



SKIL Ports & Logistics Limited

AIM Initial Public Offering

October 2010



NOMAD and Broker –
Cenkos Securities plc
US Placement Agent –
Dahlman Rose & Company, LLC

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document or as to what action you should take, you are recommended immediately to seek your own financial advice from your stockbroker, bank manager, solicitor or other independent adviser who specialises in advising on the acquisition of shares and other securities in the UK and is authorised under the Financial Services and Markets Act 2000 (as amended) ("FSMA"). The whole of this document should be read. An investment in the Company is subject to significant risk. Your attention is drawn in particular to the section entitled "Risk Factors" in Part 3 of this document, which sets out certain risk factors relating to any investment in Ordinary Shares..

The Directors of SKIL Ports & Logistics Limited (the "Company"), whose names appear on page 4 of this document, accept responsibility, individually and collectively, in accordance with the AIM Rules for Companies, for the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

This document, which comprises an admission document drawn up in accordance with the AIM Rules for Companies, has been issued in connection with the proposed admission to trading of the Existing Ordinary Shares and the Placing Shares on AIM. This document does not contain an offer or constitute any part of an offer to the public within the meaning of sections 85 and 102B of FSMA or otherwise. This document is not an approved prospectus for the purposes of section 85 of FSMA and a copy of it has not been, and will not be, delivered to the Financial Services Authority in accordance with the Prospectus Rules or delivered to or approved by any other authority which could be a competent authority for the purposes of the Prospectus Directive.

AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the official list of the UK Listing Authority.

A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser.

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.

A copy of this document will be available, free of charge, during normal business hours on any day (except Saturdays, Sundays and public holidays), at the registered office of the Company and at the offices of Cenkos Securities plc ("Cenkos") at 6.7.8 Tokenhouse Yard, London EC2R 7AS, from the date of this document for a period of one month from the date of Admission.

Application will be made for the Existing Ordinary Shares and the Placing Shares to be admitted to trading on AIM. It is expected that Admission will take place and that dealings in the Ordinary Shares will commence on 7 October 2010.



SKIL Ports & Logistics Limited

(Incorporated in Guernsey under the Companies (Guernsey) Law 2008 with registered number 52321)

Admission to trading on AIM and

Placing of up to 30,400,000 Placing Shares of no par value

by

**Cenkos Securities plc
Nominated Adviser and Broker**

**Dahlman Rose & Company
Exclusive US Placement Agent**

The Placing is conditional, *inter alia*, on Admission taking place on or before 7 October 2010 (or such later date as the Company and Cenkos may agree). The Placing Shares will, on Admission, rank in full for all dividends or other distributions hereafter declared, made or paid on the ordinary share capital of the Company and will rank *pari passu* in all other respects with all other Ordinary Shares which will be in issue on Admission.

Cenkos Securities plc, which is authorised and regulated in the United Kingdom by the Financial Services Authority and which is advising the Company and no one else in connection with the Placing and Admission (whether or not a recipient of this document), is acting exclusively for the Company as nominated adviser for the purpose of the AIM Rules for Companies. Cenkos will not be responsible to any person other than the Company for providing the protections afforded to its customers, nor for providing advice in relation to the Placing and Admission or the contents of this document. Dahlman Rose & Company, LLC is acting as the Company's exclusive US placement agent for the Placing and is only engaging in such activities in the United States and Canada. Dahlman Rose may arrange for the offer and sale of the Placing Shares in the United States only to persons reasonably believed to be "qualified institutional buyers" as defined in Rule 144A under the US Securities Act, and such Placing Shares shall be subject to resale restrictions as set out in this document. The Placing Shares have neither been approved nor disapproved by the US Securities and Exchange Commission or any US state securities commission or other regulatory authority, nor have the foregoing authorities approved this document or confirmed or determined the adequacy of this document. Any representation to the contrary is unlawful.

The information contained in this document has been prepared solely for the purposes of the Placing and Admission and is not intended to inform or be relied upon by any subsequent purchasers of Ordinary Shares (whether on or off exchange) and accordingly no duty of care is accepted in relation to them. The responsibilities of Cenkos as nominated adviser to the Company are owed solely to the London Stock Exchange plc. Without limiting the statutory rights of any person to whom this document is issued, no representation or warranty, express or implied, is made by Cenkos or Dahlman Rose as to the contents of this document. Neither Cenkos nor Dahlman Rose have authorised the contents of any part of this document. No liability whatsoever is accepted by Cenkos or Dahlman Rose for the accuracy of any information or opinions contained in this document, for which the Directors are solely responsible, or for the omission of any information from this document for which it is not responsible.

IMPORTANT INFORMATION

It is not clear whether the Company currently qualifies as an operating company for the purposes of Regulation 29 C.F.R. §2510.3-101 promulgated by the US Department of Labor, as amended by Section 3(42) of the US Employee Retirement Income Security Act of 1974, as amended (“**ERISA**”)(the “**US Plan Asset Regulations**”), and the Company and its assets may become subject to ERISA and Section 4975 of the US Internal Revenue Code of 1986, as amended (the “**Code**”), if 25 per cent. or more of the Ordinary Shares are owned by US Benefit Plans. In order to prevent the Company and its assets being subject to ERISA and Section 4975 of the Code, a US Benefit Plan may not acquire Placing Shares.

The Company is not subject to the periodic reporting requirements of the US Securities Exchange Act of 1934, as amended (the “**US Securities Exchange Act**”). In order to permit compliance with Rule 144A in connection with resales of the Placing Shares, the Company agrees to furnish upon request of a shareholder or a prospective purchaser the information required to be delivered under Rule 144A(d)(4) of the US Securities Act if at the time of such request the Company is not a reporting company under Section 13 or Section 15(d) of the US Securities Exchange Act, or is not exempt from reporting pursuant to Rule 12g3-2(b) thereunder.

NOTICE TO NEW HAMPSHIRE RESIDENTS

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES ANNOTATED 1955, AS AMENDED (“**RSA 421-B**”), NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE IMPLIES THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR TRANSACTION MEANS THAT THE SECRETARY OF STATE OF NEW HAMPSHIRE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

Forward-looking Statements

This document contains forward looking statements relating to the Company’s future prospects, developments and strategies, which have been made after due and careful enquiry and are based on the Directors’ current expectations and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. Forward-looking statements are identified by their use of terms and phrases such as “project”, “expect”, “potential”, “believe”, “could”, “envisage”, “estimate”, “intend”, “may”, “plan”, “will” or the negative of those, variations or comparable expressions, including references to assumptions. These forward-looking statements are subject to, *inter alia*, the risk factors described in Part 3 of this document. The Directors believe that the expectations reflected in these statements are reasonable, but may be affected by a number of variables which could cause actual results or trends to differ materially. Each forward-looking statement speaks only as of the date of the particular statement.

CONTENTS

	<i>Page</i>
DIRECTORS, SECRETARY AND PRINCIPAL ADVISERS	4
PLACING STATISTICS.....	5
EXPECTED TIMETABLE OF PRINCIPAL EVENTS.....	5
FOREIGN CURRENCY AMOUNTS.....	5
DEFINITIONS.....	6
PART 1 INFORMATION ON THE GROUP.....	10
PART 2 THE PLACING.....	28
PART 3 RISK FACTORS.....	30
PART 4 FINANCIAL INFORMATION ON THE COMPANY	41
PART 5 ADDITIONAL INFORMATION	42

DIRECTORS, SECRETARY AND PRINCIPAL ADVISERS

Directors	Nikhil Gandhi (<i>Chairman</i>) Pavan Bakhshi (<i>Managing Director</i>) Jigar Shah (<i>Interim Finance Director</i>) Peter Jones (<i>Non-Executive Director</i>) James Sutcliffe (<i>Non-Executive Director</i>) all of the registered office
Company Secretary	C.L. Secretaries Limited
Website	www.splpl.com
Registered Office	1st & 2nd Floors Elizabeth House Les Ruettes Brayes St Peter Port Guernsey GY1 1EW
Nominated Adviser and Broker	Cenkos Securities plc 6.7.8 Tokenhouse Yard London EC2R 7AS
Exclusive US Placement Agent	Dahlman Rose & Company, LLC 142 West 57th Street 18th Floor New York NY 10019
Legal Advisers to the Company as to English and US law	Dorsey & Whitney (Europe) LLP 21 Wilson Street London EC2M 2TD
Legal Advisers to the Company as to Guernsey law	Carey Olsen Carey House Les Banques St. Peter Port Guernsey GY1 4BZ
Legal Advisers to the Company as to Indian law	Nishith Desai Associates 93-B Mittal Court Nariman Point Mumbai 400 021 India
Legal Advisers to the Nominated Adviser and Broker	Nabarro LLP Lacon House 84 Theobald's Road London WC1X 8RW
Legal Advisers to US Placement Agent	Ellenoff Grossman & Schole LLP 150 East 42nd Street 11th Floor New York NY 10017
Reporting Accountants	Grant Thornton UK LLP 30 Finsbury Square London EC2P 2YU
Financial PR	Brunswick Group LLP 16 Lincoln's Inn Fields London WC2A 3ED
Registrars	Capita Registrars (Guernsey) Limited Longue Hougue House St. Sampson Guernsey GY2 4JN

PLACING STATISTICS*

Placing Price	250 pence
Total number of Placing Shares	30,400,000
Percentage of Enlarged Share Capital being placed	69.1 per cent.
Estimated gross proceeds of the Placing receivable by the Company	£76 million
Number of Ordinary Shares in issue immediately following Admission	44,000,000
Expected market capitalisation of the Company upon Admission based on the Placing Price	£110 million
ISIN	GG00B53M7D91
AIM SYMBOL	SPL.LN

*Assuming that the Placing is fully subscribed.

