THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document you should consult a person authorised under the FSMA who specialises in advising on the acquisition of shares and other securities. This document, which comprises an AIM admission document, has been drawn up in accordance with the AIM Rules and does not constitute a prospectus under the Prospectus Rules published by the FSA and has not been approved by or filed with the FSA. This document has not been approved by or filed with the FSC. The definitions used in this document are at pages 5 to 8.

The Company, whose registered office appears on page 4, and the Directors, whose names appear on page 4, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Company and the Directors (each of whom have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

Application has been made for all of the Ordinary Shares in issue to be admitted to trading on AIM. It is expected that Admission will become effective and that dealings in the Ordinary Shares will commence on AIM on 18 November 2008.

AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the official list of the United Kingdom Listing Authority. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. 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 to the AIM Rules for Nominated Advisers. The London Stock Exchange has not itself examined or approved the contents of this document. The rules of AIM are less demanding than those of the Official List. It is emphasised that no application is being made for admission of the Ordinary Shares to the Official List. The Shares are not traded on any other recognised investment exchange and no application has been made for the Ordinary Shares to be listed on any other recognised investment exchange. The whole text of this document should be read.

Your attention is drawn in particular to the risk factors set out in Part II of this document.

Argo Group Limited

(a company incorporated in the Isle of Man under the Isle of Man Companies Act 2006 with company number 2306V)

Admission to trading on AIM

Nominated Adviser and Broker

PANMURE GORDON & CO

Share capital immediately following Admission

ordinary shares of	*Number*	*Amount*
US$0.01 each	76,931,620	US$769,316.20

Panmure Gordon, which is regulated by the FSA, is acting as nominated adviser and broker to the Company and will not be responsible to any person other than the Company for providing the protections afforded to its customers or for advising any other person on the contents of this document or any transaction or arrangement referred to herein. Panmure Gordon has not authorised the contents of any part of this document for the purposes of the AIM Rules. The responsibilities of Panmure Gordon as the Company's nominated adviser and broker under the AIM Rules are owed solely to the London Stock Exchange and are not owed to the Company or any Director, Shareholder or any other person in respect of a decision to subscribe for Ordinary Shares in the Company. Panmure Gordon is not making any representation or warranty, express or implied, as to the contents of this document.

The Company has not been and will not be registered under the Investment Company Act. In addition, the Shares have not been and will not be registered under the Securities Act or the securities laws of any of the states of the United States. Consequently, subject to certain exceptions, none of the Ordinary Shares may be offered or sold or otherwise transferred within the United States or to, or for the account or benefit of, US Persons. This document should not be distributed, forwarded, transferred or otherwise transmitted to any persons within the United States or to any US Persons.

This document does not constitute an offer to sell, or the solicitation of an offer to buy, securities in any jurisdiction in which such offer or solicitation is unlawful and, in particular, is not for distribution into Canada, Australia, the Republic of South Africa or Japan. The Ordinary Shares have not been and will not be registered under the applicable securities laws of Canada, Australia, the Republic of South Africa or Japan and will not be made to any national, resident or citizen of Canada, Australia, the Republic of South Africa or Japan. The distribution of this document in other jurisdictions may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe any such restriction. Any failure to comply with these restrictions may constitute a violation of the securities law of any such jurisdictions. The Ordinary Shares have not been approved or disapproved by the SEC, any state securities commission in the United States or any other US regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the accuracy or adequacy of this Admission Document. Any representation to the contrary is a criminal offence in the United States.

In making any investment decision in respect of the Ordinary Shares, no information or representation should be relied upon other than as contained in this document. No person has been authorised to give any information or make any representation other than that contained in this document and, if given or made, such information or representation must not be relied upon as having been authorised.

IMPORTANT INFORMATION

Investment in the Company carries risk. There can be no assurance that the Company's strategy will be achieved and investment results may vary substantially over time. Investment in the Company is not intended to be a complete investment programme for any investor. The price of the Ordinary Shares and any income from Ordinary Shares can go down as well as up and investors may not realise the value of their initial investment. Prospective shareholders should carefully consider whether an investment in Ordinary Shares is suitable for them in light of their circumstances and financial resources and should be able and willing to withstand the loss of their entire investment (see further under "Part II: Risk Factors").

Potential investors contemplating an investment in the Ordinary Shares should recognise that their market value can fluctuate and may not always reflect their underlying value. Returns achieved are reliant upon the performance of the Group. No assurance is given, express or implied, that Shareholders will receive back the amount of their investment in the Ordinary Shares.

If you are in any doubt about the contents of this document you should consult your stockbroker or your financial or other professional adviser.

Investment in the Company is suitable only for financially sophisticated individuals and institutional investors who have taken appropriate professional advice, who understand and are capable of assuming the risks of an investment in the Company and who have sufficient resources to bear any losses which may result therefrom.

Potential shareholders should not treat the contents of this document as advice relating to legal, taxation, investment or any other matters. Potential shareholders should inform themselves as to: (a) the legal requirements within their own countries for the purchase, holding, transfer, redemption, conversion or other disposal of Ordinary Shares; (b) any foreign exchange restrictions applicable to the purchase, holding, transfer or other disposal of Ordinary Shares that they might encounter; and (c) the income and other tax consequences that may apply in their own countries as a result of the purchase, holding, transfer or other disposal of Ordinary Shares. Potential shareholders must rely upon their own representatives, including their own legal advisers and accountants, as to legal, tax, investment or any 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 the Isle of Man and are subject to changes therein.

This document should be read in its entirety before making any investment in the Company.

Certain statements contained herein are forward looking statements and are based on current expectations, estimates and projections about the potential returns of the Group and industry and markets in which the Group will operate, the Board's beliefs and assumptions made by the Board. Words such as "expects", "anticipates", "should", "intends", "plans", "believes", "seeks", "estimates", "projects", "pipeline" and variations of such words and similar expressions are intended to identify such forward looking statements and expectations. These statements are not guarantees of future performance or the ability to identify and consummate investments and involve certain risks, uncertainties, outcomes of negotiations and due diligence and assumptions that are difficult to predict, qualify or quantify. Therefore, actual outcomes and results may differ materially from what is expressed in such forward looking statements or expectations. Among the factors that could cause actual results to differ materially are: the general economic climate, competition, interest rate levels, loss of key personnel, the result of legal and commercial due diligence, the availability of financing on acceptable terms and changes in the legal or regulatory environment.

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DIRECTORS, OFFICERS AND ADVISERS

Directors
Michael Rainer Kloter (*Non-Executive Chairman*)
Kyriakos Rialas (*Chief Executive Officer*)
Andreas Rialas (*Chief Investment Officer*)
David Andrew Fisher *(Non-Executive Director)*
George Kenneth Watterson (*Non-Executive Director*)

Company Secretary
Jeremy Bradshaw

Registered Office
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Douglas
Isle of Man IM1 1LB

Registered Agent
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Douglas
Isle of Man IM1 1LB

Reporting Accountants
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Heritage Court
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Douglas
Isle of Man IM99 1HN

Auditors
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London EC4R 9HA

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Dickinson Cruickshank
33 Athol Street
Douglas
Isle of Man IM1 1LB

Solicitors to the Nominated Adviser and Broker
S J Berwin LLP
10 Queen St Place
London EC4R 1BE

DEFINITIONS

"2006 Act"	the Companies Act 2006 (as amended) of England and Wales
"Absolute Capital" or "ACMH"	Absolute Capital Management Holdings Limited, incorporated in the Cayman Islands
"Act"	the Companies Act 1985 (as amended) of England and Wales
"ACPF"	Argo Capital Partners Fund Limited
"Admission"	the admission of the Ordinary Shares to trading on AIM becoming effective in accordance with the AIM Rules for Companies
"AIM"	the market of that name operated by the London Stock Exchange
"AGSSF"	Argo Global Special Situations Fund SP
"AIM Rules"	the AIM Rules for Companies and the AIM Rules for Nominated Advisers, as appropriate
"AIM Rules for Companies"	the rules published by the London Stock Exchange entitled "AIM Rules for Companies"
"AIM Rules for Nominated Advisers"	the rules published by the London Stock Exchange entitled "AIM Rules for Nominated Advisers"
"AMSF "	Argo Multi Strategy Fund Limited
"AREOF"	Argo Real Estate Opportunities Fund Limited
"Argo"	Argo Group Limited or, where the context requires, the relevant company within the Argo Group
"Argo Cyprus"	Argo Capital Management (Cyprus) Limited (previously Argonaftis Capital Management (Overseas) Limited), a company incorporated with limited liability under the laws of Cyprus on 29 March 2000
"Argo Funds"	the funds managed by Argo which at the date of this document are The Argo Fund Limited ("TAF"), Argo Global Special Situations Fund SP ("AGSSF"), Argo Capital Partners Fund Limited ("ACPF"), Argo Real Estate Opportunities Fund Limited ("AREOF") and Argo Multi Strategy Fund Limited ("AMSF")
"Argo UK"	Argo Capital Management Limited, a company incorporated with limited liability in England on 18 May 2000
"Articles"	the articles of association of the Company, a summary of which is set out in paragraph 5 of Part IV of this document
"AUM"	assets under management
"certificated form" or "in certificated form"	not in uncertificated form (that is, not in CREST)
"City Code"	the City Code on Takeovers and Mergers issued by the Panel and, from time to time, any successor or replacement body thereof
"Combined Code"	the revised code on the principles of good corporate governance and best practice published in June 2008 by the Financial Reporting Council

"Company"	Argo Group Limited
"Corporate Governance Guidelines"	the corporate governance guidelines for AIM companies published by the Quoted Companies Alliance in February 2007
"CREST"	the computerised settlement system (as defined in the CREST Regulations) operated by Euroclear UK & Ireland which facilitates the transfer of title to shares in uncertificated form
"CREST Manual"	the compendium of documents entitled CREST Manual issued by Euroclear UK & Ireland from time to time and comprising the CREST Reference Manual, the CREST Central Counterparty Service Manual, the CREST International Manual, CREST Rules, CCSS Operations Manual and the CREST Glossary of Terms
"CREST Regulations"	the UK Uncertificated Securities Regulations 2001 (as amended) (SI 2001/3755)
"CY£"	Cypriot pound
"CySEC"	the Cyprus Securities and Exchange Commission
"Directors" or "Board"	the directors of the Company as at the date of this document, whose names are set out on page 4 of this document
"Dollar", "US$" or "$"	the lawful currency of the United States
"DTR"	the Disclosure Rules and Transparency Rules published by the FSA
"EMU Legislation"	the legislative measures of the Council of the European Union for the introduction of, changeover to, or operation of, a single or unified European currency being part of the implementation of the Third Stage.
"Euro" or "€"	for the time being, the single currency of Participating Member States as provided in the EMU Legislation
"Euroclear UK & Ireland"	Euroclear UK & Ireland Limited, a company incorporated under the laws of England and Wales and the operator of CREST
"English Acts"	the company law provisions of the 2006 Act, the Act, Part 2 of the Companies (Audit, Investigations and Community Enterprise) Act 2004, the Companies Consolidation (Consequential Provisions) Act 1985 and the Companies Act 1989 that remain in place in England and Wales
"FSA"	the UK Financial Services Authority
"FSC"	the Isle of Man Financial Supervision Commission
"FSMA"	the United Kingdom Financial Services and Markets Act 2000, as amended
"Group" or "Argo Group"	the Company and its subsidiary undertakings from time to time
"IFRS"	International Financial Reporting Standards (including International Accounting Standards)
"Introduction Agreement"	the conditional agreement dated 12 November 2008 between the Company, the Directors and Panmure Gordon relating to Admission, details of which are set out in paragraph 15.1 of Part IV

“Investment Company Act”	the US Investment Company Act of 1940, as amended
“IOM Act”	the Companies Act 2006 of the Isle of Man (as amended)
“London Stock Exchange”	London Stock Exchange plc
“Memorandum”	the memorandum of association of the Company
“NAV”	net asset value
“Official List”	the Official List of the UKLA
“Ordinary Shares”	ordinary shares of US$0.01 each in the capital of the Company
“Panel”	the UK Panel on Takeovers and Mergers
“Panmure Gordon”	Panmure Gordon (UK) Limited
“Participating Member State”	any member state of the European Communities that adopts or has adopted the euro as its lawful currency in accordance with EMU Legislation.
“Registrar”	Capita Registrars (Isle of Man) Limited, in its capacity as the Company’s registrars
“resolution”	a resolution passed by a simple majority of the members of the Company who are entitled to vote in respect of such resolution, unless otherwise specified
“S$”	Singapore Dollar
“SEC”	the US Securities and Exchange Commission
“Securities Act”	the US Securities Act of 1933, as amended
“Share Option Plan”	The Argo Group Limited Employment Stock Option Plan
“Shareholders”	holders of Ordinary Shares in the Company
“solvency test”	the solvency test referred to in Section 49 of the IOM Act which the Company satisfies if it is able to pay its debts as they become due in the normal course of the Company’s business and the value of its assets exceeds the value of its liabilities
“Special Resolution”	a resolution of a member or members of the Company passed in general meeting on a show of hands or on a poll by not less than 75 per cent. of such members who are present and entitled under the Articles to vote at such meeting
“Sterling” or “£” or “pence”	respectively pounds and pence sterling, the lawful currency of the United Kingdom
“Subsidiary”	as defined in section 1159 of the 2006 Act
“TAF”	The Argo Fund Limited
“UK” or “United Kingdom”	United Kingdom of Great Britain and Northern Ireland
“UKLA”	the FSA acting in its capacity as the competent authority for the purposes of Part VII of FSMA
“uncertificated form” or “in uncertificated form”	recorded in the register as being held in uncertificated form in CREST and title to which, by virtue of the Uncertificated Regulations, may be transferred by means of CREST

"Uncertificated Regulations"	the Uncertificated Securities Regulations 2006 of the Isle of Man (as amended)
"US" or "United States"	the United States of America, its territories and possessions, any state or political sub-division of the United States of America, the District of Columbia and all other areas subject to the jurisdiction of the United States of America
"VAT"	value added tax

PART I

INFORMATION ON THE GROUP

1. Overview

Argo is an independent alternative investment manager offering a multi-strategy platform for investing in global emerging markets. Since inception, Argo's two flagship funds have received several industry performance-related awards and as at 31 October 2008 Argo had an estimated US$741 million of assets under management[1]. Argo's business model has been designed to deliver a diversified approach to investing in emerging markets with the aim of seeking lower volatility than, and lower correlation to, wider global markets.

Argo's investment style is that of a fundamental value investor. It aims to generate absolute returns in the five funds that it manages by investing in, inter alia, fixed income, special situations, local currencies and interest rate strategies, private equity, real estate, quoted equities, high yield corporate credit and distressed debt, although not every fund invests in each of these asset classes. Argo has a performance track record dating back to 2000 and has since won several awards.

Initially Argo marketed its funds using a small number of agents and relied principally on word-of-mouth. As the business has developed the marketing strategy has expanded, supported by intermediaries and its own sales team. Argo has attracted a broad range of investors in its funds from across Europe, Asia and the United States.

Since its inception Argo has sought to build a scalable business platform. It has invested significantly in technology and infrastructure, focusing on processes, systems and risk controls. At the same time, the Group has built up a matching expertise in investment experience with, at the date of this document, 18 investment professionals located across Argo's offices in Argentina, Brazil, Cyprus, Romania, Singapore, Ukraine and the UK.

Argo has demonstrated significant ability to grow AUM in recent years. Between 31 December 2004 and 31 October 2008, assets under management grew by 76 per cent. to US$741 million[1] from US$421 million. In line with similar businesses, Argo has experienced the impact of declining markets in recent months and the Directors expect that revenues will be lower in the year ending 31 December 2008 compared to 2007.

2. History and Background

Argo was founded in 2000 by Andreas Rialas who was joined by his brother, Kyriakos Rialas, in 2003. Both Andreas and Kyriakos came from investment banking backgrounds prior to Argo.

Argo's maiden fund, The Argo Fund (TAF), was launched in October 2000. This was followed with the launch of the Argo Global Special Situations Fund (AGSSF) in August 2004 and the Argo Capital Partners Fund (ACPF) in August 2006. In July 2007, North Asset Management's interest in the management contract of the North Real Estate Opportunities Fund Limited, a closed-end property investment company quoted on AIM, was acquired. This fund is now called the Argo Real Estate Opportunities Fund Limited (AREOF). More recently, in September 2008, the Group launched the Argo Multi Strategy Fund (AMSF).

Since 2000 Argo has expanded from its original bases in Cyprus and London, opening offices in Buenos Aires, Sao Paulo and Singapore in 2005. In addition, AREOF operates from offices in Romania and Ukraine. This wide geographic reach allows Argo to carry out detailed due diligence on prospective and existing investments and source deal flow through the establishment of local networks of banks, brokers and company owners.

In January 2007, Argo was sold to Absolute Capital Management Holdings Limited but continued to be managed and operated independently from Absolute Capital, with each group having

1 Based on estimated net asset value for TAF, AGSSF and AMSF.

separate fund managers, risk controls, prime brokers, custodians and administrators. In June 2008 Argo was for business reasons demerged from Absolute Capital under a new group holding company, Argo Group Limited, with the intention of creating an independent, quoted entity. Details of the demerger are set out in paragraph 15.2 of Part IV of this document.

3. The Hedge Fund Industry

General

Alternative asset management, in general, involves a variety of investment strategies where the common element is the manager's goal of delivering investment performance on an absolute return basis within certain predefined risk parameters and investment guidelines. The universe of alternative asset managers includes hedge funds, funds of funds, private equity funds, real estate funds, venture capital and mezzanine and structured debt funds. Alternative asset management vehicles have been the fastest growing segment of the asset management industry in part because many investors have sought to diversify their investment portfolios to include alternative asset strategies.

Historically, hedge funds have aimed to generate positive performance under a variety of market conditions with less correlation to the performance of traditional benchmarks. Hedge funds have achieved this through a variety of methods, including the use of short-selling, hedging or arbitrage strategies and the inclusion of fixed income-related securities or derivatives in investment portfolios. As a result of employing these strategies, hedge funds have been utilised by an increasing number of institutional asset managers as diversification instruments and, in light of their generally positive performance, have experienced significant asset inflows over the course of recent years.

The European hedge fund industry's AUM, as reported by HF Industry Reports, had grown to an estimated US$575 billion as at 31 December 2007. Since that date, the industry has suffered from a number of instances of poor performance and redemptions. The Directors believe that the future direction of the industry will be influenced by factors such as investor interest in absolute return products; the broadening of distribution channels; and increasing portfolio allocations from institutional investors as well as by broader market-related factors such as economic growth and liquidity.

Emerging markets

Argo specialises in global emerging markets; a fairly broad geographic category covering rapidly-developing countries as well as more frontier markets. The funds that Argo manages employ a number of different strategies and aim to deliver low volatility returns that are largely uncorrelated to wider global markets, using a fundamental bottom-up investment approach.

Emerging market hedge fund strategies have been among the top performing hedge fund strategies on a cumulative basis since January 1998, although this has not been the case for the year to date in 2008. Emerging market debt strategies have achieved cumulative returns of 262.2 per cent. from January 1998 to 30 September 2008. Emerging market equity funds have had cumulative returns of 75.7 per cent. over the same period, although emerging market equity funds did have significantly better performance until recently, with cumulative returns to August 2008 of 101.7 per cent. (Eurohedge Hedge Fund Index).

The Directors believe that the sector's growth is attributable to a number of factors including:

- The emerging market asset class has benefited from an expanding universe of investment products to choose from, ranging from equities, sovereign and corporate external debt to distressed debt, local currency and interest rate products. This, combined with the relatively strong risk-adjusted performance of emerging markets, has offered investors significant potential to add yield and diversification to their investment portfolios.
- The development of capital markets across emerging economies has enabled investors to pursue long/short strategies and exploit relative value opportunities.

- The increased allocation into emerging markets assets by institutional investors looking to increase their exposure to these economies.
- GDP growth in many emerging and developing economies is projected to be higher than GDP growth in advanced economies, according to forecasts from the International Monetary Fund.
- A growing base of local institutional investors has facilitated a strong domestic liquidity pool contributing to lower correlation to global markets for certain emerging markets economies.

4. The Argo Group

Corporate structure

Argo Group Limited is a holding company, the principal subsidiaries of which comprise Argo Cyprus, domiciled in Cyprus and regulated by CySEC and registered as an offshore advisor with the SEC in the United States; Argo UK, a UK investment advisory company authorised and regulated by the FSA; and Argo Capital Management Property Limited, which is domiciled in the Cayman Islands and manages AREOF. Substantially all of Argo's revenue is derived from management and performance fees paid by the funds which are under the management of the Group.

Funds managed by Argo

i) The Argo Fund Limited

The Argo Fund Limited ("TAF") is an exempted company incorporated in 2000 with limited liability in the Cayman Islands. The shares in TAF are listed on the Irish Stock Exchange.

TAF's investment objective is to achieve above average returns on a risk-adjusted basis by actively trading and investing in securities and other commercial instruments of developing markets. It invests in sovereign and corporate debt, both in hard and local currencies on a long/short basis. Opportunistically it can invest in project, trade and commodity finance related transactions with the aim of capitalising on growing trade flows and infrastructure renewal in global emerging markets. Additionally, TAF invests in distressed or impaired securities of emerging market sovereign and corporate borrowers and takes both a passive and proactive stance on restructuring these assets. TAF also invests in secured and unsecured debt of borrowers in emerging markets through Eurobonds, credit-linked notes or other debt products.

In accordance with its investment mandate TAF is permitted to exploit investment opportunities globally. To this end, TAF may also invest in Western European high yield debt and may seek to invest a small portion of its assets in listed or unlisted equity participations with a view to diversifying its portfolio and using its credit and country risk knowledge to enhance returns. Additionally, for cash management purposes, TAF invests in hard currency or instruments denominated in local currency issued by entities such as national governments or their agencies, banks and international development agencies, as well as shares of other corporate and financial institutions.

In June 2008, TAF was short-listed "Best Fixed Income Hedge Fund on a Risk Adjusted Basis" by Hedge Funds Review. In 2004, the Fund was voted "Best Performing Single Manager Fund on a Risk Adjusted Basis" over a three year period by Hedge Funds Review.

As at 30 June 2008, TAF had achieved annualised returns since inception, in October 2000, of 16.65 per cent. However, due to the very challenging recent trading environment, performance has suffered, with annualised returns since inception falling to 10.46 per cent as at 31 October 2008. As at 31 October 2008, TAF had net assets of US$226.5 million[1].

1 Based on estimated net asset value.

ii) Argo Global Special Situations Fund SP

Argo Global Special Situations Fund SP ("AGSSF") is a segregated portfolio of the Argo Capital Investors Fund SPC, an open-ended investment company incorporated in 2004 in the Cayman Islands.

AGSSF's investment objective is to achieve absolute returns by dealing in distressed securities and/ or taking advantage of special situations through a wide range of instruments including, but not limited to, bonds, loans, equities, convertible debt/equity, structured products and derivatives. Examples of special situations investment opportunities include providing funding to an entity suffering liquidity and/or capital constraints, taking advantage of arbitrage opportunities between an entity's equity securities and the price of its debt securities and/or the rate at which it can borrow, entering into a transaction to capitalise on changes such as increased regulation or deregulation resulting in greater consolidation in the sector in which an entity operates, and making an investment in an entity that is perceived to have significant unrealised underlying value.

AGSSF has greater flexibility with its use of instruments and products than TAF, allowing it to participate in more illiquid situations. In particular, AGSSF's investment remit allows for up to 50 per cent. of the portfolio to participate in equity positions, although historically the equity exposure has been lower.

In 2008, AGSSF was voted "Best Single Manager in Emerging Markets" by Hedge Fund Manager Week and short-listed by Hedge Funds Review for "Best Event Driven Hedge Fund on a Risk Adjusted Basis". For the last two consecutive years, AGSSF has been short-listed in the high yield, emerging markets and distressed debt categories by Eurohedge.

As at 30 June 2008, AGSSF had achieved annualised returns since inception, in August 2004, of 15.4 per cent. However, AGSSF, in common with many other investment funds, has suffered in recent months as the global financial turmoil has taken hold. As a result, annualised returns have fallen to 7.06 per cent. since the fund's inception. As at 31 October 2008, AGSSF had net assets of US$253.8 million[1].

iii) Argo Capital Partners Fund Limited

The Argo Capital Partners Fund Limited ("ACPF") is a closed-end exempted company incorporated in 2006 with limited liability in the Cayman Islands.

ACPF aims to capture special situations where a two to three year investment horizon is required. The fund's policy is to manage a portfolio of global instruments carrying equity risk and returns, including ordinary and preference stock, stock options, mezzanine loans with warrants, pay-in-kind notes and convertible debt, and shareholder loans. The fund's investment approach is to exploit sector-specific themes through private equity-style engagement and to acquire controlling or minority stakes with enhanced voting protections in companies. Investment opportunities may arise from partnerships with local entrepreneurs seeking growth capital or through the development and acquisition of businesses on a sector basis. ACPF seeks in particular to pursue the following investment themes: work-out of non-performing loans; securitisation of performing loans; real estate asset-backed transactions; debt equity swaps with active strategic and financial shareholder involvement; and traditional private equity. ACPF has completed its investment programme and is closed to new subscriptions.

The Directors envisage that Argo will establish further Argo private equity funds with substantially similar investment objectives in the future. As at 31 October 2008, ACPF had net assets of approximately US$100.6 million. The fund's unrealised IRR, as at 31 October 2008, is 22 per cent. gross.

iv) Argo Real Estate Opportunities Fund Limited

On 11 July 2007, North Asset Management's interest in the management contract of the North Real Estate Opportunities Fund Limited, a closed-end property investment company

1 Based on estimated net asset value.

incorporated in Guernsey and quoted on AIM since 2006, was acquired. The fund, now called Argo Real Estate Opportunities Fund Limited ("AREOF"), raised €100 million in August 2006 and has since substantially committed the proceeds to property investments in Romania, Ukraine and Moldova.

AREOF's investment objective is to provide investors with a high level of risk adjusted total returns derived principally from rental income growth and capital appreciation generated from the acquisition, development and active asset management of its property investments in its target markets. AREOF has a twin policy of (i) investing in property which is let to strong regional and international tenants and (ii) aiming to procure a significant portion of the total rental income prior to construction of its development projects by way of pre-letting. The fund aims in particular to allow investors to benefit from the uplift in value between a development project and a completed and income-producing investment property, without incurring the full level of traditional developmental letting risk.

AREOF has an initial planned life to 31 July 2013, but this is subject to extension by resolution at a general meeting of its shareholders. Since its inception NAV has increased from €96.1 million to €115.3 million as at 31 March 2008.

v) Argo Multi Strategy Fund Limited

On 15 September 2008, Argo launched the Argo Multi Strategy Fund Limited ("AMSF"), an exempted company incorporated in October 2007 in the Cayman Islands, with assets under management of US$13.5 million as at 31 October 2008.

AMSF is a diversified multi-asset class portfolio, whose remit is to invest substantially in the shares of TAF, AGSSF, AREOF and future Argo private equity funds. AMSF may also make investments in investment funds managed by other unaffiliated portfolio managers, and may make direct investments, either solely for its own account or by co-investing in investments made by the Argo Funds.

AMSF is designed to enable investors to participate in all of Argo's award winning funds as well as to capitalise on Argo's ideas through direct investments. It aims to offer investors reduced target volatility with above average returns. Using a multi strategy approach, the fund is designed to allocate and re-allocate capital swiftly, tactically and strategically.

Fund investor base

The Argo Funds have a broad investor base comprising private banks, funds of funds, high net worth individuals, family offices and other investors. No single investor holds more than 10 per cent. of Argo's AUM and the Directors are not aware of any geographical concentration of investors.

Fund management structure

Each of the Argo Funds (except AREOF) has appointed Argo Cyprus as its investment manager with full discretion, subject to the control of and review by the relevant fund's directors, to invest the assets of the fund in a manner consistent with its investment objective and policy, investment approach and investment restrictions. AREOF is managed by Argo Capital Management Property Limited.

Argo Cyprus has appointed Argo UK as its investment advisor to provide it with advice and recommendations as to the investment of the Funds' portfolios and may from time to time delegate to it the authority to make day-to-day investment decisions.

Investment process

Investments are evaluated following an appropriate due diligence exercise. Argo spends a great deal of time analysing, understanding and, where appropriate and relevant, meeting the companies and sovereign instruments in which it invests, together with the global credit and local business environments. Argo's business model is based on a consensus approach where investment professionals are expected to develop investment ideas working in groups and sharing their expertise. Argo's investment professionals have limits assigned to them by the Investment Committee across the range of investment products to encourage a sense of ownership of positions and to create a more flexible investment matrix. Investment above these pre-approved limits requires the agreement of at least two members of Argo's Investment Committee. The Investment Committee determines asset allocation and total exposures and can override individual investment professionals' positions. Ultimately, all trades must be authorised and confirmed by two directors of the investment manager.

The Investment Committee comprises Andreas Rialas, Kyriakos Rialas, Stephen Rothwell, Nathan Chua and Demetris Efstathiou.

AREOF undergoes a separate due diligence process which is broken down into five stages: project origination, initial executive committee, final executive committee review, investment committee and approval of an investment memorandum by the independent board.

5. Settlement and Risk Management

Argo applies risk control disciplines in managing its investment portfolio and uses hedging techniques to manage its net exposure to the market, as well as to cover specific sovereign and corporate risks to its investments. Such techniques may involve the use of credit default swaps or other derivatives. In addition, specific non-automatic portfolio stop losses may be put in place where appropriate to protect the value of the portfolio from sudden downward movements. Argo's in-house procedures and risk controls are overseen by the Chief Executive Officer, Kyriakos Rialas. All trades are confirmed by two directors of the investment manager.

Argo's policy is to endeavour to spread investment risk wherever possible. To this end Argo may, where appropriate, limit exposure to individual issuers, countries, counterparties and asset classes. Argo has no prime broker. Instead, it spreads its trades through a number of counterparties and deposits any cash in a number of banking institutions, whose financial strength it examines closely. Argo monitors daily market and price risk and measures the volatility of the individual assets in a fund and the correlations between assets and by region to manage overall fund volatility. Argo also performs stress analysis for different interest rate and credit spread and volatility scenarios. Daily NAV reports, detailing total exposures, are received by the CEO, Investment Committee members and senior investment professionals for review and discussion.

Argo also places great emphasis on liquidity controls. Procedures are in place to ensure that there is sufficient liquidity before a trade is executed and Argo's systems produce projected cash flow reports where assets are classed into liquidity categories.

Argo's adherence to risk management procedures reflects the overall philosophy and attitude of its senior management to risk. Management reviews and updates policies, procedures and controls regularly. In addition, Argo Cyprus has an internal audit function, which is outsourced to a firm of chartered accountants who report independently to CySEC. Argo UK retains an outside compliance advisory firm to perform regular compliance reviews. Reconciliation, trade monitoring and follow-up are performed out of Argo Cyprus, which retains settlement and accounting functions; investment professionals are only involved when necessary, ensuring a clear separation between the front and back office. Reconciliation between the trade blotter, the booking system, counterparty confirmations and custodian reports occur daily.

AREOF has a risk management policy where the key managers of the different areas have regular meetings and conference calls to discuss potential risks to the business. In addition to very active risk controls for aspects of the core real estate business (competition, market environment, currency, interest rate hedging, financing and property management among others), the fund managers perform regular controls for compliance with accounting, taxation and legal regulations in all the jurisdictions of operation.

Pricing of investments

NAV is determined by the fund administrators by deducting the value of the fund's liabilities (including accrued performance fees) from the value of the fund's assets. The administrator applies its global pricing policy to the fund's investments. Such valuations are driven by detailed pricing procedures included in the prospectus of the individual fund and are based on international accounting standards.

Argo's back office function maintains detailed books and records of fund transactions and accruals, which enables it to calculate a detailed NAV that serves as a check on the NAV calculated independently by the administrator. Fund NAVs are calculated and published monthly by the administrator of each fund.

AREOF keeps detailed records of all its assets. Regular property reports and valuation reports are performed by leading international property consultants. These valuations are incorporated in the financial accounts from which the fund's NAV is derived. AREOF NAVs are announced via a regulatory information service with the fund's results.

Subscriptions, redemptions and liquidity of underlying investments

TAF, AGSSF and AMSF are open-ended funds available for ongoing subscription and redemption. Requests for redemption in TAF, AGSSF and AMSF may be made on 30 days', 90 days' and 120 days' notice respectively. Both ACPF and AREOF are closed-end funds.

Liquidity in the underlying assets of TAF, AGSSF and AMSF is monitored closely. The fund managers seek to keep a substantial part of the fund assets in liquid investments, facilitating the funds' investment flexibility and the ability to meet redemptions if necessary. Additionally, the directors of TAF and AMSF have the right to impose a gate on redemptions of 10 per cent. of NAV per redemption period, while the directors of AGSSF have the right to impose a gate of 20 per cent.

6. Revenue Model

Argo's principal sources of revenue are the management and performance fees which it charges the Argo Funds. Management fees are calculated typically as a twelfth of 2 per cent. per month of the fund NAV (before deduction of that month's investment management fee and before making any deduction for accrued performance fees), except that AREOF pays one quarter of 2 per cent. of the proceeds of the original placing (and any subsequent placings) per quarter year. Performance fees are typically 20 per cent. of positive net increase in NAV of the fund from operations, excluding subscriptions and redemptions, before accrual of the monthly performance fee determined from the end of the last month as of which a performance fee was earned (the "high water mark") to the end of the month of determination. Argo charges TAF and AMSF a monthly performance fee subject, in the case of AMSF, to waiver in respect of that part of the fund's net asset value which comprises investments made directly in other Argo Funds (so as to avoid duplication of charges). Argo charges AGSSF an annual performance fee, payable in respect of each 12 month period ending 31 July in any year. Argo charges ACPF a performance fee of 20 per cent. of realised profits, which fee is increased to 30 per cent. if, at the end of the realisation period, the fund's internal rate of return is at least 20 per cent. Argo charges AREOF a performance fee of 20 per cent. of realised profits based on achieving a performance hurdle of at least 10 per cent.

7. Strategy

Argo's objective is to maximise growth in both assets under management and profitability. The following are intended to be key areas of focus:

Growing assets under management

Argo intends to grow assets under management by increasing the capacity in the Argo Funds and launching new funds, building upon Argo's track record and well-established brand name. The Directors intend to continue to innovate and deliver new products, notably within the emerging market sector in response to investor demand. Argo is considering launching a range of new funds in the future focusing on sovereign and corporate debt, relative value, foreign exchange and interest rates, as well as in the stressed and distressed credit space.

Capitalising on trading opportunities

Given Argo's track record in investing in distressed assets in its early years, both TAF and the AGSSF aim to take advantage of the growing number of distressed debt opportunities resulting from the current credit environment.

Attracting fund management talent

Underlying Argo's success has been its performance track record. The Group intends to maintain this momentum through hiring as necessary and retaining highly skilled, like-minded and motivated investment professionals. At the same time Argo intends to continue to build its infrastructure and fund management capability.

8. Sales and Marketing

Sales and marketing has been primarily conducted through select intermediaries and reverse enquiries. Since 2007, Argo has established a sales and marketing team to focus on direct sales. Argo has also entered into distribution agreements with a number of private banks and regional distributors.

9. Competition

Argo competes with the asset management businesses of a number of large international financial institutions and other asset managers with similar strategies, across all of its products. The key competitive factor is maintaining the quality of the investment staff and this remains a key focus area for the senior management and the Board.

10. Financial information on the Group

The following tables, which have been extracted without adjustment from the financial information set out in Part III of this document, summarise the trading record of the Group for the periods shown. Investors should read the whole of this document and should not just rely on the summary below.

Argo Capital Management (Cyprus) Limited

	12 months ended 31 December 2005 US$'000	*12 months ended 31 December 2006 US$'000*	*12 months ended 31 December 2007 US$'000*
Total operating income[1]	22,552.6	34,189.0	47,388.2
Operating profit[2]	236.3	130.3	9,126.6
Profit before tax	220.8	112.8	9,090.6

Argo Capital Management Limited

	12 months ended 31 December 2005 £'000	*12 months ended 31 December 2006 £'000*	*12 months ended 31 December 2007 £'000*
Turnover[2]	6,344.8	8,828.4	9,870.3
Operating profit	3,075.4	4,879.6	2,640.1
Profit before tax	3,098.4	4,904.9	2,751.7

Argo Capital Management (Asia) Pte. Ltd.

	16 months ended 31 December 2006 S$'000	*12 months ended 31 December 2007* S$'000
Revenue	1,166.1	992.6
Profit before tax	79.9	239.1

Argo Capital Management Property Limited

	6 months ended 31 December 2007 €000
Revenue	1,007
Operating profit (excluding exceptional costs)	368
Loss before tax	(9,711)

Argo Investor Services Limited

	2 months ended 31 December 2007 US$'000
Revenue	4,500
Profit before tax	4,454

Notes:

1. Until 31 December 2007, Argo Capital Management (Cyprus) Limited accrued for an estimate of the proportionate performance fee due in respect of AGSSF, the amount of which is ascertained as at 31 July each year. From 1 January 2008, any such fees will not be accrued. The fee paid by AGSSF in respect of the year ended 31 July 2008 was US$10.0 million.
2. After charges for investment advisory and brokerage fees. Investment advisory fees represent sums invoiced by Argo Capital Management Limited.

11. Current Trading and Prospects

The second half of 2008 has been characterised by very difficult market conditions. Alan Greenspan, former Chairman of the Federal Reserve, described the US credit squeeze as a "once-in-a-century" financial crisis. The turmoil in the markets has caused TAF's and AGSSF's net long position to translate into NAV losses for four months in a row to 31 October 2008. This was most notable in October 2008 when the NAV for TAF was down by an estimated 30.9 per cent. and the NAV for AGSSF was down by an estimated 19.7 per cent. Consequently, TAF's and AGSSF's performance for the year to 31 October has now turned substantially negative being, respectively, –35.0 per cent. and –21.9 per cent[1].

Whilst September was a poor month for the Argo Funds, they performed relatively well compared with other emerging markets hedge funds. In October, further significant deterioration in global markets precipitated a number of fund collapses in the industry and caused a substantial dislocation that continues to affect the Argo Funds. Apart from the negative investment returns, substantial redemptions in TAF and AGSSF are expected. Based on redemption requests received, the Directors believe that approximately 35 to 40 per cent. of TAF and AGSSF's AUM could be redeemed, with such redemption levels likely to impact the Argo Funds' performance and the Group's profitability. Whilst the Directors believe that the Argo Funds' prudent use of leverage has afforded a measure of protection in the recent periods of turmoil, the current illiquidity has caused bid-offer spreads to widen markedly, creating losses in the Argo Funds which may well be exacerbated should redemptions force the Argo Funds to sell assets at unattractive prices. Argo intends temporarily to defer redemptions in order to meet all outstanding redemption requests for TAF and/or AGSSF over two or three dealing dates. However, going forward the Directors believe that Argo, and other industry participants remaining, will be well placed to benefit and prosper in a less competitive space.

Recent events have led to increasing levels of governmental intervention and regulation, including extraordinary measures such as prohibiting shorting certain stocks whilst the credit default swap market has also come under criticism. These issues potentially affect the way Argo transacts its business but for the moment the main impact has been on the trading of financial equities, which are not a significant part of Argo's business. In emerging markets it has always been difficult to short individual stocks and, as a result, the strategy of the Funds is unlikely to

1 Based on estimated net asset values.

be affected by this prohibition. The regulators have not as yet turned their attention to shorting in the bond markets; any prohibition introduced here would be likely to affect Argo more than the current measures that have been taken.

During August 2008, AGSSF paid Argo a performance fee of US$10.0 million in respect of the year ended 31 July 2008.

12. Senior Management and Employees

Board of Directors

Michael Kloter *(Non-Executive Chairman, aged 40)*

Michael holds a law degree from the University of Geneva, Switzerland, and a lawyer's licence of the Canton of Zurich, Switzerland. After gaining professional experience as a clerk at the District Court in Zurich and experience in a business law practice in Zurich, Switzerland, he founded his own law firm in Zurich in 1995. Since then he has practised as a business lawyer and acts as director for a number of companies, including as non-executive director for mobilezone holding ag, Hansa Chemie International AG and Hansa Group AG.

Kyriakos Rialas *(Chief Executive Officer, aged 46)*

Kyriakos has 20 years of professional investment and managerial experience in the financial services sector. He has overall responsibility for risk management, legal, regulatory and general management of the Argo business. Prior to joining Argo, he was General Manager of Emporiki Bank in Cyprus from 1999 to 2003 where he managed a portfolio of syndicated loans worth US$1 billion. Kyriakos has also worked for the Treasury department of the Bank of Cyprus Group and London Forfaiting Cyprus where he was Finance Director, overseeing subsidiaries in India, Russia, Thailand and Hong Kong. Before that he worked for Capital Intelligence in bank analysis and rating for emerging markets. He has a degree in Engineering from the University of Cambridge and qualified as a Chartered Accountant with KPMG in London. He started his banking career in the fixed income division of S G Warburg & Co in London.

Andreas Rialas *(Chief Investment Officer, aged 41)*

Prior to founding Argo, Andreas worked for Deutsche Bank for three years where he was involved in emerging markets proprietary trading and trade finance specialist products. Before that, he was at London Forfaiting (Asia) Ltd as Head of Secondary Debt Trading in emerging markets. Andreas has travelled extensively in both Eastern and Western Europe visiting and cultivating relationships with banks. He originated and syndicated many pioneering syndicated loan and trade finance transactions for Eastern European borrowers in the Baltic States, Bulgaria, the Czech Republic, Croatia, Kazakhstan, Macedonia, Romania, Russia, Slovakia and Ukraine. In his role as Head of Secondary Debt Trading at London Forfaiting, he developed extensive knowledge of the Asian Debt Markets and was responsible for the secondary trading in Europe of primary assets originated by the Hong Kong subsidiary of London Forfaiting (Asia) Ltd. He studied Law at the University of London, graduating in 1991 and subsequently trained to be an English Barrister specialising in banking law qualifying in 1993.

David Fisher *(Non-Executive Director, aged 60)*

David Fisher is Chairman of the Investment Committee of Innova Capital, one of Central Europe's leading private equity firms; of EnerCap Partners, a new renewable energy fund in Central Europe; and of Da Vinci CIS Private Sector Growth Fund Limited. He has over 30 years of experience in business, finance and law. As a Partner at Innova and as the Chief Investment Officer for CARESBAC-Polska and the Romanian-American Enterprise Fund, David has made and managed more than 30 private equity investments in Central & Eastern Europe in the last 15 years. Formerly, he was Group Vice President and General Counsel of Communications Equity Associates, a worldwide media, entertainment and communications merchant bank. He is a Chartered Director with the Institute of Directors and holds a Diploma in International Commercial Arbitration from the Chartered Institute of Arbitrators. David holds degrees from

Davidson College (BA), Vanderbilt Law School (JD) and Harvard Business School (MBA). He is an American who has lived and worked in Europe for more than 15 years.

Kenneth Watterson *(Non-Executive Director, aged 56)*

Kenneth has 22 years of experience within the financial services industry. His specific areas of expertise include compliance and risk management, operations and change management. Kenneth holds a Master's degree from the University of St. Andrews and a Master's degree from London Guildhall University in Financial Regulation & Compliance Management, specialising in Corporate Governance. He has board experience within a number of UK, Isle of Man and Channel Islands companies.

Senior staff members

Stephen Rothwell *(Investment Professional, aged 49*

Stephen has extensive experience trading in emerging markets. He was a former Managing Director of Dresdner Kleinwort where he ran the emerging markets illiquid debt business and, more recently, the distressed debt & special situations trading desk. Before joining Dresdner in 2000, Stephen spent fifteen years in sovereign and credit research with London Forfaiting, a listed company which arranges and provides finance to emerging market borrowers.

Nathan Chua *(Investment Professional, aged 42)*

Nathan was most recently Senior Portfolio Manager at ABN Amro Asset Management responsible for asset allocation and portfolio construction across asset classes. Between 2000 and 2003, he worked for Merrill Lynch in Singapore where he headed up their regional fixed income sales and trading desk for the Asia (ex-Japan) region with responsibility for bond and currency trading across regional emerging fixed income markets. Between 1996 and 2000, Nathan was a proprietary trader in fixed income for Citibank N.A. and before that he spent six years working for JP Morgan Chase in New York as a credit analyst. Nathan holds an MBA from the University of Michigan. He is also a qualified Chartered Financial Analyst.

Demetris Efstathiou (*Investment Professional, aged 38***)**

Demetris joined Argo from Morgan Stanley where he spent nearly five years on the emerging markets proprietary trading desk, where he was responsible for trading emerging market debt, foreign exchange and interest rates. He previously spent eight years at London Forfaiting, originating and trading a variety of debt transactions. He also served for one year as Managing Director of their Hong Kong office. He has an MBA from London Business School and an Engineering degree from Imperial College, London.

Magnus Lofgren *(Fund Manager, Real Estate Investments, aged 35)*

Prior to joining Argo Capital Management Property Limited, Magnus was responsible for European investments at Resolution Property for six years. Resolution Property is a leading private property investment company with equity of €332m, focusing on value added property that offers scope for value enhancement through active management. Most recently, Magnus served as an investment director on the main board, where he closed transactions with an asset value in excess of over €700m and secured financing in excess of €1 billion. Prior to this, Magnus worked with Skanska Central Europe, focusing on the development project financing (and subsequent disposals) of large scale hotels and mixed use office / retail schemes in Poland. Magnus has a Master's in Finance course from City University Business School and holds a Master's in Mathematics and Real Estate from the Royal Institute of Technology in Stockholm.

Robert Provine (*Fund Manager, Real Estate Investments, 37***)**

Before joining Argo Capital Management Property Limited, Robert was a director of a leading privately owned private equity and property development group with retail, hotel and residential property investments of over €1 billion in the US, UK and Central and Eastern Europe. Robert was involved in all aspects of the business including originating, structuring and financing property transactions for the group. Prior to this, Robert was a Director of Consensus, a Rotch Property Group Company with assets in excess of €4 billion, where he focused on the creation and implementation of structured financial products for owner-occupiers including credit-driven sales and leasebacks and a proprietary trade finance program. Prior to Rotch, Robert spent four years at Citibank in New York where he worked on the Mortgage Backed Securities trading desk with a product focus on agency pass-throughs and Collateralised Mortgage Obligations. Robert holds a Joint Master's Degree in Computer Science and Business Administration from New York University and a Bachelor's degree in Finance from the University of North Carolina, Chapel Hill.

