarged Share Capital.

Option Growth Condition

The option growth condition is that the compound annual growth of the Company's share price must be at least 12.5 per cent. per annum (the "**Option Growth Condition**"). The Option Growth Condition takes into account the issue price of any subsequent issue of Ordinary Shares, the date on which they are issued, any dividends paid on the Ordinary Shares and any capital returned to Shareholders. The Option Growth Condition will be measured between three and five years after Admission and, if earlier, on a sale or change of control of the Company.

Vesting Condition

The vesting condition is a time period which ends on the third anniversary following Admission or, if earlier, on the sale or change of control of the Company. However, if the Option Growth Condition is not met on the third anniversary, the vesting period will be extended until the fifth anniversary following Admission or, if earlier, when the Option Growth Condition is met. If the Option Growth Condition has not been met by the end of the vesting period, the Marwyn Participation Option will lapse for no consideration. Marwyn Management Partners L.P. will assign a portion of its entitlement to subscribe for Ordinary Shares pursuant to the Option Agreement to Marwyn Value Investors L.P. in proportion to Marwyn Value Investors L.P's shareholding in the Company; it is expected that such portion will be determined at the time of exercise of the option.

The Marwyn Participation Option may only be exercised if both the Option Growth Condition and vesting condition (as described above) have been satisfied.

15. Employee incentive schemes

The Board believes that the success of the Enlarged Group will depend to a significant extent on the future performance of key employees. The Board believes that equity incentives are, and will continue to be, an important means of retaining, attracting and motivating key employees. Accordingly, following Completion, the Board intends to consider the adoption of appropriate share incentive schemes for the benefit of employees. Shareholders' approval to ratify the Board's adoption of any share incentive scheme will be sought at a future general meeting of the Company.

16. Corporate governance

The Directors recognise the value of strong corporate governance and will endeavour to ensure the Company complies with the Combined Code and related corporate governance guidance, however, given its size and nature, it does not seek to comply with those aspects of the Combined Code which are considered to be more appropriate for a larger public company with shares admitted to the Official List. The Company seeks to follow the recommendations on corporate governance of the Quoted Companies Alliance for companies whose shares are traded on AIM. The Board has established an audit committee and a remuneration committee with formally delegated duties and responsibilities.

The audit committee will be chaired by Philip Holder and its other member will be Mark Watts. The audit committee receives and reviews reports from management and the Company's auditors relating to the annual and interim accounts and the accounting and internal control systems in use throughout the Company, and from Admission, will perform the same function in respect of the Enlarged Group.

The remuneration committee will be chaired by Stephen Gutteridge and its other member will be Mark Watts. The remuneration committee reviews the scale and structure of the executive Directors' and senior managers' remuneration and the terms of their service contracts. The remuneration and terms and conditions of appointment for the Non-executive Directors is, and will continue to be, set by the Board. On matters relating to their own remuneration and share options, the relevant Director will not be a party to the decision making or approval process.

Terms of reference for the audit and remuneration committees can be found on the Company's website at www.marwyncapitalone.com.

As the Board is small, there is and will be no separate nominations committee and the appointment of new directors will be considered by the Board as a whole.

The Company takes all reasonable steps to ensure compliance by the Directors and employees 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. The share dealing code adopted by the Board is appropriate for a company quoted on AIM. The Board will comply with Rule 21 of the AIM Rules for Companies relating to directors' dealings and will take all reasonable steps to ensure compliance by the Company's "applicable employees" (as defined in the AIM Rules for Companies).

17. Lock in and orderly market arrangements

The Proposed Directors and Marwyn Value Investors L.P. have entered into a lock in deed and orderly market restrictions pursuant to which they have agreed that (i) subject to certain exceptions, for a period of 12 months from the date of Admission, neither they nor their related parties (as defined under the AIM Rules for Companies) shall transfer or dispose of the Ordinary Shares in which they hold a beneficial interest; and (ii) subject to Admission, for a further period of 12 months or for so long as Cenkos Securities is the nominated adviser and/or broker to the Company (unless Cenkos Securities otherwise consents), the Proposed Directors and Marwyn Value Investors L.P. shall only be able transfer or dispose of Ordinary Shares in which they have a beneficial interest with the consent of the Company and through Cenkos Securities.

The aggregate number of Ordinary Shares to be held by the Proposed Directors and Marwyn Value Investors L.P. as at Admission, to which such lock in and orderly market restrictions will apply, will be 22,395,665 Ordinary Shares, representing 14.5 per cent. of the Enlarged Share Capital.

18. The Placing

Details of the Placing

Due to the requirements of the VCT Scheme and EIS Scheme, the Company will conduct three placings. The New VCT/EIS Placing Shares will be offered to VCT's investing funds raised after 6 April 2006 and to EIS investors. The Old VCT Placing Shares will be offered to VCT's investing funds raised prior to 6 April 2006. The General Placing Shares will be offered to other investors who will not be seeking relief under the VCT/EIS legislation.

The Placing Shares have been conditionally placed by Cenkos Securities as agent for the Company with institutional and other investors in accordance with the terms of the Placing Agreement, further details of which are set out at paragraph 14.1 of Part VII (*Additional Information*).

As part of the Placing, Marwyn Value Investors L.P. has agreed to subscribe, in aggregate, for 416,500 Placing Shares (representing approximately 0.3 per cent. of the Enlarged Share Capital). In addition James Corsellis, John Spellman, Stephen Gutteridge and Philip Holder have agreed to subscribe for 833,333, 625,000, 104,166 and 416,666 Placing Shares respectively (representing approximately 0.5, 0.4, 0.1 and 0.3 per cent. respectively of the Enlarged Share Capital).

The Placing Shares issued pursuant to the Placing will represent approximately 59.4 per cent. of the Enlarged Share Capital. The Placing Shares will, following Admission, rank *pari passu* in all respects with the Existing Ordinary Shares and will have the right to receive all dividends and distributions declared, made or paid in respect of the issued Ordinary Share capital of the Company after Admission.

Subject to Admission, the Company will issue up to 91,666,667 Placing Shares which will raise approximately £11.0 million (before expenses). After the expenses of the Placing and Admission, estimated to be £2.0 million (excluding VAT) in total, the Placing is intended to raise £9.0 million.

Subscribers to the New VCT/EIS Placing Shares and the Old VCT Placing Shares should note that there can be no guarantee that Third Admission will take place when expected, or at all, and it is possible that the New VCT/EIS Placing and the Old VCT Placing will proceed in circumstances where the General Placing and Acquisition do not subsequently complete.

Shareholders should be aware of the possibility that First Admission and Second Admission might occur but that the Acquisition might not be completed and/or Third Admission may not occur. Investors in the New VCT/EIS Placing and Old VCT Placing should be aware that, whilst advance assurance has been sought from HMRC, the Directors and Proposed Directors cannot guarantee that New VCT/EIS Placing Shares and Old VCT Placing Shares will be able to be treated as qualifying holdings within the meaning of Part 6 of the Income Tax Act 2007.

Use of Placing proceeds

The net proceeds of the Placing will be used to fund the costs related to the Acquisition, working capital requirements of Fulcrum and the Enlarged Group post Acquisition and the implementation of the Company's turnaround strategy for Fulcrum as detailed in paragraph 6 of this Part I (*Letter from the Directors of Marwyn Capital I Limited*) of this document.

The Ordinary Shares have not been, and will not be registered under the US Securities Act or with any regulatory authority of any state or other jurisdiction of the United States and may not be offered or sold within the United States.

19. Admission, settlement and dealing arrangements

Application has been made to the London Stock Exchange for the Enlarged Share Capital to be admitted to trading on AIM, conditional on (amongst other things) the Resolutions being passed at the General Meeting. It is expected that First Admission will become effective and that dealings in the New VCT/EIS Placing Shares and the Existing Ordinary Shares will commence at 8.00 a.m. on 6 July 2010. It is expected that, subject to First Admission having occurred, Second Admission will become effective and that dealings in the Old VCT Placing Shares will commence at 8.00 a.m. on 7 July 2010. It is expected that, subject to First Admission and Second Admission having occurred, Third Admission will become effective and that dealings in the General Placing Shares will commence at 8.00 a.m. on 8 July 2010.

Dealings in Placing Shares on the London Stock Exchange before Admission will only be settled if Admission takes place. All dealings in Placing Shares prior to commencement of unconditional dealings will be at the sole risk of the parties concerned.

Where applicable, definitive share certificates in respect of the Placing Shares are expected to be despatched, by post at the risk of the recipients, to the relevant holders, at the dates specified on page 5 of this document headed 'Expected timetable of principal events'. The Placing Shares are in registered form and can also be held in uncertificated form via Depository Interests. Prior to the despatch of definitive share certificates in respect of any Placing Shares which are held in certificated form, transfers of those Placing Shares will be certified against the register of members of the Company. No temporary documents of title will be issued. All documents sent by or to a Shareholder, or at his direction, will be sent through the post at shareholders' risk.

CREST is a paperless settlement procedure enabling securities to be evidenced other than by certificate and transferred otherwise than by written instrument. The securities of companies incorporated in the Cayman Islands cannot be admitted to CREST and the Ordinary Shares are therefore not capable themselves of being admitted to CREST. Such securities can, however, be held by a nominee company which issues securities constituted under English law, called depository interests, on a one-for-one basis to the CREST account of the individual shareholder. These depository interests can then be admitted to and settled within CREST like any other CREST security. CREST is a voluntary system and Shareholders who wish to receive and retain share certificates will be able to do so.

The Company, through the Depository, has established a depository arrangement whereby the Depository Interests will be issued to Shareholders who wish to hold their Ordinary Shares in electronic form in CREST. Further details of the Depository Interests are set out below in paragraph 20 of this Part I (*Letter from the Directors of Marwyn Capital I Limited*).

20. Depository Interests

Depository Interests are created pursuant to, and issued on, the terms of the Deed Poll, which will be executed by the Depository in favour of the holder of the Depository Interests from time to time. Shareholders who elect to hold their Ordinary Shares in uncertificated form through the Depository will be bound by the terms of the Deed Poll, the provisions of which are expressed to bind all holders of Depository Interests, future and present.

Ordinary Shares to be held in uncertificated form will be transferred to the Depository or to its nominated custodian. Accordingly, in respect of those Ordinary Shares held by Shareholders in uncertificated form, the Company's register of members will show the Depository (or the custodian, as appropriate) as the legal holder of such shares. The beneficial interest of the Ordinary Shares will, however, remain with the holders of the Depository Interests who will be entitled to receive and exercise (or procure the exercise of) all of the rights attaching to such shares.

The Company will apply for the Depository Interests to be admitted to CREST with effect from Admission. Depository Interests will have the same ISIN as the underlying Ordinary Shares and will not require a separate application for admission to trading on AIM. At the General Meeting, the Company shall ask the Shareholders to consider, and if thought fit, pass (amongst other things) a resolution to change the name of the Company to Fulcrum Utility Services Limited. If this resolution is passed at the General Meeting, a new ISIN for the Ordinary Shares will be required. The Directors and the Proposed Directors expect the new ISIN for the Ordinary Shares to be issued within 10 business days of Admission.

If CREST members wish to avail themselves of the depository arrangements, they can do so by inputting a stock deposit in the usual way. The Company has informed Euroclear UK & Ireland that: (i) a CREST transfer form lodged as a stock deposit will be deemed to constitute a transfer of the Ordinary Shares to the Depository who will issue corresponding Depository Interests in CREST to the depositing members/transferee and (ii) in a similar way, a stock withdrawal will be deemed to constitute an instruction to the Depository to cancel the Depository Interests and effect a transfer of the Ordinary Shares to the person specified in the instruction. Shareholders who wish to do so may withdraw their shares into certificated form at any time using standard CREST messages.

Your attention is drawn to the sections on stamp duty/stamp duty reserve tax set out in paragraph 21 of Part VII (*Additional Information*) of this document.

Trading in Depository Interests on AIM will require Shareholders to deal through a stockbroker or other intermediary who is a member of the London Stock Exchange.

If at any time a CREST member requires any further information regarding the depository arrangements and the holding of Ordinary Shares, the form of Depository Interests or wishes to withdraw its Depository Interests from the CREST system and hold Ordinary Shares in certificated form, the CREST member should contact Capita IRG Trustees Limited, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU.

21. Dividend Policy

The Directors and the Proposed Directors intend to retain any future earnings for the foreseeable future to finance the growth of the Enlarged Group. However, the Directors and the Proposed Directors intend to consider the payment of dividends when the Enlarged Group has sufficient cash and distributable reserves for this purpose and it becomes commercially prudent to do so (subject to applicable laws).

22. Taxation

The attention of investors is drawn to the information regarding taxation in relation to Admission and the Placing which is set out at paragraph 21of Part VII (*Additional Information*) of this document. These details are, however, intended only as a general guide to the current tax law applying in the UK and the Cayman Islands for certain types of investor. Investors who are in any doubt as to their tax position or who are subject to tax in jurisdictions other than the UK or the Cayman Islands are strongly advised to consult their professional advisers.

23. General Meeting

A notice convening a general meeting of the Company to be held at the offices of Mayer Brown International LLP, 201 Bishopsgate, London EC2M 3AF on 5 July 2010 at 10.00 a.m. is set out on pages 131 to 133 of this document. The following resolution will be proposed as an ordinary resolution at the General Meeting:

(a) subject to Admission, to approve the Acquisition.

The following resolutions will be proposed as special resolutions at the General Meeting:

(b) to grant authority to the Directors to allot equity securities (as defined in the Articles) up to:

(i) the maximum aggregate nominal amount of £91,667 to persons applying for Ordinary Shares in connection with the Placing;

(ii) and otherwise than pursuant to the authority in (a)(i) above and (b) below, up to an aggregate amount equal to one third of the fully diluted issued share capital of the Company from time to time;

such authority expiring on the earlier of the date that falls 18 months from the date the resolution is passed or at the conclusion of the first annual general meeting of the Company.

(c) to grant authority to the Directors to allot equity securities (as defined in the Articles) up to an aggregate amount equal to twenty per cent. (20 per cent.) of the fully diluted issued share capital of the Company from time to time to enable the Company to make offers or arrangements which would or might require equity securities to be allotted in respect of the Marwyn Participation Option and the Management Participation Shares, provided that this authority shall expire, unless sooner revoked or altered by the Company in a general meeting, on the date that falls 5 years after the date on which this resolution is passed.

(d) to grant authority to the Directors to allot equity securities (as defined in the Articles) pursuant to the Placing and, otherwise than in relation to the Placing and the authority in (e) below, up to an aggregate amount equal to one third of the fully diluted issued share capital of the Company from time to time on a non pre-emptive basis, such authority expiring on the earlier of the date that falls 18 months from the date the resolution is passed or at the conclusion of the first annual general meeting of the Company.

(e) to grant authority to the Directors to allot equity securities (as defined in the Articles) up to an aggregate amount equal to twenty per cent. (20 per cent.) of the fully diluted issued share capital of the Company from time to time on a non pre-emptive basis, to enable the Company to make offers or arrangements which would or might require equity securities to be allotted in respect of the Marwyn Participation Option and the Management Participation Shares, provided that this authority shall expire, unless sooner revoked or altered by the Company in a general meeting, on the date that falls 5 years after the date on which this resolution is passed.

(f) subject to the passing of the resolution described in (a) above, to change the name of the Company to Fulcrum Utility Services Limited; and

(g) to amend the Memorandum and Articles in their entirety and replace them with the form of amended and restated memorandum and New Articles as described at paragraph 5.3 of Part VII (*Additional Information*) of this document.

Resolution (a) described above is to be passed as an ordinary resolution and requires a simple majority of the Shareholders voting in person or by proxy to be passed. Resolutions (b) to (g) described above are to be passed as special resolutions and require a majority of not less than two-thirds of the Shareholders voting in person or by proxy to be passed. All Resolutions to be approved at the General Meeting relate to special business.

24. Risk Factors and further information

Your attention is drawn to the additional financial and other information set out in Part IV (*Historical Financial Information of the Group*) and Part V (*Historical Financial Information of Fulcrum*). In particular, Part III (*Risk Factors*) should be considered carefully.

25. Actions to be taken

A Form of Proxy is enclosed for use by Shareholders at the General Meeting. Whether or not Shareholders intend to be present at the General Meeting (or any adjournment thereof,) they are asked to complete, sign

and return the Form of Proxy to the Registrar at Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU as soon as possible but in any event so as to arrive not less than 48 hours before the time for which the General Meeting is convened. The completion and return of a Form of Proxy will not preclude a Shareholder from attending the General Meeting and voting in person should they wish to do so.

Depository Interest holders shall also receive, as well as this document, a Form of Direction. The Form of Direction should be completed, signed and returned to the Company's Depository at Capita Registrars, The Registry, 34 Beckenham Road, Kent BR3 4TU, as soon as possible but in any event so as to arrive not less than 72 hours before the time for which the General Meeting is convened. On receipt of the Form of Direction, the Depository will vote at the General Meeting (either in person or by proxy) on the Depository Interest holder's behalf, as directed by the Depository Interest holder in the Form of Direction.

26. Recommendation

The Board unanimously recommends that all Shareholders vote in favour of the Resolutions.

Yours faithfully

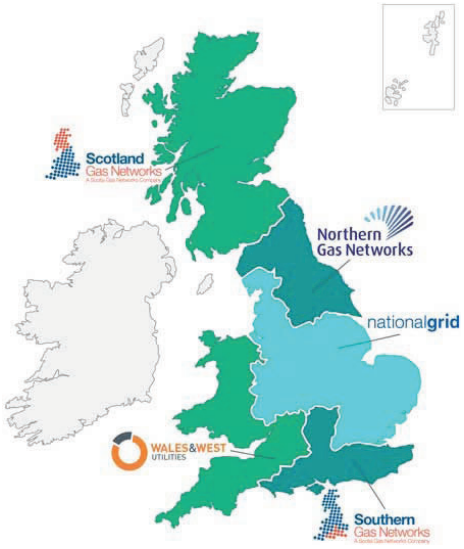
Paul Cookson
Non-executive Director, for and on behalf of the Board

PART II

MARKET INFORMATION

1. Overview of the gas industry

The UK gas infrastructure is divided into national gas storage facilities, interconnectors, the National Transmission System and eight Gas Distribution Networks. National Grid currently owns and operates the National Transmission System, the national high-pressure distribution pipeline which connects to the Gas Distribution Networks that in turn provide lower pressure distribution to local areas. Until 2005, National Grid owned all eight Distribution Networks. In June 2005, National Grid sold four Gas Distribution Networks (Scotland, Wales and West, Northern and Southern) to independent owners, retaining ownership of the remaining four, as shown in the map below.



Source:

Independent Gas Transporters

In addition to the Gas Distribution Networks, there are eleven licenced Independent Gas Transporters, including Fulcrum Pipelines, who are licensed to own and operate small networks connected to Gas Distribution Networks, providing a connection to the gas supply where customers cannot connect directly to a Gas Distribution Network. Currently only five of these eleven Independent Gas Transporters actually operate network assets in the UK. It is estimated that the number of customers connected to an Independent Gas Transporter network (rather than directly to a Distribution Network) is approximately 870,000, and this is projected to reach one million within a few years (*Source: Ofgem*).

Gas suppliers

Until 1986, the UK gas supply industry was a monopoly, operated through British Gas. Today, gas supply in the UK is provided by a large number of retail suppliers. Key suppliers to the industrial and commercial market include British Gas, Corona Energy, Gazprom, E-on and Npower.

Suppliers typically do not own infrastructure assets (e.g. pipes or meters) and pay a transportation fee to the relevant network provider for gas carried by the operator's pipelines. The gas supplier retains responsibility for billing and payment collection from the customer.

Utility Infrastructure Providers

Utility Infrastructure Providers are independent service providers who provide construction, installation and connection services to gas networks. Fulcrum is a Utility Infrastructure Provider although it subcontracts the

physical labour associated with its connections. Other Utility Infrastructure Providers are typically part of large construction and infrastructure companies, such as Balfour Beatty plc.

2. Asset ownership

The ownership of pipeline and meter assets in the gas industry is regulated by Ofgem. Ownership of assets gives operators the right to charge rental fees to users (e.g. suppliers or end customers) for their use. The Directors and Proposed Directors believe that approximately 25.0 per cent. of a consumer's gas bill is typically related to transportation charges and 1.5 per cent. is related to a meter rental charge. To own a pipeline or operate a distribution network an operator must have a Gas Distribution Network or Independent Gas Transporter licence.

Without a Gas Distribution Network or an Independent Gas Transporter Licence, a gas connections provider must arrange for the adoption of a pipe or meter asset to a relevant licence holder on completion of the installation.

3. Gas market regulation

Ofgem is the official independent regulating body for both the gas and electricity industries. Gas connections fall into either regulated or unregulated categories. Standard single gas connections (those where the connecting pipe is less than 23 metres long) to domestic properties remain regulated by Ofgem. These connections are typically carried out by the relevant network operator and are charged at a standard regulated price with regulated service delivery standards. By contrast, all other connections (including those relating to new property developments and more complex domestic connections) are unregulated, with prices set by a competitive market.

Independent Gas Transporters are also licenced by Ofgem. Relative price control policy was introduced in July 2004, capping transportation charges at a level broadly consistent with the equivalent Gas Distribution Network charge. Ofgem review the pricing allowed by Gas Distribution Networks on a periodic basis.

4. Overview of the gas connections industry

The gas connections market represents the physical connection of the end customer to a distribution network. A typical connection will involve the design and installation of a meter (to measure gas usage) and a connecting pipeline (connecting the property and meter to the mains network). Connections are typically new connections to the gas mains, either to a Gas Distribution Network or via an Independent Gas Transporter network. Connections services are also provided to existing connections, where the existing pipeline or meter requires alteration, refurbishment, an increase in capacity or diversion. The split between new and modified connections in the UK market is approximately 30–40 per cent. for new connections and 60–70 per cent. for modified connections. In addition, connections work may involve the diversion or extension of the mains network. Gas connections range from the connection of a single property through a service pipe to larger, more complex pipe assets to industrial and commercial premises or residential developments.

In the year to 31 March 2009, 208,963 new and modified gas connections were undertaken in the UK.

Participants in the new connections market

A customer who wishes to arrange a gas connection to the mains supply can approach one of four categories of market participants:

- a gas supplier;
- the relevant Gas Distribution Network operator;
- the relevant Independent Gas Transporter;
- third party intermediaries such as energy consultants; and
- a Utility Infrastructure Provider.

As the gas connections market has developed, the number of participants in the market has increased and competition is now fragmented. New entrants have come from a number of areas. In the first instance, the independently owned Gas Distribution Networks have established subsidiaries to provide gas connection services within their geographic regions. In addition, the Independent Gas Transporters and gas suppliers have established their own subsidiaries to carry out gas or project manage connections when approached by their customers. With increasing competition, the number of independent connections providers, both Utility Infrastructure Providers and third party providers, has also grown. These independent connections providers will manage connections on behalf of network operators and gas suppliers or directly to end users.

The Directors and the Proposed Directors believe that the UK is witnessing an increasing trend towards outsourcing of gas connections services to third parties. In the year to 31 March 2008 the proportion of connections carried out by independent operators (including Fulcrum) exceeded the market share of the Gas Distribution Networks' internal connections operations for the first time. Of those gas connections that were made directly to Gas Distribution Networks in the year to 31 March 2009 (49 per cent. of the total), 88 per cent. were connected by the Gas Distribution Networks themselves and 12 per cent. by independent third parties (a 7 per cent. increase on the year to 31 March 2008). However, of those connections to Independent Gas Transporter networks (51 per cent.), 58 per cent. were undertaken by the Independent Gas Transporter (and their affiliates) themselves and 42 per cent. by independent third parties (*Source: Ofgem*).

Revenue drivers

The ultimate customer in any new gas connection is the occupier of the property to be connected to the gas supply. However, only a small proportion of new connections revenues are generated through a direct relationship with the ultimate customer and such revenue is typically limited to larger new developments. Customers seeking a new connection will typically approach their gas supplier (such as British Gas), the operator of their Gas Distribution Network (such as National Grid), or a local Independent Gas Transporter. In addition, industrial and commercial customers may rely on third party intermediaries, such as energy consultants, to source utilities connections. The ability of each of these parties to manage the connection on behalf of the ultimate customer is limited by their in-house engineering, design and physical installation capabilities. Where they do not have the capability or capacity to manage such a connection, they will outsource the management of connections to third parties, such as Fulcrum. Therefore, the Directors and the Proposed Directors believe that strong relationships with these industry participants are key to successful revenue generation.

The overall gas connection market will to some degree be influenced by the UK property market, which has suffered in the recent recession. However, the Directors and Proposed Directors believe that the opportunity to add incremental revenue is not dependent on a recovery in the property market as a whole.

5. Smart metering

A smart meter is an advanced gas or electricity meter that identifies consumption in more detail than a conventional meter and generally communicates that information back to both the ultimate customer and the supplier for monitoring and billing purposes. Smart meters provide a new way of measuring gas consumption, allowing suppliers to introduce different prices for consumption based on the time of day and the season and so better matching consumption with supply. In addition, they provide real time information on gas consumption to the end user, allowing them to maximise the efficiency of their gas usage and solve the problem of estimated gas meter readings. Current Government trials estimate that smart meters will reduce energy bills by up to 3 per cent. but use in parts of the United States suggests savings of up to 10 per cent.

The UK Government has made public its intention to roll out smart meters across the UK by 2020 as a key part of its policy towards energy demand-side management, with the commercial market completed by 2013. This is estimated to be at a cost of up to £9 billion necessitating the replacement of approximately half of the UK's meter asset base (representing approximately 19 million meters to be installed). The Directors and Proposed Directors believe that this will provide a significant short term opportunity to connections and meter installation businesses who will be required to meet such a wholesale refurbishment of the UK gas meter base.

PART III

RISK FACTORS

An investment in the Ordinary Shares involves a high degree of risk. Accordingly prospective investors should carefully consider the specific risk factors set out below in addition to the other information contained in this document before investing in Ordinary Shares. The Board considers the following risks and other factors to be the most significant for potential investors in the Company, but the risks listed do not necessarily comprise all those associated with an investment in the Company and are not set out in any particular order of priority. If any of the following risks actually occur, the Enlarged Group's business, financial condition, capital resources, results or future operations could be materially adversely affected. In such a case, the market price of the Ordinary Shares could decline and investors may lose all or part of their investment.

Additional risks and uncertainties not currently known to the Board or which the Board currently deem immaterial may also have an adverse effect on the Enlarged Group's business and the information set out below does not purport to be an exhaustive summary of the risks affecting the Enlarged Group. In particular, the Enlarged Group's performance may be affected by changes in the market and/or economic conditions and in legal, regulatory and tax requirements. An investment in the Ordinary Shares described in this document is speculative. Potential investors are accordingly advised to consult an independent professional adviser authorised for the purposes of FSMA who specialises in advising on investment of this kind before making an investment decision. A prospective investor should consider carefully whether an investment in the Enlarged Group is suitable in the light of his, her or its personal circumstances and the financial resources available to him, her or it. If you are in any doubt about the action you should take, you should consult your independent professional adviser authorised under FSMA.

1. Risks relating to the business of the Company

Dependence on the Acquisition

The Company has not, since incorporation, carried on any trading activities. The value of any investment in the Company is, therefore, wholly dependent upon the successful implementation of its turnaround strategy to turnaround Fulcrum as described in paragraph 6 of Part I (*Letter from the Directors of Marwyn Capital I Limited*) of this document.

Current operating results not an indication of future results

The Company's operating results may fluctuate significantly in the future due to a variety of factors, many of which are outside of its control. Factors that may affect the Company's operating results include (amongst others) the success of the Company, the economic climate and the UK housing market. It is possible that, in the future, the Company's operating results will fall below the expectations of securities analysts or investors. If this occurs, the trading price of the Company's shares may decline significantly.

Potential dilution from management and Marwyn incentives

The Company has in place and intends to implement certain incentive schemes through which certain key employees and Marwyn Management Partners L.P. will be rewarded for increases in shareholder value, subject to certain conditions and performance hurdles as set out in paragraphs 13 to 14 of Part I (*Letter from the Directors of Marwyn Capital I Limited*) of this document. John Spellman and Philip Holder have subscribed for Management Participation Shares, and the Company has granted Marwyn Management Partners L.P. the Marwyn Participation Option. The Company may, in the future, purchase the Management Participation Shares for the issue of new Ordinary Shares at its discretion. The Company may also be required to issue new Ordinary Shares pursuant to the Marwyn Participation Option. The Company will, if the Resolutions are passed, have the authority to issue an aggregate amount equal to twenty per cent. of the fully diluted issued share capital from time to time, for a period of 5 years in order to satisfy the potential requirement to issue these shares. If the Company issues Ordinary Shares in order to satisfy the incentivisation schemes, the existing Shareholders may face significant dilution.

Gearing

The Group and Fulcrum will have no third party debt immediately following Completion and the Directors and the Proposed Directors do not currently intend to raise debt finance. However, the Company may in the future be geared through borrowings, which would typically be secured on its investments. The Articles contain no specific borrowing limits. If the costs of the Enlarged Group's borrowings exceed the return on the Enlarged Group's assets, the borrowings will have a negative effect on the Enlarged Group's performance. If the Enlarged Group cannot generate adequate cash flows to meet any debt service obligations, it may suffer a partial or total loss of its capital. In the event that the Enlarged Group enters into a bank facility agreement, such agreement may contain financial covenants. The agreement may require that in the event that any such financial covenant or if any other covenant is breached, the Enlarged Group may be required to repay the borrowings in whole or in part. In such circumstances, the Enlarged Group may be required to sell, in a limited time, some or all of its investments, potentially in circumstances where there has been a downturn in values in the sector generally, such that the realisation proceeds do not reflect the Enlarged Group's valuation of the investments.

Dividends

Whether the Board declares dividends or not will depend on various factors including the Enlarged Group's future financial performance, profits, levels of distributable reserves, capital requirements, general economic conditions and applicable law. As Fulcrum, which will be the only business of the Enlarged Group post-Completion, is currently loss-making and the Board intends to implement a significant turnaround strategy, it could be a number of years before the Company is able to declare any dividends.

2. Risks relating to the turnaround strategy and its future success

Dependence on key executives and personnel

In order to develop and maintain its business, the Company must recruit suitably qualified people. Whilst it is the intention that the Company will enter into service agreements with certain identified operational managers following Completion, there is no guarantee that the operational managers will enter into such arrangements. If the operational managers do enter into service agreements with the Company, the retention of their services in the future cannot be guaranteed.

In common with many smaller companies, the Company's future success is substantially dependent upon its senior management. Once employed, the loss of any member of the Company's senior management could harm or delay the plans of the business either whilst management time is directed to finding suitable replacements or if no suitable replacement is available to the Company. In either case, this may have a material adverse effect on the future of the Company's business.

The Company's future success depends also on the ability to attract, train, retain and motivate highly skilled technical, sales and customer support personnel. Competition for personnel with appropriate qualifications is intense and may become even more so in the future. The Company cannot be sure that it will be able to attract and secure suitable personnel in the future.

Risk inherent with the turnaround of a loss making business

It is the Directors and the Proposed Directors view that Fulcrum has underperformed in recent years. In order fully to realise the benefits of the Acquisition the Board considers it needs to deliver a successful turnaround strategy. The turnaround will involve initiatives to grow Fulcrum's market share, realise operational efficiencies, the implementation of a new IT system and imposing stricter controls on cash management. This will be a complex process and will place significant demands on the management, financial, technical and other resources of the Company and Fulcrum. In addition, the Board and senior managers of the Company and Fulcrum who will be engaged to implement the turnaround strategy have not previously worked for Fulcrum and, as a result, may take some time post-completion to understand its business. There is a risk that, as a result, the turnaround plan may take longer to implement than anticipated and issues may arise which the Board had not previously considered. If the Board is unsuccessful in implementing the proposed turnaround of Fulcrum, the Enlarged Group's financial and operating performance could materially suffer.

Requirement for further funds if working capital is insufficient

The Directors and the Proposed Directors are of the opinion, having made due and careful enquiry and having taken into account the net proceeds of the Placing, that the working capital available to the Enlarged Group will be sufficient for its present requirements, that is for at least the next twelve months from the date of Admission. It is possible that due to unforeseen circumstances, the proceeds of the Placing will not be sufficient to cover the cash requirements of the business and the Company will require further financing by issuing equity securities or convertible debt securities. There is no guarantee that the then prevailing market conditions will allow for such a fundraising or that new investors will be prepared to subscribe for Ordinary Shares at the same price as the Placing Price or higher. If further financing is obtained by issuing equity securities or convertible debt securities, existing Shareholders may be diluted and the new securities may carry rights, privileges and preferences superior to the Ordinary Shares. The Company may also seek debt finance in the future. There can be no assurance that the Company will be able to raise those debt funds, whether on acceptable terms or at all. If debt financing is obtained, the Company's ability to raise further finance and its ability to operate its business may be subject to restrictions.

Ability to increase revenue

The markets in which the Enlarged Group operates are competitive. The Enlarged Group may face significant competition, including from competitors who may be larger and/or have greater capital resources. There is no assurance that the Enlarged Group will be able to compete successfully in such a marketplace in the future. In addition, the Enlarged Group cannot predict the pricing or promotional activities of its competitors or their effect on its ability to market and sell its services. In order to ensure that its services remain competitive, the Enlarged Group may be required to reduce its prices as a result of price reductions by its competitors. This could adversely affect the Enlarged Group's results.

There are no assurances that the strength of Fulcrum's competitors will not improve or that Fulcrum will win any additional market share from its competitors or maintain its existing market share. Further, Fulcrum's competitors may be able to respond more quickly to new or emerging technologies and changes in client requirements and/or demands. Existing and/or increased competition could adversely affect Fulcrum's market share and materially affect its business, financial condition and operating results. Competitive pressures may intensify and as a result may force Fulcrum to reduce the price of its services or attract Fulcrum's current customer base to use an alternative supplier, which could adversely affect its business, financial condition and operating results.

3. Risks relating to the business of Fulcrum

Divestment from National Grid

Fulcrum is currently owned by National Grid, one of the world's largest and most recognised utility infrastructure companies. Although Fulcrum is a separate trading entity and does not use the National Grid brand in any way, customers and suppliers are aware of Fulcrum's ownership and may perceive this in a positive light from a commercial and financial trading risk perspective. There is risk that, following Completion, customers and suppliers are less willing to give as favourable trading terms to Fulcrum under independent ownership.

Fulcrum to operate as a standalone business

Post-Completion, Fulcrum will have to operate as a stand alone business. Although Fulcrum is not presently reliant on National Grid for the majority of its operational services, it will need to establish certain functions for which it previously relied on National Grid to provide. In particular, Fulcrum will need to create a stand alone tax and treasury function. This may place significant demands on the time of the senior management of Fulcrum and the Company as well as other resources and its success is dependent on finding appropriately qualified individuals to set up and manage the additional functions. Although the Company has sought to mitigate this risk by making appropriate arrangements as part of the Acquisition, there is a risk that, following Completion, issues may arise which could adversely affect Fulcrum's business, financial condition and operating results.

Contracts with customers

There exist only very limited long term commercial contracts between Fulcrum and its customers. The relationship between Fulcrum and many of its customers is not regulated by a contract. Instead, the majority of Fulcrum's business with customers is based on purchase orders and an implied acceptance by customers of Fulcrum's standard terms and conditions. There can, therefore, be no certainty that business will continue to flow from Fulcrum's customers at historic levels.

Contracts with suppliers

The physical installation works required to install the gas connections managed by Fulcrum are carried out by sub-contractors on behalf of Fulcrum. Fulcrum relies on its sub-contractors to complete the projects which it contracts with its customers to provide. Approximately 90 per cent. of Fulcrum's installation work is carried out by one sub-contractor. Fulcrum is therefore heavily reliant on this sub-contractor to carry out installation works for Fulcrum's customers on its behalf. The contract between Fulcrum and its principle sub-contractor has expired and a new contract is currently being negotiated. There is no guarantee that Fulcrum's principle sub-contractor will continue to provide these key installation services to Fulcrum in the future at the same pricing level or at all. This could adversely affect the Company's business, financial condition and operating results.

To the extent that Fulcrum cannot engage sub-contractors according to its plans and budgets, its ability to complete a project in a timely fashion or at a profit may be impaired. In addition, if a sub-contractor is unable to deliver its services, equipment or materials according to the negotiated terms or on time, Fulcrum may be required to purchase such services, equipment or materials from another source at a higher price. The resulting additional costs may be substantial, and Fulcrum may be required to compensate the project customer for delays. Further, Fulcrum may not be able to recover any or all of these costs in all circumstances, which may reduce the profit to be realised or result in a loss on a project for which the services, equipment or materials were needed.

Exposure to industrial action by the Enlarged Group's employees could affect the Enlarged Group's operations

Fulcrum has recognised two trade unions (Unison and GMB/Apex) of which the majority of Fulcrum's employees are members. Fulcrum's business is therefore exposed, and will continue to be exposed following Completion, to the potential for industrial action by its employees. Fulcrum has developed industrial relations programmes and formal and informal employee communication channels, and regularly consults with the recognised trade unions, its employees and their representatives on issues that affect them. However, the risk of industrial action remains and may become more pronounced in connection with the integration and turnaround programmes, and any such action could have a material adverse effect on Fulcrum's business, reputation, financial condition and/or operating results.

Environment, health and safety

Fulcrum's business will be subject to regulations relating to the protection of the environment and health and safety. The Directors and the Proposed Directors believe that Fulcrum is in compliance with all such laws, rules, regulations and policies that are currently applicable to it. However, there can be no assurance that Fulcrum will not be required to incur costs to comply with such environmental and health and safety laws and regulations in the future.

Licences, permits and approvals

Fulcrum relies on a number of different licences which it requires in order to carry out its current business operations. In particular, Fulcrum Pipelines is licensed by Ofgem as an Independent Gas Transporter which is required in order to carry out certain of Fulcrum's business activities. This licence imposes many obligations and requirements on Fulcrum Pipelines and the Company as its ultimate controller. Failures to comply with this licence or obtain additional required licences to comply with future changes to laws and regulations or to develop new business operations could adversely affect the operations of the Enlarged Group. These laws and regulations impose an administrative burden on the Enlarged Group and additional or more stringent requirements could be imposed in the future.

The ability to obtain, sustain or renew licences, registrations, certifications and accreditations on acceptable terms is subject to changes in regulations and policies and to the discretion of applicable governmental authorities. If such licences, registrations, certifications and accreditations cannot be obtained or renewed, the Company would not be able to carry out all or part of its business. This may have a material adverse impact on some or all of the Enlarged Group business.

4. Risks relating to companies operating in the gas connections market

Gas industry risks generally

Operating in the gas industry carries with it inherent risks, such as reliance on aging infrastructure, potential injury to or loss of human life or equipment, as well as the risk of downtime or low productivity caused by weather interruptions or equipment failures. Whilst Fulcrum will seek to reduce the risk of losses arising from such circumstances, through careful planning and operational guidelines, and will seek to mitigate this risk with suitable insurance arrangements or the sharing of risk with client and supplier organisations on whose behalf Fulcrum operates, there can be no guarantee that litigation will not arise from such losses, that Fulcrum's activities will not otherwise be interrupted by the onset of adverse conditions, that Fulcrum's insurance arrangements will fully compensate any losses arising or that Fulcrum's activities will not be interrupted causing damage to the Company's business, significant liability, or a poor operating performance.

Economic climate

The number of new gas connections fell by 19 per cent. in 2009 a reduction that has largely been attributed to the downturn of the housing market. Although the UK economy and housing market are forecast to recover and grow to 2013, the Directors and the Proposed Directors can give no assurances that the number of new or modified gas connections will increase.

Legislative and regulatory risks associated with operating in gas market

Fulcrum's primary business is the provision of unregulated gas connection services to the residential, commercial and industrial markets in the UK.

There are no assurances that Fulcrum's primary business will remain unregulated. Regulation increases costs by virtue of compliance procedures and may restrict the ability of the Board to manage the Company or the Fulcrum business as it sees fit. Operating in a regulated industry imposes additional restrictions and pressures on management and could adversely effect the business, financial condition and operating results of the Company.

5. Risk relating to the Ordinary Shares, all securities traded on AIM and risks related to the Placing

Liquidity

There may not be sufficient liquidity in the market for the Ordinary Shares in order for investors to sell their Ordinary Shares.

The Ordinary Shares will be traded on AIM rather than the Official List. It may be more difficult for an investor to realise his or her investment in an AIM-traded company than a company whose securities are listed on the Official List. Whilst the Company is applying for the admission of the Enlarged Share Capital to trading on AIM, there can be no assurance that an active trading market will develop, or if developed, that it will be maintained.

AIM is a market for emerging or smaller, growing companies and may not provide the liquidity normally associated with the Official List or other exchanges. The future success of AIM and liquidity in the market for the Ordinary Shares cannot be guaranteed. In particular, the market for the Ordinary Shares may be, or may become, relatively illiquid and therefore the Ordinary Shares may be or may become difficult to sell.

An investment in the Company may not be suitable for all recipients of this document. Accordingly, investors are strongly advised to consult an independent financial adviser authorised for the purposes of FSMA.

Share price volatility

The trading price of the Ordinary Shares may be subject to wide fluctuations in response to a range of events and factors, such as variations in operating results, announcements of technological innovations or new products and services by the Enlarged Group or its competitors, changes in financial estimates and recommendations by securities analysts, the share price performance of other companies that investors may deem comparable to the Enlarged Group, the general market perception of utility services companies, news reports relating to trends in the Enlarged Group's markets, legislative changes in the Enlarged Group's sector and other factors outside of the Enlarged Group's control. Such events and factors may adversely affect the trading price of the Ordinary Shares, regardless of the performance of the Enlarged Group. Prospective investors should be aware that the value of the Ordinary Shares could go down as well as up and investors may therefore not recover their original investment especially as the market in the Ordinary Shares may have limited liquidity.

Limited prior public trading

The Placing Price has been agreed between the Company and Cenkos Securities and may not be indicative of the market price following Admission.

The market price of the Ordinary Shares, following Admission, may be subject to wide fluctuations in response to many factors, including those referred to in this Part III, as well as stock market fluctuations and general economic conditions that may substantially affect the market price of the Ordinary Shares, regardless of the actual performance of the Enlarged Group. These conditions may substantially affect the market price of the Ordinary Shares.