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Date of Admission Document	7 October 2010
Admission and commencement of dealings in Ordinary Shares on AIM	8 a.m. on 7 October 2010
Delivery of Ordinary Shares into CREST accounts in uncertificated form	7 October 2010
Despatch of definitive share certificates (where appropriate)	by 14 October 2010

Each of the times and dates above is subject to change. Any such change will be notified by an announcement on a Regulatory Information Service.

FOREIGN CURRENCY AMOUNTS

Where relevant in this document, unless otherwise stated, Indian Rupee amounts have been converted into Sterling at INR 70.99: £1 (being the closing mid-point spot exchange rate set out in the Financial Times) and into United States dollars at INR 44.94: \$1 (being the closing mid-point spot exchange rate set out in the Financial Times), in each case on 29 September 2010 (being the latest practicable date prior to publication of this document).

DEFINITIONS

The following definitions apply throughout this document, unless the context requires otherwise:

“Admission”	admission of the Enlarged Share Capital to trading on AIM and such admission becoming effective in accordance with the AIM Rules for Companies;
“Admission Document”	this document;
“AIM”	AIM, the market of that name operated by the London Stock Exchange;
“AIM Rules for Companies”	the London Stock Exchange’s rules and guidance notes contained in its “AIM Rules for Companies” publication;
“AIM Rules for Nominated Advisers”	the London Stock Exchange’s rules contained in its “AIM Rules for Nominated Advisers” publication;
“Articles”	the amended and restated articles of incorporation of the Company adopted on 1 October 2010, conditional upon and with effect from Admission;
“CAGR”	compound annual growth rate;
“Cenkos”	Cenkos Securities plc of 6.7.8 Tokenhouse Yard, London EC2R 7AS;
“Cenkos Warrants”	the warrant(s) to subscribe for Ordinary Shares representing 0.5 per cent. of the Enlarged Share Capital, exercisable at the Placing Price at any time within the five years following Admission further details of which are set out in paragraph 10.2(d) of Part 5;
“certificated” or in “certificated form”	the description of a share or other security which is not in uncertificated form (that is, not in CREST);
“Companies Law”	the Companies (Guernsey) Law 2008 as amended (as may be further amended from time to time);
“Company” or “SPL”	SKIL Ports & Logistics Limited, a company newly incorporated in Guernsey as a non cellular company under the Companies Law with registered number 52321;
“CREST”	the relevant system (as defined in the CREST Regulations) for the paperless settlement of share transfers and the holding of shares in uncertificated form which is administered by Euroclear;
“CREST Guernsey Requirements”	CREST Rule 8 and such other rules and requirements of Euroclear as may be applicable to issuers as from time to time specified in the CREST Manual;
“CREST Manual”	the compendium of documents entitled “CREST Manual” issued by Euroclear from time to time and comprising the CREST Reference Manual, the CREST Central Counterparty Service Manual, the CREST International Manual, the CREST Rules (including CREST Rule 8), the CCSS Operations Manual and the CREST Glossary of Terms;
“CREST Regulations”	the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755) (as amended from time to time);
“Dahlman Rose”	Dahlman Rose & Company, LLC of 142 West 57th Street, 18th Floor, New York, NY 10019;
“Directors” or “Board”	the directors of the Company, whose names appear on page 4 of this document;
“Disclosure and Transparency Rules”	the disclosure and transparency rules made by the FSA in exercise of its functions as competent authority pursuant to Part VI of FSMA;

“DTC”	Direct Tax Code;
“DWT”	deadweight tonnage;
“Enlarged Share Capital”	the issued share capital of the Company immediately following Admission consisting of the Existing Ordinary Shares and the Placing Shares (assuming the Placing is fully subscribed);
“ERISA”	the US Employee Retirement Income Security Act of 1974, as amended;
“EU”	European Union;
“Euroclear”	Euroclear UK & Ireland Limited;
“EXIM”	export and import;
“Existing Ordinary Shares”	the 13,600,000 Ordinary Shares in issue immediately prior to Admission;
“Facility”	the completed Project;
“Founder Shareholders”	SKIL Global Ports & Logistics and Mr. Pavan Bakhshi;
“Founder Warrants”	has the meaning set out in paragraph 7 of Part 1 of this document;
“FSA”	the UK Financial Services Authority;
“FSMA”	the UK Financial Services and Markets Act 2000 (as amended from time to time), including any regulations made pursuant thereto;
“FTWZ”	Free Trade Warehousing Zones;
“GoI”	the Government of India;
“Group”	the Company, its wholly owned subsidiary KTLCL, and KTLPL in which KTLCL will, following Admission, have an interest of approximately 99.7 per cent.;
“India”	the Republic of India;
“KTLCL”	Karanja Terminal & Logistics (Cyprus) Limited, a company incorporated in Cyprus under the Companies Law, Cap 113 on 31 August 2010, whose registered office is at Themistokli Dervi, 48, Centennial Building, Flat/Office 703, P.C. 1066, Nicosia, Cyprus;
“KTLPL”	Karanja Terminal & Logistics Private Limited, a company incorporated in India under the Companies Act, 1956 on 14 May 2010, whose registered office is at 13/14, Khetan Bhavan, 198, Jamshedji Tata Road, Churchgate, Mumbai-40020, India;
“Lock-in and Orderly Marketing Agreements”	the agreements not to dispose of Ordinary Shares held by certain of the Directors and SKIL Global Ports & Logistics, further details of which are set out in paragraph 10.2(c) of Part 5 of this document;
“Logistics Park”	the logistics park to be developed by the Group at Karanja Creek, Chanje Village, Taluka Uran, District Raigad, Maharashtra, India;
“London Stock Exchange”	London Stock Exchange plc;
“Minimum Threshold”	has the meaning set out in Part 3 of this document;
“MMB”	Maharashtra Maritime Board;
“MAT”	Minimum Alternate Tax;
“MMT”	million metric tonne;
“MT”	metric tonne;
“Multi-purpose Terminal”	the multi-purpose port terminal to be developed by the Group at Karanja Creek, Chanje Village, Taluka Uran, District Raigad, Maharashtra, India;

“Official List”	the official list of the UK Listing Authority;
“Ordinary Shares”	ordinary shares of no par value in the capital of the Company;
“Panel”	the UK Panel on Takeovers and Mergers;
“Placee”	an investor to whom Placing Shares are issued pursuant to the Placing;
“Placing”	the placing by the Placing Agents of the Placing Shares with institutional and other investors at the Placing Price pursuant to the Placing Agreement;
“Placing Agents”	Cenkos and Dahlman Rose;
“Placing Agreement”	the placing agreement entered into on or around the date of this document between the Company, the Directors and the Placing Agents, further details of which are set out in paragraph 10.2(a) of Part 5 of this document;
“Placing Price”	250 pence per Ordinary Share;
“Placing Shares”	up to 30,400,000 new Ordinary Shares to be issued by the Company and subscribed for pursuant to the Placing at the Placing Price;
“Project”	the development and operation of the Logistics Park, together with the Multi-purpose Terminal;
“Prospectus Directive”	Directive 2003/71/EC of the European Parliament and Council;
“Prospectus Rules”	the rules published by the FSA governing the publication of a prospectus, as derived from the Prospectus Directive;
“QCA Guidelines”	the Corporate Governance Guidelines for AIM Companies published by the Quoted Companies Alliance (as amended from time to time);
“Relationship Agreement”	the relationship agreement entered into on or around the date of this document between, among others, the Company, Mr. Nikhil Gandhi and SKIL, further details of which are set out in paragraph 10.2(e) of Part 5 of this document;
“RBI”	the Reserve Bank of India, being the central bank in India;
“SEBI”	Securities and Exchange Board of India;
“SEZ”	special economic zone;
“Share Dealing Code”	means the share dealing code of the Company, regulating the dealing in Ordinary Shares by directors and relevant employees;
“Shareholders”	holders of Ordinary Shares;
“SKIL”	SKIL Infrastructure Limited of SKIL House, 209 Bank Street Cross Lane, Fort, Mumbai 400 023, Maharashtra, India;
“SKIL Global Ports & Logistics”	SKIL Global Ports & Logistics Limited, a company incorporated in Guernsey under the Companies Law with registered number 52320, which is owned by Mr. Nikhil Gandhi as at Admission;
“SKIL Group”	SKIL and its subsidiaries and subsidiary undertakings;
“subsidiary” or “subsidiary undertaking”	have the meanings respectively ascribed to them by the UK Companies Act;
“Takeover Code”	the City Code on Takeovers and Mergers (as amended from time to time);
“TEU”	twenty-foot equivalent unit;
“UK” or “United Kingdom”	the United Kingdom of Great Britain and Northern Ireland;
“UK Companies Act”	the Companies Act 2006 (as amended from time to time);