Other senior managers

Jeremy Bradshaw (*General Counsel, aged 41*)

Prior to joining Argo, Jeremy was General Counsel at the Royal Bank of Canada Global Private Bank specialising in credit and structured products and Head of Legal of the London office of Banco Santander. He has also worked at Bank of America and SJ Berwin. He holds a BSc in Economics and an MSc in European Studies from the London School of Economics.

Rikos Leong-Son (*Head of Sales & Marketing, aged 33*)

Rikos has over 10 years of experience in sales and marketing at a senior level. Prior to joining Argo Investor Services, Rikos was a marketing consultant to a number of alternative investment companies, assisting them in formulating their marketing strategies, materials, and asset raising initiatives. Prior to that, he was Sales and Marketing Director at Fundsdirect PLC (owned by Prudential PLC & Egg PLC). He has also worked for pension fund specialist, IPS Capital Management PLC and ISIS PLC (now F&C), where he was responsible for the investment commentary in their retail funds and institutional market reports. Rikos holds a BSc in Accounting and Finance from the London School of Economics.

Loucas Demetriou (*Head of Operations, aged 33*)

Loucas has responsibility for the operations function at Argo. Prior to joining the Company in December 2001, he was a broker and analyst with Citi Principal Investments Ltd. Before that he was at Coopers & Lybrand where he worked closely with the risk management division of Renaissance Capital. Loucas has a Master's degree from the University of Manchester and studied Economics at the Economics School of Athens.

Sophocles Sophocleous (*Head of Research & Financial Risk Modelling, aged 33*)

Sophocles is responsible for coordinating all research at Argo. He is also responsible for developing Argo's proprietary sovereign risk models. Prior to joining the Company in 2002, he was Head of Research at CNH Capital Markets in Nicosia, where he specialised in the Cypriot equity and debt markets. Before that, he worked as an M&A analyst at Equity Securities in Minneapolis, US. Sophocles has a BA in Economics and Finance from the University of Illinois in the US. He is also a CFA Charterholder.

Helen Soteriou (*Head of Finance, aged 42*)

Helen joined the Argo business in April 2008. Her responsibilities include development and management of the Group's finance operations. Prior to this she held financial reporting and control roles covering all aspects of operational and financial management including over two years as a Finance Director of GS1 UK, a bar coding company based in London, where her responsibilities included reporting to the Board of Directors and the members. Helen also worked in practice for twelve years managing the audit and tax affairs of a portfolio of clients. Helen has a BA (Hons) degree in Accountancy and qualified as a Chartered Accountant in 1991.

Employees

At the date of this document, the Group has 39 employees.

The table below shows the geographical breakdown of employees by their main activity.

Country	**Total no. of employees**	**Management**	**Investment professionals**	**Sales**	**Operations, compliance and risk management**	**Administration**
Cyprus	8	1	3	1	3	0
UK	13	1	6	0	1	5
Other	18	0	7	4	2	5

13. Corporate Governance

The Directors recognise the importance of sound corporate governance and intend to comply with the Corporate Governance Guidelines, to the extent appropriate for a company of its nature and size.

The Corporate Governance Guidelines were devised by the Quoted Companies Alliance ("QCA"), in consultation with a number of significant institutional small company investors, as an alternative corporate governance code applicable to AIM companies. An alternative code was proposed because the QCA considered the Combined Code to be inappropriate to many AIM companies. The Corporate Governance Guidelines state that, "The purpose of good corporate governance is to ensure that the company is managed in an efficient, effective and entrepreneurial manner for the benefit of all shareholders over the longer term."

The Board will meet at least quarterly to review the Group's strategy and oversee the Group's progress towards its goals. The Board has established audit and remuneration committees, further details of which are set out below. Given the compact size of the Board, the Directors do not believe that there is a requirement to form a nomination committee.

Audit committee

The Board has established an audit committee with formally delegated duties and responsibilities. The audit committee will be chaired by Kenneth Watterson and its other members are Michael Kloter and David Fisher. The audit committee will meet at least twice a year and will be responsible for ensuring that the financial performance of the Company is properly reported on and monitored, including reviews of the annual and interim accounts, results announcements, internal control systems and procedures and accounting policies.

Remuneration committee

The remuneration committee is chaired by Michael Kloter and its other member is Kenneth Watterson. It is expected to meet not less than two times a year. Executive Directors may attend meetings at the Committee's invitation and may participate in decisions not relating to the remuneration of the Executive Directors. It is expected that Kyriakos Rialas will be invited to participate in discussions relating to the remuneration of senior executives.

The remuneration committee has responsibility for determining, within agreed terms of reference, the Group's policy on the remuneration of senior executives and specific remuneration packages for Executive Directors and, exceptionally, other senior management, including pension rights and compensation payments. It is also responsible for making recommendations for grants of options under the Share Option Plan.

The remuneration of non-executive Directors is a matter for the board. No Director may be involved in any discussions as to his own remuneration.

14. Reasons for Admission

The Directors believe that Admission to AIM will create a long-term focused platform which will assist the Group in recruiting and retaining senior managers and key employees through appropriate equity based incentivisation. Admission also provides potential access to the public equity markets as a source of funding for growth. As stated at the time of the demerger, it was always the intention that the Ordinary Shares should be admitted to trading on AIM, in order to allow Shareholders the greater liquidity that a publicly quoted company's securities enjoy.

15. Dividend Policy

As at 30 September 2008, the Group had an aggregate cash balance of US$23.6 million. The Directors intend to keep this cash balance under review in the light of Argo's capital requirements and the underlying growth of the business. In the absence of alternative uses for these funds, the Directors will consider whether it is appropriate to return some or the majority of this cash to Shareholders by way of special dividend.

The Directors intend to adopt a dividend policy which balances the profitability of the Group during the period in question with the longer-term cash requirements of the business. The Directors will consider the recommendation of dividend payments following determination and approval of the Company's results and it is likely that these will be weighted towards the second half of each financial year. The first such dividend to be considered will be an interim dividend in respect of the six months ending 30 June 2009.

Under the IOM Act, dividends may be declared if the Directors are satisfied, on reasonable grounds, that the Company will, immediately after the payment of the dividend in question, satisfy the solvency test referred to in section 49 of the IOM Act. The solvency test is satisfied if the Company is able to pay its debts as they become due in the ordinary course of its business and the value of the Company's assets exceeds the value of its liabilities.

16. Share Dealing Code

The Company has adopted, with effect from Admission, a share dealing code for the Directors and certain employees, which is appropriate for a company whose shares are admitted to trading on AIM.

17. Share Incentive Arrangements

The Share Option Plan was adopted by the Company on 28 October 2008. The Directors recognise the role of the employees in contributing to the overall success of the Group and the importance of the Group's ability to incentivise and motivate those employees. Therefore, the Directors believe that employees should be given the opportunity to participate and take a financial interest in the success of the Company. On Admission, the Share Option Plan will be administered by the remuneration committee of the Board.

As at the date of this document, no options have been granted under the Share Option Plan. It is intended that the Company will grant options over Ordinary Shares following Admission. Further details of the Share Option Plan are set out in paragraph 8 of Part IV of this document.

18. Application of The City Code on Takeovers and Mergers

Having sought the advice of the Panel, the Company confirms that, based on current circumstances, it is not subject to the City Code. On any change of circumstances, such as the place of central management being deemed to have moved from outside the UK to inside the UK, the City Code may become applicable.

19. Admission, Settlement and Dealings

Application has been made to the London Stock Exchange for the Ordinary Shares to be admitted to trading on AIM. It is expected that Admission will become effective and that dealings in Ordinary Shares will commence on 18 November 2008.

The Articles permit the Company to issue Ordinary Shares in uncertificated form in accordance with the CREST Regulations. CREST is a computerised share transfer and settlement system. The system allows shares and other securities to be held in electronic form rather than paper form, although a shareholder can continue dealing based on share certificates and notarial deeds of transfer. For private investors who do not trade frequently, this latter course is likely to be more cost-effective.

For more information concerning CREST, Shareholders should contact their brokers or Euroclear UK & Ireland Limited at 33 Cannon Street, London EC4M 5SB.

The ISIN number of the Ordinary Shares is IM00B2RDSS92.

20. Taxation

Further information regarding taxation in the United Kingdom and the Isle of Man is set out in paragraphs 13 and 14 of Part IV of this document. If you are in any doubt as to your tax position, you should contact your professional adviser immediately.

21. Further Information

Your attention is drawn to Parts II, III and IV of this document which provide additional information on the Group and the markets in which it operates.

PART II

RISK FACTORS

Any investment in the Ordinary Shares is subject to a number of risks. Before making any investment decision, prospective investors should carefully consider the factors and risks attaching to an investment in the Ordinary Shares together with all other information contained in this document including, in particular, the risk factors described below. The information below does not purport to be exhaustive because additional risks and uncertainties not presently known to the Group, or that the Group currently deems immaterial, may also have an adverse effect on its business. Investors should consider carefully whether an investment in the Ordinary Shares is suitable for them in light of the information in this document and their personal circumstances.

Risks relating to the business

Poor investment performance in funds managed by Argo would reduce the management and performance fees received by Argo and could reduce AUM

Argo's revenues are predominantly derived from (i) management fees in respect of the total funds under management, and (ii) performance fees payable on the achievement of certain criteria. The management fee is typically calculated as a percentage of the market value of the AUM, and the performance fee is structured as a percentage of the gains in the fund over a certain specified time period.

Poor investment performance in one or more of the Argo Funds could cause investors to withdraw assets and therefore reduce the management fees that Argo earns. In addition, performance fees are typically payable only if certain pre-arranged targets are met. Such targets include, in certain circumstances, the requirement to make up any previous under-performance before performance fees become payable. Consequently, poor performance by a fund would reduce the performance fee income that Argo receives. A decline in the value of AUM would also be likely to affect Argo's ability to market new funds and products to investors, as such marketing may be based upon the value or performance of assets under Argo's management.

Poor investment performance by any of the Argo Funds could have a material adverse effect on Argo's business, results of operations or financial condition.

There can be no assurance that the growth Argo has experienced since inception will continue. Further implementation of Argo's growth strategy may lead to increased costs and lower profitability

Because Argo's income is derived in part from management fees calculated by reference to AUM in the Argo Funds, Argo's revenues are linked to Argo's AUM. There can be no assurance that Argo will be able to grow its business either as a result of geographic expansion, product expansion or otherwise, or to maintain its performance, at historical levels or at currently anticipated levels. Argo's growth strategy may lead to increased costs which impact profitability. Failure by Argo to continue to grow its revenues (whether or not as a result of a failure to increase AUM), expand its business or control its cost base could have a material adverse effect on Argo's business, results of operations or financial condition.

Argo is dependent on the continued services of certain individuals for the growth and success of the business. The loss of key personnel could have a material adverse effect on Argo's business, results of operations or financial condition

Argo is dependent on the continued services of its senior management team, including the Chief Executive Officer, the Chief Investment Officer and key portfolio management personnel for its future success. The loss of any member of senior management may have a significant adverse effect on Argo's business, results of operations or financial condition and may lead to outflows from AUM, which may be material. The Chief Executive Officer and Chief Investment Officer together hold 31.7 per cent. of the issued share capital of the Company, of which they are free to dispose.

The market for experienced asset management professionals is extremely competitive and is increasingly characterised by frequent movement of employees among firms. Due to the competitive market for asset management professionals and the success achieved by some of Argo's employees, the costs to attract and retain key employees are significant and will likely increase over time. In particular, if Argo loses any of its senior management, there is a risk that it may also experience outflows from AUM or fail to win new business. As a result, the inability to attract or retain the necessary highly-skilled senior managers could have a material adverse effect on Argo's business, results of operations, financial condition or prospects.

The Argo Funds are subject to inherent risks involved in investments in emerging markets and other markets

The markets in which the Argo Funds invest are directly affected by many national and international factors that are beyond Argo's control. Any one of the following factors, among others, may cause a substantial decline in the price of and returns from investments in emerging markets and other markets: legislative, regulatory and taxation changes; economic and political conditions; corruption; concerns about terrorism and war; the level, liquidity and volatility of equity, credit, property and commodity markets; the level and volatility of interest rates and foreign currency exchange rates; concerns over inflation; the imposition of currency controls; and changes in institutional and consumer confidence levels. In recent years, the emerging and other markets have been materially adversely affected by certain of the factors mentioned above. The impact of any such events could have a material adverse effect on the Argo Funds and therefore on Argo's business, results of operations, financial condition or prospects.

Certain of Argo's Directors and employees will retain a significant interest in Argo and may be in a position to exert significant influence over the outcome of matters relating to Argo's business

Following Admission, certain of the Directors and employees of Argo and their related interests will collectively own 32.9 per cent. of the share capital of Argo. Accordingly, these shareholders may be in a position to exert significant influence over the outcome of matters relating to Argo. The interests of these shareholders may be different from the interests of Argo or Argo's other shareholders. In addition, this control may have the effect of making certain transactions more difficult without the support of these shareholders and may have the effect of delaying or preventing an acquisition or other change in control of Argo.

Introducer contracts

Institutional and individual clients can terminate their relationships with Argo, reduce the aggregate amount of AUM, or shift their funds to other types of accounts with different fee rate structures for any number of reasons, including changes in prevailing interest rates, changes in investment preferences of clients, changes in Argo's reputation in the marketplace, changes in management or control of clients or third party distributors with whom Argo has relationships and loss of key investment management personnel. If a material number of Argo's investor introducer agreements were terminated for any reason, a significant proportion of revenue would be lost, which would have a material adverse effect on Argo's business, results of operations or financial condition. The Directors believe that a limited amount of Argo's AUM is currently subject to introducer contracts risk.

Fluctuations in currency exchange rates could materially affect Argo's business

Argo uses Dollars as its reporting currency. While the majority of Argo's revenues are derived in Dollars, the majority of the expenses incurred by Argo are in Euro and Sterling. As a result, Argo's business is subject to the effects of exchange rate fluctuations with respect to any currency conversions and Argo's ability to hedge these risks and the cost of such hedging or its decision not to hedge could impact the performance of the operations.

The Argo Funds are subject to counterparty risk

The Argo Funds have counterparty risk with regard to the instruments which they may trade and hold. In the event of the insolvency of any counterparty or of any broker or custodian through which portfolio managers trade for the account of the Argo Funds, the Argo Funds may only rank as unsecured creditors in respect of sums due to them on the margin accounts or otherwise and any losses will be borne by the Argo Funds. Furthermore, the return of any collateral held by a counterparty may be delayed or suffer diminution in value causing losses to the Argo Funds. Such events could have a material adverse effect on Argo's business, results of operations or financial condition. In particular Argo frequently trades in loans in some of its funds, either on a sub-participation or assignment basis. Consequently Argo is subject to risk of default of their obligations by the lending institutions which provide its funds with sub-participations in the loans and by the ultimate debtor in relation to each loan, which could have a material adverse effect on Argo's business, results of operations or financial condition.

The compensation structure under the investment advisory agreements entered into with the Argo Funds may encourage high risk investments

Under the investment advisory agreements entered into with the Argo Funds, the Group is entitled to a performance fee calculated on the cumulative rate of return of the investments to the extent they exceed agreed thresholds as described in paragraph 6 of Part I of this document. The way in which the fees are structured may provide an incentive for Argo to pursue riskier opportunities which may offer higher projected returns in order to seek to earn a performance fee or increase the performance fee payable. Accordingly, the Argo Funds may be exposed to greater risk in their investment portfolio. In an effort to counter balance this risk Argo has put in place the investment processes and risk management arrangements described in Part I of this document.

Damage to Argo's reputation, including as a result of employee misconduct, failure to manage inside information, fraud or failure to manage conflicts of interest, could have a material adverse effect on Argo's business, results of operations or financial condition

Argo's reputation is one of its most important assets. Its relationships with institutional investors and other significant market participants are very important to its business. Any deterioration in the opinion of Argo held by one or more of these market participants could lead to a loss of business or a failure to win new fund mandates. For example, Argo is exposed to the risk that litigation, regulatory action, misconduct, operational failures, negative publicity or press speculation, whether valid or not, could harm its reputation. Factors which could adversely affect Argo's reputation include but are not limited to:

- *Fraud, misconduct or improper practice by any of Argo's employees, including non-adherence by a portfolio manager to the investment guidelines applicable to each Fund:* such actions can be particularly detrimental in the provision of financial services and could involve, for example, fraudulent transactions entered into for a client's account, diversion of funds, the intentional or inadvertent release of confidential information or failure to follow internal procedures. Such actions could expose Argo to financial losses resulting from the need to reimburse customers or other business partners or as a result of fines or other regulatory sanctions, and may also significantly damage Argo's reputation.
- *Failure to manage inside information:* Argo frequently trades in loans in some of its Funds, either on a sub-participation or assignment basis. As part of negotiation in trading in such loans, Argo may receive inside information in relation to certain debtors. If Argo does not sufficiently control the use of this inside information or any other inside information it receives, Argo and/or its employees could be subject to investigation and criminal or civil liability and reputational damage.
- *Future disputes and/or claims:* The Directors are not currently aware of or contemplating any material disputes or claims which could impact on Argo or its business but there is a possibility that Argo could become involved in disputes and/or claims, either in relation to its own business or arising out of its historic connection with Absolute Capital, in the future.

Involvement in any future disputes and/or claims could involve Argo in costs and expenses and management time in dealing with them and could divert management's attention from the day-to-day management of the business.

- *Failure to manage conflicts of interest:* as Argo has expanded the scope of its business and client base, it is increasingly exposed to potential conflicts of interest. If Argo fails, or appears to fail, to deal appropriately with conflicts of interest, it could face significant damage to its reputation, litigation or regulatory proceedings or penalties.

Damage to Argo's reputation as a result of these or other factors could have a material adverse effect on its business, results or operations or financial condition.

If Argo's business operations or systems are damaged or disrupted, and disaster recovery plans are found to be inadequate, its business, results of operations or financial condition could be materially adversely affected

Argo's business operations, information systems and processes are vulnerable to damage or interruption from fires, floods, power loss, telecommunication failures, bomb threats, explosions or other forms of terrorist activity and other natural and man-made disasters. These systems may also be subject to sabotage, vandalism, theft and similar misconduct. In particular, Argo's computer systems, software and networks may be vulnerable to unauthorised access, computer viruses or other malicious codes, and other events that have a security impact. Third-party providers upon which Argo depends may also be subject to similar vulnerability. If any of Argo's financial, accounting or other data processing systems do not operate properly or are disabled or if there are other shortcomings or failures in Argo's internal processes, people or systems, Argo could suffer financial loss, disruption of or to its businesses, liability to clients, regulatory problems or damage to its reputation.

If Argo's disaster recovery plans and business continuity plans in place are found to be inadequate, any interruptions in Argo's business or failure to keep current and accurate books and records could render Argo liable to disciplinary action by governmental and regulatory authorities, as well as to claims by its clients. Argo may also be required to spend significant additional resources to modify its protective measures or to investigate and remedy vulnerabilities or other exposures. Such liability or additional costs could have a material adverse effect on Argo's business, results of operations or financial condition.

Interruption to or deterioration in the performance of services provided by third parties could have a material adverse effect on Argo's business, results of operations or financial condition

Argo relies upon third party service providers for certain aspects of its business, including financial information from Bloomberg, IT support, and compliance support. Any interruption to or deterioration in the performance of services provided by these or to other third parties could impair the quality of Argo's services and could have a material adverse effect on Argo's business, results of operations or financial condition.

Risks Relating to the Industry

Industry fee structure

The hedge fund industry has suffered large losses in 2008. Whilst fees charged to hedge funds vary, much of the industry charges an annual management fee of two per cent. and a performance fee of 20 per cent. This fee structure may come under pressure from investors, particularly for those funds whose performance has been poor. In future, fund managers may seek to impose longer lock-ups on investors, usually in return for a lower management and/or performance fee and the industry may see greater use of clawbacks, where fees paid for past performance can be returned to investors if a fund subsequently suffers losses. A lower fee structure will have an adverse effect on the Company's business and operations, which could be material.

Argo operates in a regulated industry and may be subject to regulatory investigation or enforcement action or a change in regulation in the jurisdictions in which it operates

Argo's business is subject to regulation by various regulatory authorities that are charged with protecting the interests of its customers. Argo's activities are regulated primarily by the FSA in the UK and CySEC in Cyprus and may also be subject to regulation in various other jurisdictions. These regulators have broad regulatory powers dealing with all aspects of financial services including, among other things, the authority to make enquiries of companies regarding compliance with applicable regulations, to grant – and in specific circumstances to vary or cancel – permissions and to regulate marketing and sales practices, advertising and the maintenance of adequate financial resources. Argo is also subject to applicable anti-money laundering regulations and net capital requirements in the jurisdictions in which it operates.

In addition, the regulatory environment in which Argo operates frequently changes and has seen significant increased regulation in recent years. Argo may be materially adversely affected as a result of new or revised legislation or regulations or by changes in the interpretation or enforcement of existing laws.

As a result of regulatory actions, increased litigation in the financial services industry or other reasons, Argo could be subject to civil liability or sanctions (including revocation of Group companies' or employees' licences), censures, fines, or temporary suspension or permanent bar from conducting business. Regulatory proceedings could also result in adverse publicity or negative perceptions regarding Argo and divert management's attention from the day-to-day management of the business. Any regulatory investigations, proceedings, consequent liability or sanction could have a material adverse effect on Argo's business, results of operations, financial condition or prospects.

Liquidity of assets

Hedge funds accept subscriptions and suffer redemptions in the ordinary course of business. Whilst the liquidity of assets held by Argo's open-end funds is carefully and constantly monitored, an unusually large volume of redemption requests in a hedge fund can require the fund to sell assets which, in an illiquid market, can adversely affect the prices at which sales of assets can be achieved. This poor performance, in turn, can lead to further redemption requests which will exacerbate the problem. In an extreme case, such sales may not be achievable at all within the period envisaged by redemption requests. Such a scenario may have a material adverse effect on the reputation, financial position and prospects of a hedge fund manager.

Argo operates in a highly competitive industry. If Argo is unable to compete effectively with its competitors, its business, financial condition or results of operations could be materially adversely affected

The investment management industry in which Argo is engaged is extremely competitive. Competition includes numerous national, regional and local asset management firms and broker-dealers, commercial bank and thrift institutions, and other financial institutions. Many of these organisations offer products and services that are similar to, or compete with, those offered by Argo, have substantially more personnel and greater financial resources than Argo and, unlike Argo, have proprietary access to distribution channels. Argo's key areas for competition include historical investment performance, ability to source investment opportunities, ability to attract and retain the best investment professionals, quality of service, the level of fees and its stated investment strategy. Argo also competes for investment funds with banks, insurance companies and investment companies. Argo's ability to compete may be adversely affected if it underperforms in comparison to relevant benchmarks or peer groups.

The competitive market environment may result in increased pressure on margins (e.g. by the provision of management fee rebates). Argo's profit margins and earnings are dependent in part on its ability to maintain current fee levels for the products and services that Argo offers. Competition within the asset management industry could lead to pressure on Argo to reduce the fees that it charges its clients for products and services. A failure to compete effectively in this environment may result in the loss of existing clients and business and of opportunities to capture new business, each of which could have a material adverse effect on Argo's business, results of operations or financial condition.

General economic risks could have a material adverse effect on Argo's business, results of operations or financial condition

Both UK and world economic conditions may affect the performance of the Group and the Argo Funds. Factors such as inflation, liquidity, currency fluctuation, interest rates, recession, supply and demand of capital and industrial disruption or unemployment have an impact on business costs, future operations, earnings and stock market prices and the amount of AUM in the Argo Funds. Argo's operations, business and profitability could be affected by these and other economic and political factors, which are beyond the control of the Company.

Changes in taxation law, the interpretation of existing tax laws and amendments to existing tax rates could adversely affect Argo's business

Changes in taxation legislation can affect investment behaviour, making investment generally, and specific kinds of investment products in particular, either more or less appealing. Argo cannot predict the impact of future changes to tax legislation on its business nor can it predict the impact of future changes made to tax law on the attractiveness of its investment offerings. Amendments to existing legislation (particularly if there is a withdrawal of any tax relief, an increase in tax rates or an introduction of withholding taxes) or the introduction of new rules may impact upon the decisions of either existing or potential clients. Changes from time to time in the interpretation of existing tax laws, amendments to existing tax rates, or the introduction of new tax legislation could have a material adverse effect on Argo's business, results of operations or financial condition.

Any change in the Company's tax status or in taxation legislation in any of the countries in which the Company operates, or is deemed to operate, could affect the Company's ability to provide returns to Shareholders. Statements in this document concerning the taxation of investors in Ordinary Shares are subject to change. The taxation of an investment in the Company depends on the individual circumstances of investors.

General risks

The Company is exposed to general risks relating to AIM

The Ordinary Shares will be admitted to trading on AIM and the Company does not intend to make an application for admission of the Ordinary Shares to be traded on the Official List. An investment in securities that are traded on AIM carries a higher risk than an investment in securities listed on the Official List. The Company cannot assure prospective investors that admission to AIM will provide a liquid market for the Ordinary Shares. 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 rules of AIM are less demanding than those of the Official List. Share price volatility and liquidity may affect the performance of investments in the Ordinary Shares. The share price of publicly traded companies can be highly volatile. The market price of the Ordinary Shares may not reflect the underlying value of the assets of the Company. The price at which the Ordinary Shares will be quoted and the price at which investors may trade their Ordinary Shares will be influenced by a large number of factors, some specific to the Company and its operations and some which may affect quoted companies generally. Such factors could include large purchases or sales of the shares, currency fluctuations, legislative changes and general economic conditions.

The availability of Ordinary Shares for future sale could depress the share price

A sale of a substantial number of Ordinary Shares, or the perception that such sales could occur, could have a material adverse affect on the market price of the Ordinary Shares and could also impede Argo's ability to raise capital through an issue of equity securities in the future. Argo may also issue further Ordinary Shares, or create further options over Ordinary Shares, as part of its employee remuneration policy, which could in aggregate create a substantial dilution in the value of Ordinary Shares and the proportion of Argo's share capital in which investors are interested.

The level of dividends payable to shareholders may fluctuate and Argo cannot guarantee that dividends will be declared in the future

Argo's results could fluctuate and its ability to pay dividends is dependent on, inter alia, its achieving sufficient profits. Argo might not pay dividends if the Directors believe this would cause Argo to be less than adequately capitalised or that there are otherwise insufficient distributable reserves. Future dividends will depend on, among other things, Argo's future profits, financial position, legal and regulatory capital requirements, working capital requirements, general economic conditions and other factors that the Directors deem to be significant from time to time.

Shareholders may not be able to enforce a judgment of a foreign court against the Company

The Company is incorporated as a company limited by shares under the laws of the Isle of Man. Only one of the Directors is a resident of the United Kingdom and a substantial portion of the assets of the Company and most of the Directors are located outside the United Kingdom. As a result, it may not be possible for shareholders to effect service of process upon the Company, or such persons in the United Kingdom, or to enforce judgments obtained in the United Kingdom against such parties or against any assets located in the United Kingdom.

Isle of Man company law

As a company incorporated in the Isle of Man, the Company is subject to Isle of Man company law. A summary of certain aspects of Isle of Man company law is set out paragraph 3 of Part IV of this document. The IOM Act and Isle of Man company law may not afford investors the same protections as a company incorporated in England and Wales. For example as at the date of this document there are no pre-emption rights for existing shareholders on the issue of further Ordinary Shares. The Board intends that certain protections will be put in place at the next Annual General Meeting of the Company, details of which are set out in paragraph 6 of Part IV of this document.

City Code on Takeovers and Mergers

It is currently understood that the City Code will not apply to the Company as its place of central management and control is not in the UK, the Isle of Man or the Channel Islands. Under the current circumstances Shareholders will not therefore receive the benefit of the City Code's protections and it is therefore possible that an offeror may gain control of the Company in circumstances where the non-selling shareholders do not receive, or are not given the opportunity to receive, the benefit of any control premium paid to the selling shareholder(s).

Forward-looking statements

Certain statements contained in this document may constitute forward-looking statements. Such statements include, amongst other things, statements regarding the Company's or management's beliefs, expectations, estimations, plans, anticipations and similar statements. Any such forward-looking statements involve risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Company, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. These forward-looking statements speak only as of the date of this document and there can be no assurance that the results and events contemplated by such forward-looking statements will, in fact, occur. The Company and the Directors expressly disclaim any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein, or to reflect any change in the Company's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based, save as required to comply with any legal or regulatory obligations (including the AIM Rules).

PART III

FINANCIAL INFORMATION ON THE GROUP

CONTENTS

A Accountant's report on the financial information on Argo Group Limited to 30 June 2008

B Financial Information on Argo Group Limited to 30 June 2008

C (i) Report and financial statements for Argo Capital Management (Cyprus) Ltd for the 12 months to 31 December 2007

(ii) Report and financial statements for Argonaftis Capital Management (Overseas) Ltd for the 12 months to 31 December 2006

(iii) Report and financial statements for Argonaftis Capital Management (Overseas) Ltd for the 12 months to 31 December 2005

(iv) Report and financial statements for Argo Capital Management Limited for the 12 months to 31 December 2007

(v) Report and financial statements for Argo Capital Management Limited for the 12 months to 31 December 2006

(vi) Report and financial statements for Argo Capital Management Limited for the 12 months to 31 December 2005

(vii) Report and financial statements for Argo Capital Management (Asia) Pte. Ltd for the 12 months to 31 December 2007

(viii) Report and financial statements for Argo Capital Management (Asia) Pte. Ltd for the period from 24 August 2005 (date of incorporation) to 31 December 2006

(ix) Report and financial statements for Argo Capital Management Property Limited for the period from 20 June 2007 to 31 December 2007

(x) Report and financial statements for Argo Investor Services Limited for the period from 31 October 2007 to 31 December 2007

D Accountant's report on the aggregated financial information of Argo Group subsidiaries from 1 January 2008 to 30 June 2008

E Aggregated financial information of Argo Group subsidiaries from 1 January 2008 to 30 June 2008

F Pro forma consolidated financial information for Argo Group Limited for the six months ended 30 June 2008

Part III A – Accountant's Report on Financial Information on Argo Group Limited
The following is the full text of a report on Argo Group Limited from KPMG Audit LLC

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The Directors
Argo Group Limited
33-37 Athol Street
Douglas
Isle of Man
IM1 1LB

12 November 2008

Dear Sirs

Argo Group Limited (the 'Company')

We report on the financial information set out in Part III B on pages 33 to 45. This financial information has been prepared for inclusion in the AIM Admission Document dated 12 November 2008 of Argo Group Limited on the basis of the accounting policies set out in note 2. This report is required by Paragraph (a) of Schedule Two to the AIM Rules for Companies and is given for the purpose of complying with that paragraph and for no other purpose.

Responsibilities

The Directors of the Company are responsible for preparing the financial information on the basis of preparation set out in note 2 to the financial information and in accordance with International Financial Reporting Standards.

It is our responsibility to form an opinion on the financial information and to report our opinion to you.

Save for any responsibility arising under Paragraph (a) of Schedule Two to the AIM Rules for Companies 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 to the AIM Rules for Companies, consenting to its inclusion in the Admission Document.

Basis of opinion

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

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Opinion

In our opinion, the financial information gives, for the purposes of the AIM Admission Document dated 12 November 2008, a true and fair view of the state of affairs of Argo Group Limited as at the dates stated and of its profits, cash flows and changes in equity for the periods then ended in accordance with the basis of preparation set out in note 2 and in accordance with International Financial Reporting Standards as described in note 2.

Declaration

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

Yours faithfully

KPMG Audit LLC

PART III B – FINANCIAL INFORMATION ON ARGO GROUP LIMITED

CONSOLIDATED INCOME STATEMENT

FOR THE PERIOD 14 FEBRUARY 2008 (DATE OF INCORPORATION) TO 30 JUNE 2008

	Note	Period ended 30 June 2008 US$'000
Management fees		**944**
Incentive fees		**553**
Revenue	2(e)	**1,497**
Legal and professional expenses		**(8)**
Management and incentive fees payable	2(f)	**(191)**
Operational expenses		**(125)**
Employee costs	4	**(578)**
Foreign exchange loss		**(142)**
Depreciation		**(6)**
Negative goodwill	8	**1,556**
Operating profit		**2,003**
Interest income on cash and cash equivalents		**17**
Unrealised gains on investments		**72**
Profit on ordinary activities before taxation		**2,092**
Taxation	6	**–**
Profit for the period after taxation attributable to members of the company		**2,092**
Earnings per share (basic)	7	**US$0.03**
Earnings per share (diluted)	7	**US$0.03**

The Directors consider all activities derive from continuing activities.

The company acquired the Argo businesses on 13 June 2008 and these financial statements have been prepared on the basis that the Company started to trade on this date.

The notes on pages 37 to 45 form part of this financial information.

CONSOLIDATED BALANCE SHEET

AS AT 30 JUNE 2008

	Note	At 30 June 2008 US$'000
Assets		
Non-current assets		
Intangible assets	9	**18,919**
Fixtures, fittings and equipment	10	**369**
		19,288
Current assets		
Investments	11	**9,572**
Trade and other receivables	12	**2,632**
Cash and cash equivalents		**10,974**
Loans and advances receivable	13	**436**
		23,614
Total assets		**42,902**
Equity and liabilities		
Equity		
Issued share capital	14	**769**
Share premium	14	**32,772**
Revenue reserve		**2,092**
Foreign currency translation reserve	2(d)	**155**
		35,788
Current liabilities		
Trade and other payables	15	**6,773**
Taxation payable	6	**341**
Total current liabilities		**7,114**
Total equity and liabilities		**42,902**

The notes on pages 37 to 45 form part of this financial information.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE PERIOD 14 FEBRUARY 2008 (DATE OF INCORPORATION) TO 30 JUNE 2008

	Issued share capital 2008 US$'000	Share premium 2008 US$'000	Revenue reserve 2008 US$'000	Foreign currency translation reserve 2008 US$'000	Total 2008 US$'000
Profit for the period after taxation	–	–	2,092	–	2,092
Issue of 76,931,620 shares (US$0.01 par) (see note 14)	769	32,772	–	–	33,541
Exchange differences on translation of foreign operations	–	–	–	155	155
As at 30 June 2008	**769**	**32,772**	**2,092**	**155**	**35,788**

The notes on pages 37 to 45 form part of this financial information.

CONSOLIDATED CASH FLOW STATEMENT

FOR THE PERIOD 14 FEBRUARY 2008 (DATE OF INCORPORATION) TO 30 JUNE 2008

	Note	Period ended 30 June 2008 US$'000
Net cash inflow from operating activities	17	**644**
Cash flows from investing activities		
Interest received on cash and cash equivalents		**17**
Demerger of Argo businesses	8	**10,057**
Purchase of fixtures, fittings and equipment	10	**(12)**
Net cash inflow from investing activities		**10,062**
Net increase in cash and cash equivalents		**10,706**
Exchange gains on cash and cash equivalents		**268**
Cash and cash equivalents as at 30 June 2008		**10,974**

The notes on pages 37 to 45 form part of this financial information.

NOTES TO THE FINANCIAL INFORMATION

For the period 14 February 2008 to 30 June 2008

1. CORPORATE INFORMATION

The Company was incorporated on 14 February 2008 in the Isle of Man under the Companies Act 2006 and started to trade on 13 June 2008. Its registered office is at 33-37 Athol Street, Douglas, Isle of Man and the principal place of business is at 10 Vasilissis Frederikis Street, 1066 Nicosia, Cyprus. The principal activity of the Company is that of a holding company and the principal activity of the wider Group is that of an investment management business. The functional and presentational currency of the Group undertakings is US dollars. The Group has 39 employees.

Wholly owned subsidiaries	Country of incorporation
Argo Capital Management Limited	United Kingdom
Argo Capital Management (Cyprus) Limited	Cyprus
Argo Capital Management (Asia) Pte. Ltd.	Singapore
Argo Capital Management Property Limited	Cayman Islands
Argo Investor Services Limited	Cayman Islands
North Asset Management Sarl	Luxembourg
North Asset Management Srl	Romania

2. ACCOUNTING POLICIES

(a) Accounting convention

These financial statements have been prepared on a historical cost basis, except for the revaluation of certain financial instruments, and in accordance with International Financial Reporting Standards, as adopted by the European Union.

These accounts have been prepared on the basis that the Company is a going concern.

The International Accounting Standards Board and International Financial Reporting Interpretations Committee have issued the following standards and interpretations with an effective date after the date of these financial statements:

International Accounting Standards (IAS/IFRS)

Effective Date
IFRS 8 Operating Segments 1 January 2009
IAS 23 Amendment – Borrowing Costs 1 January 2009

International Financial Reporting Interpretations Committee (IFRIC)

Effective Date
IFRIC 12 Service Concession Arrangements 1 January 2008
IFRIC 13 Customer loyalty programmes 1 July 2008
IFRIC 14 IAS19 – the limit on a defined benefit asset, minimum funding requirements and their interaction 1 January 2008

The Directors do not anticipate that the adoption of these standards and interpretations will have a material impact on the Group's financial statements in the period of initial application.

(b) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries. Subsidiaries are consolidated from the date upon which control is transferred to the Company and cease to be consolidated from the date upon which control is transferred from the Company.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in to line with those used by the Company. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

(c) Business combinations

The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair value at acquisition date.

Goodwill

Goodwill arising on the consolidation represents the excess of the cost of the acquisition over the Company's interest in the fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill which is recognised as an asset is reviewed for impairment at least annually. Any impairment is recognised immediately in the Consolidated Income Statement.

Intangible assets

The Group's principal intangible asset is a fund management contract. The Group does not capitalise internally generated goodwill or intangible assets. The fund management contract is recorded at directors' valuation at the date of acquisition. This intangible asset has no finite life and consequently is not amortised. Every six months impairment tests are undertaken to determine any diminution in the recoverable amount below carrying value.

(d) Foreign currency translation

The financial statements are expressed in US dollars. Transactions denominated in currencies other than US dollars have been translated at the rate of exchange prevailing at the date of the transaction. Assets and liabilities in other currencies are translated to US dollars at the rates of exchange prevailing at the balance sheet date. The resulting profits or losses are reflected in the Consolidated Income Statement.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are classified as equity and transferred to the Group's foreign currency translation reserve. Such translation differences are recognised in the Consolidated Income Statement as income or as expenses in the period in which the operation is disposed of.

(e) Revenue

Revenue is recognised to the extent that it is probable that economic benefit will flow to the Group and the revenue can be reliably measured.

Management and incentive fees receivable

The Group recognises revenue for providing management services to mutual funds. Revenue accrues on a monthly basis on completion of management services and is based on the funds under management of each mutual fund.

Incentive fees generally arise monthly or annually, however for the Argo funds incentive fees may arise monthly or annually and for the Argo Real Estate Opportunities Fund Ltd (managed by Argo Capital Management Property Ltd) incentive fees may be triggered at any time on realisation of a property asset.

(f) Management and incentive fees payable

The Group pays management and incentive fees based on a proportion of fees receivable from mutual funds. Fees payable are accrued for on a monthly basis consistent with revenue streams earned.

(g) Depreciation

Plant and equipment is initially recorded at cost and depreciated on a straight-line basis over the expected useful lives of the assets as follows:

Fixtures and fittings	10% to 15% per annum
Office equipment	10% to 15% per annum
Computer equipment and software	30% per annum

(h) Investments held at fair value through profit or loss

All investments are classified as held at fair value through profit or loss. Investments are initially recognised at fair value. Transaction costs are expensed as incurred.

After initial recognition, investments are measured at fair value, with unrealised gains and losses on investments and impairment of investments recognised in the consolidated income statement. Investments held at fair value in managed mutual funds are valued at fair value of the net assets as provided by the administrators of those funds. Investments in the management shares of The Argo Fund Ltd, Argo Capital Investors SPC and Argo Capital Partners Fund Ltd are stated at fair value, being the recoverable amount.

(i) Trade date accounting

All 'regular way' purchases and sales of financial assets are recognised on the 'trade date', i.e. the day that the entity commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of the asset within the time frame generally established by regulation or convention in the market place.

(j) Cash and cash equivalents

Cash and cash equivalents are defined as cash in hand, demand deposits and short-term, highly liquid investments which are readily convertible to known amounts of cash, subject to insignificant risk of changes in value, and have a maturity of less than three months from the date of acquisition.

For the purposes of the cash flow statement, cash and cash equivalents consist of cash in hand and bank deposits.

(k) Loans and borrowings

All loans and borrowings payable are initially recognised at cost, calculated as the fair value of the consideration received less issue costs where applicable. After initial recognition, all interest-bearing loans and borrowings are subsequently measured at amortised cost. Amortised cost is calculated by using the effective interest method, taking into account any issue costs, and discounts and premiums on settlement.

All loans and borrowings receivable are initially recognised at cost and subsequently measured at amortised cost.

(l) Current taxation

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amounts are those enacted or substantially enacted by the balance sheet date.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the Consolidated Income Statement because it excludes items of income or expense that are taxable or deductible in other periods or because it excludes items that are never taxable or deductible.

(m) Deferred taxation

Deferred income tax is provided for using the liability method on temporary timing differences at the balance sheet date between tax basis of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognised in full for all temporary differences. Deferred tax assets are recognised for all deductible temporary differences, carried forward unused tax credits and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and carry-forward of unused tax credits and unused losses can be utilised.

The carrying amount of deferred income tax assets is revalued at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that is probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability settled, based on tax rates that have been enacted or substantially enacted at the balance sheet date.

(n) Accounting estimates, assumptions and judgements

The preparation of the financial statements necessitates the use of estimates, assumptions and judgements. These estimates, assumptions and judgements affect the reported amounts of assets, liabilities and contingent liabilities at the balance sheet date as well as affecting the reported income and expenses for the year. Although the estimates are based on management's knowledge and best judgment of information and financial data, the actual outcome may differ from these estimates.

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

In the process of applying the Group's accounting policies, which are described above, management has made the following judgements that have the most significant effect on the amounts recognised in the financial statements:

– Management and incentive fees

– Intangibles

It has also been assumed that, when available, the audited financial statements of the funds under the Group's management will confirm the net asset values used in the calculation of management and performance fees receivable.

3. SEGMENTAL ANALYSIS

The Group operates as a single asset management business, and the directors do not consider the different sources of revenue and geographic regions within the business as separate business segments within the meaning of IAS 14 Segment Reporting.

The risks and returns to the Group across the different income sources and geographic regions are not significantly different and it is the clients themselves who have the different risk/return profiles. All of the Group's clients are consuming the same service – asset management – and the fund managers may manage funds across two or more different income sources and geographic regions. On this basis the directors consider the Group to be a single segment investment management business.

4. EMPLOYEE COSTS

	2008 **US$'000**
Wages and salaries	523
Social security costs	50
Other	5
	578

5. KEY MANAGEMENT PERSONNEL REMUNERATION

	2008 US$'000
Directors and key management personnel	253
	253

6. TAXATION

Taxation rates applicable to the Cypriot, UK, Singaporean, Luxembourg and Romanian subsidiaries range from 0% to 28%.

Income Statement

	2008 US$'000
Taxation on Group companies	–
Taxation charge for the period	–

The charge for the period can be reconciled to the profit per the Consolidated Income Statement as follows:

	2008 US$'000
Profit before tax	2,092
Applicable tax rate of 10%	211
Timing difference	(204)
Tax effect of different tax rates of subsidiaries operating in other jurisdictions	(7)
Tax charge	–

Balance Sheet

	2008 US$'000
Acquisition through business combinations	341
	341

7. EARNINGS PER SHARE

Earnings per share is calculated by dividing the net profit for the period by the weighted average number of shares outstanding during the period.

	2008 US$'000
Net profit for the period after taxation attributable to members	2,092
	No. of shares
Weighted average of ordinary shares for basic earnings per share	76,931,620
Effect of dilution	–
Weighted average number of ordinary shares for diluted earnings per share	**76,931,620**

8. BUSINESS COMBINATIONS

At an Extraordinary General Meeting held in the Cayman Islands on 13 June 2008 the shareholders of Absolute Capital Management Holdings Limited passed a resolution to distribute the Argo division of its group to shareholders, to be managed and owned as an independent entity under a new company (Argo Group Limited).

The demerger was completed by making a distribution of shares of Argo Group Limited to the shareholders of Absolute Capital Management Holdings Limited. The total purchase consideration was 76,931,619 ordinary shares of US$0.01 each with an aggregate fair market value (determined by a calculation of assets under management) of $33,541,727 apportioned as follows:

Argo Capital Management (Cyprus) Ltd	$13,501,195
Argo Capital Management Ltd	$12,063,619
Argo Investor Services Ltd	$4,048,125
Argo Capital Management Property Ltd	$3,928,787
Argo Capital Management (Asia) Pte. Ltd	$1

It is intended that an application will be made for the Argo Group Limited ordinary shares to be admitted to trading on AIM within six months of the Distribution.

The Argo businesses acquired as part of this transaction contributed the following to the consolidated net profit on ordinary activities after tax: Argo Capital Management Ltd US$477,967 (loss), Argo Capital Management (Cyprus) Ltd US$504,750 (profit), Argo Capital Management (Asia) Pte Ltd US$22,330 (loss), Argo Capital Management Property Ltd US$72,772 (profit) and Argo Investor Services Ltd US$45,760 (loss).