Lock-in and orderly market arrangements

Whilst certain holders of Ordinary Shares have agreed to certain lock-in and orderly market arrangements in respect of Ordinary Shares held by them, a significant proportion of the Company's Enlarged Share Capital will not be subject to lock-in arrangements and in any event after the existing lock-in and orderly market arrangements cease to apply there will be no contractual restriction on the sale of the Ordinary Shares held by the locked-in Shareholder. Furthermore, Cenkos Securities and the Company may release all or any portion of the Ordinary Shares subject to these lock-in and orderly market arrangements. Further information on these lock-in and orderly market arrangements is set out in paragraph 17 of Part I (*Letter from the Directors of Marwyn Capital I Limited*) and paragraph 14.1 of Part VII (*Additional Information*) of this document.

EIS and VCT status

Provisional approval has been granted by HMRC that the Company (immediately after First Admission and Second Admission but before the General Placing) should qualify as a qualifying company for the purposes of VCT/EIS legislation or provisions. The Company gives no warranties or undertakings that VCT qualifying status or EIS relief will be available or that, if given, such relief or status will not be withdrawn whether before or after First Admission or Second Admission. Should the law regarding VCT/EIS change then any reliefs or qualifying status previously obtained may be lost.

If the Company ceases to carry on the business outlined in this document during the three year period from the last allotment of Ordinary Shares, this could prejudice the qualifying status of the Company (as referred to above) under the VCT/EIS scheme. This situation will be closely monitored with a view to preserving the Company's qualifying status but this cannot be guaranteed.

Circumstances may arise where the Board believe that the interests of the Company are not best served by acting in a way that preserves VCT qualifying status or the EIS relief (including Capital Gains Tax). In such circumstances, the Company cannot undertake to conduct its activities in a way designed to secure or preserve any such relief or status claimed by any Shareholder. If the Company does not employ at least 80 per cent. of the proceeds of a VCT/EIS share issue (and other shares of the same class issued on the same day) for qualifying trading purposes within 12 months of the Company starting its trade, and the remainder within 24 months of that date, the EIS shares would cease to be eligible shares and all of the EIS tax reliefs of investors would be withdrawn.

In respect of share subscriptions made by a VCT, the funds invested by the VCT would be apportioned *pro rata* and its qualifying holding would be equal to the VCT's funds that had been employed for qualifying trading purposes within the above time limits. Any remaining element of the VCT's investment would comprise part of its non-qualifying holding.

Investors in the New VCT/EIS Placing and Old VCT Placing should be aware that, whilst advance assurance has been sought from HMRC, the Directors and the Proposed Directors cannot guarantee that New VCT/EIS Placing Shares and Old VCT Placing Shares will be able to be treated as qualifying holdings within the meaning of Part 6 of the Income Tax Act 2007.

The information in this document is based upon current tax law and practice and other legislation and any changes in the legislation or in the levels and bases of, and reliefs from, taxation may affect the value of an investment in the Company.

No guarantee of Third Admission

There can be no guarantee that Third Admission will take place when expected, or at all, and it is possible that trading in the New VCT/EIS Placing Shares and the Old VCT Placing Shares will proceed in circumstances where Third Admission, trading in the General Placing Shares and Acquisition do not subsequently complete.

The Takeover Code

As the Company is incorporated in the Cayman Islands, the Takeover Code does not apply to the Company. The laws of the Cayman Islands applicable to the Company do not contain any provisions similar to those in the Takeover Code which are designed to regulate the way in which takeovers are conducted.

Any person or persons acting in concert will be able to acquire shares in the Company which, when taken together with the shares already held by them, carry 30 per cent. or more of the voting rights in the Company without being required to make a general offer for the entire issued share capital of the Company. Additionally, any party intending to acquire all or a substantial part of the issued share capital of the Company will not be obliged to comply with the provisions of the Takeover Code including, for example, as to announcements, equality of treatment for shareholders as to value and type of consideration offered, the prohibition on favourable conditions that are not extended to all shareholders, the information that must be sent to shareholders on a takeover, the requirement for independent advice to be provided to the board on a takeover and for such advice to be made known to shareholders. The Company will also not be subject to the overall scrutiny and sanctions of the UK Panel on Takeovers and Mergers.

Major shareholder

On Admission, approximately 13.2 per cent. of the Company's issued share capital will be held by Marwyn Value Investors L.P. As further described in paragraph 12 of Part I (*Letter from the Chairman of Marwyn Capital I Limited*), Marwyn Value Investors L.P. will therefore be able to exercise significant control over the Company's corporate actions without requiring the approval of the Company's other Shareholders. In addition, Mark Watts, a Proposed Director, is not independent of Marwyn Value Investors L.P.

Furthermore, the Takeover Code does not apply to any further purchases of the Ordinary Shares which Marwyn Value Investors L.P. may or may not make.

Voting rights of holders of Depository Interests

Securities issued by non-UK registered companies, such as the Company, cannot be held or transferred in the CREST system. However, to enable investors to settle such securities through the CREST system, a depository or custodian can hold the relevant securities and issue dematerialised depository interests representing the underlying Ordinary Shares which are held on trust for the holders of these depository interests. Under the Articles, only those persons who are Shareholders of record are entitled to exercise voting rights. Persons who hold Ordinary Shares in the form of depository interests will not be considered to be record holders of Ordinary Shares that are on deposit with the Depository and, accordingly, will not be able to exercise voting rights. However, the Deed Poll provides that the Depository shall pass on, as far as it

is reasonably able, rights and entitlements to vote. In order to direct the delivery of votes, holders of Depository Interests must deliver instructions to the Depository by the specified date in the form of a Form of Direction. Neither the Company nor the Depository can guarantee that holders of Depository Interests will receive the notice in time to instruct the Depository as to the delivery of votes in respect of Ordinary Shares represented by Depository Interests and it is possible that they will not have the opportunity to direct the delivery of votes in respect of such shares. In addition, persons who beneficially own Ordinary Shares that are registered in the name of a nominee must instruct their nominee to deliver votes on their behalf. Neither the Company nor any nominee can guarantee that holders of Depository Interests will receive any notice of a solicitation of votes in time to instruct nominees to deliver votes on behalf of such holders and it is possible that holders of Depository Interests and other persons who hold Ordinary Shares through brokers, dealers or other third parties will not have the opportunity to exercise any voting rights.

6. General risk factors

Terrorist action

There is a risk of terrorist attacks on the United Kingdom and elsewhere carrying significant loss of life and property damage and disruptions in global markets. Economic and diplomatic sanctions may be in place or imposed on certain states and military action may be commenced. The impact of these events is unclear, but could potentially have a material effect on general economic conditions and market liquidity.

Forward looking statements

This document contains forward-looking statements. These relate to the Company's future prospects, developments and strategies. Forward-looking statements are identified by their use of terms and phrases such as "believe", "could", "envisage", "estimate", "intend", "may", "plan", "will" or the negative of those, variations or comparable expressions, including references to assumptions. The forward looking statements in this document are based on current expectations and are subject to risks and uncertainties that could cause actual results to differ materially from those expressed or implied by those statements.

Taxation

There can be no certainty that the current taxation regime in the United Kingdom, the Cayman Islands or overseas jurisdictions within which the Company may operate will remain in force or that the current levels of corporation taxation will remain unchanged. Any change in the tax status or tax legislation may have a material adverse affect on the financial position of the Company.

A change to Cayman Islands laws could affect the Company's ability to make distributions or the Company's tax exempt status.

Statements in this document concerning the taxation under United Kingdom and Cayman Islands law are based upon current tax law and practice which is subject to change. Any change in the Cayman Islands to the basis on which profits may be distributed by Cayman Islands companies could have a negative impact on the Company's ability to pay dividends. Any change in the Company or the Enlarged Group's tax status or in tax legislation in the Cayman Islands could affect the value of the investments held by the Enlarged Group and its performance and may, as a result, also affect the market price of the Ordinary Shares. Also, a change in tax legislation or tax treaties in any of the countries in which the Company may or does have investments, or through which investments are made could adversely affect the returns from the Company to investors.

Restriction on auditors' liability

Cayman Islands law does not restrict the ability of auditors to limit their liability and consequently any future engagement letter entered into with the Company's future auditors may contain such a provision as well as contain provisions indemnifying the auditors in certain circumstances.

The list of risk factors above does not purport to be a complete enumeration or explanation of the risks involved in an investment in the Company. Prospective investors should read this entire document and consult with their own legal, tax and financial advisers before deciding to invest in the Company.

PART IV

HISTORICAL FINANCIAL INFORMATION OF THE GROUP

The Company was incorporated on 4 December 2009 and the Subsidiary was incorporated on 14 December 2009. Since these dates, the Group has not commenced operations and, as at the date of this document, has not made up any financial statements. Financial information in relation to the Group has therefore not been included in this document.

The Group's financial year end is currently 31 December. The Directors and the Proposed Directors intend that, following Completion, the Group will change it's financial year end to 31 March in order to align the reporting of the Group's annual financial statements with those of Fulcrum, which has a financial year end of 31 March. Following this change, the annual financial statements of the Group will be made up to 31 March in each year and interim financial statements will be made up to 30 September in each year. An annual report and the audited financial statements of the Company will be sent to Shareholders as soon as practicable and in any event within six months of the financial year end and the interim financial statements of the Company will be sent to Shareholders as soon as practicable and in any event within three months of the half-year end. The Company's audited financial statements for the year ended 31 March 2010 will be published by 31 August 2010. The Company's financial statements will be prepared in accordance with IFRS.

Part VI (*Unaudited pro forma net asset statement for the Enlarged Group*) of this document sets out an unaudited pro forma statement of the consolidated net assets of the Enlarged Group, which is based on the consolidated net assets of the Company as at its date of incorporation and has been prepared to illustrate the effect on the consolidated net assets of the Company as if the Acquisition had been effected on the date of incorporation of the Company.

PART V

HISTORICAL FINANCIAL INFORMATION OF FULCRUM

SECTION A: UNAUDITED INTERIM RESULTS OF FULCRUM FOR THE TEN MONTHS ENDED 31 JANUARY 2010

Condensed Consolidated Income Statement
for the ten months ended 31 January 2010

	Note	*Unaudited 10 months ended 31 January 2010 £000*
Revenue	2,4	30,985
Cost of sales		(21,999)
Gross profit		8,986
Administrative expenses – before exceptional items		(18,424)
Exceptional administrative items	5	(2,661)
Total administrative expenses		(21,085)
Operating loss and loss before tax		(12,099)
Taxation	6	3,831
Loss for the period/year attributable to equity holders of the parent		(8,268)
Basic and diluted loss per share	7	(82.7)

The notes on pages 42 to 48 are an integral part of the interim financial information.

There is no difference between the "Loss for the period attributable to equity holders of the parent" and "Total recognised income and expense for the period attributable to equity shareholders of the parent". As such a separate Condensed Consolidated Statement of Comprehensive Income has not been presented.

The results of Fulcrum presented above might have been different if Fulcrum had operated as a separate legal group during the period covered above. The results are not necessarily indicative of the results for future periods since the historical capital and funding structure does not reflect the future capital and funding structure.

Condensed Consolidated Balance Sheet
at 31 January 2010

	Note	*Unaudited 31 January 2010 £000*
Non-current assets		
Property, plant and equipment		6,405
Intangible assets		487
Deferred tax assets		380
		7,272
Current assets		
Inventories		3,070
Current tax assets	6	4,447
Trade and other receivables	9	8,450
Cash and cash equivalents		–
		15,967
Total assets		23,239
Current liabilities		
Bank overdraft		(276)
Inter-company loans and borrowings	10	(12,068)
Trade and other payables	11	(23,273)
Provisions		(121)
Total liabilities		(35,738)
Net liabilities		(12,499)
Equity attributable to equity holders of the parent		
Share capital		10,000
Retained earnings		(22,499)
Deficiency in total equity		(12,499)

The notes on pages 42 to 48 are an integral part of the interim financial information.

Condensed Consolidated Statement of Changes in Equity
at 31 January 2010 unaudited

	Share Capital £000	*Retained earnings £000*	*Total equity £000*
Balance at 1 April 2009	10,000	(14,530)	(4,530)
Total Comprehensive Income – Loss for the ten months ended 31 January 2010	–	(8,268)	(8,268)
Income and expense recognised directly in equity:			
Equity-settled share based payment transactions	–	299	299
Balance at 31 January 2010	10,000	(22,499)	(12,499)

The notes on pages 42 to 48 are an integral part of the interim financial information.

Condensed Consolidated Cash Flow Statement
for the ten months ended 31 January 2010

	Unaudited 10 months ended 31 January 2010 £000
Cash flows from operating activities	
Loss for the year/period	(8,268)
Adjustments for:	
Depreciation	722
Amortisation of intangible assets	431
Loss on sale of property, plant and equipment	–
Equity settled share-based payment expenses	299
Taxation credit	(3,831)
(Increase)/decrease in trade and other receivables	6,230
Increase in inventories	(1,133)
Increase/(decrease) in trade and other payables	(4,287)
Decrease in provisions and employee benefits	(842)
Cash from operating activities	(10,679)
Taxation received	2,684
Net cash from operating activities	(7,995)
Cash flows from investing activities	
Proceeds from sale of property, plant and equipment	–
Acquisition of property, plant and equipment	(1,650)
Acquisition of intangibles	(164)
Net cash from investing activities	(1,814)
Cash flows from financing activities	
Proceeds from loans due to related parties	3,861
Proceeds from repayment of loans due from related parties	5,488
Net cash from financing activities	9,349
Net decrease in cash and cash equivalents	(460)
Cash and cash equivalents at 1 April 2008/2009	184
Cash and cash equivalents at 31 March 2009/ (Bank overdraft) at 31 January 2010	(276)

The notes on pages 42 to 48 are an integral part of the interim financial information.

Notes (forming part of the financial information)

1. Accounting policies

Overview

Fulcrum Group Holdings is a company incorporated and domiciled in the UK.

Basis of accounting

The historical financial information presented herein (the "**consolidated interim financial information**") consolidates the historical financial information of Fulcrum Group Holdings and its subsidiaries (together referred to as "**Fulcrum**"). The address of the registered office is 1-3 Strand, London, WC2N 5EH. The nature of Fulcrum's operations and its principal activities are the provision of infrastructure and services, meter sales and rentals, and gas transportation.

The consolidated interim financial information presented herein is for the ten months ended 31 January 2010 (the "**track record**"). The consolidated interim financial information has been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union, in accordance with International Accounting Standard 34 'Interim Financial Reporting' except as noted below. The consolidated interim financial information has been approved by the Directors.

The consolidated interim financial information does not include comparative information for the year ended 31 March 2009, as required by International Accounting Standard 34.

The following interpretation and amendments, issued by the IFRIC and the IASB, are effective for the year ending 31 March 2010, but have not yet been endorsed by the European Union:

- IFRIC 18 on transfers of assets from customers
- Amendment to IFRS 7 on improving disclosures about financial instruments
- Amendments to IFRIC 9 and IAS 39 on embedded derivatives

The consolidated interim financial information does not constitute statutory financial statements within the meaning of section 434 of the Companies Act 2006.

The consolidated interim financial information has been prepared in accordance with the accounting policies expected to be applicable for the year ending 31 March 2010 and consistent with those applied in the preparation of the consolidated interim financial information for the year ended 31 March 2009. The accounting policies have been applied consistently throughout the period presented in the consolidated interim financial information.

Going concern

The condensed consolidated interim financial information has been prepared on the going concern basis, which assumes that Fulcrum will continue to be able to meet its liabilities as they fall due for the foreseeable future. The going concern basis is premised on the successful outcome of the planned equity fund raising by the Company and the proposed acquisition of Fulcrum by the Subsidiary. The Company has confirmed that following the acquisition it will provide the necessary finance to fund Fulcrum for the foreseeable future.

2. Operating segments

The determination of Fulcrum's operating segments is based on the business units for which information is reported to Fulcrum's Chief Operating Decision Maker, being the Executive Board. Fulcrum has three reportable segments, as described below.

Fulcrum's infrastructure services operating segment provides utility infrastructure and connections services to external customers.

Fulcrum's gas services operating segment provides domestic and non-domestic gas connection activities solely in the capacity as agent for National Grid Gas plc.

2. Operating segments (continued)

Fulcrum's pipeline business is involved in gas meter sales, meter rentals, and the safe and efficient conveyance of gas through its gas transportation networks at licensed sites. Gas transportation services are provided under the Independent Gas Transporter licence granted by Ofgem during June 2007.

Information regarding the operations of each reportable segment is included in the following tables. Performance is measured based on operating profit/loss. Segment operating profit/loss is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Inter-segment pricing is determined on an arm's length basis. This includes management accounts comprising profit or loss for each segment and balance sheets and cash flows and other financial and non financial information used to manage the business on a consolidated basis.

Adjustments in the following tables comprise the following items:

- Corporate assets and liabilities and other assets and liabilities held centrally
- Elimination of inter-segmental transactions and balances

Segment information – 31 January 2010 (unaudited)

	Infrastructure services £000	*Gas services £000*	*Pipeline £000*	*Total of reportable segments £000*	*Adjustments £000*	*Amount in financial information £000*
Reportable segment revenue	27,913	3,609	1,373	32,895	(1,910)	30,985
Reportable segment operating loss	(5,274)	(4,980)	(1,565)	(11,819)	(280)	(12,099)
Depreciation and amortisation	(842)	(265)	(46)	(1,153)	–	(1,153)
Exceptional items	(1,537)	(648)	(476)	(2,661)	–	(2,661)
Reportable segment assets	8,218	2,628	6,327	17,173	6,066	23,239
Reportable segment liabilities	(10,239)	–	–	(10,239)	(25,499)	(35,738)

Major items in the adjustments column comprise:

- Reportable segment revenues: the elimination of inter-segmental revenues for sales from Fulcrum infrastructure services to Fulcrum pipelines (for 2010): £1,699,452.
- Reportable segment assets largely comprise corporate assets and assets held centrally, including Property, plant and equipment (for 2010): £1,095,900; Intangible assets: £187,095; Loans due from related parties: £nil; Cash and cash equivalents: £nil; Other receivables: £946,949 and Prepayments: £302,102.
- Reportable segment liabilities largely comprise corporate liabilities and other liabilities held centrally, including for 2010: Trade payables: £2,745,685; Loan due to related parties: £12,068,334; Amounts due to related parties: £2,807,242; Bank overdraft: £275,624 and Accruals and deferred income: £6,455,197.

Geographic segments

Fulcrum derives all of its revenue from the UK and all of Fulcrum's customers are based in the UK.

Major customer

Revenues from one customer of Fulcrum's gas services segment represent 2010: £3,609,442 (2009: £19,326,266).

For analysis of impairment by segment, refer to Note 8.

Notes (forming part of the financial information) (continued)

3. Seasonality of activities

Fulcrum experiences limited seasonal fluctuations in its income. December and January can be impacted in a minor fashion by the general close down of contractors for the Christmas break. Infrastructure and gas services income can be impacted by more adverse weather conditions over the winter months, as was the case in January this year.

4. Revenue

	Unaudited 10 months ended 31 January 2010 £000
Services revenue	29,612
Sale of goods	724
Revenue from pipeline assets	649
Total revenues	30,985

5. Exceptional items

	2010 £000
Exceptional administrative expenses (unaudited)	2,661

During the period ended 31 January 2010, Fulcrum continued its restructuring programme in order to reduce its operating costs. Restructuring costs relate primarily to redundancy costs across all offices.

During the year ended 31 March 2009, Fulcrum continued its restructuring programme. As part of this exercise the closure of the Binley office in Coventry was announced with closure occurring in May 2009. This resulted in restructuring charges of £1,144,000.

6. Taxation

The tax credit for the period is £3,831,000 (unaudited) (year ended 31 March 2009: credit of £2,236,000). The effective tax rate of (31.7) per cent. for the period is based on the best estimate of the weighted average annual income tax rate expected for the full year. For the full year we expect the group effective tax rate to be approximately (31.1) per cent. The actual effective tax rate for the year ended 31 March 2009 was (25.2) per cent.

The tax position of Fulcrum presented above might have been different if Fulcrum had operated as a separate legal group during the period covered above. The tax position is not necessarily indicative of the tax charge for future periods since the historical taxation structure does not reflect the future taxation structure.

At 31 January 2010 there is a taxation debtor of £4,447,000 (unaudited) in respect of current tax which will be settled with the National Grid plc group.

7. Loss per share

The loss per ordinary share has been calculated using the weighted average number of ordinary shares of Fulcrum Group Holdings. This is not representative of the capital structure going forward.

2010	*Loss £000*	*Weighted average number of shares Thousands*	*Loss per share Pence*
Basic and diluted loss per share (unaudited)	(8,268)	10,000	(82.7)

8. Impairment testing

Given the losses for the period, management has performed impairment test of its property, plant and equipment and intangible assets.

For the assets within the pipeline operating segment, the recoverable amount of these assets has been calculated with reference to their value in use. The key features of this calculation are shown below:

	Unaudited
Period on which management approved forecasts are based	20 years
Discount rate	9.0%
Conversion of domestic customers for existing assets	99%
Conversion of non-domestic customers for existing assets	50%

The forecasts include assumptions about reductions in network income as imposed by Ofgem, and also assume that cash flows will stop after 20 years. A forecast period of 20 years has been used as the business has contracted cash flows for this period through the Relative Price Control mechanism.

Conversion percentage is an assumption on pipeline assets becoming cash generating on connection.

To ensure that central assets (comprising predominately of IT assets and other office equipment) are considered, an impairment review is undertaken for the business as a whole, which includes all assets of the business. The recoverable amount of these assets has been calculated with reference to their value in use. The key features of this calculation are shown below:

	Unaudited
Period on which management approved forecasts are based	5 years
Growth rate applied beyond approved forecast period	1.5%
Discount rate	10.0%

The forecasts include assumptions about reductions in network income as imposed by Ofgem.

The discount rate for both impairment reviews is based upon a risk-adjusted pre-tax weighted average cost of capital of Fulcrum as at each respective period end. A 2 per cent. increase in the discount rate does not have a significant impact on impairment.

Whilst it is conceivable that a key assumption in the calculations could change, no reasonably foreseeable change to key assumptions would result in an impairment.

9. Trade and other receivables

	Unaudited *31 January 2010* *£000*
Current	
Trade receivables	3,697
Amounts due from related parties	562
Loans due from related parties	–
Other receivables	1,698
Prepayments and accrued income	2,493
	8,450

10. Inter-company loans and borrowings

	Unaudited 31 January 2010 £000
Current	
Loan due to related parties	12,068

Loans due to related parties are repayable on demand and are not interest bearing.

11. Trade and other payables

	Unaudited 31 January 2010 £000
Current	
Trade payables	2,746
Amounts due to related parties	3,566
Other payables	267
Accruals and deferred income	16,694
	23,273

12. Operating leases

Non-cancellable operating lease rentals are payable as follows:

	Unaudited 31 January 2010 £000
Less than one year	748
Between one and five years	906
More than five years	–
	1,654

Operating lease rentals relate to property rents on long term commitments and short term plant hire.

13. Related parties

Transactions with key management personnel

The National Grid plc Group defines key management as the directors of Fulcrum. The compensation of key management personnel is as follows:

	Unaudited 31 January 2010 £000
Short-term employee benefits	306
Post-employment benefits	51
	357

13. Related parties (continued)

Transactions with other related parties – Unaudited

	Services rendered	Purchases	Lease expenses	Other administrative expenses
	2010	*2010*	*2010*	*2010*
	£000	*£000*	*£000*	*£000*
Other related parties	3,609	(1,408)	(319)	(701)

	Amounts due from related parties	Amount due to related parties	Current tax assets	Other loans and borrowings
	2010	*2010*	*2010*	*2010*
	£000	*£000*	*£000*	*£000*
Other related parties	562	(3,566)	4,447	(12,068)

Other related parties comprise companies under common control of the ultimate parent of the National Grid plc Group.

Fulcrum provides domestic and non-domestic gas connection activities on an arms length basis solely in the capacity as agent for National Grid Gas plc, an entity under the common control of National Grid plc.

Fulcrum purchases raw materials and leases operational sites on arms length bases from entities under the common control of National Grid plc.

Fulcrum incurs administrative costs from entities under common control of National Grid plc to cover the cost of key staff and centrally organised services.

"Amounts due from related parties" comprise amounts receivable on trading accounts. "Amounts due to related parties" comprise amounts owing on trading accounts. Trading accounts are settled on a quarterly basis, the net amount being allocated to "Loans due from related parties". No security is held for amounts due from related parties, and no security has been provided for amounts due to related parties. Loans due to related parties are interest free and repayable on demand.

"Current tax assets" comprise amounts receivable with respect to group relief within the National Grid Plc Group.

"Other loans and borrowings" comprise a facility provided by an entity under the common control of National Grid plc. The facility is provided on an interest fee basis and is repayable on demand. No security has been provided for the loan outstanding.

14. Subsequent events

The financial information does not reflect any adjustments which are expected to take place when the proposed acquisition of Fulcrum by the Subsidiary is completed. Following Completion, the financial position and results are expected to exclude intercompany balances and transactions, pension entries and share based payment charges associated with the National Grid plc group.

15. Principal risks and uncertainties

The principal risks and uncertainties which could affect Fulcrum for the remaining two months of the financial year are as follows:

- Dependence on key executives and personnel;

15. Principal risks and uncertainties (continued)

- Contracts with customers;
- Contracts with suppliers;
- Exposure to industrial action;
- Breaches of environmental or health and safety law or regulations;
- Breaches of requirements of licences, permits and approvals;
- Litigation arising from operating in the gas industry;
- Impact of seasonal or weather-related fluctuations.

Our overall risk management process is designed to identify, manage, and mitigate our business risks, including financial risks. Our assessment of the principal risks and uncertainties and our risk management processes have not changed since the year end.

SECTION B(I): ACCOUNTANTS REPORT IN RESPECT OF THE FINANCIAL INFORMATION RELATING TO FULCRUM

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17 June 2010

Dear Sirs,

Readmission of the ordinary shares of Marwyn Capital I Limited (the "Company") to AIM, a market operated by the London Stock Exchange Plc and proposed acquisition of Fulcrum Group Holdings Limited and its subsidiary undertakings (together the "Target") (the "Transaction")

We report on the financial information of the Target set out in Section B(II) of Part V of the admission document of the Company dated 17 June 2010 (the "**Admission Document**") (the "**IFRS Financial Information Table**"). The IFRS Financial Information Table has been prepared for inclusion in the Admission Document on the basis of the accounting policies set out in Note 1 in the IFRS Financial Information Table. This report is required by Schedule Two of the AIM rules for Companies published by the London Stock Exchange plc (the "**AIM Rules**") and is given for the purpose of complying with that Schedule and for no other purpose.

Responsibilities

The Directors of the Company are responsible for preparing the IFRS Financial Information Table in accordance with International Financial Reporting Standards as adopted by the European Union.

It is our responsibility to form an opinion as to whether the IFRS Financial Information Table gives a true and fair view, for the purposes of the Admission Document and to report our opinion to you.

Save for any responsibility which we may have to those persons to whom this report is expressly addressed and for any responsibility arising under paragraph (a) of Schedule Two of the AIM Rules to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Schedule Two of the AIM Rules, consenting to its inclusion in the Admission Document.

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 IFRS Financial Information Table. It also included an assessment of significant estimates and judgments made by those responsible for the preparation of the IFRS Financial Information Table and whether the accounting policies are appropriate to the Target'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 IFRS Financial Information Table is free from material misstatement whether caused by fraud or other irregularity or error.

Opinion

In our opinion, the IFRS Financial Information Table gives, for the purposes of the Admission Document dated 17 June 2010, a true and fair view of the consolidated state of affairs of the Target as at the dates stated and of its consolidated losses, consolidated cash flows and consolidated changes in equity for the periods then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Declaration

For the purposes of paragraph (a) of Schedule Two of the AIM Rules we are responsible for this report as part of the 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 Admission Document in compliance with Schedule Two of the AIM Rules.

Yours faithfully

PricewaterhouseCoopers LLP
Chartered Accountants

SECTION B(II): HISTORICAL FINANCIAL INFORMATION OF THE FULCRUM GROUP FOR THE TWO YEARS ENDED 31 MARCH 2008 AND 2009

Consolidated Income Statement
for the year ended 31 March 2009

	Note	*2008* *£000*	*2009* *£000*
Revenue	2,3	48,949	54,280
Cost of sales		(34,139)	(35,317)
Gross profit		14,810	18,963
Administrative expenses – before exceptional items		(27,046)	(26,680)
Exceptional administrative items	4	(2,568)	(1,144)
Total administrative expenses		(29,614)	(27,824)
Operating loss and loss before tax	5	(14,804)	(8,861)
Taxation	7	3,845	2,236
Loss for the year attributable to equity holders of the parent		(10,959)	(6,625)
Basic and diluted loss per share (pence)	8	(109.6)	(66.3)

The notes on pages 55 to 78 are an integral part of the consolidated financial information.

There is no difference between the "Loss for the year attributable to equity holders of the parent" and "Total comprehensive income for the year attributable to equity shareholders of the parent" in either the current or prior year. As such a separate "Consolidated Statement of Comprehensive Income" has not been presented.

The results of Fulcrum presented above might have been different if Fulcrum had operated as a separate legal group during the period covered above. The results are not necessarily indicative of the results for future periods since the historical capital and funding structure does not reflect the future capital and funding structure.

Consolidated Balance Sheet
at 31 March

	Note	*2007*	*2008*	*2009*
		£000	*£000*	*£000*
Non-current assets				
Property, plant and equipment	9	1,728	2,182	5,442
Intangible assets	11	1,402	1,196	789
Deferred tax assets	12	792	1,158	682
		3,922	4,536	6,913
Current assets				
Inventories	13	1,299	1,932	1,937
Current tax assets		–	2,388	2,998
Trade and other receivables	14	187,100	20,964	20,168
Cash and cash equivalents	15	–	1,029	184
		188,399	26,313	25,287
Total assets		192,321	30,849	32,200
Current liabilities				
Bank overdraft	15	(147)	–	–
Inter-company loans and borrowings	16	(154,833)	–	(8,207)
Trade and other payables	17	(16,948)	(26,665)	(27,561)
Current tax liabilities		(7,639)	–	–
Provisions	19	(182)	(2,377)	(962)
Total liabilities		(179,749)	(29,042)	(36,730)
Net assets/(liabilities)		12,572	1,807	(4,530)
Equity attributable to equity holders of the parent				
Share capital	20	10,000	10,000	10,000
Retained earnings		2,572	(8,193)	(14,530)
Total equity/(Deficiency in total equity)		12,572	1,807	(4,530)

The notes on pages 55 to 78 are an integral part of the consolidated financial information.

Consolidated Statement of Changes in Equity

	Share capital £000	*Retained earnings £000*	*Total equity £000*
Balance at 1 April 2007	10,000	2,572	12,572
Total Comprehensive Income – Loss for the year ended 31 March 2008	–	(10,959)	(10,959)
Transactions with equity shareholders:			
Equity-settled share based payment transactions	–	194	194
Balance at 31 March 2008	10,000	(8,193)	1,807
Total Comprehensive Income – Loss for the year ended 31 March 2009	–	(6,625)	(6,625)
Transactions with equity shareholders:			
Equity-settled share based payment transactions	–	288	288
Balance at 31 March 2009	10,000	(14,530)	(4,530)

The notes on pages 55 to 78 are an integral part of the consolidated financial information.

Consolidated Cash Flow Statement

	Note	*2008*	*2009*
		£000	*£000*
Cash flows from operating activities			
Loss for the year		(10,959)	(6,625)
Adjustments for:			
Depreciation	9	676	674
Amortisation of intangible assets	11	671	637
(Profit)/loss on sale of property, plant and equipment	5	(9)	42
Equity settled share-based payment expenses	6	194	288
Taxation credit	7	(3,845)	(2,236)
Decrease/(increase) in trade and other receivables		4,699	(6,155)
Increase in inventories		(633)	(5)
Increase in trade and other payables		9,445	897
Increase/(decrease) in provisions		2,195	(1,415)
Cash from operating activities		2,434	(13,898)
Taxation (paid)/received		(6,278)	2,102
Net cash from operating activities		(3,844)	(11,796)
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		13	92
Acquisition of property, plant and equipment	9	(1,134)	(4,068)
Acquisition of intangibles	11	(465)	(230)
Net cash from investing activities		(1,586)	(4,206)
Cash flows from financing activities			
Proceeds from loans due to related parties		–	8,207
Repayment of loans due to related parties		(154,833)	–
Proceeds from repayment of loans due from related parties		161,439	6,950
Net cash from financing activities		6,606	15,157
Net increase/(decrease) in cash and cash equivalents		1,176	(845)
(Bank overdraft)/cash and cash equivalents at 1 April 2007/2008		(147)	1,029
Cash and cash equivalents at 31 March	15	1,029	184

The notes on pages 55 to 78 are an integral part of the consolidated financial information.

Notes (forming part of the financial information)

1. Accounting policies

Overview

Fulcrum Group Holdings is a company incorporated and domiciled in the UK.

Basis of accounting

The historical financial information presented herein (the "**consolidated financial information**") consolidates the historical financial information of Fulcrum Group Holdings and its subsidiaries (together referred to as "Fulcrum"). The address of the registered office is 1-3 Strand, London, WC2N 5EH. The nature of Fulcrum's operations and its principal activities are the provision of infrastructure and gas services, meter sales and rentals, and gas transportation.

The consolidated financial information presented herein is for the years ended 31 March 2008 and 31 March 2009 (together the "**track record**"). The consolidated financial information has been prepared and approved by the directors in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union in response to the IAS regulation (EC 1606/2002) effective as of 1 April 2009. This is Fulcrum's first IFRS consolidated historical financial information and IFRS 1 (as amended in May 2008) has been applied.

The consolidated financial information does not constitute statutory financial statements within the meaning of section 240 of the Companies Act 1985. Fulcrum Group Holdings and its subsidiaries have already filed their statutory financial statements which are prepared in accordance with UK Generally Accepted Accounting Principles with the UK Companies House. The independent auditors' report on these accounts is unqualified and does not contain any statements under Section 237(2) or (3) of the Companies Act 1985.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in the historical financial information and in preparing an opening IFRS balance sheet at 1 April 2007 for the purposes of the transition to adopted IFRSs and reflect the accounting policies which are to be applied in the next financial statements (see Note 25).

Going concern

The consolidated financial information has been prepared on the going concern basis, which assumes that Fulcrum will continue to be able to meet its liabilities as they fall due for the foreseeable future. The going concern basis is premised on the successful outcome of the planned equity fund raising by the Company and the proposed acquisition of Fulcrum by the Subsidiary. The Company has confirmed that following the acquisition it will provide the necessary finance to fund Fulcrum for the foreseeable future.

Transition to adopted IFRSs

Fulcrum has prepared the consolidated financial information in accordance with adopted IFRS for the first time and consequently has applied IFRS 1. An explanation of how the transition to adopted IFRSs has affected the reported financial position, financial performance and cash flows of the Group is provided in Note 25.

IFRS 1 grants certain exemptions from the full requirements of adopted IFRSs in the transition period. The following exemptions have been taken in the financial information:

- Share based payments – IFRS 2 is being applied to equity instruments that were granted after 7 November 2002 and that had not vested by 1 April 2007.
- IAS 39 – "Financial Instruments": Recognition and Measurement": the fair value measurement of financial assets and financial liabilities at initial recognition has not been applied retrospectively for instruments entered into prior to 1 April 2007.

Notes (forming part of the financial information) (continued)

1. Accounting policies (continued)

Measurement convention

The consolidated financial information is prepared on the historical cost basis.

Functional and presentation currency

The consolidated financial information is presented in GBP, which is the functional currency of Fulcrum's operations. All financial information presented in GBP has been rounded to the nearest thousand pounds.

Subsidiaries

Subsidiaries are entities controlled by Fulcrum. Control exists when Fulcrum has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, Fulcrum takes into consideration potential voting rights that are currently exercisable. The acquisition date is the date on which control is transferred to the acquirer. The financial information of subsidiaries is included in the consolidated financial information from the date that control commences until the date that control ceases.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by Fulcrum.

Classification of financial instruments issued by Fulcrum

Following the adoption of IAS 32, financial instruments issued by Fulcrum are treated as equity only to the extent that they meet the following two conditions:

(a) they include no contractual obligations upon Fulcrum (or group as the case may be) to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to Fulcrum (or group); and

(b) where the instrument will or may be settled in Fulcrum's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of Fulcrum's own equity instruments or is a derivative that will be settled by Fulcrum exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of Fulcrum's own shares, the amounts presented in the financial information for called up share capital and share premium account exclude amounts in relation to those shares.

Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, bank overdraft, other loans and borrowings, and trade and other payables.

Trade and other receivables

Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Cash and cash equivalents/bank overdraft

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of Fulcrum's cash management are included as a component of cash and cash equivalents for the purpose of the cash flow statement.

Inter-company loans and borrowings

Inter-company loans and borrowings are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Trade and other payables

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Notes (forming part of the financial information) (continued)

1. Accounting policies (continued)

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Leases in which Fulcrum assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Where land and buildings are held under leases the accounting treatment of the land is considered separately from that of the buildings. Leased assets acquired by way of finance lease are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and less accumulated impairment losses. Lease payments are accounted for as described below.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated. The estimated useful lives are as follows:

- Pipelines 20 years
- buildings up to 50 years
- vehicles, plant and equipment 5 years
- office furniture and fittings 5 years
- computer equipment 3–5 years

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

Intangible assets

Intangible assets that are acquired by Fulcrum are stated at cost less accumulated amortisation and less accumulated impairment losses.

Amortisation

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets from the date they are available for use. The estimated useful lives are as follows:

- software 3 years

Inventories

Work in progress balances reflect direct works costs including direct labour, materials and other attributable variable costs relating to jobs classed as incomplete and therefore not able to be invoiced. Work in progress is valued at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less applicable variable selling expenses.

Impairment excluding inventories and deferred tax assets

Financial assets (including receivables)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

1. Accounting policies (continued)

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of Fulcrum's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "**cash-generating unit**") or ("**CGU**"). CGU's have been determined to correspond with operating segments.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated to reduce the carrying amounts of the assets in the unit (group of units) on a *pro rata* basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Employee benefits

Defined benefit plans

Substantially all Fulcrum's employees are members of the National Grid UK Pension Scheme. Fulcrum's share of the underlying assets and liabilities of the defined benefit section of the scheme cannot be identified separately. Consequently, Fulcrum accounts for the scheme as if it were a defined contribution scheme, recognising a charge equivalent to cash paid or payable to the scheme and to the scheme's sponsoring company, Lattice Group plc, a fellow subsidiary undertaking of National Grid plc.

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if Fulcrum has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Share-based payment transactions

Where Fulcrum's parent grants rights to its equity instruments to Fulcrum's or Fulcrum Group Holdings' employees, which are accounted for as equity-settled in the consolidated accounts of the parent, Fulcrum accounts for these share-based payments as equity-settled.

These equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on an estimate of the number of shares that will eventually vest, with a corresponding entry to profit and loss account reserves.

Fulcrum took advantage of the option available in IFRS 1 to apply IFRS 2 only to equity instruments that were granted after 7 November 2002 and that had not vested by 1 April 2007.

1. Accounting policies (continued)

Provisions

A provision is recognised in the balance sheet when Fulcrum has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Restructuring provisions are recognised when management have an approved plan which has been communicated as appropriate within the business. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

Revenue

Utility infrastructure and gas connection activities are recognised as "services revenue". The majority of projects are completed in a short time frame, and as such revenue is recognised on completion. For longer projects, the stage of completion of the works is assessed when considering recognition of revenue. Services revenue is recognised excluding VAT and other indirect taxes. An accrual is made for services revenue in respect of work where invoices are yet to be generated. When payment is received in advance of the provision of services, these receipts are recorded as deferred income.

Meter sales are recognised as "sale of goods" at the fair value of the consideration received or receivable. Revenue is recognised when meters have been installed and recovery of the consideration is probable.

Conveyance of gas and meter rental revenue is recognised as "revenue from pipeline assets" from the date the meter is connected and made available for use and is based on gas volumes.

Expenses

Operating lease payments

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease expense.

Exceptional items

Exceptional items are those that in management's judgement need to be disclosed by virtue of their size or incidence in order to provide greater visibility of the underlying results of the business and which management believes provide additional meaningful information in relation to ongoing operational performance.

Earnings per share

Fulcrum presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS are calculated by dividing the profit or loss attributable to ordinary shareholders of Fulcrum Group Holdings by the weighted average number of ordinary shares outstanding during the period.

Where there is a loss for the period, Fulcrum presents a loss per share.

Further details of the EPS calculation are presented in Note 8.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and

1. Accounting policies (continued)

differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

Operating segments

Fulcrum determines its operating segments in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, which is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors.

An operating segment is a component of Fulcrum that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of Fulcrum's other components and for which discrete financial information is available. An operating segment's operating results are reviewed regularly by the Board of Directors to make decisions about resources to be allocated to the segment and assess its performance.

Fulcrum's primary format for segment reporting is based on business segments. The business segments are determined based on Fulcrum's management and internal reporting structure and the aggregation criteria set out in IFRS 8.

Segment results that are reported to the Board of Directors include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets and liabilities (primarily Fulcrum's headquarters), and other assets and liabilities held centrally. Unallocated items include Property, plant and equipment, Intangible assets, Amounts due from related parties, Cash and cash equivalents, Trade payables, Amount due to related parties, Accruals and deferred income, and Deferred tax assets.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment and intangible assets other than as acquired through business combinations.