“UK Corporate Governance Code”	the UK Corporate Governance Code published by the Financial Reporting Council in June 2010 (as amended from time to time);
“UK Listing Authority”	the FSA in its capacity as the competent authority for the purposes of Part VI of FSMA;
“uncertificated”	recorded on a register of securities maintained by Euroclear in accordance with the CREST Regulations as being in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST;
“US” or “United States”	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia and all other areas subject to its jurisdiction;
“Rs” or “INR”	Indian Rupees, the legal currency of India;
“\$” or “US\$”	US dollars, the legal currency of the United States;
“£” or “Sterling”	pounds sterling, the legal currency of the United Kingdom; and
“€” or “Euro”	euros, the lawful currency of the members of the European Union who have entered into an Economic and Monetary Union.

All references to times in this document are to UK time unless otherwise stated. References to the singular shall include references to the plural, where applicable and vice versa.

PART 1

INFORMATION ON THE GROUP

1. INTRODUCTION

SKIL Ports & Logistics Limited is a new holding company which has been established to develop, own and operate port and logistics facilities in India. Following Admission, the Group will commence construction of its initial project, the creation of a port and logistics facility near Navi Mumbai. The facility will be developed at a site which the Directors believe to be well located to take advantage of the significant and growing marine and marine logistics infrastructure opportunities in India.

Nikhil Gandhi, the promoter and Chairman of the Company, is the founder, Executive Chairman and majority shareholder of the SKIL Group, an organisation that has significant experience in developing greenfield infrastructure projects in India. The Company intends to capitalise on Nikhil Gandhi's and the SKIL Group's considerable development, experience, expertise and contacts in the port and logistics sector in India with the aim of establishing the Group as one of India's largest private port and logistics operator.

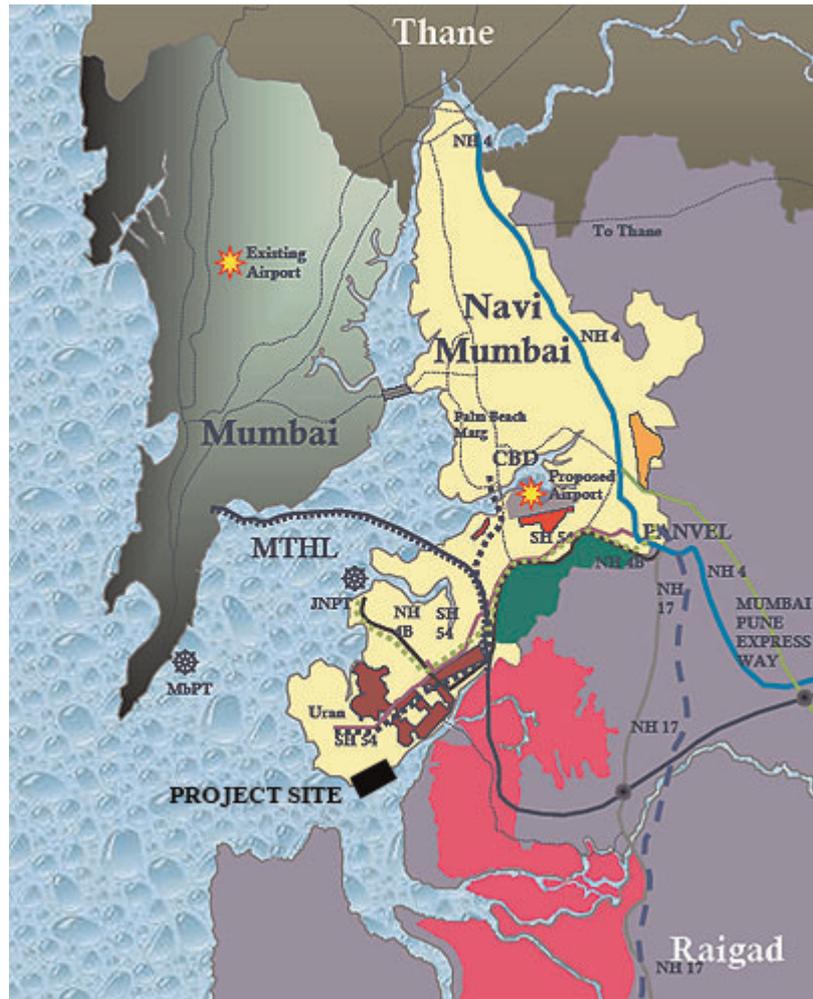
The site of the Group's first project is at Karanja Creek, near Navi Mumbai, where the Directors intend to develop and operate a modern and efficient port and logistics complex on approximately 200 acres of land with a sea frontage of approximately 1,000 metres. This multi-purpose terminal and logistics facility will be in close proximity to Jawaharlal Nehru Port ("JNPT"), India's largest container handling port. The Directors believe that the site's prime location will be key to the Facility's success, given its proximity to Mumbai, the commercial capital of India, and the fact that the surrounding area itself will undergo substantial regeneration, including the building of the Trans Harbour Link Bridge, Dedicated Freight Corridor, expansion of JNPT and a new international airport, all of which will, the Directors believe, significantly improve transportation links and access to and from the Facility.

The Group has obtained formal approval from the Maharashtra Maritime Board for the development of the Facility and the Group is party to a 30-year lease agreement with the MMB.

2. KEY STRENGTHS

The Directors believe that the key factors that will contribute to the Group's success include:

- *The Facility's strategic location* – the Group's first project is located in Karanja, a high growth industrial zone, in close proximity to JNPT, India's largest container handling port. India's ports are characterised by considerable congestion and the ports in the Mumbai metropolitan area are no different. It is intended that the Facility will use barge transport to service ships, thereby avoiding using road or rail transport. In addition, it is intended that the Facility will be used by smaller coastal freighters that consolidate and tranship loads to outbound major ports or for inbound distribution to other parts of India. The Directors believe that the Facility will attract a variety of cargo that is currently berthing at other ports along the west coast of India due to the congestion at the Mumbai ports and that the Facility will be able to assist with the feeder movement of cargo received by road and rail to JNPT and other nearby ports. As such, the Directors expect the Facility to operate as a complement to the Mumbai ports, which is in line with the Government of India's policy to relieve pressure on existing ports. As well as these operational benefits, the Directors believe that the Facility's site is also of strategic importance given its close proximity to the industrial area of Navi Mumbai which is benefiting from large investment, including a planned SEZ;
- *Accessibility of the Facility* – the site of the Facility is centrally located, as can be seen from the map on page 11, and well connected, being three kilometres from the proposed Uran Railway Station, which will provide access to the rest of the country. In addition, the site is 7.5 kilometres from JNPT which is connected to the main railway line and has a double track freight line to Panvel from the Central Railway. There are also two more stations planned in the Dronagiri Node of Navi Mumbai and the proposed dedicated rail corridor will further strengthen the linkage of the site to the rest of the country. The location of the second proposed international airport at Navi Mumbai (Ulwe) is also in close proximity to the Facility's site and will enable users of the Logistics Park to move their cargo in and out rapidly by air. The Directors expect that these transport links will significantly enhance the Group's ability to attract business to the Facility from international customers;



- Proven track record of Mr. Nikhil Gandhi and the SKIL Group* – the Company’s Chairman and indirect majority shareholder, Mr. Nikhil Gandhi, as the promoter of SKIL has a track record of identifying and promoting greenfield infrastructure projects in India, including ports and logistics projects, shipyards, railway lines, roads and special economic zones. In addition, the Directors believe that Mr. Gandhi and the SKIL team have a strong reputation for securing debt finance, attracting strategic partners and completing infrastructure projects on time and on budget. Pipavav Port, India’s first privatised port, was constructed by the SKIL Group and received its first vessel in 1996. It is now operated and managed by the A.P. Møller Group, having been sold to the Danish company in 2005. The SKIL Group was also responsible for the development and construction of the Pipavav Railway, the Pipavav Expressways and initially led the conceptualisation and development of the Mumbai Special Economic Zone. The SKIL Group is also engaged in the development of the Navi Mumbai Special Economic Zone, which was co-promoted by the City and Industrial Development Corporation of Maharashtra Limited. Since 2005, the Reliance Industries Group acquired a stake in both these SEZs and is now responsible for their day to day management. The SKIL Group is also credited with conceiving India’s first, post independence, private railway project (Pipavav Railway) under the “Public Private Partnership” model through a 50:50 joint venture with the Ministry of Railways, which involved the construction of approximately 286 kilometres of railway line, serving the Saurashtra region in the state of Gujarat.