The fair value of the identifiable net assets and liabilities of the Argo businesses at the date of acquisition and the consideration are detailed below:

	Argo Capital Management Ltd US$'000	Argo Capital Management (Cyprus) Ltd US$'000	Argo Capital Management Property Ltd US$'000	Argo Investor Services Ltd US$'000	Argo Capital Management (Asia) Pte. Ltd US$'000	Total US$'000
Intangible assets –						
fund management contracts	7,757	7,188	3,889	–	–	18,834
Fixtures, fittings & equipment	313	25	11	4	10	363
Investments	–	5,500	–	4,000	–	9,500
Debtors	1,490	5,204	1,285	37	191	8,207
Bank & cash	5,678	3,167	717	218	277	10,057
Creditors due within one year	(3,174)	(7,583)	(878)	(58)	(169)	(11,862)
Net assets acquired	**12,064**	**13,501**	**5,024**	**4,201**	**309**	**35,099**
Negative goodwill	–	–	(1,095)	(153)	(308)	(1,556)
Total	**12,064**	**13,501**	**3,929**	**4,048**	**1**	**33,543**
Satisfied by:						
Shares issued	12,064	13,501	3,929	4,048	1	33,543
Total	**12,064**	**13,501**	**3,929**	**4,048**	**1**	**33,543**

Net cash inflow arising on acquisition	**US$'000**
Cash and cash equivalents acquired	10,057
	10,057

Intangible assets represent the fair value of fund management contracts of the Argo businesses, essentially the Argo Funds and the Argo Real Estate Opportunities Fund Ltd (managed by Argo Capital Management Property Ltd) to which it provides management and advisory services.

9. INTANGIBLE ASSETS

	Fund management contracts US$'000
Cost	
Acquisition of Argo businesses (note 8)	18,834
Foreign exchange movement	85
At 30 June 2008	**18,919**
Amortisation and impairment	
Impairment of Argo business intangible assets	–
At 30 June 2008	**–**
Net book value	
At 30 June 2008	**18,919**

The Group tests intangible assets every six months for impairment, or more frequently if there are indications that the intangible assets may be impaired. The recoverable amounts of the intangible assets that have been reviewed for impairment are separately identifiable business units within the Group. The value in use approach has been used as the businesses were not considered saleable in their current form due to certain factors including reliance on certain key individuals.

10. FIXTURES, FITTINGS AND EQUIPMENT

	Fixtures, fittings & equipment US$ '000
Cost	
Acquisitions through business combinations (note 8)	363
Additions	12
As at 30 June 2008	**375**
Accumulated Depreciation	
Depreciation charge for period	6
As at 30 June 2008	**6**
Net book value	
At 30 June 2008	**369**

11. INVESTMENTS AT FAIR VALUE THROUGH PROFIT AND LOSS

Holding	Investment in management shares	2008 Total cost US$ '000	2008 Fair value US$ '000
10	The Argo Fund Ltd	0	0
10	Argo Capital Investors Fund SPC	0	0
10	Argo Capital Partners Fund Ltd	0	0
		0	**0**

Holding	Investment in redeemable preference shares	2008 Total cost US$ '000	2008 Fair value US$ '000
29,140	The Argo Fund Ltd	9,500	9,572
		9,500	**9,572**

12. TRADE AND OTHER RECEIVABLES

	2008 US$'000
Trade receivables	1,844
Other receivables	75
Prepayments and accrued income	713
	2,632

The directors consider that the carrying amount of trade and other receivables approximates to their fair value. All trade receivable balances are recoverable within one year from the balance sheet date.

13. LOANS AND ADVANCES RECEIVABLE

	2008 US$'000
Deposits on leased premises	436
	436

The loans and advances are unsecured, interest free and repayable on vacation of premises.

14. SHARE CAPITAL AND SHARE PREMIUM

The Company's authorised share capital is unlimited with a nominal value of US$ 0.01.

Issued and fully paid	2008 No.	2008 US$'000
Issued during the period	76,931,620	769
Closing ordinary shares of US$ 0.01 each	**76,931,620**	**769**

During the period, the company issued 76,931,619 shares to the vendors of the Argo business at a premium of $32,772,411 (note 8).

All reserves of the Company are distributable.

15. TRADE AND OTHER PAYABLES

	2008 US$'000
Trade and other payables	**2,640**
Other creditors and accruals	**4,133**
	6,773

Trade and other payables are normally settled on 30-day terms.

16. OBLIGATIONS UNDER OPERATING LEASES

Operating lease payments represent rentals payable by the Group for certain of its business premises. As at the balance sheet date, the Group had outstanding future minimum lease payments under non-cancellable operating leases, which fall due as follows.

	2008 US$'000
Operating lease liabilities:	
Within one year	**141**
In the second to fifth years inclusive	**806**
Present value of minimum lease payments	**947**

17. RECONCILIATION OF NET CASH INFLOW FROM OPERATING ACTIVITIES TO PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2008 US$'000
Profit on ordinary activities before taxation	**2,092**
Interest income	**(17)**
Other income – unrealised gain on investments	**(72)**
Depreciation	**6**
Decrease in payables	**(5,090)**
Decrease in receivables	**5,139**
Negative goodwill	**(1,556)**
Net foreign exchange gain	**142**
Net cash inflow from operating activities	**644**

18. RELATED PARTY TRANSACTIONS

90% of revenue derives from funds in which two of the company's directors, Andreas Rialas and Kyriakos Rialas, have an influence through the provision of investment advisory services.

On 16 June 2008 the demerger of the Argo businesses from Absolute Capital Management Holdings Ltd was completed. As part of the purchase consideration shares in Argo Group Limited were issued to the following related parties:

Andreas Rialas – 15,638,146 ordinary shares (representing at the time 21.3% of the issued share capital)

Kyriakos Rialas – 8,768,363 ordinary shares (representing at the time 11.9% of the issued share capital)

At 30 June 2008 Argo Capital Management Limited owed Andreas Rialas $199,442 (£100,000) representing a loan made to Argo Capital Management Limited on 28 June 2006. The loan is unsecured, interest free and, subject to one month's notice, repayable on demand. The loan, which was repaid on 23 October 2008, is included within "Other creditors and accruals".

19. FINANCIAL INSTRUMENTS

(a) Use of financial instruments

The wider Group has maintained sufficient cash reserves not to use alternative financial instruments to finance the Group's operations. The Group has various financial assets and liabilities such as trade and other receivables, loans and advances, cash, short-term deposits, and trade and other payables which arise directly from its operations.

The Group's non-subsidiary investments in funds were entered into with the purpose of providing seed capital for these funds.

(b) Asset valuation risk

Asset valuation risk is the risk that a decline in the value of assets adversely impacts on the profitability of the Group, either as a result of an asset not meeting its expected value or through the decline of assets under management generating lower fees. The principal exposures of the Group are in respect of its seed investments in its own funds. Lower management fee and incentive fee revenues could result from a reduction in asset values.

(c) Capital management

The primary objective of the Group's capital management is to ensure that the company has sufficient cash and cash equivalents on hand to finance its ongoing operations. This is achieved by ensuring that trade receivables are collected on a timely basis and that excess liquidity is invested in an optimum manner. This is achieved by placing fixed short-term deposits or using interest bearing bank accounts.

(d) Credit/counterparty risk

The Group will be exposed to counterparty risk on parties with whom it trades and will bear the risk of settlement default. Credit risk is principally concentrated with the funds under management as detailed in note 12. Trade receivables are normally settled on 30-day terms.

At the year-end cash balances were held at Royal Bank of Scotland, Laiki Bank, Bank of Greece, Bank of Cyprus, United Overseas Bank, Bancpost and ABN-AMRO Bank (Luxembourg).

(e) Liquidity risk

Liquidity risk is the risk that the Group may be unable to meet its payment obligations. This would be the risk of insufficient cash resources and liquid assets, including bank facilities, being available to meet liabilities as they fall due.

The main liquidity risks of the Group are associated with the need to satisfy payments to creditors. Trade receivables and trade payables are on 30-day terms.

(f) Foreign exchange risk

Foreign exchange risk is the risk that the Group will sustain losses through adverse movements in currency exchange rates.

The group is subject to short-term foreign exchange movements between the calculation date of fees in currencies other than US dollars and the date of settlement. The Group holds cash balances in US dollars, Romanian Lei, Sterling, Singapore dollars and Euros.

If the US dollar were to strengthen/weaken by 5% against the other operating currencies, the exposure at 30 June 2008 would be a profit/loss to the income statement of approximately US$106,397.

(g) Interest rate risk

The interest rate profile of the Group at 30 June 2008 is as follows:

	Total as per balance sheet US$ '000	Variable rate* US$ '000	Assets on which no interest is receivable US$ '000
Financial Assets			
Investments	9,572	–	–
Trade and other receivables	2,632	785	2,632
Cash and cash equivalents	10,974	2,102	2,547
Loans and advances receivable	436	364	436
	23,614	3,251	5,615
Financial liabilities			
Trade and other payables	6,773	4,432	6,773

* Changes in the US dollar base rate may cause movements.

The average interest rate at year end was 2.176%. Any movement in interest rates would have an immaterial effect on the profit/loss for the period.

(h) Fair value

The carrying values of the financial assets and liabilities equate to the fair value of the financial assets and liabilities and are as follows:

	2008
	US$'000
Financial Assets	
Investments	9,572
Trade and other receivables	2,632
Cash and cash equivalents	10,974
Loans and advances receivable	436
	23,614
Financial Liabilities	
Trade and other payables	6,773
	6,773

Financial assets and liabilities, other than investments, are either repayable on demand or have short repayment dates. The fair value of investments is stated at the redemption prices quoted by fund managers and is based on the fair value of the underlying net assets of the funds because, although the funds are listed, there is no active market.

20. EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

It is intended that an application will be made for the Argo Group Limited ordinary shares to be admitted to trading on AIM within six months of the demerger.

On 31 July 2008 a performance fee of US$9,991,256 crystallised within the Argo Global Special Situations Fund, payable to the Argo Group, this amount was received during August 2008.

PART III C(i) – REPORT AND FINANCIAL STATEMENTS FOR ARGO CAPITAL MANAGEMENT (CYPRUS) LIMITED

Set out below is an extract from the report and financial statements of Argo Capital Management (Cyprus) Limited for the 12 months ended 31 December 2007. No adjustments have been made, save for references to page numbers which have been updated for this document.

BOARD OF DIRECTORS AND OTHER OFFICERS

Board of Directors	Andreas Rialas Kyriakos Rialas Loucas Demetriou Sophocles Sophocleous Fanos Theofanis Christos Christou Sisk Darren Michael Kloter
Company Secretary	Seclaw Serve Limited 66 Ipocratous Street 1510 Nicosia Cyprus
Independent Auditors	HLB Afxentiou Ltd Chartered Accountants 2 Kastoros Street 1087 Nicosia Cyprus
Registered Office	Jackie Court, Suite 401 10 Vasilissis Frederikis Street 1066 Nicosia Cyprus

REPORT OF THE BOARD OF DIRECTORS

The Board of Directors presents its report and audited financial statements of the Company for the year ended 31 December 2007.

Incorporation

The Company Argo Capital Management (Cyprus) Ltd was incorporated in Cyprus on 29 March 2000 as a private company with limited liability under the Companies Law, Cap. 113.

Change of Company name

The Company changed its name from Argonaftis Capital Management (Overseas) Limited to ACMH (Cyprus) Limited on 18 June 2007, and subsequently to Argo Capital Management (Cyprus) Limited on 13 August 2007.

Principal activities

The principal activities of the Company, which are unchanged from last year, are to act as an investment manager, offer financial advice and manage clients' portfolios on a discretionary basis. Since 30 March 2004, the Company has been operating as a Cyprus Investment Firm, having obtained the necessary license by the Cyprus Securities and Exchange Commission.

Review of current position, future developments and significant risks

The current financial position as presented in the financial statements is considered satisfactory. The Board of Directors does not expect major changes in the principal activities of the Company in the foreseeable future.

The most significant risks faced by the Company and the steps taken to manage these risks, are described in note 3 of the financial statements.

Results and Dividends

The Company's results for the year are set out on page 49. The Board of Directors does not recommend the payment of a dividend and the net profit for the year is retained.

Share capital

There were no changes in the share capital of the Company during the year.

Board of Directors

The members of the Board of Directors of the Company as at 31 December 2007 and at the date of this report are shown on page 46. Messrs S.Darren, M.Kloter and S. Ewing were appointed directors on 27 February 2007. Mr. S. Ewing resigned on 2 August 2007 and on the same date Mr. C. Christou was appointed director. Mr. C. Christou resigned on 15 October 2007.

In accordance with the Company's Articles of Association all directors presently members of the Board continue in office.

There were no significant changes in the assignment of responsibilities and remuneration of the Board of Directors.

Independent Auditors

The independent auditors, HLB Afxentiou Ltd, have expressed their willingness to continue in office and a resolution giving authority to the Board of Directors to fix their remuneration will be proposed at the Annual General Meeting.

By order of the Board of Directors,

Kyriakos Rialas
Director

Nicosia, 3 April 2008

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ARGO CAPITAL MANAGEMENT (CYPRUS) LTD

Report on the Financial Statements

We have audited the financial statements of Argo Capital Management (Cyprus) Ltd (the ''Company'') on pages 49 to 61, which comprise the balance sheet as at 31 December 2007 and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Board of Directors' Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (EU) and the requirements of the Cyprus Companies Law, Cap 113. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Argo Capital Management (Cyprus) Ltd as of 31 December 2007 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU and International Financial Reporting Standards as issued by the IASB and the requirements of the Cyprus Companies Law, Cap. 113.

Report on Other Legal Requirements

Pursuant to the requirements of the Companies Law, Cap. 113, we report the following:

- We have obtained all the information and explanations we considered necessary for the purposes of our audit.
- In our opinion, proper books of account have been kept by the Company.
- the Company's financial statements are in agreement with the books of account.
- In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Companies Law, Cap. 113, in the manner so required.
- In our opinion, the information given in the report of the Board of Directors on page 47 is consistent with the financial statements.

Other Matter

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 156 of the Companies Law, Cap.113 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

HLB Afxentiou Ltd
Chartered Accountants
2 Kastoros Street
1087 Nicosia
Cyprus

3 April 2008

INCOME STATEMENT

Year ended 31 December 2007

	Note	2007 US$	2006 US$
Management and performance fees	5	**47.002.517**	34.110.082
Other operating income	6	**385.676**	78.910
Total operating income		**47.388.193**	34.188.992
Management fees and other operating expenses	7	**(36.971.033)**	(33.306.255)
Administration expenses		**(1.290.519)**	(752.483)
Operating profit	8	**9.126.641**	130.254
Net finance costs	10	**(36.075)**	(17.439)
Profit before tax		**9.090.566**	112.815
Tax	11	**(891.025)**	(10.013)
Net profit for the year		**8.199.541**	102.802

The notes on pages 53 to 61 form an integral part of these financial statements.

BALANCE SHEET

31 December 2007

	Note	2007 US$	2006 US$
ASSETS			
Non-current assets			
Property, plant and equipment	13	**23.043**	13.812
Intangible assets	14	**813**	24.996
Available-for-sale financial assets	15	**20**	20
		23.876	38.828
Current assets			
Trade and other receivables	16	**10.320.516**	346.405
Refundable taxes	20	**15.367**	3.572
Cash at bank and in hand	17	**11.612.748**	651.680
		21.948.631	1.001.657
Total assets		**21.972.507**	1.040.485
EQUITY AND LIABILITIES			
Equity and reserves			
Share capital	18	**317.715**	317.715
Retained earnings		**8.315.577**	116.036
		8.633.292	433.751
Current liabilities			
Trade and other payables	19	**13.339.215**	606.734
		13.339.215	606.734
Total equity and liabilities		**21.972.507**	1.040.485

On 3 April 2008 the Board of Directors of Argo Capital Management (Cyprus) Ltd authorised these financial statements for issue.

Kyriakos Rialas
Director

Loucas Demetriou
Director

The notes on pages 53 to 61 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
Year ended 31 December 2007

	Share capital US$	Retained earnings US$	Total US$
Balance-1 January 2006	**317.715**	**408.040**	**725.755**
Net profit for the year	–	102.802	102.802
Dividends	–	(394.806)	(394.806)
At 31 December 2006/1 January 2007	**317.715**	**116.036**	**433.751**
Net profit for the year	–	8.199.541	8.199.541
At 31 December 2007	**317.715**	**8.315.577**	**8.633.292**

Companies which do not distribute 70% of their profits after tax, as defined by the relevant tax law, within two years after the end of the relevant tax year, will be deemed to have distributed as dividends 70% of these profits. Special contribution for defence at 15% will be payable on such deemed dividends to the extent that the shareholders (companies and individuals) are Cyprus tax residents. The amount of deemed distribution is reduced by any actual dividends paid out of the profits of the relevant year at any time. This special contribution for defence is payable for the account of the shareholders.

The notes on pages 53 to 61 form an integral part of these financial statements.

CASH FLOW STATEMENT
Year ended 31 December 2007

	Note	2007 US$	2006 US$
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**9.090.566**	112.815
Adjustments for:			
Depreciation of property, plant and equipment	13	**6.678**	6.698
Amortisation of computer software	14	**24.868**	24.666
Interest income	6	**(192.334)**	(18.440)
Interest expense	10	**66**	184
Cash flows from operations before working capital changes		**8.929.844**	125.923
(Increase)/decrease in trade and other receivables		**(9.974.111)**	1.878.363
Increase/(decrease) in trade and other payables		**12.732.481**	(3.116.652)
Cash flows from/(used in) operations		**11.688.214**	(1.112.366)
Tax paid		**(902.820)**	(23.442)
Net cash from/(used in) operating activities		**10.785.394**	(1.135.808)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for purchase of intangible assets	14	**(685)**	(847)
Payment for purchase of property, plant and equipment		**(15.909)**	–
Payment for purchase of available-for-sale financial assets	15	**–**	(10)
Interest received		**192.334**	18.440
Net cash from investing activities		**175.740**	17.583
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid		**(66)**	(184)
Dividends paid		**–**	(394.806)
Net cash used in financing activities		**(66)**	(394.990)
Net increase/(decrease) in cash and cash equivalents		**10.961.068**	(1.513.215)
Cash and cash equivalents:			
At beginning of the year	17	**651.680**	2.164.895
At end of the year	17	**11.612.748**	651.680

The notes on pages 53 to 61 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. Incorporation and principal activities

Country of incorporation

The Company Argo Capital Management (Cyprus) Ltd (the "Company") was incorporated in Cyprus on 29 March 2000. Its registered office is at Jackie Court, Suite 401, 10 Vasilissis Frederikis Street, 1066 Nicosia, Cyprus. The Company is a Cyprus Investment Firm and holds licence number 023/04 issued by the Cyprus Securities and Exchange Commission.

Change of Company name

The Company changed its name from Argonaftis Capital Management (Overseas) Limited to ACMH (Cyprus) Limited on 18 June 2007, and subsequently to Argo Capital Management (Cyprus) Limited on 13 August 2007.

Principal activities

The principal activities of the Company, which are unchanged from last year, are to act as an investment manager, offer financial advice and manage clients' portfolios on a discretionary basis. Since 30 March 2004, the Company has been operating as a Cyprus Investment Firm, having obtained the necessary license by the Cyprus Securities and Exchange Commission.

2. Accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented in these financial statements unless otherwise stated.

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) and the requirements of the Cyprus Companies Law, Cap.113. The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates and requires management to exercise its judgement in the process of applying the Company's accounting policies. It also requires the use of assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

Adoption of new and revised IFRSs

During the current year the Company adopted all the new and revised IFRSs and International Accounting Standards (IAS), which are relevant to its operations and are effective for accounting periods commencing on 1 January 2007.

The adoption of these Standards did not have a material effect on the financial statements.

At the date of authorisation of these financial statements some Standards were in issue but not yet effective. The Board of Directors expects that the adoption of these Standards in future periods will not have a material effect on the financial statements of the Company.

Revenue recognition

Revenue comprises the invoiced amount for the sale of services net of Value Added Tax, rebates and discounts. Revenues earned by the Company are recognised on the following bases:

Rendering of services

Sales of services are recognised on an accruals basis in accordance with the substance of the relevant agreements.

Interest income

Interest income is recognised on a time-proportion basis using the effective interest method.

Employee benefits

The Company and its employees contribute to the Government Social Insurance Fund based on employees' salaries. The Company's contributions are expensed as incurred and are included in staff costs. The Company has no legal or constructive obligations to pay further contributions if the scheme does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior periods.

Finance costs

Interest expense and other borrowing costs are charged to the income statement as incurred.

Foreign currency translation

(1) *Functional and presentation currency*
Items included in the Company's financial statements are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in United States Dollars (US$), which is the Company's functional and presentation currency.

(2) *Transactions and balances*
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. Translation differences on available-for-sale financial assets are included in the fair value reserve in equity.

Tax

Current tax liabilities and assets for the current and prior periods are measured at the amount expected to be paid to or recovered from the taxation authorities, using the tax rates and laws that have been enacted, or substantively enacted, by the balance sheet date.

Property, plant and equipment

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

Depreciation is calculated on the straight-line method so as to write off the cost of each asset to its residual value over its estimated useful life. The annual depreciation rates used are as follows:

	%
Furniture, fixtures and office equipment	10
Computer Hardware	20

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Where the carrying amount of an asset is greater than its estimated recoverable amount, the asset is written down immediately to its recoverable amount.

Expenditure for repairs and maintenance of property, plant and equipment is charged to the income statement of the year in which it is incurred. The cost of major renovations and other subsequent expenditure are included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Company. Major renovations are depreciated over the remaining useful life of the related asset.

Gains and losses on disposal of property, plant and equipment are determined by comparing proceeds with carrying amount and are included in profit from operations.

Computer software

Costs that are directly associated with identifiable and unique computer software products controlled by the Company and that will probably generate economic benefits exceeding costs beyond one year are recognised as intangible assets. Subsequently computer software is carried at cost less any accumulated amortisation and any accumulated impairment losses. Expenditure which enhances or extends the performance of computer software programmes beyond their original specifications is recognised as a capital improvement and added to the original cost of the computer software. Costs associated with maintenance of computer software programmes are recognised as an expense when incurred. Computer software costs are amortised using the straight-line method over their useful lives, not exceeding a period of three years. Amortisation commences when the computer software is available for use and is included within administrative expenses.

Financial instruments

Financial assets and financial liabilities are recognised on the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

Investments

The Company classifies its investments in equity and debt securities in the following categories: financial assets at fair value through profit or loss, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of investments at initial recognition and re evaluates this designation at every balance sheet date.

Financial assets at fair value through profit or loss
This category has two sub categories: financial assets held for trading and those designated at fair value through profit or loss at inception. A financial asset is classified in the held for trading category if acquired principally for the purpose of generating a profit from short-term fluctuations in price. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within twelve months of the balance sheet date.

Held-to-maturity investments

Investments with fixed or determinable payments and fixed maturity that the management has the positive intent and ability to hold to maturity, other than loan and receivables originated by the Company, are classified as held-to-maturity investments. Such investments are included in non-current assets, except for maturities within twelve months from the balance sheet date, which are classified as current assets.

Available-for-sale financial assets

Investments intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, are classified as available-for-sale; these are included in non-current assets unless management has the express intention of holding the investment for less than 12 months from the balance sheet date or unless they will need to be sold to raise operating capital, in which case they are included in current assets.

Regular way purchases and sales of investments are recognised on trade-date which is the date on which the Company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method.

Realised and unrealised gains and losses arising from changes in the fair value of financial assets at fair value through profit or loss are included in the income statement in the period in which they arise. Unrealised gains and losses arising from changes in the fair value of available-for-sale financial assets are recognised in equity. When available-for-sale financial assets are sold or impaired, the accumulated fair value adjustments are included in the income statement.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Company establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same and discounted cash flow analysis, making maximum use of market inputs and relying as little as possible on entity specific inputs.

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets the cumulative loss which is measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss, is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash at bank and in hand.

Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Share capital

Ordinary shares are classified as equity.

3. Financial risk management

(1) *Financial risk factors*

The Company is exposed to market price risk, interest rate risk, liquidity risk, and currency risk arising from the financial instruments it holds. The risk management policies employed by the Company to manage these risks are discussed below:

(1.1) *Market price risk*

Market price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices. The Company's available-for-sale financial assets and financial assets at fair value through profit or loss are susceptible to market price risk arising from uncertainties about future prices of the investments.

(1.2) *Interest rate risk*

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Company's income and operating cash flows are substantially independent of changes in market interest rates as the Company has no significant interest bearing assets. The Company is exposed to interest rate risk in relation to its non-current borrowings. Borrowings issued at variable rates expose the Company to cash flow interest rate risk. Borrowings issued at fixed rates expose the Company to fair value interest rate risk. The Company's management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

(1.3) ***Liquidity risk***

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The Company has procedures with the object of minimising such losses such as maintaining sufficient cash and other highly liquid current assets and by having available an adequate amount of committed credit facilities.

(1.4) ***Currency risk***

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Company's measurement currency. The Company is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the Euro. The Company's management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

(2) ***Fair value estimation***

The fair values of the Company's financial assets and liabilities approximate their carrying amounts at the balance sheet date.

The fair value of financial instruments traded in active markets, such as publicly traded trading and available-for-sale financial assets is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Company is the current bid price. The appropriate quoted market price for financial liabilities is the current ask price.

4. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Income taxes

Significant judgement is required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Impairment of available-for-sale financial assets

The Company follows the guidance of IAS 39 on determining when an investment is other than temporarily impaired. This determination requires significant judgement. In making this judgement, the Company evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost and the financial health and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

5. Revenue

	2007 US$	2006 US$
Management and performance fees	**47.002.517**	34.110.082

The management and performance fees of the Company arise from the provision of portfolio management services to the following Funds to which the Company acts as an Investment Manager: The Argo Fund Limited, Argo Global Special Situations Fund Segregated Porttfolio and Argo Capital Partners Fund Limited.

6. Other operating income

	2007 US$	2006 US$
Interest income	**192.334**	18.440
Exchange profit	**13.592**	6.663
Sundry operating income	**179.750**	53.807
	385.676	78.910

7. Management fees and other operating expenses

	2007 US$	2006 US$
Investment advisory and brokerage fees payable	**36.971.033**	33.306.255
	36.971.033	33.306.255

8. Operating profit

	2007 US$	2006 US$
Operating profit is stated after charging the following items:		
Amortisation of computer software (included in "Administration expenses") (Note 14)	**24.868**	24.666
Depreciation of property, plant and equipment (Note 13)	**6.678**	6.698
Staff costs including directors in their executive capacity (Note 9)	**1.011.304**	516.417
Auditors' remuneration – current year	**8.798**	6.384
Auditors' remuneration – prior years	**1.314**	1.986

9. Staff costs

	2007 US$	2006 US$
Management and staff salaries including bonus	**969.530**	479.569
Social insurance costs and other funds	**41.774**	36.848
	1.011.304	516.417

10. Finance costs

	2007 US$	2006 US$
Net foreign exchange transaction losses	**8.520**	(1.069)
Interest expense	**66**	184
Other finance expenses	**27.489**	18.324
	36.075	17.439

11. Tax

	2007 US$	2006 US$
Corporation tax – current year	**891.025**	10.013
Charge for the year	**891.025**	10.013

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the applicable tax rates as follows:

	2007 US$	2006 US$
Profit before tax	**9.090.566**	112.815
Tax calculated at the applicable tax rates	**909.057**	11.282
Tax effect of expenses not deductible for tax purposes	**4.458**	3.136
Tax effect of allowances and income not subject to tax	**(154.044)**	(4.864)
10% additional charge	**131.554**	459
Tax charge	**891.025**	10.013

The corporation tax rate is 10%.

Under certain conditions interest may be subject to defence contribution at the rate of 10%. In such cases 50% of the same interest will be exempt from corporation tax, thus having an effective tax rate burden of approximately 15%. In certain cases, dividends received from abroad may be subject to defence contribution at the rate of 15%.

12. Dividends

	2007 US$	2006 US$
Final dividend paid	–	394.806
	–	394.806

Dividends are subject to a deduction of special contribution for defence at the rate of 15% for individual shareholders that are resident in Cyprus.

Dividends declared out of dividends received, which suffered withholding tax at the rate of 20%, are exempt from the 15% special contribution for defence. The exemption applies if the dividends are declared within a six-year period from the date of their receipt.

13. Property, plant and equipment

	Furniture, fixtures and office equipment US$	Computer hardware US$	Total US$
Cost			
Balance – 1 January 2006	20.259	13.227	33.486
At 31 December 2006/1 January 2007	**20.259**	**13.227**	**33.486**
Additions	2.011	13.898	15.909
At 31 December 2007	**22.270**	**27.125**	**49.395**
Depreciation			
Balance – 1 January 2006	6.078	6.898	12.976
Charge for the year	2.026	4.672	6.698
At 31 December 2006/1 January 2007	**8.104**	**11.570**	**19.674**
Charge for the year	2.229	4.449	6.678
At 31 December 2007	**10.333**	**16.019**	**26.352**
Net book amount			
At 31 December 2007	**11.937**	**11.106**	**23.043**
At 31 December 2006	**12.155**	**1.657**	**13.812**

14. Intangible assets

	Computer software US$	Total US$
Cost		
Balance – 1 January 2006	73.998	73.998
Additions	847	847
At 31 December 2006/1 January 2007	**74.845**	**74.845**
Additions	685	685
At 31 December 2007	**75.530**	**75.530**
Amortisation		
Balance – 1 January 2006	25.183	25.183
Amortisation for the year (Note 8)	24.666	24.666
At 31 December 2006/1 January 2007	**49.849**	**49.849**
Amortisation for the year (Note 8)	24.868	24.868
At 31 December 2007	**74.717**	**74.717**
Net book amount		
At 31 December 2007	**813**	**813**
At 31 December 2006	**24.996**	**24.996**

15. Available-for-sale financial assets

	2007 US$	2006 US$
On 1 January 2007	**20**	10
Additions	**–**	10
At 31 December 2007	**20**	20

Available-for-sale financial assets are classified as non-current assets, unless they are expected to be realised within twelve months of the balance sheet date or unless they will need to be sold to raise operating capital.

The available for sale investments represent 10 founder shares of US$1 each in The Argo Fund Limited, 10 founder shares of EUR0,01 each in Argo Capital Investors Fund SPC and 10 founder shares of US$1 each in Argo Capital Partners Fund Limited. These represent 100% of the issued founder shares of The Argo Fund Limited, 100% of the issued founder shares of Argo Capital Investors Fund SPC and 100% of the issued founder shares of Argo Capital Partners Fund Limited. These shares do not carry the right to participate in the assets of The Argo Fund Limited, Argo Capital Investors Fund SPC and Argo Capital Partners Fund Limited nor in a winding up, except to the extent of repayment of par value paid in cash, nor in any dividends or other distributions of the Company.

16. Trade and other receivables

	2007 US$	2006 US$
Receivables from related companies (Note 21)	**10.282.491**	291.071
Deposits and prepayments	**35.475**	35.475
Other receivables	**–**	19.047
VAT	**2.550**	812
	10.320.516	346.405

The fair values of trade and other receivables due within one year approximate to their carrying amounts as presented above.

17. Cash and cash equivalents

	2007 US$	2006 US$
Cash at bank and in hand	**11.612.748**	651.680
	11.612.748	651.680

18. Share capital

	2007 Number of shares	2007 CY£	2006 Number of shares	2006 CY£
Authorised				
Ordinary shares of CY£1 each	**150.000**	**150.000**	150.000	150.000
		US$		**US$**
Issued and fully paid				
On 1 January 2007	**150.000**	**317.715**	150.000	317.715
At 31 December 2007	**150.000**	**317.715**	150.000	317.715

19. Trade and other payables

	2007 US$	2006 US$
Accruals	**3.723.802**	606.734
Payables to related companies (Note 21)	**9.615.413**	–
	13.339.215	606.734

The fair values of trade and other payables due within one year approximate to their carrying amounts as presented above.

20. Refundable taxes

	2007 US$	2006 US$
Corporation tax	**(15.367)**	(3.572)
	(15.367)	(3.572)

21. Related party transactions

On 18 January 2007 Absolute Capital Management Holdings Limited acquired a controlling stake in the Company,and as such it is regarded as the ultimate holding Company at that date of the approval of these financial statements.

The nature and volume of transactions between the Company and related parties, which are carried out on arm's length basis, and the balance with these Companies are as follows:

21.1 Directors' remuneration

The remuneration of Directors and other members of key management was as follows:

	2007 US$	2006 US$
Directors' remuneration including bonus	**590.436**	235.429
	590.436	235.429

21.2 Management and performance fees and other operating income

	2007 US$	2006 US$
The Argo Fund Limited	**22.647.249**	20.461.998
Argo Global Special Situations Fund SP	**23.518.874**	12.701.553
Argo South Eastern European Special Situations Fund SEE	**–**	382.870
Argo Capital Partners Fund Limitd	**1.016.144**	563.661
	47.182.267	34.110.082

Income from related Companies represents management and performance fees which have been received by the Company in its capacity as investment manager, and other income of US$179.750 (2006:US$nil) which has been earned from the investment of own funds in The Argo Fund Limited.

21.3 Purchases of services

	2007 US$	2006 US$
Argo Capital Management Limited	**23.196.374**	16.654.227
Argo Investor Services Limited	**4.500.000**	–
	27.696.374	16.654.227

Purchases of services from related Companies were made on commercial terms and conditions.

21.4 Receivables from related parties (Note 16)

Name	Nature of transactions	2007 US$	2006 US$
Argo Capital Partners Fund Limited	Services	**86.067**	291.071
Argo Global Special Situations Fund SP	Services	**7.557.558**	–
The Argo Fund Limited	Services	**2.638.866**	–
		10.282.491	291.071

21.5 Payables to related parties (Note 19)

Name	Nature of transactions	2007 US$	2006 US$
Argo Capital Management Limited	Services	**5.115.413**	–
Argo Investor Services Limited	Services	**4.500.000**	–
		9.615.413	–

22. Contingent liabilities

The Company had no contingent liabilities as at 31 December 2007.

23. Commitments

The Company had no capital or other commitments as at 31 December 2007.

24. Post balance sheet events

There were no material post balance sheet events, which have a bearing on the understanding of the financial statements.

Independent auditors' report page 48

Set out below is an extract from the report and financial statements of Argonaftis Capital Management (Overseas) Limited (now called Argo Capital Management (Cyprus) Limited) for the 12 months ended 31 December 2006. No adjustments have been made, save for the references to page numbers which have been updated for this document.

BOARD OF DIRECTORS AND OTHER OFFICERS

Board of Directors	Andreas Rialas Kyriakos Rialas Loukas Demetriou Sophocles Sophocleous Theophanis Phanos Christos Christou
Company Secretary	Seclaw Serve Limited 66 Ipocratous Street 1510 Nicosia Cyprus
Independent Auditors	HLB Afxentiou Ltd Chartered Accountants 2 Kastoros Street 1087 Nicosia Cyprus
Registered Office	Jackie Court, Suite 401 10 Vasilissis Frederikis Street 1066 Nicosia Cyprus

REPORT OF THE BOARD OF DIRECTORS

The Board of Directors presents its report together with the audited financial statements of the Company for the year ended 31 December 2006.

Principal activities

The principal activities of the Company, which are unchanged from last year, are to act as an investment manager, offer financial advice and manage clients' portfolios on a discretionary basis. Since 30 March 2004, the Company has been operating as a Cyprus Investment Firm, having obtained the necessary licence by the Cyprus Securities and Exchange Commission.

Review of current position, future developments and significant risks

The current financial position as presented in the financial statements is considered satisfactory. The Board of directors does not expect major changes in the principal activities of the Company in the foreseeable future.

The most significant risks faced by the Company and the steps taken to manage these risks, are described in note 3 of the financial statements.

Results

The Company's results for the year are set out on page 65. The Board of Directors recommends the payment of a dividend as detailed below and the remaining net profit for the year is retained.

Dividends

On the 3 February 2006 and 15 October 2006 the Company in General Meeting declared the payment of dividends totalling US$ 394.806 (2005: US$ 57.350).

Share capital

There were no changes in the share capital of the Company during the year.

Board of Directors

The members of the Board of Directors of the Company as at 31 December 2006 and at the date of this report are shown on page 62. All of them were members of the board throughout the year ended 31 December 2006.

In accordance with the Company's Articles of Association all directors presently members of the Board continue in office.

Post balance sheet events

Other than the events mentioned in note 21 of the financial statements there were no other material post balance sheet events, which have a bearing on the understanding of the financial statements.

Auditors

The auditors, HLB Afxentiou Ltd, have expressed their willingness to continue in office and a resolution giving authority to the Board of Directors to fix their remuneration will be proposed at the Annual General Meeting.

By order of the Board of Directors,

Kyriakos Rialas
Director

Nicosia, 5 March 2007

AUDITORS' REPORT TO THE MEMBERS OF ARGONAFTIS CAPITAL MANAGEMENT (OVERSEAS) LIMITED

Report on the Financial Statements

We have audited the financial statements of Argonaftis Capital Management (Overseas) Limited (the "Company") on pages 65 to 76, which comprise the balance sheet as at 31 December 2006, the income statement, the statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Board of Directors' Responsibility for the Financial Statements

The Company's Board of Directors is resposible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (EU) and International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB) and the requirements of the Cyprus Comanies Law, Cap 113. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. This report is made solely to the Company's members, as a body, in accordance with Section 156 of the Company's Law, Cap. 113. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Argonaftis Capital Management (Overseas) Limited as of 31 December 2006, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU and International Financial Reporting Standards as issued by the IASB and the requirements of the Cyprus Companies Law, Cap 113.

Report on other legal requirements

Pursuant to the requirements of the Companies Law, Cap.113, we report the following:

- We have obtained all the information and explanations we consider necessary for the purposes of our audit.
- In our opinion, proper books of account have been kept by the Company.
- The Company's financial statements are in agreement with the books of account.
- In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Companies Law, Cap.113, in the manner so required.
- In our opinion, the information given in the report of the Board of the Directors on page 63 is consistent with the financial statements.

HLB Afxentiou Ltd
Chartered Accountants

Nicosia, 5 March 2007

INCOME STATEMENT

Year ended 31 December 2006

	Note	2006 US$	2005 US$
Management and performance fees	5	**34.110.082**	22.541.323
Other income	6	**72.247**	11.313
Total Income		**34.182.329**	22.552.636
Operating expenses	7	**(33.306.255)**	(21.886.695)
Administration expenses		**(752.483)**	(429.599)
Operating profit	8	**123.591**	236.342
Net finance costs	10	**(10.776)**	(15.554)
Profit before tax		**112.815**	220.788
Tax	11	**(10.013)**	(9.625)
Net profit for the year		**102.802**	211.163

The notes on pages 69 to 76 form an integral part of these financial statements.

BALANCE SHEET

31 December 2006

	Note	2006 US$	2005 US$
ASSETS			
Non-current assets			
Property, plant and equipment	13	**13.812**	20.510
Intangible assets	14	**24.996**	48.815
Available-for-sale financial assets	15	**20**	10
		38.828	69.335
Current assets			
Trade and other receivables	16	**346.405**	2.224.768
Refundable taxes	20	**3.572**	–
Cash at bank and in hand	17	**651.680**	2.164.895
		1.001.657	4.389.663
Total assets		**1.040.485**	4.458.998
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	18	**317.715**	317.715
Retained earnings		**116.036**	408.040
		433.751	725.755
Current liabilities			
Trade and other payables	19	**606.734**	3.723.386
Current tax liabilities	20	**–**	9.857
		606.734	3.733.243
Total equity and liabilities		**1.040.485**	4.458.998

On 5 March 2007, the Board of Directors of Argonaftis Capital Management (Overseas) Limited authorised these financial statements for issue.

Kyriakos Rialas
Director

Loucas Demetriou
Director

The notes on pages 69 to 76 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
Year ended 31 December 2006

	Note	Share capital US$	Retained earnings US$	Total US$
Balance – 1 January 2005		**317.715**	**254.227**	**571.942**
Net profit for the year		–	211.163	211.163
Dividends	12	–	(57.350)	(57.350)
At 31 December 2005/1 January 2006		**317.715**	**408.040**	**725.755**
Net profit for the year		–	102.802	102.802
Dividends	12	–	(394.806)	(394.806)
Balance – 31 December 2006		**317.715**	**116.036**	**433.751**

Companies which do not distribute 70% of their profits after tax, as defined by the relevant tax law, within two years after the end of the relevant tax year, will be deemed to have distributed as dividends 70% of these profits. Special contribution for defence at 15% will be payable on such deemed dividends to the extent that the shareholders (companies and individuals) are Cyprus tax residents. The amount of deemed distribution is reduced by any actual dividends paid out of the profits of the relevant year at any time. This special contribution for defence is payable for the account of the shareholders.

The notes on pages 69 to 76 form an integral part of these financial statements.

CASH FLOW STATEMENT
Year ended 31 December 2006

	Note	2006 US$	2005 US$
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**112.815**	220.788
Adjustments for:			
Depreciation of property, plant and equipment	13	**6.698**	4.678
Unrealised exchange loss/(profit)		**(6.663)**	264
Amortisation of computer software	14	**24.666**	24.358
Interest income	6	**(18.440)**	(11.313)
Interest expense	10	**184**	527
Cash flows from operations before working capital changes		**119.260**	239.302
Decrease/(increase) in trade and other receivables		**1.878.363**	(377.038)
(Decrease) in trade and other payables		**(3.116.652)**	(1.328.071)
Cash flows (used in) operations		**(1.119.029)**	(1.465.807)
Tax paid		**(23.442)**	(22.605)
Net cash (used in) operating activities		**(1.142.471)**	(1.488.412)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for purchase of intangible assets	14	**(847)**	(73.080)
Payment for purchase of property, plant and equipment		**–**	(5.329)
Payment for purchase of available-for-sale financial assets	15	**(10)**	–
Interest received		**18.440**	11.313
Net cash from/(used in) investing activities		**17.583**	(67.096)
CASH FLOWS FROM FINANCING ACTIVITIES			
Unrealised exchange profit/(loss)		**6.663**	(264)
Interest paid		**(184)**	(527)
Dividends paid		**(394.806)**	(57.350)
Net cash (used in) financing activities		**(388.327)**	(58.141)
Net decrease in cash and cash equivalents		**(1.513.215)**	(1.613.649)
Cash and cash equivalents:			
At beginning of the year	17	**2.164.895**	3.778.544
At end of the year	17	**651.680**	2.164.895

The notes on pages 69 to 76 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. Incorporation and principal activities

Country of incorporation

The Company Argonaftis Capital Management (Overseas) Limited (the "Company") was incorporated in Cyprus on 29 March 2000 as a private company with limited liability under the Companies Law, Cap. 113. Its registered office is at Jackie Court, Suite 401, 10 Vasilissis Frederikis Street, 1066 Nicosia, Cyprus. The Company is a Cyprus Investment Firm and holds license number 023/04 issued by the Cyprus Securities and Exchange Commission.

Principal activities

The principal activities of the Company, which are unchanged from last year, are to act as an investment manager, offer financial advice and manage clients' portfolios on a discretionary basis. Since 30 March 2004, the Company has been operating as a Cyprus Investment Firm, having obtained the necessary licence by the Cyprus Securities and Exchange Commission.

2. Accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented in these financial statements unless otherwise stated.

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB). The financial statements comply with both these reporting frameworks because at the time of their preparation all applicable IFRSs issued by the IASB have been adopted by the EU through the endorsement procedure established by the European Commission. In addition, the financial statements have been prepared in accordance with the requirements of the Cyprus Companies Law, Cap.113. The financial statements have been prepared under the historical cost convention as modified if any by the revaluation of financial assets and financial liabilities at fair value through profit or loss.

The preparation of financial statements in conformity with IFRSs as adopted by the EU requires the use of certain critical accounting estimates and requires management to exercise its judgement in the process of applying the Company's accounting policies. It also requires the use of assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

Adoption of new and revised IFRSs

As from 1 January 2005, the Company adopted all the IFRSs and International Accounting Standards (IAS), which are relevant to its operations.

The adoption of these Standards did not have a material effect on the financial statements.

At the date of authorisation of these financials statements some Standards were in issue but not yet effective. The Board of Directors expects that the adoption of these Standards in future periods will not have a material effect on the financial statements of the Company.

Revenue recognition

Revenue comprises the invoiced amount for the sale of services net of Value Added Tax, rebates and discounts. Revenues earned by the Company are recognised on the following bases:

Rendering of services

Sales of services are recognised in the accounting period in which the services are rendered by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

Interest income

Interest income is recognised on a time-proportioned basis using the effective interest method.

Employee benefits

The Company and its employees contribute to the Government Social Insurance Fund based on employees' salaries. The Company's contributions are expensed as incurred and are included in staff costs. The Company has no legal or constructive obligations to pay further contributions if the scheme does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior periods.

Finance costs

Interest expense and other borrowing costs are charged to the income statement as incurred.

Foreign currency translation

(1) ***Functional and presentation currency***

Items included in the Company's financial statements are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in United States Dollars (US$), which is the Company's functional and presentation currency.

(2) ***Transactions and balances***

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.Translation differences on available-for-sale financial assets are included in the fair value reserve in equity.

Tax

Current tax liabilities and assets for the current and prior periods are measured at the amount expected to be paid to or recovered from the taxation authorities, using the tax rates and laws that have been enacted, or substantively enacted, by the balance sheet date.

Dividends

Dividend distribution to the Company's shareholders is recognised in the Company's financial statements in the year in which they are approved by the Company's shareholders.

Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation.

Depreciation is calculated on the straight line method so as to write off the cost of each asset to their residual values over their estimated useful life. The annual depreciation rates used are as follows:

	%
Furniture, fixtures and office equipment	10
Computer Hardware	20

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Where the carrying amount of an asset is greater than its estimated recoverable amount, the asset is written down immediately to its recoverable amount.

Expenditure for repairs and maintenance of property, plant and equipment is charged to the income statement of the year in which it is incurred. The cost of major renovations and other subsequent expenditure are included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Company. Major renovations are depreciated over the remaining useful life of the related asset.

Gains and losses on disposal of property, plant and equipment are determined by comparing proceeds with carrying amount and are included in profit from operations.

Computer software

Costs that are directly associated with identifiable and unique computer software products controlled by the Company and that will probably generate economic benefits exceeding costs beyond one year are recognised as intangible assets. Subsequently computer software is carried at cost less any accumulated amortisation and any accumulated impairment losses. Expenditure which enhances or extends the performance of computer software programmes beyond their original specifications is recognised as a capital improvement and added to the original cost of the computer software. Costs associated with maintenance of computer software programmes are recognised as an expense when incurred. Computer software costs are amortised using the straight-line method over their useful lives, not exceeding a period of three years. Amortisation commences when the computer software is available for use and is included within administrative expenses.

Investments

The Company classifies its investments in equity and debt securities in the following categories: financial assets at fair value through profit or loss, originated loans, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of investments at initial recognition and re-evaluates this designation at every balance sheet date.