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by Fulcrum

The following adopted IFRSs have been issued but have not been applied by Fulcrum in the financial information. Their adoption is not expected to have a material affect on the financial information unless otherwise indicated:

- Revised IAS 27 "Consolidated and Separate Financial Statements" (mandatory for the year commencing on or after 1 July 2009) requires that when a transaction occurs with non-controlling interests in Group entities that do not result in a change in control, the difference between the consideration paid or received and the recorded non-controlling interest should be recognised in equity. In cases where control is lost, any retained interest should be remeasured to fair value with the difference between fair value and the previous carrying value being recognised immediately in the consolidated income statement. Fulcrum has not historically entered into such transactions (although it may do so in the future) and so it is not expected to have a material impact on Fulcrum's financial information.
- Improvement to IAS 36 "Impairment of Assets" (effective prospectively for periods beginning on or after 1 January 2010). This improvement clarified that each unit or group of units to which goodwill is allocated should not be larger than an operating unit as defined by paragraph 5 of IFRS 8 "Operating Segments" before aggregation. The standard is only applicable prospectively. The improvement will not result in a material impact on Fulcrum's financial information.
- IAS 38 (amendment), "Intangible Assets". The amendment is part of the IASB's annual improvements project published in April 2009 and the group and company will apply IAS 38 (amendment) from the date IFRS 3 (revised) is adopted. The amendment clarifies guidance in measuring the fair value of an intangible asset acquired in a business combination and it permits the grouping of intangible assets as

1. Accounting policies (continued)

a single asset if each asset has similar useful economic lives. The amendment will not result in a material impact on Fulcrum's financial information.

- IFRS 2 (amendments), "Group cash-settled share-based payment transaction" (effective form 1 January 2010). In addition to incorporating IFRIC 8 "Scope of IFRS 2", and IFRIC 11 "IFRS 2 – Group and treasury share transactions", the amendments expand on the guidance in IFRIC 11 to address the classification of Group arrangements that were not covered by that interpretation. The new guidance is not expected to have a material impact on Fulcrum 's financial information.

- Revised IFRS 3 "Business Combinations" (mandatory for the year commencing on or after 1 July 2009) will apply to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. The revised standard introduces a number of changes in the accounting for business combinations that will impact the amount of goodwill recognised, the reported results in the period that a business acquisition occurs and future reported results. This standard is unlikely to have a significant impact on Fulcrum's accounting for business acquisitions post adoption that will first be reported by Fulcrum from the year ending 31 March 2011. As the standard is only applicable prospectively it is not expected to have an impact on the amounts currently recognised in Fulcrum's financial information.

- IFRS 5 (amendment), "Non-current assets held for sale and discontinued operations". The amendment is part of the IASB's annual improvements project published in April 2009. The amendment provides clarification that IFRS 5 specifies the disclosures required in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations. It also clarifies that the general requirement of IAS 1 still apply, particularly paragraph 15 (to achieve a fair presentation) and paragraph 125 (sources of estimation uncertainty) of IAS 1. Fulcrum will apply IFRS 5 (amendment) from 1 January 2010. It is not expected to have a material impact on Fulcrum's financial information.

- IFRS 9 "Financial Instruments" (effective for periods beginning on or after 1 January 2013; no effective date has yet been given by the EU). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortised cost or fair value, replacing the many different rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments (its business model) and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the many different impairment methods in IAS 39. Thus IFRS 9 improves comparability and makes financial information easier to understand for investors and other users. Fulcrum is assessing the impact of this new standard.

- IFRIC 16 "Hedges of a Net Investment in a Foreign Operation" applies to an entity that hedges the foreign currency risk arising from its net investments in foreign operations and wishes to qualify for hedge accounting in accordance with IAS 39. The main expected change in practice is to eliminate the possibility of an entity qualifying for hedge accounting for a hedge of the foreign exchange differences between the functional currency of a foreign operation and the presentation currency of the parent's consolidated financial information. The IFRIC recognises the difficulty that entities would face in preparing adequate documentation from the inception of the hedge relationship and therefore requires prospective application of the guidance. Fulcrum has not historically entered into such transactions (although it may do so in the future) and so it is not expected to have a material impact on Fulcrum's previously published financial information.

- IFRIC 17, "Distribution of non-cash assets to owners" (effective on or after 1 July 2009). The interpretation was published in November 2008. This interpretation provides guidance on accounting for arrangements whereby an entity distributes non-cash assets to shareholders either as a distribution of reserves or as dividends. IFRS 5 has also been amended to require that assets are classified as held for distribution only when they are available for distribution in their present condition and the distribution is highly probable. Fulcrum will apply IFRIC 17 from 1 January 2010. It is not expected to have a material impact on Fulcrum's financial information.

2. Operating segments

The determination of Fulcrum's operating segments is based on the business units for which information is reported to Fulcrum's Chief Operating Decision Maker, being the Executive Board. Fulcrum has three reportable segments, as described below.

Fulcrum's infrastructure services operating segment provides utility infrastructure and connections services to external customers.

Fulcrum's gas services operating segment provides domestic and non-domestic gas connection activities solely in the capacity as agent for National Grid Gas plc.

Fulcrum's pipeline business is involved in gas meter sales, meter rentals, and the safe and efficient conveyance of gas through its gas transportation networks at licensed sites. Gas transportation services are provided under the independent gas transporter licence granted from Ofgem during June 2007.

The accounting policies of all of the reportable segments are as described in Note 1.

Information regarding the operations of each reportable segment is included in the following tables. Performance is measured based on operating profit/loss. Segment operating profit/loss is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Inter-segment pricing is determined on an arm's length basis. Information regarding segments is reviewed by management using UK GAAP. This includes management accounts comprising profit or loss for each segment and balance sheets and cash flows and other financial and non financial information used to manage the business on a consolidated basis.

Adjustments in the following tables comprise the following items:

- Corporate assets and liabilities and other assets and liabilities held centrally
- Elimination of inter-segmental transactions and balances

Segment information – 2009

	Infrastructure services £000	*Gas services £000*	*Pipeline £000*	*Total of reportable segments £000*	*Adjustments £000*	*Amount in financial information £000*
Reportable segment revenue	38,886	19,326	945	59,157	(4,877)	54,280
Reportable segment operating loss	(2,076)	(4,316)	(1,976)	(8,368)	(493)	(8,861)
Depreciation and amortisation	(957)	(302)	(52)	(1,311)	–	(1,311)
Exceptional items	(629)	(297)	(218)	(1,144)	–	(1,144)
Reportable segment assets	12,091	5,215	5,652	22,958	9,242	32,200
Reportable segment liabilities	(14,150)	–	–	(14,150)	(22,580)	(36,730)

Major items in the adjustments column comprise:

- Reportable segment revenues: the elimination of inter-segmental revenues for sales from Fulcrum infrastructure services to Fulcrum pipelines: 2009: £4,593,391 (2008: £472,748).
- Reportable segment assets largely comprise corporate assets and other assets held centrally, including Property, plant and equipment: 2009: £1,378,723 (2008: £1,813,949); Intangible assets: 2009: £789,414 (2008: £1,195,631); Loans due from related parties: 2009: £5,487,790 (2008: £12,437,739); and Cash and cash equivalents: 2009: £184,282 (2008: £1,028,950).

Notes (forming part of the financial information) (continued)

2. Operating segments (continued)

- Reportable segment liabilities largely comprise corporate liabilities and other liabilities held centrally, including Trade payables: 2009: £2,051,829 (2008: £2,042,681); Loan due to related parties: 2009: £8,206,789 (2008: £nil); Amounts due to related parties: 2009: £1,249,251 (2008: £1,394,824); and Accruals and deferred income: 2009: £9,730,359 (2008: £10,166,575).

Geographic segments

Fulcrum derives all of its revenue from the UK and all of Fulcrum's customers are based in the UK.

Major customer

Revenues from one customer of Fulcrum's gas services segment represent 2009: £19,326,266 (2008: £29,996,117) of Fulcrum's total revenues.

For analysis of impairment by segment, refer to Note 10.

Segment information – 2008

	Infrastructure services £000	*Gas services £000*	*Pipeline £000*	*Total of reportable segments £000*	*Adjustments £000*	*Amount in financial statements £000*
Reportable segment revenue	19,358	29,996	109	49,463	(514)	48,949
Reportable segment operating loss	(11,002)	(769)	(2,301)	(14,072)	(732)	(14,804)
Depreciation and amortisation	(983)	(310)	(54)	(1,347)	–	(1,347)
Exceptional items	(1,412)	(668)	(488)	(2,568)	–	(2,568)
Reportable segment assets	8,306	1,723	1,163	11,192	19,657	30,849
Reportable segment liabilities	(12,455)	–	–	(12,455)	(16,587)	(29,042)

3. Revenue

	2008 £000	*2009 £000*
Services revenue	48,840	53,335
Sale of goods	105	688
Revenue from pipeline assets	4	257
Total revenues	48,949	54,280

4. Exceptional items

	2008 £000	*2009 £000*
Exceptional administrative expenses	2,568	1,144

During the year ended 31 March 2009 Fulcrum continued its restructuring programme. As part of this exercise the closure of the Binley office in Coventry was announced with closure occurring in May 2009. This resulted in restructuring charges of £1,144,000.

During the year ended 31 March 2008 the restructuring costs of £2,568,000 relate to the planned closure of the Crawley office which occurred in May 2008.

5. Expenses and auditors' remuneration

Included in operating loss are the following:

	2008	*2009*
	£000	*£000*
Amortisation of intangible assets	671	637
Depreciation of property, plant and equipment: owned	670	670
Depreciation of property, plant and equipment: leased	6	4
Operating leases – plant and machinery	723	930
Operating leases – land and buildings	1,330	823
(Profit)/loss on disposal of property, plant and equipment	(9)	42
Restructuring costs – included in administrative expenses	2,568	1,144

Auditors' remuneration:

	2008	*2009*
	£000	*£000*
Audit of financial statements	25	27
Amounts receivable by auditors and their associates in respect of:		
Audit of financial statements of subsidiaries pursuant to legislation	45	46
Other services pursuant to such legislation	15	16

6. Staff numbers and costs

The average number of persons employed by Fulcrum (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	2008	*2009*
Administration	401	360

The aggregate payroll costs of these persons were as follows:

	£000	*£000*
Wages and salaries	11,046	10,848
Social security costs	1,074	1,027
Other pension costs	2,573	2,134
Share based payments	194	288
	14,887	14,297

7. Taxation

Recognised in the income statement

	2008	*2009*
	£000	*£000*
Current tax credit		
Current year	(3,289)	(2,737)
Adjustments for prior years	(190)	25
Current tax credit	(3,479)	(2,712)
Deferred tax (credit)/expense		
Origination and reversal of temporary differences	(749)	221
Adjustments for prior years	300	255
Impact of changes in tax rates	83	–
Deferred tax (credit)/expense	(366)	476
Total tax credit	(3,845)	(2,236)

The current tax credit arises from group relief within the National Grid Plc Group.

Notes (forming part of the financial information) (continued)

7. Taxation (continued)

Reconciliation of effective tax rate

	2008 *£000*	*2009* *£000*
Loss for the year	(10,959)	(6,625)
Total tax revenue	(3,845)	(2,236)
Loss excluding taxation	(14,804)	(8,861)
Tax using the UK corporation tax rate of 28 % (2008: 30%)	(4,441)	(2,481)
Reduction in tax rate on deferred tax balances	83	–
Non-deductible expenses	36	107
Tax exempt revenues	–	(145)
Taxation on imputed interest	367	–
Under provided in prior years	110	280
Other	–	3
Total tax credit	(3,845)	(2,236)

The tax position of the Fulcrum Group presented above might have been different if the Fulcrum Group had operated as a separate legal group during the period covered above. The tax position is not necessarily indicative of the tax charge for future periods since the historical taxation structure does not reflect the future taxation structure.

8. Loss per share

The loss per ordinary share has been calculated using the weighted average number of ordinary shares of Fulcrum Group Holdings. This is not representative of the capital structure going forward.

2009	*Loss* *£000*	*Weighted average number of shares* *Thousands*	*Loss per share* *Pence*
Basic and diluted loss per share	(6,625)	10,000	(66.3)
2008			
Basic and diluted loss per share	(10,959)	10,000	(109.6)

9. Property, plant and equipment

	Pipelines £000	*Land and buildings £000*	*Vehicles, plant and equipment £000*	*Fixtures and fittings £000*	*Computer equipment £000*	*Total £000*
Cost						
Balance at 1 April 2007	–	405	852	1,201	6,804	9,262
Additions	369	–	–	38	727	1,134
Disposals	–	–	–	–	(33)	(33)
Balance at 31 March 2008	369	405	852	1,239	7,498	10,363
Additions	3,780	–	–	–	288	4,068
Disposals	–	–	(17)	(5)	(129)	(151)
Balance at 31 March 2009	4,149	405	835	1,234	7,657	14,280
Depreciation and impairment						
Balance at 1 April 2007	–	(43)	(833)	(979)	(5,679)	(7,534)
Depreciation charge for the year	(1)	(8)	(10)	(82)	(575)	(676)
Disposals	–	–	–	–	29	29
Balance at 31 March 2008	(1)	(51)	(843)	(1,061)	(6,225)	(8,181)
Depreciation charge for the year	(85)	(8)	(7)	(68)	(506)	(674)
Disposals	–	–	17	–	–	17
Balance at 31 March 2009	(86)	(59)	(833)	(1,129)	(6,731)	(8,838)
Net book value						
At 1 April 2007	–	362	19	222	1,125	1,728
At 31 March 2008	368	354	9	178	1,273	2,182
At 31 March 2009	4,063	346	2	105	926	5,442

10. Impairment testing

Given the losses for the year, management has performed impairment test of its property, plant and equipment and intangible assets.

For the assets within the pipeline operating segment, the recoverable amount of these assets has been calculated with reference to their value in use. The key features of this calculation are shown below:

	2008	*2009*
Period on which management approved forecasts are based	20 years	20 years
Discount rate	9.0%	9.0%
Conversion of domestic customers for existing assets	99%	99%
Conversion of non-domestic customers for existing assets	50%	50%

The forecasts include assumptions about reductions in network income as imposed by Ofgem, and also assume that cash flows will stop after 20 years. A forecast period of 20 years has been used as the business has contracted cash flows for this period through the Relative Price Control mechanism.

Conversion percentage is an assumption on pipeline assets becoming cash generating on connection.

To ensure that central assets (comprising predominately of IT assets and other office equipment) are considered, an impairment review is undertaken for the business as a whole, which includes all assets of the business. The recoverable amount of these assets has been calculated with reference to their value in use. The key features of this calculation are shown below:

	2008	*2009*
Period on which management approved forecasts are based	5 years	5 years
Growth rate applied beyond approved forecast period	1.5%	1.5%
Discount rate	10.0%	10.0%

10. Impairment testing (continued)

The forecasts include assumptions about reductions in network income as imposed by Ofgem.

The discount rate for both impairment reviews is based upon a risk-adjusted pre-tax weighted average cost of capital of Fulcrum as at each respective period end. A 2 per cent. increase in the discount rate does not have a significant impact on impairment.

Whilst it is conceivable that a key assumption in the calculations could change, no reasonably foreseeable change to key assumptions would result in an impairment.

11. Intangible assets

	Software £000
Cost	
Balance at 1 April 2007	4,802
Additions	465
Balance at 31 March 2008	5,267
Additions	230
Balance at 31 March 2009	5,497
Amortisation and impairment	
Balance at 1 April 2007	(3,400)
Amortisation for the year	(671)
Balance at 31 March 2008	(4,071)
Amortisation for the year	(637)
Balance at 31 March 2009	(4,708)
Net book value	
At 1 April 2007	1,402
At 31 March 2008	1,196
At 31 March 2009	789

Amortisation charge

The amortisation charge is recognised in administrative expenses in the income statement.

12. Deferred tax assets

Recognised deferred tax assets

Deferred tax assets are attributable to the following:

	2008	*2009*
	£000	*£000*
Property, plant and equipment	392	413
Provisions	666	269
Other items	100	–
Net tax assets	1,158	682

Movement in deferred tax asset during the year

	1 April 2007	*Recognised in income*	*31 March 2008*	*Recognised in income*	*31 March 2009*
	£000	*£000*	*£000*	*£000*	*£000*
Property, plant and equipment	737	(345)	392	21	413
Provisions	55	611	666	(397)	269
Other items	–	100	100	(100)	–
	792	366	1,158	(476)	682

13. Inventories

	2007	*2008*	*2009*
	£000	*£000*	*£000*
Work in progress	1,299	1,932	1,937

Inventories recognised as cost of sales in the year amounted to £32,167,000 *(2008: £28,303,000)*. The write-down of inventories to net realisable value amounted to £64,000 *(2008: £346,000)*. The write-down is included in cost of sales in the income statement.

14. Trade and other receivables

	2007	*2008*	*2009*
	£000	*£000*	*£000*
Current			
Trade receivables	2,806	1,398	2,411
Amounts due from related parties	8,633	1,940	6,693
Loans due from related parties	173,877	12,438	5,488
Other receivables	1,453	1,413	1,400
Prepayments and accrued income	331	3,775	4,176
	187,100	20,964	20,168

There is no security in place against "Amounts due from related parties" or "loans due from related parties".

Notes (forming part of the financial information) (continued)

14. Trade and other receivables (continued)

Credit quality of financial assets and impairment losses

The ageing of trade and other receivables at the consolidated balance sheet date was:

	Trade receivables		*Amounts due from related parties*		*Loans due from related parties*		*Other receivables*		*Accrued income*	
	Gross 2009 £'000	*Impairment 2009 £'000*	*Gross 2009 £'000*	*Impairment 2009 £'000*	*Gross 2009 £'000*	*Impairment 2009 £'000*	*Gross 2009 £'000*	*Impairment 2009 £'000*	*Gross 2009 £'000*	*Impairment 2009 £'000*
Not past due	1,608	–	120	–	5,488	–	1,376	–	3,833	–
Past due less than 1 month	160	–	1,841	–	–	–	2	–	–	–
Past due 1-2 months	487	–	2,202	–	–	–	20	–	–	–
More than 2 months past due	395	(239)	2,530	–	–	–	2	–	–	–
	2,650	(239)	6,693	–	5,488	–	1,400	–	3,833	–

	Trade receivables		*Amounts due from related parties*		*Loans due from related parties*		*Other receivables*		*Accrued income*	
	Gross 2008 £'000	*Impairment 2008 £'000*	*Gross 2008 £'000*	*Impairment 2008 £'000*	*Gross 2008 £'000*	*Impairment 2008 £'000*	*Gross 2008 £'000*	*Impairment 2008 £'000*	*Gross 2008 £'000*	*Impairment 2008 £'000*
Not past due	945	–	612	–	12,438	–	1,363	–	3,300	–
Past due less than 1 month	169	–	–	–	–	–	–	–	–	–
Past due 1-2 months	187	–	–	–	–	–	–	–	–	–
More than 2 months past due	207	(110)	1,328	–	–	–	50	–	–	–
	1,508	(110)	1,940	–	12,438	–	1,413	–	3,300	–

	Trade receivables		*Amounts due from related parties*		*Loans due from related parties*		*Other receivables*		*Accrued income*	
	Gross 2007 £'000	*Impairment 2007 £'000*	*Gross 2007 £'000*	*Impairment 2007 £'000*	*Gross 2007 £'000*	*Impairment 2007 £'000*	*Gross 2007 £'000*	*Impairment 2007 £'000*	*Gross 2007 £'000*	*Impairment 2007 £'000*
Not past due	1,823	–	3,676	–	173,877	–	1,438	–	–	–
Past due less than 1 month	426	–	4,109	–	–	–	1	–	–	–
Past due 1-2 months	173	–	–	–	–	–	–	–	–	–
More than 2 months past due	724	(340)	848	–	–	–	14	–	–	–
	3,146	(340)	8,633	–	173,877	–	1,453	–	–	–

The accounts receivable not yet due as of the reporting date are deemed to be collectible on the basis of established credit management processes such as regular analyses of the credit worthiness of our customers and external credit checks where appropriate for new customers (see Note 21). At 31 December 2009 and 2008 there were no significant trade, related party or other receivable balances not past due that were subsequently impaired.

Due to the activities and diversified customer structure of Fulcrum, there is no significant concentration of credit risk other than with British Gas plc which represents approximately 60 per cent. of trade receivables. The concentration of credit risk arises due to the number of commercial agreements that Fulcrum has with British Gas plc. At 31 March 2008 Backwater 2 Limited represented approximately 30 per cent. of trade receivables. The credit risk associated with these receivables is managed through Fulcrum's standard credit processes (see Note 21).

14. Trade and other receivables (continued)

During 2009 and 2008 there were no significant trade, related party or other receivable balances that were subject to renegotiation of terms.

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	2008	*2009*
	£000	*£000*
Balance at start of year	340	110
Net impairment losses (released)/recognised	(230)	129
Balance at 31 March	110	239

The allowance account for trade receivables is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible; at that point the amounts considered irrecoverable are written off against the trade receivables directly.

During the year Fulcrum has not experienced a significant deterioration in the quality of receivable balances due to the current economic conditions.

There were no allowances made against amounts due from related parties or other receivables during the years ended 31 March 2009 and 2008.

15. Cash and cash equivalents/(Bank overdraft)

	2007	*2008*	*2009*
	£000	*£000*	*£000*
(Bank overdraft)/cash and cash equivalents per balance sheet and per cash flow statement	(147)	1,029	184

16. Inter-company loans and borrowings

	2007	*2008*	*2009*
	£000	*£000*	*£000*
Current			
Loan due to related parties	154,833	–	8,207

Loans due to related parties are repayable on demand and are not interest bearing.

17. Trade and other payables

	2007	*2008*	*2009*
	£000	*£000*	*£000*
Current			
Trade payables	3,209	2,043	2,052
Amounts due to related parties	1,299	1,395	1,307
Other payables	385	455	322
Accruals and deferred income	12,055	22,772	23,880
	16,948	26,665	27,561

18. Employee benefits

Pension plans

Substantially all Fulcrum's employees are members of the National Grid UK Pension Scheme (the 'Scheme'). The National Grid UK Pension Scheme provides final salary defined benefits for employees who joined prior to 31 March 2002 and defined contribution benefits for employees joining from 1 April 2002.

The latest full actuarial valuation was carried out by Watson Wyatt LLP as at 31 March 2007. The market value of the scheme's assets was £12,923m and the value of the assets represented 97 per cent. of the actuarial value of benefits due to members, calculated on the basis of pensionable earnings and service at 31 March 2007 on an ongoing basis and allowing for projected increases in pensionable earnings. There was a funding deficit of £442m (£318m net of tax) on the valuation date in the light of which National Grid plc agreed a recovery plan with the trustees. The actuarial valuation showed that, based on long-term financial assumptions, the contribution rate required to meet future benefit accrual was 32.4 per cent. of pensionable earnings (29.4 per cent. employers and 3 per cent. employees). In addition, the employers pay an allowance for administration expenses which was 3.2 per cent. of pensionable earnings for 2008/09, giving a total company rate of 32.6 per cent. of pensionable earnings. These contribution rates will be reviewed at the next valuation on 31 March 2010.

In accordance with the recovery plan agreed with the trustees at the 2007 valuation, National Grid plc paid contributions of £295m (£212m net of tax) in the year to 31 March 2009 and a further payment of £59m (£42m net of tax) in April 2009 along with payments made in the previous year to ensure that the deficit reported at the 2007 valuation is paid in full.

Fulcrum Group Holdings accounts for the Scheme as if it were a defined contribution scheme, as its share of the underlying assets and liabilities of the Scheme's defined benefit section cannot be identified separately. The total charge for the year ended 31 March 2009 was £2,134,000 (2008: £2,573,000) (or £483,000 after recharges to subsidiary undertakings (2008: £742,000)) excluding pension interest of £nil (2008: £24,000 excluding pension interest of £30,000). Outstanding pension contributions at 31 March 2009 were £nil (2008: £26,778 owed by Fulcrum Group Holdings). Fulcrum Group Holdings expects to contribute approximately £1,600,000 to the scheme in the next financial year.

The fair value of liabilities and assets of the whole scheme are recognised in the consolidated financial statements of National Grid plc (Fulcrum's ultimate parent company) in accordance with International Accounting Standard 19 'Employee Benefits'. The fair value of liabilities and assets of the whole scheme at 31 March 2009 and 2008, calculated in accordance with International Accounting Standard 19 "Employee Benefits", are set out below:

	2008	*2009*
	£m	*£m*
Present value of defined benefit obligations	(11,831)	(10, 786)
Fair value of plan assets	12,660	11,040
Surplus in the plan	829	254

Share based payments – Share options and award scheme

Fulcrum Group Holdings participates in an employee Sharesave scheme and a Performance Share Plan (PSP) operated by National Grid plc.

In any 10-year period, the maximum number of shares that may be issued or issuable pursuant to these and other National Grid plc share plans may not exceed the number of shares representing 10 per cent. of the issued ordinary share capital.

The Sharesave scheme is savings-related where, under normal circumstances, share options are exercisable on completion of a three and/or five year Save-As-You-Earn contract. The exercise price of options granted represents 80 per cent. of the market price at the date the option was granted.

Under the PSP, awards have been made to Executive Directors and approximately 400 senior employees of National Grid plc, including four directors of Fulcrum Group Holdings. Awards made in 2005, have a criteria of 50 per cent. based on National Grid's total shareholder return (TSR) performance when compared to the FTSE 100 50 per cent. is based on the annualised growth of the Company's EPS compared to the growth in RPI (the general index of retail prices for all items). Awards are delivered in National Grid plc shares (ADSs for US participants).

19. Provisions

	Restructuring provision £000
Balance at 1 April 2008	2,377
Provisions made during the year	1,144
Provisions used during the year	(2,559)
Balance at 31 March 2009	962

The restructuring provision is classified as current as at each balance sheet date as it is expected to be fully utilised within 12 months of the balance sheet date.

Refer to Note 4 for details of the restructuring programme.

20. Capital and reserves

Share capital

	2007 £000	*2008 £000*	*2009 £000*
Authorised			
300,000,000 Ordinary shares of £1.00 each	300,000	300,000	300,000
Issued, allotted, called up and fully paid			
10,000,000 Ordinary shares of £ 1.00 each	10,000	10,000	10,000

21. Financial instruments

21(a) ***Fair values of financial instruments***

Trade and other receivables

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the balance sheet date if the effect is material.

Inter-company loans and borrowings

The fair value of Inter-company loans and borrowings is estimated as the present value of future cash flows, discounted at the market rate of interest at the balance sheet date if the effect is material.

Trade and other payables

The fair value of trade and other payables is estimated as the present value of future cash flows, discounted at the market rate of interest at the balance sheet date if the effect is material.

Cash and cash equivalents

The fair value of cash and cash equivalents is estimated as its carrying amount where the cash is repayable on demand. Where it is not repayable on demand then the fair value is estimated at the present value of future cash flows, discounted at the market rate of interest at the balance sheet date.

Carry values and fair values

The carrying amounts of all financial assets and financial liabilities by class shown in the balance sheets at 31 March 2009, 31 March 2008 and 31 March 2007 are the same as their fair values.

Fair value hierarchy

Fulcrum does not have any financial instruments that are measured at fair value on a recurring basis.

21. Financial instruments (continued)

21(b) ***Credit risk***

Financial risk management

Credit risk is the risk of financial loss to Fulcrum if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from Fulcrum's receivables from customers and deposits with financial institutions.

Fulcrum's treasury policy and objectives in relation to credit risk is to minimise the likelihood that Fulcrum will experience financial loss due to counter party failure and to ensure that in the event of a single loss, the failure of any single counter party would not materially impact the financial wellbeing of Fulcrum.

Trade and other receivables

Fulcrum's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of Fulcrum's customer base. Management considers that there is no geographical concentration of credit risk other than the UK where all customers are based.

Fulcrum has established a credit policy under which each new customer is analysed individually for creditworthiness before Fulcrum's standard payment and delivery terms and conditions are offered/terms are adjusted accordingly. Purchase limits are established for each customer, which represents the maximum open amount without requiring approval.

Cash and cash equivalent

Surplus cash is swept on a daily basis to Fulcrum's ultimate parent undertaking, National Grid plc.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. Therefore, the maximum exposure to credit risk at the balance sheet date was the carrying amount of financial assets. Further details on Fulcrum's exposure to credit risk are given in Note 14.

21(c) ***Liquidity risk***

Financial risk management

Liquidity risk is the risk that Fulcrum will not be able to meet its financial obligations as they fall due.

Fulcrum's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under normal and stressed conditions, without incurring unacceptable losses or risking damage to Fulcrum. Fulcrum's exposure to liquidity risk is limited by the fact that it operates with cash resources which are available from Fulcrum's ultimate parent, National Grid plc, and performs a daily sweep or drawdown of surplus or required cash.

Fulcrum is reliant on committed funding from a variety of sources at parent undertaking level to meet the anticipated needs of Fulcrum for the period covered by Fulcrum's budget.

Fulcrum forecasts on a regular basis the expected cash flows that will occur on a daily, weekly and monthly basis. This information is used in conjunction with the weekly reporting of actual cash balances at bank in order to calculate the level of funding that will be required in the short and medium term.

The carrying amount of all non-derivative financial liabilities shown in the balance sheets at 31 March 2009, 31 March 2008 and 31 March 2007 is the same as the contractual cash flows. All contractual cash flows are due within one year.

21. Financial instruments (continued)

21(d) ***Cash flow hedges***

Cash flow hedges

Fulcrum does not have any cash flow hedges.

21(e) ***Market risk***

Financial risk management

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect Fulcrum's income or the value of its holdings of financial instruments.

Market risk – Foreign currency risk

Fulcrum has no exposure to foreign currency risk as all Fulcrum's trading transactions and its assets and liabilities are denominated in Sterling.

Market risk – Interest rate risk

Profile

At the balance sheet date Fulcrum had no interest-bearing financial instruments.

Market risk – Equity price risk

Fulcrum has no equity investments and therefore has no exposure to equity price risk.

21(f) ***Capital management***

Fulcrum's objectives for managing capital are to be aligned with that of National Grid plc, safeguarding Fulcrum's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital for National Grid plc.

22. Operating leases

Non-cancellable operating lease rentals are payable as follows:

	2008 *£000*	*2009* *£000*
Less than one year	956	1,121
Between one and five years	2,296	2,267
More than five years	516	131
	3,768	3,519

Operating lease rentals relate to property rents on long term commitments and short term plant hire.

23. Related parties

Transactions with key management personnel

The National Grid plc Group defines key management as the directors of Fulcrum. The compensation of key management personnel is as follows:

	2008 *£000*	*2009* *£000*
Short-term employee benefits	275	398
Post-employment benefits	119	125
Termination benefits	–	185
Share related awards	46	58
	440	766

23. Related parties (continued)

Transactions with other related parties

	Services rendered		*Purchases*		*Lease expenses*		*Other administrative expenses*	
	2008	*2009*	*2008*	*2009*	*2008*	*2009*	*2008*	*2009*
	£000	*£000*	*£000*	*£000*	*£000*	*£000*	*£000*	*£000*
Other related parties	29,996	19,326	(3,141)	(2,972)	(603)	(605)	(1,089)	(1,333)

	Amounts due from related parties		*Amounts due to related parties*		*Loans due from related parties*		*Current tax assets*		*Other loans and borrowings*	
	2008	*2009*	*2008*	*2009*	*2008*	*2009*	*2008*	*2009*	*2008*	*2009*
	£000	*£000*	*£000*	*£000*	*£000*	*£000*	*£000*	*£000*	*£000*	*£000*
Other related parties	1,940	6,693	(1,395)	(1,307)	12,438	5,488	2,388	2,998	–	(8,207)

Other related parties comprise companies under common control of the ultimate parent of the National Grid plc Group.

Fulcrum provides domestic and non-domestic gas connection activities on an arms length basis solely in the capacity as agent for National Grid Gas plc, an entity under the common control of National Grid plc.

Fulcrum purchases raw materials and leases operational sites on arms length bases from entities under the common control of National Grid plc.

Fulcrum incurs administrative costs from entities under common control of National Grid plc to cover the cost of key staff and centrally organised services.

"Amounts due from related parties" comprise amounts receivable on trading accounts. "Amounts due to related parties" comprise amounts owing on trading accounts. Trading accounts are settled on a quarterly basis, the net amount being allocated to "Loans due from related parties". No security is held for amounts due from related parties, and no security has been provided for amounts due to related parties. Loans due to related parties are interest free and repayable on demand.

"Current tax assets" comprise amounts receivable with respect to group relief within the National Grid Plc Group.

"Other loans and borrowings" comprise a facility provided by an entity under the common control of National Grid plc. The facility is provided on an interest fee basis and is repayable on demand. No security has been provided for the loan outstanding.

24. Accounting estimates and judgements

The preparation of financial information requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates. Information about such judgements and estimations is contained in the accounting policies or the notes to the financial information, and the key areas are summarised below.

Areas of judgement that have the most significant effect on the amounts recognised in the financial information are as follows:

- The exemptions adopted on transition to IFRS on 1 April 2007.
- The categorisation of certain items as exceptional items – Note 4.

23. Accounting estimates and judgments (continued)

Key sources of estimation uncertainty that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

- Impairment reviews of tangible and intangible fixed assets – accounting policies and Notes 9, 10 and 11.
- Revenue recognition – accounting policies.
- Recoverability of deferred tax assets – accounting policies and Note 12.
- Recoverability of trade receivables – accounting polices and Note 14.
- Provision for restructuring – accounting polices and Note 4.

25. Explanation of transition to adopted IFRSs

As stated in note 1, thus is Fulcrum's first consolidated financial information prepared in accordance with adopted IFRSs.

The accounting policies set out in note 1 have been applied in preparing the reconciliation of opening IFRS equity at 1 April 2007, Fulcrum's date of transition, and the reconciliation of IFRS equity at 31 March 2009, the end of the latest period presented under Fulcrum's most recent annual financial statements under UK GAAP.

In preparing its opening IFRS balance sheet, Fulcrum has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (UK GAAP). An explanation of how the transition from UK GAAP to adopted IFRSs has affected Fulcrum's financial position, financial performance and cash flows is set out in the following tables and the notes that accompany the tables.

25. Explanation of transition to adopted IFRSs (continued)

Reconciliation of equity

	Note	*1 April 2007* UK GAAP £000	*Effect of transition to adopted IFRSs* £000	*Adopted IFRSs* £000	*31 March 2009* UK GAAP £000	*Effect of transition to adopted IFRSs* £000	*Adopted IFRSs* £000
Non-current assets							
Property, plant and equipment	a	3,130	(1,402)	1,728	6,231	(789)	5,442
Intangible assets	a	–	1,402	1,402	–	789	789
Deferred tax assets	b	–	792	792	–	682	682
		3,130	792	3,922	6,231	682	6,913
Current assets							
Inventories		1,299	–	1,299	1,937	–	1,937
Current tax assets	c	–	–	–	–	2,998	2,998
Trade and other receivables	b, c	187,892	(792)	187,100	23,848	(3,680)	20,168
Cash and cash equivalents		–	–	–	184	–	184
		189,191	(792)	188,399	25,969	(682)	25,287
Total assets		192,321	–	192,321	32,200	–	32,200
Current liabilities							
Bank overdraft		(147)	–	(147)	–	–	–
Other loans and borrowings	d	–	(154,833)	(154,833)	–	(8,207)	(8,207)
Trade and other payables	c, d	(179,420)	162,472	(16,948)	(35,768)	8,207	(27,561)
Current tax liabilities	c	–	(7,639)	(7,639)	–	–	–
Provisions		(182)	–	(182)	(962)	–	(962)
Total liabilities		(179,749)	–	(179,749)	(36,730)	–	(36,730)
Net assets/(liabilities)		12,572	–	12,572	(4,530)	–	(4,530)
Equity attributable to equity holders of the parent							
Share capital		10,000	–	10,000	10,000	–	10,000
Retained earnings		2,572	–	2,572	(14,530)	–	(14,530)
Total equity /(Deficiency in total equity)		12,572	–	12,572	(4,530)	–	(4,530)

Notes to the reconciliation of equity and the reconciliation of loss

(a) *Intangible assets*

Previously in accordance with FRS 15 "Tangible Fixed Assets" certain software costs were capitalised and included as Tangible fixed assets. Under IAS 38 "Intangible Assets", software costs are included as Intangible assets. Accordingly an adjustment has been made to reclassify these balances. This has no impact on equity as at 31 March 2009 or 1 April 2007 or the loss before tax for the year ended 31 March 2009.

(b) *Deferred taxation*

IAS 12 "Income Taxes" requires that deferred tax is provided on substantially all differences between the carrying amounts and the tax bases of assets and liabilities except those arising from Goodwill that is not tax deductible. This is wider than UK GAAP which specifically does not permit the recognition of certain temporary differences including those relating to revaluations where no sale is in progress, and fair value adjustments on business combinations. No adjustment is required in this regard.

Previously under UK GAAP deferred tax assets were included within Debtors. Under IFRS deferred tax assets and deferred tax liabilities are presented separately on the face of the balance sheet as non-current balances. Accordingly an adjustment has been made to reclassify the deferred tax balances.

25. Explanation of transition to adopted IFRSs (continued)

This has no impact on equity as at 31 March 2009 or 1 April 2008 or the loss before tax for the year ended 31 March 2009.

(c) *Current tax assets/(liabilities)*

Previously under UK GAAP current tax assets were included in Debtors and Current tax liabilities were included within Creditors: amounts falling due within one year. Under IFRS current tax assets and current tax liabilities are presented separately on the face of the balance sheet. Accordingly an adjustment has been made to reclassify current tax assets and current tax liabilities. This has no impact on equity as at 31 March 2009 or 1 April 2008 or the loss before tax for the year ended 31 March 2009.

(d) *Other loans and borrowings*

Previously under UK GAAP Other loans and borrowing were included within Creditors: amounts falling due within one year. Under IFRS Other loans and borrowings are presented separately on the face of the balance sheet. Accordingly an adjustment has been made to reclassify Other loans and borrowings. This has no impact on equity as at 31 March 2009 or 1 April 2008 or the loss before tax for the year ended 31 March 2009.

Reconciliation of loss for the year ended 31 March 2009

There are no material adjustments between the loss for the year ended 31 March 2009 under UK GAAP and under IFRS.

Explanation of material adjustments to the cash flow statement

The material adjustments to the cash flow statement are principally presentational with cash flows now classified under three main categories of operating activities, investing activities and financing activities.

26. Subsequent events

In May 2009 the Binley office closed requiring the majority of the restructuring provision to be utilised.

The financial information does not reflect any adjustments which are expected to take place when the proposed acquisition of Fulcrum by the Subsidiary is completed. Following Completion, the financial position and results are expected to exclude intercompany balances and transactions, pension entries and share based payment charges associated with the National Grid plc group.

PART VI

UNAUDITED PRO FORMA NET ASSET STATEMENT FOR THE ENLARGED GROUP

The following unaudited pro forma statement of the consolidated net assets of the Enlarged Group (the "**pro forma financial information**") is based on the consolidated net assets of the Company as at its date of incorporation on 4 December 2009 and has been prepared to illustrate the effect on the consolidated net assets of the Company as if the Acquisition had been effected on 4 December 2009.

The pro forma financial information has been prepared for illustrative purposes only and, because of its nature, addresses a hypothetical situation and therefore does not represent the actual financial position or results of the Enlarged Group.

The pro forma financial information has been prepared under International Financial Reporting Standards as adopted by the EU and on the basis set out in the notes set out below. The pro forma financial information is stated on the basis of the accounting policies that will be adopted by the Company in preparing its financial statements for the period ending 31 December 2010.

	Company December 2009 Placing Adjustment (note 1)	*Acquisition adjustments*			*Pro forma net assets of the Enlarged Group*
		Fulcrum Group (note 2)	*Acquisition Agreement Adjustments (note 3)*	*Acquisition of Fulcrum (notes 4, 5 & 6)*	
	£000	*£000*	*£000*	*£000*	*£000*
NON CURRENT ASSETS					
Intangible assets	–	487	–	–	487
Property, plant and equipment	–	6,405	–	–	6,405
Deferred tax asset	–	380	–	–	380
	–	7,272	–	–	7,272
CURRENT ASSETS					
Cash and cash equivalents	5,960	–	3,598	9,000	18,588
Trade and other receivables	–	8,450	(562)	–	7,888
Current tax assets	–	4,447	(4,447)	–	–
Inventories	–	3,070	–	–	3,070
	5,960	15,967	(1,411)	9,000	29,516
TOTAL ASSETS	5,960	23,239	(1,411)	9,000	36,788
CURRENT LIABILITIES					
Bank overdraft	–	(276)	276	–	–
Intercompany loans and borrowings	–	(12,068)	12,068	–	–
Trade and other payables	–	(23,273)	3,566	–	(19,707)
Provisions	–	(121)	–	–	(121)
	–	(35,738)	15,910	–	(19,828)
TOTAL LIABILITIES	–	(35,738)	15,910	–	(19,828)
NET ASSETS/ (LIABILITIES)	5,960	(12,499)	14,499	9,000	16,960

Notes:

1. The Company has not published any financial information since it was incorporated on 4 December 2009.

   As set out in the Company's admission document dated 22 December 2009 (prepared in connection with the placing of up to 62,640,000 ordinary shares of 0.1 pence per share at 10 pence per share and admission to trading on AIM – the "**2009 Placing**"), the Company had net assets of 0.1 pence on incorporation and immediately prior to the 2009 Placing.

   As set out in the Company's admission document dated 22 December 2009, the estimated net proceeds of the 2009 Placing were £5,960,000, which increased the Company's net assets by the same amount and which is reflected in the pro forma financial information.

2. The net assets of Fulcrum at 31 January 2010 have been extracted without material adjustment from the unaudited consolidated interim financial statements of Fulcrum for the period ended 31 January 2010 which are set out in Part V of this document.

Adjustments:

3. In accordance with the terms of the Acquisition Agreement, National Grid Commercial Holdings has agreed to procure that, inter alia, (a) third party indebtedness will be settled prior to completion and (b) all intercompany balances will be deemed to have been settled prior to completion. Consideration of £10 is therefore stated on a cash-free, debt-free basis. The following adjustments to net assets have been made for the purposes of the pro forma financial information to reflect this:

	£000
Elimination of overdraft balances	276
Repayment of intercompany loans and borrowings	12,068
Repayment of amounts due to related parties	3,566
Recovery of amounts due from related parties	(562)
Recovery of tax assets due from related parties	(4,447)
Total Acquisition Agreement adjustments	10,901

   The source of the above adjustments is disclosure contained within the financial information set out in Part V of this document.

   The Acquisition Agreement also contains provisions which state that the consideration may be adjusted if working capital at completion differs from a predetermined target level of net liabilities of £5,272,000.