Mr. Gandhi and the SKIL Group led the conception and development of the Pipavav Shipyard Limited, a marine engineering facility spread over 491 acres of land. Pipavav Shipyard houses one of the world’s largest dry docks (and India’s largest) as well as the largest wet dock in India. Pipavav Shipyard Limited (“**PSL**”) was listed on the Bombay Stock Exchange and the National Stock Exchange in India in October 2009 and has a current market capitalisation of approximately \$1.5 billion. SKIL is the largest shareholder in PSL with a shareholding of approximately 44 per cent. and recent months have seen PSL being awarded the Essar & CNBC TV 18 Infrastructure

Excellence Award for the port and shipyard category. The Indian Prime Minister dedicated the Pipavav Shipyard to the nation in June 2010.

The Directors believe that the Group will be able to leverage the experience and reputation gained by Mr. Nikhil Gandhi and the SKIL Group in these developments and intend to maintain the reputation of completing projects on time and on budget.

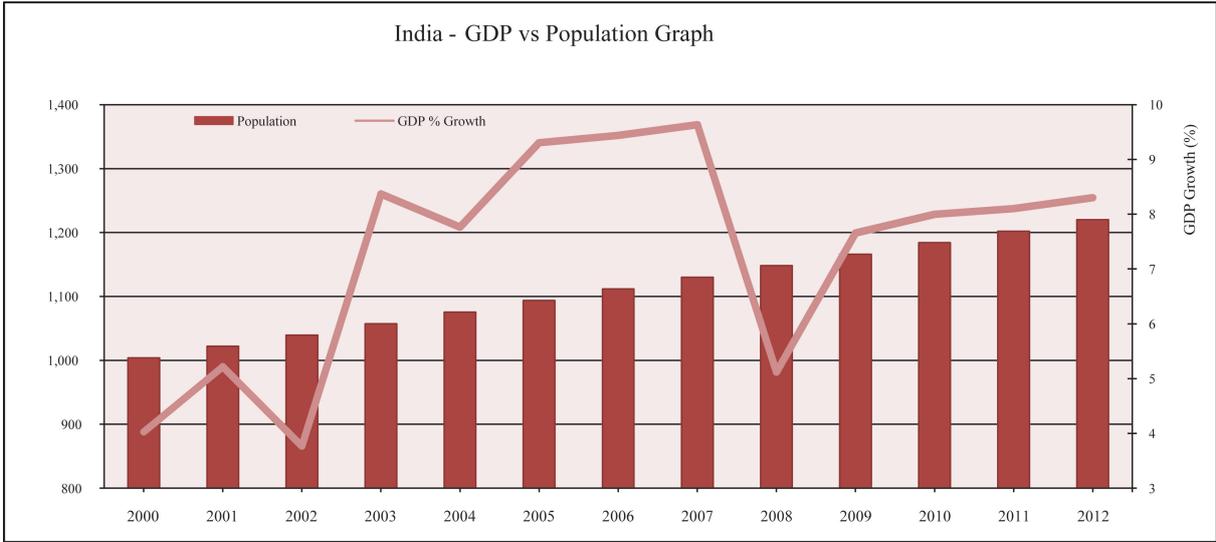
- *Demand drivers* – India’s global trade is increasing, and Indian ports handle 95 per cent. of the country’s total trade by volume. With India’s rising share of total world trade, recent years have seen a continuous increase in the cargo movement to and from India and this is expected to continue. India has generated strong economic growth over the last 10 years and, in 2007, prior to the global downturn, was achieving annual GDP growth in excess of 9 per cent. By 2009, when much of the Western world was in economic decline, India still achieved GDP growth of over 6 per cent. Estimates suggest that this growth will continue and that GDP in India will grow by over 7 per cent. in 2010. Alongside growth in GDP, EXIM trade increased by a CAGR of more than 19 per cent. between 2002 and 2007. This rapid growth in activity has put considerable strain on the infrastructure of Indian ports and, since 2000, total port traffic in India has increased from around 280 MT to over 550 MT per annum. Despite continued investment, most Indian ports have been running at almost 100 per cent. of their intended capacity and suffer significantly longer vessel turnaround times than international standards. The Directors intend for the Facility to add much needed capacity in the port system, something that is being actively encouraged by the Government of India;
- *Commercial attraction* – the Directors expect that the relative efficiency of the Facility and the intention for its handling rates to be priced competitively will mean that cargo carriers will find the Facility a compelling proposition;
- *Lease in place* – the Group is party to a 30-year deed of lease (the “**Deed of Lease**”) (further details of which are set out in paragraph 10.1(a) of Part 5 of this document) with the MMB for approximately 200 acres of land on which the Facility is to be developed and, subject to final approvals being granted, the Directors anticipate that construction will commence in the last quarter of 2010;
- *Proximity to earnings* – the Directors expect the Facility to be generating revenues within 24 months of Admission. Construction of the Facility, which the Directors expect to commence during the last quarter of 2010, is expected to be fully completed within 36 months of Admission; and
- *Development of future projects* – the construction and operation of the Facility at Navi Mumbai will be the Group’s first project. There are, however, a number of additional potential development and operating opportunities, which the Directors expect to pursue in due course and which they believe will broaden the Group’s scope and, if successful, enable it to become India’s largest private port and logistics operator.

3. INDIAN ECONOMY

The Directors believe that the emergence of India as a major power in world trade provides the positive environment in which to pursue the Group’s strategy.

India is the world’s largest democracy in terms of population with approximately 1.1 billion people and this is expected to grow by 1.4 per cent. in 2010. The population is relatively young, with a median age of approximately 25 years of age in 2009, and is well educated due to government programmes. India’s political stability and programmes of economic liberalisation have encouraged foreign direct investment (“**FDI**”), particularly over the last ten years, with cumulative FDI equity inflows into India of over \$100 billion from April 2000 to March 2010. In 2007, before the world economic slowdown, the Indian economy grew at more than nine per cent. per annum and has shown resilience during the financial and economic slowdown, achieving annual growth of over six per cent. during 2009 and annual growth of over eight per cent. is predicted for 2010.

The growth in both India’s population and GDP is illustrated in the graph below:



Source: Thomson Datastream

4. INDIA’S PORT SECTOR

India’s economic growth has led to corresponding growth in the country’s port and logistics industries. India’s share of world trade increased from 1.1 per cent. in 2004 to 1.5 per cent. in 2006, with the GoI’s target being a five per cent. share by 2020. In addition, the Indian economy is giving impetus to EXIM trade, which is expected to grow over the next five to ten years. The significant increase in India’s international trade during recent years has resulted in a sharp increase in traffic handled at India’s major ports, with it reaching approximately 51.3 MMT in January 2010, an increase of 13.4 per cent. from the previous year. Growth in India’s port traffic is expected to be sustained at approximately 12-15 per cent. per annum for the next decade and, with ports handling around 95 per cent. of India’s total trade in terms of volume and 70 per cent. in terms of value, the Directors expect the ports and logistics sector to benefit significantly from the continued strength of the Indian economy.

Indian ports are divided into major ports (“**Major Ports**”) and non-major ports (“**Non-Major Ports**”), the distinction lying in their control and governance, with Major Port trusts being regulated by the central government. There are 12 Major Ports, 11 of which operate under a government trust structure and one which operates as a corporate entity. There are some 200 Non-Major Ports, although only 66 are currently operational, with these being regulated by the respective state governments whilst being privately owned and operated.

The 12 Major Ports, which have a combination of dedicated bulk terminals, specialised container terminals and general cargo berths, handle approximately 75 per cent. of the total Indian port traffic and are shown on the map below.



In 2008-09, India handled approximately 743 MMT of cargo at its Major and Non-Major Ports.

Inadequate infrastructure

The Directors believe that the Major Ports in India are insufficient to meet the country's current and anticipated needs, with outdated berth configuration, outmoded cargo handling equipment, insufficient maintenance and inadequate operational draft. As a result, the Directors believe that Indian ports are operationally unsuitable for increased cargo handling and for the handling of larger, modern vessels. Congestion within the ports means longer waiting times for ships, which increases transaction costs and has an adverse impact on the logistics chain. Road transport capacity is unable to compensate for the Major Ports' inefficiencies due to poor linkages, and railways lack the necessary equipment and structure to ensure a steady flow of container traffic.