Financial assets at fair value through profit or loss

This category has two sub categories: financial assets held for trading and those designated at fair value through profit or loss at inception. A financial asset is classified in the held for trading category if acquired principally for the purpose of generating a profit from short-term fluctuations in price. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within twelve months of the consolidated balance sheet date.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and for which there is no intention of trading the receivable. They are included in current assets, except for maturities greater than twelve months after the consolidated balance sheet date. These are classified as non-current assets.

Held to maturity investments

Investments with fixed or determinable payments and fixed maturity that the management has the positive intent and ability to hold to maturity, other than loan and receivables originated by the Company, are classified as held-to-maturity investments. Such investments are included in non-current assets, except for maturities within twelve months from the balance sheet date, which are classified as current assets.

Available-for-sale financial assets

Investments intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, are classified as available-for-sale; these are included in non-current assets unless management has the express intention of holding the investment for less than 12 months from the balance sheet date or unless they will need to be sold to raise operating capital, in which case they are included in current assets.

Regular way purchases and sales of investments are recognised on trade date which is the date on which the Company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method.

Realised and unrealised gains and losses arising from changes in the fair value of financial assets at fair value through profit or loss are included in the income statement in the period in which they arise. Unrealised gains and losses arising from changes in the fair value of available for sale financial assets are recognised in equity. When available for sale financial assets are sold or impaired, the accumulated fair value adjustments are included in the income statement.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same and discounted cash flow analysis, making maximum use of market inputs and relying as little as possible on entity specific inputs.

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets the cumulative loss which is measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss, is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

Share capital

Ordinary shares are classified as equity.

Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash at bank and in hand.

3. Financial risk management

(1) *Financial risk factors*

The Company is exposed to market price risk, interest rate risk, liquidity risk and currency risk arising from the financial instruments it holds. The risk management policies employed by the Company to manage these risks are discussed below:

(1.1) *Market price risk*

Market price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices. The Company's market price risk is managed through diversification of the investment portfolio.

(1.2) *Interest rate risk*

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Company's management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

(1.3) *Liquidity risk*

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The Company has procedures with the object of minimising such losses such as maintaining sufficient cash and other highly liquid current assets and by having available an adequate amount of committed credit facilities.

(1.4) *Currency risk*

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Company's measurement currency. The Company is exposed to foreign exchange risk arising from various currency exposures. The Company's management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

(2) *Fair value estimation*

The fair values of the Company's financial assets and liabilities approximate their carrying amounts at the balance sheet date.

4. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Income taxes

Significant judgement is required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Impairment of available-for-sale financial assets

The Company follows the guidance of IAS 39 on determining when an investment is other-than-temporarily impaired. This determination requires significant judgement. In making this judgement, the Company evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost and the financial health and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

5. Revenue

	2006 US$	2005 US$
Management and performance fees	**34.110.082**	22.541.323

6. Other operating income

	2006 US$	2005 US$
Interest income	**18.440**	11.313
Sundry operating income	**53.807**	–
	72.247	11.313

7. Management fees and other operating expenses

	2006 US$	2005 US$
Investment advisory and brokerage fees payable	**33.306.255**	21.886.695

8. Operating profit

	2006 US$	2005 US$
Operating profit is stated after charging the following items:		
Amortisation of computer software (included in "Administration expenses") (Note 14)	**24.666**	24.358
Depreciation of property, plant and equipment (Note 13)	**6.698**	4.678
Staff costs including directors in their executive capacity (Note 9)	**516.416**	290.901
Auditors' remuneration – current year	**6.384**	4.000
Auditors' remuneration – prior years	**1.986**	2.078

9. Staff costs

	2006 US$	2005 US$
Management and staff salaries	**479.568**	263.616
Social insurance costs etc	**36.848**	27.285
	516.416	290.901

10. Finance costs

	2006 US$	2005 US$
Net foreign exchange transaction (gain)/losses	**(7.732)**	163
Interest expense	**184**	527
Other finance expenses	**18.324**	14.864
	10.776	15.554

11. Tax

	2006 US$	2005 US$
Corporation tax – current year	**10.013**	9.615
Defence contribution – current year	**–**	10
Charge for the year	**10.013**	9.625

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the applicable tax rates as follows:

	2006 US$	2005 US$
Profit before tax	**112.815**	220.788
Tax calculated at the applicable tax rates	**11.282**	22.079
Tax effect of expenses not deductible for tax purposes	**3.136**	–
Tax effect of allowances and income not subject to tax	**(4.864)**	(12.464)
10% additional charge	**459**	–
Defence contribution current year	**–**	10
Tax charge	**10.013**	9.625

The corporation tax rate is 10%.

Under certain conditions interest may be subject to defence contribution at the rate of 10%. In such cases 50% of the same interest will be exempt from corporation tax, thus having an effective tax rate burden of approximately 15%. In certain cases, dividends received from abroad may be subject to defence contribution at the rate of 15%.

12. Dividends

	2006 US$	2005 US$
Final dividend paid	**394.806**	57.350
	394.806	57.350

On the 3 February 2006 and 15 October 2006 the Company in General Meeting declared the payment of dividends totalling US$ 394.806 (2005: US$ 57.350).

Dividends are subject to a deduction of special contribution for defence at the rate of 15% for individual shareholders that are resident in Cyprus.

13. Property, plant and equipment

	Furniture, fixtures and office equipment US$	Computer hardware US$	Total US$
Cost			
Balance – 1 January 2005	19.665	8.492	28.157
Additions	594	4.735	5.329
At 31 December 2005/1 January 2006	**20.259**	**13.227**	**33.486**
31 December 2006	**20.259**	**13.227**	**33.486**
Depreciation			
Balance – 1 January 2005	4.050	4.248	8.298
Charge for the year	2.028	2.650	4.678
At 31 December 2005/1 January 2006	**6.078**	**6.898**	**12.976**
Charge for the year	2.026	4.672	6.698
31 December 2006	**8.104**	**11.570**	**19.674**
Net book amount			
31 December 2006	**12.155**	**1.657**	**13.812**
31 December 2005	**14.181**	**6.329**	**20.510**

14. Intangible assets

	Computer software US$	Total US$
Cost		
Balance – 1 January 2005	918	918
Additions	73.080	73.080
At 31 December 2005/1 January 2006	**73.998**	**73.998**
Additions	847	847
31 December 2006	**74.845**	**74.845**
Amortisation		
Balance 1 January 2005	825	825
Amortisation for the year (Note 8)	24.358	24.358
At 31 December 2005/1 January 2006	**25.183**	**25.183**
Amortisation for the year (Note 8)	24.666	24.666
31 December 2006	**49.849**	**49.849**
Net book amount		
31 December 2006	**24.996**	**24.996**
31 December 2005	**48.815**	**48.815**

15. Available-for-sale financial assets

	2006 US$	2005 US$
On 1 January	**10**	–
Additions	**10**	10
At 31 December	**20**	10

Available-for-sale financial assets are classified as non-current assets, unless they are expected to be realised within twelve months of the balance sheet date or unless they will need to be sold to raise operating capital.

The available-for-sale investments represent 1.000 founder shares of US$0,01 each in The Argo Fund Limited, 10 founder shares of EUR0,01 each in Argo Capital Investors Fund SPC and 10 founder shares of US$1 each in Argo

Capital Partners Fund Limited. These represent 100% of the issued founder shares of The Argo Fund Limited and 100% of the issued founder shares of Argo Capital Investors Fund SPC and 100% of the issued founder shares of Argo Capital Partners Fund Limited. These shares do not carry the right to participate in the assets of The Argo Fund Limited, Argo Capital Investors Fund SPC and of Argo Capital Partners Fund Limited nor in a winding up, except to the extent of repayment of par value paid in cash, nor in any dividends or other distributions of the Company.

16. Trade and other receivables

	2006 US$	2005 US$
Receivables from related companies (Note 21)	**291.071**	2.222.700
Deposits and prepayments	**35.475**	715
Other receivables	**19.047**	–
VAT	**812**	1.353
	346.405	2.224.768

The fair values of trade and other receivables due within one year approximate to their carrying amounts as presented above.

17. Cash and cash equivalents

	2006 US$	2005 US$
Cash at bank and in hand	**651.680**	2.164.895
	651.680	2.164.895

18. Share capital

	2006 Number of shares	2006 CY£	2005 Number of shares	2005 CY£
Authorised				
Ordinary shares of CY£1 each	**150.000**	**150.000**	150.000	150.000
		US$		**US$**
Issued and fully paid				
On 1 January	**150.000**	**317.715**	150.000	317.715
At 31 December	**150.000**	**317.715**	150.000	317.715

19. Trade and other payables

	2006 US$	2005 US$
Trade payables	–	2.000.000
Accruals	**606.734**	4.010
Payables to related companies (Note 21)	–	1.719.376
	606.734	3.723.386

The fair values of trade and other payables due within one year approximate to their carrying amounts as presented above.

20. (Refundable taxes)/current tax liabilities

	2006 US$	2005 US$
Corporation tax	**(3.572)**	9.857
	(3.572)	9.857

21. Related party transactions

On 18 January 2007 Absolute Capital Management Holdings Limited acquired a controlling stake in the Company, and as such it is regarded as the ultimate holding Company at the date of the approval of these financial statements.

The nature and volume of transactions between the Company and related parties, which are carried out on arm's length basis, and the balance with these Companies are as follows.

21.1 Directors' remuneration

The total remuneration of the Directors was as follows:

	2006 US$	2005 US$
Directors' remuneration	**235.429**	234.166
	235.429	234.166

21.2 Management and performance fees

	2006 US$	2005 US$
Argo Fund Limited	**20.461.998**	17.652.635
Argo Global Special Situations Fund SP	**12.701.553**	4.646.190
Argo South Eastern European Special Situations Fund SEE	**382.870**	235.751
Argo Olympian Fund SP	**–**	6.747
Argo Capital Partners Fund Limited	**563.661**	–
	34.110.082	22.541.323

Income from the related Companies represent management and performance fees which have been received by the Company in its capacity as investment manager.

21.3 Purchases of services

	2006 US$	2005 US$
Argo Capital Management Limited	**16.654.227**	11.157.905
	16.654.227	11.157.905

Purchases of services from the related company were made on commercial terms and conditions.

21.4 Receivables from related parties (Note 16)

Name	Nature of transactions	2006 US$	2005 US$
Argo Fund Limited	Services	**–**	1.923.400
Argo Global Special Situations Fund SP	Services	**–**	299.300
Argo Capital Partners Fund Limited	Services	**291.071**	–
		291.071	2.222.700

21.5 Payables to related parties (Note 19)

Name	Nature of transactions	2006 US$	2005 US$
Argo Capital Management Limited	Services	**–**	1.719.376
		–	1.719.376

22. Commitments

The Company had no capital or other commitments as at 31 December 2006.

23. Post balance sheet events

Other than the events mentioned in note 21 of the financial statements there were no other material post balance sheet events, which have a bearing on the understanding of the financial statements.

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PART III C(iii) – REPORT AND FINANCIAL STATEMENTS FOR ARGO CAPITAL MANAGEMENT (CYPRUS) LIMITED

Set out below is an extract from the report and financial statements of Argonaftis Capital Management (Overseas) Limited (now called Argo Capital Management (Cyprus) Limited) for the 12 months ended 31 December 2005. No adjustments have been made, save for the references to page numbers which have been updated for this document.

BOARD OF DIRECTORS AND OTHER OFFICERS

Board of Directors	Andreas Rialas Kyriakos Rialas Loucas Demetriou Sophocles Sophocleous Theophanis Phanos Christos Christou
Company Secretary	Seclaw Serve Limited 66 Ipocratous Street 1510 Nicosia Cyprus
Auditors	HLB Afxentiou & Partners Chartered Accountants 2 Kastoros Street 1087 Nicosia Cyprus
Registered Office	Jackie Court, Suite 401 10 Vasilissis Frederikis Street 1066 Nicosia Cyprus

REPORT OF THE BOARD OF DIRECTORS

The Board of Directors presents its report together with the audited financial statements of the Company for the year ended 31 December 2005.

Principal activities

The principal activities of the Company, which are unchanged from last year, are to act as an investment manager, offer financial advice and manage clients' portfolios on a discretionary basis. Since 30 March 2004, the Company has been operating as a Cyprus Investment Firm, having obtained the necessary licence by the Cyprus Securities and Exchange Commission.

Results

The Company's results for the year are set out on page 80. The Board of Directors paid a dividend as detailed below and the remaining net profit for the year is retained.

Dividends

On 19 October 2005 the shareholders of the Company in an Annual General Meeting approved the payment of a dividend of US$ 57.350 (2004: US$ 18.664).

Share capital

Authorised capital

At an extraordinary general meeting held on 29 April 2004 the authorised share capital of the Company was increased by 140.000 ordinary shares of CY£1 each.

Issued capital

At an extraordinary general meeting held on 29 April 2004, the Company's issued share capital was increased from CY£10.000 divided into 10.000 ordinary shares of CY£1 each to CY£150.000 through the addition of 140.000 new ordinary shares of CY£1 each.

Board of Directors

The members of the Board of Directors of the Company as at 31 December 2005 and at the date of this report are shown on page 77. All of them were members of the Board throughout the year ended 31 December 2005. Mr. Christos Christou was appointed as director on 30 January 2005.

In accordance with the Company's Articles of Association all directors presently members of the Board continue in office.

Auditors

The auditors, HLB Afxentiou & Partners, have expressed their willingness to continue in office and a resolution giving authority to the Board of Directors to fix their remuneration will be proposed at the Annual General Meeting.

By order of the Board of Directors,

Kiriakos Rialas
Director

Nicosia, 15 March 2006

AUDITORS' REPORT TO THE MEMBERS OF ARGONAFTIS CAPITAL MANAGEMENT (OVERSEAS) LIMITED

Report on the financial statements

1. We have audited the financial statements of Argonaftis Capital Management (Overseas) Limited on pages 80 to 90, which comprise the balance sheet as at 31 December 2005 and the income statement, statement of changes in equity and cash flow statement for the year then ended, and the related notes. These financial statements are the responsibility of the company's Board of Directors. Our responsibility is to express an opinion on these financial statements based on our audit. This report is made solely to the Company's members, as a body, in accordance with Section 156 of the Companies Law, Cap. 113. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.
2. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Board of Directors as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.
3. In our opinion the financial statements give a true and fair view of the financial position of Argonaftis Capital Management (Overseas) Limited as at 31 December 2005 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and International Financial Reporting Standards as issued by the International Accounting Standards Board and the requirements of the Cyprus Companies Law, Cap. 113.

Report on other legal requirements

4. Pursuant to the requirements of the Companies Law, Cap. 113, we report the following:

- We have obtained all the information and explanations we considered necessary for the purposes of our audit.
- In our opinion, proper books of account have been kept by the Company.
- The Company's financial statements are in agreement with the books of account.
- In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Companies Law, Cap. 113, in the manner so required.
- In our opinion, the information given in the report of the Board of Directors on page 78 is consistent with the financial statements.

HLB Afxentiou & Partners
Chartered Accountants

Nicosia, 15 March 2006

INCOME STATEMENT

Year ended 31 December 2005

	Note	2005 US$	2004 US$
Revenue	4	**22.541.323**	16.608.798
Administration expenses		**(429.599)**	(310.491)
Other operating expenses	5	**(21.886.695)**	(16.087.823)
Operating profit	6	**225.029**	210.484
Finance costs-net	8	**(4.241)**	(492)
Profit before tax		**220.788**	209.992
Tax	9	**(9.625)**	(10.128)
Net profit for the year		**211.163**	199.864

The notes on pages 84 to 90 form an integral part of these financial statements.

BALANCE SHEET

31 December 2005

	Note	2005 US$	2004 US$
ASSETS			
Non-current assets			
Property, plant and equipment	11	**20.510**	19.859
Intangible assets	12	**48.815**	93
Available-for-sale investments	13	**10**	10
		69.335	19.962
Current assets			
Trade and other receivables	14	**2.224.768**	1.847.730
Cash at bank and in hand	15	**2.164.895**	3.778.544
		4.389.663	5.626.274
Total assets		**4.458.998**	5.646.236
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	16	**317.715**	317.715
Retained earnings		**408.040**	254.227
		725.755	571.942
Current liabilities			
Trade and other payables	17	**3.723.386**	5.051.457
Current tax liabilities	18	**9.857**	22.837
		3.733.243	5.074.294
Total equity and liabilities		**4.458.998**	5.646.236

On 15 March 2006, the Board of Directors of Argonaftis Capital Management (Overseas) Limited authorised these financial statements for issue.

....
Director *Director*

The notes on pages 84 to 90 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
Year ended 31 December 2005

	Note	Share capital US$	Retained earnings US$	Total US$
Balance – 1 January 2004		**18.157**	**73.027**	**91.184**
Net profit for the year		–	199.864	199.864
Issue of share capital	16	299.558	–	299.558
Dividends	10	–	(18.664)	(18.664)
At 31 December 2004/1 January 2005		**317.715**	**254.227**	**571.942**
Net profit for the year		–	211.163	211.163
Dividends	10	–	(57.350)	(57.350)
At 31 December 2005		**317.715**	**408.040**	**725.755**

Companies, which do not distribute 70% of their profits after tax, as defined by the relevant tax law, within two years after the end of the relevant tax year, will be deemed to have distributed as dividends 70% of these profits. Special contribution for defence at 15% will be payable on such deemed dividends to the extent that the shareholders (companies and individuals) are Cyprus tax residents. The amount of deemed distribution is reduced by any actual dividends paid out of the profits of the relevant year during the following two years. This special contribution for defence is payable for the account of the shareholders.

The notes on pages 84 to 90 form an integral part of these financial statements.

CASH FLOW STATEMENT
Year ended 31 December 2005

	Note	2005 US$	2004 US$
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**220.788**	209.992
Adjustments for:			
Depreciation of property, plant and equipment	11	**4.678**	2.965
Unrealised exchange difference on taxation		**–**	1.307
Amortisation of computer software	12	**24.358**	645
Interest income	8	**(11.313)**	(5.440)
Interest expense	8	**527**	–
Operating profit before working capital changes		**239.038**	209.469
Changes in working capital:			
Trade and other receivables		**(377.038)**	(863.437)
Trade and other payables		**(1.328.071)**	3.861.859
Cash flows (used in)/from operations		**(1.466.071)**	3.207.891
Tax paid		**(22.605)**	–
Net cash (used in)/from operating activities		**(1.488.676)**	3.207.891
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of intangible assets	12	**(73.080)**	(555)
Purchase of property, plant and equipment	11	**(5.329)**	(14.652)
Interest received		**11.313**	5.440
Net cash (used in) investing activities		**(67.096)**	(9.767)
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid		**(527)**	–
Dividends paid		**(57.350)**	–
Net cash (used in) financing activities		**(57.877)**	–
Net (decrease)/increase in cash and cash equivalents		**(1.613.649)**	3.198.124
Cash and cash equivalents:			
At beginning of the year	15	**3.778.544**	580.420
At end of the year	15	**2.164.895**	3.778.544

The notes on pages 84 to 90 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. Incorporation and principal activities

Country of incorporation

The Company was incorporated in Cyprus on 29 March 2000 as a private company with limited liability under the Companies Law, Cap. 113. Its registered office is at Jackie Court, Suite 401, 10 Vasilissis Frederikis Street, 1066 Nicosia, Cyprus. The Company is a Cyprus EPEY (Investment Services Provider) and holds licence number 023/04 issued by the Cyprus Securities and Exchange Commission.

Principal activities

The principal activities of the Company, which are unchanged from last year, are to act as an investment manager, offer financial advice and manage clients' portfolios on a discretionary basis. Since 30 March 2004, the Company has been operating as a Cyprus Investment Firm, having obtained the necessary licence by the Cyprus Securities and Exchange Commission.

2. Accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented in these financial statements unless otherwise stated.

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The financial statements comply with both these reporting frameworks because at the time of their preparation all applicable IFRS issued by the IASB have been adopted by the European Union through the endorsement procedure established by the European Commission. In addition, the financial statements have been prepared in accordance with the requirements of the Companies Law, Cap. 113. The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS as adopted by the European Union requires the use of certain critical accounting estimates and requires management to exercise its judgment in the process of applying the Company's accounting policies. It also requires the use of assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates.

Revenue recognition

Revenue comprises the invoiced amount for the sale of goods and services net of Value Added Tax, rebates and discounts. Revenue from the rendering of services is based on the stage of completion determined by reference to services performed to date as a percentage of total services to be performed.

Revenues earned by the Company are recognised on the following bases:

Interest income

Interest income is recognised on a time proportion basis using the effective interest method.

Employee benefits

The Company and the employees contribute to the Government Social Insurance Fund based on employees' salaries. The Company's contributions are expensed as incurred and are included in staff costs. The Company has no legal or constructive obligations to pay further contributions if the scheme does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior periods.

Finance costs

Interest expense and other borrowing costs are charged to the income statement as incurred.

Foreign currency translation

(1) ***Measurement currency***
The financial statements are prepared in United States Dollars (the measurement currency), which is the currency that best reflects the economic substance of the underlying events and circumstances relevant to the Company.

(2) ***Foreign currency translation***
Foreign currency transactions are translated into the measurement currency using the exchange rates prevailing at the date of the transactions. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. Translation differences on available-for-sale equities are included in the fair value reserve in equity.

Tax

Current tax liabilities and assets for the current and prior periods are measured at the amount expected to be paid to or recovered from the taxation authorities using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Dividends

Dividend distribution to the Company's shareholders is recognised in the Company's financial statements in the year in which they are approved by the Company's shareholders.

Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation.

Depreciation is calculated on the straight-line method to write off the cost of each asset to their residual values over their estimated useful life. The annual depreciation rates used are as follows:

	%
Computer hardware	20
Furniture, fixtures and office equipment	10

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Expenditure for repairs and maintenance of property, plant and equipment is charged to the income statement of the year in which they were incurred. The cost of major renovations and other subsequent expenditure are included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Company. Major renovations are depreciated over the remaining useful life of the related asset.

Gains and losses on disposal of property, plant and equipment are determined by comparing proceeds with carrying amount and are included in profit from operations.

Computer software

Costs that are directly associated with identifiable and unique computer software products controlled by the Company and that will probably generate economic benefits exceeding costs beyond one year are recognised as intangible assets. Subsequently computer software is carried at cost less any accumulated amortisation and any accumulated impairment losses. Expenditure, which enhances or extends the performance of computer software programmes beyond their original specifications is recognised as a capital improvement and added to the original cost of the computer software. Costs associated with maintenance of computer software programmes are recognised as an expense when incurred. Computer software costs are amortised using the straight-line method over their useful lives, not exceeding a period of three years. Amortisation commences when the computer software is available for use and is included within administrative expenses.

Investments

The Company classifies its investments in the following categories: trading, held to maturity and available-for-sale. The classification is dependent on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

Investments that are acquired principally for the purpose of generating a profit from short-term fluctuations in price are classified as trading investments and included in current assets.

Investments with fixed or determinable payments and fixed maturity that the management has the positive intent and ability to hold to maturity, other than loan and receivables originated by the Company, are classified as held-to-maturity investments. Such investments are included in non-current assets, except for maturities within twelve months from the balance sheet date, which are classified as current assets.

Investments intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, are classified as available-for-sale; these are included in non-current assets unless management has the express intention of holding the investment for less than 12 months from the balance sheet date or unless they will need to be sold to raise operating capital, in which case they are included in current assets.

Purchase and sales of investments are recognised on the trade date, which is the date that the Company commits to purchase or sell the asset. The cost of the purchase includes transactions costs. Trading and available-for-sale investments are subsequently carried at fair value. Held-to-maturity investments are subsequently carried at amortised cost using the effective yield method.

Realised and unrealised gains and losses arising from changes in the fair value of trading investments are included in the income statement in the year in which they arise. Unrealised gains and losses arising from changes in the fair value of available-for-sale investments are recognised in fair value reserves in equity.

When available-for-sale investments are sold or impaired, the accumulated fair value adjustments are included in the income statement as gains and losses from available-for-sale investments.

The fair value of investments is based on quoted bid prices or amounts derived from cash flow models. Fair values for unlisted equity investments are estimated using applicable price/earnings or price/cash flow ratios refined to reflect the specific circumstances of the issuer. Equity investments for which fair values cannot be measured reliably are recognised at cost less impairment. When available-for-sale investments are sold or impaired, the accumulated fair value adjustments are included in the income statement as gains and losses from available-for-sale investments.

The Company assesses at each balance sheet date whether there is any objective evidence that a financial asset is impaired. A financial asset is impaired if its carrying amount is greater than its estimated recoverable amount. The amount of the impairment loss for assets carried at amortised cost is calculated as the difference between the assets carrying amount and the present value of expected future cash flows discounted at the financial instrument's original effective interest rate. By comparison, the recoverable amount of an instrument measured at fair value is the present value of expected future cash flows discounted at the current market rate of interest for a similar financial asset.

Impairment of long-lived assets

Property, plant and equipment and other non-current assets, including goodwill and other intangible assets are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's net selling price and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

Share capital

Ordinary shares are classified as equity.

Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash at bank and in hand.

Comparatives

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

3. Financial risk management

(1) *Financial risk factors*

The Company is exposed to market price risk, interest rate risk, liquidity risk and currency risk arising from the financial instruments it holds. The risk management policies employed by the Company to manage these risks are discussed below:

(1.1) *Market price risk*

Market price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices. The Company's available-for-sale investments are not susceptible to market price risk.

(1.2) *Interest rate risk*

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Company's income and operating cash flows are substantially independent of changes in market interest rates as the Company has no significant interest-bearing assets. The Company is not exposed to interest rate risk in relation to its non-current borrowings. The Company's management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

(1.3) *Liquidity risk*

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The Company has procedures with the object of minimising such losses such as maintaining sufficient cash and other highly liquid current assets and by having available an adequate amount of committed credit facilities.

(1.4) *Currency risk*

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Company's measurement currency. The Company is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the US Dollar and the Euro. The Company's management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

(2) *Fair value estimation*

The fair values of the Company's financial assets and liabilities approximate their carrying amounts at the balance sheet date.

4. Revenue

	2005 US$	2004 US$
Management and performance fees	**22.541.323**	16.608.798

5. Other operating expenses

	2005 US$	2004 US$
Investment advisory and brokerage fees paid	**21.886.695**	16.087.823

6. Operating profit

	2005 US$	2004 US$
Operating profit is stated after charging the following items:		
Amortisation of computer software (included in "administrative expenses") (Note 12)	**24.358**	645
Depreciation of property, plant and equipment (Note 11)	**4.678**	2.965
Staff costs (Note 7)	**290.901**	164.494
Auditors' remuneration	**4.000**	4.000
Auditors' remuneration – prior years	**2.078**	2.178

7. Staff costs

	2005 US$	2004 US$
Management and staff salaries	**263.616**	149.531
Social insurance costs etc	**27.285**	14.963
	290.901	164.494

8. Finance costs

	2005 US$	2004 US$
Interest expense	**527**	–
Other finance expenses	**14.864**	9.609
Net foreign exchange transaction losses/(gains)	**163**	(3.677)
Interest income	**(11.313)**	(5.440)
	4.241	492

9. Tax

	2005 US$	2004 US$
Corporation tax-current year	**9.615**	10.128
Defence contribution-current year	**10**	–
Total charge for the year	**9.625**	10.128

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the applicable tax rates as follows:

	2005 US$	2004 US$
Profit before tax	**220.788**	209.992
Tax calculated at the applicable tax rates	**9.383**	8.925
Tax effect of expenses not deductible for tax purposes	**1.466**	370
Tax effect of allowances and income not subject to tax	**(1.234)**	(52)
10% additional charge	**–**	885
Defence contribution current year	**10**	–
Tax charge	**9.625**	10.128

The Company has opted to be taxed under the transitional rules until 31 December 2005 and is subject to income tax at the rate of 4,25% for the years up to and including 2005.

10. Dividends

	2005 US$	2004 US$
Dividend paid	**57.350**	18.664

On 19 October 2005 the shareholders of the Company in an Annual General Meeting approved the payment of a dividend of US$ 57.350 (2004: US$ 18.664).

Dividends are subject to a deduction of special contribution for defence at the rate of 15% for individual shareholders that are resident in Cyprus.

Dividends declared out of dividends received, which suffered withholding tax at the rate of 20%, are exempt from the 15% special contribution for defence. The exemption applies if the dividends are declared within a six-year period from the date of their receipt.

11. Property, plant and equipment

	Computer hardware US$	Furniture, fixtures and office equipment US$	Total 2005 US$	Total 2004 US$
Cost				
On 1 January	8.492	19.665	28.157	13.505
Additions	4.735	594	5.329	14.652
At 31 December	13.227	20.259	33.486	28.157
Depreciation				
On 1 January	4.248	4.050	8.298	5.333
Charge for the year	2.650	2.028	4.678	2.965
At 31 December	6.898	6.078	12.976	8.298
Net book amount				
At 31 December	**6.329**	**14.181**	**20.510**	19.859

12. Intangible assets

	Computer software US$	Total 2005 US$	Total 2004 US$
Cost			
On 1 January	918	918	363
Additions	73.080	73.080	555
At 31 December	73.998	73.998	918
Depreciation			
On 1 January	825	825	180
Amortisation for the year (Note 6)	24.358	24.358	645
At 31 December	25.183	25.183	825
Closing net book amount	**48.815**	**48.815**	93

13. Available-for-sale investments

	2005 US$	2004 US$
Opening net book amount	**10**	–
Additions	**–**	10
Closing net book amount	**10**	10

Available-for-sale investments are fair valued annually at the close of business on 31 December.

Available for sale investments are classified as non-current assets, unless they are expected to be realised within twelve months of the balance sheet date or unless they will need to be sold to raise operating capital.

The available-for-sale investments represent 1.000 founder shares of US$0,01 each in The Argo Fund Limited and 10 founder shares of €0,01 each in Argo Capital Investors Fund SPC. These shares represent 100% of the issued founder shares of The Argo Fund Limited and 100% of the issued founder shares of Argo Capital Investors Fund SPC. These shares do not carry the right to participate in the assets of The Argo Fund Limited and of Argo Capital Investors Fund SPC nor in a winding up, except to the extent of repayment of par value paid in cash, nor in any dividends or other distributions of the Company.

14. Trade and other receivables

	2005 US$	2004 US$
Receivables from related companies (Note 19)	**2.222.700**	1.830.602
Deposits and prepayments	**715**	715
Other receivables	**–**	2.025
VAT	**1.353**	14.388
	2.224.768	1.847.730

15. Cash and cash equivalents

	2005 US$	2004 US$
Cash at bank and in hand	**2.164.895**	3.778.544

16. Share capital

	2005 Number of shares	2005 CY£	2004 Number of shares	2004 CY£
Authorised				
Ordinary shares of CY£1 each	**150.000**	**150.000**	150.000	150.000
Issued and fully paid				
		US$		**US$**
On 1 January	**150.000**	**317.715**	10.000	18.157
Issue of shares	**–**	**–**	140.000	299.558
At 31 December	**150.000**	**317.715**	150.000	317.715

Authorised capital

At an extraordinary general meeting held on 29 April 2004 the authorised share capital of the Company was increased by 140.000 ordinary shares of CY£1 each.

Issued capital

At an extraordinary general meeting held on 29 April 2004, the Company's issued share capital was increased from CY£10.000 divided into 10.000 ordinary shares of CY£1 each to CY£150.000 through the addition of 140.000 new ordinary shares of CY£1 each.

17. Trade and other payables

	2005 US$	2004 US$
Trade payables	2.000.000	2.937.774
Accruals	4.010	4.010
Payables to related companies (Note 19)	1.719.376	2.109.673
	3.723.386	5.051.457

18. Current tax liabilities

	2005 US$	2004 US$
Corporation tax	**9.857**	22.837

19. Related party transactions

The nature and volume of transactions between the Company and related parties, which are carried out on an arm's length basis, and the balance with these companies are as follows:

19.1 Directors' remuneration

The total remuneration of the Directors was as follows:

	2005 US$	2004 US$
Directors' remuneration	**234.166**	129.405

19.2 Sales of services

	2005 US$	2004 US$
Argo Fund Limited	**17.652.635**	16.339.781
Argo Global Special Situations Fund	**4.646.190**	164.115
Argo South Eastern European Special Situations Fund	**235.751**	104.902
Argo Olympian Fund	**6.747**	–
	22.541.323	16.608.798

Income from the related companies represent management and performance fees which have been received by the Company in its capacity as investment manager.

19.3 Purchases of services

	2005 US$	2004 US$
Argo Capital Management Limited	**11.157.905**	8.272.896

Purchases of services from the related company were made on commercial terms and conditions.

19.4 Receivables from related parties (Note 14)

Name	Nature of transactions	2005 US$	2004 US$
Argo Fund Limited	Services	**1.923.400**	1.693.840
Argo Global Special Situations Fund	Services	**299.300**	55.001
Argo South Eastern European	Services	**–**	21.946
Argonaftis Capital Management Limited	Services	**–**	59.815
		2.222.700	1.830.602

19.5 Payables to related parties (Note 17)

Name	Nature of transactions	2005 US$	2004 US$
Argo Capital Management Limited	Services	**1.719.376**	2.109.673

20. Commitments

The Company had no capital or other commitments as at 31 December 2005.

21. Post balance sheet events

There were no material post balance sheet events, which have a bearing on the understanding of the financial statements.

Auditors' report page 79

PART III C(iv) – REPORT AND FINANCIAL STATEMENTS FOR ARGO CAPITAL MANAGEMENT LIMITED

Set out below is an extract from the report and financial statements of Argo Capital Management Limited for the 12 months ended 31 December 2007. No adjustments have been made, save for the references to page numbers which have been updated for this document.

The accounts for Argo Group Limited will be prepared under International Financial Reporting Standards in respect of the year ending 31 December 2008 and subsequent periods. The accounts for Argo Capital Management Limited for the three years to 31 December 2007 have been prepared under UK GAAP.

In relation to Argo Capital Management Limited, the Directors of Argo Group Limited confirm, having consulted with the auditors of Argo Capital Management Limited, that:

- there is no material difference between UK GAAP and IFRS in respect of the income statement and balance sheet for these respective periods;
- there would be presentational/format/terminology changes to the balance sheet and income statement;
- there would be a need to include a statement of changes in equity (this is in effect a combination of the statement of total recognised gains and losses and record of shareholder reserve disclosures under UK GAAP);
- there would be a need to amend the accounting policies to reflect IFRS compliance not UK GAAP; and
- in relation to the notes to the accounts, there would be a need to include IFRS 7 disclosures (as included in the Argo Group Limited accounts for the period to 30 June 2008)

As a result of the above the Directors of Argo Group Limited confirm, to the best of their reasonable knowledge and belief, that by not including an IFRS restatement for Argo Capital Management Limited for three years ended 31 December 2007, this is not likely to impact the assessment of Argo Group Limited's assets and liabilities, financial position or profits losses."

COMPANY INFORMATION

Directors	A Rialas A Arampova (resigned 23/07/2007) S Rothwell (appointed 09/05/2007) C P Wilson (appointed 23/07/2007) N C Corby (resigned 08/03/2007) S P Ewing (appointed 26/04/2007 & resigned 02/08/2007) D Sisk (appointed 26/04/2007 & resigned 24/12/2007) J P Treacher (appointed 26/04/2007 & resigned 07/12/2007)
Secretary	J Bradshaw
Company number	04000274
Registered office	80 New Bond Street London W1S 1SB
Auditors	Mazars LLP Chartered Accountants Tower Bridge House St Katharine's Way London E1W 1DD

DIRECTORS' REPORT

The directors present their report and the financial statements for the year ended 31 December 2007.

Principal activities

The principal activity of the company continued to be that of investment advisers, regulated by the Financial Services Authority.

A substantial element of the company's turnover is linked to the performance of the funds under advice. Earnings from investment advisory services comprise a share of management and performance related fees. During the year, fees earned increased by 12% from £8.8 million to £9.9 million.

The company is exposed to variety of financial risks to varying degrees. The key risks are:

Fund management

The performance of the fund and remuneration of the company will depend on the continuing ability of the investment advisers to find profitable investment opportunities.

Currency risk

Fund related fees and brokerage fees are earned in US Dollars and therefore the company is subject to fluctuations in the value of the US Dollar against the Pound Sterling.

Interest rate risk

The company has interest bearing assets. These include only cash balances and deposits that earn interest based on prevailing bank rates.

Results

The results for the year are set out on page 95.

Directors' Interests

The directors who served during the year and their interests in the company's issued share capital were:

	Ordinary shares of £1 each	
	31/12/07	**1/1/07**
A Rialas	–	–
A Arampova (resigned 23/07/2007)	–	–
S Rothwell (appointed 09/05/2007)	–	–
C P Wilson (appointed 23/07/2007)	–	–
N C Corby (resigned 08/03/2007)	–	–
S P Ewing (appointed 26/04/2007 & resigned 02/08/2007)	–	–
D Sisk (appointed 26/04/2007 & resigned 24/12/2007)	–	–
J P Treacher (appointed 26/04/2007 & resigned 07/12/2007)	–	–

Charitable contributions

During the year the made the following charitable donation payments £5,054 (2006: £1500).

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

So far as each of the directors is aware at the time the report is approved:

- there is no relevant audit information of which the company's auditors are unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Auditors

The auditors, Mazars LLP, will be proposed for reappointment in accordance with section 385 of the Companies Act 1985.

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

A Rialas
Director

24 April 2008

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ARGO CAPITAL MANAGEMENT LIMITED

We have audited the financial statements of Argo Capital Management Limited for the year ended 31 December 2007 set out on pages 95 to 103. These financial statements have been prepared in accordance with the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Annual Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

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

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

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2007 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

Mazars LLP
Chartered Accountants

Registered Auditor
Tower Bridge House
St Katharine's Way
London
E1W 1DD

Date: 24 April 2008

PROFIT AND LOSS ACCOUNT

For the Year ended 31 December 2007

	Note	2007 £	2006 £
Turnover	1,2	9,870,343	8,828,362
Administrative expenses		(7,230,235)	(3,948,751)
Operating profit	3	2,640,108	4,879,611
Interest receivable	4	116,337	25,275
Interest payable	6	(4,713)	–
Profit on ordinary activities before taxation		2,751,732	4,904,886
Tax on profit on ordinary activities	5	(828,830)	(1,478,624)
Profit on ordinary activities after taxation	12	1,922,902	3,426,262

All amounts relate to continuing operations.

There were no recognised gains and losses for 2007 or 2006 other than those included in the profit and loss account.

The notes on pages 98 to 103 form part of these financial statements.

BALANCE SHEET
As at 31 December 2007

	Note	2007 £	2006 £
Fixed assets			
Tangible fixed assets	8	25,434	6,199
Current assets			
Debtors	9	928,545	1,098,463
Cash at bank and in hand		4,405,867	1,701,185
		5,334,412	2,799,648
Creditors: amounts falling due within one year	10	(3,016,847)	(2,385,750)
Net current assets		2,317,565	413,898
Total assets less current liabilities		2,342,999	420,097
Capital and Reserves			
Called up share capital	11	1,998	1,998
Share premium account	12	116,002	116,002
Profit and loss account	12	2,224,999	302,097
Shareholders' funds	13	2,342,999	420,097

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 24 April 2008.

A Rialas
Director

The notes on pages 98 to 103 form part of these financial statements.

CASH FLOW STATEMENT
Year ended 31 December 2007

	Note	2007 £	2006 £
Net cash flow from operating activities	21	4,271,064	5,994,066
Returns on investments and servicing of finance	22	109,323	25,275
Taxation		(1,614,346)	(1,491,647)
Capital expenditure and financial investment	22	(32,747)	(2,536)
Equity dividends paid		–	(3,316,460)
Cash inflow before financing		2,733,294	1,208,698
Financing	22	–	100,000
Increase in cash in the year		2,733,294	1,308,698

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/DEBT
For the year ended 31 December 2007

	2007 £	2006 £
Increase in cash in the year	2,733,294	1,308,698
Cash inflow from increase in debt and lease financing	–	(100,000)
Movement in net debt in the year	2,733,294	1,208,698
Net funds at 1 January 2007	1,572,573	363,875
Net funds at 31 December 2007	4,305,867	1,572,573

The notes on pages 98 to 103 form part of these financial statements.

1. Accounting policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently.

1.3 Turnover

Turnover is generated from advisory services to invested funds through management fees and performance fees. Management fees are based upon the net asset value of the respective funds and are recognised on an accruals basis. Performance fees are recognised when performance threshold have been satisfied and value of the performance fee can be measured with reasonable certainty.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Plant & machinery	3 years straight line
Fixtures & fittings	3 years straight line

1.5 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.6 Deferred taxation

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

1.7 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the profit and loss account.

2. Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

3. Operating profit

The operating profit is stated after charging/(crediting):

	2007	**2006**
	£	**£**
Depreciation of tangible fixed assets:		
– owned by the company	13,512	13,864
Operating lease rentals:		
– other operating leases	83,620	98,729
Difference on foreign exchange	(2,027)	30,403

4. Investment income

	2007	**2006**
	£	**£**
Other Interest Recievable	–	557
Bank Interest	116,337	24,718
	116,337	25,275

5. Taxation

	2007	2006
	£	£
Analysis of tax charge in the year		
Current tax (see note below)		
UK corporation tax charge on profits for the year	831,932	1,478,624
Deferred tax (see note 18)		
Origination and reversal of timing differences	(3,102)	–
Tax on profit on ordinary activities	828,830	1,478,624

Factors affecting tax charge for the year
The tax assessed for the year is higher than the standard rate of corporation tax in the UK (30%). The differences are explained below:

	2007	2006
	£	£
Profit on ordinary activities before tax	2,751,732	4,904,886
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2006 – 30%)	825,520	1,471,466
Effects of:		
Expenses not deductible for tax purposes	6,023	4,715
Capital allowances for year	(3,630)	(1,694)
Depreciation add back	4,054	4,159
Other adjustments	(35)	(22)
Current tax charge for the year (see note above)	831,932	1,478,624

Factors that may affect future tax charges
The company's corporation tax return for earlier years is currently under enquiry, however the directors are of the opinion that the amounts involved are immaterial to the financial statements.

6. Interest payable

	2007	2006
	£	£
Other interest payable	4,713	–

7. Dividends

	2007	2006
	£	£
Dividends paid on equity capital	–	3,316,460

8. Tangible fixed assets

	Plant and machinery £	Furniture, fixings and equipment £	Total £
Cost			
At 1 January 2007	1,394	57,249	58,643
Additions	–	32,747	32,747
At 31 December 2007	1,394	89,996	91,390
Depreciation			
At 1 January 2007	1,394	51,050	52,444
Charge for the year	–	13,512	13,512
At 31 December 2007	1,394	64,562	65,956
Net book value			
At 31 December 2007	–	25,434	25,434
At 31 December 2006	–	6,199	6,199

9. Debtors

	2007 £	2006 £
Trade debtors	851,473	1,010,008
Other debtors	9,293	16,328
Prepayments and accrued income	64,677	72,127
Deferred tax asset (see note 18)	3,102	–
	928,545	1,098,463

10. Creditors: Amounts falling due within one year

	2007 £	2006 £
Bank loans and overdrafts	–	28,612
Other loans	100,000	100,000
Trade creditors	95,238	99,243
Corporation tax	138,649	923,364
Social security and other taxes	250,481	27,623
Other creditors	525,029	13,869
Accruals and deferred income	1,907,450	1,193,039
	3,016,847	2,385,750

11. Share capital

	2007 £	2006 £
Authorised		
100,000 Ordinary shares of £1 each	100,000	100,000
Allotted, called up and fully paid		
1,998 Ordinary shares of £1 each	1,998	1,998

12. Statement of movements on reserves

	Share premium account £	Profit and loss account £
At 1 January 2007	116,002	302,097
Profit retained for the year		1,922,902
At 31 December 2007	116,002	2,224,999

13. Reconciliation of movement in shareholders' funds

	2007 £	2006 £
Opening shareholders' funds	420,097	310,295
Profit for the year	1,922,902	3,426,262
Dividends (Note 7)	–	(3,316,460)
Closing shareholders' funds	2,342,999	420,097

14. Operating lease commitments

At 31 December 2007 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 December 2008:

	Land and buildings	
	2007 £	2006 £
Operating leases which expire:		
Within 1 year	37,500	–
Between 2 and 5 years	–	50,000

15. Directors' remuneration

	2007 £	2006 £
Emoluments	2,400,455	1,665,383
Compensation for loss of office	674,944	–

The highest paid director received remuneration of £1,993,075 (2006 – £1,200,800)

16. Employees

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

	2007 £	2006 £
Wages and salaries	4,903,250	2,577,157
Social security costs	687,010	316,912
	5,590,260	2,894,069

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

	2007 No.	2006 No.
	12	8

17. Auditors' remuneration

	2007 £	2006 £
Fees payable to the company's auditor for the audit of the company's annual accounts	13,406	8,800
Fees payable to the company's auditor and its associates in respect of:		
All other services	2,200	6,709

18. Deferred taxation

	2007 £	2006 £
At 1 January 2007	–	–
Released during the year	3,102	–
At 31 December 2007	3,102	–

The deferred taxation balance is made up as follows:

	2007 £	2006 £
Accelerated capital allowances	(3,102)	–

19. Controlling party

The ultimate controlling party and immediate parent at the balance sheet date was Absolute Capital Management Holdings Limited, a company incorporated in the United Kingdom (2006: Mr A Rialas).

20. Related party transactions

During the year the company received fees of £9,869,207 (2006: £8,828,363) from Argo Capital Management (Cyprus) Limited, a company in which Mr A Rialas is a director. As at 31 December 2007 the company was owed £851,473 (2006:£1,010,008) from them.

During the year the company paid consultancy fees of £370,864 (2006: £273,278) to Argo Capital Management (Asia) Ple Limited, a company in which Mr K Rialas, brother of Mr A Rialas, is a director and at 31 December 2007 an amount of £52,235 (2006:£72,050) was due to them.

At 31 December 2007 the company owed £8,232 (2006: £Nil) to Mr A Rialas, who is a director of the company, in respect of expenses borne personally.

At the year end, the company owed Mr A Rialas £100,000 (2006: £100,000) representing a loan made to the company in the previous year. The loan is unsecured, interest free and, subject to one month's notice, repayable on demand.