   The following adjustment to working capital has been made for the purposes of the pro forma financial information to reflect this:

Working capital target in the Acquisition Agreement	(5,272)
Working capital acquired:	
– trade and other receivables	8,450
– recovery of amounts due from related parties	(562)
– current tax assets	4,447
– recovery of tax assets due from related parties	(4,447)
– inventories	3,070
– trade and other payables	(23,273)
– repayment of amounts due to related parties	3,566
– provisions	(121)
	(8,870)
Cash required to meet working capital target	3,598

4. The headline consideration for the entire issued share capital of Fulcrum Group Holdings is £10, payable in cash on completion.

5. An adjustment has been made to reflect the estimated intangible assets arising on the Acquisition. For the purposes of this pro forma information, no adjustment has been made to the separate assets and liabilities of Fulcrum Group Holdings to reflect their fair value. The aggregate of the estimated consideration exceeds the net assets of Fulcrum Group Holdings as stated at their book value at 31 January 2010. In accordance with IFRS 3, this excess has been recognised immediately in the income statement. Were an exercise performed to fair value the separate assets and liabilities of Fulcrum Group Holdings, it may be appropriate to allocate some or all of the excess to those assets and liabilities. The net assets of Fulcrum Group Holdings will be subject to a fair value restatement as at the effective date of the Acquisition. Also, in accordance with IAS 36 – "Impairment of Assets", the Company will assess the need for an impairment of intangible assets at the next reporting date, unless there is an indication of the need for impairment at an earlier point.

	£000
Estimated consideration payable in cash on completion	–
Total cost of acquisition (i)	–
Net (liabilities) of Fulcrum as at 31 January 2010	(12,499)
Acquisition Agreement adjustments as set out in note 3 above	14,499
Net assets acquired (ii)	2,000
(i) less (ii): Excess of the Company's interest in the net assets of Fulcrum Group Holdings over cost	(2,000)
Recognise the excess of the Company's interest in the net assets of Fulcrum Group Holdings over cost immediately in the income statement in accordance with IFRS 3	2,000
Intangible assets arising	–
Proceeds from the Placing	11,000
Estimated transaction expenses	(2,000)
Estimated consideration payable in cash on completion	–
	9,000

6. The total estimated transaction expenses of £2.0 million is based on the Directors' and the Proposed Directors latest estimate of the Company's transaction expenses.

7. No account has been taken of the financial performance of the Company since incorporation, the financial performance of Fulcrum since 31 January 2010, nor of any other event save as disclosed above.

PART VII

ADDITIONAL INFORMATION

1. Responsibility

The Directors and the Proposed Directors, whose names, business addresses and functions are set out on page 6 of this document, and the Company accept responsibility for the information contained in this document. To the best of the knowledge of the Directors, the Proposed Directors and the Company (who have taken all reasonable care to ensure that such is the case) the information contained in this document for which they are responsible is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. Incorporation and registration

2.1 The Company was incorporated under the Companies Law as an exempted company limited by shares in the Cayman Islands on 4 December 2009 with registered number 234240 under the name of Marwyn Capital I Limited. The principal legislation under which the Company operates and under which the Ordinary Shares are governed is the Companies Law and the regulations made thereunder.

2.2 The registered office of the Company is P.O. Box 309, Ugland House, Grand Cayman KY 1-1104, Cayman Islands and its telephone number is +1 345 949 8066. The principal place of business of the Company is 11 Buckingham Street, London WC2N 6DF.

2.3 The liability of the shareholders is limited. The Company has an unlimited life.

2.4 The Company does not have, nor is it required to have, any specific regulatory approvals in the Cayman Islands to carry on its business.

2.5 Save for its entry into the material contracts summarised in paragraph 14 of this Part VII (*Additional Information*) and its original admission to AIM, since its incorporation, the Company has not carried out any significant business and does not have any trading operation. Other than the financial information set out in this document, no accounts of the Company have been made up. Each financial year of the Company will terminate on 31 December of each year, with the first period ending on 31 December 2010.

3. Group and Enlarged Group organisation

3.1 As at the date of this document, the Company is the parent company of Marwyn Capital Investments I, which is wholly owned by the Company.

3.2 Immediately following Completion, the Company will be the holding company of the Enlarged Group and will have the following subsidiary undertakings, all of which are or will be wholly owned (either directly or indirectly) by the Company:

Name	*Country of incorporation or residence*	*Proportion of ownership interest (per cent.)*	*Proportion of voting power (per cent.)*	*Trading activity*
Marwyn Capital Investments I	Cayman Islands	100%	100%	Management incentive scheme
Fulcrum Group Holdings Limited	England and Wales	100%	100%	Intermediate holding company
Fulcrum Gas Services	England and Wales	100%	100%	Regulated gas connection services
Fulcrum Infrastructure Services	England and Wales	100%	100%	Unregulated gas connections services
Fulcrum Pipelines	England and Wales	100%	100%	Independent gas transporter
Fulcrum Connections	England and Wales	100%	100%	Dormant

3.3 A diagram illustrating the structure of the Enlarged Group immediately following Admission is included in paragraph 10 Part I (*Letter from the Directors of Marwyn Capital I Limited*).

3.4 Other than as set out in paragraph 3.2 of this Part VII (*Additional Information*), no member of the Enlarged Group has any holdings in any other undertakings which are likely to have a significant effect on the assessment of the Enlarged Group's own assets and liabilities, financial position, profits and losses.

4. Share Capital of the Company

The history of the Company's share capital since its incorporation is as follows:

4.1 At the date of incorporation, the Company had an authorised share capital of £500,000 divided into 500,000,000 shares with a nominal value of 0.1 pence each. On incorporation, one Ordinary Share was issued to Mapcal Limited (the "**Subscriber Share**"). On 4 December 2009, the Subscriber Share was transferred by Mapcal Limited to James Corsellis and was subsequently transferred on 16 December 2009 to Marwyn Capital Management Limited.

4.2 By written resolution of the sole shareholder of the Company passed on 18 December 2009, it was resolved (amongst other things) that, conditional on the initial admission of the entire issued share capital of the Company to trading on AIM, the Subscriber Share be repurchased by the Company for a consideration of 0.1 pence.

4.3 On 24 December 2009, the entire issued share capital of the Company was admitted to trading on AIM and a related placing of 62,640,000 Ordinary Shares were allotted at a placing price of 10 pence per share, which represented a premium of 9.9 pence over the nominal value of an Ordinary Share. Immediately after this date, the Company's issued share capital was 62,640,000 Ordinary Shares.

4.4 A general meeting of the Company will be held on 5 July 2010 at which the Company shall ask the Shareholders to consider, and if thought fit, pass (amongst other things) the following resolutions:

(a) the Directors be empowered to allot equity securities (within the meaning of the Articles) to such persons and at such times and on such terms as they think proper:

(i) up to the maximum nominal amount of £91,667 to persons applying for Ordinary Shares in connection with the Placing; and

(ii) otherwise than pursuant to the authority in (i) above and the resolution at (b) below, up to an aggregate amount equal to one third of the fully diluted issued share capital of the Company from time to time,

provided that this authority shall expire, unless sooner revoked or altered by the Company in a general meeting, at the conclusion of the first annual general meeting of the Company or on the date that falls eighteen months from the date on which this resolution is passed, save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such an offer or agreement as if the authority conferred under this resolution had not expired. This authority shall be in substitution for any previous authorities granted in this regard by the Company, including anything to the contrary in the Articles.

(b) the Directors be empowered to allot equity securities (within the meaning of the Articles) to such persons and at such times and on such terms as they think proper up to an aggregate amount equal to twenty per cent. (20 per cent.) of the fully diluted issued share capital of the Company from time to time to enable the Company to make offers or arrangements which would or might require equity securities to be allotted in respect of the Marwyn Participation Option and the Management Participation Shares, provided that this authority shall expire, unless sooner revoked or altered by the Company in a general meeting, on the date that falls 5 years after the date on which this resolution is passed, save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted

after such expiry and the Directors may allot equity securities in pursuance of such an offer or agreement as if the authority conferred under this resolution had not expired. This authority shall be in substitution for any previous authorities granted in this regard by the Company, including anything to the contrary in the Articles.

(c) the Directors be empowered to allot equity securities (pursuant to the authority conferred on the Directors under the resolution at (a) above), wholly for cash as if article 5.4 of the Articles did not apply to any such allotment provided that this power shall be limited to the allotment of equity securities:

(i) for cash up to the maximum nominal amount of £91,667 to persons applying for Ordinary Shares in connection with the Placing;

(ii) in connection with a rights issue and so that for this purpose ìrights issueî means an offer of equity securities open for acceptance for a period fixed by the Directors to holders of equity securities on the register of members of the Company or Depository Interest holders on a fixed record date in proportion to their respective holdings of such securities or in accordance with the rights attached thereto but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlement or legal or practical problems under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory; and

(iii) otherwise than pursuant to the authorities contained in (i) and (ii) above of this resolution and the resolution at (d) below, up to an aggregate amount equal to five per cent of the fully diluted issued share capital of the Company from time to time,

provided that this authority shall expire, unless sooner revoked or altered by the Company in a general meeting, at the conclusion of the first annual general meeting of the Company or within eighteen months of the date on which this resolution is passed, save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such an offer or agreement as if the authority conferred under this resolution had not expired. This authority shall be in substitution for any previous authorities granted in this regard by the Company, including anything to the contrary in the Articles.

(d) the Directors be empowered to allot equity securities (pursuant to the authority conferred on the Directors under the resolution at (b) above), wholly for cash as if article 5.4 of the Articles did not apply to any such allotment provided that this power shall be limited to the allotment of equity securities up to an aggregate amount equal to twenty per cent. (20 per cent.) of the fully diluted issued share capital from time to time to enable the Company to make offers or arrangements which would or might require equity securities to be allotted in respect of the Marwyn Participation Option and the Management Participation Shares, provided that this authority shall expire, unless sooner revoked or altered by the Company in a general meeting, on the date that falls 5 years after the date on which this Resolution is passed, save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such an offer or agreement as if the authority conferred under this resolution had not expired. This authority shall be in substitution for any previous authorities granted in this regard by the Company, including anything to the contrary in the Articles.

4.5 The Company's authorised and issued share capital at the date of this document is:

	Authorised		*Issued and fully paid*	
	Nominal Value	*Number*	*Nominal Value*	*Number*
Ordinary Shares	£500,000	500,000,000	£62,640	62,640,000

4.6 Up to 91,666,667 Ordinary Shares are being issued pursuant to the Placing at a price of 12 pence per Ordinary Share, which represents a premium of 11.9 pence over the nominal value of an Ordinary Share of 0.1 pence.

4.7 Immediately following Admission, the Company's authorised share capital and the Enlarged Share Capital is expected to be:

	Authorised		*Issued and fully paid*	
	Nominal Value	*Number*	*Nominal Value*	*Number*
Ordinary Shares	£500,000	500,000,000	154,307	154,306,667

4.8 The Company does not have any shares not representing capital.

4.9 The Company has no outstanding convertible debt securities, exchangeable debt securities or debt securities with warrants.

4.10 Save as disclosed in this paragraph 4 of this Part VII (*Additional Information*), no share or loan capital of the Company or any of its subsidiaries is under option or agreed conditionally or unconditionally to be put under option.

4.11 The Ordinary Shares are not listed or traded on and no application has been or is being made for the admission of the Ordinary Shares to listing or trading on any stock exchange or securities market other than AIM.

4.12 The Company's share capital consists solely of Ordinary Shares with equal voting rights and restrictions. There are no different voting rights granted to the Company's major shareholders. The Ordinary Shares are denominated in Sterling.

4.13 There are no applicable provisions of the Companies Law that provide rights of pre-emption for Shareholders in respect of any class of share.

4.14 There are no arrangements known to the Company, the Directors or the Proposed Directors, the operation of which may at a subsequent date result in the change of control of the Company.

4.15 The Ordinary Shares are certificated but may be represented through Depository Interests, under CREST.

4.16 The holders of Existing Ordinary Shares will be diluted by the issue of the Placing Shares. Following the Placing, the holders of the Existing Ordinary Shares will hold 40.6 per cent. of the Enlarged Share Capital.

4.17 The Placing Shares are all Ordinary Shares and will rank *pari passu* in all respects with the Existing Ordinary Shares including in relation to voting rights and the right to receive all dividends and other distributions declared, paid or made after Admission. No Shareholder enjoys different or enhanced voting rights from any other Shareholder.

4.18 There have been no public takeover bids by third parties for all or any part of the Company's equity share capital during the period since its incorporation and up to and including the date immediately prior to the date of this document.

4.19 Other than pursuant to the Management Participation Shares and the Marwyn Participation Option (details of which are outlined in paragraphs 13 and 14 of Part I (*Letter from the Directors of Marwyn Capital I Limited)* and paragraph 14.1 of this Part VII (*Additional Information*), no person has any rights to purchase the authorised but unissued capital of the Company and no person has been given an undertaking by the Company to increase its issued capital. The Directors and the Proposed Directors envisage that the Company will, following Admission, implement a share incentive scheme whereby certain key employees will be granted share options over Ordinary Shares. The number of Ordinary Shares that the Company may issue pursuant to the Marwyn Participation Option and Management Participation Shares is dependent on the value of the Ordinary Share price at the time at

which those shares are issued. The maximum number of new Ordinary Shares that may be issued is equal to 10 per cent. of the fully diluted share capital in respect of the Management Participation Shares and 10 per cent. of the fully diluted Ordinary Share share capital in respect of the Marwyn Participation Option.

4.20 The ISIN for the Ordinary Shares is KYG587891014. At the General Meeting, the Company shall ask the Shareholders to consider, and if thought fit, pass (amongst other things) a resolution to change the name of the Company to Fulcrum Utility Services Limited. If this resolution is passed at the General Meeting, a new ISIN for the Ordinary Shares will be required. The Directors and the Proposed Directors expect the new ISIN for the Ordinary Shares to be issued within 10 business days of Admission.

5. Summary of Memorandum, Articles and the New Articles

5.1 ***Memorandum***

The Memorandum provides that the objects of the Company are unrestricted and the Company will have full power to carry out any object not prohibited by the Companies Law. The Companies Law does not prohibit the Company from acting as a holding company. Copies of the Memorandum are on the Company's website (www.marwyncapitalone.com) or at the offices of Cenkos Securities plc, 6.7.8 Tokenhouse Yard, London, EC2R 7AS.

It is proposed that, in the General Meeting, the Shareholders approve an amendment to the Memorandum to reflect the change of the Company's name (if such change of name is approved in the General Meeting) to Fulcrum Utility Services Limited.

5.2 ***Articles***

The following is a summary of certain provisions of the Articles that were adopted by written resolution of the sole shareholder of the Company passed on 18 December 2009. This summary does not purport to be complete and is qualified in its entirety by the full terms of the Articles. Copies of the Articles are on the Company's website (www.marwyncapitalone.com) or at the offices of Cenkos Securities plc, 6.7.8 Tokenhouse Yard, London EC2R 7AS.

The Articles contain provisions, among other things, to the following effect:

(a) *Voting rights*

Subject to any rights or restrictions attached to any shares, on a show of hands every holder of Ordinary Shares who (being an individual) is present in person or by proxy or, if a corporation or other non-natural person is present by its duly authorised representative, will have one vote and on a poll every such shareholder who (being an individual) is present in person or by proxy or, if a corporation or other non-natural person is present by its duly authorised representative, will have one vote for every Ordinary Share of which he is the holder.

(b) *Dividends*

(i) Subject to the Companies Law, and this paragraph (i) and the rights or restrictions attached to any shares, the Directors may declare dividends (including interim dividends) and distributions on shares in issue and authorise payment of the dividends or distributions out of the funds of the Company lawfully available therefor. No dividend or distribution will be paid except out of the realised or unrealised profits of the Company, or as otherwise permitted by the Companies Law. There are no fixed dates on which the entitlement to dividends arises. All dividend payments will be non-cumulative.

(ii) Except as otherwise provided by the rights attached to shares with special rights as to dividends or distributions, if dividends or distributions are to be declared on a class of shares they will be declared and paid according to the amounts paid or credited as paid

on the shares of such class outstanding on the record date for such dividend or distribution as determined in accordance with the Articles but no amount paid or credited as paid on a share in advance of calls will be treated for the purpose of the Articles as paid on the share.

(iii) The directors may deduct from any dividend or other distribution payable to any shareholder all sums of money (if any) then payable by him to the Company on account of calls or otherwise.

(iv) The directors may declare that any dividend or other distribution be paid wholly or partly by the distribution of specific assets and in particular (but without limitation) by the distribution of shares, debentures, or securities of any other company or in any one or more of such ways and where any difficulty arises with regard to such distribution, the directors may settle the same as they think expedient and in particular may issue fractional shares and may fix the value for distribution of such specific assets or any part thereof and may determine that cash payments will be made to any shareholders upon the basis of the value so fixed in order to adjust the rights of all shareholders and may vest any such specific assets in trustees in such manner as may seem expedient to the directors.

(v) Any dividend, other distribution, interest or other monies payable in cash in respect of shares may be paid by wire transfer to the holder or by cheque or warrant sent through by post directed to the registered address of the holder or, in the case of joint holders, to the registered address of the holder who is first named on the register of members or to such person and to such address as such holder or joint holders may in writing direct. Every such cheque or warrant will be made payable to the order of the person to whom it is sent. Any one of two or more joint holders may give effectual receipts for any dividends, other distributions, bonuses, or other monies payable in respect of the share held by them as joint holders.

(vi) No dividend or other distribution will bear interest against the Company.

(vii) The directors may, before declaring any dividends or other distributions, set aside such sums as they think proper as a reserve or reserves which will at the discretion of the directors, be applicable for any purpose of the Company and pending such application may, at the like discretion, be employed in the business of the Company.

(viii) Any dividend or other distribution which cannot be paid to a shareholder and/or which remains unclaimed after six months from the date of declaration of such dividend or other distribution may, in the discretion of the directors, be paid into a separate account in the Company's name, provided that the Company will not be constituted as a trustee in respect of that account and the dividend or other distribution will remain as a debt due to the shareholder. Any dividend or other distribution which remains unclaimed after a period of six years from the date of declaration of such dividend or other distribution will be forfeited and will, if the share class is still in issue (other than shares for which dividends cannot be paid and/or remain unclaimed), revert to the Company for the benefit of all shareholders of that class, or otherwise revert to the Company for the benefit of all shareholders of the Company on the date such dividend is forfeited.

(c) *Winding-up*

(i) If the Company shall be wound up, the liquidator shall apply the assets of the Company in satisfaction of creditors' claims in such manner and order as such liquidator thinks fit. Subject to the rights attached to shares of any class, in a winding up:

(A) if the assets available for distribution amongst the shareholders of the Company shall be insufficient to repay the whole of the Company's issued share capital, such assets shall be distributed so that, as nearly as may be, the losses shall be

borne by the members in proportion to the nominal value of the shares held by them; or

(B) if the assets available for distribution amongst the shareholders shall be more than sufficient to repay the whole of the Company's issued share capital at the commencement of the winding up, the surplus shall be distributed amongst the members in proportion to the nominal value of the shares held by them at the commencement of the winding up subject to a deduction from such shares in respect of which there are monies due, of all monies payable to the Company for unpaid calls or otherwise.

(ii) If the Company shall be wound up, the liquidator may, with the sanction of a special resolution of the Company, divide among the shareholders in kind the whole or any part of the assets of the Company or vest the whole or any part of such assets in trustees upon such trusts for the benefit of the shareholders as the liquidator, with the like sanction, shall think fit.

(d) *Transfers*

(i) The instrument of transfer of any share will be in writing and will be executed by or on behalf of the transferor and the transferor will be deemed to remain the holder of a share until the name of the transferee is entered in the register in respect thereof.

(ii) For the purposes of this summary, a "**Relevant System**" means, in relation to a share, a computer-based system and procedures, which enable title to units of a security to be evidenced and transferred without a written instrument, and which facilitate supplementary and incidental matters.

(iii) Transfers of shares (or any interest in such shares) in uncertificated form will be effected by means of the Relevant System in accordance with the rules of the Relevant System and the Articles.

(iv) The directors may, in their absolute discretion and without giving any reason therefor, refuse to register any transfer of shares unless:

(A) it is in respect of a fully paid share;

(B) it is duly stamped (if required);

(C) save in the case of a transfer by a Recognised Person (as defined in the Articles) to whom no share certificate was issued, it is deposited at the office or such other place as the directors may appoint and is accompanied by the certificate, for the shares to which it relates and such other evidence (if any) as the directors may reasonably require to show the right of the transferor to make the transfer;

(D) it is in respect of only one class of share;

(E) it is in favour of not more than four transferees except in the case of executors or trustees of a deceased shareholder; and

(F) it is in respect of a share on which the Company does not have a lien in respect of which the Company has served a notice pursuant to the Articles.

(v) If the directors refuse to register a transfer of any shares, they must, within two months after the date on which the transfer was lodged with the Company or the instruction was received by the operator of the Relevant System (as the case may be), send to the transferor and the transferee notice of the refusal.

(vi) The registration of transfers of shares may be suspended at such times and for such periods as the directors may, in their absolute discretion, from time to time determine,

provided always that (i) such registration will not be suspended for more than 30 days in any year, and (ii) the directors may not suspend the registration of transfers of any participating security without the consent of the operator of the Relevant System.

(vii) All instruments of transfer which are registered will be retained by the Company, but any instrument of transfer which the directors decline to register will (except in any case of fraud) be returned to the person depositing the same.

(viii) Nothing in the Articles precludes the directors from recognising a renunciation of the allotment of any share by an allottee in favour of some other person.

(e) *Compulsory transfer*

Where, in the opinion of the directors, shares are being held, directly or indirectly, by any shareholder (a "**Non-Qualifying Person**"): (i) whose ownership of shares may cause the Company's assets to be deemed 'plan assets' for the purposes of ERISA or Section 4975 of the US Internal Revenue Code, (ii) whose ownership of shares may cause the Company to be required to register as an 'investment company' under the US Investment Company Act (including because the purchase of the shares is not a "**qualified purchase**" as defined in the Investment Company Act), (iii) whose ownership of shares may cause the Company to be a 'controlled foreign corporation' for the purposes of the US Internal Revenue Code or may cause the Company to suffer any pecuniary disadvantage (including any excise tax, penalties or liabilities under ERISA or the US Internal Revenue Code) or (iv) whose ownership of shares may cause the Company to be required to comply with any registration or filing requirements in any jurisdiction with which the Company would not otherwise be required to comply, the Company may at its option direct the Non-Qualifying Person to transfer his shares to a person who is qualified to hold them and would not by reason of a transfer become a Non-Qualifying Person. In addition to the foregoing, the directors may at any time and for any reason determine that any shareholder that is a "**benefit plan investor**" (as defined in Section 3(42) of ERISA) will be treated as a Non-Qualifying Person, and may direct such Non-Qualifying Person to transfer his shares to a non-benefit plan investor that is qualified to hold such shares and would not by reason of such transfer become a Non-Qualifying Person. Notwithstanding any provisions to the contrary in the Articles or in any resolution setting forth the rights of any shares, until such transfer is effected, the holder of such shares will not be entitled to any rights or privileges attaching to such shares. If the required transfer is not effected within 20 days after service of a notice to do so and the said shareholder directed to transfer his shares has not established to the reasonable satisfaction of the Board (whose judgement will be final and binding) that he is not a Non-Qualifying Person, the Company may (in accordance with Regulation 32(2)(c) of Regulation 3 of the CREST Regulations) deliver a written notification to the operator of the CREST system requiring conversion of the relevant shares into certificated form to enable the Company to deal with such shares in accordance with the Articles. At any time following the recertification of the relevant shares having taken place, any or all of such shares may be sold by the Company on behalf of said shareholder. The said shareholder will be entitled to receive the sale proceeds in respect of his shares so sold and such sale proceeds to be paid to such shareholder in the manner described and subject as provided in the Articles. The consent of such shareholder for the sale of his shares by the Company is not required. To give effect to any such sale, the Board may authorise any person to transfer the shares to be sold.

(f) *Redemption/repurchase of shares*

(i) Subject to the provisions of the Companies Law, shares may be issued on the terms that they are to be redeemed on such terms and in such manner as the Company, before the issue of the shares, may by special resolution determine.

(ii) Subject to provisions of the Companies Law and paragraph (iii) below, the Company may purchase its own shares, including any redeemable shares, provided that the manner

of purchase has first been authorised by the Company in general meeting and may make payment therefor in any manner authorised by the Companies Law, including out of capital save that the Company may make market purchases of up to 14.99 per cent. of the Ordinary Shares in issue following Admission in accordance with the Companies Law. Further to such authority, the maximum price (exclusive of expenses) that may be paid will be an amount equal to 5 per cent. above the average of the middle market quotations for such shares taken from the London Stock Exchange daily official list for the five business days preceding the day on which the purchase is made. The minimum price (exclusive of expenses) that may be paid will be 0.1 pence being the nominal value. This authority shall expire, unless sooner revoked or varied by the Company in general meeting, at the conclusion of the first annual general meeting of the Company or within eighteen months of the date of the adoption of the Articles (whichever is the earlier). The Company will seek renewal of such authority at the annual general meeting of the Company and thereafter at subsequent general meetings. The making and timing of any repurchases will be at the absolute discretion of the Board.

(iii) Notwithstanding any other provisions of the Articles, the Company may purchase its own shares, including any redeemable shares, provided that the holders of that class of shares to be purchased will authorise the Company to do so and is otherwise not prohibited by the Companies Law.

(g) *Variation of share capital, Memorandum or Articles*

(i) Subject to and insofar as permitted by the provisions of the Companies Law, the Company may from time to time by special resolution alter or amend its memorandum, its articles or change its name.

(ii) subject to certain provisions of the Memorandum and Articles and the Companies Law, the Company may by special resolution reduce its share capital and any capital redemption reserve.

(iii) The Company may by ordinary resolution:

(A) increase the share capital by such sum as the ordinary resolution shall prescribe and with such rights, priorities and privileges annexed thereto as the Company may in general meeting determine;

(B) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;

(C) convert all or any of its paid-up shares into stock and reconvert that stock into paid-up shares of any denomination;

(D) subdivide its existing shares, or any of them, divide the whole or any part of its share capital into shares of a smaller amount than is fixed by the memorandum;

(E) cancel any shares that at the date of the passing of the resolution have not been taken or agreed to be taken by any person;

(F) all new shares created will be subject to the same provisions with reference to the payment of calls, liens, transfer, transmission, forfeiture and otherwise as the shares in the original share capital; and

(G) subject to the provisions of the Companies Law, the Company may by resolution of the directors change the location of its registered office.

(h) *Variation of rights of shares*

(i) If at any time the share capital of the Company is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may be varied with the consent in writing of the holders of at least three-quarters of the issued shares of that class, or with the sanction of a resolution passed by at least a three-quarters majority of the holders of the shares of that class at a separate general meeting of the holders of the shares of that class. The provisions of the Articles relating to general meetings will apply to every such general meeting of the holders of one class of shares except that the necessary quorum will be one person holding or representing by proxy at least one-third of the issued shares of the class and that any holder of shares of the class present in person or by proxy may demand a poll.

(ii) The rights conferred upon the holders of the shares of any class issued with preferred or other rights will not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

(i) *General meetings*

(i) The Company will, within 18 months of its incorporation and in each year of its existence thereafter hold a general meeting as its annual general meeting in addition to any other meetings in that year and will specify the meeting as such in the notices calling it. Not more than 15 months will elapse between the date of one annual general meeting of the Company and the date of the next such meeting. The annual general meeting will be held at such time and place as the directors will appoint. At these meetings, the report of the directors (if any) will be presented.

(ii) The directors may whenever they think fit, and they will on the requisition of shareholders of the Company holding at the date of deposit of the requisition not less than one-tenth of such of the paid-up capital of the Company as at the date of the deposit carries the right of voting at general meetings of the Company, proceed to convene a general meeting of the Company.

(iii) The requisition must state the objects of the meeting and must be signed by the requisitionists and deposited at the registered office of the Company and may consist of several documents in like form each signed by one or more requisitionists.

(iv) If the directors do not within 21 days from the date of the deposit of the requisition duly proceed to convene a general meeting, the requisitionists, or any of them representing more than one-half of the total voting rights of all of them, may themselves convene a general meeting, but any meeting so convened will not be held after the expiration of three months after the expiration of the said 21 days.

(v) A general meeting convened as aforesaid by requisitionists will be convened in the same manner as nearly as possible as that in which general meetings are convened by directors.

(vi) At least 14 days' notice will be given of any general meeting. Every notice will be exclusive of the day on which it is given or deemed to be given and of the day for which it is given and will specify the place, the day and the hour of the meeting and the general nature of the business and will be given in manner hereinafter mentioned or in such other manner if any as may be prescribed by the Company, provided that a general meeting of the Company will, whether or not the notice specified in this regulation has been given and whether or not the provisions of the articles regarding general meetings have been complied with, be deemed to have been duly convened if it is so agreed:

(A) in the case of an annual general meeting, by all the shareholders (or their proxies) entitled to attend and vote thereat; and

(B) in the case of any other general meeting, by a majority in number of the shareholders having a right to attend and vote at the meeting, being a majority together holding not less than 75.0 per cent. in par value of the shares giving that right, or their proxies.

(vii) All business carried out at a general meeting will be deemed special with the exception of sanctioning a dividend, the consideration of the accounts, balance sheets, and any report of the directors or of the Company's auditors, the appointment and removal of directors and the fixing of the remuneration of the Company's auditors. No special business will be transacted at any general meeting without the consent of all members entitled to receive notice of that meeting unless notice of such special business has been given in the notice convening that meeting.

(viii) No business will be transacted at any general meeting unless a quorum is present at the time when the meeting proceeds to business; two shareholders entitled to vote at the meeting being individuals present in person or by proxy will be a quorum unless the Company has only one shareholder entitled to vote at such general meeting in which case the quorum will be that one shareholder present in person or by proxy.

(ix) A resolution (including a special resolution) in writing (in one or more counterparts) signed by all shareholders for the time being entitled to receive notice of and to attend and vote at general meetings (or, being corporations, signed by their duly authorised representatives) will be as valid and effective as if the resolution had been passed at a general meeting of the Company duly convened and held.

(x) If a quorum is not present within half an hour from the time appointed for the meeting or if during such a meeting a quorum ceases to be present, the meeting, if convened upon the requisition of shareholders, will be dissolved, in any other case it will stand adjourned to the same day in the next week at the same time and place or to such other day, time or such other place as the directors may determine, and if at the adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting the shareholders present and entitled to vote will be a quorum.

(xi) The chairman may, with the consent of a meeting at which a quorum is present, (and will if so directed by the meeting), adjourn the meeting from time to time and from place to place, but no business will be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. When a general meeting is adjourned for thirty days or more, notice of the adjourned meeting will be given as in the case of an original meeting. Otherwise it will not be necessary to give any such notice.

(xii) At the annual general meeting of the Company in every year, one-third of the directors for the time being or, if their number is not three or a multiple of three, then the number nearest to but not less than one-third, will retire from office and each director will retire from office at least once every three years. A director retiring at a meeting will retain office until the close or adjournment of the meeting.

(xiii) A resolution put to the vote of the meeting will be decided on a show of hands unless before, or on the declaration of the result of, the show of hands, any shareholder or shareholders collectively present in person or by proxy and representing not less than one-tenth of the total sum paid-up of all shares conferring that right demand a poll.

(xiv) In the case of an equality of votes, the chairman will be entitled to a second or casting vote.

(j) *Directors*

(i) The Company may by ordinary resolution appoint any person to be a director or may by ordinary resolution remove any director.

(ii) The directors may appoint any person to be a director, either to fill a vacancy or as an additional director provided that the appointment does not cause the number of directors to exceed any number fixed by or in accordance with the Articles as the maximum number of directors. Unless such number is fixed, the number of directors will be unlimited.

(iii) Subject to the provisions of the Companies Law, the Memorandum, the Articles and to any directions given by special resolution, the business of the Company will be managed by the directors who may exercise all the powers of the Company.

(iv) The quorum for the transaction of the business of the directors will be two if there are two or more directors, and will be one if there is only one director.

(v) A majority of the directors will not be resident in the United Kingdom or the United States. Meetings of the directors will only be held in a jurisdiction such that their meeting will not constitute a place of business in the United Kingdom or the United States.

(vi) Subject to the provisions of the Articles, the directors may regulate their proceedings as they think fit. Questions arising at any meeting will be decided by a majority of votes. In the case of an equality of votes, the chairman will have a second or casting vote. A director who is also an alternate director will be entitled in the absence of his appointor to a separate vote on behalf of his appointor in addition to his own vote.

(vii) Members of the Board or of any committee thereof may participate in a meeting of the Board or of such committee by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other and participation in a meeting pursuant to this provision will constitute presence in person at such meeting. A resolution in writing (in one or more counterparts) signed by all the directors or all the members of a committee of directors will be as valid and effectual as if it had been passed at a meeting of the directors, or committee of directors as the case may be, duly convened and held.

(viii) A director who is present at a meeting of the Board at which action on any Company matter is taken will be presumed to have assented to the action taken unless his dissent will be entered in the minutes of the meeting or unless he will file his written dissent from such action with the person acting as the chairman or secretary of the meeting before the adjournment thereof or will forward such dissent by registered post to such person immediately after the adjournment of the meeting. Such right to dissent will not apply to a director who voted in favour of such action.

(ix) A director or alternate director may hold any other office or place of profit under the Company (other than the office of auditor) in conjunction with his office of director for such period and on such terms as to remuneration and otherwise as the directors may determine.

(x) The remuneration of the directors may be determined by the Board or by the Company by ordinary resolution.

(xi) There will be no shareholding qualification for directors unless determined otherwise by the Company by ordinary resolution.

(xii) A director may act by himself or his firm in a professional capacity for the Company and he or his firm will be entitled to remuneration for professional services as if he were not a director or alternate director.

(xiii) A director or alternate director may be or become a director or other officer of or otherwise interested in any company promoted by the Company or in which the Company may be interested as shareholder or otherwise, and no such director or alternate director will be accountable to the Company for any remuneration or other benefits received by him as a director or officer of, or from his interest in, such other company.

(xiv) No person will be disqualified from the office of director or prevented by such office from contracting with the Company, either as vendor, purchaser or otherwise, nor will any such contract or any contract or transaction entered into by or on behalf of the Company in which any director will be in any way interested be or be liable to be avoided, nor will any director so contracting or being so or be interested liable to account to the Company for any profit realised by any such contract or transaction by reason of such director holding office or of the fiduciary relation thereby established. If a director is so interested, the director will not vote in respect of any contract or transaction nor will he be counted in the quorum present at that meeting of directors.

(xv) A director who is in any way, whether directly or indirectly, interested in a contract or proposed contract with the Company will declare the nature of his interest at a meeting of the directors. A general notice that a director or alternate director is a shareholder, director, officer or employee of any specified firm or company and is to be regarded as interested in any transaction with such firm or company will be sufficient disclosure in respect of a contract or transaction in which he has an interest, and after such general notice a director will not vote in respect of any contract or proposed contract or arrangement nor should he be counted in the quorum at that meeting.

(k) *Borrowing powers*

The directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and uncalled capital or any part thereof and to issue debentures, debenture stock, mortgages, bonds and other such securities whenever money is borrowed or as security for any debt, liability or obligation of the Company or of any third party.

(l) *Issue of shares*

(i) The Articles authorise the directors generally and unconditionally to exercise all the powers of the Company to allot equity securities pursuant to the Placing (as defined in the Articles) and subsequently to allot shares and to grant such subscription and concession rights (as would be contemplated by sections 551(1)(a) and (b) of the Act were it to apply to the Company) up to an aggregate nominal amount equal to the lower of:

(A) the aggregate nominal amount of the authorised but unissued Ordinary Shares for the time being; and

(B) an amount equivalent to (A) one third of the allotted and fully paid up share capital immediately following Admission, plus (B) the amount of share capital which immediately following Admission has been reserved for the issue of shares upon the exercise of options or warrants granted by the Company (including 10 per cent. of the fully diluted issued share capital from time to time (in respect of the Marwyn Participation Option) and 10 per cent. of the fully issued share capital from time to time (in respect of the Management Participation Shares)),

to such persons and at such times and on such terms as they think proper, such authority to expire, unless sooner revoked or varied by the Company in general meeting, at the conclusion of the first annual general meeting of the Company or within eighteen months of the date of the adoption of the Articles (whichever is the earlier), but so as to enable the Company before such date to make offers or agreements which would or might require equity securities to be allotted after such date (including 10 per cent. of the fully diluted issued share capital from time to time (in respect of the Marwyn Participation Option) and 10 per cent. of the fully issued share capital from time to time (in respect of the Management Participation Shares) and to enable the directors to allot relevant securities in pursuance of such offers or agreements as if the authority conferred thereby had not expired, such authority to be in substitution (with effect from Admission) for all existing authorities granted to the directors in respect of the allotment of relevant securities, without prejudice to any allotments made pursuant to the terms of such authorities;

(ii) The Articles further empower the directors to allot equity securities (as defined in section 560 of the Act) for cash pursuant to the authority referred to in paragraph (l)(i) above as if the restrictions in the Articles relating to pre-emption rights did not apply to any such allotment, such power being limited to:

(A) the allotment of equity securities pursuant to the Placing (as defined in the Articles);

(B) the allotment of equity securities in connection with an issue or offer by way of rights in favour of holders of equity securities and any other person entitled to participate in such issue or offering where the equity securities respectively attributable to the interests of such holders and persons are proportionate (as nearly as may be) to the respective numbers of equity securities held by or deemed to be held by them on the record date of such allotment, subject only to such exclusions or other arrangements as the directors may deem fit to deal with fractional entitlements or problems arising under the laws of any overseas territory or the requirements of any regulatory authority or any stock exchange; and

(C) the allotment (other than pursuant to the power referred to in paragraphs (l)(ii)(A) and (B) above) of equity securities up to an aggregate nominal amount of £3,132 (representing 5 per cent. of the allotted and fully paid up share capital immediately following Admission (as defined in the Articles)),

such authority to expire, unless sooner revoked or varied by the Company in general meeting, at the conclusion of the first annual general meeting of the Company or within eighteen months of the date of the adoption of the Articles (whichever is the earlier).

(iii) The Articles otherwise provide that the directors shall not exercise any power of the Company to allot any share in the Company or grant rights to subscribe for or convert any security, unless they are authorised to do so, or in accordance with the Articles (as set out above) or by the Company by ordinary resolution.

(iv) The Company will maintain a register of members and every person (except a Recognised Person (as defined in the Articles) whose name is entered as a shareholder in the register of members will be entitled without payment to receive within two months after allotment or lodgement of transfer (or within such other period as the conditions of issue will provide) one certificate for all his shares. If shares are held jointly by several persons, the Company will not be bound to issue more than one certificate unless payment of fifty pence (£0.50) is received for every certificate after the first or such less

sum as the directors will from time to time determine and delivery of a certificate for a share to one of the several joint holders will be sufficient delivery to all such holders.

(m) *Pre-emption rights*

(i) There is no provision under the Companies Law which confers rights of pre-emption upon the issue or sale of any shares in the Company for cash. However, the Articles provide that if the Company is proposing to allot equity securities (as such term is defined in s560 of the Act):

(A) it shall not allot any of them on any terms to a person unless it has made an offer to each holder of the relevant class of shares to allot to him on the same or more favourable terms a proportion of those securities which is as nearly as practicable equal to the proportion in nominal value held by him of the aggregate of such shares; and

(B) it shall not allot any of those securities to a person unless the period during which any such offer may be accepted (being 14 days) has expired or the Company has received notice of the acceptance or refusal of every offer so made.

(ii) These pre-emptive provisions do not apply to a particular allotment of equity securities if these are, or are to be, wholly or partly paid up otherwise than in cash; and securities which the Company has offered to allot to a holder of a class of relevant shares may be allotted to him, or anyone in whose favour he has renounced his right to their allotment, without contravening sub-paragraph (m)(i)(B) above.

(iii) These pre-emptive provisions do not apply to the allotment of securities which would, apart from a renunciation or assignment of the right to their allotment, be held under an employees' share scheme and/or any allotment made pursuant to the Marwyn Participation Option and/or in respect of the Management Participation Shares.

(iv) The pre-emption rights summarised above may be disapplied, provided that the directors are given power to do so by special resolution of the Company.

(n) *Depository Interests*

(i) The directors will, subject to the Companies Law and any other applicable laws and regulations and the facilities and requirements of any Relevant System concerned and the Articles, have power to implement and/or approve any arrangements they may think fit in relation to the evidencing of title to and transfer of interests in shares in the form of Depository Interests and to the extent such arrangements are implemented, no provision of the Articles applies or has effect to the extent it is inconsistent with the holding or transfer of Depository Interests.

(ii) Subject to the Companies Law, the directors may permit shares (or interests in shares) to be held in uncertificated form and to be transferred by means of a Relevant System of holding and transferring shares (or interests in shares) in uncertificated form and may determine that any class of shares will cease to be a participating security (as defined in Regulation 3 of the CREST Regulations). Where the directors permit shares (or interests in such shares) to be held in uncertificated form, the provisions described in (n) (v) and (vi) below will have effect immediately prior to the time at which the operator of the Relevant System concerned permits the class of shares (or interests in such shares) to be a participating security.

(iii) Conversion of shares held in certificated form into shares (or any interest in such shares) held in uncertificated form, and *vice versa*, may be made in such manner as the Board may in its absolute discretion think fit (subject to the facilities and requirements of the Relevant System).

(iv) Shares that fall within a certain class will not form a separate class of shares from other shares in that class because any share in that class is held in uncertificated form or is permitted in accordance with the regulations of the Relevant System to become a participating security.

(v) In relation to any class of shares (or any interest in such shares) which is, for the time being, a participating security, and for so long as such class remains a participating security, no provision of the Articles applies or has effect to the extent that it is in any respect inconsistent with:

(A) the holding of shares (or any interest in such shares) of a class in uncertificated form;

(B) the transfer of title to shares (or any interest in such shares) of that class by means of a Relevant System; or

(C) the requirements of the Relevant System and no provision of the Articles applies or has effect to the extent that it is inconsistent with the maintenance, keeping or entering up by the operator of the Relevant System.

(vi) Without prejudice to the generality of the provisions of the Articles described in (n)(iii) above and notwithstanding anything contained in the Articles, where any class of shares is, for the time being, a participating security (a "**Relevant Class**"):

(A) the register relating to the Relevant Class is maintained at all times in such place as may be determined by a resolution of directors; and

(B) unless the directors otherwise determine, shares of the Relevant Class held by the same holder or joint holder in certificated form and uncertificated form will be treated as separate holdings.