Two critical factors that impact the efficiency of ports are the turnaround time of vessels and berth throughput. Higher handling and sea transport costs result in shipping cargo from Indian ports being cost-inefficient and uncompetitive in international markets. This, coupled with the long turnaround time of vessels, has discouraged large cost efficient shipping liners from considering Indian ports. The pre-berthing and turnaround times for Indian ports are illustrated below:

Turnaround time at Indian ports

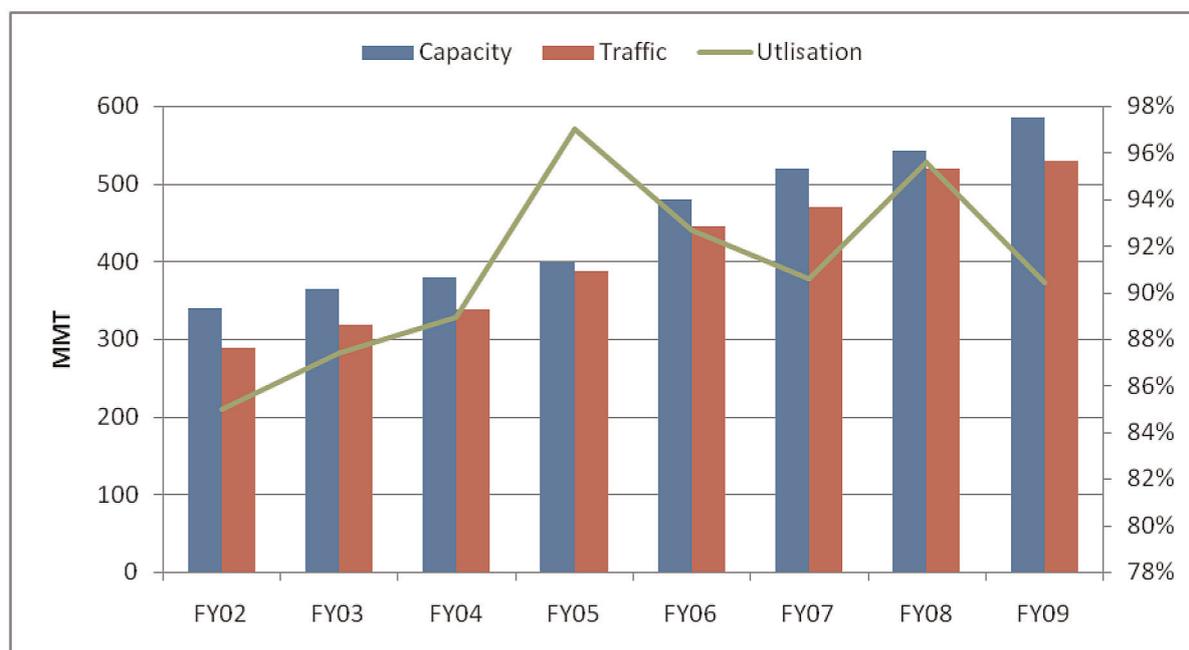
Name of port	Average pre-berthing waiting time (hours) (on port account)			Average turnaround time (days)		
	2006-07	2007-08	2008-09	2006-07	2007-08	2008-09
Kolkata (KDS)	0.13	0.24	1.27	3.89	4.87	4.60
Haldia Dock Complex	26.05	33.44	24.45	3.97	4.26	4.21
Mumbai	5.22	5.07	7.37	4.63	4.44	4.95
JNPT	5.45	10.20	9.50	1.67	1.85	1.97
Chennai	0.80	1.00	0.90	3.40	4.60	4.20
Cochin	0.29	1.21	1.31	2.19	1.99	2.08
Visakhapatnam	4.78	5.10	4.35	3.65	3.91	3.93
Kandla	35.28	32.64	28.08	5.46	5.13	5.20
Mormugao	19.34	18.35	11.48	4.46	4.03	3.61
Paradip	1.41	1.48	1.30	3.54	5.54	4.78
New Mangalore	1.87	1.92	0.96	3.14	3.21	3.00
Tuticorin	3.22	4.32	3.36	3.67	3.80	3.66
Ennore	0.31	0.75	0.74	1.89	2.08	2.35
All Major Ports	10.05	11.40	9.55	3.62	3.93	3.87

Source: Department of Shipping, GoI

Lack of capacity and over utilisation

The Major Ports operated on average at over 90 per cent. capacity utilisation in 2008-09 as can be seen in the graph and table below:

Major Ports operating utilisation rates



Source: Ministry of Shipping, GoI

CAPACITY UTILISATION AT MAJOR PORTS

(Million Tonnes)

Port	2007-08			2008-09 (estimated)		
	Traffic	Capacity	Utilisation (%)	Traffic	Capacity	Utilisation (%)
Kolkata	13.74	19.06	72.09	12.43	20.26	61.35
Haldia	43.59	46.70	93.34	41.62	46.70	89.12
Paradip	42.44	56.00	75.78	46.41	71.00	65.37
Visakhapatnam	64.60	61.15	105.64	63.91	62.23	102.70
Ennore	11.56	13.00	88.95	11.50	16.00	71.88
Chennai	57.15	53.35	107.13	57.49	55.75	103.12
Tuticorin	21.48	20.75	103.52	22.01	22.81	96.49
Cochin	15.81	28.37	55.73	15.23	28.37	53.68
N.Mangalore	36.02	43.50	82.80	36.69	44.20	83.01
Mormugoa	35.13	33.05	106.29	41.68	33.05	126.11
J.L.Nehru	57.04	50.70	112.50	51.88	49.70	104.39
Mumbai	55.84	54.34	102.76	57.30	57.96	98.86
Kandla	64.92	63.50	102.24	72.22	78.04	92.54
All Ports	519.31	543.47	95.56	530.37	586.07	90.50

Source: Ministry of Shipping, GoI

The Directors believe this over-utilisation has worsened, and most of the Major Ports along the west coast of India have been operating at more than 90 per cent. capacity utilisation since 2005. The Directors believe that the capacity pressure on Major Ports along the west coast of India is an opportunity for new operators to acquire a larger share of the container traffic bound for or originating from the hinterland of India.

Most Major Ports have historically been forced to handle capacity that was more than their rated capacity, resulting in high pre-berthing detention and turnaround time of vessels. The capacity at Major Ports in 2007 was 508.6 MMT, against handled traffic of 463.8 MMT in the same period, resulting in 91 per cent. capacity utilisation. Whilst the number of berths is less of an issue, the outdated layout of berths, outmoded cargo handling equipment, insufficient maintenance and inadequate operational dredges work

together to make the process inefficient. An inadequate logistics chain in terms of poor land transport capacity and railway connectivity also adds to the capacity constraints.

Increasing containerisation

The use of containers to transport goods is a global phenomenon, driven by the benefits of standardised handling and security. Whilst the growth in India's GDP has been notable and is forecast to continue, the growth rate of container traffic is even greater. India's container traffic more than doubled between 2001-02 and 2008-09, increasing from 2.89 million TEUs to 6.85 million TEUs over the period. It is estimated that global containerisation levels stand at 80 per cent. while in India it has stabilised at around 50 per cent. in the past few years. The relatively low penetration levels can be attributed to the lack of container handling infrastructure at ports and the lower availability of wagons. The directors believe that ports in India, however, are improving their container-handling infrastructure and more wagons are expected to be made available.

Government initiatives

According to the GoI's Planning Commission, there is an investment opportunity of US\$25 billion in India's shipping and ports sectors by 2011-12 as the country seeks to double its ports capacity to over 1,500 MMT. To date, however, the Government has only been partially successful in augmenting the capacity at the ports to meet current demand.

It is forecast that, in order to meet the expected increase in demand, cargo handling capacity will have to increase to 1,855 MMT by 2012 from the current 758 MMT and, in order to achieve this, it is estimated that an investment of US\$20.6 billion will be required. Investment by private firms is being actively encouraged by the Government of India and it is forecast that up to 65 per cent. of the required investment may come from the private sector.

The GoI's new foreign trade policy envisages doubling India's share of global exports in the next five years to US\$150 billion. In addition, growth in merchandise exports is projected to be over 13 per cent. per annum and the GoI has recognised the need for significant investment in port infrastructure.

The GoI has set up the National Maritime Development Programme to develop, strengthen and rejuvenate maritime activities in India. The policy has been formulated to establish a strategy for the development of the port sector until 2025 and aims at the modernisation and expansion of existing port facilities through the investment of approximately \$12.4 billion.