21. Net cash flow from operations

	2007 £	2006 £
Operating profit	2,640,108	4,879,611
Depreciation of tangible fixed assets	13,512	13,863
Decrease in debtors	173,022	21,285
Increase in creditors	1,444,422	1,079,307
Net cash inflow from operations	4,271,064	5,994,066

22. Analysis of cash flows for headings netted in cash flow statement

	2007 £	2006 £
Returns on investments and servicing of finance		
Interest received	116,337	25,275
Interest paid	(7,014)	–
Net cash inflow from returns on investments and servicing of finance	109,323	25,275

	2007 £	2006 £
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(32,747)	(2,536)

	2007 £	2006 £
Financing		
Other new loans	–	100,000

23. Analysis of changes in net debt

	1 January 2007 £	Cash flow £	Other non-cash changes £	31 December 2007 £
Cash at bank and in hand:	1,701,185	2,704,682	–	4,405,867
Bank overdraft	(28,612)	28,612	–	–
	1,672,573	2,733,294	–	4,405,867
Debt:				
Debts due within one year	(100,000)	–	–	(100,000)
Net funds				
	1,572,573	2,733,294	–	4,305,867

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PART III C(v) – REPORT AND FINANCIAL STATEMENTS FOR ARGO CAPITAL MANAGEMENT LIMITED

Set out below is an extract from the report and financial statements of Argo Capital Management Limited for the 12 months ended 31 December 2006. No adjustments have been made, save for the references to page numbers which have been updated for this document.

The accounts for Argo Group Limited will be prepared under International Financial Reporting Standards in respect of the year ending 31 December 2008 and subsequent periods. The accounts for Argo Capital Management Limited for the three years to 31 December 2007 have been prepared under UK GAAP.

In relation to Argo Capital Management Limited, the Directors of Argo Group Limited confirm, having consulted with the auditors of Argo Capital Management Limited, that:

- there is no material difference between UK GAAP and IFRS in respect of the income statement and balance sheet for these respective periods;
- there would be presentational/format/terminology changes to the balance sheet and income statement;
- there would be a need to include a statement of changes in equity (this is in effect a combination of the statement of total recognised gains and losses and record of shareholder reserve disclosures under UK GAAP);
- there would be a need to amend the accounting policies to reflect IFRS compliance not UK GAAP; and
- in relation to the notes to the accounts, there would be a need to include IFRS 7 disclosures (as included in the Argo Group Limited accounts for the period to 30 June 2008)

As a result of the above the Directors of Argo Group Limited confirm, to the best of their reasonable knowledge and belief, that by not including an IFRS restatement for Argo Capital Management Limited for three years ended 31 December 2007, this is not likely to impact the assessment of Argo Group Limited's assets and liabilities, financial position or profits losses."

COMPANY INFORMATION

Directors	A Rialas A Arampova
Secretary	A Arampova
Company number	4000274
Registered office	105-106 New Bond Street London W1S 1DN
Auditors	MRI Moores Rowland LLP 3 Sheldon Square London W2 6PS

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2006

The directors present their report and financial statements for the year ended 31 December 2006.

Principal activities and review of the business

The principal activity of the company continued to be that of investment advisers, regulated by the Financial Services Authority.

A substantial element of the company's turnover is linked to the performance of funds under advice. Earnings from investment advisory services comprise a share of management and performance related fees. During the year, fees earned increased by 39% from £6.3million to £8.8million.

The company is exposed to a variety of financial risks to varying degrees. The key risks are:

Fund management

The performance of the fund and remuneration of the company will depend on the continuing ability of the investment advisers to find profitable investment opportunities.

Currency risk

Fund related fees and brokerage fees are earned in US Dollars and therefore the company is subject to fluctuations in the value of the US Dollar against Pounds Sterling.

Interest rate risk

The company has interest bearing assets. These include only cash balances and deposits that earn interest based on prevailing bank rates.

Results and dividends

The results for the year are set out on page 109.

Interim ordinary dividends were paid amounting to £3,316,460. The directors do not recommend payment of a final dividend.

Post balance sheet events

On 18 January 2007 the company announced that it was acquired by Absolute Capital Management Holdings Limited, a London listed asset management company, creating an enlarged multi strategy group with assets under management currently in excess of $2.4 billion.

Directors

The following directors have held office since 1 January 2006:

A Rialas

A Arampova

N Corby (Resigned 8 March 2007)

Directors' interests

The directors' interests in the shares of the company were as stated below:

	Ordinary shares of £1 each	
	31 December 2006	**1 January 2006**
A Rialas	1,998	1,998
A Arampova	–	–
N Corby	–	–

Charitable donations	**2006 £**	**2006 £**
During the year the company made the following payments:		
Charitable donations	1,500	4,700

Auditors

With effect from 16 April 2007, MRI Moores Rowland LLP merged its business with that of Mazars LLP, following which MRI Moores Rowland LLP will resign as auditors to the company. The directors will appoint Mazars LLP to fill the casual vacancy caused by their resignation and, in accordance with section 385 of the Companies Act 1985, a resolution to reappoint Mazars LLP will be put to the Annual General Meeting.

Directors' responsibilities

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to auditor

(a) so far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware, and

(b) they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board

....

A Arampova
Director

19 April 2007

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ARGO CAPITAL MANAGEMENT LIMITED

We have audited the financial statements of Argo Capital Management Limited for the year ended 31 December 2006 set out on pages 109 to 116. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the directors and auditors

As described in the statement of directors' responsibilities on page 107 the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We report to you whether in our opinion the information given in the directors' report is consistent with the financial statements. We also report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read any other information contained in the financial statements and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

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

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

Opinion

In our opinion:

- the financial statements give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2006 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.

MRI Moores Rowland LLP
Chartered Accountants
Registered Auditor
3 Sheldon Square
London
W2 6PS

23 April 2007

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2006

	Note	2006 £	2005 £
Turnover	2	8,828,362	6,344,793
Administrative expenses		(3,948,751)	(3,269,393)
Operating profit	3	4,879,611	3,075,400
Other interest receivable and similar income	4	25,275	22,977
Profit on ordinary activities before taxation		4,904,886	3,098,377
Tax on profit on ordinary activities	5	(1,478,624)	(915,769)
Profit for the year	11	3,426,262	2,182,608

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

The notes on pages 112 to 116 form an integral part of these financial statements.

BALANCE SHEET

31 December 2006

	Note	2006 £	2005 £
Fixed assets			
Tangible assets	7	6,199	17,527
Current assets			
Debtors	8	1,098,463	1,119,750
Cash at bank and in hand		1,701,185	363,872
		2,799,648	1,483,622
Creditors: amounts falling due within one year	9	(2,385,750)	(1,190,854)
Net current assets		413,898	292,768
Total assets less current liabilities		420,097	310,295
Capital and reserves			
Called up share capital	10	1,998	1,998
Share premium account	11	116,002	116,002
Profit and loss account	11	302,097	192,295
Shareholders' funds	12	420,097	310,295

Approved by the Board and authorised for issue on 19 April 2007

A Arampova
Director

A Rialas
Director

The notes on pages 112 to 116 form an integral part of these financial statements.

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2006

	2006 £	2005 £
Net cash inflow from operating activities	5,994,069	1,865,816
Returns on investments and servicing of finance		
Interest received	25,275	22,977
Net cash inflow for returns on investments and servicing of finance	25,275	22,977
Taxation	(1,491,647)	20,618
Capital expenditure		
Payments to acquire tangible assets	(2,536)	(13,521)
Net cash outflow for capital expenditure	(2,536)	(13,521)
Equity dividends paid	(3,316,460)	(2,153,873)
Net cash inflow/(outflow) before management of liquid resources and financing	1,208,701	(257,983)
Financing		
Other new short term loans	100,000	–
Net cash inflow/(outflow) from financing	100,000	–
Increase/(decrease) in cash in the year	1,308,701	(257,983)

The notes on pages 112 to 116 form an integral part of these financial statements.

NOTES TO THE CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2006

1. Reconciliation of operating profit to net cash inflow from operating activities

	2006	2005
	£	£
Operating profit	4,879,611	3,075,400
Depreciation of tangible assets	13,864	15,329
Decrease in debtors	21,287	36,157
Increase/(decrease) in creditors within one year	1,079,307	(1,261,070)
Net cash inflow from operating activities	5,994,069	1,865,816

2. Analysis of net funds

	1 January 2006	Cash flow	Other non-cash changes	31 December 2006
	£	£	£	£
Net cash:				
Cash at bank and in hand	363,872	1,337,313	–	1,701,185
Bank overdrafts	–	(28,612)	–	(28,612)
	363,872	1,308,701	–	1,672,573
Bank deposits	–	–	–	–
Debt:				
Debts falling due within one year	–	(100,000)	–	(100,000)
Net funds	363,872	1,208,701	–	1,572,573

3. Reconciliation of net cash flow to movement in net funds

	2006	2005
	£	£
Increase/(decrease) in cash in the year	1,308,701	(257,983)
Cash inflow from increase in debt	(100,000)	–
Movement in net funds in the year	1,208,701	(257,983)
Opening net funds	363,872	621,855
Closing net funds	1,572,573	363,872

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2006

1. Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently.

1.3 Turnover

Turnover is generated from advisory services to investment funds through management fees and performance fees. Management fees are based upon the net asset value of the respective funds and are recognised on an accruals basis. Performance fees are recognised when performance thresholds have been satisfied and value of the performance fee can be measured with reasonable certainty.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Plant and machinery	3 years straight line
Fixtures, fittings & equipment	3 years straight line

1.5 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.6 Deferred taxation

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

1.7 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

2. Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

3. Operating profit

	2006	2005
	£	£
Operating profit is stated after charging:		
Depreciation of tangible assets	13,864	15,329
Loss on foreign exchange transactions	30,403	18,860
Operating lease rentals	98,729	101,189
Auditors' remuneration	8,800	11,430
Remuneration of auditors for non-audit work	6,709	10,218

4. Investment income

	2006	2005
	£	£
Bank interest	24,718	22,977
Other interest	557	–
	25,275	22,977

5. Taxation

	2006 £	2005 £
Domestic current year tax		
U.K. corporation tax	1,478,624	936,387
Adjustment for prior years	–	(20,618)
Current tax charge	1,478,624	915,769
Factors affecting the tax charge for the year		
Profit on ordinary activities before taxation	4,904,886	3,098,377
Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00% (2005 – 30.00%)	1,471,466	929,513
Effects of:		
Non deductible expenses	4,715	5,162
Depreciation add back	4,159	4,598
Capital allowances	(1,716)	(2,886)
Adjustments to previous periods	–	(20,618)
	7,158	(13,744)
Current tax charge	1,478,624	915,769

6. Dividends

	2006 £	2005 £
Ordinary interim paid	3,316,460	2,153,873

7. Tangible fixed assets

	Plant and machinery £	Fixtures, fittings & equipment £	Total £
Cost			
At 1 January 2006	1,394	54,713	56,107
Additions	–	2,536	2,536
At 31 December 2006	1,394	57,249	58,643
Depreciation			
At 1 January 2006	1,394	37,186	38,580
Charge for the year	–	13,864	13,864
At 31 December 2006	1,394	51,050	52,444
Net book value			
At 31 December 2006	–	6,199	6,199
At 31 December 2005	–	17,527	17,527

8. Debtors

	2006 £	2005 £
Trade debtors	1,010,008	1,040,280
Other debtors	16,328	14,438
Prepayments and accrued income	72,127	65,032
	1,098,463	1,119,750

9. Creditors: amounts falling due within one year

	2006 £	2005 £
Bank loans and overdrafts	28,612	–
Trade creditors	99,243	58,799
Corporation tax	923,364	936,387
Other taxes and social security costs	27,623	19,261
Directors' current accounts	–	19,088
Other creditors	113,869	20,545
Accruals and deferred income	1,193,039	136,774
	2,385,750	1,190,854
Debt due in one year or less	100,000	–

Included in other creditor is a loan from Mr A Rialas that is explained further in note 17.

10. Share capital

	2006 £	2005 £
Authorised		
100,000 Ordinary shares of £1 each	100,000	100,000
Allotted, called up and fully paid		
1,998 Ordinary shares of £1 each	1,998	1,998

11. Statement of movements on reserves

	Share premium account £	Profit and loss £
Balance at 1 January 2006	116,002	192,295
Profit for the year	–	3,426,262
Dividends paid	–	(3,316,460)
Balance at 31 December 2006	116,002	302,097

12. Reconciliation of movements in shareholders' funds

	2006 £	2005 £
Profit for the financial year	3,426,262	2,182,608
Dividends	(3,316,460)	(2,153,873)
Net addition to shareholders' funds	109,802	28,735
Opening shareholders' funds	310,295	281,560
Closing shareholders' funds	420,097	310,295

13. Financial commitments

At 31 December 2006 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 December 2007:

	Land and buildings	
	2006 £	2005 £
Operating leases which expire:		
Between two and five years	50,000	73,280

14. Directors' emoluments

	2006 £	2005 £
Emoluments for qualifying services	1,665,383	492,084
Emoluments disclosed above include the following amounts paid to the highest paid director:		
Emoluments for qualifying services	1,200,800	348,588

15. Employees

Number of employees

The average monthly number of employees (including directors) during the year was:

	2006 Number	2005 Number
Management and administration	8	7

Employment costs

	2006 £	2005 £
Wages and salaries	2,577,157	796,207
Social security costs	316,912	96,809
	2,894,069	893,016

16. Control

The ultimate controlling party is Mr A Rialas, being a director and sole shareholder of the company.

17. Related party transactions

During the year the company received fees of £8,828,363 (2005: £6,255,619) from Argonaftis Capital Management (Overseas) Limited, a company in which Mr A Rialas is a director. As at 31 December 2006 the company was owed £1,010,008 (2005: £1,038,280) from them.

During the year the company paid consultancy fees of £273,278 (2005: £99,003) to Argo Capital Management (Asia) Pte Limited, a company in which Mr K Rialas, brother of Mr A Rialas, is a director and at 31 December 2006, an amount of £72,050 (2005: £23,224) was due to them.

At 31 December 2006 the company owed £Nil (2005: £19,088) to Mr A Rialas, whom is a director of the company, in respect of expenses borne personally. Also during the year, Mr A Rialas loaned the company £100,000. The loan, included in other creditors, is unsecured, interest free and, subject to one month's notice, repayable on demand.

18. Post balance sheet events

On 18 January 2007 the company announced that it was acquired by Absolute Capital Management Holdings Limited, a London listed asset management company, creating an enlarged multi strategy group with assets under management currently in excess of $2.4 billion.

PART III C(vi) – REPORT AND FINANCIAL STATEMENTS FOR ARGO CAPITAL MANAGEMENT LIMITED

Set out below is an extract from the report and financial statements of Argo Capital Management Limited for the 12 months ended 31 December 2005. No adjustments have been made, save for the references to page numbers which have been updated for this document.

The accounts for Argo Group Limited will be prepared under International Financial Reporting Standards in respect of the year ending 31 December 2008 and subsequent periods. The accounts for Argo Capital Management Limited for the three years to 31 December 2007 have been prepared under UK GAAP.

In relation to Argo Capital Management Limited, the Directors of Argo Group Limited confirm, having consulted with the auditors of Argo Capital Management Limited, that:

- there is no material difference between UK GAAP and IFRS in respect of the income statement and balance sheet for these respective periods;
- there would be presentational/format/terminology changes to the balance sheet and income statement;
- there would be a need to include a statement of changes in equity (this is in effect a combination of the statement of total recognised gains and losses and record of shareholder reserve disclosures under UK GAAP);
- there would be a need to amend the accounting policies to reflect IFRS compliance not UK GAAP; and
- in relation to the notes to the accounts, there would be a need to include IFRS 7 disclosures (as included in the Argo Group Limited accounts for the period to 30 June 2008)

As a result of the above the Directors of Argo Group Limited confirm, to the best of their reasonable knowledge and belief, that by not including an IFRS restatement for Argo Capital Management Limited for three years ended 31 December 2007, this is not likely to impact the assessment of Argo Group Limited's assets and liabilities, financial position or profits losses."

COMPANY INFORMATION

Directors	A Rialas A Arampova (Appointed 10 May 2005) N Corby (Appointed 10 May 2005)
Secretary	A Arampova
Company number	4000274
Registered office	105-106 New Bond Street London W1S 1DN
Auditors	MRI Moores Rowland LLP 3 Sheldon Square London W2 6PS

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2005

The directors present their report and financial statements for the year ended 31 December 2005.

Principal activities and review of the business

The principal activity of the company continued to be that of investment advisers. The company is regulated by the Financial Services Authority.

The turnover has grown during the year and the directors intend this growth to continue in 2006.

Results and dividends

The results for the year are set out on page 121.

An interim ordinary dividend was paid amounting to £2,153,873. The directors do not recommend payment of a final dividend.

Directors

The following directors have held office since 1 January 2005:

G Cressman	(Resigned 10 May 2005)
A Rialas	
A Arampova	(Appointed 10 May 2005)
N Corby	(Appointed 10 May 2005)

Directors' interests

The directors' interests in the shares of the company were as stated below:

	Ordinary shares of £1 each	
	31 December 2005	**1 January 2005**
A Rialas	1,998	999
A Arampova	–	–
N Corby	–	–

Charitable donations	**2005**	**2004**
	£	**£**
During the year the company made the following payments:		
Charitable donations	4,700	520

Creditor payment policy

The company's current policy concerning the payment of trade creditors is to:

– settle the terms of payment with suppliers when agreeing the terms of each transaction;

– ensure that suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts; and

– pay in accordance with the company's contractual and other legal obligations.

On average, trade creditors at the year end represented 31 days' purchases.

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that MRI Moores Rowland LLP be reappointed as auditors of the company will be put to the Annual General Meeting.

Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

– select suitable accounting policies and then apply them consistently;

– make judgements and estimates that are reasonable and prudent;

– state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;

– prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

On behalf of the board

....

A Arampova
Director

27 April 2006

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ARGO CAPITAL MANAGEMENT LIMITED

We have audited the financial statements of Argo Capital Management Limited for the year ended 31 December 2005 set out on pages 121 to 128. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the directors and auditors

As described in the statement of directors' responsibilities on pages 118 and 119 the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

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

We report to your our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. we also report to you if in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records if, we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it. require for our audit.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements

Basis of audit opinion

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

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

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2005 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

MRI Moores Rowland LLP
Chartered Accountants
Registered Auditor
3 Sheldon Square
London
W2 6PS

27 April 2006

PROFIT AND LOSS ACCOUNT
For the year ended 31 December 2005

	Note	2005 £	2004 £
Turnover	2	6,344,793	4,506,877
Administrative expenses		(3,269,393)	(4,532,858)
Operating profit/(loss)	3	3,075,400	(25,981)
Other interest receivable and similar income	4	22,977	15,573
Profit/(loss) on ordinary activities before taxation		3,098,377	(10,408)
Tax on profit/(loss) on ordinary activities	5	(915,769)	1,867
Profit/(loss) on ordinary activities after taxation	11	2,182,608	(8,541)
Dividends	6	(2,153,873)	–
Retained profit/(loss) for the year	11	28,735	(8,541)

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

The notes on pages 124 to 128 form an integral part of these financial statements.

BALANCE SHEET
As at 31 December 2005

	Note	2005 £	2004 £
Fixed assets			
Tangible assets	7	17,527	19,335
Current assets			
Debtors	8	1,119,750	1,155,907
Cash at bank and in hand		363,872	621,855
		1,483,622	1,777,762
Creditors: amounts falling due within one year	9	(1,190,854)	(1,515,537)
Net current assets		292,768	262,225
Total assets less current liabilities		310,295	281,560
Capital and reserves			
Called up share capital	10	1,998	1,998
Share premium account	11	116,002	116,002
Profit and loss account	11	192,295	163,560
Shareholders' funds	12	310,295	281,560

Approved by the Board and authorised for issue on 26 April 2006

A Arampova
Director

N Corby
Director

The notes on pages 124 to 128 form an integral part of these financial statements.

CASH FLOW STATEMENT
For the year ended 31 December 2005

	2005 £	2004 £
Net cash inflow from operating activities	1,865,816	533,662
Returns on investments and servicing of finance		
Interest received	22,977	15,573
Net cash inflow for returns on investments and servicing of finance	22,977	15,573
Taxation	20,618	(100,838)
Capital expenditure		
Payments to acquire tangible assets	(13,521)	(21,371)
Net cash outflow for capital expenditure	(13,521)	(21,371)
Equity dividends paid	(2,153,873)	–
Net cash (outflow)/inflow before management of liquid resources and financing	(257,983)	427,026
(Decrease)/increase in cash in the year	(257,983)	427,026

The notes on pages 124 to 128 form an integral part of these financial statements.

NOTES TO THE CASH FLOW STATEMENT
for the year ended 31 December 2005

1. Reconciliation of operating profit/(loss) to net cash inflow from operating activities

	2005 £	2004 £
Operating profit/(loss)	3,075,400	(25,981)
Depreciation of tangible assets	15,329	13,908
Decrease/(increase) in debtors	36,157	(764,800)
(Decrease)/increase in creditors within one year	(1,261,070)	1,310,535
Net cash inflow from operating activities	1,865,816	533,662

2. Analysis of net funds

	1 January 2005 £	Cash flow £	Other non-cash changes £	31 December 2005 £
Net cash:				
Cash at bank and in hand	621,855	(257,983)	–	363,872
Net funds	621,855	(257,983)	–	363,872

3. Reconciliation of net cash flow to movement in net funds

	2005 £	2004 £
(Decrease)/increase in cash in the year	(257,983)	427,026
Movement in net funds in the year	(257,983)	427,026
Opening net funds	621,855	194,829
Closing net funds	363,872	621,855

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 december 2005

1. Accounting policies

(1.1) *Accounting convention*

The financial statements are prepared under the historical cost convention.

(1.2) *Compliance with accounting standards*

The financial statements are prepared in accordance with applicable accounting standards.

(1.3) *Turnover*

Turnover is generated from advisory services to investment funds through management fees and performance fees. Management fees are based upon the net asset value of the respective funds and are recognised on an accrual basis. Performance fees are recognised when performance thresholds have been satisfied and value of the performance fee can be measured with reasonable certainty.

(1.4) *Tangible fixed assets and depreciation*

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Plant and machinery	3 years straight line
Fixtures, fittings & equipment	3 years straight line

(1.5) *Leasing*

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

(1.6) *Deferred taxation*

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

(1.7) *Foreign currency translation*

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

2. Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

3. Operating profit/(loss)

	2005	2004
	£	£
Operating profit/(loss) is stated after charging:		
Depreciation of tangible assets	15,329	13,908
Loss on foreign exchange transactions	18,860	132,467
Operating lease rentals	101,189	99,610
Auditors' remuneration	11,430	7,500
Remuneration of auditors for non-audit work	10,218	3,332

4. Investment income

	2005	2004
	£	£
Bank interest	22,977	15,132
Other interest	–	441
	22,977	15,573

5. Taxation

	2005	2004
	£	£
Domestic current year tax		
U.K. corporation tax	936,387	–
Adjustment for prior years	(20,618)	(1,867)
Current tax charge	915,769	(1,867)
Factors affecting the tax charge for the year		
Profit/(loss) on ordinary activities before taxation	3,098,377	(10,408)
Profit/(loss) on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00% (2004 - 30.00%)	929,513	(3,122)
Effects of:		
Non deductible expenses	5,162	5,102
Depreciation add back	4,598	4,172
Capital allowances	(2,886)	(4,063)
Adjustments to previous periods	(20,618)	(1,867)
Other tax adjustments	–	(2,089)
	(13,744)	1,255
Current tax charge	915,769	(1,867)

6. Dividends

	2005	2004
	£	£
Ordinary interim paid	2,153,873	–

7. Tangible fixed assets

	Plant and machinery	Furniture, fixtures and office equipment	Total
	£	£	£
Cost			
At 1 January 2005	1,394	41,192	42,586
Additions	–	13,521	13,521
At 31 December 2005	1,394	54,713	56,107
Depreciation			
At 1 January 2005	1,394	21,857	23,251
Charge for the year	–	15,329	15,329
At 31 December 2005	1,394	37,186	38,580
Net book value			
At 31 December 2005	–	17,527	17,527
At 31 December 2004	–	19,335	19,335

8. Debtors

	2005	2004
	£	£
Trade debtors	1,040,280	1,108,545
Other debtors	14,438	3,961
Prepayments and accrued income	65,032	43,401
	1,119,750	1,155,907

9. Creditors: amounts falling due within one year

	2005 £	2004 £
Trade creditors	58,799	3,695
Corporation tax	936,387	–
Other taxes and social security costs	19,261	1,086,110
Directors’ current accounts	19,088	23,801
Other creditors	20,545	35,031
Accruals and deferred income	136,774	366,900
	1,190,854	1,515,537

10. Share capital

	2005 £	2004 £
Authorised		
100,000 Ordinary shares of £1 each	100,000	100,000
Allotted, called up and fully paid		
1,998 Ordinary shares of £1 each	1,998	1,998

11. Statement of movements on reserves

	Share premium account £	Profit and loss account £
Balance at 1 January 2005	116,002	163,560
Retained profit for the year	–	28,735
Balance at 31 December 2005	116,002	192,295

12. Reconciliation of movements in shareholders’ funds

	2005 £	2004 £
Profit/(Loss) for the financial year	2,182,608	(8,541)
Dividends	(2,153,873)	–
Net addition to/(depletion in) shareholders’ funds	28,735	(8,541)
Opening shareholders’ funds	281,560	290,101
Closing shareholders’ funds	310,295	281,560

13. Financial commitments

At 31 December 2005 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 December 2006:

	Land and buildings	
	2005 £	2004 £
Operating leases which expire:		
Between two and five years	73,280	73,280

14. Directors’ emoluments

	2005 £	2004 £
Emoluments for qualifying services	492,084	3,246,527
Emoluments disclosed above include the following amounts paid to the highest paid director:		
Emoluments for qualifying services	348,588	2,876,527

15. Employees

Number of employees

The average monthly number of employees (including directors) during the year was:

	2005 Number	2004 Number
Management and administration	7	7

Employment cost

	2005 £	2004 £
Wages and salaries	796,207	3,596,029
Social security costs	96,809	456,792
	893,016	4,052,821

16. Control

The ultimate controlling party is Mr A Rialas, being a director and sole shareholder of the company.

17. Related party transactions

During the year the company received fees of £6,255,619 (2004: £4,476,288) from Argonaftis Capital Management (Overseas) Limited, a company in which Mr A Rialas is a director. As at 31 December 2005 the company was owed £1,038,280 (2004: £1,108,545) from them.

During the year the company paid consultancy fees of £99,003 (2004: £nil) to Argo Capital Management (Asia) Pte Limited, a company in which Mr K Rialas, brother of Mr A Rialas, is a director and at 31 December 2005, an amount of £23,224 was due to them.

At 31 December 2005 the company owed £19,088 (2004: £23,801) to Mr A Rialas, whom is a director of the company.

Set out below is an extract from the report and financial statements of Argo Capital Management (Asia) Pte. Ltd for the 12 months ended 31 December 2007. No adjustments have been made, save for the references to page numbers which have been updated for this document.

The accounts for Argo Group Limited will be prepared under International Financial Reporting Standards in respect of the year ending 31 December 2008 and subsequent periods. The accounts for Argo Capital Management (Asia) Pte. Ltd. for the period 24 August 2005 to 31 December 2006 and the year ended 31 December 2007 have been prepared under Singapore Financial Reporting Standards.

In relation to Argo Capital Management (Asia) Pte. Ltd., the Directors of Argo Group Limited confirm, having consulted with the auditors of Argo Capital Management (Asia) Pte. Ltd., that:

- there is no material difference between Singapore Financial Reporting Standards and IFRS in respect of the income statement and balance sheet for these respective periods;
- there would be presentational/format/terminology changes to the balance sheet and income statement; and
- there would be a need to amend the accounting policies to reflect IFRS compliance not Singapore Financial Reporting Standards;

As a result of the above the Directors of Argo Group Limited confirm, to the best of their reasonable knowledge and belief, that by not including an IFRS restatement for Argo Capital Management (Asia) Pte. Ltd for the period 24 August 2005 to 31 December 2006 and the year ended 31 December 2007, this is not likely to impact the assessment of Argo Group Limited's assets and liabilities, financial position or profits/losses.

GENERAL INFORMATION

Directors	Kyriakos Rialas Nathaniel Yu Chua (Appointed on 30 April 2007)
Company Secretary	Cheng Lian Siang
Registered Office	1 Raffles Place, #43-02 OUB Centre, Singapore 048616.
Independent Auditors	Shanker Iyer & Co.

DIRECTORS' REPORT

The directors present their report to the member together with the audited financial statements of ARGO CAPITAL MANAGEMENT (ASIA) PTE. LTD. for the financial year ended 31 December 2007.

DIRECTORS

The directors of the company in office at the date of this report are:

Kyriakos Rialas

Nathaniel Yu Chua (Appointed on 30 April 2007)

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Neither at the end of nor at any time during the financial year was the company a party to any arrangement whose object is to enable the directors of the company to acquire benefits by means of the acquisitions of shares in, or debentures of, the company or any other body corporate.

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

According to the registers of directors' shareholdings required to be kept by the company under Section 164 of the Singapore Companies Act, Cap. 50, the following directors holding office at the end of the financial year had interest in shares of the company as detailed below:

	No. of ordinary share	
In the company	**As at 1.1.2007**	**As at 31.12.2007**
Kyriakos Rialas	1	–

None of the directors holding office at the end of the financial year had any interest in debentures of the company or its related corporations.

DIRECTORS' CONTRACTUAL BENEFITS

Since the end of the previous financial period, no director of the company has received or become entitled to receive a benefit by reason of a contract made by the company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except as disclosed in financial statements.

SHARE OPTIONS

There were no share options granted during the financial year to subscribe for unissued shares of the company.

No shares have been issued during the financial year by virtue of the exercise of options to take up unissued shares of the company.

There were no unissued shares of the company under option at the end of the financial year.

INDEPENDENT AUDITORS

The independent auditors, Messrs Shanker Iyer & Co., Certified Public Accountants, Singapore, have expressed their willingness to accept re-appointment.

Kyriakos Rialas	Nathaniel Yu Chua
Director	*Director*

25 April 2008

STATEMENT BY DIRECTORS

In the opinion of the directors of ARGO CAPITAL MANAGEMENT (ASIA) PTE. LTD.

(a) the accompanying balance sheet, income statement, statement of changes in equity and cash flow statement together with the notes thereto are drawn up so as to give a true and fair view of the state of affairs of the company as at 31 December 2007 and of its results, changes in equity and cash flows for the financial year ended on that date; and

(b) at the date of this statement there are reasonable grounds to believe that the company will be able to pay its debts as and when they fall due.

The directors authorised these financial statements for issue on 25 April 2008.

Kyriakos Rialas	Nathaniel Yu Chua
Director	*Director*

25 April 2008

INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF ARGO CAPITAL MANAGEMENT (ASIA) PTE. LTD.
(Incorporated in Singapore)

We have audited the accompanying financial statements of ARGO CAPITAL MANAGEMENT (ASIA) PTE. LTD. as set out on pages 133 to 142, which comprise the balance sheet as at 31 December 2007, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the "Act") and Singapore Financial Reporting Standards. This responsibility includes:

(a) devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair income statement and balance sheet and to maintain accountability of assets;

(b) selecting and applying appropriate accounting policies; and

(c) making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion,

(a) the financial statements of the company are properly drawn up in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the "Act") and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the company as at 31 December 2007 and its results, changes in equity and cash flows for the financial year ended on that date; and

(b) the accounting and other records required by the Act to be kept by the company have been properly kept in accordance with the provisions of the Act.

SHANKER IYER & CO
CERTIFIED PUBLIC ACCOUNTANTS

Singapore
25 April 2008

BALANCE SHEET
As at 31 December 2007

	Note	2007 S$	2006 S$
NON-CURRENT ASSET			
Plant and equipment	4	10,438	17,098
CURRENT ASSETS			
Cash and bank balances	5	205,124	145,628
Trade receivables	6	41,349	90,643
Other receivables	7	78,517	39,767
Total current assets		324,990	276,038
CURRENT LIABILITIES			
Other payables	8	16,392	213,237
Provision for taxation		21,866	–
Total current liabilities		38,258	213,237
NET CURRENT ASSETS		286,732	62,801
NET ASSETS		297,170	79,899
SHAREHOLDER'S EQUITY			
Share capital	9	1	1
Retained profits		297,169	79,898
TOTAL EQUITY		297,170	79,899

The notes on pages 137 to 142 form an integral part of these financial statements.

INCOME STATEMENT
For the year ended 31 December 2007

	Note	01.01.2007 to 31.12.2007 S$	24.08.2005 to 31.12.2006 S$
REVENUE			
Investment advisory services		982,998	1,149,070
Exchange gain		9,223	15,344
Interest income		35	13
Miscellaneous income		366	1,661
Total revenue		992,622	1,166,088
COSTS AND EXPENSES			
Depreciation of plant and equipment	4	6,790	7,242
Staff and related costs		542,250	766,551
Operating expenses	10	204,445	312,397
Total costs and expenses		753,485	1,086,190
PROFIT BEFORE TAXATION	11	239,137	79,898
TAXATION	12	(21,866)	–
PROFIT FOR THE YEAR/PERIOD		217,271	79,898

The notes on pages 137 to 142 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2007

	Share capital S$	Retained profits S$	Total S$
2007			
Balance as at 1 January 2007	1	79,898	79,899
Profit for the year	–	217,271	217,271
Balance as at 31 December 2007	1	297,169	297,170
2006			
Issuance of subscribers' share	1	–	1
Profit for the period	–	79,898	79,898
Balance as at 31 December 2006	1	79,898	79,899

The notes on pages 137 to 142 form an integral part of these financial statements.

CASH FLOW STATEMENT
For the year ended 31 December 2007

	Note	01.01.2007 to 31.12.2007 S$	24.08.2005 to 31.12.2006 S$
Cash Flows From Operating Activities			
Profit before taxation		239,137	79,898
Adjustments for:			
Depreciation of plant and equipment	4	6,790	7,242
Cash flows before changes in working capital		245,927	87,140
Working capital changes, excluding changes relating to cash:			
Trade receivables		49,294	(90,643)
Other receivables		(38,750)	(39,767)
Other payables		(196,845)	213,237
Net cash generated from operating activities		59,626	169,967
Cash Flows From Investing Activity			
Purchase of plant and equipment	4	(130)	(24,340)
Net cash absorbed by investing activity		(130)	(24,340)
Cash Flows From Financing Activity			
Issuance of share capital		–	1
Net cash generated from financing activity		–	1
Net increase in cash at bank		59,496	145,628
Cash and bank balance at the beginning of the year/period		145,628	–
Cash and bank balance at the end of the year/period	5	205,124	145,628

The notes on pages 137 to 142 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2007

1. CORPORATE INFORMATION

ARGO CAPITAL MANAGEMENT (ASIA) PTE. LTD. (Company Registration No. 200511734N) is domiciled in Singapore with its principal place of business is at 1 Raffles Place, #43-02 OUB Centre, Singapore 048616.

The principal activities of the company are to provide investment advisory services to a related party.

There have been no significant changes in the nature of these activities during the financial year.

The financial statements of ARGO CAPITAL MANAGEMENT (ASIA) PTE. LTD. as at 31 December 2007 and for the year then ended were authorised and approved by the Board of Directors for issuance on 25 April 2008.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) *Basis of preparation*

The financial statements are prepared in accordance with Singapore Financial Reporting Standards ("FRS") as required by the Singapore Companies Act.

The financial statements expressed in Singapore dollars are prepared in accordance with the historical cost convention, except as disclosed in the accounting policies below.

In the current financial year, the company has adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are mandatory for application from that date. The adoption of these new and revised FRS and INT FRS have no material effect on the financial statements.

(b) *Foreign currency translation*

The financial statements of the company are presented in the currency of the primary economic environment in which the entity operates (its functional currency). The financial statements of the company are presented in Singapore dollars, which is the functional currency of the company.

In preparing the financial statements of the company, monetary assets and liabilities in foreign currencies are translated into Singapore dollars at rates of exchange closely approximate to those ruling at the balance sheet date and transactions in foreign currencies during the financial year are translated at rates ruling on transaction dates. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in income statement for the year. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in income statement for the year except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

(c) *Plant and equipment*

Plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use. Expenditure for additions, improvements and renewals are capitalised and expenditure for maintenance and repairs are charged to the income statement. When plant and equipment are sold or retired, their cost and accumulated depreciation and accumulated impairment losses are removed from the financial statements and any gain or loss resulting from their disposal is included in the income statement.

(d) *Depreciation of plant and equipment*

Depreciation is calculated to write off the cost of plant and equipment by the straight-line method over their estimated useful lives. The estimated useful lives used are as follows:

Computers	3 years
Furniture and fittings	5 years
Office equipment	5 years
Renovation	8 years

The residual values and useful lives of plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. Fully depreciated plant and equipment are retained in the financial statements until they are no longer in use.

(e) *Trade and other receivables*

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less allowance for impairment. An allowance for impairment of receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of receivables. The amount of the allowance is the difference between the asset's carrying amount and present value of estimated future cash flows, discounted at original effective interest rate. The amount of the allowance is recognised in the income statement.

(f) *Other payables*

Other payables are initially measured at fair value, and subsequently measured at amortised cost, using the effective interest rate method.

(g) *Share capital*

Ordinary shares issued by the company are classified as equity and recorded at the proceeds received, net of direct issue costs.

(h) *Revenue recognition*

Revenue comprises the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts and sales related taxes. The following specific recognition criteria must also be met before revenue is recognised:

(i) Income from investment advisory services is recognised upon completion of the services rendered.

(ii) Interest income is recognised on time proportion basis.

(i) *Income tax*

Income tax expense is calculated on the basis of tax effect accounting, using the liability method and is applied to all significant temporary differences.

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

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

Deferred income tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised for all deductible temporary differences, carry-forward of unabsorbed capital allowances and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carry-forward of unused tax credits and unused tax losses can be utilised.

At each balance sheet date, the company re-assesses unrecognised deferred tax assets and the carrying amount of deferred tax assets. The company recognises a previously unrecognised deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered. The company conversely reduces the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantially enacted at the balance sheet date.

(j) *Impairment of assets*

The carrying amounts of the company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amounts are estimated in order to determine the extent of the impairment loss (if any). An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. The impairment loss is charged to the income statement unless it reverses a previous revaluation, credited to equity, in which case it is charged to equity.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the income statement, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(k) *Provisions*

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

(l) *Employee benefits*

Defined Contribution Plan

As required by law, the company makes contributions to the state pension scheme, the Central Provident Fund (CPF). CPF contributions are recognised as an expense in the income statement in the same period as the employment that gives rise to the contributions.

(m) *Operating lease*

Leases where the lessor effectively retains substantially all the risks and rewards of ownership of the leased item are classified as operating leases. Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The presentation of financial statements in conforming with FRS requires the use of certain critical accounting estimates and judgements in applying the accounting policies. These estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The following are the significant accounting estimates and judgements for preparation of financial statements:

(a) *Plant and equipment*

Management determines the estimated useful lives and residual values for the company's plant and equipment. Management will revise the depreciation charge where useful lives and residual values are different to previously estimated, or it will write off or write down technically obsolete or non-strategy assets that have been abandoned or sold.

(b) *Income taxes*

The company has exposure to income taxes in Singapore. Significant judgement is involved in determining the company's provision for income taxes. The company recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the financial tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax provision in the financial year in which such determination is made. At 31 December 2007, the carrying amounts of the company's current income tax payable are disclosed in the balance sheet.

4. PLANT AND EQUIPMENT

	Computers S$	Furniture and fittings S$	Office equipment S$	Renovation S$	Total S$
2007					
Cost					
As at 1 January 2007	14,982	6,000	1,868	1,490	24,340
Additions during the year	130	–	–	–	130
As at 31 December 2007	15,112	6,000	1,868	1,490	24,470
Accumulated depreciation					
As at 1 January 2007	5,459	1,300	281	202	7,242
Charge for the year	5,030	1,200	374	186	6,790
As at 31 December 2007	10,489	2,500	655	388	14,032
Net book value					
As at 31 December 2007	4,623	3,500	1,213	1,102	10,438
2006					
Cost					
Additions during the period	14,982	6,000	1,868	1,490	24,340
As at 31 December 2006	14,982	6,000	1,868	1,490	24,340
Accumulated depreciation					
Charge for the period	5,459	1,300	281	202	7,242
As at 31 December 2006	5,459	1,300	281	202	7,242
Net book value					
As at 31 December 2006	9,523	4,700	1,587	1,288	17,098

5. CASH AND BANK BALANCES

	2007 S$	2006 S$
Cash in hand	25	1
Cash at bank	205,099	145,627
	205,124	145,628

The carrying amounts of cash and bank balances approximate their fair value.

The company's cash and bank balances are denominated in the following currencies:

	2007 S$	2006 S$
Singapore dollars	168,671	82,449
United States dollars	36,453	63,179
	205,124	145,628

6. TRADE RECEIVABLES

	2007 S$	2006 S$
Related party	41,349	90,643

The trade receivables are non interest bearing and credit terms are in accordance with the terms agreed with the related party. The trade receivables are considered to be of short duration and are not discounted and the carrying values are assumed to approximate their fair value.

The Company's trade receivables are denominated in United States dollars.

7. OTHER RECEIVABLES

	2007 S$	2006 S$
Deposit	42,775	33,358
Prepayments	16,342	6,409
Tax refundable	19,400	–
	78,517	39,767

The carrying amounts of other receivables approximate their fair value and are denominated in Singapore dollars.

8. OTHER PAYABLES

	2007 S$	2006 S$
Accruals for other operating expenses	16,392	16,347
Amount owing to a director – bonus payable	–	196,890
	16,392	213,237

The carrying amounts of other payables approximate their fair values and are denominated in the following currencies:

	2007 S$	2006 S$
Singapore dollars	16,392	16,347
United States dollars	–	196,890
	16,392	213,237

9. SHARE CAPITAL

	2007 S$	2006 S$
Issued and fully paid		
1 ordinary share	1	1

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meeting of the company.

10. OPERATING EXPENSES

	01.01.2007 to 31.12.2007 S$	24.08.2005 to 31.12.2006 S$
Accounting fees	6,000	3,750
Communication costs	17,443	34,291
Entertainment	8,276	10,836
Legal and professional fees	17,703	17,800
Office rental – operating lease	67,891	69,558
Travel and accommodation	67,261	155,078
Others	19,871	21,084
	204,445	312,397

11. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

	01.01.2007 to 31.12.2007 S$	24.08.2005 to 31.12.2006 S$
Director's remuneration and bonus	401,278	597,440
Director's CPF contribution	18,617	7,285
Medical insurance	5,039	9,321
Staff CPF contribution	12,775	13,024

12. TAXATION

	01.01.2007 to 31.12.2007 S$	24.08.2005 to 31.12.2006 S$
Current year's tax provision	21,866	–

The current year's income tax expense varied from the amount of income tax expense determined by applying the applicable Singapore statutory tax rate of 18% (2006: 20%) to the profit before income tax as a result of the following differences:

	01.01.2007 to 31.12.2007 S$	24.08.2005 to 31.12.2006 S$
Accounting profit	239,137	79,898
Income tax expense at applicable rate	43,045	15,980
Non-allowable items	748	246
Exempt income	(22,766)	(13,606)
Others	839	(2,620)
	21,866	–

13. OPERATING LEASE COMMITMENT

At the balance sheet date, the company has the following commitment in respect of operating lease:

	2007 S$	2006 S$
Due within one year	170,066	63,046
Due within two to five years	340,132	–

Operating lease commitments represent rental payable by the company for office premises. The leases have varying terms, escalation clauses and renewal rights.

14. RELATED PARTY TRANSACTIONS

An entity is considered a related party of the company for the purpose of the financial statements if:

(i) it possesses the ability (directly or indirectly) to control or exercise significant influence over the financial and operating decisions of the company or vice versa; or

(ii) it is subject to common control or common significant influence.

During the financial year, the company had transactions with related party on terms agreed between them with respect to the following:

	01.01.2007 to 31.12.2007 S$	24.08.2005 to 31.12.2006 S$
Service income charged to related party	982,998	1,149,070

15. IMMEDIATE AND ULTIMATE HOLDING COMPANY

The company's immediate and ultimate company Absolute Capital Management Holdings Limited, a company incorporated in Cayman Islands.

16. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(a) *Liquidity risk*

The company has no significant liquidity risk. However the holding company has agreed to provide financial support to carry on the operation as required.

(b) *Foreign currency risk*

The company has exposure on foreign currency risk, which arises mainly from transactions involving United States dollars. The company does not use any hedging instruments to protect against the volatility associated with the foreign currency purchase of products and other assets and liabilities created in the normal course of business.

(c) *Credit risk*

The exposure to credit risk is limited due to the nature of company's activities and businesses, except to the extent of recoverability of trade receivable from related party.

(d) *Interest rate risk*

The company has no exposure to market risk for changes in interest rates as it has no borrowings.

(e) *Fair values*

The carrying amounts of cash at bank, trade and other receivables, related party' balance and other payables approximate their fair values due to their short-term nature.

17. COMPARATIVE FIGURES

The financial statements for 31 December 2007 cover the financial period for 12 months from 1 January 2007 to 31 December 2007 while the previous financial statements cover the financial period for 16 months from 24 August 2005 to 31 December 2006, hence the income statement, changes in equity, cash flows and related notes are not comparable.

PART III C(viii) – REPORT AND FINANCIAL STATEMENTS FOR ARGO CAPITAL MANAGEMENT (ASIA) PTE. LTD

Set out below is an extract from the report and financial statements of Argo Capital Management (Asia) Pte. Ltd for the period from 24 August 2005 to 31 December 2006. No adjustments have been made, save for the references to page numbers which have been updated for this document.

The accounts for Argo Group Limited will be prepared under International Financial Reporting Standards in respect of the year ending 31 December 2008 and subsequent periods. The accounts for Argo Capital Management (Asia) Pte. Ltd. for the period 24 August 2005 to 31 December 2006 and the year ended 31 December 2007 have been prepared under Singapore Financial Reporting Standards.