(o) *Company's rights in uncertificated shares*

(i) Where any class of shares is a participating security and the Company is entitled under Companies Law or these Articles to sell, transfer, dispose of, forfeit, reallot, accept the surrender of or otherwise enforce a lien over a share (or interest in such share) held in uncertificated form, the Company will be entitled, subject to the Companies Law, the Articles and the facilities and requirements of the Relevant System:

(A) to require the holder of that uncertificated share (or interest in such share) by notice to change that share (or interest in such shares) into certificated form within the period specified in the notice and to hold that share in certificated form so long as required by the Company;

(B) to require the holder of that uncertificated share (or interest in such share) by notice to give any instructions necessary to transfer title to that share by means of the Relevant System within the period specified in the notice;

(C) to require the holder of that uncertificated share (or interest in such share) by notice to appoint any person to take any steps, including without limitation the giving of any instructions by means of the Relevant System, necessary to transfer that share within the period specified in the notice;

(D) to take any action that the Board considers appropriate to achieve the sale, transfer, disposal of, forfeiture, re-allotment or surrender of that share (or interest in such share) or otherwise to enforce a lien in respect of it; and

(E) to assume that the entries on any record of securities maintained by it in accordance with the regulations governing the Relevant System and regularly

reconciled with the relevant operator register of securities are a complete and accurate reproduction of the particulars entered in the operator register of securities and will accordingly not be liable in respect of any act or thing done or omitted to be done by or on behalf of the Company in reliance upon such assumption; in particular, any provision contained in the Articles which requires or envisages that action will be taken in reliance on information contained in the register will be construed to permit that action to be taken in reliance on information contained in any relevant record of securities (as so maintained and reconciled).

(p) *Disclosure of interests in shares*

(i) The provisions of Chapter 5 of the Disclosure and Transparency Rules (the "**DTR 5**") shall be deemed to apply to the Company, so that shareholders are required under the Articles to notify the Company of the percentage of their voting rights if the percentage of voting rights which they hold as a shareholder or through their direct or indirect holding of financial instruments falling within paragraph 5.1.3R of DTR 5 (or a combination of such holdings) reaches, exceeds or falls below 3 per cent., 4 per cent., 5 per cent., 6 per cent., 7 per cent., 8 per cent., 9 per cent., 10 per cent., and each 1 per cent. threshold thereafter up to 100 per cent. or reaches, exceeds or falls below any of these thresholds as a result of events changing the breakdown of voting rights. If any shareholder fails to comply with these requirements, the directors may, by notice to the holder of such shares, suspend their rights as to voting, dividends and transfer for so long as the default continues.

(ii) The directors shall have the power by notice to require any shareholder to disclose to the Company the identity of any person other than the shareholder who has any interest in the shares held by the shareholder and the nature of such interest. If any shareholder has been duly served with a notice by the directors and is in default for the prescribed period in supplying to the Company the information thereby required, then the directors may serve a notice (a "**Disclosure Notice**") upon such shareholder. A Disclosure Notice may direct that the shareholder shall not be entitled to vote at a general meeting or meeting of the holders of any class of shares of the Company or exercise any other right conferred by membership in relation to the meetings of the Company or holders of any class of shares.

(iii) Where a Disclosure Notice is served by the Company on a shareholder, or another person whom the Company knows or believes to be interested in shares held by that shareholder, and the shareholder or other person has failed in relation to any shares (the "**Default Shares**"), which expression includes any shares issued to such shareholder after the date of the Disclosure Notice in respect of those shares) to give the Company the information required within 28 days or 14 days where the Default Shares represent at least 0.25 per cent. in nominal value of the issued shares of the relevant class following the date of service of the Disclosure Notice, the directors may further serve on the holder of such Default Shares a notice (a "**disenfranchisement notice**") whereupon the following sanctions apply, unless the directors otherwise decides:

(A) the shareholder will not be entitled in respect of the Default Shares to be present or to vote (either in person or by proxy) at a general meeting or at a separate meeting of the holders of a class of shares or on a poll or to exercise other rights conferred by membership in relation to the meeting or poll; and

(B) where the Default Shares represent at least 0.25 per cent. in nominal value of the issued shares of the relevant class:

(1) a dividend (or any part of a dividend) or other amount payable in respect of the Default Shares will be withheld by the Company, which has no obligation to pay interest on it; and

(2) no transfer of any of the Default Shares will be registered unless:

(aa) the transfer is an excepted transfer (broadly being a transfer pursuant to a takeover offer or a sale of such share on a recognised investment exchange (including AIM)); or

(bb) the shareholder is not himself in default in supplying the information required and the shareholder proves to the satisfaction of the directors that no person in default in supplying the information required is interested in any of the shares the subject of the transfer; or

(cc) registration of the transfer is required by any Relevant System.

(q) *Capitalisation of reserves*

Subject to the Companies Law, the directors may capitalise an amount standing to the credit of the reserves, appropriate the sum required to be capitalised to the shareholders in proportion to the nominal amount of the shares held by them respectively and allot the shares credited to the shareholders or the exchange administrator of the Company from time to time.

(r) *Indemnity*

(i) Every director, secretary, assistant secretary, or other officer for the time being and from time to time of the Company and their personal representatives are indemnified out of the assets of the Company and for the avoidance of doubt this provision does not apply to the Company's auditor.

(ii) No director is liable for the acts of any other director or officer or agent of the Company (A) for the acts, receipts, neglects, defaults, omissions of any other such director or officer or agent of the Company, (B) for any loss of defect of title to any property of the Company, (C) for the insufficiency of any security upon which any money of the Company is invested, (D) for any loss incurred through any bank, broker or other similar person, (E) for any loss due to negligence, (F) for any loss, damage or misfortune whatsoever which may happen in the execution or discharge of the duties of office.

The above is a summary only of certain provisions of the Articles, the full provisions of which are available on the Company's website (www.marwyncapitalone.com) or at the offices of Cenkos Securities plc, 6.7.8 Tokenhouse Yard London, EC2R 7AS.

5.3 ***New Articles***

The following is a summary of amendments which are proposed to be made to the Articles, by the adoption of the New Articles at the General Meeting. This summary does not purport to be complete and is qualified in its entirety by the full terms of the New Articles. Copies of the New Articles will be found on the Company's website (www.marwyncapitalone.com) or at the offices of Cenkos Securities plc, 6.7.8 Tokenhouse Yard, London EC2R 7AS soon after Admission.

(a) all references to the requirement that a majority of directors shall not be resident in the United Kingdom for the purposes of United Kingdom taxation or the United States of America for the purposes of United States of America taxation, shall be removed;

(b) the requirement restricting meetings from being held in the United Kingdom or the United States of America shall be removed;

(c) the remuneration of the directors may be determined by a committee of directors or by the Board or the Company;

(d) where two or more persons are to be appointed as directors by a single resolution, it will no longer be necessary to unanimously agree to such an appointment;

(e) a director who is any way, directly or indirectly, interested in a contract or proposed contract with the Company, provided he has declared the nature of his interest at a meeting of the directors, shall be entitled to vote at a meeting in respect of any contract, proposed contract or arrangement in which he has an interest and if he does so, his vote may be counted and he may be taken into account in ascertaining whether a quorum is present;

(f) all references to the Company's name shall be changed to Fulcrum Utility Services Limited;

(g) any references to equity securities shall be changed to Equity Securities, which shall be defined as Ordinary Shares or rights to subscribe for, or to convert securities into, Ordinary Shares in the Company;

(h) the Board shall be entitled to allot Equity Securities (as defined in the New Articles) provided that they are authorised to do so by ordinary resolution. An authorisation to allot Equity Securities must state the maximum amount of Equity Securities that may be allotted and the date on which such an authorisation shall expire, which must be no more than five years from the date on which the resolution is passed;

(i) the directors will also be permitted to renew any authorisation to allot Equity Securities by way of an ordinary resolution for a further period not exceeding five years; but the resolution must state (or restate) the maximum amount of Equity Securities which may be allotted under the authorisation or, as the case may be, the amount remaining to be allotted under it, and must specify the date on which the renewed authorisation will expire

(j) the directors shall be entitled to allot Equity Securities, notwithstanding that an authorisation to allot Equity Securities has expired, if such Equity Securities are allotted or rights are granted in respect of such Equity Securities in pursuance of an offer or agreement made by the Company before the authorisation expired and the authorisation allowed the Company to make offers or agreements which would or might require Equity Securities to be allotted or rights granted in respect of such Equity Securities after the authorisation had expired; and

(k) Any special resolution passed disapplying pre-emption rights shall be governed by the same restrictions as those governing the right to allot Equity Securities (as described above).

6. Other relevant laws and regulations

6.1 The Company will not be subject to the Takeover Code, notwithstanding that the Company is admitted to trading on AIM. There are no equivalent rules or regulations applicable to the Company under the Companies Law or any other applicable laws of the Cayman Islands. The Ordinary Shares are subject to the compulsory acquisition provisions set out in section 88 of the Companies Law. Under these provisions, where an offeror makes a takeover offer and within four months of making the offer it has been approved by the holders of not less than 90 per cent. in value of the shares to which the offer relates, that offeror is entitled to acquire compulsorily from dissenting shareholders those shares that have not been acquired or contracted to be acquired on the same terms as under the offer.

6.2 The Company is an exempted company, incorporated with limited liability under the laws of the Cayman Islands and is subject to the Companies Law which differs from the Act in relation to, *inter alia*, the issue of new shares by companies. Cayman Islands law distinguishes between exempted companies and ordinary companies. For example, a Cayman Islands exempted company:

(a) must conduct its business mainly outside of the Cayman Islands;

(b) does not have to file a register of members with the Registrar of Companies;

(c) does not have to make its register of members open to public inspection; and

(d) may obtain an undertaking from the government of the Cayman Islands against the imposition of any future taxation.

Set out below is a summary of certain aspects of Cayman Islands law, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of Cayman Islands company law and taxation, which may differ from equivalent positions in jurisdictions with which interested parties may be more familiar:

(i) *Operations*

As an exempted company, the Company's operations must be conducted mainly outside the Cayman Islands. The Company is required to file an annual return each year with the Registrar of Companies and pay a fee which is based on the amount of its authorised share capital.

(ii) *Share capital*

The Companies Law provides that where a company issues shares at a premium to the par value of such shares, whether for cash or otherwise, a sum equal to the aggregate amount or the value of such premiums on those shares shall be transferred to an account, to be called the "**share premium account**". At the option of a company, these provisions may not apply to premiums on shares of that company allotted pursuant to any arrangement in consideration of the acquisition or cancellation of shares in any other company and issued at a premium. The Companies Law provides that the share premium account may be applied by the company, subject to the provisions, if any, of its memorandum and articles of association in:

(A) paying distributions or dividends to members;

(B) paying up unissued shares of the company to be issued to members as fully paid bonus shares;

(C) the redemption and repurchase of shares (subject to the provisions of section 37 of the Companies Law);

(D) writing off the preliminary expenses of the company;

(E) writing off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company; and

(F) providing for the premium payable on redemption or repurchase of any shares or debentures of the company.

No distribution or dividend may be paid to members out of the share premium account unless, immediately following the date on which the distribution or dividend is proposed to be paid, the company will be able to pay its debts as they fall due in the ordinary course of business. The Companies Law provides that, subject to confirmation by the court, a company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, by special resolution reduce its share capital in any way. The Articles include certain protections for holders of special classes of shares, which require their consent to be obtained before their rights may be varied. The consent of the specified proportions of the holders of the issued shares of that class or the sanction of a resolution passed at a separate meeting of the holders of those shares is required.

(iii) *Financial assistance to purchase shares of a company or its holding company*

Subject to all applicable laws, a company may give financial assistance to directors and employees of the company, its subsidiaries, its holding company or any subsidiary of such holding company. Further, subject to all applicable laws, a company may give financial assistance to a trustee for the acquisition of shares in the company or shares in any such

subsidiary or holding company to be held for the benefit of employees of the company, its subsidiaries, any holding company of the company or any subsidiary of any such holding company (including salaried directors). There is no statutory restriction in the Cayman Islands on the provision of financial assistance by a company to another person for the purchase of, or placing for, its own or its holding company's shares. Accordingly, a company may provide financial assistance if the directors of the company consider, in discharging their duties of care and acting in good faith, for a proper purpose and in the interests of the company, that such assistance can properly be given. Such assistance should be on an arm's-length basis. However, the Articles include a provision to the effect that, except as allowed by the Companies Law and subject further to compliance with the AIM Rules and any other relevant regulatory authority, the Company shall not give financial assistance for the purpose of or in connection with a purchase made or to be made by any person of shares.

(iv) *Dividends and distributions*

As a matter of Cayman Islands corporate law, a Cayman Islands company may declare and pay a dividend on its shares out of either "**profit**" or "**share premium**". The Companies Law does not define "**profit**" and there is no authority of the Cayman Islands courts which may be looked to for guidance. Based upon English case law, which is persuasive but not binding in the Cayman Islands, profits are widely construed and include revenue profit as well as realised and unrealised gains. Placing monies received by the company by way of pure share capital, i.e. the par or nominal value, upon the issue of its shares, may not be used for the payment of dividends. Further, in no circumstances may a dividend be paid if this would result in the company being unable to pay its debts as they fall due in the ordinary course of business and any director knowingly and wilfully authorising such a dividend commits a criminal offence.

(v) *Purchase of shares by a company and its subsidiaries*

Subject to the provisions of the Companies Law, a company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a shareholder. In addition, such a company may, if authorised to do so by its articles of association, purchase its own shares, including any redeemable shares. However, if the articles of association do not authorise the manner of purchase, a company cannot purchase any of its own shares unless the manner of purchase has first been authorised by an ordinary resolution of the company. At no time may a company redeem or purchase its shares unless they are fully paid. A company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any member of the company holding shares. A payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless, immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business. A company is not prohibited from purchasing and may purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. There is no requirement under Cayman Islands law that a company's memorandum or articles of association contain a specific provision enabling such purchases and the directors of a company may rely upon the general power contained in its memorandum of association to buy and sell and deal in personal property of all kinds. Under Cayman Islands law, a subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

(vi) *Protection of minorities*

The Cayman Islands courts ordinarily would be expected to follow English case law precedents, which permit a minority shareholder to commence a representative action against or derivative actions in the name of the company, to challenge (A) an act which is ultra vires the company or illegal, (B) an act which constitutes a fraud against the minority and the wrongdoers are themselves in control of the company, and (C) an irregularity in the passing of

a resolution which requires a qualified (or special) majority. In the case of a company (not being a bank) having a share capital divided into shares, the courts may, on the application of members holding not less than one fifth of the shares of the company in issue, appoint an inspector to examine the affairs of the company and to report thereon in such manner as the courts shall direct. Any shareholder of a company may petition the courts which may make a winding-up order if the courts are of the opinion that it is just and equitable that the company should be wound up. Generally, claims against a company by its shareholders must be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by the company's memorandum and articles of association.

(vii) *Management*

The Companies Law contains no specific restrictions on the power of directors to dispose of assets of a company. However, as a matter of general law, every officer of a company, which includes a director, managing director and secretary, in exercising his powers and discharging his duties must do so honestly and in good faith with a view to the best interests of the company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

(viii) *Accounting and auditing requirements*

A company shall cause proper books of account to be kept with respect to:

(A) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure take place;

(B) all sales and purchases of goods by the company; and

(C) the assets and liabilities of the company.

Proper books of account shall not be deemed to be kept if there are not kept, such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

(ix) *Exchange control*

There are no exchange control regulations or currency restrictions in the Cayman Islands.

(x) *Loans to directors*

There is no express provision in the Companies Law prohibiting the making of loans by a company to any of its directors.

(xi) *Inspection of corporate records*

Members of a company have no general right under the Companies Law to inspect or obtain copies of the register of members or corporate records of the company. They have, however, such rights (if any) as may be set out in the company's articles of association. An exempted company may, subject to the provisions of its articles of association, maintain its principal register of members and any duplicate registers at such locations, whether within or without the Cayman Islands, as the directors may, from time to time, think fit. There is no requirement under the Companies Law for an exempted company to make any returns of members to the Registrar of Companies in the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection.

(xii) *Winding-up*

A company may be wound up by either an order of the courts, automatically under its articles of association or by a special resolution of its members. The courts have authority to order a

winding-up in a number of specified circumstances including where it is, in the opinion of the courts, just and equitable to do so. A company may be wound up voluntarily when the members so resolve in general meeting by special resolution, or, in the case of a limited duration company, when the period fixed for the duration of the company by its memorandum expires, or the event occurs on the occurrence of which the memorandum provides that the company is to be dissolved. In the case of a voluntary winding-up, such company is obliged to cease to carry on its business from the time of passing the resolution for voluntary winding-up or upon the expiry of the period or the occurrence of the event referred to above. For the purpose of conducting the proceedings in winding-up a company and assisting the courts, there may be appointed one or more than one person to be called an official liquidator or official liquidators; and the courts may appoint to such office such person or persons, either provisionally or otherwise, as it thinks fit, and if more persons than one are appointed to such office, the courts shall declare whether any act hereby required or authorised to be done by the official liquidator, is to be done by all or any one or more of such persons. The courts may also determine whether any and what security is to be given by an official liquidator on his appointment; if no official liquidator is appointed, or during any vacancy in such office, all the property of the company shall be in the custody of the courts. In the case of a members' voluntary winding-up of a company, the company in general meeting must appoint one or more official liquidators for the purpose of winding up the affairs of the company and distributing its assets. Upon the appointment of an official liquidator, the responsibility for the company's affairs rests entirely in his hands and no future executive action may be carried out without his approval. An official liquidator's duties are to collect the assets of the company (including the amount (if any) due from the contributories), settle the list of creditors and, subject to the rights of preferred and secured creditors and to any subordination agreements or rights of set-off or netting of claims, discharge the company's liability to them (*pari passu* if insufficient assets exist to discharge the liabilities in full) and to settle the list of contributories (shareholders) and divide the surplus assets (if any) amongst them in accordance with the rights attaching to the shares. As soon as the affairs of the company are fully wound up, the official liquidator must make up an account of the winding-up, showing how the winding up has been conducted and the property of the company has been disposed of, and thereupon call a general meeting of the company for the purposes of laying before it the account and giving an explanation thereof. This final general meeting shall be called by Public Notice (as defined in the Companies Law) or otherwise as the Registrar of Companies may direct.

(xiii) *Reconstructions*

There are statutory provisions which facilitate reconstructions and amalgamations approved by a majority in number representing 75 per cent. in value of shareholders or class of shareholders or creditors, as the case may be, as are present at a meeting called for such purpose and thereafter sanctioned by the courts. Whilst a dissenting shareholder would have the right to express to the courts his view that the transaction for which approval is sought would not provide the shareholders with a fair value for their shares, the courts are unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management.

(xiv) *Compulsory acquisition*

Where an offer is made by a company for the shares of another company and, within four calendar months of the offer, the holders of not less than 90 per cent. of the shares which are the subject of the offer accept, the offeror may at any time within 2 months after the expiration of the said four months, by notice in the prescribed manner require the dissenting shareholders to transfer their shares on the terms of the offer. A dissenting shareholder may apply to the courts of the Cayman Islands within one month of the notice objecting to the transfer. The burden is on the dissenting shareholder to show that the court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as

between the offeror and the holders of the shares who have accepted the offer in order to unfairly force out minority shareholders.

(xv) *Indemnification*

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the courts to be either contrary to public policy (e.g. for purporting to provide indemnification against the consequences of committing a crime) or, as a result of recent decisions of the Cayman Islands courts, indemnification in respect of wilful default or wilful neglect.

(xvi) *Handling of mail*

Mail addressed to the Company and received at its registered office will be forwarded unopened to the Company Secretary to be dealt with. None of the Company, its directors, officers or service providers will bear any responsibility for any delay howsoever caused in mail reaching the Company Secretary. In particular, the directors will not receive, open or deal directly with mail addressed to the Company.

7. Directors and Proposed Directors

7.1 Details of the Directors and the Proposed Directors, their business addresses and their functions in the Company are set out on page 6 of this document under the heading "Directors, Proposed Directors, Secretary and Advisers". Each of the Directors and Proposed Directors can be contacted at the principal place of business of the Company at 11 Buckingham Street, London WC2N 6DF.

7.2 In addition to being directors of the Company, the Directors and the Proposed Directors hold or have held the directorships of the companies and/or are or were partners of the partnership specified opposite their respective names below within the five years prior to the date of this document:

Directors and Proposed Directors

Name	*Current directorships/partnerships*	*Past directorships/partnerships*
Paul Everitt	Bayit Investments Limited	Barclays Wealth Fund Managers (Guernsey) Limited
	Bayit Residential Investments Limited	Barclays Wealth Fund Managers (IOM) Limited
	Capital & Marketing PCC Limited	Barclays Wealth Fund Managers (Jersey) Limited
	Complete Fund Systems Limited	Barclays Wealth PCC No 1 Limited
	Delta Fund Europe Master Limited	Caesar Holdings Limited
	Delta Fund Europe Limited	EQT III Limited
	Fund Corporation of the Channel Islands Limited	EQT IV Investments Limited
	Habrok General Partner Limited	EQT IV Limited
	Kingswalk Investments Limited	EQT IV RFA Limited
	Marwyn Asset Management SPC	EQT DLP Limited
	Marwyn Capital II Limited	EQT Opportunity Investments Limited
	Marwyn Management General Partner Limited	EQT Opportunity Limited
	Marwyn Management Limited (General Partner)	India Realty Ventures Limited
	Marwyn Neptune Fund	Mourant Guernsey Limited
	Marwyn Value Investors Limited	Mourant Guernsey Nominees 1 Limited
	Marwyn Value Investors (Pte) Limited	Mourant Guernsey Nominees 2 Limited
	Marwyn Value Investor (Unlisted Feeder) Limited	Munksjo Guernsey Holdings Limited
	RRAM Limited	Nnifpow Holdings Limited
	Rutley Russia Property Asset Management Limited	SC Invest Holdings Limited

Name	*Current directorships/partnerships*	*Past directorships/partnerships*
Paul Everitt *(Continued)*		SC Low Vol Subsidiary Limited SC LS Equity Subsidiary Limited SC Trend Subsidiary Limited SCNTFII Limited Swiss Capital Non-Traditional Funds PCC (Guernsey) Limited Walbrook PCC No 1 Wopnnif Holdings Limited
James Corsellis	Entertainment One Ltd E-One UK Limited Marwyn 10 Buckingham Street LLP Marwyn 11 Buckingham Street LLP Marwyn Capital I Limited Marwyn Capital Investments I Limited Marwyn Capital LLP Marwyn Capital I LLP Marwyn (Catalina) LLP Marwyn General Partner LLP Marwyn General Partner II Limited Marwyn Investment Management LLP Marwyn Investment Partners LLP Marwyn Management Investors LP Marwyn Management Partners LP Marwyn Management Partners II LP Marwyn Materials Limited Marwyn Opportunities I Limited Marwyn Value Investors Limited Marwyn Value Investors (Unlisted Feeder) Limited Orpheus Capital Partners LLP	Advanced Computer Software plc Baydonhill plc Catalina Holdings Limited Co-Investment Capital LLP Concateno plc Earl Street Asset Management LLC Marwyn Alternative Capital Limited Marwyn Alternative Capital (Pte) Limited Marwyn Capital Limited Marwyn General Partner Limited Marwyn General Partner II Limited Marwyn Investments Group Limited Marwyn Investment Management Limited Marwyn Management General Partner Limited Marwyn Partners Limited Marwyn Trust Melorio plc Praesepe plc Reco Insurance Capital Limited Silverdell plc Orpheus Capital Limited
Paul Cookson	The Advantage Property Income Trust Limited La Preya Limited Marwyn Asset Management SPC Marwyn Capital II Limited Marwyn Capital Investments I Limited Marwyn Capital Investments II Limited Marwyn Capital Management Limited Marwyn General Partner II Ltd Marwyn General Partner Limited Marwyn Management General Partner Limited Marwyn Value Investors Ltd Marwyn Value Investors (Pte) Ltd Marwyn Value Investors (Unlisted) Ltd Sphere Retail Limited TAPP Maidenhead Limited TAPP Property Limited TOPP Holdings Limited TOPP Bletchley Limited TOPP Property Limited	

Name	*Current directorships/partnerships*	*Past directorships/partnerships*
Philip Holder	The Computer Shower Company Limited	Advances Minerals Limited
	Forefront Group Limited	Allmat (East Surrey) Limited
	Compania Logistica de Hidrocarburos CLH S.A	Aqueduct Capital (UK) Limited
	Salamina SLU	Belfast Energy Limited
		Belfast Gas Limited
		Belfast Natural Gas Limited
		Belfast Power Limited
		The Cheam Group plc
		East Surrey Energy Investments Limited
		East Surrey Holdings Limited
		E.S. Pipelines Limited
		ESP Networks Limited
		ESP Pipelines Limited
		Fische Limited
		Phoenix Gas Limited
		Phoenix Natural Gas Limited
		Phoenix Power Limited
		Phoenix Storage Limited
		SESW Holding Company Limited
		Surrey Downs Alarms Limited
		Surrey Downs Estates Limited
		Surrey Downs Holdings Limited
		Surrey Downs Property Investment Limited
		The Sutton District Water plc
		Sutton and East Surrey Water plc
		Sutton and East Surrey Water Services Limited
		The Water Companies (Pension Fund) Trustee Company
		Water UK
John Spellman	Euram (UK) Ltd	Corona Energy Ltd
		Corona Energy Retail 1 Ltd
		Corona Energy Retail 2 Ltd
		Corona Energy Retail 3 Ltd
		Corona Energy Retail 4 Ltd
		Corona Gas Management Ltd
		Macquarie Corona Energy Holdings Ltd
		Pulse 24 Ltd
Mark Irvine	Advanced Computer Software plc	Augean Waste Ltd
John Watts	Business Systems Group Holdings plc	Concateno plc
	Diana Award	Co-Investment Capital LLP
	Entertainment One Ltd	Environmental Contamination Sciences Limited
	Marwyn 10 Buckingham Street LLP	
	Marwyn 11 Buckingham Street LLP	Environmental Services Group Limited
	Marwyn Asset Management SPC	
	Marwyn (Catalina) LLP	Inspicio Environmental Services Group Limited
	Marwyn Capital LLP	
	Marwyn Capital II Limited	Inspicio Holdings Limited
	Marwyn Capital Investments II Ltd	Inspicio Limited
	Marwyn General Partners LLP	Marwyn Alternative Capital Ltd

Name	*Current directorships/partnerships*	*Past directorships/partnerships*
Mark Irvine John Watts *(Continued)*	Marwyn Investment Management LLP Marwyn Investment Partners LLP Marwyn Management Partners LP Melorio plc Orpheus Capital Limited Praesepe plc Silverdell plc	Marwyn Alternative Capital (PTE) Limited Marwyn Capital Limited Marwyn Investments Group Limited Marwyn Investment Management Limited Marwyn Management General Partner Limited Marwyn Partners Limited Marwyn Trust Orpheus Capital Partners LLP Panlok Limited Pleasant People Ltd Talarius Limited Zetar plc
Stephen Gutteridge	The Invicta Film Partnership No 13 LLP President Petroleum Pty Meridian Resources USA Inc President Petroleum Company PLC President Petroleum (UK) Ltd TQ Holdings Ltd	Concateno (2005) Ltd Corgi Gas Registration Corgi Group Ltdd East Surrey College Trust Marwyn Investment Group Star Energy Group Ltd Star Energy plc TQ Group Ltd

7.3 Save as disclosed in this paragraph 7, as at the date of this document, none of the Directors or the Proposed Directors has:

(a) any unspent convictions in relation to indictable offences;

(b) been declared bankrupt or been subject to any individual voluntary arrangement;

(c) been a director of any company which has been placed in receivership, compulsory liquidation, creditors' voluntary liquidation, administration, company voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors whilst he was a director of that company or within 12 months after he ceased to be a director of that company;

(d) been a partner in any partnership which has been placed in compulsory liquidation, administration or partnership voluntary arrangement whilst he was a partner of that partnership or within 12 months after he ceased to be a partner in that partnership;

(e) been the owner of any asset placed in receivership or been a partner in any partnership which had an asset placed in receivership whilst he was a partner of that partnership or within the 12 months after he ceased to be a partner of that partnership; or

(f) been subject to any public criticisms by any statutory or regulatory authorities (including recognised professional bodies) or been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company.

7.4 Mark Watts was appointed as a director of Pleasant People Limited on 27 February 2000. On 21 April 2005 Pleasant People Limited went into creditors' voluntary liquidation and was dissolved on 9 October 2007. Mr. Watts was also appointed as a director of Panlok Limited on 13 June 2000. On 29 June 2001 Panlok Limited went into creditors' voluntary liquidation and was dissolved on 22 January 2008.

7.5 James Corsellis resigned as a director of icollector plc on 18 September 2001 when the business was sold. On 28 February 2002 icollector plc went into creditors' voluntary liquidation.

7.6 Stephen Gutteridge was appointed as a director of Ferguson International plc on 1 October 1997 and resigned on 28 February 1999. Ferguson International plc went into members' voluntary liquidation on 21 January 2000 and was dissolved on 13 July 2006. Stephen was also appointed as director of Ferguson (UK) Limited on 1 October 1997 and resigned on 28 February 1999. Ferguson (UK) Limited was put into members' voluntary liquidation on 9 December 1999 and was dissolved on 1 December 2003. In addition, Mr. Gutteridge was appointed as a director of Fergdorn 06 Limited on 15 January 1998 and resigned on 28 February 1999. Fergdorm 06 Limited was put into members' voluntary liquidation on 9 December 1999 and was dissolved on 7 November 2000.

7.7 John Spellman was appointed as a director of Danbury Group plc in September 1989 and resigned as director with effect from 31 August 1991. Danbury Group plc went into administration on 14 August 1992. Mr. Spellman was also appointed as a director of Ovalglade Limited prior to 2 June 1991. Ovalglade Limited went into receivership on 25 August 1992 and was then dissolved on 8 July 1997.

8. Directors' and Proposed Directors' service agreements and letters of appointment

8.1 The following agreements have been entered into between the Directors and the Company:

Paul Everitt

Paul Everitt was appointed as a Director on 18 March 2010.

Mr. Everitt entered into a letter of appointment with the Company on 18 March 2010, pursuant to which he was appointed a non-executive director of the Company. The term of his appointment is for one year and may be terminated by either party giving the other not less than twelve months' written notice. The Company may terminate Mr. Everitt's appointment immediately on the occurrence of certain events. In addition, Mr. Everitt's appointment may be terminated by the Company giving not less than three months' written notice in the event of incapacity due to ill health or accident.

Mr. Everitt is to devote as much time and attention to the affairs of the Company as may be necessary to properly perform his duties and to attend board meetings. Mr. Everitt is entitled to a fee of £280 per hour, with a minimum payment of £2,500 per quarter. The fee will be subject to the review of the Board.

On Admission, Paul Everitt will resign as a Director and waive any rights or remedies that he may have in respect of that termination.

James Corsellis

James Corsellis was appointed as a Director on 4 December 2009.

Mr. Corsellis entered into a letter of appointment with the Company on 4 December 2009, pursuant to which he was appointed a non-executive director of the Company. The term of his appointment is for one year and may be terminated by either party giving the other not less than twelve months' written notice. The Company may terminate Mr. Corsellis' appointment immediately on the occurrence of certain events. In addition, Mr. Corsellis' appointment may be terminated by the Company giving not less than three months' written notice in the event of incapacity due to ill health or accident.

Mr. Corsellis is to devote as much time and attention to the affairs of the Company as may be necessary to properly perform his duties and to attend board meetings. Mr. Corsellis is entitled to an annual fee of £1. The fee will be subject to the review of the Board.

On Admission, Mr. Corsellis will resign as a Director and waive any rights or remedies that he may have in respect of that termination.

Paul Cookson

Paul Cookson was appointed as a Director on 4 December 2009.

Mr. Cookson entered into a letter of appointment with the Company on 4 December 2009, pursuant to which he was appointed a non-executive director of the Company. The term of his appointment is for one year and may be terminated by either party giving the other not less than twelve months' written notice. The Company may terminate Mr. Cookson's appointment immediately on the occurrence of certain events. In addition, Mr. Cookson's appointment may be terminated by the Company giving not less than three months' written notice in the event of incapacity due to ill health or accident.

Mr. Cookson is to devote as much time and attention to the affairs of the Company as may be necessary to properly perform his duties and to attend board meetings. Mr. Cookson is entitled to an annual fee of £1. The fee will be subject to the review of the Board.

On Admission, Paul Cookson will resign as a Director and waive any rights or remedies that he may have in respect of that termination.

8.2 The following agreements have been entered into between the Proposed Directors and the Company and in each case are conditional upon, and commencing from Admission:

John Spellman

On 16 June 2010, John Spellman entered into a service agreement with the Company pursuant to which he will be appointed as chief executive officer of the Company. Mr. Spellman's appointment will continue unless terminated by (i) Mr. Spellman giving the Company not less than 6 months' written notice (ii) the Company giving Mr. Spellman not less than 12 months written notice, or (iii) will automatically terminate on Mr. Spellman's 65th birthday. The Company may terminate the letter of appointment immediately on the occurrence of certain events.

Mr. Spellman will be entitled to a salary of £220,000 per annum. Mr. Spellman is also eligible to a discretionary bonus in each calendar year of up to 50 per cent. of his annual salary, to be based on certain performance criteria to be set by the Company's remuneration committee. Mr. Spellman is also entitled to certain company benefits including an employer pension contribution of 10 per cent. of basic salary, life and medical insurance and a company car allowance.

In addition, Mr. Spellman entered into a side letter on 16 June 2010 with the Company. Pursuant to the terms of the side letter, Mr. Spellman is entitled to receive a bonus payment of £100,000 less any deductions for income tax and employee national insurance contributions. This bonus payment is conditional on, amongst other things, Completion, the execution of his service agreement with the Company and Mr. Spellman commencing active employment with the Company.

Mark Watts

On 16 June 2010, Mark Watts entered into a letter of appointment with the Company pursuant to which he will be appointed as a non-executive director of the Company. The term of his appointment is for one year and may be terminated by either party giving the other not less than three months' written notice. The Company may terminate Mr. Watts' appointment on the occurrence of certain events.

Mr. Watts' anticipated time commitment to the Company is at least one day per month after an induction phase which includes at least 10 board meetings per year. Mr. Watts' is entitled to an annual fee of £30,000 which may be increased by agreement if his anticipated monthly time commitment is materially exceeded. The annual fee will be reviewed annually by the remuneration committee of the Board.

Stephen Gutteridge

On 16 June 2010, Stephen Gutteridge entered into a letter of appointment with the Company pursuant to which he will be appointed as a non-executive director of the Company. The term of his

appointment is for one year and may be terminated earlier by either party giving the other not less than three months' written notice. The Company may terminate Mr. Gutteridge's appointment immediately on the occurrence of certain events.

Mr. Gutteridge's anticipated time commitment is at least one day per month after an induction phase which includes at least 10 board meetings per year. Mr. Gutteridge is entitled to an annual fee of £30,000 which may be increased by agreement if his anticipated monthly time commitment is materially is exceeded. The annual fee will be reviewed annually by the remuneration committee of the Board.

Philip Holder

On 16 June 2010, Philip Holder entered into a letter of appointment with the Company pursuant to which he will be appointed as Chairman of the Company. The terms of the letter is for one year and may be terminated earlier by either party giving the other not less than three months' written notice. The Company may terminate Mr. Holder's appointment immediately on the occurrence of certain events.

Mr. Holder's anticipated time commitment is at least two days per week after an induction phase which includes at least 10 board meetings per year. Mr. Holder is entitled to an annual fee of £60,000 which may be increased by agreement if his anticipated weekly time commitment is materially exceeded. The annual fee will be reviewed annually by the remuneration committee of the Board.

8.3 Save as specified in paragraph 8 of this Part VII (*Additional Information*), there are no existing or proposed service agreements, consultancy agreements or letters of appointment between any of the Directors, the Proposed Directors and any member of the Enlarged Group which provide benefits upon termination of employment or otherwise.

8.4 Save as specified in paragraphs 8 and 23 of this Part VII (*Additional Information*), the Directors and the Proposed Directors have not been paid any fees or received any benefits prior to the date of this document and, save as specified in paragraphs 8 and 23 of this Part VII (*Additional Information*), no money has been set aside to provide for benefits upon termination of employment or otherwise.

9. Directors' and Proposed Directors' shareholdings and other interests

9.1 As at 16 June 2010, being the latest practicable date prior to the publication of this document, none of the Directors or the Proposed Directors, nor any persons connected with them (which expression shall be construed in accordance with s252 of the Act) were interested in the existing Ordinary Shares (so far as is known to the Directors and the Proposed Directors having made appropriate enquiries).

9.2 As at 16 June 2010, being the latest practicable date prior to the publication of this document and save as set out below, following Admission, none of the Directors or the Proposed Directors shall be interested in the Enlarged Share Capital of the Company and (so far as is known to the Directors and the Proposed Directors having made appropriate enquiries) persons connected with them (which expression shall be construed in accordance with s252 of the Act).

Name	*Number of General Placing Shares*	*Total number of Ordinary Shares on Admission*	*Percentage of Company's Enlarged Share Capital on Admission*
James Corsellis	833,333	833,333	0.5
Stephen Gutteridge	104,166	104,166	0.1
Philip Holder	416,666	416,666	0.3
John Spellman	625,000	625,000	0.4

9.3 John Spellman and Philip Holder have subscribed for 400,000,000 and 100,000,000 Management Participation Shares respectively. The Management Participation Shares can be sold to the Company in the event that certain growth and vesting conditions are met at a percentage of the increase in

Shareholder value of the Company. Details of the circumstances in which the Management Participation Shares can be sold to the Company and the relevant price that they can be sold at is set out at paragraph 13 of Part I (*Letter from the Directors of Marwyn Capital I Limited*) of this document.

9.4 As at 16 June 2010, being the latest practicable date prior to the publication of this document, none of the Directors or the Proposed Directors, nor any persons connected with them (which expression shall be construed in accordance with s252 of the Act) have, or propose to have on Admission, any options over Ordinary Shares (so far as is known to the Directors and the Proposed Directors having made appropriate enquiries).

9.5 Save as disclosed in this document, none of the Directors or the Proposed Directors have or will have any interests, whether beneficial or non-beneficial, in the issued share capital or loan capital of any member of the Enlarged Group and nor does (so far as is known to the Directors and the Proposed Directors having made appropriate enquiries) any persons connected with them (which expression shall be construed in accordance with s252 of the Act).

9.6 Save as set out below, there are no potential conflicts of interest between any duties to the Company of the Directors or the Proposed Directors and their private interests and other duties.

Name	*Position/interest*
James Corsellis	James Corsellis is a partner, member or director (as applicable) of certain affiliates of Marwyn Value Investors L.P (as further described in paragraph 12 of Part I (*Letters from the Directors of Marwyn Capital I Limited*) and paragraph 7.2 of this Part VII (*Additional Information*)), which is, as at the date of this document, a substantial shareholder in the Company as further described in paragraph 12 of this Part VII (*Additional Information*). A full list of Mr. Corsellis' relevant directorships is described at paragraph 7.2 of this Part VII (*Additional Information*).
Mark Watts	Mark Watts is a partner, member or director (as applicable) of certain affiliates of Marwyn Value Investors L.P (as further described in paragraph 12 of Part I (*Letters from the Directors of Marwyn Capital I Limited*) and paragraph 7.2 of this Part VII (*Additional Information*)), which is, as at the date of this document, a substantial shareholder in the Company as further described in paragraph 12 of this Part VII (*Additional Information*). A full list of Mr Watts' relevant directorships is described at paragraph 7.2 of this Part VII (*Additional Information*).
Paul Cookson	Paul Cookson is employed by Axio Capital Solutions Limited, a company whose ultimate controller is Marwyn Capital Management Limited and which is also the Company Secretary.
Paul Everitt	Paul Everitt is currently a director of Marwyn Capital Management Limited as well as other Marwyn companies. A full list of Mr. Everitt's relevant directorships is described at paragraph 7.2 of this Part VII (*Additional Information*).

9.7 There are no outstanding loans granted by any member of the Enlarged Group to any of the Directors or the Proposed Directors and there are no guarantees provided by any member of the Enlarged Group for the benefit of any of the Directors or Proposed Directors.

9.8 Save as disclosed in this document, no Director or Proposed Director nor any member of his immediate family nor any person connected with him has a related financial product (as defined in the AIM Rules for Companies) referenced to the Ordinary Shares being admitted.

9.9 Details of any restrictions agreed by the Proposed Director with regard to the disposal of their holdings in the Company's securities are set out in paragraph 14 of this Part VII (*Additional Information*).

10. Employees

10.1 Other than the Directors, Proposed Directors and as detailed in paragraph 10.2 below, the Company has not employed any persons since its incorporation.

10.2 The table below sets out the average number of persons employed (which excludes agency staff and consultants) by Fulcrum during the financial years ended 31 March:

Financial year	*Average number of persons employed**
2009	332
2008	393
2007	395

* Note: excludes agency staff.

10.3 As at 16 June, being the last practicable date prior to publication of this document, Fulcrum had 286 employees (which excludes agency staff and consultants). The employees of Fulcrum are based at various locations around the United Kingdom including Rotherham and Edinburgh. The majority of employees are based in Rotherham.

10.4 Details of the Company's share incentive arrangements are set out at paragraph 16 of Part VII (*Additional Information*).

11. Related party transactions

11.1 Save as disclosed in this document and in particular with reference to the additional corporate finance fee paid to Marwyn Capital LLP described in paragraph 14.1(b)(ii) of this Part VII and to the Management Participation Shares and Marwyn Option Agreement set out at paragraphs 13 and 14 of Part I (*Letter from the Directors of Marwyn Capital I Limited*) of this document, none of the members of the Enlarged Group have entered into any related party transaction, as defined by the AIM Rules for Companies since the Company's incorporation.

11.2 Marwyn Value Investors L.P. has agreed to subscribe for, in aggregate, 416,500 Placing Shares (representing approximately 0.3 per cent. of the Enlarged Share capital). Such a transaction falls within the definition of related party transaction as defined by the AIM Rules for Companies.