The GoI has introduced a series of measures to promote foreign investment in the port sector, including:

- guidelines for private/foreign participation that permit the formation of joint ventures or foreign collaboration for setting up port facilities;
- foreign investment of 100 per cent. being permitted for construction and maintenance of ports and harbours and in projects providing support services to water transport;
- foreign direct investment of up to 100 per cent. being allowed on an automatic basis in support services such as operation and maintenance of piers and loading and discharging of vessels;
- income tax exemption of up to 100 per cent. will be provided for a period of 10 years for port developmental projects; and
- private sector entities are allowed to establish captive facilities.

In summary, the historic and anticipated economic landscape for India means that the current port facilities in the country are insufficient for its needs. In addition, there is a large and growing global demand for containerised transportation, which has relatively low but growing penetration in India. The Directors have identified what they believe to be the optimum site to capitalise on these factors in Mumbai, the "Gateway to India". The Government of India is acting to address capacity issues and the track record of Mr. Nikhil Gandhi and the SKIL Group has meant that the Company has been able to benefit from these government initiatives. The Directors expect the Facility to help alleviate congestion by being a hub for the coastal movement of containers in the region and to be a key step in seeking to achieve the Group's ambition to become the leading private port operator in India.

5. LOGISTICS SECTOR IN INDIA

The process of managing, controlling and delivering the flow of goods and services from the source of production to the marketplace involves the integration of manufacturing, transportation, inventory,

warehousing and packaging. The logistics industry in India generated revenue of approximately US\$75 billion in 2009 and is expected to grow at a CAGR of 9.9 per cent., reaching revenues of approximately US\$120 billion in 2014.

Historically, the logistics industry in India has been fragmented but consolidation and investment has taken place as businesses recognise the cost saving potential offered by logistics solutions and integrated services. Changes to the tax system, higher manufacturing outsourcing and investments in infrastructure and technology are all growth drivers and the Directors expect that this will enable the providers of integrated logistics solutions to prosper, with the growth in Indian container traffic referred to above enhancing growth further.

India ranks 47th on the World Bank's Logistics Performance Index and currently spends approximately 13 per cent. of its GDP on logistics, as compared to the US average of approximately 8 per cent. It is estimated that reducing logistics costs by 1 per cent. of GDP would translate to savings of over US\$7.5 billion and the GoI plans to spend US\$24 billion over the next 7-8 years on supply chain infrastructure, as well as implementing policies and regulations to improve public infrastructure and initiatives in the form of various incentives, infrastructure development projects and the establishment of dedicated logistics parks and Free Trade Warehousing Zones ("FTWZs").

Warehousing

An effective logistics infrastructure requires efficient warehousing facilities to provide value added integrated logistics solutions in a timely and cost effective manner. The Directors believe that the role of warehousing is changing from a conventional inventory storehouse to that of a 'sort and merge' facility, incorporating services and activities such as consolidation and breaking up of cargo, packaging, labelling, bar coding and reverse logistics. Leading retail groups such as Wal-Mart, Carrefour and Tesco have entered the Indian retail sector with a focus on wholesale trading. The Directors believe that modern warehousing practices are essential for such retail groups and the demand for world-class logistics standards and specifications in India is expected to rise. With the penetration of large international retailers and their sophisticated logistics operations expected to continue, the Directors expect the logistics sector in India to grow for the foreseeable future.

Warehousing activities account for only 20 per cent. of the total logistics industry in India and, in the absence of large warehousing facilities, small storage units are prevalent in India. A scarcity of modern warehouses currently results in large scale waste of farm produce, estimated at between 20 and 40 per cent. of a harvest, as well as hindering growth of futures trading in farm commodities. At the same time, India's reputation as a manufacturing hub continues to be enhanced, with outsourcing in high-tech sectors being a particular growth area. In order to remain cost-competitive, the Directors expect that contract manufacturers will demand that the Indian logistics sector becomes more efficient.

Total warehousing capacity in the country was approximately 80 MMT in 2009. The organised warehousing industry in India is growing at 35 to 40 per cent. per annum, and is estimated to grow from US\$20 billion in 2007-08 to US\$55 billion by 2010-11. An investment of approximately US\$500 million is being planned by various logistics companies for the development of approximately 45 million square feet of warehouse space by 2012.

The Directors expect the Group to be a key beneficiary of these general market dynamics with the modern warehousing and logistics capabilities to be put in place at the Facility.

6. THE PROJECT

The Company was incorporated in August 2010 in order to capitalise upon the significant opportunity which the Directors believe exists in the Project and in the Indian port and logistics sectors generally. The Directors intend the Facility to be a modern and efficient port and logistics complex on approximately 200 acres of land with a sea frontage of approximately 1,000 metres at Karanja Creek, in close proximity to Navi Mumbai and JNPT.

Multi-purpose Terminal

The Multi-purpose Terminal is expected to be developed on approximately 100 acres of reclaimed estuary land and will comprise a terminal with a 600 metre quay serviced by eight cranes, allowing the Multi-purpose Terminal to handle bulk, container and general cargo. The Multi-purpose Terminal will concentrate principally on servicing the nearby container handling port of JNPT and other ports in the area and will be capable of handling vessels of up to 4,000 DWT. The Directors expect that the Facility

will link the wider economic hinterland of the region with the Major Ports on the west coast of India and other Non-Major Ports elsewhere in India. The Directors expect this to be done using 4,000 DWT barge transport to service ships, thereby avoiding using road transport and the long waiting times at the congested JNPT, as well as by docking smaller coastal freighters that will be able to consolidate and tranship loads to the outbound Major Ports or for inbound redistribution to other parts of India. As such, the Directors view the Facility as a complementary facility to JNPT and other ports in the area rather than a direct competitor.

The Directors expect the Multi-purpose Terminal to attract a variety of cargo, especially dry goods such as containers and break bulk, with revenues being primarily generated from container handling, storage and value added services, including palletisation and monitoring.

Logistics Park

The Logistics Park will be developed on approximately 100 acres of land and will comprise state-of-the-art logistics and warehousing facilities with capacity of 450,000 square feet for the temporary storage of cargoes, sorting, labelling, breaking up or re-assembling of loads, as well as for facilitating the customs process and providing documentation services. Ultimately, the Directors envisage that the site will have both cold storage and bonded facilities. To ensure that the Logistics Park offers an attractive proposition to importers and exporters, the proceeds of the Placing will provide for high quality infrastructure such as core IT (including container tagging and tracking through customs), electrical, water/drainage services, stackers and forklifts, cranes and weighbridges, as well as trained personnel. The Directors expect that the back-up and support services to be provided by the Logistics Park will form a vital component of the Facility and it is expected that a significant proportion of the Facility’s revenue will be from the shore side onward processing rather than from the discharging of vessels.

The Directors believe that the Multi-purpose Terminal and Logistics Park will complement each other as mutual business drivers.

Location

The Directors believe that the Facility’s location, illustrated on the map below, is one of its key advantages:



The site is located in the vicinity of Navi Mumbai, the business region for Mumbai which itself is the hub for the industrial State of Maharashtra. Although Navi Mumbai is already well connected to the rest of India there are several further major infrastructure projects underway in the surrounding region which the Directors believe will significantly improve the value of the Facility.

The distance to the Facility from various existing and proposed transport routes are set out below:

Particulars	Distance from Site (Km)
JNPT (sea route)	Close proximity
National Highway 17 (Mumbai to Calicut)	1
State Highway 54	2
Uran Railway Station ¹	3
Mumbai Trans-Harbour Link ²	3.5
National Highway 4B (JNPT – Kalomboli)	6
Proposed International Airport at Navi Mumbai ³	10
National Highway 4 (Mumbai - Chennai)	18
Mumbai - Pune Expressway	20
Mumbai Airport (CST)	55

¹ Construction approved but not yet commenced.

² Construction on the Mumbai Trans-Harbour Link is expected to be completed within four years of the start of construction.

³ Proposed development of an international airport in Navi Mumbai is expected to be completed in four years.

In addition to the Facility, the region is expected to benefit from further government or privately planned infrastructure projects, including:

- *Dedicated Rail Freight Corridor from JNPT to New Delhi* – The development of a dedicated rail freight corridor from New Delhi to JNPT, which is proposed to be completed within eight to ten years, is expected to boost economic activity in the region.
- *Navi Mumbai Special Economic Zone* – the Navi Mumbai SEZ, which is being developed by Reliance Industries, will extend to over 5,250 acres in total, of which 4,125 acres have already been handed over.
- *Maha Mumbai Special Economic Zone* – The Maha Mumbai SEZ is proposed to be developed over 12,500 acres, of which rights over 3,500 acres have already been created.
- *Mumbai Trans-Harbour Link* – this six to eight lane 22 km bridge will span from Sewri, Mumbai to Navi Mumbai and the proposed extension will connect it to the Mumbai-Pune Expressway. Construction is expected to be completed in four years and will transform the connectivity of the Navi Mumbai region by bringing it to within 30 minutes driving distance of South Mumbai (CBD).
- *Navi Mumbai Airport* – the proposed development of an international airport in Navi Mumbai, which is expected to be completed in four years, would greatly increase the prominence of the entire region.