In relation to Argo Capital Management (Asia) Pte. Ltd., the Directors of Argo Group Limited confirm, having consulted with the auditors of Argo Capital Management (Asia) Pte. Ltd., that:

- there is no material difference between Singapore Financial Reporting Standards and IFRS in respect of the income statement and balance sheet for these respective periods;
- there would be presentational/format/terminology changes to the balance sheet and income statement; and
- there would be a need to amend the accounting policies to reflect IFRS compliance not Singapore Financial Reporting Standards;

As a result of the above the Directors of Argo Group Limited confirm, to the best of their reasonable knowledge and belief, that by not including an IFRS restatement for Argo Capital Management (Asia) Pte. Ltd for the period 24 August 2005 to 31 December 2006 and the year ended 31 December 2007, this is not likely to impact the assessment of Argo Group Limited's assets and liabilities, financial position or profits/losses.

GENERAL INFORMATION

Directors	Eiichi Isozaki Kyriakos Rialas
Company Secretary	Cheng Lian Siang
Registered Office	1 Raffles Place, #43-02 OUB Centre, Singapore 048616.
Auditors	Shanker Iyer & Co.

DIRECTORS' REPORT

The directors present their report to the member together with the audited financial statements of the company for the financial period 24 August 2005 (date of incorporation) to 31 December 2006.

DIRECTORS

The directors of the company in office at the date of this report are:

Eiichi Isozaki

Kyriakos Rialas

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Neither at the end of nor at any time during the financial period was the company a party to any arrangement whose object is to enable the directors of the company to acquire benefits by means of the acquisitions of shares in, or debentures of, the company or any other body corporate.

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

According to the registers of directors' shareholdings required to be kept by the company under Section 164 of the Singapore Companies Act, Cap. 50, the following directors holding office at the end of the financial period had interest in shares of the company as detailed below:

	No. of ordinary share	
	As at 24.8.2005 (date of incorporation)	As at 31.12.2006
Eiichi Isozaki	1	–
Kyriakos Rialas	–	1

None of the directors holding office at the end of the financial period had any interest in debentures of the company or its related corporations.

DIRECTORS' CONTRACTUAL BENEFITS

Since the date of incorporation, no director of the company has received or become entitled to receive a benefit by reason of a contract made by the company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except as disclosed in financial statements.

SHARE OPTIONS

There were no share options granted during the financial period to subscribe for unissued shares of the company.

No shares have been issued during the financial period by virtue of the exercise of options to take up unissued shares of the company.

There were no unissued shares of the company under option at the end of the financial period.

AUDITORS

Messrs Shanker Iyer & Co., Certified Public Accountants, Singapore, have expressed their willingness to accept re-appointment as auditors.

Eiichi Isozaki
Director

Kyriakos Rialas
Director

17 April 2007

STATEMENT BY DIRECTORS

In the opinion of the directors of ARGO CAPITAL MANAGEMENT (ASIA) PTE. LTD. (formerly known as EI CONSULTANCY PTE. LTD.),

(a) the accompanying balance sheet, income statement, statement of changes in equity and cash flow statement together with the notes thereto are drawn up so as to give a true and fair view of the state of affairs of the company as at 31 December 2006 and of its results, changes in equity and cash flows for the financial period from 24 August 2005 (date of incorporation) to 31 December 2006; and

(b) at the date of this statement there are reasonable grounds to believe that the company will be able to pay its debts as and when they fall due.

The board of directors authorised these financial statements for issue on 17 April 2007.

Eiichi Isozaki	Kyriakos Rialas
Director	*Director*

17 April 2007

AUDITORS' REPORT TO THE MEMBER OF ARGO CAPITAL MANAGEMENT (ASIA) PTE. LTD.
(Formerly known as EI CONSULTANCY PTE. LTD.)
(Incorporated in Singapore)

We have audited the accompanying financial statements of ARGO CAPITAL MANAGEMENT (ASIA) PTE. LTD. (formerly known as EI CONSULTANCY PTE. LTD.) for the financial period from 24 August 2005 (date of incorporation) to 31 December 2006 as set out on pages 147 to 155, which comprise the balance sheet as at 31 December 2006, and the income statement, statement of changes in equity and cash flow statement for the period from 24 August 2005 (date of incorporation) to 31 December 2006, and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Financial Statements

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the "Act") and Singapore Financial Reporting Standards. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

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

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

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

Opinion

In our opinion,

(a) the financial statements are properly drawn up in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the "Act") and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Company as at 31 December 2006 and its results, changes in equity and cash flows of the company for the financial period from 24 August 2005 (date of incorporation) to 31 December 2006; and

(b) the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

SHANKER IYER & CO
CERTIFIED PUBLIC ACCOUNTANTS

Singapore
17 April 2007

BALANCE SHEET
As at 31 December 2006

	Note	S$
NON-CURRENT ASSET		
Plant and equipment	3	17,098
CURRENT ASSETS		
Cash and bank balances	4	145,628
Trade receivables	5	90,643
Other receivables	6	39,767
Total current assets		276,038
CURRENT LIABILITIES		
Other payables	7	213,237
Total current liabilities		213,237
NET CURRENT ASSETS		62,801
NET ASSETS		79,899
SHAREHOLDER'S EQUITY		
Share capital	8	1
Retained profits		79,898
TOTAL EQUITY		79,899

The notes on pages 151 to 155 form an integral part of these financial statements.

INCOME STATEMENT
For the period from 24 August 2005
(date of incorporation) to 31 December 2006

	Note	S$
REVENUE		
Investment advisory services		1,149,070
Exchange gain		15,344
Interest income		13
Miscellaneous income		1,661
Total revenue		1,166,088
COSTS AND EXPENSES		
Depreciation of plant and equipment	3	7,242
Staff and related costs		766,551
Operating expenses	9	312,397
Total costs and expenses		1,086,190
PROFIT BEFORE TAXATION	10	79,898
TAXATION	11	–
PROFIT FOR THE PERIOD		79,898

The notes on pages 151 to 155 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
For the period from 24 August 2005
(date of incorporation) to 31 December 2006

	Share capital S$	Retained profits S$	Total S$
Issuance of subscribers' share	1	–	1
Profit for the period	–	79,898	79,898
Balance as at 31 December 2006	1	79,898	79,899

The notes on pages 151 to 155 form an integral part of these financial statements.

CASH FLOW STATEMENT
For the period from 24 August 2005
(date of incorporation) to 31 December 2006

	Note	S$
Cash Flows From Operating Activities		
Profit before taxation		79,898
Adjustments for:		
Depreciation of plant and equipment	3	7,242
Cash flows generated from operations before changes in working capital		87,140
Working capital changes, excluding changes relating to cash:		
Trade receivables		(90,643)
Other receivables		(39,767)
Other payables		213,237
Net cash generated from operating activities		169,967
Cash Flows From Investing Activity		
Purchase of plant and equipment		(24,340)
Net cash absorbed by investing activity		(24,340)
Cash Flows From Financing Activity		
Issuance of share capital		1
Net cash generated from financing activity		1
Net increase in cash at bank		145,628
Cash and bank balance at the beginning of the period		–
Cash and bank balance at the end of the period	4	145,628

The notes on pages 151 to 155 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2006

1. Corporate Information

ARGO CAPITAL MANAGEMENT (ASIA) PTE. LTD. (formerly known as EI CONSULTANCY PTE. LTD.), company's registration No. 200511734N, is domiciled in Singapore with its principal place of business is at 1 Raffles Place, #43-02 OUB Centre, Singapore 048616.

The principal activities of the company are to provide investment advisory services to a related party.

The financial statements of ARGO CAPITAL MANAGEMENT (ASIA) PTE. LTD. (formerly known as EI CONSULTANCY PTE. LTD.) as at 31 December 2006 and for the period from 24 August 2005 (date of incorporation) to 31 December 2006 were authorised and approved by the Board of Directors for issuance on 17 April 2007.

2. Significant Accounting Policies

(a) *Basis of preparation*

The financial statements are prepared in accordance with Singapore Financial Reporting Standards ("FRS") as required by the Singapore Companies Act.

The financial statements expressed in Singapore dollars are prepared in accordance with the historical cost convention, except as disclosed in the accounting policies below.

In the current financial year, the company has adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") issued by the Council on Corporate Disclosure and Governance that are relevant to its operations and effective for annual periods beginning on or after January 1, 2005. The adoption of these new and revised FRSs and INT FRSs have no material effect on the financial statements.

The preparation of financial statements in conformity with FRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial period. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

At the date of authorisation of these financial statements, the company has not applied those FRS and INT FRSs that have been issued but is effective only in next financial year. The company expect the adoption of the standards will have no financial effect on their financial statements in the period of initial application.

(b) *Foreign currency translation*

The financial statements of the company are presented in the currency of the primary economic environment in which the entity operates (its functional currency). The financial statements of the company are presented in Singapore dollars, which is the functional currency of the company.

In preparing the financial statements of the company, monetary assets and liabilities in foreign currencies are translated into Singapore dollars at rates of exchange closely approximate to those ruling at the balance sheet date and transactions in foreign currencies during the financial period are translated at rates ruling on transaction dates. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in income statement for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

(c) *Plant and equipment*

Plant and equipment is stated at cost less accumulated depreciation. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use. Expenditure for additions, improvements and renewals are capitalised and expenditure for maintenance and repairs are charged to the income statement. When plant and equipment are sold or retired, their cost and accumulated depreciation are removed from the financial statements and any gain or loss resulting from their disposal is included in the income statement.

(d) *Depreciation of plant and equipment*

Depreciation is calculated to write off the cost of plant and equipment by the straight-line method over their estimated useful lives. The estimated useful lives used are as follows:

Computers	3 years
Furniture and fittings	5 years
Office equipment	5 years
Renovation	8 years

The residual values and useful lives of plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. Fully depreciated plant and equipment are retained in the financial statements until they are no longer in use.

(e) *Cash and cash equivalent*

Cash and cash equivalent represent bank balances and cash in hand.

(f) *Trade and other receivables*

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less allowance for impairment. An allowance for impairment of receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of receivables. The amount of the allowance is the difference between the asset's carrying amount and present value of estimated future cash flows, discounted at original effective interest rate. The amount of the allowance is recognised in the income statement.

(g) *Other payables*

Other payables are initially measured at fair value, and subsequently measured at amortised cost, using the effective interest rate method.

(h) *Share capital*

Ordinary shares issued by the company are classified as equity and recorded at the proceeds received, net of direct issue costs.

(i) *Revenue recognition*

Revenue comprises the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts and sales related taxes. The following specific recognition criteria must also be met before revenue is recognised:

(i) Income from investment advisory services is recognised upon completion of the services rendered.

(ii) Interest income is recognised on an accrual basis.

(j) *Income tax*

Income tax expense is calculated on the basis of tax effect accounting, using the liability method and is applied to all significant temporary differences.

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

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

Deferred income tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised for all deductible temporary differences, carry-forward of unabsorbed capital allowances and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carry-forward of unused tax credits and unused tax losses can be utilised.

At each balance sheet date, the company re-assesses unrecognised deferred tax assets and the carrying amount of deferred tax assets. The company recognises a previously unrecognised deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered. The company conversely reduces the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or subsequently enacted at the balance sheet date.

(k) *Impairment of assets*

The carrying amounts of the company's assets are reviewed at each balance sheet date to determine whether there is evidence that the assets are impaired. If any such indication exists, the asset's recoverable amounts are estimated in order to determine the extent of the impairment loss (if any). An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. The impairment loss is charged to the income statement unless it reverses a previous revaluation, credited to equity, in which case it is charged to equity.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the income statement, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(l) *Provisions*

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

(m) *Employee benefits*

Defined Contribution Plan

As required by law, the company makes contributions to the state pension scheme, the Central Provident Fund (CPF). CPF contributions are recognised as an expense in the income statement in the same period as the employment that gives rise to the contributions.

(n) *Operating lease*

Leases where the lessor effectively retains substantially all the risks and rewards of ownership of the leased item are classified as operating leases. Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

3. Plant and Equipment

	Computers S$	**Furniture and fittings S$**	**Office equipment S$**	**Renovation S$**	**Total S$**
Cost					
Additions during the period	14,982	6,000	1,868	1,490	24,340
As at 31 December 2006	14,982	6,000	1,868	1,490	24,340
Accumulated depreciation					
Charge for the period	5,459	1,300	281	202	7,242
As at 31 December 2006	5,459	1,300	281	202	7,242
Net book value					
As at 31 December 2006	9,523	4,700	1,587	1,288	17,098

4. Cash and Bank Balances

	S$
Cash in hand	1
Cash at bank	145,627
	145,628

The carrying amounts of cash and bank balances approximate their fair value.

The company's cash and bank balances are denominated in the following currencies:

	S$
Singapore dollars	82,449
United States dollars	63,179
	145,628

5. Trade Receivables

	S$
Related party	90,643

The trade receivables are non interest bearing and credit terms are in accordance with the terms agreed with the related party. The trade receivables are considered to be of short duration and are not discounted and the carrying values are assumed to approximate their fair value.

The Company's trade receivables are denominated in United States dollars.

6. Other Receivables

	S$
Deposit	33,358
Prepayments	6,409
	39,767

The carrying amounts of other receivables approximate their fair value and are denominated in Singapore dollars.

7. Other Payables

	S$
Accruals for other operating expenses	16,347
Amount owing to a director – bonus payable	196,890
	213,237

The carrying amounts of other payables approximate their fair values and are denominated in the following currencies:

	S$
Singapore dollars	16,347
United States dollars	196,890
	213,237

8. Share Capital

	S$
Issued and fully paid	
1 ordinary share	1

At the date of incorporation, the company issued 1 subscriber share for cash as initial share capital.

The Singapore Companies (Amendment) Act 2005 which came into force with effect from 30 January 2006 removed the concept of par value and authorised capital.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meeting of the company.

9. Operating Expenses

	S$
Accounting fees	3,750
Communication costs	34,291
Entertainment	10,836
Legal and professional fees	17,800
Office rental – operating lease	69,558
Travel and accommodation	155,078
Others	21,084
	312,397

10. Profit Before Taxation

Profit before taxation is arrived at after charging:

	S$
Director's remuneration and bonus	597,440
Director's CPF contribution	7,285
Medical insurance	9,321
Staff CPF contribution	13,024

11. Taxation

The company's chargeable income for the financial year is fully exempted from tax under Section 43(6A) of Income Tax Act. As the company is a private exempt company, the company is exempt from tax on the first S$100,000 of chargeable income for the first three qualifying consecutive years of assessment falling within years of assessment 2005 to 2009.

12. Operating Lease Commitment

At the balance sheet date, the company has the following commitment in respect of operating lease:

	S$
Due within one year	63,046

Operating lease commitments represent rental payable by the company for office premises. The leases have varying terms, escalation clauses and renewal rights.

13. Related Party Transactions

a) An entity is considered a related party of the company for the purpose of the financial statements if:

(i) it possesses the ability (directly or indirectly) to control or exercise significant influence over the financial and operating decisions of the company or vice versa; or

(ii) it is subject to common control or common significant influence.

During the financial period, the company had transactions with related party on terms agreed between them with respect to the following:

	S$
Service income charged to related party	1,149,070

b) Compensation of key management personnel (directors)

	S$
Short-term benefits – remuneration and bonus	597,440
Post employment benefit – CPF contribution	7,285
	604,725

14. Financial Risk Management Objectives and Policies

(a) *Liquidity risk*

The company has no significant liquidity risk.

(b) *Foreign currency risk*

The company has exposure on foreign currency risk, which arises mainly from transactions involving United States dollars. The company does not use any hedging instruments to protect against the volatility associated with the foreign currency purchase of products and other assets and liabilities created in the normal course of business.

(c) *Credit risk*

The exposure to credit risk is limited due to the nature of company's activities and businesses, except to the extent of recoverability of trade receivable from related party.

(d) *Interest rate risk*

The company has no exposure to market risk for changes in interest rates as it has no borrowings.

(e) *Fair values*

The carrying amounts of cash at bank, trade and other receivables, and other payables approximate their fair values due to their short-term nature.

15. Comparative Figures

No comparative figures are available as this is the company's first set of financial statements.

16. Subsequent Events

Subsequent to the end of the financial period, the company was part of a restructuring exercise by its shareholder and was acquired on 18 January 2007 by Absolute Capital Management Holdings Limited, a company incorporated in Cayman Islands.

PART III C(ix) – REPORT AND FINANCIAL STATEMENTS FOR ARGO CAPITAL MANAGEMENT PROPERTY LIMITED

Set out below is an extract from the report and financial statements of Argo Capital Management Property Limited for the period from 20 June 2007 (date of incorporation) to 31 December 2007. No adjustments have been made, save for references to page numbers which have been updated for this document.

MANAGEMENT AND ADMINISTRATION

Directors	Andreas Rialas (appointed 29/06/2007) Kyriakos Rialas (appointed 29/06/2007) Glenn Kennedy (appointed 29/06/2007)
Registered Office	Governors Square Suite 4-212 23 Lime Tree Bay Avenue Grand Cayman KY1-1006 Cayman Islands
Principal Bankers	RBS Guernsey Branch PO Box 62 Royal Bank Place 1 Glategny Esplanade St Peter Port Guernsey Channel Islands GY1 4BQ
	BancPost B-dul Ion Mihalache nr. 104 Bloc 85 Sector 1 Buceresti Romania
	ABN AMRO Luxembourg SA Boite postale 581 L-2015 Luxembourg
Auditors	KPMG Audit LLC Heritage Court 41 Athol Street Douglas Isle of Man IM99 1HN

DIRECTORS' REPORT

The directors present their annual report on the affairs of the Group together with the financial statements and auditors' report for the period from 20 June 2007 (date of incorporation) to 31 December 2007.

Principal activity

On 11 July 2007 the Company acquired North Asset Management's interest in the management contract of the North Real Estate Opportunities Fund Limited, a closed-end property investment company incorporated in Guernsey and quoted on AIM. The fund, now called the Argo Real Estate Opportunities Fund Limited raised €100 million in August 2006 and has since substantially committed the proceeds to property investments in Romania, Ukraine and Moldova.

Business Review

The directors are satisfied with the operating profit before exceptional items for the first period of trade.

An impairment review of the North Real Estate Opportunities Fund management contract was carried out by the directors and an impairment to recognise the diminished growth prospects recorded. The value attributed to this intangible asset which remains after impairment is €2,513,000 (note 8).

Dividends

The directors do not recommend the payment of a dividend.

Directors

The directors who served throughout the period and held office at 31 December 2007 along with their beneficial interests in the ordinary shares of the Company are as follows:

	31 December 2007 Ordinary shares
Andreas Rialas (appointed 29/06/2007)	–
Kyriakos Rialas (appointed 29/06/2007)	–
Glenn Kennedy (appointed 29/06/2007)	–

Auditors

The auditors, KPMG Audit LLC, were appointed on 15 August 2008 and have expressed their willingness to continue in office as auditors. A resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Signed on behalf of the Board

Andreas Rialas
Director

11 November 2008

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The directors are responsible for preparing financial statements for each financial year which give a true and fair view of the state of affairs of the Group and of the profit or loss of the Group for that year. In addition, the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards. In preparing those financial statements, the directors are required to:

- ensure that the financial statements comply with the Memorandum and Articles of Association and International Financial Reporting Standards, as published by the International Accounting Standards Board;
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable International Financial Reporting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The directors are responsible for the keeping of proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and to enable them to ensure that the financial statements comply with applicable laws. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

REPORT OF THE INDEPENDENT AUDITORS, KPMG AUDIT LLC, TO THE MEMBERS OF ARGO CAPITAL MANAGEMENT PROPERTY LIMITED

We have audited the consolidated financial statements of Argo Capital Management Property Limited ('the Group') for the period from 20 June 2007 (date of incorporation) to 31 December 2007 which comprise the consolidated income statement, the consolidated balance sheet, the consolidated statement of changes in shareholders' equity, the consolidated cash flow statement and the related notes 1 to 18. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the members in accordance with our engagement letter dated 15 August 2008. Our audit work has been undertaken so that we might state to the Group's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the members for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the statutory financial statements in accordance with International Financial Reporting Standards (IFRSs) are set out in the Statement of Directors' Responsibilities.

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

We report to you our opinion as to whether the financial statements give a true and fair view. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the Group has not kept proper accounting records and if we have not received all the information and explanations we require for our audit.

In addition we report to you if, in our opinion, the Group has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' transactions with the Group are not disclosed.

We read the Directors' Report and any other information accompanying the financial statements and consider the implications for our report if we become aware of any apparent misstatements or inconsistencies within it.

Basis of audit opinion

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

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

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with International Financial Reporting Standards, of the state of the Group's affairs as at 31 December 2007 and of its loss for the period 20 June 2007 (date of incorporation) to 31 December 2007; and
- the information given in the Directors' Report is consistent with the financial statements.

KPMG Audit LLC
Chartered Accountants
Heritage Court
41 Athol Street
Douglas
Isle of Man
IM99 1HN

11 November 2008

CONSOLIDATED INCOME STATEMENT
For the period 20 June 2007 (date of incorporation) to 31 December 2007

	Note	Period ended 31 December 2007 €'000
Management fees	2(e)	**947**
Other income		**60**
Revenue		**1,007**
Legal and professional expenses		**(49)**
Operational expenses		**(172)**
Employee costs	4	**(418)**
Impairment of intangible assets	8	**(10,080)**
Operating loss		**(9,712)**
Interest income on cash and cash equivalents		**1**
Loss on ordinary activities before taxation		**(9,711)**
Taxation	6	**(10)**
Loss for the period after taxation attributable to members of the company		**(9,721)**

The Directors consider all activities derive from continuing operations.

The notes on pages 164 to 170 form an integral part of these consolidated financial statements.

CONSOLIDATED BALANCE SHEET
As at 31 December 2007

	Note	31 December 2007 €'000
Assets		
Non-current assets		
Intangible assets	8	**2,556**
Computer equipment and software	9	**6**
		2,562
Current assets		
Trade and other receivables	10	**546**
Cash and cash equivalents		**10**
		556
Total assets		**3,118**
Equity and liabilities		
Equity		
Issued share capital	11	**–**
Revenue reserve		**(9,721)**
Other reserves		**12,593**
		2,872
Current liabilities		
Trade and other payables	12	**227**
Taxation payable	6	**19**
Total current liabilities		**246**
Total equity and liabilities		**3,118**

These financial statements were approved by the Board of Directors on 11 November 2008 and were signed on its behalf by:

Andreas Rialas
Director

Kyriakos Rialas
Director

The notes on pages 164 to 170 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
For the period 20 June 2007 (date of incorporation) to 31 December 2007

	Issued Share capital €'000	Revenue reserve €'000	Other reserves €'000	Total €'000
Loss for the period after taxation	–	(9,721)	–	(9,721)
Issue of one share ($1 par value) (see note 11)	–	–	–	–
Fund management contract	–	–	12,593	12,593
As at 31 December 2007	**–**	**(9,721)**	**12,593**	**2,872**

The notes on pages 164 to 170 form part of these consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT
For the period 20 June 2007 (date of incorporation) to 31 December 2007

	Note	Period ended 31 December 2007 €'000
Net cash inflows from operating activities	14	**15**
Cash flows from investing activities		
Interest received on cash and cash equivalents		**1**
Purchase of computer equipment and software		**(6)**
Net cash outflow from investing activities		**(5)**
Cash inflows from financing activities		
Issue of share capital		**–**
Net cash flow from financing activities		**–**
Net movement in cash and cash equivalents		**10**
Cash and cash equivalents as at 31 December 2007		**10**

The notes on pages 164 to 170 form part of these consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS
For the period from 20 June 2007 (date of incorporation) to 31 December 2007

1. Corporate Information

The Company was incorporated on 20 June 2007 as an exempt company with limited liability in the Cayman Islands under company registration no. 189560. Its registered office is at Governors Square, Suite 4-212, 23 Lime Tree Bay Avenue, Grand Cayman and the principal place of business is at Second Floor, Albert House, South Esplanade, St Peter Port, Guernsey.

The principal activity of the Group lies in its interest in the management contract of the Argo Real Estate Opportunities Fund Limited, a closed-end property investment company. The functional and presentational currency of the Group undertakings is Euros. The Group has 15 employees.

Wholly owned subsidiaries	**Country of incorporation**
North Asset Management Sarl	Luxembourg
North Asset Management Srl	Romania

2. Accounting Policies

(a) Accounting convention

These consolidated financial statements have been prepared on a historical cost basis and in accordance with International Financial Reporting Standards, as adopted by the European Union.

These accounts have been prepared on the basis that the Group is a going concern.

The International Accounting Standards Board and International Financial Reporting Interpretations Committee have issued the following standards and interpretations with an effective date as noted after the date of these financial statements:

International Accounting Standards (IAS/IFRS)

Effective Date

IFRS 8 Operating Segments 1 January 2009

IAS 23 Amendment – Borrowing Costs 1 January 2009

International Financial Reporting Interpretations Committee (IFRIC)

Effective Date

IFRIC 12 Service Concession Arrangements 1 January 2008

IFRIC 13 Customer Loyalty Programmes 1 July 2008

IFRIC 14 IAS19 – the limit on a defined benefit asset, minimum funding requirements and their interaction
1 January 2008

The Directors do not anticipate that the adoption of these standards and interpretations will have a material impact on the Group's financial statements in the period of initial application.

(b) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries. Subsidiaries are consolidated from the date upon which control is transferred to the Group and cease to be consolidated from the date upon which control is transferred from the Group.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in to line with those used by the Group.

All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

(c) Business combinations

The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values at the date of exchange of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair value at the acquisition date.

Goodwill

Goodwill arising on the consolidation represents the excess of the cost of the acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill which is recognised as an asset is reviewed for impairment at least annually. Any impairment is recognised immediately in the Consolidated Income Statement.

Intangible assets

The Group's principal intangible asset is the fund management contract in Argo Real Estate Opportunities Fund Limited. The Group does not capitalise internally generated goodwill or intangible assets. The fund management contract is recorded at directors' valuation at the date of acquisition. This intangible asset has no finite life and consequently is not amortised. Every six months an impairment test is undertaken to determine any diminution in the recoverable amount below carrying value.

(d) Foreign currency translation

The consolidated financial statements are expressed in Euros. Transactions denominated in currencies other than Euros have been translated at the rate of exchange prevailing at the date of the transaction. Assets and liabilities in other currencies are translated to Euros at the rates of exchange prevailing at the balance sheet date. The resulting profits or losses are reflected in the Consolidated Income Statement.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are classified as equity and transferred to the Group's foreign currency translation reserve. Such translation differences are recognised in the Consolidated Income Statement in the period in which the operation is disposed of.

(e) Revenue

Revenue is recognised to the extent that it is probable that economic benefit will flow to the Group and the revenue can be reliably measured.

Management and incentive fees receivable

Under a contractual service agreement the Group receives a quarterly management fee of €500,000. The Group recognises revenue for providing management services on a monthly basis.

Incentive fees arise on realisation of property investments. Incentive fees equal 20% of the realised profits as defined in the management contract provided an annualised return in excess of 10% is achieved.

(f) Depreciation

Computer equipment and software is initially recorded at cost and depreciated on a straight-line basis over the expected useful lives of the assets as follows:

Computer equipment and software	33 1/3% per annum

(g) Cash and cash equivalents

Cash and cash equivalents are defined as cash in hand and bank deposits.

For the purposes of the cash flow statement, cash and cash equivalents consist of cash in hand and bank deposits.

(h) Current taxation

Current tax assets and liabilities for the period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amounts are those enacted or substantially enacted by the balance sheet date.

The tax currently payable is based on taxable profit for the period. Taxable profit differs from net profit as reported in the Consolidated Income Statement because it excludes items of income or expense that are taxable or deductible in other periods or because it excludes items that are never taxable or deductible.

(i) Deferred taxation

Deferred income tax is provided for using the liability method on temporary timing differences at the balance sheet date between tax basis of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognised in full for all temporary differences. Deferred tax assets are recognised for all deductible temporary differences, carried forward unused tax credits and unused tax loss to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and carry-forward of unused tax credits and unused losses can be utilised.

The carrying amount of deferred income tax assets is revalued at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it is probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability settled, based on tax rates that have been enacted or substantially enacted at the balance sheet date.

(j) Accounting estimates, assumptions and judgements

The preparation of the financial statements necessitates the use of estimates, assumptions and judgements. These estimates, assumptions and judgements affect the reported amounts of assets, liabilities and contingent liabilities at the balance sheet date as well as affecting the reported income and expenses for the period. Although the estimates are based on management's knowledge and best judgment of information and financial data, the actual outcome may differ from these estimates.

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

In the process of applying the Group's accounting policies, which are described above, management has made the following judgements that have the most significant effect on the amounts recognised in the financial statements:

– Impairment of intangible assets

Determining whether intangible assets are impaired requires an estimation of the value in use of the cash generating units to which these assets are allocated. Details of the impairment reviews that the Group performs and impairments recognised as a result of those reviews are provided in note 8.

3. Segmental Analysis

The Group operates as a single asset management business, and the directors do not consider the different sources of revenue and geographic regions within the business as separate business segments within the meaning of IAS 14 Segment Reporting. On this basis the directors consider the Group to be a single segment investment management business.

4. Employee Costs

	2007 €'000
Wages and salaries	405
Social security costs	13
	418

5. Key Management Personnel Remuneration

	2007 €'000
Directors and key management personnel	363
	363

6. Taxation

Income Statement

The Parent Company is registered as an exempt company in the Cayman Islands and consequently no tax is payable in the Cayman Islands. Taxation rates applicable to North Asset Management Sarl and North Asset Management Srl range from 0% to 30%.

	2007 €'000
Taxation on North Asset Management Sarl	10
Taxation charge for the period	**10**

The charge for the period can be reconciled to the loss in the Consolidated Income Statement as follows:

	2007 €'000
Loss before tax	(9,711)
Tax at the current tax rate of 30%	(2,913)
Tax effect of impairment losses on intangible assets that are not deductible	3,024
Tax losses	34
Tax effect of different tax rates of subsidiaries operating in other jurisdictions	(135)
Tax charge	**10**

Balance sheet

	2007 €'000
Acquisition through business combinations	19
	19

7. Business Combinations

With effect from 11 July 2007 the Company acquired the management contract and the right to receive the income streams from the North Real Estate Opportunities Fund Ltd and the ownership of North Asset Management Srl and North Asset Management Sarl (collectively the 'North Businesses').

The purchase consideration included the issue to the vendors of 384,494 fully-paid ordinary shares of €0.01 in Absolute Capital Management Holdings Limited, the Company's ultimate parent company, and cash of €9,500,000, also provided by Absolute Capital Management Holdings Limited. The market value of one ordinary share of Absolute Capital Management Holdings Limited at the date of this transaction was €7.80 and this was the amount that was used to value the acquisition.

The North Asset Management entities acquired as part of this transaction contributed a loss of €90,546 to the consolidated net loss on ordinary activities after tax.

The fair value of the identifiable net assets and liabilities of the North Businesses at the date of acquisition and the consideration are detailed below:

	North Businesses €'000
Intangible assets – fund management contract of North businesses	12,593
Total	**12,593**
Satisfied by:	
Capital introduction by Absolute Capital Management Holdings Limited	9,500
Shares issued in Absolute Capital Management Holdings Limited	3,000
	12,500
Costs of acquisition	93
Total	**12,593**

Intangible assets represent the fair value of the fund management contract of the North Real Estate Opportunities Fund Ltd (subsequently renamed Argo Real Estate Opportunities Fund Ltd), the Fund to which the Company provides management and advisory services.

8. Intangible Assets

	Fund Management contract €'000	Goodwill €'000	Total €'000
Cost			
Acquisition of North businesses (note 7)	12,593	43	12,636
At 31 December 2007	**12,593**	**43**	**12,636**
Amortisation and impairment			
Impairment of North business intangible assets	10,080	–	10,080
At 31 December 2007	**10,080**	**–**	**10,080**
Net book value			
31 December 2007	**2,513**	**43**	**2,556**

The Group tests intangible assets every six months for impairment, or more frequently if there are indications that the intangible assets may be impaired. The value in use approach has been used as the businesses were not considered saleable in their current form due to certain factors including reliance on certain key individuals.

An impairment review of the Argo Real Estate Opportunities Fund management contract was carried out and an impairment to recognise the diminished growth prospects recorded. The value attributed to this intangible asset which remains after impairment is €2,513,000.

9. Computer Equipment and Software

	Plant and equipment €'000
Cost	
Additions	6
As at 31 December 2007	**6**
Accumulated Depreciation	
Depreciation charge for period	–
As at 31 December 2007	**–**
Net book value	
As at 31 December 2007	**6**

10. Trade and Other Receivables

	2007 €'000
Trade receivables	38
Other receivables	172
Prepayments and accrued income	336
	546

The directors consider that the carrying amount of trade and other receivables approximates their fair value. There are no amounts past due at the reporting date.

11. Share Capital

	2007 No.
Authorised	
Ordinary shares of $1 each	**50,000**

Issued and fully paid

	No.
Issued during the year	**1**
Closing ordinary shares of $1 each	**1**

During the period, the Parent Company issued one share to Absolute Capital Management Holdings Limited.

12. Trade and Other Payables

	2007 €'000
Trade and other payables	34
Other creditors and accruals	193
	227

Trade and other payables are normally settled on 30-day terms.

13. Obligations Under Operating Leases

Operating lease payments represent rentals payable by the Group for certain of its business premises. As at the balance sheet date, the Group had outstanding future minimum lease payments under non-cancellable operating leases, which fall due as follows.

	2007 €'000
Operating lease liabilities:	
Later than 1 year and not later than 5 years	42
Present value of minimum lease payments	**42**

14. Reconciliation of Net Cash Inflow from Operating Activities to Loss on Ordinary Activities Before Taxation

	2007 €'000
Loss on ordinary activities before taxation	(9,711)
Interest income	(1)
Impairment of intangible assets	10,080
Increase in payables	227
Increase in receivables	(546)
Net foreign exchange gain	(34)
Net cash inflow from operating activities	**15**

15. Related Party Transactions

During the period the Parent Company did not open a bank account. Therefore payments of €303,488 and receipts of €614,130 were transacted on behalf of the Company by Absolute Capital Management Holdings Limited, the Company's ultimate parent company. At 31 December 2007 the net balance of €310,642 was still owed to the Company by Absolute Capital Management Holdings Limited.

During the period loans of €156,458 were made to North Asset Management Srl by Absolute Capital Management Holdings Limited, the company's ultimate parent company. This balance was still owing to Absolute Capital Management Holdings Limited at 31 December 2007.

16. Financial Instruments

(a) Use of financial instruments

The wider Group has maintained sufficient cash reserves not to use alternative financial instruments to finance the Group's operations. The Group has various financial assets and liabilities such as trade and other receivables, cash and trade and other payables which arise directly from its operations.

(b) Asset valuation risk

Asset valuation risk is the risk that a decline in the value of assets adversely impacts on the profitability of the Group as a result of an asset not meeting its expected value. The Company has no principal exposures in this respect.

(c) Capital management

The primary objective of the Group's capital management is to ensure that the Group has sufficient cash and cash equivalents on hand to finance its ongoing operations. This is achieved by ensuring that trade receivables are collected on a timely basis and that excess liquidity is invested in an optimum manner.

(d) Market price risk

Market risk arises from uncertainty about future prices of financial instruments held. It represents the potential loss the company might suffer through holding market positions in the face of price movements. The Company has no principal exposures in this respect.

(e) Credit/counterparty risk

The Group could be exposed to counterparty risk on parties with whom it trades and may have to bear the risk of settlement default. The credit risk is concentrated on its management contract and its right to receive income streams from the Argo Real Estate Opportunities Fund Ltd. Trade receivables are normally settled on 30-day terms.

The Group's principal financial assets are bank and cash balances and trade and other receivables. At the year-end cash balances were held at ABN AMRO and BancPost. These balances represent the company's maximum exposure to credit risk in relation to financial assets and are represented by the carrying amount of each financial asset in the balance sheet.

(f) Liquidity risk

Liquidity risk is the risk that the Group may be unable to meet its payment obligations. This would be the risk of insufficient cash resources and liquid assets, including bank facilities, being available to meet liabilities as they fall due.

The main liquidity risks of the Group are associated with the need to satisfy payments to creditors. Trade receivables and trade payables are on 30-day terms.

The Group aims to maintain sufficient cash reserves in order to pay creditors as and when they fall due.

(g) Foreign exchange risk

Foreign exchange risk is the risk that the group will sustain losses through adverse movements in currency exchange rates.

The Group has no principal exposures in this respect as its income, which is contractual, is received in Euros.

(h) Interest rate risk

The interest rate profile of the Group at 31 December 2007 is as follows:

	Total as per balance sheet €'000	Variable rate* €'000	Assets on which no interest is receivable €'000
Financial Assets			
Trade and other receivables	546	–	546
Cash and cash equivalents	10	–	10
	556	**–**	**556**
Financial liabilities			
Trade and other payables	227	–	227

*Changes in the US Dollar base rate may cause movements.

The average interest rate at year end was negligible so that any movement in interest rates would have an immaterial effect on the loss for the period.

(i) Fair value

The carrying values of the financial assets and liabilities equate to the fair value of the financial assets and liabilities and are as follows:

	2007 €'000
Financial Assets	
Trade and other receivables	546
Cash and cash equivalents	10
	556
Financial liabilities	
Trade and other liabilities	227
	227

Financial assets and liabilities are either repayable on demand or have short repayment dates.

17. Ultimate Controlling Party

Absolute Capital Management Holdings Limited was the ultimate parent company during the period but ceased to be so in 2008 following the demerger of the Argo businesses (see note 18).

18. Events Subsequent to the Balance Sheet Date

At an Extraordinary General Meeting held in the Cayman Islands on 13 June 2008 the shareholders of Absolute Capital Management Holdings Limited passed a resolution to distribute the Argo division of its group, including Argo Capital Management Property Limited, to shareholders, to be managed and owned as an independent entity under a new company, Argo Group Limited.

The demerger was completed by making a distribution of shares of Argo Group Limited to the shareholders of Absolute Capital Management Holdings Limited. Of the total purchase consideration, US$3,928,787 was apportioned to Argo Capital Management Property Limited.

It is intended that an application will be made for the Argo Group Limited ordinary shares to be admitted to trading on AIM within six months of the demerger.

PART C(x) – REPORT AND FINANCIAL STATEMENTS FOR ARGO INVESTOR SERVICES LIMITED

Set out below is an extract from the report and financial statements of Argo Investor Services Limited for the period from 31 October 2007 (date of incorporation) to 31 December 2007. No adjustments have been made, save for the references to page numbers which have been updated for this document.

MANAGEMENT AND ADMINISTRATION

Directors	Andreas Rialas (appointed 13/12/2007) Kyriakos Rialas (appointed 13/12/2007) Glenn Kennedy (appointed 18/12/2007)
Company Secretary	Glenn Kennedy
Registered Office	Governors Square Suite 4-212 23 Lime Tree Bay Avenue Grand Cayman KY1-1006 Cayman Islands
Auditors	KPMG Audit LLC Heritage Court 41 Athol Street Douglas Isle of Man IM99 1HN
Principal Bankers	Bank Julius Baer & Co Ltd PO Box 3142 Rue Pierre-Fatio 7 1211 Geneva 3 Switzerland

DIRECTORS' REPORT

The directors present their annual report on the affairs of the Company together with the financial statements and auditors' report for the period from 31 October 2007 (date of incorporation) to 31 December 2007.

Principal Activity

The principal activity of the Company is the provision of marketing services.

Business Review

The directors are very pleased with the results for the first two months of trade.

Dividends

The directors do not recommend the payment of a dividend.

Directors

The directors who served throughout the period and held office at 31 December 2007 along with their beneficial interests in the ordinary shares of the Company are as follows:

	31 December 2007 Ordinary shares
Andreas Rialas (appointed 13/12/2007)	–
Kyriakos Rialas (appointed 13/12/2007)	–
Glenn Kennedy (appointed 18/12/2007)	–

Auditors

The auditors, KPMG Audit LLC, were appointed on 15 August 2008 and have expressed their willingness to continue in office as auditors. A resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Signed on behalf of the Board

Andreas Rialas
Director

11 November 2008

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The directors are responsible for preparing financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year. In addition, the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards. In preparing those financial statements, the directors are required to:

- ensure that the financial statements comply with the Memorandum and Articles of Association and International Financial Reporting Standards, as published by the International Accounting Standards Board;
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable International Financial Reporting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with applicable laws. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

REPORT OF THE INDEPENDENT AUDITORS, KPMG AUDIT LLC, TO THE MEMBERS OF ARGO INVESTOR SERVICES LIMITED

We have audited the financial statements of Argo Investor Services Limited ('the Company') for the period from 31 October 2007 (date of incorporation) to 31 December 2007 which comprise the income statement, the balance sheet, the statement of changes in shareholders' equity, the cash flow statement and the related notes 1 to 15. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with our engagement letter dated 15 August 2008. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with International Financial Reporting Standards (IFRSs) are set out in the Statement of Directors' Responsibilities.

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

We report to you our opinion as to whether the financial statements give a true and fair view and whether they have been properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the Company has not kept proper accounting records and if we have not received all the information and explanations we require for our audit.

In addition we report to you if, in our opinion, the Group has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' transactions with the Group are not disclosed.

We read the Directors' Report and any other information accompanying the financial statements and consider the implications for our report if we become aware of any apparent misstatements or inconsistencies within it.

Basis of audit opinion

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

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

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with International Financial Reporting Standards, of the state of the Group's affairs as at 31 December 2007 and of its profit for the period 31 October 2007 (date of incorporation) to 31 December 2007; and
- the information given in the Directors' Report is consistent with the financial statements.

KPMG Audit LLC
Chartered Accountants
Heritage Court
41, Athol Street
Douglas
Isle of Man

11 November 2008

INCOME STATEMENT
For the period 31 October 2007 (date of incorporation) to 31 December 2007

	Note	Period Ended 31 December 2007 US$'000
Revenue	2(c)	**4,500**
Operational expenses		**(26)**
Employee costs	3	**(20)**
Profit for the period attributable to members of the company		**4,454**

The Directors consider all activities derive from continuing activities.

The notes on pages 179 to 182 form part of these financial statements.

BALANCE SHEET
As at 31 December 2007

	Note Note	31 Dec 2007 US$'000
Assets		
Non-current assets		
Computer equipment	5	**4**
		4
Current Assets		
Trade and other receivables	6	**4,500**
Loans and advances receivable	7	**34**
		4,534
Total current assets		**4,538**
Equity and liabilities		
Equity		
Issued share capital	8	**–**
Revenue reserve		**4,454**
		4,454
Current liabilities		
Trade and other payables	9	**84**
Total current liabilities		**84**
Total equity and liabilities		**4,538**

These financial statements were approved by the Board of Directors on 11 November 2008 and were signed on its behalf by:

…………………………………..

Andreas Rialas
Director

…………………………………..

Kyriakos Rialas
Director

The notes on pages 179 to 182 form part of these financial statements.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
For the period 31 October 2007 (date of incorporation) to 31 December 2007

	Issued share capital US$'000	Revenue reserve US$'000	Total US$'000
Profit for the period after taxation	–	4,454	4,454
Issue of one share (US$0.01 par) (see note 8)	–	–	–
As at 31 December 2007	**–**	**4,454**	**4,454**

The notes on pages 179 to 182 form part of these financial statements.

CASH FLOW STATEMENT

For the period 31 October 2007 (date of incorporation) to 31 December 2007

		Period Ended 31 Dec 2007
Net cash inflows from operating activities	**11**	**4**
Cash flows from investing activities		
Purchase of computer equipment	**5**	**(4)**
Net cash outflow from investing activities		**(4)**
Cash flows from financing activities		
Issue of share capital	**8**	**–**
Net cash flow from financing activities		**–**
Net movement in cash and cash equivalents		**–**
Cash and cash equivalents as at 31 December 2007		**–**

The notes on pages 179 to 182 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
For the period 31 October 2007 (date of incorporation) to 31 December 2007

1. Corporate Information

The Company was incorporated on 31 October 2007 as an exempt company with limited liability in the Cayman Islands under company registration no. 198118. Its registered office is at Governors Square, Suite 4-212, 23 Lime Tree Bay Avenue, Grand Cayman and the principal place of business is at Baarerstrasse 8, CH-6300 Zug, Switzerland. The principal activity of the company is the provision of marketing services. The functional and presentational currency of the Company is US dollars. The Company has 5 employees.

2. Accounting Policies

(a) *Accounting convention*

These financial statements have been prepared on a historical cost basis and in accordance with International Financial Reporting Standards, as adopted by the European Union.

These accounts have been prepared on the basis that the Company is a going concern.

The International Accounting Standards Board and International Financial Reporting Interpretations Committee have issued the following standards and interpretations with an effective date as noted after the date of these financial statements:

International Accounting Standards (IAS/IFRS)

IFRS 8 Operating Segments 1 January 2009

IAS 23 Amendment – Borrowing Costs 1 January 2009

International Financial Reporting Interpretations Committee (IFRIC)

IFRIC 12 Service Concession Arrangements 1 January 2008

IFRIC 13 Customer loyalty programmes 1 July 2008

IFRIC 14 IAS19- the limit on a defined benefit asset, minimum funding requirements and their interaction 1 January 2008

The Directors do not anticipate that the adoption of these standards and interpretations will have a material impact on the Company's financial statements in the period of initial application.

(b) *Foreign currency translation*

The financial statements are expressed in US dollars. Transactions denominated in currencies other than US dollars have been translated at the rate of exchange prevailing at the date of the transaction. Assets and liabilities in other currencies are translated to US dollars at the rates of exchange prevailing at the balance sheet date. The resulting profits or losses are reflected in the Income Statement.

(c) *Revenue*

Revenue is recognised to the extent that it is probable that economic benefit will flow to the Company and the revenue can be reliably measured. Revenue represents amounts receivable for goods and services provided in the normal course of business.

(d) *Depreciation*

Computer equipment is initially recorded at cost and depreciated on a straight-line basis over the expected useful lives of the assets as follows:

Computer equipment 33 1/3 % per annum

(e) *Cash and cash equivalents*

Cash and cash equivalents are defined as cash in hand.

(f) *Current taxation*

The Company is registered as an exempt company in the Cayman Islands and consequently no tax is payable.