11.3 Killik & Co has agreed to subscribe for, in aggregate, 13,332,500 Placing Shares (representing approximately 8.6 per cent. of the Enlarged Share capital.) Such a transaction falls within the definition of related party transactions as defined by the AIM Rules for Companies.

11.4 The Directors and the Proposed Directors consider, having consulted with Cenkos Securities as its nominated adviser, that the terms of the related party transactions are fair and reasonable insofar as its shareholders are concerned.

12. Significant shareholdings

12.1 As at 16 June 2010, being the latest practicable date prior to the publication of this document, save as set out below, the Company is not aware of any persons who directly or indirectly have an interest of three per cent. or more of the Company's capital or voting rights:

Name of Shareholder	*Number of Ordinary Shares*	*Percentage of issued share capital (per cent.)*
Marwyn Value Investors L.P.	20,000,000	32.00
Killik & Co	15,000,000	23.95
Spreadex Limited	11,750,000	18.76
Fidelity Investments	6,250,000	9.97
Amati Global Partners LLP	5,000,000	7.98
Collins Stewart	4,000,000	6.39
ISIS EP	3,000,000	4.79
WH Ireland Group	2,500,000	3.99
Legal & General	2,500,000	3.99

12.2 Following Admission, the following persons will (so far as is known to the Directors and the Proposed Directors having made appropriate enquiries) directly or indirectly have an interest of three per cent. or more of the Company's capital or voting rights:

Name of Shareholder	*Number of Ordinary Shares*	*Percentage of the Enlarged Share Capital (per cent.)*
Killik & Co	28,332,500	18.4
Marwyn Value Investors L.P.	20,416,500	13.2
Ecofin	20,000,000	13.0
Legal & General	15,000,000	9.7
Amati Global Partners LLP	13,249,500	8.6
Spreadex Limited	11,750,000	7.6
Foreign and Colonial	8,250,000	5.3
Fidelity Investments	6,250,000	4.0
Artemis	5,000,000	3.2

12.3 As at 16 June 2010, being the latest practicable date before the publication of this document, other than as disclosed in this paragraph 12, so far as is known to the Directors and the Proposed Directors, no person is or will, immediately following the Placing, be directly or indirectly interested in three per cent. or more of the Ordinary Share capital.

12.4 As at 16 June 2010, being the last practicable date prior to the publication of this document, the Company is not aware of any arrangements the operation of which may at a subsequent date result in a change in control of the Company.

13. Principal Investments

13.1 Other than the Acquisition (as further described in paragraph 14 of this Part VII (*Additional Information*) the Company has not made any principal investments in the period between its incorporation and the date of this document.

13.2 Fulcrum has not made any principal investments in the period between 31 March 2007 and the date of this document.

14. Material contracts

14.1 The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by any member of the Group:

(a) during the two years prior to the date of this document; and

(b) contain provisions under which any member of the Group has any obligation or entitlement which is or may be material to any member of the Group at the date of this document.

(i) *Corporate finance advisory agreement*

Pursuant to a corporate finance advisory agreement between the Company and Marwyn Capital LLP dated 18 December 2009, Marwyn Capital LLP has agreed to provide strategic and corporate finance advice to the Company for a fee of £15,000 per month. Marwyn Capital LLP may terminate the appointment immediately if the Company commits a material breach of the terms of the agreement or if the Company fails to accept the advice of Marwyn Capital LLP on a material matter. The Company may terminate the appointment upon the giving of three months' notice after the expiry of the initial term of one year. Under the agreement, the Company has agreed to indemnify Marwyn Capital LLP and its associates in respect of the appointment. The agreement is governed by English law.

(ii) *Additional corporate finance fee arrangement*

The Company has agreed with Marwyn Capital LLP that Marwyn Capital LLP will receive a fee of £0.5 million for corporate finance advisory services provided by it to the Company in relation to the Acquisition and Admission.

(iii) *Nomad and broker agreement*

Pursuant to a nominated adviser and broker agreement between the Company and Cenkos Securities dated 10 December 2009, the Company appointed Cenkos Securities as its nominated adviser and broker in accordance with the AIM Rules. Pursuant to this agreement, it was agreed that Cenkos Securities would receive an annual fee of £25,000. This fee will increase to £50,000 on Completion. Cenkos Securities fees are payable half-yearly in advance. The agreement is terminable by either party by giving the other party three months' notice. Cenkos Securities has also reserved the right to terminate the agreement at any time in (amongst other things) the event of a material breach of the agreement by the Company if such breach has not been remedied within 10 business days (following a written request for Cenkos Securities to do so) and on reasonable written notice in certain circumstances under the agreement, the Company gave certain customary warranties and indemnities to Cenkos Securities in connection with its engagement as the Company's nominated adviser and broker. The agreement is governed by English law.

(iv) *2009 Placing Agreement*

The Company, each of the directors at the time of the initial admission of the Company ("**Initial Admission**") and Cenkos Securities entered into a placing agreement dated 22 December 2009 (the "**2009 Placing Agreement**"), pursuant to which and subject to certain conditions (which have now been fulfilled), Cenkos Securities agreed to use its reasonable endeavours to procure purchasers for the Ordinary Shares to be issued pursuant to the 2009 Placing. Pursuant to this agreement, Cenkos Securities, on behalf of the Company, placed 62,640,000 ordinary shares of 0.1 pence per share at 10 pence per share.

In consideration for its services under the 2009 Placing Agreement, Cenkos Securities received from the Company a fee of £195,560 and all out-of pocket expenses incurred by it in connection with the 2009 Placing.

The Company and the Directors gave certain customary representations and warranties and the Company agreed to provide customary indemnities to Cenkos Securities.

(v) *2009 Lock-in deed and orderly market agreement*

Pursuant to a deed dated 22 December 2009 made between the Marwyn Value Investors L.P., the Company, Cenkos Securities and the directors at the time of Initial Admission, the Marwyn Value Investors L.P. and such directors agreed, conditional on Initial Admission (which has now been fulfilled), that they will not, and will procure that no person connected with them will (subject to certain exceptions) dispose of any Ordinary Shares held by them at the date of Initial Admission (or any additional Ordinary Shares issued to them following the exercise of any option granted or arising by virtue of the holding of those Ordinary Shares at the Initial Admission or acquired by them during the period of 12 months from the Initial Admission) for a period of 12 months following the Initial Admission.

Additionally, for a further 12 months and thereafter for so long as Cenkos Securities is the Company's nominated adviser and broker, each of the directors who were a party to the agreement and the Marwyn Value Investors L.P. agreed to sell his or its Ordinary Shares through Cenkos Securities, provided that the commissions payable shall be equivalent to those that would have been reasonably payable by the directors and/or the Marwyn Value Investors L.P. (as the case may be) for an institution execution-only broking service.

Each of the directors who were a party to the agreement and the Marwyn Value Investors L.P. gave customary warranties and representations to Cenkos Securities and the Company.

(vi) *Depository agreement*

Pursuant to a depository agreement dated 18 December 2009 between the Company and the Depository (the "**Depository Agreement**"), the Company appointed the Depository to constitute and issue from time-to-time, upon the terms of a deed poll, the Depository Interests representing securities issued by the Company and to provide certain other services in connection with such Depository Interests.

The agreement is governed by English law. It contains indemnities whereby the Depository indemnifies the Company against (i) any loss arising from the breach of the terms of the deed poll; and (ii) whereby the Company indemnifies the Depository for any claim made against the Depository by a holder of securities which arises as a result of the Depository performing its obligations under the Depository Agreement.

(vii) *Acquisition Agreement*

Under the terms of the Acquisition Agreement, National Grid Holdings has agreed to sell and the Subsidiary has agreed to acquire the entire issued share capital of Fulcrum Group Holdings, subject to (amongst other things):

(i) the approval of the Resolutions by Shareholders at the General Meeting;

(ii) Admission;

(iii) the Placing Agreement becoming unconditional in all respects (save for any condition relating to Admission); and

(iv) no material adverse change having occurred in relation to Fulcrum before Completion.

The consideration payable to National Grid Holdings will be satisfied by the payment of £10 in cash on Completion; with a post Completion working capital adjustment, which it is anticipated will be approximately £5.0 million in favour of the Subsidiary, to ensure a working capital figure at Completion of negative £5.275 million. Certain inter-company debt owed by Fulcrum to National Grid shall be discharged on Completion.

The Acquisition Agreement contains standard commercial warranties, specific indemnities from National Grid Holdings in favour of the Subsidiary, a tax covenant given by National Grid Holdings in respect of certain tax liabilities payable or which may become payable by the

Subsidiary and certain restrictive covenants granted by National Grid Holdings. In addition, the Company guarantees the obligations of the Subsidiary under the SPA.

(viii) *Irrevocable undertakings*

The Company has received the following irrevocable undertakings granted to the Company, to vote (or otherwise procure the vote) in favour of each of the Resolutions to be passed at the General Meeting (or any adjournment thereof):

(a) An irrevocable undertaking from Marwyn Value Investors L.P. dated 4 June 2010 in respect of 20,000,000 Ordinary Shares;

(b) An irrevocable undertaking from ISIS LP dated June 2010 in respect of 3,000,025 Ordinary Shares;

(c) An irrevocable undertaking from Fidelity Investments dated 10 June 2010 in respect of 6,250,000 Ordinary Shares;

(d) An irrevocable undertaking from Robert Marroney dated 11 June 2010 in respect of 4,000,000 Ordinary Shares;

(e) An irrevocable undertaking from Killik & Co dated 14 June 2010 in respect of 12,490,000 Ordinary Shares; and

(f) An irrevocable undertaking from Amati Global Investors dated 15 June 2010 in respect of 5,001,000 Ordinary Shares.

Each of the persons listed above additionally undertook not to sell, transfer, encumber or otherwise dispose of any interest in their respective Ordinary Shares or give instructions to do so.

(ix) *Placing Agreement*

A Placing Agreement dated 16 June 2010 entered into between the Company, Cenkos Securities, the Directors and the Proposed Directors pursuant to which Cenkos Securities agreed to use its reasonable endeavours to procure subscribers for the Placing Shares at the Placing Price. The Placing Agreement is conditional upon, amongst other things, Admission becoming effective by no later than 8.00 a.m. on 23 July 2010, the passing of the Resolutions at the General Meeting and the Acquisition Agreement becoming unconditional in all respects (other than any conditions relating to completion of the Placing Agreement or Admission).

Under the Placing Agreement, Cenkos Securities is entitled, at its discretion and out of its own resources at any time, to rebate to some or all investors, or to other parties, all or a part of its fees relating to the Placing. Cenkos Securities is also entitled under the Placing Agreement to retain agents and may pay commissions in respect of the Placing to any or all of these agents out of its own resources.

The Company, the Directors and the Proposed Directors give certain customary warranties to Cenkos. The Placing Agreement can be terminated prior to Admission in certain circumstances, including if (in the reasonable opinion of Cenkos Securities), the warranties are not true and accurate in any material respect and if there is a material adverse change in the financial or trading position or prospects of the Enlarged Group.

Subject to the Placing Agreement becoming unconditional, not being terminated and the Placing Shares being issued, the Company has agreed to pay to Cenkos Securities a total fee of £0.5 million. The Company also agreed to pay certain other reasonable costs, charges and expenses (including VAT) of, or incidental to, the Placing including fees payable to London Stock Exchange, accountancy and legal fees, Registrar expenses, printing, advertising and other costs related to the Placing.

(x) *Lock-in deed*

The Company, Marwyn Value Investors L.P., Cenkos Securities and the Proposed Directors have entered into a lock-in deed pursuant to which Marwyn Value Investors L.P. and the Proposed Directors have agreed that (i) for a period of 12 months from the date of Admission, neither they (nor their respective related parties (as defined in the AIM Rules)) shall dispose of any shares in which they are interested or become interested (meaning any interest in shares as defined in the Act), subject to certain exceptions such as the transfer to a connected person; and (ii) for a further period of 12 months or for so long as Cenkos Securities is the nominated adviser and/or broker to the Company, Marwyn Value Investors L.P. and the Proposed Directors shall make any transfer or disposal of any shares in which they are interested or become interested through Cenkos Securities as the agent selling stockbroker (unless Cenkos otherwise consents).

Pursuant to the agreement, each of the Proposed Directors and Marwyn Value Investors L.P. give customary warranties and representations to Cenkos Securities and the Company.

The aggregate number of Ordinary Shares to be held by Marwyn Value Investors L.P. and the Proposed Directors as at Admission, to which such lock in and orderly restrictions will apply, will be 22,395,665 Ordinary Shares, representing 14.5 per cent. of the Enlarged Share Capital.

(xi) *Letters of appointment*

A description of the agreements entered into by the Company with the Directors and the Proposed Directors is set out in paragraph 8 of this Part VII (*Additional Information*).

(xii) *Marwyn Participation Option Agreement*

A description of the Marwyn Participation Option Agreement is set out in paragraph 14 of Part I (*Letter from the Directors of Marwyn Capital I Limited*) of this document.

(xiii) *Management Incentive Arrangements*

A description of the Management Incentive arrangements is set out in paragraph 13 of Part I (*Letter from the Directors of Marwyn Capital I Limited*) of this document.

14.2 No member of Fulcrum has entered into contracts (not being contracts entered into in the ordinary course of business):

(a) during the two years prior to the date of this document; and

(b) contain provisions under which any member of the Group has any obligation or entitlement which is or may be material to any member of the Group at the date of this document.

15. Litigation

15.1 There are no, and have been no, governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened against the Company of which the Company is aware) during the period of 12 months prior to the date of this document which may have, or may have had in the recent past a significant effect on the Company's and/or the Group's financial position or profitability.

15.2 There are no, and have been no, governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened against Fulcrum of which the Company is aware) during the period of 12 months prior to the date of this document which may have, or may have had in the recent past, a significant effect on Fulcrum's financial position or profitability.

16. Share incentive arrangements

16.1 The only share incentive arrangement that will remain in place following Admission will be the Management Participation Shares and the Marwyn Participation Option.

16.2 A summary of the principal terms of these arrangements is set out at paragraphs 13 and 14 of Part I (*Letter from the Directors of Marwyn Capital I Limited*) of this document. That summary does not form part of any of the arrangements and should not be taken as affecting the interpretation of their detailed terms and conditions.

17. Property

17.1 Upon Completion, the Enlarged Group's principal properties will be the following leased properties:

Property	*Type*
Greaseborough Road, Rotherham, South Yorkshire, England	Short Leasehold (less than 25 years)
Ground Floor, Vantage Point, 24 St. John's Road, Edinburgh, Scotland	Short Leasehold (less than 25 years)

17.2 So far as the Company is aware, there are no environmental issues that may affect the utilisation of the Company's Properties or tangible fixed assets.

18. Intellectual property and licences

18.1 ***Independent Gas Transporter Licence***

Fulcrum Pipelines, a subsidiary of Fulcrum was granted an Independent Gas Transporter licence by Ofgem on 3 July 2007. The licence enables Fulcrum Pipelines to act as a gas transporter and to own and operate gas pipelines. There are a number of standard conditions relating to this licence which impose obligations on Fulcrum Pipelines, including, for example, obligations to provide information if requested by Ofgem.

18.2 ***Trademarks and Domain Names***

Certain trademarks and domain names relating to the Fulcrum business are currently held by a National Grid company. However, the Company has made arrangements for such trademarks and domain names relating to the Fulcrum business to be transferred to it on or shortly after Completion.

19. Working Capital

The Directors and the Proposed Directors are of the opinion that, having made due and careful enquiry and having taken into account the net proceeds of the Placing, that the working capital available to the Enlarged Group will be sufficient for its present requirements, that is for at least the next twelve months from the date of Admission.

20. Significant Change

20.1 There has been no significant change in the financial or trading position of the Group since the incorporation of the Company.

20.2 There has been no significant change in the financial or trading position of Fulcrum since 31 January 2010, the date to which the last financial information (as shown in Part V (*Historical Financial Information of Fulcrum*) relating to Fulcrum was prepared.

21. Taxation

The following information is based on the Company's understanding of, and on advice received on, the relevant laws and practices currently in force in the Cayman Islands and the UK as at the date of this document. It relates (except stated otherwise) to persons who are resident or ordinarily resident in the UK for tax purposes or in the Cayman Islands, who are beneficial owners of Ordinary Shares and who hold their Ordinary Shares as an investment but is not applicable to all categories of Shareholders, and in particular, is not addressed to (i) Shareholders who do not hold their Ordinary Shares as capital assets; (ii) Shareholders who own (directly or indirectly) 10 per cent. or more of the Company; or (iii) special classes of Shareholders such as dealers in securities or currencies, broker-dealers or investment companies.

The statements do not purport to be comprehensive or to describe all potential relevant tax considerations. Shareholders should note that the levels of and bases of, and relief from, taxation may change and that changes may affect the benefits of investment in the Company. This summary is not exhaustive and does not generally consider tax relief or exemptions. Shareholders who are in doubt as to their tax position, or who are subject to tax in a jurisdiction other than the UK or the Cayman Islands, are strongly recommended to consult their professional advisers.

Cayman Islands taxation

The following is a discussion on certain Cayman Islands tax consequences of an investment in Ordinary Shares. The discussion is a general summary of present law, which is subject to prospective and retroactive change. It is not intended as tax advice, does not consider any investor's particular circumstances, and does not consider tax consequences other than those arising under Cayman Islands law.

The Government of the Cayman Islands, will not, under existing legislation as at the date of this document, impose any income, corporate or capital gains tax, estate duty, inheritance tax, gift tax or withholding tax upon the Company or the Shareholders. The Cayman Islands are not party to any double taxation treaties. The Company has applied for and expects to receive an undertaking from the Governor-in-Cabinet of the Cayman Islands that, in accordance with section 6 of the Tax Concessions Law (1999 Revision) of the Cayman Islands, for a period of 20 years after the date of the undertaking, no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciations shall apply to the Company or its operations and, in addition, that no tax to be levied on profits, income, gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable (directly or by way of withholding) on the shares, debentures or other obligations of the Company.

Save as set out above, there are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands on either the Company or the Shareholders save for certain stamp duties which may be applicable, from time to time, on certain instruments executed in or brought within the jurisdiction of the Cayman Islands.

United Kingdom taxation

The following statements are intended only as a general guide to current UK tax legislation and to the current practice of HM Revenue and Customs ("**HMRC**") and may not apply to certain Shareholders, such as dealers in securities, insurance companies, pension fund trustees or other trustees and collective investment schemes. They relate (except where otherwise stated) to persons who are resident in the UK for UK tax purposes and companies which are within the charge to UK corporation tax and who hold their Ordinary Shares as an investment and not as trading stock. If Shareholders hold Ordinary Shares as trading stock they may not be taxed by reference to the principles outlined below.

Any person who is any doubt as to his or her tax position, or who is subject to taxation in any jurisdiction other than the UK or of classifications not referred to below, such as pension fund trustees or other trustees, should consult his or her own professional advisers immediately.

(a) *Taxation of chargeable gains*

It is expected that the Company will not be an offshore fund (as defined in section 40A of the UK Finance Act 2008) for the purposes of the provisions of the UK offshore fund rules. This is on the basis that a reasonable investor in the Company would not expect to realise his investment at a value referable to the Company's assets at a specified or determinable date. Accordingly, any gains realised on disposal or deemed disposal of Ordinary Shares should be subject to capital gains tax (or in the case of companies, corporation tax on chargeable gains) and not income tax (or corporation tax on income). If an investor were regarded as having a material interest in an offshore fund by virtue of holding Ordinary Shares in the Company, the investor would be taxed on gains realised on the disposal of the Ordinary Shares as income.

(b) *Dividends and other distributions*

The Company will not be required to withhold UK tax at source when paying a dividend.

UK resident (for tax purposes) individual Shareholders who receive a dividend from the Company, and who hold less than 10 per cent. of the issued share capital of the Company, will generally be entitled to a tax credit equal to one-ninth of the dividend payment, which can be set against the individual's income tax liability on the dividend payment.

Such UK resident individual Shareholders will generally be taxable on the total of the dividend payment and the tax credit (for the purposes of this paragraph, the "gross dividend"), which will be regarded as the top slice of the shareholder's income. The tax credit will discharge the individual's liability to income tax on the gross dividend, except to the extent the gross dividend falls above the threshold for higher rate income tax, in which case the shareholder will (if he is subject to tax at the higher rate), be subject to income tax on the gross dividend at the current dividend rate of 32.5 per cent. (or 42.5 per cent. for those where taxable income exceeds £150,000) but will be able to set the tax credit off against this liability such that the effective rate will be 25 per cent. of the dividend payment (or 36 per cent. for those where taxable income exceeds £150,000).

In principle, UK tax resident corporate shareholders will be liable to corporation tax on dividends received from the Company (currently chargeable at 28 per cent., although reduced rates may apply in certain cases). The UK Finance Act 2009 introduced, in Part 9A of the Corporation Tax Act 2009, a comprehensive set of rules for the taxation of dividends and other distributions received by a company liable to UK corporation tax from another company (tax resident in the UK or not). A UK tax resident corporate shareholder holding Ordinary Shares may be exempt from UK tax on dividends paid by the Company, but prospective investors should seek their own specialist advice in relation to how these new rules affect them.

(c) *Stamp duty and stamp duty reserve tax*

The following comments are intended as a guide to the general UK stamp duty and stamp duty reserve tax ("**SDRT**") position and do not relate to persons such as market makers, brokers, dealers or intermediaries to whom special rules apply.

No UK stamp duty or SDRT will be payable on the issue of Ordinary Shares.

Ordinary Shares held within Depository Interests in CREST will be "chargeable securities" for the purposes of UK SDRT and, accordingly, SDRT will generally be chargeable on agreements for their transfer at 0.5 per cent.

Ordinary Shares held in certificated form should not be "chargeable securities" for the purposes of UK SDRT, provided that the Ordinary Shares are not registered in a register kept in the UK and, accordingly, no stamp duty reserve tax should be chargeable on agreements for their transfer.

No UK stamp duty will be due on the transfer of Ordinary Shares (or an interest in such Ordinary Shares) unless an instrument of transfer or document evidencing a transfer is executed in the UK or the transfer relates to a 'thing done or to be done' in the UK. An instrument of transfer or document evidencing a transfer executed in the UK, or relating to something to be done in the UK, will generally be chargeable to UK stamp duty at the rate of 0.5 per cent. of the consideration for the transfer. Where UK stamp duty is chargeable, any SDRT paid in relation to that transfer should, in most circumstances, be repaid so that the aggregate liability is limited to 0.5 per cent. of the consideration.

(d) *Certain other tax considerations*

If the Company would be a close company if it were resident in the UK, a proportion of any chargeable gains accruing to it or entities through which it has made investments may be apportioned to certain UK resident or ordinarily resident Shareholders and be chargeable to capital gains tax (or corporation tax on gains) in their hands. The proportion which may be apportioned to and charged in the hands of such a UK shareholder will correspond to that Shareholder's interest in the Company as a "participator" but these provisions will not apply where a Shareholder's interest in the gain does not exceed one-tenth of the gain. Non-domiciled individuals may claim the remittance basis of taxation in relation to such gains only if the asset disposed of by the Company giving rise to such gain is situated outside the UK.

Individuals who are ordinarily resident in the UK should also note the provisions of sections 714 to 751 of the UK Income Tax Act 2007, which may in certain circumstances render them liable to UK income tax in respect of the undistributed income of the Company or other entities in which the Company directly or indirectly holds an interest.

Shareholders who are domiciled or deemed to be domiciled in the UK should note that transfers of Ordinary Shares at less than full market value (including on death) may (subject to certain exemptions and reliefs) give rise to a liability to UK inheritance tax.

If the Company is or becomes controlled by persons resident in the UK, it will be a "controlled foreign company" for the purposes of sections 747 to 756 of, and Schedules 24 and 25 to, the UK Income and Corporation Taxes Act 1988. Under those provisions, companies resident in the UK for UK tax purposes having a sufficient interest, generally 25 per cent. or more, in the Company may in certain circumstances be chargeable to UK corporation tax in respect of any undistributed profits which are attributable to their interests in the relevant company.

(e) *Venture Capital Trusts/Enterprise Investment Schemes*

The Company obtained a confirmation from HMRC on 8 June 2010 that a holding of Ordinary Shares in the Company should be capable of constituting a "qualifying holding" (as defined in Chapter 4, Part 6 of the UK Income Tax Act 2007) for the purposes of the VCT legislation and on 14 June 2010 obtained confirmation that a holding of Ordinary Shares in the Company constitutes eligible shares in a "qualifying company" (as defined in Chapter 4, Part 5 of the UK Income Tax Act 2007) for the purposes of the EIS legislation. The clearances also confirmed that the New VCT/EIS Placing Shares (held by VCT's investing funds raised after 6 April 2006 and EIS investors), immediately following First Admission and that the Old VCT Placing Shares (held by VCT's investing funds raised prior to 6 April 2006) immediately following Second Admission, will be "qualifying holdings" for the purposes of the VCT legislation and eligible shares in a "qualifying company" for the purposes of EIS legislation.

The assurance sought relates only to the qualifying status of the Company and its Ordinary Shares and does not guarantee that any particular VCT/EIS investor will qualify for relief in respect of an acquisition of Ordinary Shares.

Potential VCT/EIS investors should note that complex regulations govern whether investments made by VCTs or EIS investors are qualifying investments and depend not only on the qualifying status of the Company but upon certain factors and characteristics of the VCT/EIS investor concerned. Although it is intended that the current investment opportunity being pursued by the Company will be such that the Ordinary Shares constitute a qualifying holding, there can be no guarantee that this will be the case. VCTs/EIS investors that are uncertain on whether or not they qualify for the relevant reliefs should consult their own tax advisers.

(f) *European Union Savings Directive ("EUSD")*

On 1 July 2005, Member States of the EU introduced a directive regarding the taxation of savings income (the "**EUSD**"). Under the EUSD, a paying agent in a Member State may be required to provide certain details about investors and any interest or similar income paid to them, to the tax authorities of the Member States in which the investor is resident. Similar provisions may also apply to paying agents in jurisdictions which are dependent, or associated, territories of Member States. For a transitional period, Austria, Belgium and Luxembourg will operate a withholding system instead, deducting tax at rates rising over time to 35 per cent. Further, a number of non-EU countries and territories, including Switzerland, have agreed to adopt similar measures (a withholding system in the case of Switzerland) with effect from the same date. The Cayman Islands have implemented the Reporting of Savings Income Information (European Union) Law (2007 Revision) and related regulations (the "**Cayman EUSD Legislation**"). The Cayman Islands EUSD Legislation is similar to the EUSD.

However, distributions (such as dividends) by the Company should fall outside the definition of interest payments and so neither the Company nor Registrar should have any reporting or withholding obligations under the EUSD or under Cayman EUSD Legislation. However, paying agents in other jurisdictions that make payments of amounts derived from the Company may have reporting or withholding obligations under the EUSD or their equivalent local measures.

The European Union is currently reviewing the EUSD legislation and has issued a consultation document. This, if it is implemented, will broaden the scope of the regime which may mean that in the future, amounts paid by the Company or Registrar may be within the scope of the EUSD. It is also proposed that the EUSD Legislation will allow authorities to "look through" certain types of structures and entities to the beneficial owners and hence apply the EUSD regime more widely.

22. Auditors

22.1 There are no obligations under Cayman Islands law for the Company to appoint an auditor to have its accounts audited or to file its accounts with the Registrar of Companies. However, the Company has appointed PricewaterhouseCoopers LLP of Cornwall Court, 19 Cornwall Street, Birmingham B3 2DT as its auditor which is a member firm of the Institute of Chartered Accountants in England and Wales. No auditor has resigned, been removed or not been re-appointed since the date of incorporation of the Company.

22.2 The auditors for Fulcrum for the financial years ended 31 March 2008, 2009 and 2010 were also PricewaterhouseCoopers LLP of Cornwall Court, 19 Cornwall Street, Birmingham B3 2DT. PricewaterhouseCoopers LLP is a member of the Institute of Chartered Accounts of England and Wales.

22.3 The financial information on Fulcrum included in this document does not constitute statutory accounts within the meaning of s434(3) of the Act. The statutory accounts of Fulcrum Group Holdings for the financial year ended 31 March 2007, 2008 and 2009 and of its subsidiaries for the financial years ended 31 March 2008 and 2009 have been delivered to the Registrar of Companies in England and Wales and in respect of such statutory accounts, the Company's auditor has made a report under s235 CA85 in respect of each of those statutory accounts and each such report was an unqualified report within the meaning of s271 CA85 and did not contain a statement under s237(2) or (3) CA85.

22.4 The Company is not required to produce any statutory accounts under the Companies Law and, since its incorporation on 4 December 20009, has not produced any accounts.

23. Expenses

23.1 The total costs, charges and expenses payable by the Company in connection with the Acquisition, Admission and the Placing are estimated to be £2.0 million (exclusive of VAT).

23.2 Save as disclosed at paragraphs 8, 23.3 and 23.4 below, (and excluding professional advisers otherwise disclosed in this document and trade suppliers) no person has received, directly or indirectly, from the Company within the 12 months preceding Admission, or entered into contractual arrangements (not otherwise disclosed in this document) to receive on or after Admission, directly or indirectly, from the Company any of the following:

(a) fees totalling £10,000 or more;

(b) securities in the Company with a value of £10,000 or more, calculated by reference to the Placing Price of the Placing Shares; or

(c) any other benefit with a value of £10,000 or more at the date of Admission.

23.3 Paul Below has entered into a consultancy agreement with the Company. Pursuant to this agreement, Mr. Below is to act as interim financial director of Fulcrum and is entitled to receive £1,250 per full day that he works for the Company. This arrangement is for an initial term of six months from 8 April

2010 and is renewable on a six monthly basis thereafter. As at 31 May 2010, Mr. Below had received £38,750 in fees.

23.4 The Company and John Spellman have agreed that, prior to Completion, Mr. Spellman will provide consultancy services to the Company in relation to the Acquisition and Admission. As at 31 May 2010, Mr. Spellman had received £133,320 in fees. This arrangement will terminate on Completion, from which date the service agreement entered into between the Company and Mr. Spellman (as described in more detail at paragraph 8 of this Part VII) shall become effective.

24. Consents

24.1 PricewaterhouseCoopers LLP has given and has not withdrawn its written consent to the inclusion in this document of its report on the financial information relating to Fulcrum in Part V (*Historical Financial Information of Fulcrum*) in the form and context in which it appears and has authorised the contents of its report for the purposes of Schedule Two of the AIM Rules.

24.2 Cenkos Securities has given and not withdrawn its written consent to the issue of this document with the inclusion in it of its name in the form and context in which it appears.

25. Sources of information

25.1 Where information in this document has been sourced from a third party, the source has been given along with the information, it has been accurately reproduced and, so far as the Company is aware and able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

26. Copies of documentation

26.1 Copies of this document will be available free of charge during normal business hours on any week day (Saturdays, Sundays and public holidays excepted) until the date which is one month after the date of Admission, at the offices of Cenkos Securities, 6.7.8 Tokenhouse Yard, London, EC2R 7AS.

GLOSSARY

The following terms apply throughout this document, unless the context requires otherwise:

"Gas Distribution Networks"	a distinct network of pipeline used for the distribution of gas. There are currently eight gas distribution networks which each cover a separate geographical region of Great Britain
"Gas Industry Registration Scheme"	also referred to as a "**GIRS**", a scheme which is operated by Lloyd's Register on behalf of UK Gas Transporters. Under the scheme, a technical assessment of the Utility Infrastructure Providers who elect to be assessed is performed in order for them to be accredited for work associated with the construction of new gas infrastructure operating up to 7 barg pressure
"Independent Gas Transporter"	an entity with a gas transporter licence under section 7 of the Gas Act 1986
"Meter Asset Manager"	an entity accredited by Lloyd's Register as a Meter Asset Manager through the Ofgem Meter Asset Managers registration scheme (and therefore approved by Ofgem). Meter Asset Managers are responsible for the design, installation, commissioning, maintenance, removal and disposal of gas supply meter installations
"Multi-Utility Recognition Status"	an entity which is accredited by Lloyd's Register as an entity having multi-utility recognition status. The accreditation is available to utility providers who already hold accreditation under the NERS, GIRS and WIRS
"National Transmission System"	the network of high pressure, large diameter gas pipelines throughout the UK consisting of terminals, compressor stations, pipeline systems and offtakes which form part of the National Grid transmission system
"NERS"	national electricity registration scheme, a scheme which is operated by Lloyd's Register on behalf of the UK Distribution Network Operators. Under the scheme, a technical assessment of the service provider who elects to be assessed is performed, in order for them to be accredited for contestable works associated with the installation of electrical connections
"Ofgem"	Office of the Gas and Electricity Markets, an authority which regulates certain aspects of the UK gas and electricity markets
"Ofgem Approver Meter Installer"	also referred to as an "**OAMI**", an entity that is registered by Ofgem as an approved meter installer. An OAMI must conform with one or more of the codes of practice applicable to meter installation
"Utility Infrastructure Provider"	a utility infrastructure provider engaged in the provision of infrastructure services in relation to electricity, water and gas connections
"Water Industry Registration Scheme"	also referred to as a "**WIRS**", a scheme which is operated by Lloyd's Register on behalf of UK water utility companies. Under the scheme, a technical assessment of the service provider who elects to be assessed is performed in order for them to be accredited for work associated with the installation of water infrastructure

DEFINITIONS

The following definitions apply throughout this document, unless the context requires otherwise:

"Acquisition"	the acquisition of all of the issued and outstanding shares of Fulcrum Group Holdings pursuant to the Acquisition Agreement
"Acquisition Agreement"	the conditional agreement dated 16 June 2010 between (1) the Subsidiary and (2) National Grid Commercial Holdings Limited and (3) the Company, the terms of which are summarised at paragraph 14 of Part VII (*Additional Information*) of this document
"Act"	means the Companies Act 2006 of the United Kingdom as amended from time to time
"Admission"	(i) in relation to the Existing Ordinary Shares and the New VCT/EIS Placing Shares, First Admission; (ii) in relation to the Old VCT Placing Shares, Second Admission; and (iii) in relation to the General Placing Shares, Third Admission
"AIM"	AIM, the market of that name operated by London Stock Exchange
"AIM Rules"	the AIM Rules for Companies and the AIM Rules for Nominated Advisers
"AIM Rules for Companies"	the rules and guidance for companies whose shares are admitted to trading on AIM entitled "AIM Rules for Companies" published by London Stock Exchange, as amended from time to time
"AIM Rules for Nominated Advisers"	the rules and guidance for nominated advisers entitled "AIM Rules for Nominated Advisers" published by London Stock Exchange, as amended from time to time
"Articles"	the articles of association of the Company as at the date of this document, details of which are set out in paragraph 5 of Part VII (*Additional Information*)
"Board"	the board of directors of the Company from time to time
"British Gas"	British Gas plc
"Cenkos Securities"	Cenkos Securities plc, a company incorporated in England and Wales with registered number 05210733 and which is the Company's nominated adviser and broker (as defined by the AIM Rules) which is authorised and regulated by the FSA
"in certificated form"	shares or other securities which are not in uncertificated form
"Combined Code"	the principles of good governance and code of best practice prepared by the Committee on Corporate Governance and published by the Financial Reporting Council in July 2006, as amended from time to time
"Companies Law"	the Companies Law (2009 Revision) of the Cayman Islands, as amended from time to time
"Company"	Marwyn Capital I Limited, a company incorporated in the Cayman Islands with registered number 234240

"Company Secretary"	Axio Capital Solutions Limited, a subsidiary of Marwyn Capital Management Limited
"Completion"	completion of the Acquisition in accordance with the Acquisition Agreement
"CREST"	the relevant system (as defined in the CREST Regulations) operated by Euroclear UK & Ireland in accordance with which securities may be held or transferred in uncertificated form
"CREST Regulations"	the Uncertificated Securities Regulations 2001 of the United Kingdom (SI 2001 No. 3755), as amended from time to time
"Deed Poll"	the deed poll dated 18 December 2009 entered into by the Depository and the Company pursuant to which the Depository will issue Depository Interests
"Depository"	Capita IRG Trustees Limited, a company incorporated in England and Wales with registered number 02729260
"Depository Interests"	the dematerialised depository interests created pursuant to and issued on the terms of the Deed Poll
"Directors"	the directors of the Company as at the date of this document, whose names are set out on page 6 and "Director" shall mean any one of them
"Disclosure and Transparency Rules"	the disclosure and transparency rules issued by the FSA acting in its capacity as the competent authority pursuant to Part VI of FSMA
"EBITDA"	earnings before interest, taxes, depreciation and amortisation
"Ecofin"	Ecofin Water and Power Opportunities plc, a company incorporated in England and Wales with registered number 04134479, whose registered office is at Springfield Lodge, Colchester Road, Chelmsford, Essex CM2 5PW
"EIS"	Enterprise Investment Scheme and related reliefs as detailed in Part 5 of the Income Tax Act 2007 and in Sections 150A to 150C and Schedules 5B and 5BA of the Taxation of Chargeable Gains Act 1992
"EIS Scheme"	a scheme under which EIS investors enjoy certain tax reliefs
"Enlarged Group"	the Group and, subject to Completion, Fulcrum, as described in paragraph 10 of Part I (*Letter from the Directors of Marwyn Capital I Limited*)
"Enlarged Share Capital"	the entire issued ordinary share capital of the Company immediately following Admission, comprising the Existing Ordinary Shares and the Placing Shares
"Euroclear UK & Ireland"	Euroclear UK & Ireland Limited, the operator of CREST, a company incorporated in England and Wales with registered number 2878738
"Existing Ordinary Shares"	the 62,640,000 Ordinary Shares in issue as at the date of this document
"Form of Proxy"	the form of proxy to be used by Shareholders in respect of the General Meeting

"First Admission"	admission of the New VCT/EIS Placing Shares and re-admission of the Existing Ordinary Shares to trading on AIM becoming effective in accordance with Rule 6 of the AIM Rules for Companies
"Form of Direction"	the form of direction to be used by Depository Interest holders in respect of the General Meeting
"FSA"	the Financial Services Authority of the United Kingdom
"FSMA"	Financial Services and Markets Act 2000 of the United Kingdom, as amended from time to time
"Fulcrum"	together, Fulcrum Group Holdings, Fulcrum Connections, Fulcrum Gas Services, Fulcrum Pipelines and Fulcrum Infrastructure Services
"Fulcrum Connections"	Fulcrum Connections Limited, a company incorporated in England and Wales with registered number 6228720
"Fulcrum Gas Services"	Fulcrum Gas Services Limited, a company incorporated in England and Wales with registered number 6006369
"Fulcrum Group Holdings"	Fulcrum Group Holdings Limited a company incorporated in England and Wales with registered number 03705715
"Fulcrum Infrastructure Services"	Fulcrum Infrastructure Services Limited, a company incorporated in England and Wales with registered number 6006363
"Fulcrum Pipelines"	Fulcrum Pipelines Limited, a company incorporated in England and Wales with registered number 6006362
"General Meeting"	the general meeting of the Company to be held at the offices of Mayer Brown International LLP, 201 Bishopsgate, London EC2A 3AF at 10.00 a.m. on 5 July 2010, notice of which is set out at the end of this document
"General Placing"	the proposed conditional placing of the General Placing Shares with certain institutional and other investors at the Placing Price
"General Placing Shares"	the 65,751,002 new Ordinary Shares to be allotted and issued by the Company pursuant to the General Placing
"Group"	the Company and the Subsidiary
"ISIN"	International Securities Identification Number
"London Stock Exchange"	London Stock Exchange plc
"Management Participation Shares"	shares of £0.001 each in the capital of the Subsidiary
"Marwyn"	Marwyn Investments Group Limited and its subsidiary undertakings and affiliates from time to time
"Marwyn Participation Option"	the option granted by the Company to Marwyn Management Partners L.P. as described in paragraph 14 of Part I (*Letter from the Directors of Marwyn Capital 1 Limited*)
"Marwyn Participation Option Agreement"	the option agreement relating to the Marwyn Participation Option

"Memorandum"	the memorandum of association of the Company as at the date of this document, details of which are set out in paragraph 5 of Part VII (*Additional Information*)
"National Grid"	National Grid plc, a company incorporated in England and Wales with registered number 4031152 and its subsidiaries
"National Grid Commercial Holdings"	National Grid Commercial Holdings Limited, a company incorporated in England and Wales with registered number 4042700
"New Articles"	the proposed amended and restated articles of association of the Company, details of which are set out in paragraph 5 of Part VII (*Additional Information*), in relation to which the Company will request the Shareholders to approve a resolution at the General Meeting to replace the existing Articles with the New Articles
"New VCT/EIS Placing"	the proposed conditional placing of the New VCT/EIS Placing Shares with certain institutional investors at the Placing Price
"New VCT/EIS Placing Shares"	the 11,666,165 new Ordinary Shares to be issued and allotted by the Company pursuant to the New VCT/EIS Placing
"Notice of General Meeting"	the notice convening the General Meeting set out on pages 27 to 29 of this document
"Official List"	the Official List of the UK Listing Authority
"Old VCT Placing"	the proposed conditional placing of the Old VCT Placing Shares with certain institutional investors at the Placing Price
"Old VCT Placing Shares"	the 14,249,500 new Ordinary Shares to be allotted and issued by the Company pursuant to the Old VCT Placing
"Ordinary Shares"	the ordinary shares of 0.1 pence each in the share capital of the Company with ISIN KYG587891014 as at the date of this document
"Part"	a part of this document
"Placing"	the proposed conditional placing by Cenkos Securities of the Placing Shares with institutional investors at the Placing Price pursuant to the Placing Agreement
"Placing Agreement"	the conditional agreement dated 16 June 2010 between (1) the Company (2) the Directors (3) the Proposed Directors and (4) Cenkos Securities relating to the Placing details of which are set out in paragraph 14.1 of Part VII (*Additional Information*) of this document
"Placing Price"	the price of 12 pence per Placing Share
"Placing Shares"	the New VCT/EIS Placing Shares, the Old VCT Placing Shares and the General Placing Shares
"Proposed Directors"	Philip Holder, John Spellman, Mark Watts and Stephen Gutteridge, whose details are set out in paragraph 9 of Part 1 (*Letter from the Directors of Marwyn Capital I Limited*)
"Registrar"	Capita Registrars (Guernsey) Limited, a company incorporated in Guernsey

"Registrar of Companies"	the Registrar of Companies of the Cayman Islands
"Resolutions"	the resolutions to be proposed at the General Meeting as set out in the Notice of General Meeting
"Second Admission"	admission of the Old VCT Placing Shares to trading on AIM in accordance with Rule 6 of the AIM Rules for Companies
"Shareholders"	the holders of Ordinary Shares, each individually being a "**Shareholder**"
"Subsidiary"	Marwyn Capital Investments I Limited, a company incorporated in the Cayman Islands with registered number 234711
"Takeover Code"	the City Code on Takeovers and Mergers
"Third Admission"	admission of the General Placing Shares to trading on AIM in accordance with Rule 6 of the AIM Rules for Companies
"Transco"	Transco plc, the UK gas transportation company that became National Grid
"in uncertificated form"	Ordinary Shares recorded on the Company's register as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST
"UK Listing Authority"	the FSA acting in its capacity as competent authority pursuant to the purposes of Part VI of FSMA
"United Kingdom" or **"UK"**	the United Kingdom of Great Britain and Northern Ireland
"United States" or **"US"**	the United States of America, its territories and possessions, any state of the United States and the District of Columbia
" US Internal Revenue Code"	the United States Internal Revenue Code of 1986, as amended from time to time
"US Securities Act"	the United States Securities Act of 1933, as amended from time to time
"VCT"	a venture capital trust for the purposes of Part 6, Chapters 1 to 6 of the UK Income Tax Act 2007 and a company, broadly similar to an investment trust, which has been approved by HMRC and which subscribes for shares in, or lends money to, unquoted (including AIM listed) companies
"VCT Scheme"	a scheme under which VCTs and their investors enjoy certain tax reliefs

In this document, all references to times and dates are in reference to those observed in London, United Kingdom.