Deed of Lease

The Group is party to the Deed of Lease with MMB (with an effective date of 7 August 2009) for the 821,440 square metres (approximately 200 acres) of land on which the Facility is to be developed on a build, own, operate and transfer (“**BOOT**”) basis. Further details of this agreement are set out in paragraph 10.1(a) of Part 5 of this document.

Specific site data

The site is located just beyond the eastern limits of Mumbai port and consists of tidal “mud flats” along the eastern bank of Karanja Creek. Geotechnical data indicates that the site consists of very soft marine clay varying in depth from three to 13 metres. The tidal variations in Mumbai waters are mainly semi-diurnal but with an appreciable diurnal element which produces unequal tides on most days and causes wide variations in extreme levels, such that the lowest highwater is actually lower than the highest lowwater. The waters within Karanja Creek are relatively calm and without much disturbance. The land required for the Facility is to be reclaimed and suitably treated to provide strength to accommodate the envisaged facilities. The Directors expect the total fill required to be approximately four million cubic metres and the Directors expect that dredging of the approach channel and other navigational areas may be reduced by taking advantage of the tidal window in Mumbai harbour.

Customers

The Directors expect that the Facility’s customer base will be predominantly made up of exporters, importers, ship-liners, logistics companies, pure play warehousing service providers, trading companies and manufacturing units. The SKIL Group has a track record of having established and maintained

strong relationships with a broad customer base and the Directors expect this to be the case with the Facility and for contracts with customers to be in place prior to the facility opening.

Construction

Development of the port and logistics complex will include construction of a multi-purpose terminal that will consist of vessel berths, stockyards, warehouses and administrative buildings. Preliminary engineering has been carried out to determine appropriate concept designs and construction methodology for the various components of the project. Typical structural arrangements for berths, warehouses and other buildings to suit geotechnical and hydrological site conditions as well as various other relevant aspects have also been determined in order to arrive at realistic costs for various structures.

The first steps in the construction of the Project will be reclamation and dredging. The area for reclamation is around 80 hectares (approx. 200 acres).

Structures for the cargo berths and logistics complex will consist of reinforced concrete superstructures supported on piles. All engineering and construction methodologies adopted will be in accordance with relevant safety standards and good engineering practice.

Cost of the Facility

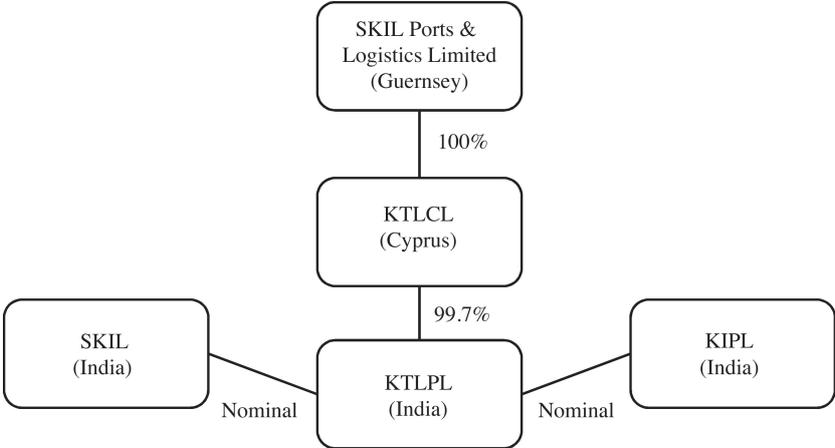
The estimated total project cost, including for the construction and development of the Facility, is Rs. 7.7 billion (£108.47 million, \$171.34 million), of which approximately Rs. 4.62 billion (£65.08 million, \$102.8 million) is intended to be raised from the net proceeds of the Placing and the remainder through debt finance. The Directors are confident of securing appropriate debt finance given the SKIL Group’s track record of securing debt for previous projects.

7. CORPORATE STRUCTURE

The Company was incorporated on 24 August 2010. Immediately prior to Admission the issued share capital of the Company will be owned as to approximately 93.53 per cent. by SKIL Global Ports & Logistics, an investment company controlled by Mr. Nikhil Gandhi and approximately 6.47 per cent. by Mr. Pavan Bakhshi. Upon Admission, and assuming the Placing is fully subscribed, these shareholdings in the Company will be diluted to approximately 28.91 per cent. and 2 per cent. respectively.

The Company wholly owns Karanja Terminal & Logistics (Cyprus) Limited, a Cypriot intermediate holding company.

Karanja Terminal & Logistics Private Limited is, at the date of this document, owned as to 49 per cent. by SKIL, including jointly with certain nominees, and as to 51 per cent. by Karanja Infrastructure Private Limited and its affiliates (“**KIPL**”), a group outside of the SKIL Group. KTLCL has agreed to subscribe for shares in KTLPL and KTLPL has agreed to issue shares, in each case conditional on Admission, such that the Group structure will be as follows following completion of KTLCL’s subscription:



KTLPL is party to the Deed of Lease described above following its novation from KIPL to KTLPL in September 2010 pursuant to the deed of confirmation described in paragraph 10.1(b) of Part 5 of this document.

SKIL Global Ports & Logistics (controlled by Mr. Nikhil Gandhi) and Mr. Pavan Bakhshi (together the “**Founder Shareholders**”), as the sole shareholders of the Company prior to Admission, have been granted warrants by the Company to subscribe, conditional upon Admission, for 4,400,000 Ordinary Shares (representing 10 per cent. of the Enlarged Share Capital) at nominal consideration within three months of the Multi-purpose Terminal and Logistics Park becoming operational (which will be tested by reference to an annualised revenue target of £48 million, which must be met on or before 31 December 2015, or as otherwise determined by the independent non-executive directors of the Company (in consultation with Cenkos) from time to time) (the “**Founder Warrants**”). The Board believes that the Founder Warrants align the interests of the Founder Shareholders with Shareholders’ interests and will fairly compensate the Founder Shareholders for achieving a specific performance target, which in turn will enhance Shareholder value.

Assuming that the Placing is fully subscribed and that the Cenkos Warrants are not exercised, the Founder Shareholders’ interests in the issued share capital of the Company immediately following Admission will be 30.9 per cent. in aggregate, and 37.2 per cent. in aggregate on a diluted basis, that is assuming full exercise of the Founder Warrants.

The Founder Shareholders may also become entitled to receive additional warrants or Ordinary Shares upon the Company’s investment in, or acquisition of, projects in the future under the terms of the Relationship Agreement, further details of which are set out in paragraph 10.2(e) of Part 5 of this document. The detailed terms of any such transaction will be subject to the agreement of the Company at the appropriate time.

Further details of the Founder Warrants referred to above are set out at paragraph 10.2(f) of Part 5 of this document.

8. FUTURE DEVELOPMENTS

Whilst the Project, comprising the Multi-purpose Terminal and the Logistics Park will be the initial focus for the Group, the Directors expect to pursue additional opportunities in due course. The Company’s close relationship with SKIL and Mr. Nikhil Gandhi and the terms of the Relationship Agreement between them (which is described in more detail in paragraph 10.2(e) of Part 5 of this document), will give the Group the potential opportunity to invest in the additional existing port and port related logistics projects promoted by SKIL, as well as other projects as yet to be identified. Any such investments would be subject to board, shareholder and such other approvals where necessary, and subject to the availability of adequate funding, due diligence and agreement on acceptable commercial terms. The other port and port related logistics projects currently promoted by SKIL are: Chiplun FTWZ, in which the SKIL Group currently has a 52 per cent. direct and indirect ownership interest, and Port West, in which the SKIL Group and Mr. Nikhil Gandhi in aggregate currently have a direct and indirect ownership interest of more than 51 per cent. The Company does not plan to use any of the net proceeds of the Placing to invest in either Chiplun FTWZ or Port West but may do so in the future.

Chiplun FTWZ

Chiplun FTWZ, in which the SKIL Group currently has a direct and indirect 52 per cent. ownership interest, was established to develop a FTWZ over a 100 acre site in Navi Mumbai, near to JNPT, which will be an integrated logistics and distribution hub focusing on container traffic (the “**FTWZ Project**”). The Directors anticipate that, once the necessary regulatory approvals and licences have been received and further funding has been secured, development of the FTWZ Project will commence. The construction process is anticipated to be relatively straightforward, essentially requiring the concreting and strengthening of the area and the erection of security fencing and the warehousing structures. The Directors expect, therefore, that it would be possible for operations to commence at the site of the FTWZ Project within 18 to 24 months of receipt of the necessary regulatory approvals and licences. Chiplun FTWZ should be able to benefit from certain favourable tax provisions that relate to FTWZs, including excise duty exemptions and income tax benefits. Revenues will be primarily generated from charges relating to ground rent, container handling, storage and handling and value added services, including palletisation and monitoring.