(g) *Accounting estimates, assumptions and judgements*

The preparation of the financial statements necessitates the use of estimates, assumptions and judgements. These estimates, assumptions and judgements affect the reported amounts of assets, liabilities and contingent liabilities at the balance sheet date as well as affecting the reported income and expenses for the year. Although the estimates are based on management's knowledge and best judgment of information and financial data, the actual outcome may differ from these estimates.

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

3. Employee Costs

	2007 US$'000
Wages and salaries	20
	20

4. Taxation

The Company is registered as an exempt company in the Cayman Islands and consequently no tax is payable.

5. Computer Equipment

	US$'000
Cost	
Additions	4
As at 31 December 2007	**4**
Accumulated Depreciation	
Depreciation charge for year	–
As at 31 December 2007	–
Net book value	
31 December 2007	**4**

6. Trade and Other Receivables

	2007 US$'000
Trade receivables	4,500
	4,500

The directors consider that the carrying amount of trade and other receivables approximates to their fair value. There are no amounts past due at the reporting date.

7. Loans and Advances Receivable

	2007 US$'000
Deposits on leased premises	34
	34

The loans and advances are unsecured, interest free and repayable on vacation of premises.

8. Share Capital

	No.
Authorised	
Ordinary shares of US$0.01 each	**5,000,000**
Issued and fully paid	
Issued during the period	**1**
Closing ordinary shares of US$0.01 each	**1**

During the period, the company issued one share to Absolute Capital Management Holdings Limited.

9. Trade and Other Payables

	2007 US$'000
Other creditors and accruals	**84**
	84

Trade and other payables are normally settled on 30-day terms.

10. Obligations Under Operating Leases

Operating lease payments represent rentals payable by the Company for business premises. As at the balance sheet date the Company had outstanding future minimum lease payments under non-cancellable operating leases which fall due as follows.

	2007 US$'000
Operating lease liabilities:	
No later than 1 year	**34**
Present value of minimum lease payments	**34**

11. Reconciliation of Net Cash Inflow from operating activities to profit attributable to members of the company

	2007 US$'000
Profit on ordinary activities before taxation	**4,454**
Increase in payables	**84**
Increase in receivables	**(4,534)**
Net cash inflow from operating activities	**4**

12. Related Party Transactions

During the period the Company generated revenue of US$4,500,000 from Argo Capital Management (Cyprus) Limited, a company in which Andreas Rialas and Kyriakos Rialas act as directors. This balance was still outstanding at 31 December 2007.

During the period payments of US$60,063 were made on behalf of the Company by Absolute Capital Management Holdings Limited, the Company's ultimate parent company. This balance was still owing to Absolute Capital Management Holdings Limited at 31 December 2007.

13. Financial Instruments

(a) *Use of financial instruments*

The Company relied on financial support from its ultimate parent company during the period to 31 December 2007. From January 2008 the Company has not had to rely on its ultimate parent company nor use alternative financial instruments to finance its operations as it has financial assets in the form of trade receivables arising directly from its operations.

(b) *Asset valuation risk*

Asset valuation risk is the risk that a decline in the value of assets adversely impacts on the profitability of the Company as a result of an asset not meeting its expected value. The Company has no principal exposures in this respect.

(c) *Capital management*

The primary objective of the Company's capital management is to ensure that the company has sufficient cash and cash equivalents on hand to finance its ongoing operations. This is achieved by ensuring that trade receivables are collected on a timely basis and that excess liquidity is invested in an optimum manner. From January 2008 this has been achieved by placing fixed short-term deposits, short term investments or using interest bearing bank accounts.

(d) *Market price risk*

Market risk arises from uncertainty about future prices of financial instruments held. It represents the potential loss the company might suffer through holding market positions in the face of price movements. The Company has no principal exposures in this respect.

(e) *Credit/counterparty risk*

The Company will be exposed to counterparty risk on parties with whom it trades and will bear the risk of settlement default. Trade receivables are normally settled on 30-day terms.

The Company's principal financial assets are trade and other receivables. These represent the company's maximum exposure to credit risk in relation to financial assets and are represented by the carrying amount of each financial asset in the balance sheet.

On the basis that the trade and other receivables were received after the period end the Company has no principal exposures in this respect.

(f) *Liquidity risk*

Liquidity risk is the risk that the Company may be unable to meet its payment obligations. This would be the risk of insufficient cash resources and liquid assets, including bank facilities, being available to meet liabilities as they fall due.

The main liquidity risks of the Company are associated with the need to satisfy payments to creditors. Trade receivables and trade payables are on 30-day terms.

The company aims to maintain sufficient cash reserves in order to pay creditors as and when they fall due.

(g) *Foreign exchange risk*

Foreign exchange risk is the risk that the Company will sustain losses through adverse movements in currency exchange rates. The Company has no principal exposures in this respect.

(h) *Interest rate risk*

The interest rate profile of the Company at 31 December 2007 is as follows:

	Total as per balance sheet US$'000	**Variable rate* US$'000**	**Assets on which no interest is receivable US$'000**
Financial Assets			
Trade and other receivables	4,500	–	4,500
Loans and advances receivable	34	–	34
	4,534	–	4,534
Financial liabilities			
Trade and other payables	84	–	84

* Changes in the US dollar base rate may cause movements.

(i) *Fair value*

The carrying values of the financial assets and liabilities equate to the fair value of the financial assets and liabilities and are as follows:

	2007 US$'000
Assets	
Trade and other receivables	4,500
Loans and advances receivable	34
	4,500
Liabilities	
Trade and other liabilities	84
	84

Financial assets and liabilities are either repayable on demand or have short repayment dates.

14. Ultimate Controlling Party

Absolute Capital Management Holdings Limited was the ultimate parent company during the period but ceased to be so in 2008 following the demerger of the Argo businesses (see note 15).

15. Events subsequent to the balance sheet date

At an Extraordinary General Meeting held in the Cayman Islands on 13 June 2008 the shareholders of Absolute Capital Management Holdings Limited passed a resolution to distribute the Argo division of its group, including Argo Investor Services Limited, to shareholders, to be managed and owned as an independent entity under a new company, Argo Group Limited.

The demerger was completed by making a distribution of shares of Argo Group Limited to the shareholders of Absolute Capital Management Holdings Limited. Of the total purchase consideration, US$4,048,125 was apportioned to Argo Investor Services Limited.

It is intended that an application will be made for the Argo Group Limited ordinary shares to be admitted to trading on AIM within six months of the demerger.

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The Directors
Argo Group Limited
33-37 Athol Street
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12 November 2008

Dear Sirs

Aggregated financial information of Argo Group subsidiaries (the "financial information")

We report on the financial information set out in Part III E on pages 184 to 195. This financial information has been prepared for inclusion in the AIM Admission Document dated 12 November 2008 of Argo Group Limited on the basis of the accounting policies set out in note 2. This report is required by Paragraph (a) of Schedule Two to the AIM Rules for Companies and is given for the purpose of complying with that paragraph and for no other purpose.

Responsibilities

The Directors of the Group are responsible for preparing the financial information on the basis of preparation set out in note 2 to the financial information and in accordance with International Financial Reporting Standards.

It is our responsibility to form an opinion on the financial information and to report our opinion to you.

Save for any responsibility arising under Paragraph (a) of Schedule Two to the AIM Rules for Companies 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 to the AIM Rules for Companies, consenting to its inclusion in the Admission Document.

Basis of opinion

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

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Opinion

In our opinion, the financial information gives, for the purposes of the AIM Admission Document dated 12 November 2008, a true and fair view of the state of affairs of the aggregated Argo Group subsidiaries as at the dates stated and of its profits, cash flows and changes in equity for the periods then ended in accordance with the basis of preparation set out in note 2 and in accordance with International Financial Reporting Standards as described in note 2.

Declaration

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

Yours faithfully

KPMG Audit LLC

AGGGREGATED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2008

	Note	6 months ended 30 June 2008	6 months ended 30 June 2007
		US$'000	US$'000
Management fees		9,862	9,380
Incentive fees		3,026	7,875
Revenue	2(e)	**12,888**	**17,255**
Legal and professional expenses		(164)	(129)
Management and incentive fees payable	2(f)	(311)	(857)
Operational expenses		(1,707)	(2,202)
Employee costs	4	(8,755)	(8,287)
Foreign exchange losses		(80)	(206)
Depreciation	8	(50)	(28)
Operating profit		**1,821**	**5,546**
Interest income on cash and cash equivalents		187	104
Unrealised gains on investments		111	–
Profit on ordinary activities before taxation		**2,119**	**5,650**
Taxation	6	(350)	(2,460)
Profit for the period after taxation attributable to members of the company		**1,769**	**3,190**

The notes on pages 188 to 195 form part of these financial statements.

AGGREGATED BALANCE SHEET
AS AT 30 JUNE 2008

	Note	At 30 June 2008 US$'000	At 30 June 2007 US$'000
Assets			
Non-current assets			
Intangible assets	7	3,973	–
Fixtures, fittings & equipment	8	369	87
Investments in subsidiaries		97	–
		4,439	**87**
Current assets			
Investments	9	9,572	–
Trade and other receivables	10	2,654	10,854
Cash and cash equivalents		10,974	9,697
Loans and advances receivable	11	436	107
		23,636	**20,658**
Total assets		**28,075**	**20,745**
Equity and liabilities			
Equity			
Issued share capital		419	322
Share premium		232	232
Revenue reserve		409	3,957
Other reserves		19,881	–
Foreign currency translation reserve	2(d)	20	73
		20,961	**4,584**
Current liabilities			
Trade and other payables	12	6,773	13,686
Taxation payable	6	341	2,475
Total current liabilities		**7,114**	**16,161**
Total equity and liabilities		**28,075**	**20,745**

The notes on pages 188 to 195 form part of these financial statements.

AGGREGATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2008

	Issued share capital 2008	Share premium 2008	Revenue reserve 2008	Other reserves 2008	Foreign currency translation reserve 2008	Total 2008
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
As at 1 January 2008	322	232	(1,360)	19,881	–	19,075
Profit for the period after taxation	–	–	1,769	–	–	1,769
Argo Investor Services AG – issue of 100,000 shares (CHF1,000 par)	97	–	–	–	–	97
Exchange differences on translation of foreign operations	–	–	–	–	20	20
As at 30 June 2008	**419**	**232**	**409**	**19,881**	**20**	**20,961**
As at 1 January 2007	322	232	767	–	–	1,321
Profit for the period after taxation	–	–	3,190	–	–	3,190
Exchange differences on translation of foreign operations	–	–	–	–	73	73
As at 30 June 2007	**322**	**232**	**3,957**	**–**	**73**	**4,584**

The notes on pages 188 to 195 form part of these financial statements.

AGGREGATED CASH FLOW STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2008

	Note	Six months ended 30 June 2008 US$'000	Six months ended 30 June 2007 US$'000
Net cash (outflow)/inflow from operating activities	14	**(100)**	**5,687**
Cash flows from investing activities			
Interest received on cash and cash equivalents		187	104
Purchase of fixtures, fittings and equipment	8	(326)	(78)
Financial investments	9	(9,500)	–
Net cash (outflow)/inflow from investing activities		**(9,639)**	**26**
Net (decrease)/increase in cash and cash equivalents		**(9,739)**	**5,713**
Cash and cash equivalents at 31 December 2007		**20,565**	**4,079**
Exchange gains/(losses) on cash and cash equivalents		148	(95)
Cash and cash equivalents as at 30 June 2008		**10,974**	**9,697**

The notes on pages 188 to 195 form part of these financial statements.

NOTES TO THE AGGREGATED FINANCIAL STATEMENTS
For the six months ended 30 June 2008

1. Aggregation

The aggregated financial information has been prepared based on the financial information of the following entities, all of which are now subsidiaries of Argo Group Limited and have carried on the business now carried on by Argo Group Limited since 1 January 2008.

Wholly owned subsidiaries	Country of incorporation
Argo Capital Management Limited	United Kingdom
Argo Capital Management (Cyprus) Limited	Cyprus
Argo Capital Management (Asia) Pte. Ltd.	Singapore
Argo Capital Management Property Limited	Cayman Islands
Argo Investor Services Limited	Cayman Islands

2. Accounting Policies

(a) Accounting convention

These aggregated financial statements have been prepared on a historical cost basis, except for the revaluation of certain financial instruments, and in accordance with International Financial Reporting Standards, as adopted by the European Union.

These accounts have been prepared on the basis that the Companies are a going concern.

The International Accounting Standards Board and International Financial Reporting Interpretations Committee have issued the following standards and interpretations with an effective date after the date of these proforma financial statements:

International Accounting Standards (IAS/IFRS)
Effective Date
IFRS 8 Operating Segments 1 January 2009
IAS 23 Amendment – Borrowing Costs 1 January 2009

International Financial Reporting Interpretations Committee (IFRIC)
Effective Date
IFRIC 12 Service Concession Arrangements 1 January 2008
IFRIC 13 Customer loyalty programmes 1 July 2008
IFRIC 14 IAS19 – the limit on a defined benefit asset, minimum funding requirements and their interaction 1 January 2008

The Directors do not anticipate that the adoption of these standards and interpretations will have a material impact on the aggregated financial statements in the period of initial application.

(b) Basis of aggregation

The aggregated financial statements incorporate the financial statements of the above companies for the entire period. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in to line with those used by the Group. All intra–group transactions, balances, income and expenses are eliminated in the aggregation, however share capital balances have not been eliminated.

(c) Intangible assets

The principal intangible asset is a fund management contract. The subsidiaries do not capitalise internally generated goodwill or intangible assets. The fund management contracts are recorded at directors' valuation at the date of acquisition. This intangible asset has no finite life and consequently is not amortised. Every six months impairment tests are undertaken to determine any diminution in the recoverable amount below carrying value.

(d) Foreign currency translation

The aggregated financial statements are expressed in US dollars. Transactions denominated in currencies other than US dollars have been translated at the rate of exchange prevailing at the date of the transaction. Assets and liabilities in other currencies are translated to US dollars at the rates of exchange prevailing at the balance sheet date. The resulting profits or losses are reflected in the Aggregated Income Statement.

For the purpose of presenting these aggregated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are classified as equity and transferred to the Group's foreign currency translation reserve. Such translation differences are recognised in the Aggregated Income Statement as income or as expenses in the period in which the operation is disposed of.

(e) Revenue

Revenue is recognised to the extent that it is probable that economic benefit will flow to the companies and the revenue can be reliably measured.

Management and incentive fees receivable

The companies recognise revenue for providing management services to mutual funds. Revenue accrues on a monthly basis on completion of management services and is based on the funds under management of each mutual fund.

Incentive fees generally arise monthly or annually, however for the Argo funds incentive fees may arise monthly or annually and for the Argo Real Estate Opportunities Fund Ltd (managed by Argo Capital Management Property Ltd) incentive fees may be triggered at any time on realisation of a property asset.

(f) Management and incentive fees payable

The companies pay management and incentive fees based on a proportion of fees receivable from mutual funds. Fees payable are accrued for on a monthly basis consistent with revenue streams earned.

(g) Depreciation

Plant and equipment is initially recorded at cost and depreciated on a straight-line basis over the expected useful lives of the assets as follows:

Fixtures and fittings	10% to 15% per annum
Office equipment	10% to 15% per annum
Computer equipment and software	30% per annum

(h) Investments held at fair value through profit or loss

All investments are classified as held at fair value through profit or loss. Investments are initially recognised at fair value. Transaction costs are expensed as incurred.

After initial recognition, investments are measured at fair value, with unrealised gains and losses on investments and impairment of investments recognised in the Aggregated Income Statement. Investments held at fair value in managed mutual funds are valued at fair value of the net assets as provided by the administrators of those funds. Investments in the management shares of The Argo Fund Ltd, Argo Capital Investors SPC and Argo Capital Partners Fund Ltd are stated at fair value, being the recoverable amount.

(i) Trade date accounting

All 'regular way' purchases and sales of financial assets are recognised on the 'trade date', i.e. the day that the entity commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of the asset within the time frame generally established by regulation or convention in the market place.

(j) Cash and cash equivalents

Cash and cash equivalents are defined as cash in hand, demand deposits and short-term, highly liquid investments which are readily convertible to known amounts of cash, subject to insignificant risk of changes in value, and have a maturity of less than three months from the date of acquisition.

For the purposes of the cash flow statement, cash and cash equivalents consist of cash in hand and bank deposits.

(k) Loans and borrowings

All loans and borrowings payable are initially recognised at cost, calculated as the fair value of the consideration received less issue costs where applicable. After initial recognition, all interest-bearing loans and borrowings are subsequently measured at amortised cost. Amortised cost is calculated by using the effective interest method, taking into account any issue costs, and discounts and premiums on settlement. All loans and borrowings receivable are initially recognised at cost and subsequently measured at amortised cost.

(l) Current taxation

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amounts are those enacted or substantially enacted by the balance sheet date.

The tax currently payable is based on taxable profit for the period. Taxable profit differs from net profit as reported in the Aggregated Income Statement because it excludes items of income or expense that are taxable or deductible in other periods or because it excludes items that are never taxable or deductible.

(m) Deferred taxation

Deferred income tax is provided for using the liability method on temporary timing differences at the balance sheet date between tax basis of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognised in full for all temporary differences. Deferred tax assets are recognised for all deductible temporary differences, carried forward unused tax credits and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and carry-forward of unused tax credits and unused losses can be utilised.

The carrying amount of deferred income tax assets is revalued at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that is probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability settled, based on tax rates that have been enacted or substantially enacted at the balance sheet date.

(n) Accounting estimates, assumptions and judgements

The preparation of the aggregated financial statements necessitates the use of estimates, assumptions and judgements. These estimates, assumptions and judgements affect the reported amounts of assets, liabilities and contingent liabilities at the balance sheet date as well as affecting the reported income and expenses for the period. Although the estimates are based on management's knowledge and best judgment of information and financial data, the actual outcome may differ from these estimates.

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

In the process of applying the companies' accounting policies, which are described above, management has made the following judgements that have the most significant effect on the amounts recognised in the proforma financial statements:

– Management and incentive fees

– Intangibles

It has also been assumed that, when available, the audited financial statements of the funds under the companies' management will confirm the net asset values used in the calculation of management and performance fees receivable.

3. Segmental Analysis

The companies operate as a single asset management business, and the directors do not consider the different sources of revenue and geographic regions within the business as separate business segments within the meaning of IAS 14 Segment Reporting.

The risks and returns to the companies across the different income sources and geographic regions are not significantly different and it is the clients themselves who have the different risk/return profiles. All of the companies' clients are consuming the same service – asset management – and the fund managers may manage funds across two or more different income sources and geographic regions. On this basis the directors consider the companies to be a single segment investment management business.

4. Employee Costs

	2008 US$'000	2007 US$'000
Wages and salaries	8,074	7,709
Social security costs	630	573
Other	51	5
	8,755	**8,287**

5. Key Management Personnel Remuneration

	2008 US$'000	2007 US$'000
Directors and key management personnel	3,100	1,338
	3,100	**1,338**

6. Taxation

Taxation rates applicable to the Cypriot, UK, Singaporean, Luxembourg and Romanian subsidiaries range from 0% to 28%.

Income Statement

	2008 US$'000	2007 US$'000
Taxation on companies	350	2,460
Taxation charge for the period	350	2,460

The charge for the period can be reconciled to the profit per the Aggregated Income Statement as follows:

	2008 US$'000	2007 US$'000
Profit before tax	2,120	5,650
Applicable tax rate of 11% (2007: 19%)	237	1,055
Timing difference	113	1,405
Tax charge	**350**	**2,460**

Balance Sheet

	2008 US$'000	2007 US$'000
Taxation payable	341	2,475
	341	**2,475**

7. Intangible Assets

	Fund management contracts US$'000
Cost	
At 1 January 2008 and 30 June 2008	3,973
Amortisation and impairment	
Impairment of Argo business intangible assets	–
At 1 January 2008 and 30 June 2008	**–**
Net book value	
At 1 January 2008 and 30 June 2008	**3,973**

There were no intangible assets during the six month period to 30 June 2007.

The companies test intangible assets every six months for impairment, or more frequently if there are indications that the intangible assets may be impaired. The recoverable amounts of the intangible assets that have been reviewed for impairment are separately identifiable business units within the companies. The value in use approach has been used as the businesses were not considered saleable in their current form due to certain factors including reliance on certain key individuals.

8. Fixtures, Fittings and Equipment

	Fixtures, fittings & equipment US$ '000
Cost	
As at 1 January 2008	329
Additions	326
As at 30 June 2008	**655**
Accumulated Depreciation	
As at 1 January 2008	236
Depreciation charge for period	50
As at 30 June 2008	**286**
Net book value	
At 30 June 2008	**369**
At 1 January 2008	**93**
Cost	
As at 1 January 2007	210
Additions	78
As at 30 June 2007	**288**
Accumulated Depreciation	
As at 1 January 2007	173
Depreciation charge for period	28
As at 30 June 2007	**201**
Net book value	
At 30 June 2007	**87**
At 1 January 2007	**37**

9. Investments at Fair Value through Profit and Loss

Holding	Investment in management shares	2008 Total cost US$ '000	2007 Total cost US$ '000	2008 Fair value US$ '000	2007 Fair value US$ '000
10	The Argo Fund Ltd	0	0	0	0
10	Argo Capital Investors Fund SPC	0	0	0	0
10	Argo Capital Partners Fund Ltd	0	0	0	0
		0	**0**	**0**	**0**

Holding	Investment in redeemable preference shares	2008 Total cost US$ '000	2007 Total cost US$ '000	2008 Fair value US$ '000	2007 Fair value US$ '000
29,140	The Argo Fund Ltd	9,500	–	9,572	–
		9,500	**–**	**9,572**	**–**

10. Trade and Other Receivables

	2008 US$'000	2007 US$'000
Trade receivables	1,844	9,748
Other receivables	97	44
Prepayments and accrued income	713	1,062
	2,654	**10,854**

The directors consider that the carrying amount of trade and other receivables approximates to their fair value. All trade receivable balances are recoverable within one year from the balance sheet date.

11. Loans and Advances Receivable

	2008 US$'000	2007 US$'000
Deposits on leased premises	436	107
	436	**107**

The loans and advances are unsecured, interest free and repayable on vacation of premises.

12. Trade And Other Payables

	2008 US$'000	2007 US$'000
Trade and other payables	2,641	9,781
Other creditors and accruals	4,132	3,905
	6,773	**13,686**

Trade and other payables are normally settled on 30-day terms.

13. Obligations Under Operating Leases

Operating lease payments represent rentals payable by the companies for certain of their business premises. As at the balance sheet date, the companies had outstanding future minimum lease payments under non-cancellable operating leases, which fall due as follows.

	2008 US$'000	2007 US$'000
Operating lease liabilities:		
Within one year	141	–
In the second to fifth years inclusive	806	482
Present value of minimum lease payments	**947**	**482**

14. Reconciliation of Net Cash (Outflow)/Inflow from operating activities to profit on ordinary activities before taxation

	2008 US$'000	2007 US$'000
Profit on ordinary activities before taxation	2,120	5,650
Interest income	(187)	(104)
Unrealised gains on investments	(111)	–
Depreciation	50	28
(Decrease)/increase in payables	(13,047)	10,075
Decrease/(increase) in receivables	11,004	(8,378)
Net foreign exchange losses	80	206
Tax paid	(9)	(1,790)
Net cash (outflow)/inflow from operating activities	**(100)**	**5,687**

15. Related Party Transactions

87% (2007: 99%) of revenue derives from funds in which two of the company's directors, Andreas Rialas and Kyriakos Rialas, have an influence through the provision of investment advisory services.

On 16 June 2008 the demerger of the Argo businesses from Absolute Capital Management Holdings Ltd was completed. As part of the purchase consideration shares in Argo Group Limited were issued to the following related parties:

Andreas Rialas – 16,383,413 ordinary shares (representing at the time 21.3% of the issued share capital)
Kyriakos Rialas – 9,186,293 ordinary shares (representing at the time 11.9% of the issued share capital)

At 30 June 2008 Argo Capital Management Limited owed Andreas Rialas $199,442 (£100,000) representing a loan made to Argo Capital Management Limited on 28 June 2006. The loan is unsecured, interest free and, subject to one month's notice, repayable on demand. The loan, which was repaid on 23 October 2008, is included within "Other creditors and accruals".

16. Financial Instruments

(a) Use of financial instruments

The wider companies have maintained sufficient cash reserves not to use alternative financial instruments to finance the companies' operations. The companies have various financial assets and liabilities such as trade and other receivables, loans and advances, cash, short-term deposits, and trade and other payables which arise directly from its operations.

The companies' non-subsidiary investments in funds were entered into with the purpose of providing seed capital for these funds.

(b) Asset valuation risk

Asset valuation risk is the risk that a decline in the value of assets adversely impacts on the profitability of the companies, either as a result of an asset not meeting its expected value or through the decline of assets under management generating lower fees. The principal exposures of the companies are in respect of its seed investments in its own funds. Lower management fee and incentive fee revenues could result from a reduction in asset values.

(c) Capital management

The primary objective of the companies' capital management is to ensure that the companies have sufficient cash and cash equivalents on hand to finance its ongoing operations. This is achieved by ensuring that trade receivables are collected on a timely basis and that excess liquidity is invested in an optimum manner. This is achieved by placing fixed short–term deposits or using interest bearing bank accounts.

(d) Credit/counterparty risk

The companies will be exposed to counterparty risk on parties with whom it trades and will bear the risk of settlement default. Credit risk is concentrated in the funds under management as detailed in note 10. Trade receivables are normally settled on 30-day terms.

At the year-end cash balances were held at Royal Bank of Scotland, Laiki Bank, Bank of Greece, Bank of Cyprus, United Overseas Bank, Bancpost and ABN-AMRO Bank.

(e) Liquidity risk

Liquidity risk is the risk that the companies may be unable to meet its payment obligations. This would be the risk of insufficient cash resources and liquid assets, including bank facilities, being available to meet liabilities as they fall due.

The main liquidity risks of the companies are associated with the need to satisfy payments to creditors. Trade receivables and trade payables are on 30-day terms.

(f) Foreign exchange risk

Foreign exchange risk is the risk that the companies will sustain losses through adverse movements in currency exchange rates.

The companies are subject to short-term foreign exchange movements between the calculation date of fees in currencies other than US dollars and the date of settlement. The companies hold cash balances in US dollars, Romanian Lei, Sterling, Singapore dollars and Euros.

If the US dollar were to strengthen/weaken by 5% against the other operating currencies, the exposure at 30 June 2008 would be a profit/loss to the income statement of approximately US$106,397.

(g) Interest rate risk

The interest rate profile of the Group at 30 June 2008 is as follows:

	Total as per balance sheet US$ '000	Variable rate* US$ '000	Assets on which no interest is receivable US$ '000
Financial Assets			
Investments	9,572	–	–
Trade and other receivables	2,654	807	2,654
Cash and cash equivalents	10,974	2,102	2,547
Loans and advances receivable	436	364	436
	23,636	**3,273**	**5,637**
Financial liabilities			
Trade and other payables	**6,773**	**4,432**	**6,773**

* Changes in the US dollar base rate may cause movements.

The average interest rate at period end was 2.176%. Any movement in interest rates would have an immaterial effect on the profit/loss for the period.

The interest rate profile of the Group at 30 June 2007 is as follows:

	Total as per balance sheet US$ '000	Variable rate* US$ '000	Assets on which no interest is receivable US$ '000
Financial Assets			
Trade and other receivables	10,854	1,103	10,854
Cash and cash equivalents	9,697	746	746
Loans and advances receivable	107	72	107
	20,658	**1,921**	**11,707**
Financial liabilities			
Trade and other payables	**13,686**	**4,048**	**13,686**

* Changes in the US dollar base rate may cause movements.

The average interest rate at period end was 3.5%. Any movement in interest rates would have an immaterial effect on the profit/loss for the period.

(h) Fair value

The carrying values of the financial assets and liabilities equate to the fair value of the financial assets and liabilities and are as follows:

	2008 US$ '000	2007 US$ '000
Financial Assets		
Investments	9,572	–
Trade and other receivables	2,654	10,854
Cash and cash equivalents	10,974	9,697
Loans and advances receivable	436	107
	23,636	**20,658**
Financial Liabilities		
Trade and other payables	6,773	13,686
	6,773	**13,686**

Financial assets and liabilities, other than investments, are either repayable on demand or have short repayment dates. The fair value of investments is stated at the redemption prices quoted by fund managers and is based on the fair value of the underlying net assets of the funds because, although the funds are listed, there is no active market.

17. Events Subsequent to the Balance Sheet Date

It is intended that an application will be made for the Argo Group Limited ordinary shares to be admitted to trading on AIM within six months of the demerger.

On 31 July 2008 a performance fee of US$9,991,256 crystallised within the Argo Global Special Situations Fund, payable to the Argo Group, this amount was received during August 2008.

The unaudited pro forma consolidated income statement for the six months ended 30 June 2008 and pro forma consolidated balance sheet as at 30 June 2008 set out below have been prepared to illustrate the position if the Group had been operating under the ownership of Argo Group Limited from 1 January 2008 to 30 June 2008.

This information, which is produced for illustrative proposes only, by its nature addresses a hypothetical situation and therefore does not represent the actual financial position of the Group.

PRO FORMA CONSOLIDATED INCOME STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2008

	Aggregate(i) US$'000	Argo Group Limited(ii) US$'000	Consolidation adjustments US$'000	Proforma Group(iii) US$'000
Management fees	**9,862**	**–**	**–**	**9,862**
Incentive fees	3,026	–	–	3,026
Revenue	**12,888**	**–**	**–**	**12,888**
Legal and professional expenses	(164)	–	–	(164)
Management and incentive fees payable	(311)	–	–	(311)
Operational expenses	(1,707)	(22)	–	(1,729)
Employee costs	(8,755)	–	–	(8,755)
Foreign exchange losses	(80)	–	–	(80)
Depreciation	(50)	–	–	(50)
Negative goodwill	–	–	841	841
Operating profit/(loss)	**1,821**	**(22)**	**841**	**2,640**
Interest income on cash and cash equivalents	187	–	–	187
Unrealised gains on investments	111	–	–	111
Profit/(loss) on ordinary activities before taxation	**2,119**	**(22)**	**841**	**2,938**
Taxation	(350)	–	–	(350)
Profit/(loss) for the period after taxation attributable to members of the company	**1,769**	**(22)**	**841**	**2,588**

Notes

(i) The aggregation has been prepared on the basis set out in Note 2 to Historical Financial Information set out in Section III E of the Admission Document.

(ii) The result for Argo Group Limited is for the period from incorporation (14 February 2008) to 30 June 2008.

(iii) The pro-forma financial information has been prepared to show what the trading results for Argo Group Limited would have been had the Group existed in its present format from 1 January 2008. The trading activities within the Argo Group have not changed in the six months from 1 January 2008 to 30 June 2008.

ARGO GROUP LIMITED
PRO FORMA CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2008

	Aggregate[(i)] US$'000	Argo Group Limited[(ii)] US$'000	Consolidation adjustments[(iii)] US$'000	Proforma Group US$'000
Assets				
Non-current assets				
Intangible assets	3,973	–	15,657	19,630
Fixtures, fittings & equipment	369	–	–	369
Investments in subsidiaries	97	33,542	(33,639)	–
	4,439	**33,542**	**(17,982)**	**19,999**
Current assets				
Investments	9,572	–	–	9,572
Trade and other receivables	2,654	–	(22)	2,632
Cash and cash equivalents	10,974	–	–	10,974
Loans and advances receivable	436	–	–	436
	23,636	**–**	**(22)**	**23,614**
Total assets	**28,075**	**33,542**	**(18,004)**	**43,613**
Equity and liabilities				
Equity				
Issued share capital	419	770	(419)	770
Share premium	232	32,772	(232)	32,772
Revenue reserve	409	(22)	2,201	2,588
Other reserves	19,881	–	(19,881)	–
Foreign currency translation reserve	20	–	349	369
	20,961	**33,520**	**(17,982)**	**36,499**
Current liabilities				
Trade and other payables	6,773	22	(22)	6,773
Taxation payable	341	–	–	341
Total current liabilities	**7,114**	**22**	**(22)**	**7,114**
Total equity and liabilities	**28,075**	**33,542**	**(18,004)**	**43,613**

Notes

(i) The aggregation has been prepared on the basis set out in Note 2 to Historical Financial Information set out in Section III E of the Admission Document.

(ii) The balance sheet of Argo Group Limited is the actual entity balance sheet at 30 June 2008.

(iii) Consolidation adjustments have been made to eliminate the cost of Argo Group Limited's investment in its subsidiaries and to eliminate intra group balances.

PART IV

GENERAL INFORMATION

1. The Directors whose names, functions and addresses appear on page 4 of this document, and the Company, accept responsibility for the information contained in this document. To the best of the knowledge of the Directors and the Company (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. THE COMPANY

2.1 The Company was incorporated in the Isle of Man on 14 February 2008 under the IOM Act with company number 2306V as a private company limited by shares with the name Argo Group Limited. The Isle of Man is a British crown dependency which does not form part of the United Kingdom. The Isle of Man is a self governing parliamentary democracy with its laws comprising Isle of Man statutes (passed by the insular legislature, Tynwald), Isle of Man common law, and certain statutes passed by the United Kingdom Parliament which are applicable to the Isle of Man either by extension or inference.

2.2 The Company's legal and commercial name is Argo Group Limited.

2.3 The registered office of the Company is at 33-37 Athol Street, Douglas, Isle of Man IM1 1LB. The registered office of Argo Cyprus, the investment manager for each of the Argo Funds other than AREOF, is at Suite 401, 10 Vasilissis Frederikis Street, Nicosia, Cyprus and its telephone number is +35 722 668 900/+44 (0) 207 535 4000.

2.4 The principal legislation under which the Company operates is the IOM Act. The IOM Act came into force on 1 November 2006 and allows for the incorporation of a simplified corporate vehicle limited by shares designed specifically for international business (an "IOM Company").

3. KEY FEATURES OF AN IOM COMPANY

3.1 *Corporate Personality*
An IOM Company is a legal entity in its own right, separate from its members, and will continue in existence until it is dissolved.

3.2 *Registered office*
An IOM Company is required at all times to have a registered office in the Isle of Man.

3.3 *Registered agent*
Every IOM Company is required at all times to have a registered agent in the Isle of Man who must hold a licence granted by the FSC that does not exclude acting as a registered agent.

3.4 *Capacity and powers of an IOM Company*
The doctrine of ultra vires does not apply to an IOM Company. The IOM Act states that, notwithstanding any provision to the contrary included in its memorandum or articles of association, an IOM Company has unlimited capacity to carry on or undertake any business or activity, to do, or be subject to, any act or to enter into any transaction, irrespective of corporate benefit and irrespective of whether or not it is in the best interests of the company to do so.

3.5 *Directors*
Each director of an IOM Company is subject to Isle of Man common law duties such as the duty to act bona fide in the interests of the company, and Isle of Man statutory duties such as the requirement to disclose any conflicts of interest. In addition, a director of an IOM Company is in a position of trust and as such owes various fiduciary duties to the company.

The duties owed by the directors of an IOM Company are owed primarily to the company rather than individual shareholders, employees or creditors.

Any individual or (subject to the requirements below) any body corporate may be a director of an IOM Company. A body corporate may be a director of an IOM Company if it, or another body corporate of which it is a subsidiary, holds a licence granted by the FSC which does not exclude acting as such.

3.6 *Members*

An IOM Company is required to have at least one shareholder at all times. A member of an IOM Company has no liability, as a shareholder, for the liabilities of the company.

An IOM Company is required to maintain a register of members recording, *inter alia*, the name and business or residential address of the persons who hold shares in the company. The entry of a person's name in the register of members as the holder of a share is prima facie evidence that legal title to that share vests in that person.

3.7 *Rights of members under the IOM Act*

The directors of an IOM Company are required to call a meeting of the company to consider a resolution if requested in writing to do so by a member or members holding at least 10 per cent. of the voting rights in relation thereto.

The members may resolve to remove any director of an IOM Company, notwithstanding anything in the memorandum and articles or any agreement between the director and the company.

If an IOM Company or a director of such company engages in conduct that contravenes the IOM Act or the memorandum or articles a member or director may apply to the court for a direction restraining the company or the director (as appropriate) from such conduct.

A member of an IOM Company may bring an action against the company for breach of duty owed by the company to such member in that capacity. In addition, a member of an IOM Company who considers that the affairs of the company are being conducted in a manner likely to be oppressive to such member may apply to the Isle of Man court (the "Court") for relief. The Court has the power to make such order or orders as it thinks fit including, *inter alia*, the payment of compensation, the regulation of the future conduct of the company, the appointment of a receiver of the company, the rectification of the records of the company or requiring the company or any other person to acquire that member's shares.

3.8 *Winding up*

The winding up of an IOM Company can be achieved in three ways:

(a) by the Court;

(b) voluntarily; or

(c) voluntarily, subject to the supervision of the Court.

An IOM Company may be wound up by the Court if the company passes a resolution to that effect. An IOM Company may also be wound up by the court if, *inter alia*, the company is unable to pay its debts, the company suspends its business for a whole year, or the court is of the opinion that it is otherwise just and equitable that the company be wound up.

If it so resolves, an IOM Company may be wound up voluntarily. If, prior to a resolution for voluntary winding up, a majority of the Directors make a statutory declaration to the effect that they have made a full enquiry into the affairs of the company, and having done so, they have formed the opinion that the company will be able to pay its debts in full within a period, not exceeding 12 months, from the commencement of the winding up the winding up will proceed as a members' voluntary winding up; where no such declaration has been made the winding up will be a creditors' voluntary winding up.

Under a members' voluntary winding up a company is entitled to appoint liquidators to wind up the affairs and distribute the assets of the company, whereas under a creditors' winding up the creditors are entitled to appoint liquidators in preference to any liquidators appointed by the company.

In circumstances where an IOM Company has passed a resolution for voluntary winding up the court may make an order that the voluntary winding up shall continue subject to the supervision of the court.

3.9 *Statutory Books*
Under the IOM Act originals or copies (as appropriate) of various documents, including the constitutional documents, statutory books and accounting records of an IOM Company, are required to be kept at the office of the registered agent.

3.10 *Accounting Records*
The IOM Act requires a company to keep reliable accounting records which (i) correctly explain the transactions of the company, (ii) enable the financial position of the company to be determined with reasonable accuracy at any time; and (iii) allow financial statements to be prepared.

4 SHARE AND LOAN CAPITAL

4.1 The IOM Act does not prescribe that an IOM Company shall have an authorised share capital. Rather, subject to the IOM Act and the memorandum and articles of association of the company, shares in an IOM Company may be issued at such times and to such persons, for such consideration and on such terms as its directors may determine. The Articles do not contain provisions restricting the power of the Directors to allot shares in the IOM Company. Instead, the Articles provide that, subject to the IOM Act and to the Articles, the Directors are authorised to allot Ordinary Shares and to grant options, warrants or other rights over Ordinary Shares.

4.2 On 14 February 2008 Garbara Limited subscribed for one ordinary share of €0.01 in the Company. On 14 March 2008, Garbara Limited transferred this share to Absolute Capital.

4.3 On 29 April 2008, the Company entered into a sale agreement (the "Sale Agreement") with Absolute Capital whereby Absolute Capital agreed to transfer the entire share capital of each of Argo Capital Management (Cyprus) Limited, Argo Capital Management Property Limited, Argo Capital Management Limited, Argo Capital Management (Asia) Pte Limited and Argo Investor Services Limited to the Company in return for the issue of 76,931,619 Ordinary Shares to Absolute Capital (the "Sale Shares").

4.4 On 8 May 2008, a written resolution of the Directors was passed changing the currency of the share capital of the Company from Euros to US Dollars. 76,931,619 Ordinary Shares were then issued to Absolute Capital, giving it a holding of 76,931,620 Ordinary Shares.

4.5 On 13 June 2008 Absolute Capital made an *in specie* distribution of 76,931,620 Ordinary Shares to its shareholders.

4.6 At the date of this document the issued fully paid share capital of the Company (no Ordinary Shares are issued but not fully paid) is and on Admission will be:

Class of shares	*Nominal value*	*Issued (fully paid)*	
		US$	*no*
Ordinary Shares	US$0.01	769,316.20	76,931,620

4.7 The share capital of the Company available for issue immediately following Admission will be unlimited (for further details, see paragraph 4.1).

4.8 Other than on exercise of any share options proposed to be issued as described in paragraph 4.16, the Company has no present intention to issue any further shares in the Company.

4.9 The Company does not have in issue any securities not representing share capital.

4.10 The Directors intend to propose a resolution to amend the Articles at the next annual general meeting of the Company to include rights of pre-emption.

4.11 No shares of the Company are currently in issue with a fixed date on which entitlement to a dividend arises and there are no arrangements in force whereby future dividends are waived or agreed to be waived.

4.12 Save as disclosed in this paragraph 4, there has been no issue of share or loan capital of the Company in the three years immediately preceding the date of this document and (other than on the exercise of any options proposed to be issued under the Share Option Scheme, as referred to in paragraph 4.16 below) no such issues are proposed.

4.13 No commissions, discounts, brokerages or other special terms have been granted by the Company or any other member of the Group in connection with the issue or sale of any share or loan capital of the Company or any other member of the Group in the three years immediately preceding the date of this document.

4.14 On Admission no share or loan capital of the Company or any other member of the Group will be under option or has been agreed conditionally or unconditionally to be put under option.

4.15 None of the Ordinary Shares have been sold or are available in whole or in part to the public in conjunction with the application for the Ordinary Shares to be admitted to AIM.

4.16 Whilst no options to subscribe for Ordinary Shares are outstanding at Admission, it is the intention of the Directors that options to subscribe for Ordinary Shares be granted following Admission. No decision has been made as to the allocation of these options.

5. MEMORANDUM AND ARTICLES OF ASSOCIATION

5.1 Clause 5 of the Memorandum provides that the Company has unlimited capacity to carry on or to undertake any business or activity, to do, or be subject to, any act or to enter into any transaction.

5.2 Clause 9 of the Memorandum provides that the Directors may, by resolution, amend the Memorandum or Articles save that the Directors shall not have the power to amend the Memorandum or Articles:

(a) to restrict the rights and powers of the Company to amend the Memorandum or Articles; or

(b) to change the majority of the voting rights of Shareholders required to be exercised in order to pass a resolution to amend the Memorandum or Articles; or

(c) in circumstances where the Memorandum or Articles cannot be amended by the Company.

5.3 Section 8 of the IOM Act states that where the memorandum and articles of association of an IOM Company are silent they can be amended by a resolution of the members. As neither the Memorandum nor the Articles provide for such amendment they can be amended by a resolution of the Shareholders.

5.4 The following is a summary of the Articles. This summary is qualified in its entirety by the information appearing in the Articles:

5.5 *Voting rights*

Subject to the provisions of the IOM Act and any rights and restrictions attached to any shares issued by the Company ("shares") and to any suspension or abrogation of voting rights pursuant to the Articles, at any general meeting every member of the Company (each, a "member") shall on a show of hands have one vote and on a poll every member shall have one vote for each share of which he is the holder.

In the case of an equality of votes the chairman of the meeting shall be entitled to a second or casting vote in addition to any other vote that he may have.

5.6 *Restrictions on voting*

No member shall, unless the Board otherwise determines, be entitled to vote at a general meeting or at any separate meeting of the holders of any class of shares, either in person or by proxy, in respect of any share held by him or to exercise any right as a member unless all calls or other sums presently payable by him in respect of that share have been paid to the Company.

5.7 *Dividends*

Subject to the provisions of the Articles and to the rights of persons entitled to shares with special rights as to dividend, the Company may, by a resolution of the Directors, declare and pay a dividend to members at such times and of such amounts as the Directors think fit if the Directors are satisfied, on reasonable grounds, that the Company will, immediately after payment of the dividend, satisfy the solvency test. However, no dividend shall exceed the amount recommended by the Directors.

All dividends shall be declared and paid according to the amounts paid up (otherwise than in advance of calls) on the shares on which the dividend is paid. The Board may, at its discretion, declare dividends in a currency other than US Dollars.

The Company in general meeting may, on the recommendation of the Board, by resolution direct that payment of any dividend be satisfied wholly or partly by the distribution of assets. In addition, the Board may with the prior authority of a resolution of the Company pay scrip dividends instead of cash in respect of the whole or any part of any dividend declared by the Company.

All dividends unclaimed for a period of 6 years after having become due for payment shall (if the Board so resolves) be forfeited and shall revert to the Company.

5.8 *Return of capital*

If the Company is wound up, the surplus assets remaining after payment of all creditors will be divided among the members in proportion to the capital paid up on the shares held by them respectively. If the Company is wound up the liquidator may, with the sanction of a resolution and any other sanction required by law, divide among the members in specie the whole or any part of the assets of the Company.

5.9 *Variation of rights*

Subject to the provisions of the IOM Act, if at any time the share capital of the Company is divided into shares of different classes, any of the rights for the time being attached to any share or class of shares in the Company may (unless otherwise provided by the terms of issue of the shares of that class) be varied or abrogated in such manner as may be provided by such rights or, in the absence of any such provision, either with the consent in writing of the holders of not less than three quarters in nominal value of the issued shares of the class or with the sanction of a Special Resolution passed at a separate general meeting of the holders of shares of the class duly convened and held.

The rights or privileges attached to shares shall not be deemed to be varied or abrogated by, *inter alia*, the creation or issue of any new shares ranking *pari passu* in all respects (save as to the date from which such new shares shall rank for dividend) with or subsequent to those already issued or by the purchase or redemption by the Company of its shares.

5.10 *Transfer of shares*

Save as provided below, there are no restrictions in the Articles on the transferability of fully paid shares, provided that the company has no lien over the shares, the shares are not disenfranchised shares (as defined in article 76.4 of the Articles) and the holding of such shares by the transferee would not result in a regulatory, pecuniary, legal, taxation or material administrative disadvantage for the Company and its members as a whole, including (but not limited to) where such disadvantage would arise out of the transfer of a share to a Prohibited Person (as defined in article 38.3 of the Articles).