All reference to legislation in this document are to the legislation of England and Wales unless the contrary is indicated. Any reference to any provision of any legislation shall include any amendment, modification, re-enactment or extension thereof.

In this document the symbols "£" and "p" refer to pounds and pence sterling respectively.

NOTICE OF GENERAL MEETING

MARWYN CAPITAL I LIMITED

(Incorporated in the Cayman Islands under the Companies Law (2009 Revision) with registered number 234240)

NOTICE IS HEREBY GIVEN that a General Meeting of the Company will be held at the offices of Mayer Brown International LLP, 201 Bishopsgate, London EC2M 3AF on 5 July 2010 at 10.00 a.m. for the following purposes:

As special business to consider and, if thought fit, pass Resolution 1 which will be proposed as an ordinary resolution:

1. THAT, conditional upon Admission, the proposed acquisition by Marwyn Capital Investments I Limited (a subsidiary of the Company) (the "**Subsidiary**") of the entire issued share capital of Fulcrum Group Holdings Limited (the **"Acquisition"**) on the terms of the conditional share sale and purchase agreement entered into by (1) the Subsidiary and (2) National Grid Commercial Holdings Limited dated 16 June 2010 (the particulars of which are set out in paragraph 14 of Part VII (*Additional Information*) of the admission document produced by the Company dated 17 June 2010 in relation to the re-admission of the existing Ordinary Shares to trading on AIM (the **"Admission Document"**), be approved pursuant to Rule 14 of the AIM Rules for Companies and that the directors of the Company (the **"Directors"**) be authorised to take all steps necessary or otherwise, in their opinion, desirable to effect the Acquisition with such minor modifications, variations, amendments and revisions as they shall deem necessary or otherwise, in their opinion, desirable and to do or procure to be done such other things in connection with the Acquisition as they consider will be in the best interests of the Company.

As special business to consider and, if thought fit, pass Resolutions 2 to 7 (inclusive) which will be proposed as special resolutions:

2. THAT the Directors be empowered to allot equity securities (within the meaning of the articles of association of the Company (the "**Articles**")) to such persons and at such times and on such terms as they think proper:

   (a) up to the maximum nominal amount of £91,667 to persons applying for Ordinary Shares in connection with the Placing (as defined in the Admission Document); and

   (b) otherwise than pursuant to the authority in (a) above of this Resolution and Resolution 3 below, up to an aggregate amount equal to one third of the fully diluted issued share capital of the Company from time to time,

   provided that this authority shall expire, unless sooner revoked or altered by the Company in a general meeting, at the conclusion of the first annual general meeting of the Company or within eighteen months of the date on which this Resolution is passed, save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such an offer or agreement as if the authority conferred under this Resolution had not expired. This authority shall be in substitution for any previous authorities granted in this regard by the Company, including anything to the contrary in the Articles.

3. THAT the Directors be empowered to allot equity securities (within the meaning of the Articles) to such persons and at such times and on such terms as they think proper up to an aggregate amount equal to twenty per cent. (20 per cent.) of the fully diluted issued share capital of the Company from time to time to enable the Company to make offers or arrangements which would or might require equity securities to be allotted in respect of the Marwyn Participation Option and the Management Participation Shares (as defined in the Admission Document), provided that this authority shall expire, unless sooner revoked or altered by the Company in a general meeting, on the date that falls five years after the date on which this Resolution is passed, save that the Company may before such expiry make

an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such an offer or agreement as if the authority conferred under this Resolution had not expired. This authority shall be in substitution for any previous authorities granted in this regard by the Company, including anything to the contrary in the Articles.

4. THAT, pursuant to article 5.7 of the Articles, the Directors be empowered to allot equity securities (pursuant to the authority conferred on the Directors under Resolution 2 above), wholly for cash as if article 5.4 of the Articles did not apply to any such allotment provided that this power shall be limited to the allotment of equity securities:

   (a) for cash up to the maximum nominal amount of £91,667 to persons applying for Ordinary Shares in connection with the Placing (as defined in the Admission Document);

   (b) in connection with a rights issue and so that for this purpose ìrights issueî means an offer of equity securities open for acceptance for a period fixed by the Directors to holders of equity securities on the register of members of the Company or Depository Interest holders on a fixed record date in proportion to their respective holdings of such securities or in accordance with the rights attached thereto but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlement or legal or practical problems under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory; and

   (c) otherwise than pursuant to the authorities contained in (a) and (b) above of this Resolution and Resolution 5 below, up to an aggregate amount equal to five per cent of the fully diluted issued share capital of the Company from time to time,

   provided that this authority shall expire, unless sooner revoked or altered by the Company in a general meeting, at the conclusion of the first annual general meeting of the Company or within eighteen months of the date on which this Resolution is passed, save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such an offer or agreement as if the authority conferred under this Resolution had not expired. This authority shall be in substitution for any previous authorities granted in this regard by the Company, including anything to the contrary in the Articles.

5. THAT, pursuant to article 5.7 of the Articles, the Directors be empowered to allot equity securities (pursuant to the authority conferred on the Directors under Resolution 3 above), wholly for cash as if article 5.4 of the Articles did not apply to any such allotment provided that this power shall be limited to the allotment of equity securities up to an aggregate amount equal to twenty per cent. (20 per cent.) of the fully diluted issued share capital from time to time to enable the Company to make offers or arrangements which would or might require equity securities to be allotted in respect of the Marwyn Participation Option and the Management Participation Shares (as defined in the Admission Document), provided that this authority shall expire, unless sooner revoked or altered by the Company in a general meeting, on the date that falls five years after the date on which this Resolution is passed, save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such an offer or agreement as if the authority conferred under this Resolution had not expired. This authority shall be in substitution for any previous authorities granted in this regard by the Company, including anything to the contrary in the Articles.

6. THAT, conditional upon the passing of Resolution 1, pursuant to article 19.3(a) of the Articles, the name of the Company be changed to Fulcrum Utility Services Limited.

7. THAT, pursuant to article 19.3(b) of the Articles, the Memorandum and Articles currently in effect be amended and restated by their deletion in their entirety and the substitution in their place for the amended and restated memorandum of association and articles of association annexed hereto.

Dated: 17 June 2010

By order of the Board

Company Secretary

By order of the Board:
Axio Capital Solutions Limited
Company Secretary

Registered office:
PO Box 309
Ugland House
Grand Cayman
KY11-104
Cayman Islands

NOTES:

(a) A new International Securities Identification Number ("**ISIN**") for the Ordinary Shares will be issued to the Company if Resolution 4 of the Notice of General Meeting (regarding change of the Company's name) is approved by Shareholders at the General Meeting. The new ISIN of the Company shall be issued after the General Meeting, therefore the Ordinary Shares shall continue to trade under the current Company name and ISIN until the new ISIN is issued.

(b) Any member entitled to attend and vote at the General Meeting may appoint a proxy to attend, speak and vote on his/her behalf. A member may appoint more than one proxy (or proxies) in relation to the General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares of the member. A proxy need not be a member, but must attend the meeting in person. Forms of Proxy and the power of attorney or other authority (if any) should be lodged with Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU so as to arrive no later than 48 hours before the time for which the General Meeting is convened or, as the case may be, the adjourned meeting. Completion of the Form of Proxy does not prevent a member from attending and voting in person if he/she is entitled to do so and so wishes. A proxy need not also be a member of the Company and any member entitled to attend and vote at the General Meeting may appoint a Director as a proxy to attend, speak and vote on his/her behalf. The Form of Proxy will specify the number of shares in respect of which the Proxy is appointed.

(c) A Depository Interest holder, whether or not he/she intends to attend the General Meeting, is required to complete, sign and return the Form of Direction and the power of attorney or other authority (if any) to the Company's Depository, Capita IRG Trustees Limited, indicating how he/she wishes to vote in respect of the Resolutions. The Form of Direction should be lodged with Capita Registrars at The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU so as to arrive not later than 72 hours before the time when the General Meeting is convened or, as the case may be, the adjourned meeting. On receipt of the Form of Direction, the Depository will vote at the General Meeting (either in person or by proxy) on the Depository Interest holder's behalf, as directed by the Depository Interest holder in the Form of Direction.

(d) In the case of joint holders of Ordinary Shares or Depository Interests, the Form of Proxy and Form of Direction (as applicable) may be signed by any of the holders but the names of all of them should be stated. The vote of the first named holder in the register of Depository Interests holders or register of members (as applicable) will be accepted to the exclusion of the votes of the other joint holders in respect of the joint holding.

(e) In accordance with Regulation 41 of the Uncertificated Securities Regulations 2001, the Company gives notice that only those shareholders entered on the Register 48 hours beforehand (the "**Specified Time**") will be entitled to attend or vote at the General Meeting in respect of the number of shares registered in their name at that time. Changes to entries on the Register after the Specified Time will be disregarded in determining the rights of any person to attend or vote at the General Meeting. Should the General Meeting be adjourned to a time not more than 48 hours after the Specified Time, that time will also apply for the purpose of determining the entitlement of members to attend and vote (and for the purpose of determining the number of votes they may cast) at the adjourned General Meeting. Should the General Meeting be adjourned for a longer period, then to be so entitled, members must be entered on the Register at the time which is 48 hours before the time fixed for the adjourned General Meeting or, if the Company gives notice of the adjourned General Meeting, at the time specified in the notice.

(f) You may not use any electronic address provided in this notice to communicate with the Company for any purpose other than as expressly stated. The current Memorandum of Association and Articles of Association of the Company, and such documents as proposed to be amended by the General Meeting will be available for viewing at www.marwyncapitalone.com.

THE COMPANIES LAW (2009 REVISION)
COMPANY LIMITED BY SHARES

AMENDED AND RESTATED
MEMORANDUM AND ARTICLES
OF ASSOCIATION OF
FULCRUM UTILITY SERVICES LIMITED

THE COMPANIES LAW (2009 REVISION)
COMPANY LIMITED BY SHARES

AMENDED AND RESTATED MEMORANDUM OF ASSOCIATION OF FULCRUM UTILITY SERVICES LIMITED

1. The name of the Company is Fulcrum Utility Services Limited.

2. The registered office of the Company will be situated at the offices of Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman KY1 -1104, Cayman Islands or at such other location as the Directors may from time to time determine.

3. The objects for which the Company is established are unrestricted and the Company shall have full power and authority to carry out any object not prohibited by the Companies Law (2009 Revision) or as the same may be revised from time to time or any other law of the Cayman Islands.

4. The liability of the members is limited to the amount, if any, unpaid on the shares respectively held by them.

5. The authorised share capital of the Company is £500,000 divided into 500,000,000 Ordinary Shares of a par value of 0.1 p each.

6. The Company has power to register by way of continuation as a body corporate limited by shares under the laws of any jurisdiction outside the Cayman Islands and to be de-registered in the Cayman Islands.

7. Capitalised terms that are not defined in this Memorandum of Association bear the same meaning as those given in the articles of association of the Company.

THE COMPANIES LAW (2009 REVISION)
COMPANY LIMITED BY SHARES

AMENDED AND RESTATED
MEMORANDUM OF ASSOCIATION
OF
FULCRUM UTILITY SERVICES LIMITED

1. TABLE A

The Regulations contained or incorporated in Table 'A' in the First Schedule of the Law shall not apply to this Company and the following Articles shall comprise the Articles of Association of the Company:

2. INTERPRETATION

2.1 In these Articles:

"Act"	the Companies Act 2006 of the United Kingdom;
"Admission"	the admission of any share to trading on the AIM market of the London Stock Exchange;
"Articles"	means the articles of association of the Company as amended from time to time;
"Business Day"	means any day on which the London Stock Exchange and banks in London and the Cayman Islands are open for business;
"Class"	means a separate class of share (and includes any sub-class of any such class);
"Code"	means the United States Internal Revenue Code of 1986 (as amended);
"Company"	means Fulcrum Utility Services Limited, an exempted company registered in the Cayman Islands;
"Depository"	means any Person who is a Member by virtue of its holding Ordinary Shares as trustee for those individuals who have elected to hold Ordinary Shares in dematerialised or uncertificated form through Depository interests;
"Directors" and **"Board of Directors"**	means the directors of the Company for the time being, or as the case may be, the Directors assembled as a board or as a committee thereof;
"Disclosure Notice"	shall have the meaning attributed to it in Article 15.2;
"Electronic Record"	shall have the same meaning as set out in the Electronic Transactions Law;
"Electronic Transactions Law"	means the Electronic Transactions Law (2003 Revision) of the Cayman Islands;
"Equity Securities"	means Ordinary Shares or rights to subscribe for, or to convert securities into, Ordinary Shares in the Company;
"ERISA"	means the United States Employee Retirement Income Security Act of 1974, as amended;

"Law"	means the Companies Law (2009 Revision) of the Cayman Islands;
"London Stock Exchange"	means the London Stock Exchange plc or any successor body carrying on its functions;
"Marwyn Participation Option"	means the option issued by the Company to Marwyn Management Partners L.P. pursuant to an option agreement dated 2009 between (1) the Company and (2) Marwyn Management Partners L.P. as amended pursuant to an amendment agreement dated 15 June 2010 and as otherwise amended from time to time;
"Management Participation Shares"	means the Class A Shares issued by Marwyn Capital Investments I Limited;
"Member"	means a Person whose name is entered in the Register of Members;
"Memorandum of Association"	means the memorandum of association of the Company, as amended from time to time;
"Non-Qualifying Person"	shall have the meaning attributed to it in Article 21;
"Ordinary Resolution"	means a resolution: (a) passed by a simple majority of such Members as, being entitled to do so, vote in person or, where proxies are allowed, by proxy at a general meeting of the Company and where a poll is taken regard shall be had in computing a majority to the number of votes to which each Member is entitled; or (b) approved in writing by all of the Members entitled to vote at a general meeting of the Company in one or more instruments each signed by one or more of the Members and the effective date of the resolution so adopted shall be the date on which the instrument, or the last of such instruments if more than one, is executed;
"Ordinary Share"	means an ordinary share in the capital of the Company of a par value of 0.1 p having the rights provided for under these Articles or as determined by the Directors;
"paid up"	means paid up as to the par value and any premium payable in respect of the issue or redesignation of any Shares and includes credited as paid up;
"Person"	means any natural person, firm, company, joint venture, partnership, corporation, association or other entity (whether or not having a separate legal personality) or any of them as the context so requires;
"Placing"	means the placing of Ordinary Shares on or about the date of these Articles on the AIM market of the London Stock Exchange;
"Recognised Person"	means a recognised clearing house acting in relation to a Recognised Investment Exchange or a nominee of a recognised clearing house or of a Recognised Investment Exchange;
"Recognised Investment Exchange"	shall have the same meaning as set out in the Financial Services and Markets Act 2000, being a statute in force in the United Kingdom, as amended or re-enacted from time to time;

"Register of Members"	means the register to be kept by the Company in accordance with Section 40 of the Law;
"Regulations"	shall have the meaning attributed to it in Article 8.2;
"Relevant System"	shall have the meaning attributed to it in Article 13.3;
"Seal"	means the common seal of the Company (if adopted) including any facsimile thereof;
"share"	means an Ordinary Share of any Class as well as any fraction of an Ordinary Share of any Class;
"Share Premium Account"	means the share premium account established in accordance with these Articles and the Law;
"signed"	includes a signature or representation of a signature affixed by mechanical means;
"Special Resolution"	means a resolution passed in accordance with Section 60 of the Law, being a resolution: (a) passed by a majority of not less than two-thirds of such Members as, being entitled to do so, vote in person or, where proxies are allowed, by proxy at a general meeting of the Company of which notice specifying the intention to propose the resolution as a Special Resolution has been duly given and where a poll is taken regard shall be had in computing a majority to the number of votes to which each Member is entitled; or (b) approved in writing by all of the Members entitled to vote at a general meeting of the Company in one or more instruments each signed by one or more of the Members and the effective date of the Special Resolution so adopted shall be the date on which the instrument or the last of such instruments if more than one, is executed;
"uncertificated share"	means a share of a class in the capital of the Company which is recorded on the Register of Members as being held in uncertificated form and title to which may, by virtue of the regulations governing the Relevant System, be transferred by means of a Relevant System and references to a share being held in "**uncertificated form**" shall be construed as a reference to that share being an uncertificated unit of security;
"United Kingdom"	means Great Britain and Northern Ireland.

2.2 In these Articles, save where the context requires otherwise:

(a) words importing the singular number shall include the plural number and *vice versa*;

(b) words importing the masculine gender only shall include the feminine gender;

(c) "written" and "in writing" include all modes of representing or reproducing words in visible form, including in the form of an Electronic Record;

(d) "may" shall be construed as permissive and "shall" shall be construed as imperative;

(e) references to a "£" and "pence" or "p" is a reference to pounds or pence sterling being the currency of the United Kingdom;

(f) references to a statutory enactment shall include reference to any amendment or re-enactment thereof for the time being in force; and

(g) section 8 of the Electronic Transactions Law shall not apply.

2.3 Subject to the last two preceding Articles, any words defined in the Law shall, if not inconsistent with the subject or context, bear the same meaning in these Articles.

3. PRELIMINARY

The registered office of the Company shall be at such address in the Cayman Islands as the Directors shall from time to time determine. The Company may in addition establish and maintain such other offices and places of business and agencies in such places as the Directors may from time to time determine.

4. SERVICE PROVIDERS

The Directors may appoint any one or more Persons to act as service providers to the Company (including, without limitation to act as manager, administrator, cash custodian, custodian, investment manager, investment adviser, sponsor, Depository and/or broker to the Company) and the Directors may entrust to and confer upon such Persons any of the powers exercisable by them as Directors upon such terms and conditions including the right to remuneration payable by, and indemnification from, the Company and with such restrictions and with such powers of delegation as they may determine and either collaterally with or to the exclusion of their own powers. The Company may agree with such service provider that any such fee may be rebated by the service provider to a Person as determined by the relevant service provider.

5. SHARES

5.1 The Directors may not allot Equity Securities in the Company unless they are authorised to do so by Ordinary Resolution of the Company.

5.2 Any authorisation under Article 5.1 shall state the maximum amount of Equity Securities that may be allotted under such authorisation and the date on which such authorisation will expire, which must not be more than five years from the date on which the resolution is passed by virtue of which the authorisation is given; but such an authorisation may be revoked or varied by Ordinary Resolution before that date.

5.3 Any authorisation under Article 5.1 may be renewed or further renewed by an Ordinary Resolution of the Members for a further period not exceeding five years; but the resolution must state (or restate) the maximum amount of Equity Securities which may be allotted under the authorisation or, as the case may be, the amount remaining to be allotted under it, and must specify the date on which the renewed authorisation will expire.

5.4 The Directors may allot Equity Securities, notwithstanding that authorisation under Article 5.1 has expired, if such Equity Securities are allotted or rights are granted in respect of such Equity Securities in pursuance of an offer or agreement made by the Company before the authorisation expired and the authorisation allowed the Company to make offers or agreements which would or might require Equity Securities to be allotted or rights granted in respect of such Equity Securities after the authorisation had expired.

5.5 The Company shall not allot Equity Securities to a person unless:

(a) it has made an offer to each holder of the relevant Class to allot to him on the same or more favourable terms a proportion of those securities which is as nearly as practicable equal to the proportion in nominal value held by him of the aggregate of such relevant shares; and

(b) the period during which any such offer may be accepted (being 14 days) has expired or the Company has received notice of the acceptance or refusal of every offer so made.

5.6 The provisions of Article 5.5 do not apply to a particular allotment of Equity Securities if these are, or are to be, wholly or partly paid up otherwise than in cash; and Equity Securities which the Company has offered to allot to a holder of the relevant Class may be allotted to him, or anyone in whose favour he has renounced his right to their allotment, without contravening Article 5.5(b).

5.7 The provisions of Article 5.5 do not apply to the allotment of Equity Securities which would, apart from a renunciation or assignment of the right to their allotment, be held under an employees' share scheme and/or any allotment of securities made pursuant to the Marwyn Participation Option and/or in respect of the Management Participation Shares.

5.8 The Directors may, if so authorised by Special Resolution of the Members, allot Equity Securities as if Article 5.5 did not apply to the allotment or applied to the allotment with such modifications as the Directors may determine.

5.9 Any authorisation under Article 5.8 shall state the maximum amount of Equity Securities that may be allotted under such authorisation and the date on which such authorisation will expire, which shall not be more than five years from the date on which the resolution is passed by virtue of which the authorisation is given; but such an authorisation may be revoked or varied by Ordinary Resolution before that date.

5.10 Any authorisation under Article 5.8 may be renewed or further renewed by Special Resolution of the Members for a further period not exceeding five years; but such resolution must state (or restate) the maximum amount of Equity Securities which may be allotted under the authorisation or, as the case may be, the amount remaining to be allotted under it, and must specify the date on which the renewed authorisation will expire.

5.11 The Directors may allot Equity Securities, notwithstanding that authorisation under Article 5.8 has expired, if such Equity Securities are allotted in pursuance of an offer or agreement made by the Company before the authorisation expired and the authority allowed the Company to make offers or agreements which would or might require Equity Securities to be allotted after the authorisation had expired.

5.12 Notwithstanding any provision to the contrary contained in these Articles, the Company shall be precluded from issuing bearer shares, bearer warrants, bearer coupons or bearer certificates.

5.13 The Directors may resolve to accept non-cash assets in satisfaction (in whole or in part) of the price at which shares may be subscribed.

5.14 The Company may insofar as may be permitted by law, pay a commission to any Person in consideration of his subscribing or agreeing to subscribe whether absolutely or conditionally for any Equity Securities provided that the rate of commission shall not exceed the rate of 10 per cent. of the price at which the relevant Equity Securities are issued or an amount equal to 10 per cent. of such price (as the case may be). Such commissions may be satisfied by the payment of cash or the lodgement of fully or partly paid-up shares or partly in one way and partly in the other. The Company may also on any issue of Equity Securities pay such brokerage as may be lawful.

6. VARIATION OF RIGHTS ATTACHING TO SHARES

6.1 If at any time the share capital is divided into different Classes, the rights attaching to any Class (unless otherwise provided by the terms of issue of the shares of that Class) may be varied or abrogated with the consent in writing of the holders of three-quarters of the issued shares of that Class, or with the sanction of a resolution passed by at least a three-quarters majority of the holders of shares of the Class present in person or by proxy at a separate general meeting of the holders of the shares of the Class. To every such separate general meeting the provisions of these Articles relating to general meetings of the Company shall mutatis mutandis apply, but so that the necessary quorum shall be at least one Person holding or representing by proxy at least one-third of the issued shares of the Class and that any holder of shares of the Class present in person or by proxy may demand a poll.

6.2 The rights conferred upon the holders of the shares of any Class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that Class, be deemed to be varied or abrogated by the creation or issue of further shares ranking pari passu therewith or the redemption or purchase of shares of any Class by the Company.

7. CERTIFICATES

7.1 The Company shall maintain a Register of Members. Every Person (except a Recognised Person in respect of whom the Company is not required by law to complete and have ready for delivery a certificate) whose name is entered as a member in the Register of Members shall, without payment, be entitled to a certificate in the form determined by the Directors within two months of allotment (or within such other period as the conditions of issue shall provide) or the lodgement of transfer. Such certificate may be under the Seal. All certificates shall specify the share or shares held by that Person and the amount paid up thereon, provided that in respect of a share or shares held jointly by several Persons, the Company shall not be bound to issue more than one certificate unless payment of £0.50 or such lesser sum as the Directors may from time to time determine for every additional certificate, and delivery of a certificate for a share to one of several joint holders shall be sufficient delivery to all.

7.2 If a share certificate is defaced, lost or destroyed it may be renewed on such terms, if any, as to evidence and indemnity as the Directors think fit.

7.3 Share certificates shall bear such legend as the Directors may from time to time determine.

8. DEPOSITORY INTERESTS AND UNCERTIFICATED SHARES

8.1 The Directors shall, subject always to the Law and any other applicable laws and regulations and the facilities and requirements of any Relevant System concerned and these Articles, have power to implement and/or approve any arrangements they may, in their absolute discretion, think fit in relation to (without limitation) the evidencing of title to and transfer of interests in shares in the form of depository interests or similar interests, instruments or securities, and to the extent such arrangements are so implemented, no provision of these Articles shall apply or have effect to the extent that it is in any respect inconsistent with the holding or transfer thereof or the shares represented thereby. The Directors may from time to time take such actions and do such things as they may, in their absolute discretion, think fit in relation to the operation of any such arrangements.

8.2 Subject to the Law, the Board may permit shares (or interests in shares) to be held in uncertificated form and to be transferred by means of a Relevant System of holding and transferring shares (or interest in shares) in uncertificated form and may determine that any shares (or interests in such shares) shall cease to be a participating security (as defined in Regulation 3 of the UK Uncertificated Securities Regulations 2001 (the "**Regulations**")). Where the Board permits shares (or interests in such shares) to be held in uncertificated form, Articles 8.5 and 8.6 shall commence to have effect immediately prior to the time at which the operator of the Relevant System concerned permits the shares (or interest in such shares) to be a participating security.

8.3 Conversion of shares held in certificated form into shares (or any interest in such shares) held in uncertificated form, and vice versa, may be made in such manner as the Board may in its absolute discretion think fit (subject to the facilities and requirements of the Relevant System).

8.4 Shares that fall within a certain Class shall not form a separate Class from other shares in that Class because any share in that Class is held in uncertificated form or is permitted in accordance with the regulations of the Relevant System to become a participating security.

8.5 In relation to any shares (or any interest in such shares) which is, for the time being, a participating security, and for so long as such shares remain a participating security, no provision of these Articles shall apply or have effect to the extent that it is in any respect inconsistent with:

(a) the holding of shares (or any interest in such shares) of that Class in uncertificated form;

(b) the transfer of title to shares (or any interest in such shares) of that Class by means of a Relevant System; or

(c) the requirements of the Relevant System

and, without prejudice to the generality of this Article, no provision of these Articles shall apply or have effect to the extent that it is in any respect inconsistent with the maintenance, keeping or entering up by the operator of the Relevant System, so long as that is permitted or required by the regulations governing the Relevant System, of an operator of the register of securities in respect of shares of that Class in uncertificated form.

8.6 Without prejudice to the generality of Article 8.4 and notwithstanding anything contained in these Articles, where any class (or interest in such class) is, for the time being, a participating security (such shares being referred to hereinafter as the "**Relevant Class**"):

(a) the register relating to the Relevant Class will be maintained at all times in such place as may be determined by a resolution of the Directors; and

(b) unless the Directors otherwise determine, the Relevant Class held by the same holder or joint holder in certificated form and uncertificated form shall be treated as separate holdings.

9. COMPANY'S RIGHTS IN RESPECT OF UNCERTIFICATED SHARES

Where any share (or interest in such share) is a participating security and the Company is entitled under the Law or these Articles to sell, transfer, dispose of, forfeit, re-allot, accept the surrender of or otherwise enforce a lien over a share (or interest in such share) held in uncertificated form, the Company shall be entitled, subject to the Law, these Articles and the facilities and requirements of the Relevant System:

(a) to require the holder of that uncertificated share (or interest in such share) by notice to change that share (or interest in such shares) into certificated form within the period specified in the notice and to hold that share in certificated form so long as required by the Company;

(b) to require the holder of that uncertificated share (or interest in such share) by notice to give any instructions necessary to transfer title to that share by means of the Relevant System within the period specified in the notice;

(c) to require the holder of that uncertificated share (or interest in such share) by notice to appoint any Person to take any steps, including without limitation the giving of any instructions by means of the Relevant System, necessary to transfer that share within the period specified in the notice;

(d) to take any action that the Board considers appropriate to achieve the sale, transfer, disposal of, forfeiture, re-allotment or surrender of that share (or interest in such share) or otherwise to enforce a lien in respect of it; and

(e) to assume that the entries on any record of securities maintained by it in accordance with the regulations governing the Relevant System and regularly reconciled with the relevant operator register of securities are a complete and accurate reproduction of the particulars entered in the operator register of securities and shall accordingly not be liable in respect of any act or thing done or omitted to be done by or on behalf of the Company in reliance upon such assumption; in particular, any provision of these Articles which requires or envisages that action will be taken in reliance on information contained in the register shall be construed to permit that action to be taken in reliance on information contained in any relevant record of securities (as so maintained and reconciled).

10. LIEN

10.1 The Company shall have a first priority lien and charge on every partly paid share for all moneys (whether presently payable or not) called or payable at a fixed time in respect of that share, and the Company shall also have a first priority lien and charge on all partly paid shares standing registered in the name of a Member (whether held solely or jointly with another person) for all moneys presently payable by him or his estate to the Company, but the Directors may at any time declare any share to be wholly or in part exempt from the provisions of this Article. The Company's lien, if any, on a share shall extend to all distributions payable thereon.

10.2 The Company may sell, in such manner as the Directors in their absolute discretion think fit, any shares on which the Company has a lien, but no sale shall be made unless an amount in respect of which the lien exists is presently payable nor until the expiration of seven days after a notice in writing, stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable, has been given to the registered holder for the time being of the share, or the persons entitled thereto by reason of his death or bankruptcy.

10.3 For giving effect to any such sale the Directors may authorise some Person to transfer the shares sold to the purchaser thereof. The purchaser shall be registered as the holder of the shares comprised in any such transfer and he shall not be bound to see to the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.

10.4 The proceeds of the sale after deduction of expenses, fees and commission incurred by the Company shall be received by the Company and applied in payment of such part of the amount in respect of which the lien exists as is presently payable, and the residue shall (subject to a like lien for sums not presently payable as existed upon the shares prior to the sale) be paid to the Person entitled to the shares at the date of the sale.

11. CALLS ON SHARES

11.1 The Directors may from time to time make calls upon the Members in respect of any moneys unpaid on their partly paid shares, and each Member shall (subject to receiving at least 14 days notice specifying the time or times of payment) pay to the Company at the time or times so specified the amount called on such shares.

11.2 The joint holders of a share shall be jointly and severally liable to pay calls in respect thereof.

11.3 If a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the Person from whom the sum is due shall pay interest upon the sum at the rate of 15 per cent. per annum from the day appointed for the payment thereof to the time of the actual payment, but the Directors shall be at liberty to waive payment of that interest wholly or in part.

11.4 The provisions of these Articles as to the liability of joint holders and as to payment of interest shall apply in the case of non-payment of any sum which, by the terms of issue of a share, becomes payable at a fixed time, whether on account of the amount of the share, or by way of premium, as if the same had become payable by virtue of a call duly made and notified.

11.5 The Directors may make arrangements on the issue of partly paid shares for a difference between the Members, or the particular shares, in the amount of calls to be paid and in the times of payment.

11.6 The Directors may, if they think fit, receive from any Member willing to advance the same all or any part of the moneys uncalled and unpaid upon any partly paid shares held by him, and upon all or any of the moneys so advanced may (until the same would, but for such advance, become presently payable) pay interest at such rate (not exceeding, without the sanction of an Ordinary Resolution, eight per cent. per annum) as may be agreed upon between the Member paying the sum in advance and the Directors.

12. FORFEITURE OF SHARES

12.1 If a Member fails to pay any call or instalment of a call in respect of partly paid shares on the day appointed for payment, the Directors may, at any time thereafter during such time as any part of such call or instalment remains unpaid, serve a notice on him requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued.

12.2 The notice shall name a further day (not earlier than the expiration of seven days from the date of the notice) on or before which the payment required by the notice is to be made, and shall state that in the event of non-payment at or before the time appointed the shares in respect of which the call was made will be liable to be forfeited.

12.3 If the requirements of any such notice as aforesaid are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by notice has been made, be forfeited by a resolution of the Directors to that effect.

12.4 A forfeited share may be sold or otherwise disposed of on such terms and in such manner as the Directors think fit, and at any time before a sale or disposition the forfeiture may be cancelled on such terms as the Directors think fit.

12.5 A Person whose shares have been forfeited shall cease to be a Member in respect of the forfeited shares, but shall, notwithstanding, remain liable to pay to the Company all moneys which at the date of forfeiture were payable by him to the Company in respect of the shares forfeited, but his liability shall cease if and when the Company receives payment in full of the amount unpaid on the shares forfeited.

12.6 A statutory declaration in writing that the declarant is a Director, and that a share has been duly forfeited on a date stated in the declaration, shall be conclusive evidence of the facts in the declaration as against all Persons claiming to be entitled to the share.

12.7 The Company may receive the consideration, if any, given for a share on any sale or disposition thereof pursuant to the provisions of these Articles as to forfeiture and may execute a transfer of the share in favour of the Person to whom the share is sold or disposed of and that Person shall be registered as the holder of the share, and shall not be bound to see to the application of the purchase money, if any, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the disposition or sale.

12.8 The provisions of these Articles as to forfeiture shall apply in the case of non-payment of any sum which by the terms of issue of a share becomes due and payable, whether on account of the amount of the share, or by way of premium, as if the same had been payable by virtue of a call duly made and notified.

13. TRANSFER OF SHARES

13.1 Subject to the Law and these Articles, any Member may transfer all or any of its shares (or interest in such shares) by instrument of transfer in any usual form or in such other form as the Directors may approve and the instrument must be signed by or on behalf of the transferor (but need not be under seal) and, in the case of a partly paid share, by or on behalf of the transferee. The transferor will be deemed to remain the holder of the share until the name of the transferee is entered in the Register of Members in respect of it.

13.2 Transfers of shares (or interest in such shares) in uncertificated form shall be effected by means of the Relevant System in accordance with the rules of the Relevant System and these Articles.

13.3 For the purposes of these Articles, a "**Relevant System**" means, in relation to a share, a computer-based system, and procedures, which enable title to units of a security to be evidenced and transferred without a written instrument, and which facilitate supplementary and incidental matters.

13.4 Prior to Admission, no transfer of shares shall be effective unless the Directors have given their approval thereto and, for the avoidance of doubt, the Directors may, in their absolute discretion and without giving any reason, refuse to register any transfer of shares.

13.5 Following Admission, the Directors may, in their absolute discretion and without giving any reason therefor, refuse to register any transfer of shares unless:

(a) it is in respect of a fully paid share;

(b) it is duly stamped (if required);

(c) save in the case of a transfer by a Recognised Person to whom no share certificate was issued, it is deposited at the office or such other place as the Directors may appoint and is accompanied by the certificate, for the shares to which it relates and such other evidence (if any) as the Directors may reasonably require to show the right of the transferor to make the transfer;

(d) it is in respect of only one Class;

(e) it is in favour of not more than four transferees except in the case of executors or trustees of a deceased Member; and

(f) it is in respect of a share on which the Company does not have a lien in respect of which the Company has served a notice pursuant to Article 11.1.

13.6 The Directors may, in exceptional circumstances approved by the London Stock Exchange and/or the rules and practices of the operator of the Relevant System, refuse to register any transfer of shares (or interest in such shares) to which the provisions of Article 13.5 would otherwise apply, provided that their refusal does not disturb the market in the shares.

13.7 If the Directors refuse to register a transfer of any shares, they must, within two months after the date on which the transfer was lodged with the Company or the instruction was received by the operator of the Relevant System (as the case may be), send to the transferor and the transferee notice of the refusal.

13.8 The registration of transfers of shares may be suspended at such times and for such periods as the Directors may, in their absolute discretion, from time to time determine, provided always that (i) such registration shall not be suspended for more than 30 days in any year, and (ii) the Directors may not suspend the registration of transfers of any participating security without the consent of the operator of the Relevant System.

13.9 All instruments of transfer which are registered shall be retained by the Company, but any instrument of transfer which the Directors decline to register shall (except in any case of fraud) be returned to the Person depositing the same.

13.10 Nothing in these Articles precludes the Directors from recognising a renunciation of the allotment of any share by the allottee in favour of some other Person.

14. TRANSMISSION OF SHARES

14.1 The legal personal representative of a deceased sole holder of a share shall be the only person recognised by the Company as having any title to the share. In the case of a share registered in the name of two or more holders, the survivors or survivor, or the legal personal representatives of the deceased survivor, shall be the only person recognised by the Company as having any title to the share.

14.2 Any Person becoming entitled to a share in consequence of the death or bankruptcy of a Member shall upon such evidence being produced as may from time to time be required by the Directors, have the right either to be registered as a Member in respect of the share or, instead of being registered himself, to make such transfer of the share as the deceased or bankrupt person could have made; but the Directors shall, in either case, have the same right to decline or suspend registration as they would

have had in the case of a transfer of the share by the deceased or bankrupt person before the death or bankruptcy.

14.3 A Person becoming entitled to a share by reason of the death or bankruptcy of the holder shall be entitled to the same dividends or other distributions and other advantages to which he would be entitled if he were the registered holder of the share, except that he shall not, before being registered as a Member in respect of the share, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company and the Directors may at any time give notice requiring any such Person to elect either to be registered himself or to have some Person nominated by him become the holder of the share (but the Directors shall, in either case, have the same right to decline or suspend registration as they would have had in the case of a transfer of the share by the relevant Member before his death or bankruptcy or liquidation or dissolution or any other case than by transfer, as the case may be). If the notice is not complied with within 60 days, the Directors may thereafter withhold payment of all dividends, other distributions, bonuses or other monies payable in respect of the share until the requirements of the notice have been complied with.

15. DISCLOSURE OF INTERESTS IN SHARES

15.1 The provisions of Chapter 5 of the disclosure and transparency rules made by the Financial Services Authority of the United Kingdom under Part VI of Financial Services and Markets Act 2000 of the United Kingdom (the "**DTR 5**") shall be deemed to apply to the Company, so that Members are required under the Articles to notify the Company of the percentage of their voting rights if the percentage of voting rights which they hold as a Member or through their direct or indirect holding of financial instruments falling within paragraph 5.1 .3R of DTR 5 (or a combination of such holdings) reaches, exceeds or falls below 3 per cent, 4 per cent, 5 per cent, 6 per cent, 7 per cent, 8 per cent, 9 per cent, 10 per cent, and each 1 per cent threshold thereafter up to 100 per cent. or reaches, exceeds or falls below any of these thresholds as a result of events changing the breakdown of voting rights.

15.2 The Directors shall have the power by notice to require any Member to disclose to the Company the identity of any Person other than the Members who has any interest in the shares held by the Member and the nature of such interest. If any Member has been duly served with a notice by the Directors of the Company and is in default for the prescribed period in supplying to the Company the information thereby required, then the Directors may serve a notice (a "**Disclosure Notice**") upon such Member. A Disclosure Notice may direct that the Member shall not be entitled to vote at a general meeting or meeting of the holders of any Class or exercise any other right conferred by membership in relation to the meetings of the Company or holders of any Class.

15.3 Where a Disclosure Notice is served by the Company on a Member, or another Person whom the Company knows or has reasonable cause to believe to be interested in shares held by that Member, and the Member or other Person has failed in relation to any shares (the "default shares", which expression includes any shares issued to such Member after the date of the Disclosure Notice in respect of those shares) to give the Company the information required within 28 days or 14 days where the default shares represent at least 0.25 per cent. in nominal value of the issued shares the relevant Class following the date of service of the Disclosure Notice, the Board may serve on the holder of such default shares a notice (a "disenfranchisement notice") whereupon the following sanctions apply, unless the Board otherwise decides:

(a) the Member shall not be entitled in respect of the default shares to be present or to vote (either in person or by proxy) at a general meeting or at a separate meeting of the holders of a class of shares or on a poll or to exercise other rights conferred by membership in relation to the meeting or poll; and

(b) where the default shares represent at least 0.25 per cent. in nominal value of the issued shares of the relevant Class:

(i) a dividend (or any part of a dividend) or other amount payable in respect of the default shares shall be withheld by the Company, which has no obligation to pay interest on it; and

(ii) no transfer of any of the default shares shall be registered unless:

(A) the transfer is an excepted transfer; or

(B) the Member is not himself in default in supplying the information required and the Member proves to the satisfaction of the Board that no person in default in supplying the information required is interested in any of the shares the subject of the transfer; or

(C) registration of the transfer is required by any Relevant System, (and, for the purpose of ensuring this Article 15.3(b)(ii) can apply to all shares held by the holder, the Company may, in accordance with the regulations of any Relevant System, issue written notification to the operator of the Relevant System requiring the conversion into certificated form of any shares held by the holder in uncertificated form).

15.4 Directors may be required to exercise their powers under Article 15.2 on the requisition of Members holding at the date of the deposit of the requisition not less than 10 per cent. in nominal value of the total issued Ordinary Shares.