(a) Certificated Shares
Each member may transfer all or any of his shares, in the case of certificated shares, by instrument of transfer in writing in any usual form or in any form approved by the Board. The Board may, in its absolute discretion and without giving any reason, refuse to register the transfer of a certificated share which is not fully paid, provided that, where any such shares are admitted to AIM or the official list maintained by the UKLA, such refusal does not prevent dealings in shares of the relevant class in the Company from taking place on an open and proper basis.

The Board may also refuse to register any transfer of a certificated share unless the transfer is in respect of only one class of shares, is delivered to the registered agent of the Company accompanied by the share certificate and the transfer is in respect of a share which is fully paid up and is in favour of not more than four joint transferees.

(b) Uncertificated Shares
Uncertificated shares may be transferred without a written instrument in accordance with the Uncertificated Regulations.

(c) Forfeited Shares
If any member fails to pay the whole of any call or any instalment of any call on or before the day appointed for payment, the Board may at any time serve a notice in writing on such member, or on any person entitled to the shares by transmission, requiring payment, on a date not less than 14 clear days from the date of the notice, of the amount unpaid and any interest which may have accrued on it and any reasonable costs, charges and expenses incurred by the Company by reason of such non-payment. If the requirements stated in such notice are not complied with, any share in respect of which it was given may, at any time before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect, such forfeiture including all dividends declared or other moneys payable in respect of the forfeited shares and not paid before the forfeiture. Every share which is forfeited may, subject to the provisions of the IOM Act, be sold, re-allotted or otherwise disposed of on such terms and in such manner as the Board shall determine.

(d) Disenfranchised Shares
The Company may by notice in writing (an "Information Notice") require a person whom the Company knows or has reasonable cause to believe to have or, at any time during the 3 years immediately preceding the date on which the notice is issued, has had an Interest in Shares (as defined in article 3.1 of the Articles) to disclose, *inter alia*, the identity of any persons interested in such shares and whether any persons interested in the same were parties to any agreement or arrangement to acquire shares.

If a member or any other person appearing to be interested in shares held by that member fails to provide the information required in accordance with the Information Notice then the Board may at any time following 14 days after the date specified in the Information Notice serve on the relevant holder a notice (a "disenfranchisement notice"), whereupon the member shall not be entitled in respect of such shares (the "default shares") to be present or to vote (either in person or by representative or proxy) at any general meeting of the Company or at any separate meeting of the holders of any class of shares of the Company.

Where the default shares represent at least 0.25 per cent. in nominal value of their class, any dividend or other money payable in respect of the default shares shall also be withheld, and (subject in the case of uncertificated shares to the Uncertificated Regulations) no transfer, other than an approved transfer, of any default shares held by the member shall be registered unless the member is not himself in default as regards supplying the information required pursuant to the relevant Information Notice. The member must also prove to the satisfaction of the Board that no person withholding such information is interested in the shares being transferred.

5.11 *Alteration of capital and purchase of own shares*

The Company in general meeting may by resolution consolidate and/or divide all or any of its shares into shares of larger or smaller nominal amount, redenominate all or any of such shares as shares with a par value denominated in another currency, cancel any shares which 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 and sub-divide such shares, or any of them, into shares of smaller nominal amount.

Subject to the provisions of the IOM Act and to any rights for the time being attached to any shares, the Company may purchase or otherwise acquire its own shares for any consideration provided that the Company continues to have at least one member at all times.

The Company may only purchase or acquire shares issued by the Company:

(i) pursuant to an offer to all members which, if accepted, would leave the relative rights of the members unaffected and which affords each member a period of not less than 14 days within which to accept the offer; or

(ii) pursuant to an offer to one or more members to which all members have consented in writing; or

(iii) through the facilities of the Company's brokers at such price or range of prices that the Directors shall in their discretion determine.

The Company shall not make any offer pursuant to sub-paragraph (iii) above unless the Directors have passed a resolution stating that in their opinion the transaction benefits the remaining members and the terms of the offer and the consideration offered are fair and reasonable to the Company and the remaining members. Any such resolution shall set out the reason for the Directors' opinion.

The making and timing of any purchase of shares shall be at the discretion of the Directors. The Company may only purchase or otherwise acquire shares if the Directors are satisfied, on reasonable grounds, that the Company will, immediately after the purchase or other acquisition, satisfy the solvency test. Any shares purchased or otherwise acquired by the Company are deemed to be cancelled immediately on acquisition.

5.12 *General meetings*

Subject to the provisions of the IOM Act, annual general meetings shall be held at such time and place outside the United Kingdom as the Board may determine, but in any event not more than 15 months after the previous annual general meeting. All general meetings other than annual general meetings, are called extraordinary general meetings.

Each annual general meeting will be convened by not less than 21 clear days' notice in writing and an extraordinary general meeting will be convened by not less than 14 clear days' notice in writing. Every notice convening a general meeting shall specify:

(a) whether the meeting is an annual general meeting or an extraordinary general meeting;

(b) the place, the day and the time of the meeting;

(c) in the case of special business, the general nature of that business;

(d) if the meeting is convened to consider a Special Resolution, the intention to propose the resolution as such and the requisite majority for an affirmative vote; and

(e) with reasonable prominence, that a member entitled to attend and vote is entitled to appoint one or more proxies to attend and, on a poll, vote instead of him and that a proxy need not also be a member.

Two persons entitled to attend and to vote on the business to be transacted, each being a member present in person or a proxy for a member or a duly authorised representative of a corporation which is a member, shall be a quorum.

At any general meeting, a resolution put to a vote of the meeting shall be decided on a show of hands unless (before or immediately after the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is duly demanded.

5.13 *Directors*

Unless and until otherwise determined by the Company by resolution, the number of Directors (other than any alternate Directors) shall not be less than two and shall not be greater than nine. A majority of the Directors shall at all times be neither resident nor ordinarily resident in the United Kingdom.

There is no requirement for a Director to hold shares in the Company under the Articles or otherwise. No person shall be or become incapable of being appointed or re-appointed a Director by reason of his having attained the age of 70 or any other age.

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 if it, and subject to the provisions of the IOM Act, to issue debentures and other securities whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

A Director who to his knowledge is in any way (directly or indirectly) interested in any contract arrangement, transaction or proposal with the Company shall, forthwith after becoming aware of the fact, disclose the interest to the Board. Subject to the provisions of section 104 of the IOM Act and provided that a Director has disclosed his interest to the Board, that Director, notwithstanding his office:

(a) may be a party to or otherwise be interested in any transaction or arrangement with the Company or in which the Company is otherwise interested;

(b) may be a director or officer of, or employed by, or a party to any transaction or arrangement with, or otherwise interested in, any body corporate promoted by the Company or in which the Company is otherwise interested, and in any such case on such terms as to remuneration and otherwise as the remuneration committee may arrange either in addition to or in lieu of any remuneration provided for by any other provision of the Articles; and

(c) shall not, by reason of his office, be liable to account to the Company for any benefit which he derives from any such office, employment, contract, arrangement, transaction or proposal or from any interest in any such body corporate; and no such contract, arrangement, transaction, proposal or arrangement shall be liable to be avoided on the grounds of any such interest or benefit.

A Director shall not vote or be counted in the quorum on any resolution of the Board or committee of the Board concerning his own appointment (including fixing or varying the terms of his appointment or its termination) as the holder of any office or place of profit with the Company or any company in which the Company is interested.

The Directors (other than alternate Directors) shall be entitled to receive by way of fees for their services as Directors such sum as the Board may from time to time determine. Each Director shall also be entitled to be repaid all reasonable travelling, hotel and other expenses properly incurred by him in or about the performance of his duties as Director.

The Board may exercise all the powers of the Company to provide pensions or other retirement or superannuation benefits and to provide death or disability benefits or other allowances or gratuities (whether by insurance or otherwise) for or to institute and maintain any institution, association, society, club, trust, fund, other establishment or profit sharing, share incentive, share purchase or employees' share scheme calculated to advance the interests of the Company or to benefit any person who is or has at any time been a Director of the Company or any company which is a subsidiary company of or allied to or associated with the Company or any such subsidiary or any predecessor in business of the Company or of any such subsidiary and for any member of his family (including a spouse or former spouse) and any person who is or was dependent on him. For such purpose, the Board may establish, maintain, subscribe and contribute to any scheme, institution, association, club, trust, fund or other establishment and pay premiums and, subject to the provisions of the IOM Act, lend money or make payments to, guarantee or give an indemnity in respect of, or give any financial or other assistance in connection with, any of the aforesaid matters or bodies.

The Company may by resolution appoint a person who is willing to act to be a Director, either to fill a vacancy, or as an addition to the existing Board, and may also determine the rotation in which any additional Directors are to retire. The Board also has the power at any time to appoint any person who is willing to act as a Director, either to fill a vacancy or as an addition to the existing Board. Any Director so appointed shall hold office only until the annual general meeting of the Company next following such appointment and shall then be eligible for re-election.

The Company may by resolution passed at a meeting called for such purpose or by written resolution consented to by members holding at least 75 per cent. of the voting rights in relation thereto, remove any Director before the expiration of his period of office and the Company, may by resolution, appoint another person who is willing to act as a Director in his place.

Subject to the provisions of the IOM Act, but without prejudice to any indemnity to which he may be otherwise entitled, the Company shall indemnify any Director, secretary or other officer (excluding an auditor) of the Company or of a subsidiary of the Company out of the assets of the Company against all costs, charges, losses, expenses and liabilities incurred or to be incurred by him in the execution and discharge of his duties or in relation to them including (without limitation) any liability incurred in defending any proceedings (whether civil or criminal) in relation to the Company but not including liabilities arising as a result of, *inter alia*, dishonesty or fraud. The Company may also provide a Director, secretary or other officer (excluding an auditor) of the Company or of its subsidiaries with funds to meet expenditure incurred by him in defending any criminal or civil proceedings in connection with any alleged negligence, default, breach of duty or breach of trust or in defending himself in an investigation by a regulatory authority.

6. PROPOSED CHANGES TO ARTICLES OF ASSOCIATION

The Directors intend to propose a resolution at the next annual general meeting of the Company to amend the Articles. The proposed changes will include the following:

6.1 *Pre-emption rights*

Pre-emption rights which, unless disapplied by Special Resolution, require shares proposed to be issued for cash, to be offered first to those members to whom the Directors determine shares can be offered without the Company incurring securities offering compliance costs which, in the opinion of the Directors, would be burdensome. Any pre-emption offer shall be made in writing to the relevant members in proportion to their existing holdings of shares; such members have 14 days to determine whether or not to accept the offer. The Directors may dispose of shares which are not taken up by members as they think fit provided that such disposal is not on more favourable terms. The pre-emption rights may be disapplied by Special Resolution. The pre-emption provisions to be contained in the amended Articles will not, for the avoidance of doubt, extend to shares issued for non-cash consideration.

The Directors intend, at the same annual general meeting and at all annual general meetings thereafter, to seek the disapplication of the pre-emption rights in respect of an amount of shares equivalent to approximately 10 per cent. of the Company's fully diluted issued share capital.

6.2 *Squeeze-out provisions*

Provisions whereby, if a person (the "Bidder") makes an offer to acquire all the Ordinary

Shares, or all the shares of any class or classes (other than shares which at the date of the offer are already held by the Bidder or persons acting in concert (which expression shall have the meaning ascribed to it in the City Code) with him), being an offer on terms which are the same in relation to all the shares to which the offer relates or, where those shares include shares of different classes, in relation to all the shares of each class, and, as a result of making that offer, the Bidder has by virtue of acceptances of the offer acquired or contracted to acquire not less than nine-tenths in value of the shares to which the offer relates, the Bidder may by written notice to the Company require the Company as agent for the Bidder to serve notices on the holders of shares to which the offer relates who have not accepted such offer requiring them to sell such shares at the same price per share offered to any person identified by the Bidder.

6.3 *Notification of interests*

Provisions requiring any member to notify the Company, as if it were a person required to make a notification pursuant to DTR 5, of the percentage of voting rights which he/she/it holds in respect of the Company's shares or through any direct or indirect holding of financial instruments (or through a combination of such holdings) where the percentage of his/her/its voting rights reaches, exceeds or falls below the threshold of 3 per cent. and each 1 per cent. thereafter. For this purpose "financial instruments" shall have the meaning ascribed in the glossary to the FSA's Handbook of rules and guidance. Such a notification shall include the information which is required pursuant to DTR 5.8R and shall be made within two trading days.

7. CREST

CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by a written instrument. The Articles provide that the Ordinary Shares are eligible for settlement in CREST. The Ordinary Shares are admitted to CREST and will therefore be enabled for settlement in CREST as soon as practicable after Admission has occurred.

8. SHARE OPTION PLAN

8.1 The Argo Group Limited Employee Stock Option Plan ("Share Option Plan") is an employee share option plan granting both unapproved and enterprise management incentive ("EMI") options. The Share Option Plan was adopted on 28 October 2008. The principal terms of the Share Option Plan are as follows:

8.2 *Administration*

The Share Option Plan will be administered and the grant of options supervised by the Board or an appropriately constituted committee of the Board.

8.3 *Eligibility*

The Board may select employees, directors and consultants of the Company and of its Subsidiaries to whom options may be granted over Ordinary Shares.

8.4 *Exercise price*

Unless the Board resolves that specific circumstances justify a lower exercise price, the exercise price per Ordinary Share will not be less than the average closing prices for the three dealing days immediately preceding the date of grant as derived from the AIM section of the Official List of the London Stock Exchange.

8.5 *Plan limit*

The Board will not grant options over more than 10 per cent. of the Ordinary Share capital of the Company in issue at the date of grant.

8.6 *Exercise of Options*

In normal circumstances, an option may only be exercised to the extent that it has vested. The vesting schedule will be determined on grant. Further vesting will cease on cessation of employment and the option will lapse 10 days after the employee ceases to be employed in the Group. However, the option will lapse immediately if the participant is dismissed for gross misconduct.

In the event of a takeover, the unvested balance of an option shall vest provided the Board has not given notice that a replacement option is to be granted in the acquiring company.

8.7 *Terms of Options and issue of Ordinary Shares*
Options are not transferable. Within 30 days after the exercise of an option, the appropriate number of Ordinary Shares will be allotted and issued to the optionholder. The Ordinary Shares allotted will rank *pari passu* with all other issued Ordinary Shares of the Company, save that they will not rank for any dividend or other rights attaching to such shares by reference to a record date prior to their issue.

8.8 *Variation of Capital*
In the event of a variation of share capital, including a capitalisation issue or rights issue or any consolidation, sub-division or reduction of capital of the Company, the number and option price of Ordinary Shares subject to options shall be adjusted in such manner as the auditors of the Company confirm in their opinion is fair and reasonable.

8.9 *Amendment and termination*
The Board may make amendments to the Share Option Plan, but no amendment may be made which in the Board's reasonable opinion would materially adversely affect any rights already acquired by a participant except with the consent of participants.

8.10 It is the intention of the Directors that Options be granted pursuant to the Share Option Plan following Admission. No decision has been made as to the allocation of these Options.

9. DIRECTORS' AND OTHER INTERESTS

9.1 On Admission, the interests of the Directors and their immediate families (all of which are beneficial) in the share capital of the Company and, so far as is known to the Directors or could with reasonable diligence be ascertained by them, persons connected with them (within the meaning of sections 252 to 255 of the 2006 Act) which, if the connected person were a Director would otherwise be disclosed pursuant to this paragraph are or are expected to be as follows:

	On Admission		
Director	*Number of Ordinary Shares*	*Percentage of issued share capital*	*Number of Ordinary Shares under option*
Andreas Rialas	15,638,146	20.3[1]	–
Kyriakos Rialas	8,768,363	11.4[2]	–
Michael Kloter[3]	–	–	–
David Fisher	–	–	–
Kenneth Watterson	–	–	–

1 Andreas Rialas' interest represent the shareholding of Farkland Ventures Inc., a company belonging to Rialco Trust, the beneficiaries of which are Andreas Rialas and his family.

2 Kyriakos Rialas' interest represents the shareholding of Wisynco Investments Inc., the beneficiaries of which include Kyriakos Rialas and his family.

3 Following Admission, a bonus will be paid to Michael Kloter to enable him to purchase in the market 300,000 Ordinary Shares. This purchase will be effected through Panmure Gordon.

9.2 On Admission, excluding the interests of Directors disclosed in paragraph 9.1 above, the Company is aware of the following persons who hold, directly or indirectly, voting rights representing 3 per cent. or more of the issued share capital of the Company to which voting rights are attached:

Name	*Number of Ordinary Shares*	*Percentage of issued share capital*
Chase Nominees Limited	8,360,974	10.9
Vidacos Nominees Limited (CLRLUX account)	6,892,479	9.0
Goldman Sachs International (Creptemp account)	5,169,653	6.7
HSBC Global Custody Nominee (UK) Limited (813259 account)	4,646,506	6.0
Pershing Nominees Limited (LMCLT account)	2,585,714	3.4
Whitter Capital SA	2,520,000	3.3

9.3 Save as disclosed in paragraphs 9.1 and 9.2 above, the Company is not aware of any person who will, immediately following Admission, hold directly or indirectly, voting rights representing 3 per cent. or more of the issued share capital of the Company to which voting rights are attached or could directly or indirectly, jointly or severally, exercise control over the Company.

9.4 The persons, including the Directors, referred to in paragraphs 9.1 and 9.2 above do not have voting rights in respect of the share capital of the Company (issued or to be issued) which differ from any other shareholder of the Company.

9.5 The Company and the Directors are not aware of any arrangements, the operation of which may at a subsequent date result in a change of control of the Company.

9.6 No Director has any interest in any transactions which are or were unusual in their nature or conditions or which are or were significant to the business of the Group and which were effected by any member of the Group in the current or immediately preceding financial year or which were effected during an earlier financial year and which remain in any respect outstanding or unperformed.

9.7 The Directors currently hold, and have during the five years preceding the date of this document held, the following directorships or partnerships:

Name	*Current directorships/partnerships*	*Previous directorships/partnerships*
Andreas Rialas	Absolute Capital Management Holdings Limited Argo Capital Management Limited Altius Investment Fund Argo Capital Management (Cyprus) Limited Argo Capital Partners Fund Limited Argo Fund Limited Argo Global Special Situations Fund Limited Argo Multi Strategy Fund Limited On Telecoms SA PT Polytama	13 Belsize Park Gardens (Hampstead) Limited
Kyriakos Rialas	Argo Capital Management (Cyprus) Limited Argo Capital Management (Asia) PTE Limited Absolute Capital Management Holdings Limited Argo Capital Management Property Limited Argo Fund Limited Hellenic Copper Mine	Universal Life Insurance Company Limited
Michael Kloter	Absolute Capital Management Holdings Limited, Cayman Islands (Mitglied des Verwaltungsrates) Absolute Capital Management Holdings Limited, George Town, Cayman Islands Zug Branch, Zug, Schweiz (Zweigniederlassungsleiter) Absolute Capital Management Holding Switzerland AG, Zug, Schweiz (Mitglied des Verwaltungsrates)	Amel CCD SA, Manno, Schewiz BFZ Bau und Finanz AG, Zollikon, Schweiz Immotrema AG, Zollikon, Schweiz Apotheke Parkallee AG, Bachenbülach, Schweiz Argonaftis Capital Management (Overseas) Limited, Nikosia, Zypern best buy ag (später Morasol AG in Liquidation), Regensdorf Capital Stream Group, Belize

Name	*Current directorships/partnerships*	*Previous directorships/partnerships*
Michael Kloter (cont)	ACM Advisory AG, Zug, Schweiz (Mitglied des Verwaltungsrates) ACM Equity Limited, George Town, Cayman Islands, Zug Branch, Zug Schweiz (Zweigniederlassungsleiter) Adastra AG, Freienbach, Schweiz (Mitglied des Verwaltungsrates) AIM Software AG, Freienbach, Schweiz (Mitglied des Verwaltungsrates) Aldorina AG, Freienbach, Schweiz (Mitglied des Verwaltungsrates) Apotheka zum Mohrenkönig, Stein am Rhein, Schweiz (Mitglied des Verwaltungsrates) Argo Investor Services AG, Zug, Schweiz (Mitglied des Verwaltungsrates) Argo Group Limited, Douglas, Isle of Man (Mitglied des Verwaltungsrates) Baklin Finanz AG in Liquidation Basel, Schweiz (Liquidator) Baleha AG in Liquidation, Regensdorf Schweiz (Liquidator) CCT Elektro AG, Glattbrugg, Schweiz (Mitglied des Verwaltungsrates) Center Communications Systems GmbH, Mägenwil, Schweiz (Geschäftsführer) Coclip AG in Liquidation, Baar, Schweiz (Liquidator) DendroSolutions AG, Baar, Schewiz (Mitglied des Verwaltungsrates) Dodoni AG, Zollikon, Schweiz (Mitglied des Verwaltungsrates) ecofinance Finanzsoftware & Consulting AG Zürich, Schweiz (Mitglied des Verwaltungsrates) Efinio AG, Freienbach, Schweiz (Mitglied des Verwaltungsrates) Ergee (Schweiz) AG, Wittenbach, Schweiz (Mitglied des Verwaltungsrates) EHC Kloten Sport AG, Kloten, Schweiz (Mitglied des Verwaltungsrates) Flower of the East AG, Zollikon, Schweiz (Mitglied des Verwaltungsrates) Fortune Wealth Management Group AG, Zürich, Schweiz (Vizepräsident des Verwaltungstrates) Goldsmith Advisors AG, Zürich, Schweiz (Mitglied des Verwaltungsrates) Haas-Hoco Swiss GmbH, Zollikon, Schweiz (Geschäftsführer) Hansa Chemie International AG, Zollikon, Schweiz (Mitglied des Verwaltungsrates) Hansa Group AG, Münster, Deutschland (Stv. Vorsitzender des Aufsichtsrates) HNI Growth Fund Ltd, Nassau, Bahamas (Co-Liquidator) Immo Arch AG, Zürich, Schweiz (Mitglied des Verwaltungstrates) Kloter Board Services AG, Zollikon, Schweiz (Mitglied des Verwaltungsrates) Mitant AG, Freienbach, Schweiz (Mitglied des Verwaltungsrates) mobilezone holding ag, Regensdorf, Schweiz (Mitglied des Verwaltungsrates)	Camco AG, Camco Holding AG, Zürich, Schweiz Comtag AG, Cham Ecco Schuhe Schweiz GmbH, Spreitenbach E Switch AG, Freienbach Fortune Management Inc., Delaware, US Fortune Fund Services, Zürich Fortune Wealth Partners SA, Genf Dr. Höller Vermögensverwaltung und Anlageberatung AG, Zürich Jacsens & Partner Vermögensverwaltungs AG, Zürich KP Vermögensverwaltung AG, Zurich Luna Consult GmbH, Dübendorf, Schweiz Mediplast Medical Care AG, Zug, Schweiz MST Metal Scrape Trade AG (vormals United Metals Holding AG) Zürich, Schweiz mobilezone international ag, Regensdorf, Schweiz mobilezone net ag, Regensdorf, Schweiz (Mitglied des Verwaltungsrates) Smart Solutions AG, Zug Smart Solutions Consulting AG, Zug Tege Patents AG, FL-Triesenberg, Liechtenstein Terminal Company, Zumikon, Schweiz UPT Consulting AG, Herrliberg, Schweiz Weco Holding AG, Baar, Schweiz Projektreal AG, Zollikon, Schweiz (Präsident des Verwaltungsrates)

Name	*Current directorships/partnerships*	*Previous directorships/partnerships*
Michael Kloter (cont)	Opterusha AG, Freienbach, Schweiz (Präsident des Verwaltungsrates) Reibach & Partner AG, Freienbach, Schweiz (Mitglied des Verwaltungsrates) Rese Properties AG, Freienbach, Schweiz (Mitglied des Verwaltungsrates) RFD Rational Küchen AG, Oetwil a.d. Limmat, Schweiz (Mitglied des Verwaltungsrates) Savanna AG, Zollikon, Schweiz (Mitglied des Verwaltungsrates) Sam-San Holding AG, Zollikon, Schweiz (Mitglied des Verwaltungsrates) Schauer Agrotronic AG, Sursee, Schweiz (Mitglied des Verwaltungsrates) StepStone ASA AG, Solothurn, Schweiz (Vizepräsident des Verwaltungsrates) StepStone Schweiz GmbH, Solothurn, Schweiz (Geschäftsführer) Stepstone Solutions AG, Solothurn, Schweiz (Vizepräsident des Verwaltungsrates) Theodor und Ida Herzog-Egli-Stiftung, Zollikon, Schweiz (Mitglied des Stiftungsrates) Thyssen Schachtbau GmbH, DE-Mühlheim an der Ruhr, Zweigniederlassung Sedrun Tujetsch, Schweiz (Zweigniederlassungsleiter) Timaeus AG, Zollikon, Schweiz (Mitglied des Verwaltungsrates) Tip Management AG, Zürich, Schweiz (Mitglied des Verwaltungsrates) TÜV Austria (Schweiz) GmbH, Zollikon, Schweiz (Geschäftsführer) Wittmann AG, Baden, Schweiz (Mitglied des Verwaltungsrates) Zünova Immobilien AG, Zollikon, Schweiz (Mitglied des Verwaltungsrates)	
David Fisher	Ajax Management Inc. Da Vinci CIS Private Sector Growth Fund Limited ECP (Guernsey) Limited IFA Holding sarl Innova Financial Holding sarl Innova GTS Holding sarl Innova/5 GP Limited KLAS Opportunity Hedge Fund Limited MT Holding sarl	Astana Global Capital plc Clearwire Poland sp. z o.o. Metropolis Advertising Group LLC Orange Slovakia a.s. Polish National Investment Fund II STK Cable Television sp. z o.o.
Kenneth Watterson	Focus Advisory Services Limited Kirk Michael Village Pharmacy Limited	Tufton (Isle of Man) Limited Oceanic Investment Management Limited Oceanic Energy Management Limited Oceanic Small Cap Management Limited Tufton IT Services Limited Marine Services (Isle of Man) Limited Close Bank (Isle of Man) Limited Close Trustees (Isle of Man) Limited Close Investment Management (Isle of Man) Limited Close International Bank Holdings Limited Close International Asset Management Limited

9.8 None of the Directors has any unspent convictions in relation to indictable offences.

9.9 None of the Directors have been the subject of any public criticism by any statutory or regulatory authority (including a recognised professional body).

9.10 Save as provided below, none of the Directors has been a director of a company at the time of, or within the 12 months preceding the date of, that company being the subject of a 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.

9.11 None of the Directors has been a partner of a partnership at the time of, or within 12 months preceding the date of, that partnership being placed into compulsory liquidation or administration or being entered into a partnership voluntary arrangement nor in that time have the assets of any such partnership been the subject of a receivership.

9.12 No asset of any Director has at any time been the subject of a receivership.

9.13 None of the Directors is or has been bankrupt nor been the subject of any form of individual voluntary arrangement.

9.14 None of the Directors is or has ever 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.

9.15 Save as disclosed, there are no outstanding loans or guarantees provided by any member of the Group for the benefit of any of the Directors nor are there any loans or any guarantees provided by any of the Directors for any member of the Group.

9.16 Michael Kloter was the sole fiduciary director of Mediplast Medical Care AG when he had to file for insolvency of the company. The company was declared insolvent by the court in June 2002 and the loss to creditors was approximately CHF150,000.

9.17 Michael Kloter was a director of best buy ag (which later became Morasol AG). The company undertook a project to set up a chain of retail stores selling electrical equipment in Switzerland. The company became insolvent in June 2004, within six months of Michael Kloter's resignation as a director. The loss to creditors was approximately CHF 600,000.

9.18 Michael Kloter was a director of MST Metal Scrap Trade AG (formerly United Metals Holdings AG) and this company became insolvent in December 2003, within one month of his resignation as director. The loss to creditors was approximately CHF 150,000.

10. DIRECTORS' AND SENIOR MANAGEMENT'S SERVICE AGREEMENTS

10.1 *Executive Directors*

The following agreements have been entered into between the Directors and the Company, in each case conditional on and commencing from Admission:

(a) A service agreement dated 11 November 2008 between the Company and Andreas Rialas pursuant to which Andreas Rialas is to be employed as Chief Executive Officer of Argo UK and director of the Company, terminable by either party on 3 months' written notice, at a salary (subject to annual review) of £170,000 per annum and other benefits commensurate with his position including private medical insurance; and

(b) A service agreement dated 11 November 2008 between the Company and Kyriakos Rialas pursuant to which Kyriakos Rialas is to be employed as Chief Executive Officer of Argo Cyprus and director of the Company, terminable by either party on not less than 3 months' written notice, at a salary (subject to annual review) of €200,000 per annum and other benefits commensurate with his position including private medical insurance.

10.2 *Non-executive Directors*

The following agreements have been entered into between the non-executive Directors and the Company, in each case conditional on and commencing from Admission:

(a) A letter of appointment dated 11 November 2008 between the Company and Michael Kloter pursuant to which Michael Kloter is to be appointed as a non-executive director of the Company, the appointment being for an initial period of 12 months and then terminable by either party on not less than 3 months' prior written notice at an annual fee (exclusive of VAT) of €50,000. Following Admission, a bonus will be paid to Michael Kloter to enable him to purchase 300,000 Ordinary Shares; and

(b) A letter of appointment dated 11 November between the Company and David Fisher pursuant to which David Fisher is to be appointed as a non-executive director of the Company, the appointment being for an initial period of 12 months and then terminable by either party on not less than 3 months' prior written notice at an annual fee (exclusive of VAT) of £25,000.

(c) A letter of appointment dated 11 November 2008 between the Company and Kenneth Watterson pursuant to which Kenneth Watterson is to be appointed as a non-executive director of the Company, the appointment being for an initial period of 12 months and then terminable by either party on not less than 3 months' prior written notice at an annual fee (exclusive of VAT) of £25,000.

10.3 It is estimated that the aggregate remuneration (including pension fund contributions and benefits in kind but excluding bonuses payable to the Directors by members of the Group in respect of the current financial period to 31 December 2008 (under the arrangements in force at the date of this document) is expected to be approximately US$1.23 million.

10.4 Upon termination of employment and other than any entitlement to receive notice, the Directors are not entitled to any payments or benefits.

11. THE COMPANY AND ITS SUBSIDIARIES

11.1 The Company is the holding company of the Group and has the following principal Subsidiaries:

Name	*Country of registration or incorporation*	*Principal activity*	*Percentage of issued share capital held by the Company and (if different) proportion of voting power held*
Argo Capital Management (ASIA) PTE Limited	Singapore	Asset Management	100
Argo Capital Management Limited	England and Wales	Asset Management	100
Argo Capital Management (Cyprus) Limited	Cyprus	Asset Management	100
Argo Capital Management Property Limited	Cayman Islands	Asset Management	100
Argo Investor Services Limited	Cayman Islands	Asset Management	100
North Asset Management Sarl	Luxembourg	Asset Management	100
North Asset Management Srl	Romania	Asset Management	100
AREOF General Partner Limited	Cayman Islands	Dormant	100
The Argo Fund Limited	Cayman Islands	Asset Management	*
ANKUS Limited	Cyprus	Asset Management	†
Argo Capital BV	Netherlands	Asset Management	†

Argo Capital Investors SPC	Cayman Islands	Asset Management	*
Argo Multi Strategy Fund	Cayman Islands	Asset Management	*
Mellitus Holdings Limited	Cyprus	Asset Management	†
Argo Global Holdings BV	Netherlands	Asset Management	†
Argo Capital Partners Limited	Cayman Islands	Asset Management	*
Millenary Limited	Cyprus	Asset Management	†
Argo Capital Partners BV	Netherlands	Asset Management	†
Argo Investors Services AG	Switzerland	Asset Management	100

11.2 The above companies are directly or indirectly wholly-owned by the Company, except for those marked * or †.

11.3 Companies marked * are funds which are controlled by the Group both through the ownership of founder shares which have wide powers of control, and through the management and advisory contracts with those funds.

11.4 Companies marked † are directly or indirectly wholly-owned by one of the several companies marked *.

12. TAKEOVER REGULATION

12.1 *The City Code*

Having sought the advice of the Panel, the Company confirms that, based on current circumstances, it is not subject to the City Code. On any change of circumstances, such as the place of central management being deemed to have moved from outside the UK to inside the UK, the City Code may become applicable.

12.2 *Compulsory acquisition*

A compulsory acquisition procedure is set out in section 160 of the IOM Act. This procedure will apply to the Company.

Section 160 applies where a scheme, contract or contract(s) involving the transfer of shares or any class of shares in a company to another person (the “transferee”) has been approved by the holders of not less than 90 per cent. in value of the affected shares within the 16 weeks after the offer being made. In this case, the transferee may, at any time within eight weeks after the transferee has acquired or contracted to acquire the shares, give notice in the prescribed manner to any dissenting shareholder that it desires to acquire such dissenting shareholders’ shares. Where such notice is given, the transferee shall (subject to the court’s decision to order otherwise on an application made by a dissenting shareholder within one month from the date on which the notice was given) be entitled and bound to acquire those shares on terms which under the scheme or contract the shares of the approving shareholders are to be transferred to the transferee (or on such terms as may be permitted by variation under the Act in certain circumstances).

In addition, it is intended to insert compulsory acquisition provisions in the Articles at the next annual general meeting of the Company (see paragraph 6.2 above).

13. UNITED KINGDOM TAXATION

This paragraph is intended as a general guide to UK current tax law and practice in the areas referred to below. It applies to persons who (unless the position of non-resident shareholders is expressly referred to) are resident or ordinarily resident in the UK for tax purposes and who beneficially own shares as investments (and not as employment-related securities). Any person who is in doubt as to his or her tax position or requires further information should consult an appropriate professional adviser.

13.1 *UK taxation of dividends*

A person that is resident for tax purposes in the United Kingdom which receives a dividend paid by the Company may be subject to United Kingdom UK tax on that dividend.

Persons who are UK tax resident and domiciled:

(a) A qualifying individual shareholder who receives a dividend from the Company will be entitled to a tax credit equal to one ninth of the amount of the net dividend, which is also equivalent to a tax credit of 10 per cent. of the sum of the net dividend and the tax credit (the "gross dividend").

A qualifying individual shareholder will be liable to income tax on the amount of the gross dividend. Dividend income will be treated as the top slice of an individual's income. The tax credit referred to above will discharge the liability to income tax in respect of the dividend of a qualifying individual shareholder who is subject to United Kingdom UK income tax on dividends at dividend ordinary rate only. Higher rate taxpayers will be able to offset the tax credit against their liability to income tax on the gross dividend. A higher rate taxpayer will be liable to income tax on the gross dividend at a rate of 32.5 per cent. After setting off the tax credit, a higher rate tax payer will be liable to additional income tax equal to 25 per cent. of the net dividend.

(b) A non qualifying individual shareholder will be liable to income tax on the full amount of the dividend arising during the tax year (and will not be entitled to any tax credit). Dividend income will be treated as the top slice of income. The taxpayer will be liable to income tax on the dividend at a rate of 10 per cent. to the extent that he is able to benefit from the ordinary rate and 32.5 per cent. on the remainder.

(c) Corporate shareholders will be liable to UK corporation tax on all dividends received from the Company.

Individuals who are UK tax resident but not domiciled in the UK ("non-doms"):

(a) A non-dom qualifying individual shareholder who is a remittance basis user will be taxable on a dividend from the Company only if and when it is "remitted" to the UK. A "remittance basis user" is a non-dom who claims the remittance basis and who pays the £30,000 remittance basis charge where required.

Where the dividend is remitted to the UK by a non-dom qualifying individual shareholder who is a remittance basis user, he will be entitled to a tax credit equal to one ninth of the amount of the net dividend, which is also equivalent to a tax credit of 10 per cent. of the gross dividend.

A non-dom qualifying individual shareholder who is a remittance basis user will be liable to income tax at the rate of 40 per cent. on the amount of the gross dividend. Dividend income will be treated as the top slice of an individual's income. The tax credit will discharge some of the liability to income tax in respect of the gross dividend. After setting off the tax credit, a higher rate tax payer will be liable to additional income tax equal to 33.3 per cent. of the net dividend.

(b) A non-dom who is not a remittance basis user will be taxed on the dividend in the same way as a UK resident and domiciled individual.

"Qualifying individual shareholder" means an individual shareholder who, when taking into account any shares:

(I) transferred to connected persons, where the main objective of the transfer is to avoid tax;

(II) transferred to another person under repo or stock lending arrangements; and

(III) held in a settlement in respect of which the shareholder is the sole person entitled to any income from those shares,

beneficially owns less than 10 per cent. of the Company's issued shares and is entitled to distributions in respect of less than 10 per cent. of the Company's issued shares.

13.2 *UK taxation on capital gains for shareholders*

(a) Disposal of shares.

If a shareholder disposes of all or any of his or its Ordinary Shares, he or it may, depending on the shareholder's particular circumstances, incur a liability to taxation on chargeable gains.

A remittance basis user would be liable to UK capital gains tax on those gains on the remittance basis i.e. only if the proceeds are remitted to the UK.

(b) Capital gains made by the Company could potentially be attributed to shareholders where the Company, if it were tax resident in the UK, would be a "close company".

In such circumstances:

(i) A shareholder who is resident or ordinarily resident in the UK would have a proportion of any capital gains made by the Company equal to his percentage shareholding, attributed to him by the UK tax authorities, if the holding of that shareholder (when aggregated with the holdings of persons connected to him) is more than a 10 per cent. interest in the Company. Capital gains attributed to a shareholder may, depending on the shareholder's particular circumstances, incur a liability to taxation on chargeable gains.

(ii) A shareholder who is a remittance basis user would have a proportion of any capital gains made by the Company equal to his percentage shareholding, attributed to him by the UK tax authorities, if the holding of that shareholder (when aggregated with the holdings of persons connected to him) is more than a 10 per cent. interest in the Company. The attributed gains would become taxable if he remits assets representing the capital gains to the UK in some form.

For capital gains tax purposes a close company is, broadly, a company which is controlled by five or fewer participators (broadly, shareholders).

13.3 *UK inheritance tax*

Subject to certain conditions (in particular a two year ownership requirement) shares in the Company may be eligible for one hundred per cent. business property relief which, depending on the shareholder's particular circumstances, may relieve the whole of the value of the shares from inheritance tax.

13.4 *UK Stamp duty or stamp duty reserve tax ("SDRT")*

The Company is not incorporated nor has it a register of members in the United Kingdom and therefore transfers of its shares will not be required to be stamped nor will agreements to transfer its shares attract Stamp Duty or SDRT.

14. ISLE OF MAN TAXATION

The Company will be liable to Manx income tax at the standard rate for companies of zero per cent. (A 10 per cent. corporate tax rate applies to certain income sources, principally income from Isle of Man land and property and certain banking income, but the Company is not expected to be in receipt of income from such sources.)

The Company will not be required to withhold tax from the payments of dividends to Shareholders.

Shareholders resident outside the Isle of Man will have no liability to Manx income tax on dividends received from the Company.

The Isle of Man has an anti-avoidance provision (known as the Distributable Profits Charge or "DPC" regime) designed to prevent locally owned companies from rolling up profits within a zero per cent. corporate income tax regime. Once the Company is listed on AIM, it will be automatically treated as a "distributing company" and, therefore, fall outside of the scope of the DPC regime, regardless of whether or not it distributes its profits to shareholders and regardless of whether or not any Isle of Man residents hold shares in the Company.

The DPC regime is being replaced by the Attribution Regime for Individuals ("ARI") for accounting periods commencing on or after 6 April 2008. The ARI, where it applies, imposes a tax charge on Manx resident shareholders in an Isle of Man company, and not the company itself. However, as with DPC, there is an exemption from ARI for companies that are listed on AIM.

There is no capital gains tax, inheritance tax, stamp duty or stamp duty reserve tax in the Isle of Man. No death duties are payable, although a probate fee may be payable in respect of the estate of a deceased Shareholder, up to a current maximum of £576.

No taxes are payable on the transfer of shares in the Company. There are no current exchange control restrictions applicable in the Isle of Man.

15. MATERIAL CONTRACTS

The following are the only contracts (not being contracts entered into in the ordinary course of business) which have been entered into by members of the Group in the two years immediately preceding the date of this document or which are expected to be entered into prior to Admission and which are, or may be, material or which have been entered into at any time by any member of the Group and which contain any provision under which any member of the Group has any obligation or entitlement which is, or may be, material to the Group as at the date of this document:

15.1 An agreement dated 12 November 2008 (the "Introduction Agreement") made between the Company (1), Panmure Gordon (2) and the Directors (3), under which Panmure Gordon have agreed, as agent for the Company, to assist in the application for Admission.

Under the Introduction Agreement the Company has agreed to pay Panmure Gordon a corporate finance fee. The Company will pay certain other costs and expenses (including any applicable VAT) of, or incidental to, the Admission including all fees and expenses payable in connection with Admission, expenses of the registrars, printing and advertising expenses, postage and all other legal accounting and other professional fees and expenses.

The Introduction Agreement contains warranties and indemnities given by the Company and warranties given by the Directors to Panmure Gordon as to the accuracy of the information contained in this document and other matters relating to Argo and its business. Panmure Gordon are entitled to terminate the Introduction Agreement in certain specified circumstances prior to Admission.

15.2 On 29 April 2008, the Company entered into a sale agreement (the "Sale Agreement") with ACMH whereby ACMH agreed to transfer the entire share capital of each of Argo Capital Management (Cyprus) Limited, Argo Capital Management Property Limited, Argo Capital Management Limited, Argo Capital Management (Asia) Pte Limited and Argo Investor Services Limited to the Company for an aggregate consideration of €21,453,289, which was satisfied in full by the issue of 76,931,619 ordinary shares of €0.01 each in the Company to ACMH (the "Sale Shares"). Pursuant to the Distribution Agreement (details of which are set out in paragraph 15.3 below), ACMH agreed to pay a dividend by way of an in-specie distribution of the Sale Shares to its shareholders; and

15.3 On 14 May 2008, the Company entered into a distribution agreement with ACMH wherein ACMH agreed to pay a dividend by way of an in-specie distribution of the Sale Shares to its shareholders.

16. RELATED PARTY TRANSACTIONS

There are no related party transactions, being transactions which, as a single transaction or in their entirety, are or may be material to the Company and have been entered into by the Company or any other member of the Group during the period commencing on 1 January 2006 and terminating immediately prior to the date of this document.

17. WORKING CAPITAL

The Directors are of the opinion (having made due and careful enquiry) that, after taking into account the financing facilities available, the working capital of the Group will be sufficient for its present requirements, that is, for at least the period of 12 months from the date of Admission.

18. LITIGATION

No member of the Group is or has been involved in any governmental, legal or arbitration proceedings which may have, or have had during the 12 months preceding the date of this document, a significant effect on the Group's financial position or profitability and, so far as the Directors are aware, there are no such proceedings pending or threatened against any member of the Group.

19. GENERAL

19.1 Save as disclosed in the section entitled "Current trading and prospects" in Part I of this document there, has been no significant change in the financial or trading position of the Group since 30 June 2008, the date to which the last audited accounts of the Group contained in Part III was prepared.

19.2 The estimated costs and expenses relating to Admission payable by the Company are estimated to amount to approximately £625,000 (excluding VAT).

19.3 The financial information set out in this document relating to the Company does not constitute statutory accounts as there is no statutory requirement to prepare or file accounts under the IOM Act. KPMG Audit LLC, chartered accountants of Heritage Court, 41 Athol Street, Douglas, Isle of Man, IM99 1HN, regulated by the ICAEW, are the auditors of the Company and have not yet given any audit reports on the accounts of the Company as it was incorporated in 2008. No accounts of the Company will be delivered to the Isle of Man registry as this is not required under Isle of Man law.

The financial information set out in this document relating to members of the Group other than the Company does not constitute statutory accounts for the purposes of any of the jurisdictions in which those members of the Group are incorporated.

19.4 KPMG Audit LLC has given and not withdrawn its written consent to the inclusion of its reports in Part III and the references to its reports in the form and context in which they appear and has authorised the contents of those reports for the purposes of Schedule Two of the AIM Rules for Companies.

19.5 HLB Afxentiou Ltd has given and not withdrawn its written consent to the inclusion of its name and reports dated 3 April 2008, 5 March 2007, and 15 March 2006 in Part III C and the references to its reports in the form and context in which they appear and has authorised the contents of those reports for the purposes of Schedule Two of the AIM Rules for Companies.

19.6 Mazars LLP (which includes MRI Moores Rowland LLP) has given and not withdrawn its written consent to the inclusion of its name and reports dated 2008, 2007 and 2006 in Part III C and the references to its reports in the form and context in which they appear and has authorised the contents of those reports for the purposes of Schedule Two of the AIM Rules for Companies.

19.7 Shanker Iyer & Co. has given and not withdrawn its written consent to the inclusion of its name and reports dated 25 April 2008 and 17 April 2007 in Part III C and the references to its reports in the form and context in which they appear and has authorised the contents of those reports for the purposes of Schedule Two of the AIM Rules for Companies.

19.8 Panmure Gordon is registered in England and Wales under number 2700769 and its registered office is at Moorgate Hall, 155 Moorgate, London EC2M 6XB. Panmure Gordon is regulated by the Financial Services Authority and is acting in the capacity as nominated adviser and broker to the Company.

19.9 Panmure Gordon has given and has not withdrawn its written consent to the issue of this document with the inclusion of its name and references to it in the form and context in which they appear.

19.10 Save as otherwise disclosed in this document there are no patents or other intellectual property rights, licences, industrial, commercial or financial contracts or new manufacturing processes which are material to the Group's business or profitability.

19.11 No person (excluding professional advisers otherwise disclosed in this document and trade suppliers) has:

(a) received, directly or indirectly, from the Company within the 12 months preceding the date of application for Admission; or

(b) entered into contractual arrangements (not otherwise disclosed in this document) to receive, directly or indirectly, from the Company on or after Admission;

any of the following:

(i) fees totalling £10,000 or more;

(ii) securities in the Company with a value of £10,000 or more calculated by reference to the expected price of an Ordinary Share at Admission; or

(iii) any other benefit with a value of £10,000 or more at the date of Admission.

20. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of this document will be available during normal business hours on any weekday (Saturdays and public holidays excepted) at the registered office of the Company and at the offices of Panmure Gordon (UK) Limited, Moorgate Hall, 155 Moorgate, London EC2M 6XB up to and including the date falling one month from Admission.

Dated 12 November 2008

Printed by **Rubicon** Corporate Print Limited
R0997