15.5 A requisition under Article 15.4 must:

(a) state that the requisitionists are requiring the Company to exercise its powers under this Article;

(b) specify the manner in which they require those powers to be exercised;

(c) give reasonable grounds for requiring the Company to exercise those powers in the manner specified; and

(d) be signed by the requisitionists and deposited at the registered office of the Company.

15.6 A requisition may consist of several documents in like form each signed by one or more requisitionists.

15.7 On the deposit of a requisition complying with Article 15.5, it is the Directors' duty to exercise their powers under Article 15.2 in the manner specified in the requisition.

15.8 The provisions of this Article 15 shall not apply to a Member that is a Member solely by reason of its role as Depository.

16. REMOVAL OF SANCTIONS

The sanctions under Articles 15.2 to 15.3 shall cease to apply seven days after the earlier of receipt by the Company of:

(a) notice of registration of an excepted transfer, in relation to the default shares the subject of the excepted transfer; and

(b) all information required by the Disclosure Notice, in a form satisfactory to the Board, in relation to any default shares.

17. NOTICE TO PERSON OTHER THAN A MEMBER

Where, on the basis of information obtained from a Member in respect of a share held by him, the Company issues a Disclosure Notice to another Person, it shall at the same time send a copy of the Disclosure Notice to the Member, but the accidental omission to do so, or the non-receipt by the Member of the copy, does not invalidate or otherwise affect the application of Articles 15.2 to 15.3.

18. INTEREST IN SHARES, FAILURE TO GIVE INFORMATION AND EXCEPTED TRANSFERS

For the purpose of Articles 15 and 16:

(a) "**interest**" shall mean any interest as well as any right to subscribe or receive shares in the Company which if vested would create an interest;

(b) reference to a Person having failed to give the Company the information required by a Disclosure Notice, or being in default in supplying such information, includes:

(i) reference to his having failed or refused to give all or any part of it; and

(ii) reference to his having given information which he knows to be false in a material particular or having recklessly given information which is false in a material particular; and

(c) "**excepted transfer**" means, in relation to shares held by a Member:

(i) a transfer pursuant to acceptance of a takeover offer for all of the issued shares of the Company; or

(ii) a transfer in consequence of a sale made through a Recognised Investment Exchange in the United Kingdom or any other stock exchange outside the United Kingdom on which shares in the capital of the Company are normally traded; or

(iii) a transfer which is shown to the satisfaction of the Board to be made in consequence of a bona fide sale of the whole of the interest in the shares to a Person who is unconnected with the Member and with any other Person appearing to be interested in the shares.

(d) Articles 15, 16 and 17 are in addition to and without prejudice to the Law.

19. ALTERATION OF CAPITAL

19.1 The Company may from time to time by Ordinary Resolution increase the share capital by such sum, to be divided into shares of such Classes and amount, as the resolution shall prescribe.

19.2 The Company may by Ordinary Resolution:

(a) increase its share capital by such sum as the Ordinary Resolution shall provide and with such rights, priorities and privileges annexed thereto as the Company in general meeting may determine;

(b) consolidate and divide all or any of its share capital into shares of a larger amount than its existing shares;

(c) convert all or any of its paid up shares into stock and reconvert that stock into paid up shares of any denomination;

(d) subdivide its existing shares, or any of them into shares of a smaller amount provided that in the subdivision the proportion between the amount paid and the amount, if any, unpaid on each reduced share shall be the same as it was in case of the share from which the reduced share is derived;

(e) cancel any shares which, at the date of the passing of the Ordinary Resolution, have not been taken or agreed to be taken by any Person and diminish the amount of its share capital by the amount of the shares so cancelled.

19.3 Subject to the provisions of the Law and the provisions of these Articles as regards matters to be dealt with by Ordinary Resolution, the Company may by Special Resolution:

(a) change its name;

(b) alter or add to these Articles;

(c) alter or add to the Memorandum of Association with respect to any objects, powers or other matters specified in such document; or

(d) reduce its share capital and any capital redemption reserve.

20. REDEMPTION AND PURCHASE OF OWN SHARES

20.1 Subject to the provisions of the Law and the Memorandum of Association, the Company may:

(a) issue shares on terms that they are to be redeemed or are liable to be redeemed at the option of the Company or the Member on such terms and in such manner as the Company may, before the issue of such shares, by Special Resolution determine;

(b) purchase its own shares (including any redeemable shares) provided that the manner of purchase has first been authorised by the Company in general meeting and may make payment therefor in any manner authorised by the Law, including out of capital save that the Company may make market purchases of up to 14.99 per cent. of the Ordinary Shares in issue following Admission provided that the maximum price (excluding expenses) that may be paid shall be an amount equal to 5 per cent. above the average of the middle market quotations for such shares taken from the London Stock Exchange daily official list for the five Business Days preceding the day on which the purchase is made. The minimum price (excluding expenses) that may be paid shall be 0.1p per Ordinary Share. The authority contained in this Article shall expire unless sooner revoked or varied by the Company at the conclusion of the first annual general meeting of the Company or within eighteen months of the date of adoption of these Articles (whichever is sooner). The Company shall seek renewal of such authority at the first annual general meeting of the Company and thereafter at subsequent general meetings. The making and timing of any repurchases shall be at the absolute discretion of the Directors.

20.2 Any share in respect of which notice of redemption or purchase has been given shall not be entitled to participate in the profits of the Company in respect of the period after the date specified as the date of redemption or purchase in the notice.

20.3 The redemption or purchase of any share shall not be deemed to give rise to the redemption or purchase of any other share.

20.4 The Directors may when making payments in respect of redemption or purchase of shares, if authorised by the terms of issue of the shares being redeemed or purchased or with the agreement of the holder of such shares, make such payment either in cash or in specie.

20.5 Once a share has been redeemed or repurchased, the Member shall cease to be entitled to any rights in respect of it (except the right to receive redemption or repurchase proceeds and any dividend which has been declared but not paid prior to the relevant date of redemption or repurchase).

21. COMPULSORY TRANSFER

Where, in the opinion of the Directors, shares are being held, directly or indirectly, by any Member (a "**Non-Qualifying Person**"): (i) whose ownership of shares may cause the Company's assets to be deemed "plan assets" for the purposes of ERISA or Section 4975 of the Code, or (ii) whose ownership of shares may cause the Company to be required to register as an "investment company" under the US Investment Company Act of 1940 (as amended) (including because the holder of the shares is not a "qualified purchaser" as defined in the US Investment Company Act), or (iii) whose ownership of shares may cause the Company to be a "controlled foreign corporation" for the purposes of the US Internal Revenue Code, or may cause the Company to suffer any pecuniary disadvantage (including any excise tax, penalties or liabilities under ERISA or the Code) or (iv) whose ownership of shares may cause the Company to be required to comply with any registration or filing requirements in any jurisdiction with which the Company would not otherwise be required to comply, the Company may

at its option direct the Non-Qualifying Person (or if more than one, the Member or Members whose act of coming to hold shares or more shares caused this part (iv) to be activated) to transfer his shares to a Person who is qualified to hold them and would not by reason of a transfer become a Non-Qualifying Person. In addition to the foregoing, the Directors may at any time and for any reason determine that any Member that is a "benefit plan investor" (as defined in Section 3(42) of ERISA) will be treated as a Non- Qualifying Person, and may direct such Non-Qualifying Person to transfer his shares to a non-benefit plan investor that is qualified to hold such shares and would not be reason of such transfer become a Non-Qualifying Person. Notwithstanding any provisions to the contrary in these Articles or on any resolution of the Directors altering the rights of any shares, until such transfer is effected, the holder of such shares will not be entitled to any rights or privileges attaching to such shares. If the required transfer is not effected within 20 days after service of a notice to do so and the said Member directed to transfer his shares has not established to the reasonable satisfaction of the Board of Directors (whose judgement shall be final and binding) that he is not a Non-Qualifying Person, the Company may instruct the Depository to deliver (in accordance with Regulation 32(2)(c) of the Regulations a written notification to the operator of the Relevant System requiring conversion of the relevant shares into certificated form to enable the Company and the Depository to deal with such shares in accordance with these Articles. At any time following the recertification of the relevant shares having taken place, any or all of such shares may be sold by the Company on behalf of the said Member. The said Member shall be entitled to receive the sale proceeds in respect of his shares so sold and such sale proceeds to be paid to such Member in the manner described and subject as provided in these Articles. The consent of such Member for the recertification or sale of his shares by the Company is not required. To give effect to any such sale the Board of Directors may authorise any Person to transfer the shares to be sold.

22. CLOSING REGISTER OF MEMBERS OR FIXING RECORD DATE

22.1 For the purpose of determining those Members that are entitled to receive notice of, attend or vote at any meeting of Members or any adjournment thereof, or those Members that are entitled to receive payment of any dividend or other distribution, or in order to make a determination as to who is a Member for any other purpose, the Directors may provide that the Register of Members shall be closed for transfers for a stated period which shall not exceed in any case 30 days provided that the Directors shall have notified any Member acting as Depository in writing at least 60 days (or such other time as may be agreed with the Depository) prior to the date of the announcement of such closure. If the Register of Members shall be so closed for the purpose of determining those Members that are entitled to receive notice of, attend or vote at a meeting of Members the register shall be so closed for at least 10 days immediately preceding such meeting and the record date for such determination shall be the date of the closure of the Register of Members.

22.2 In lieu of or apart from closing the Register of Members, the Directors may fix in advance a date as the record date for any such determination of those Members that are entitled to receive notice of, attend or vote at a meeting of the Members and for the purpose of determining those Members that are entitled to receive payment of any dividend or other distribution the Directors may, at or within 90 days prior to the date of declaration of such dividend, fix a subsequent date as the record date for such determination.

22.3 If the Register of Members is not so closed and no record date is fixed for the determination of those Members entitled to receive notice of, attend or vote at a meeting of Members or those Members that are entitled to receive payment of a dividend or other distribution, the date on which notice of the meeting is posted or the date on which the resolution of the Directors declaring such dividend is adopted, as the case may be, shall be the record date for such determination of Members. When a determination of those Members that are entitled to receive notice of, attend or vote at a meeting of Members has been made as provided in this Article 22, such determination shall apply to any adjournment thereof.

23. GENERAL MEETINGS

23.1 The Company shall, within 18 months of the date of incorporation of the Company and in each year of its existence thereafter, hold a general meeting as its annual general meeting in addition to any other meetings in that year and shall specify the meeting as such in the notices calling it. Not more than 15 months shall elapse between the date of one annual general meeting of the Company and the date of the next such meeting. The annual general meeting shall be held at such time and place as the Directors shall appoint. At these meetings, the report of the Directors (if any) shall be presented.

23.2 The Directors may whenever they think fit, and they shall on the requisition of Members of the Company holding at the date of deposit of the requisition not less than one-tenth of such of the paid-up capital of the Company as at the date of the deposit carries the unconditional right of voting at general meetings of the Company, proceed to convene a general meeting of the Company.

23.3 The requisition must state the objects of the meeting and must be signed by the requisitionists and deposited at the registered office of the Company and may consist of several documents in like form each signed by one or more requisitionists.

23.4 If the Directors do not within 21 days from the date of the deposit of the requisition duly proceed to convene a general meeting, the requisitionists, or any of them representing more than one-half of the total voting rights of all of them, may themselves convene a general meeting, but any meeting so convened shall not be held after the expiration of three months after the expiration of the said 21 days.

23.5 A general meeting convened as aforesaid by requisitionists shall be convened in the same manner as nearly as possible as that in which general meetings are convened by Directors.

24. NOTICE OF GENERAL MEETINGS

24.1 At least 14 days' notice shall be given of any general meeting. Every notice shall be exclusive of the day on which it is given or deemed to be given and of the day for which it is given and shall specify the place, the day and the hour of the meeting and the general nature of the business and shall be given in manner hereinafter mentioned or in such other manner if any as may be prescribed by the Company, provided that a general meeting of the Company shall, whether or not the notice specified in this regulation has been given and whether or not these Articles regarding general meetings have been complied with, be deemed to have been duly convened if it is so agreed:

(a) in the case of an annual general meeting, by all the Members (or their proxies) entitled to attend and vote thereat; and

(b) in the case of any other general meeting, by a majority in number of the Members having a right to attend and vote at the meeting, being a majority together holding not less than 75% in par value of the shares giving that right, or their proxies.

24.2 The accidental omission to give notice of a meeting to or the non-receipt of a notice of a meeting by any Member shall not invalidate the proceedings at any meeting.

25. PROCEEDINGS AT GENERAL MEETINGS

25.1 All business carried out at a general meeting shall be deemed special with the exception of sanctioning a dividend, the consideration of the accounts, balance sheets, and any report of the Directors or of the Company's auditors, the appointment and removal of Directors and the fixing of the remuneration of the Company's auditors. No special business shall be transacted at any general meeting without the consent of all Members entitled to receive notice of that meeting unless notice of such special business has been given in the notice convening that meeting.

25.2 No business shall be transacted at any general meeting unless a quorum of Members is present at the time when the meeting proceeds to business. Save as otherwise provided by these Articles, two Members entitled to vote at the meeting, whether present in person or by proxy, shall be a quorum

unless the Company has only one Member entitled to vote at such general meeting in which case the quorum shall be that one Member present in person or by proxy.

25.3 If within half an hour from the time appointed for the meeting a quorum is not present, the meeting, if convened upon the requisition of Members, shall be dissolved. In any other case it shall stand adjourned to the same day in the next week, at the same time and place or to such other day, time or such other place as the Directors may determine, and if at the adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting the Member or Members present and entitled to vote shall be a quorum.

25.4 A Member may participate in any general meeting of the Company, by means of a telephone or similar communication equipment by way of which all persons participating in such meeting can hear each other and such participation shall be deemed to constitute presence in person at the meeting.

25.5 The chairman, if any, of the Board of Directors shall preside as chairman at every general meeting of the Company.

25.6 If there is no such chairman, or if at any general meeting he is not present within fifteen minutes after the time appointed for holding the meeting or is unwilling to act as chairman, the Directors present may choose one of their number to be chairman of that meeting failing which the Members present shall choose one of their number to be chairman.

25.7 The chairman may, with the consent of any general meeting at which a quorum is present by Members present in person or by proxy (and shall if so directed by the meeting) adjourn a meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. When a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. Save as aforesaid it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

25.8 At any general meeting, a resolution put to the vote of the meeting shall be decided on a show of hands, unless a poll is (before or on the declaration of the result of the show of hands) demanded by one or more Members collectively present in person or by proxy representing not less than one-tenth of the total sum paid up on all shares conferring that right, and unless a poll is so demanded, a declaration by the chairman that a resolution has, on a show of hands, been carried, or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the book of the proceedings of the Company, shall be conclusive evidence of the fact, without proof of the number or proportion of the votes recorded in favour of, or against, that resolution.

25.9 If a poll is duly demanded it shall be taken in such manner as the chairman directs, and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.

25.10 In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of the meeting at which the show of hands takes place or at which the poll is demanded, shall be entitled to a second or casting vote.

25.11 A poll demanded on the election of a chairman of the meeting or on a question of adjournment shall be taken forthwith. A poll demanded on any other question shall be taken at such time as the chairman of the meeting directs.

26. VOTES OF MEMBERS

26.1 Subject to any rights and restrictions for the time being attached to any Class, on a show of hands every Member present in person and every Person representing a Member by proxy shall at a general meeting of the Company have one vote and on a poll every Member and every Person representing a Member by proxy shall have one vote for each share of which he or the person represented by proxy is the holder.

26.2 In the case of joint holders the vote of the senior who tenders a vote whether in person or by proxy shall be accepted to the exclusion of the votes of the joint holders and for this purpose seniority shall be determined by the order in which the names stand in the Register of Members.

26.3 A Member of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee, or other person in the nature of a committee appointed by that court, and any such committee or other person may vote by proxy.

26.4 No Member shall be entitled to vote at any general meeting unless all calls or other sums presently payable by him in respect of shares carrying the right to vote held by him have been paid.

26.5 On a poll votes may be given either personally or by proxy.

26.6 The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised. A proxy need not be a Member.

26.7 An instrument appointing a proxy may be in any usual or common form or such other form as the Directors may approve.

26.8 The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.

26.9 A resolution (including a Special Resolution) in writing (in one or more counterparts) signed by all the Members for the time being entitled to receive notice of and to attend and vote at general meetings (or being corporations by their duly authorised representatives) shall be as valid and effective as if the same had been passed at a general meeting of the Company duly convened and held.

27. CORPORATIONS ACTING BY REPRESENTATIVES AT MEETINGS

Any corporation which is a Member or a Director may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at any meeting of the Company or of any class of Members or of the Board of Directors or of a committee of Directors, and the person so authorised shall be entitled to exercise the same powers on behalf of the corporation which he represents as that corporation could exercise if it were an individual Member or Director.

28. DIRECTORS

28.1 The Company may by Ordinary Resolution from time to time fix the maximum and minimum number of Directors to be appointed but unless such number is fixed as aforesaid the number of Directors shall be unlimited.

28.2 The remuneration of the Directors may be determined by the Board of Directors (or by a committee of Directors) or by the Company by Ordinary Resolution.

28.3 There shall be no shareholding qualification for Directors unless determined otherwise by the Company by Ordinary Resolution.

28.4 At each annual general meeting, one-third of the Directors for the time being, (or, if their number is not a multiple of three, the number nearest one-third) shall retire from office. The Directors to retire by rotation shall include (so far as necessary to obtain the number required) any Director who wishes to retire and not offer himself for re-election. Any further Directors to so retire shall be those of the other Directors subject to retirement by rotation who have been longest in office since their last re-election or appointment and so that as among persons who became or were last re-elected Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot.

28.5 Article 28.4 shall not apply to any Director exempted from the requirements either generally or for a specified period of time established by these Articles or by Ordinary Resolution of the Company.

28.6 A retiring Director shall be eligible for re-election.

28.7 The Company at the meeting at which a Director retires in manner aforesaid may fill the vacated office by electing a person thereto, and in default the retiring Director shall if offering himself for re-election be deemed to have been re-elected except in any of the following cases:

(a) at such meeting it is expressly resolved not to fill such vacated office or a resolution for the re-election of such Director is put to the meeting and lost; or

(b) such Director has given notice in writing to the Company that he is unwilling to be re-elected.

28.8 No person other than a Director retiring at the meeting shall, unless recommended by the Board of Directors, be eligible for election to the office of Director at any general meeting unless not less than seven nor more than 21 days before the date appointed for the meeting there shall have been left at the registered office of the Company notice in writing signed by a Member duly qualified to attend and vote at the meeting for which such notice is given of his intention to propose such person for election, and also notice in writing signed by that person of his willingness to be elected.

28.9 The Board of Directors shall have power at any time and from time to time to appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors.

28.10 Any Director appointed to fill a casual vacancy or as an addition to the existing Directors shall hold office only until the conclusion of the next following annual general meeting and shall then be eligible for re-election.

28.11 The Company may by Ordinary Resolution remove any Director before the expiration of his period of office notwithstanding anything in these Articles or in any agreement between the Company and such Director. Such removal shall be without prejudice to any claim which such Director may have for damages for breach of any contract of service between him and the Company.

28.12 The Company may by Ordinary Resolution appoint another person in place of a Director removed from office under Article 28.11 and without prejudice to the powers of the Directors under Article 28.10 the Company in general meeting may appoint any person to be a Director either to fill a casual vacancy or as an additional Director. A person appointed in place of a Director so removed or to fill such a vacancy shall be subject to retirement at the same time as if he had become a Director on the day on which the Director in whose place he is appointed was last elected a Director.

29. ALTERNATE DIRECTORS

29.1 Any Director may in writing appoint another person to be his alternate to act in his place at any meeting of the Directors at which he is unable to be present. Every such alternate shall be entitled to notice of meetings of the Directors and to attend and vote thereat as a Director when the person appointing him is not personally present and where he is a Director to have a separate vote on behalf of the Director he is representing in addition to his own vote. A Director may at any time in writing revoke the appointment of an alternate appointed by him. Such alternate shall not be an officer of the Company and shall be deemed to be the agent of the Director appointing him. The remuneration of such alternate shall be payable out of the remuneration of the Director appointing him and the proportion thereof shall be agreed between them.

29.2 Any Director may appoint any person, whether or not a Director, to be the proxy of that Director to attend and vote on his behalf, in accordance with instructions given by that Director, or in the absence of such instructions at the discretion of the proxy, at a meeting or meetings of the Directors which that Director is unable to attend personally. The instrument appointing the proxy shall be in writing under the hand of the appointing Director and shall be in any usual or common form or such other form as the Directors may approve, and must be lodged with the chairman of the meeting of the Directors at which such proxy is to be used, or first used, prior to the commencement of the meeting.

30. POWERS AND DUTIES OF DIRECTORS

30.1 Subject to the provisions of the Law, these Articles and to any resolutions made in a general meeting, the business of the Company shall be managed by the Directors in such manner as they may think fit and who may pay all expenses incurred in setting up and registering the Company and may exercise all powers of the Company. No resolution made by the Company in general meeting shall invalidate any prior act of the Directors which would have been valid if that resolution had not been made.

30.2 The Directors may appoint a Secretary (and if need be an Assistant Secretary or Assistant Secretaries) who shall hold office for such term, at such remuneration and upon such conditions and with such powers as they think fit. Any Secretary or Assistant Secretary so appointed by the Directors may be removed by the Directors.

30.3 The Directors may delegate any of their powers to committees consisting of such member or members of their body as they think fit; any committee so formed shall in the exercise of the powers so delegated conform to any regulations that may be imposed on it by the Directors.

30.4 The Directors may from time to time and at any time by power of attorney appoint any Person, whether nominated directly or indirectly by the Directors, to be the attorney or attorneys of the Company for such purposes and with such powers, authorities and discretion (not exceeding those vested in or exercisable by the Directors under these Articles) and for such period and subject to such conditions as they may think fit, and any such power of attorney may contain such provisions for the protection and convenience of Persons dealing with any such attorney as the Directors may think fit, and may also authorise any such attorney to delegate all or any of the powers, authorities and discretion vested in him.

30.5 The Directors may act as the Board of Directors at any time notwithstanding any vacancy but if and so long as their number is reduced to less than the minimum number prescribed by or in accordance with these Articles, it shall be lawful for them to act as the Board of Directors for the purpose of filling any vacancies in their body or of summoning a general meeting of the Company, but not for any other purposes.

31. BORROWING POWERS OF DIRECTORS

The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and uncalled capital or any part thereof, to issue debentures, debenture stock, mortgages, bonds and other securities whenever money is borrowed or as security for any debt, liability or obligation of the Company or of any third party.

32. THE SEAL

32.1 The Seal shall not be affixed to any instrument except by the authority of a resolution of the Board of Directors provided always that such authority may be given prior to or after the affixing of the Seal and if given after may be in general form confirming a number of affixings of the Seal. The Seal shall be affixed in the presence of a Director or a Secretary (or an Assistant Secretary) or in the presence of any one or more persons as the Directors may appoint for the purpose and every person as aforesaid shall sign every instrument to which the Seal is so affixed in their presence.

32.2 The Company may maintain a facsimile of the Seal in such countries or places as the Directors may appoint and such facsimile Seal shall not be affixed to any instrument except by the authority of a resolution of the Board of Directors provided always that such authority may be given prior to or after the affixing of such facsimile Seal and if given after may be in general form confirming a number of affixings of such facsimile Seal. The facsimile Seal shall be affixed in the presence of such person or persons as the Directors shall for this purpose appoint and such person or persons as aforesaid shall sign every instrument to which the facsimile Seal is so affixed in their presence and such affixing of the facsimile Seal and signing as aforesaid shall have the same meaning and effect as if the Seal had been affixed in the presence of and the instrument signed by a Director or a Secretary (or an Assistant Secretary) or in the presence of any one or more persons as the Directors may appoint for the purpose.

32.3 Notwithstanding the foregoing, a Secretary or any Assistant Secretary shall have the authority to affix the Seal, or the facsimile Seal, to any instrument for the purposes of attesting authenticity of the matter contained therein but which does not create any obligation binding on the Company.

33. DISQUALIFICATION OF DIRECTORS

Subject as otherwise provided in these Articles, the office of a Director shall be vacated:

(a) if a receiving order is made against him or he makes any arrangement or composition with his creditors generally;

(b) if he absents himself from the meetings of the Board of Directors during a continuous period of 12 months without special leave of absence from the Board of Directors, and the Board of Directors passes a resolution that he has by reason of such absence vacated his office;

(c) if he is prohibited from being a Director by any order made under any provision of the laws of the Cayman Islands;

(d) if in the Cayman Islands or elsewhere an order shall be made by any court claiming jurisdiction in that behalf on the ground (however formulated) of mental disorder for his detention or for the appointment of a guardian or for the appointment of a receiver or other person (by whatever name called) to exercise powers with respect to his property or affairs;

(e) if by notice in writing given to the Company he resigns his office or if he is requested so to resign by all of the other Directors; or

(f) if he is removed from office pursuant to Article 28.11.

but any act done in good faith by a Director whose office is vacated as aforesaid shall be valid unless, prior to the doing of such act, written notice shall have been served upon the Company or an entry shall have been made in the minute book of the Company stating that such Director has ceased to be a Director.

34. PROCEEDINGS OF DIRECTORS

34.1 The Directors may meet together for the despatch of business, adjourn, and otherwise regulate their meetings and proceedings as they think fit. Questions arising at any meeting shall be decided by a majority of votes. In case of an equality of votes the chairman shall have a second or casting vote. A Director may, and a Secretary or Assistant Secretary on the requisition of a Director shall, at any time summon a meeting of the Directors.

34.2 A Director or Directors may participate in any meeting of the Board of Directors, or of any committee appointed by the Board of Directors of which such Director or Directors are members, by means of conference telephone or similar communications equipment by way of which all persons participating in such meeting can hear each other and such participation shall be deemed to constitute presence in person at the meeting. Such a meeting shall be deemed to take place where the largest group of those participating is assembled or, if there is no group, where the chairman of the meeting is present.

34.3 The quorum necessary for the transaction of the business of the Directors shall be two (or one if there is only one Director). A Director represented by proxy or by an Alternate Director at any meeting shall be deemed to be present for the purposes of determining whether or not a quorum is present.

34.4 A Director who is present at a meeting of the Board of Directors at which action on any Company matter is taken shall be presumed to have assented to the action taken unless his dissent shall be entered in the minutes of the meeting or unless he shall file his written dissent from such action with the person acting as the chairman or secretary of the meeting before the adjournment thereof or shall forward such dissent by registered post to such person immediately after the adjournment of the meeting. Such right to dissent shall not apply to a Director who voted in favour of such action.

34.5 A Director or alternate director of the Company may be or become a director or other officer of or otherwise interested in any company promoted by the Company or in which the Company may be interested as shareholder or otherwise, and no such Director or alternate Director shall be accountable to the Company for any remuneration or other benefits received by him as a director or officer of, or from his interest in, such other company.

34.6 A Director who is in any way, whether directly or indirectly, interested in a contract or proposed contract with the Company shall declare the nature of his interest at a meeting of the Directors. A general notice given to the Board of Directors by any Director to the effect that he is a member of any specified company or firm and is to be regarded as interested in any contract which may thereafter be made with that company or firm shall be deemed a sufficient declaration of interest in regard to any contract so made. Subject to such a declaration, a Director may vote at a meeting in respect of any contract, proposed contract or arrangement in which he has an interest and if he does so, his vote may be counted and he may be taken into account in ascertaining whether a quorum is present.

34.7 A Director may hold any other office or place of profit under the Company (other than the office of auditor) in conjunction with his office of Director for such period and on such terms (as to remuneration and otherwise) as the Directors may determine and no Director or intending Director shall be disqualified by his office from contracting with the Company either with regard to his tenure of any such other office or place of profit or as vendor, purchaser or otherwise, nor shall any such contract or arrangement entered into by or on behalf of the Company in which any Director is in any way interested, be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason of such Director holding that office or of the fiduciary relation thereby established.

34.8 Any Director may act by himself or his firm in a professional capacity for the Company, and he or his firm shall be entitled to remuneration for professional services as if he were not a Director or alternate Director; provided that nothing herein contained shall authorise a Director or his firm to act as auditor to the Company.

34.9 The Directors shall cause minutes to be made in books or loose-leaf folders provided for the purpose of recording:

(a) all appointments of officers made by the Directors;

(b) the names of the Directors present at each meeting of the Directors and of any committee of the Directors;

(c) all resolutions and proceedings at all meetings of the Company, and of the Directors and of committees of Directors.

34.10 When the chairman of a meeting of the Directors signs the minutes of such meeting those minutes shall be deemed to have been duly held notwithstanding that all the Directors have not actually come together or that there may have been a technical defect in the proceedings.

34.11 A resolution in writing (in one or more counterparts) signed by all the Directors or all the members of a committee of Directors shall be as valid and effectual as if it had been passed at a meeting of the Directors or committee of Directors (as the case may be) duly called and constituted. When signed a resolution may consist of several documents each signed by one or more of the Directors.

34.12 The continuing Directors may act notwithstanding any vacancy in their body but if and so long as their number is reduced below the number fixed by or pursuant to these Articles as the necessary quorum of Directors, the continuing Directors may act for the purpose of increasing the number, or of summoning a general meeting of the Company, but for no other purpose.

34.13 The Directors may elect a chairman of their meetings and determine the period for which he is to hold office but if no such chairman is elected, or if at any meeting the chairman is not present within fifteen

minutes after the time appointed for holding the meeting, the Directors present may choose one of their number to be chairman of the meeting.

34.14 A committee appointed by the Directors may elect a chairman of its meetings. If no such chairman is elected, or if at any meeting the chairman is not present within five minutes after the time appointed for holding the meeting, the members present may choose one of their number to be chairman of the meeting.

34.15 A committee appointed by the Directors may meet and adjourn as it thinks proper. Questions arising at any meeting shall be determined by a majority of votes of the committee members present and in case of an equality of votes the chairman shall have a second or casting vote.

34.16 All acts done by any meeting of the Directors or of a committee of Directors, or by any person acting as a Director, shall notwithstanding that it be afterwards discovered that there was some defect in the appointment of any such Director or person acting as aforesaid, or that they or any of them were disqualified, be as valid as if every such person had been duly appointed and was qualified to be a Director.

35. DIVIDENDS

35.1 Subject to the Law and this Article, the Directors may declare dividends and distributions on shares in issue and authorize payment of the dividends (including interim dividends) or distributions out of the funds of the Company lawfully available therefore. No dividend or distribution shall be paid except out of the realized or unrealized profits of the Company, or as otherwise permitted by the Law. There are no fixed dates on which the entitlement to dividends arises. All dividend payments shall be non-cumulative.

35.2 Except as otherwise provided by the rights attached to shares with special rights as to dividends or distributions, if dividends or distributions are to be declared on a Class they shall be declared and paid according to the amounts paid or credited as paid on the shares of such Class outstanding on the record date for such dividend or distribution as determined in accordance with these Articles but no amount paid or credited as paid on a share in advance of calls shall be treated for the purpose of these Articles as paid on the share.

35.3 The Directors may deduct from any dividend or other distribution payable to any Member all sums of money (if any) then payable by him to the Company on account of calls or otherwise.

35.4 The Directors may declare that any dividend or distribution be paid wholly or partly by the distribution of specific assets and in particular (but without limitation) by the distribution of shares, debentures, or securities of any other company or in any one or more of such ways and where any difficulty arises in regard to such distribution, the Directors may settle the same as they think expedient and may fix the value for distribution of such specific assets or any part thereof and may determine that cash payments shall be made to any Members upon the basis of the value so fixed in order to adjust the rights of all Members and may vest any such specific assets in trustees in such manner as may seem expedient to the Directors.

35.5 Any dividend, other distribution, interest or other monies payable in cash in respect of shares may be paid by wire transfer to the holder or by cheque or warrant sent through by post directed to the registered address of the holder or, in the case of joint holders, to the registered address of the holder who is first named on the Register of Members or to such person and to such address as such holder or joint holders may in writing direct. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent. Any one of two or more joint holders may give effectual receipts for any dividends, other distributions, bonuses, or other monies payable in respect of the share held by them as joint holders.

35.6 No dividend or other distribution shall bear interest against the Company.

35.7 The Directors may, before recommending or declaring any dividends or other distributions, set aside out of the funds legally available for distribution such sums as they think proper as a reserve or reserves which shall, in the absolute discretion of the Directors be applicable for meeting contingencies, or for equalising dividends or for any other purpose to which those funds may be properly applied and pending such application may in the absolute discretion of the Directors, either be employed in the business of the Company or be invested in such investments (other than shares) as the Directors may from time to time think fit.

35.8 Any dividend or other distribution which cannot be paid to a Member and/or which remains unclaimed after six months from the date of declaration of such dividend or other distribution may, in the discretion of the Directors, be paid into a separate account in the Company's name, provided that the Company shall not be constituted as a trustee in respect of that account and the dividend or other distribution shall remain as a debt due to the Member. Any dividend or other distribution which remains unclaimed after a period of six years from the date of declaration of such dividend or other distribution shall be forfeited and shall, if shares of the relevant Class remain in issue (other than shares in respect of which dividends or other distributions cannot be paid and/or remain unclaimed) revert to the Company for the benefit of all holders of shares of the relevant Class or otherwise revert to the Company for the benefit of all Members on the date that such dividend is forfeited.

36. ACCOUNTS AND AUDIT

36.1 The books of account relating to the Company's affairs shall be kept in such manner as may be determined from time to time by the Directors.

36.2 The books of account shall be kept at the registered office of the Company, or at such other place or places as the Directors think fit, and shall always be open to the inspection of the Directors.

36.3 The Directors shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations the accounts and books of the Company or any of them shall be open to the inspection of Members not being Directors, and no Member (not being a Director) shall have any right of inspecting any account or book or document of the Company except as conferred by law or authorised by the Directors or by the Company by Ordinary Resolution.

36.4 The accounts relating to the Company's affairs shall only be audited if the Directors so determine, in which case the financial year end and the accounting principles will be determined by the Directors.

36.5 A printed or electronic copy of the audited annual financial statements of the Company shall be made available to Members, if so determined by the Directors in their discretion.

36.6 The Directors in each year shall prepare, or cause to be prepared, an annual return and declaration setting forth the particulars required by the Law and deliver a copy thereof to the Registrar of Companies.

37. CAPITALISATION OF PROFITS

37.1 Subject to the Law, the Directors may:

(a) resolve to capitalise an amount standing to the credit of reserves (including a share premium account and profit and loss account), or otherwise available for distribution;

(b) appropriate the sum resolved to be capitalised to the Members in proportion to the nominal amount of shares (whether or not fully paid) held by them respectively and apply that sum on their behalf in or towards:

(i) paying up the amounts (if any) for the time being unpaid on shares held by them respectively; or

(ii) paying up in full unissued shares or debentures of a nominal amount equal to that sum,

and allot the shares or debentures, credited as fully paid, to the Members (or as such Members may direct) in those proportions, or partly in one way and partly in the other, but the share premium account, the capital redemption reserve and profits which are not available for distribution may, for the purposes of this Article, only be applied in paying up unissued shares to be allotted to Members credited as fully paid;

(c) make any arrangements they think fit to resolve a difficulty arising in the distribution of a capitalised reserve and in particular, without limitation, where shares or debentures become distributable in fractions the Directors may deal with the fractions as they think fit;

(d) (authorise a Person to enter (on behalf of all the Members concerned) into an agreement with the Company providing for either:

(i) the allotment to the Members respectively, credited as fully paid, of shares or debentures to which they may be entitled on the capitalisation; or

(ii) the payment by the Company on behalf of the Members (by the application of their respective proportions of the reserves resolved to be capitalised) of the amounts or part of the amounts remaining unpaid on their existing shares,

and any such agreement made under this authority being effective and binding on all those Members; and

(e) generally do all acts and things required to give effect to the resolution.

38. SHARE PREMIUM ACCOUNT

38.1 The Directors shall in accordance with Section 34 of the Law establish a Share Premium Account and shall carry to the credit of such account from time to time a sum equal to the amount or value of the premium paid on the issue of any share.

38.2 There shall be debited to any Share Premium Account on the redemption or purchase of a share the difference between the nominal value of such share and the redemption or purchase price provided always that at the discretion of the Directors such sum may be paid out of the profits of the Company or, if permitted by Section 37 of the Law, out of capital.

39. NOTICES

39.1 Any notice or document may be served by the Company or by the Person entitled to give notice to any Member either personally, by facsimile or by sending it through the post in a prepaid letter or via a recognised courier service, fees prepaid, addressed to the Member at his address as appearing in the Register of Members. In the case of joint holders of a share, all notices shall be given to that one of the joint holders whose name stands first in the Register of Members in respect of the joint holding, and notice so given shall be sufficient notice to all the joint holders.

39.2 Any Member present, either personally or by proxy, at any meeting of the Company shall for all purposes be deemed to have received due notice of such meeting and, where requisite, of the purposes for which such meeting was convened.

39.3 Any notice or other document, if served by (a) post, shall be deemed to have been served two days after the time when the letter containing the same is posted, or, (b) facsimile, shall be deemed to have been served upon production by the transmitting facsimile machine of a report confirming transmission of the facsimile in full to the facsimile number of the recipient or (c) recognised courier service, shall be deemed to have been served 48 hours after the time when the letter containing the same is delivered to the courier service. In proving service by post or courier service it shall be sufficient to prove that the letter containing the notice or documents was properly addressed and duly posted or delivered to the courier service.

39.4 Any notice or document delivered or sent by post to or left at the registered address of any Member in accordance with the terms of these Articles shall notwithstanding that such Member be then dead or bankrupt, and whether or not the Company has notice of his death or bankruptcy, be deemed to have been duly served in respect of any share registered in the name of such Member as sole or joint holder, unless his name shall at the time of the service of the notice or document, have been removed from the Register of Members as the holder of the share, and such service shall for all purposes be deemed a sufficient service of such notice or document on all Persons interested (whether jointly with or as claiming through or under him) in the share.

39.5 Notice of every general meeting of the Company shall be given to:

(a) all Members holding shares with the right to receive notice and who have supplied to the Company an address for the giving of notices to them;

(b) every person entitled to a share in consequence of the death or bankruptcy of a Member, who but for his death or bankruptcy would be entitled to receive notice of the meeting; and

(c) every Director who is not otherwise aware of the meeting at the address supplied by that Director for the giving of notices to him.

39.6 No other Person shall be entitled to receive notices of general meetings.

40. INDEMNITY

40.1 Every Director (including for the purposes of this Article any alternate Director appointed pursuant to the provisions of these Articles), secretary, assistant secretary, or other officer for the time being and from time to time of the Company (but not including the Company's auditors) and the personal representatives of the same shall be indemnified and secured harmless out of the assets and funds of the Company against all actions, proceedings, costs, charges, expenses, losses, damages or liabilities incurred or sustained by him in or about the conduct of the Company's business or affairs or in the execution or discharge of his duties, powers, authorities or discretions, including without prejudice to the generality of the foregoing, any costs, expenses, losses or liabilities incurred by him in defending (whether successfully or otherwise) any actual or threatened civil proceedings concerning the Company or its affairs in any court whether in the Cayman Islands or elsewhere.

40.2 No such Director, alternate Director, secretary, assistant secretary or other officer of the Company (but not including the Company's auditors) shall be liable (a) for the acts, receipts, neglects, defaults or omissions of any other such Director or officer or agent of the Company or (b) for any loss on account of defect of title to any property of the Company or (c) on account of the insufficiency of any security in or upon which any money of the Company shall be invested or (d) for any loss incurred through any bank, broker or other similar person or (e) for any loss occasioned by any negligence, default, breach of duty, breach of trust, error of judgement or oversight on his part or (f) for any loss, damage or misfortune whatsoever which may happen in or arise from the execution or discharge of the duties, powers authorities, or discretions of his office or in relation thereto, unless the same shall happen through his own dishonesty.

41. INSURANCE

Subject to the provisions of the laws of the Cayman Islands, the Company shall have the power to purchase and maintain insurance for or for the benefit of any persons who are or were at any time Directors, officers or employees of the Company, or of any company or body which is its holding company or in which the Company or such holding company has an interest whether direct or indirect or which is in any way allied to or associated with the Company including (without prejudice to the generality of the foregoing) insurance against any liability incurred by such persons in respect of any act or omission in the actual or purported execution and/or discharge of their duties and/or in the exercise or purported exercise of their powers and/or otherwise in relation to their duties, powers or offices in relation to the Company and/or any such other company or body.

42. NON-RECOGNITION OF TRUSTS

Subject as provided to the contrary in these Articles, no Person shall be recognised by the Company as holding any share upon any trust and the Company shall not, unless required by law, be bound by or be compelled in any way to recognise (even when having notice thereof) any equitable, contingent or future interest in any of its shares or any other rights in respect thereof except an absolute right to the entirety thereof in each Member registered in the Register of Members.

43. WINDING UP

43.1 If the Company shall be wound up, the liquidator shall apply the assets of the Company in satisfaction of creditors' claims in such manner and order as such liquidator thinks fit. Subject to the rights attached to Ordinary Shares of any Class, in a winding up:

(a) if the assets available for distribution amongst the Members shall be insufficient to repay the whole of the Company's issued share capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the Members in proportion to the par value of the Ordinary Shares held by them; or

(b) if the assets available for distribution amongst the Members shall be more than sufficient to repay the whole of the Company's issued share capital at the commencement of the winding up, the surplus shall be distributed amongst the Members in proportion to the par value of the Ordinary Shares held by them at the commencement of the winding up subject to a deduction from those Ordinary Shares in respect of which there are monies due, of all monies payable to the Company for unpaid calls or otherwise.

43.2 If the Company shall be wound up, the liquidator may, with the sanction of a Special Resolution of the Company, divide among the Members in kind the whole or any part of the assets of the Company or vest the whole or any part of such assets in trustees upon such trusts for the benefit of the Members as the liquidator, with the like sanction, shall think fit.

44. REGISTRATION BY WAY OF CONTINUATION

The Company may by Special Resolution resolve to be registered by way of continuation in a jurisdiction outside the Cayman Islands or such other jurisdiction in which it is for the time being incorporated, registered or existing. In furtherance of a resolution adopted pursuant to this Article, the Directors may cause an application to be made to the Registrar of Companies to deregister the Company in the Cayman Islands or such other jurisdiction in which it is for the time being incorporated, registered or existing and may cause all such further steps as they consider appropriate to be taken to effect the transfer by way of continuation of the Company.