Port West

Gujarat Positra Port Company Limited (“**GPPCL**”), in which the SKIL Group and Mr. Nikhil Gandhi in aggregate have a direct and indirect ownership interest of more than 51 per cent., plans to develop 16 seaport terminals over 4,000 acres of land in Port West. Port West is located at the mouth of the Gulf of

Kutch, on the western coast of India in the state of Gujarat, conveniently located on the Dubai-Singapore shipping and trade route. The Directors believe that Port West enjoys key strategic and natural advantages such as a natural deep-water draft, tranquil and calm waters, two natural approach channels and good rail and road connectivity. The location is well sheltered by islands and the channel needs no major dredging. The Directors believe that Port West has the potential to be the largest container port in India as it would be able to handle the largest existing and next-generation ships, due to its deep-water draft. Currently, the Indian cargo in larger vessels is routed through Colombo, Singapore or Dubai leading to operational inefficiencies as no Indian port can handle next-generation vessels.

The proposed Port West development, which would be India's first deep-sea port, would be on the landlord-based model with GPPCL building the first terminal along with supporting infrastructure and then leasing the terminal to an external operator. Development of other terminals would also be leased out to external operators. Port West is located on the western coast of India in the state of Gujarat which has 1,600 kilometres of coastline handling 70 per cent. of the minor port traffic. The site has adequate demand drivers, including proximity to Middle Eastern, African and European markets and the lucrative hinterland of the landlocked north and north-western regions of India, which contribute approximately 55 per cent. of the cargo handled at Indian ports.

SKIL has started feasibility studies and construction is expected to commence as soon as all necessary approvals have been received.

SKIL Group

The Directors are aware that SKIL Infrastructure Limited intends to raise capital within the next 12 months, including via an initial public offering combined with a listing in India.

9. REASONS FOR ADMISSION AND USE OF PROCEEDS

The net proceeds of the Placing will be approximately £71.4 million (after estimated expenses) and will be used by the Company to fund the equity requirement of the Project and to provide working capital for the Group as it develops the Project and future operations.

10. DIRECTORS AND SENIOR MANAGEMENT

Directors and Senior Management

Board of Directors

Nikhil Gandhi (Chairman, 51). Nikhil is the Chairman of the Company, and also the Executive Chairman of SKIL. Nikhil is a first-generation entrepreneur with business interests in marine equipments, marine engineering and infrastructure. He has over 25 years of experience as an entrepreneur of various marine and infrastructure development projects and, under his leadership, the first private port in India was set up through Gujarat Pipavav Port Limited. Nikhil has been nominated as a trustee of the Mumbai Port Trust on two occasions. In 1990, Nikhil received the "Best Young Entrepreneur" award from the Ministry of Chemicals and Petrochemicals, Government of India and in 2001, he was conferred the "Great Son of Soil" award by the All India Conference of Intellectuals.

Pavan Bakhshi (Managing Director, 33). Pavan joined SKIL from Askar Capital, a Nordic investment firm with a key focus on emerging economies, where he was a Managing Director and head of their Indian operations. Pavan built Askar's presence in India and oversaw the deployment of significant proprietary capital for infrastructure projects in India. Prior to Askar Capital, Pavan was at Bear, Stearns & Co. Inc. in its Strategic Finance Group working both in New York and London, where he was responsible for the firm's equity capital markets business for Europe and Asia. During his career at Bear Stearns, Pavan was involved in raising in excess of \$12 billion of equity and hybrid capital for global corporations including several leading Indian corporations. Pavan worked in all areas of business including convertible bond origination and execution, origination and execution of IPOs, follow on offerings and block trades. Pavan graduated from the University of Edinburgh.

Jigar Shah (Interim Finance Director, 33). Jigar is a qualified chartered accountant and an Indian resident. Jigar is the President of Finance of SKIL and has overall responsibility for a number of core matters, including fundraising for the SKIL Group, planning equity issues, regulatory matters and shareholder relations. Jigar has been directly involved with a number of SKIL's major infrastructure projects, including Pipavav Port, Pipavav Railway and Pipavav Shipyard. He has been with the SKIL Group since 1998. Prior to that, Jigar was employed by a firm of chartered accountants in India.

In the months following Admission, as the Company moves towards its operational phase, it is intended that the Company will appoint a suitably qualified successor to Mr Shah.

Peter Jones (Non-Executive Director, 55). Peter has had a long and successful career in the ports industry. In April 2007 he was appointed Chief Executive of Associated British Ports Limited, the leading company in the UK ports industry, which owns and operates 21 ports around the coastline of Great Britain handling approximately 24 per cent. of the country's seaborne trade. He was previously the Chief Executive of The Mersey Docks & Harbour Company, a FTSE Mid-250 company which owned and operated the ports of Liverpool, Heysham, Sheerness and Chatham prior to its acquisition by Peel Ports in 2005. Peter has served as a non-executive director of Through Transport Mutual Insurance, and as a Member of the Bank of England's North-West Quarterly Panel. He has an MA (Oxon.) in Modern History and an MSc in Management from the University of Salford.

James Sutcliffe (Non-Executive Director, 57). James has worked for more than 30 years in the shipping and port industry as Chairman of John Sutcliffe & Son (est. 1862). He is chairman of UK Trade & Investment's (UKTI) Ports Advisory Group advising the UK government and marine industry on international port developments. James' widespread experience of delivering and managing port projects includes the £475 million acquisition of PD Ports Ltd in the UK in 2004. Teesport is the second largest port in the UK which was floated on the London Stock Exchange in 2005. More recently James founded, developed and financed the \$200 million green field 500,000 TEU DCT Gdansk SA container terminal at Gdansk in the southern Baltic and he is currently advising the Nigerian government on a \$300 million port development for the offshore oil and gas industry. James is also Chairman of Sutcliffe Solloway insurance group in the UK handling general and marine insurance and founder of Port Evolution Management Ltd, an international port consultancy business.

In due course the Company intends to appoint an additional non-executive director with a financial background.

Senior Management

The following senior management of the SKIL Group's Ports and Logistics Division will join the Group following Admission:

Commodore P. K. Mukherjee – Technical Director

Commodore Mukherjee has vast experience in the marine sector. He is an alumnus of the National Defence Academy and a Post Graduate in Marine Engineering from the Indian Navy. Cmde Mukherjee has spent nearly 25 years of his career in commissioned service of the Indian Navy during which he served in various capacities at sea and ashore. After voluntary retirement from the Navy in 1991, he spent nearly 15 years at Mazagon Docks Ltd., in various capacities including General Manager (Submarine, Shipbuilding) and finally as the Director (Corporate Planning & Personnel) on that company's board.

Commodore J. C. Bhatia – Director of Operations

Commodore J. C. Bhatia has more than 40 years of experience in the marine, port and logistics sector. He is a Graduate in Engineering (BE) and Science (BSc). During his tenure of approximately 10 years with Pipavav Port and Logistics, he has played a key role in the development of the project and held various senior positions such as President (Infrastructure), President (Operations), and President (Administration).

Jay Mehta - Commercial and Business Development Director

Mr. Jay Mehta is a management professional with over 10 years of experience in various fields including port operations and management, port marketing, logistics planning and financial services. He is currently a Director within the SKIL Group's Ports and Logistics Division.

Shishir Kumar Rai

Mr. Shishir Rai is an Architect and Urban Planner and has extensive experience in the Infrastructure Sector. Mr. Rai has over 8 years of experience in planning and designing a broad range of infrastructure projects including Marine Infrastructure, Logistics Infrastructure, Tourism Infrastructure and Knowledge Infrastructure.

Siddhi Doshi

Ms. Siddhi Doshi holds a Masters Degree in Financial Management with Economics and a Bachelor's Degree in Commerce. She plays a significant role in project planning and contractor and vendor selection

processes by conducting techno-commercial evaluations of proposals submitted and in the negotiation process.

11. FINANCIAL INFORMATION

The Group has not yet commenced operations and does not have any historical consolidated financial statements or other meaningful operating or financial data on which potential investors may evaluate the performance of the Group. The unaudited historical financial information of the Company as at 24 August 2010, its date of incorporation, is set out in Part 4 of this document.

12. CORPORATE GOVERNANCE

Although there are no specific corporate governance rules in Guernsey, the Board recognises the value of good governance and intends, following Admission, to comply with the provisions of the UK Corporate Governance Code so far as is practicable for a company of its size, stage of development and nature as a company whose securities are traded on AIM. In any event, the Board intends to comply with the provisions of the QCA Guidelines.

The Board has established the following committees:

An audit committee has been established by the Company to operate from Admission and will comprise Mr. Peter Jones and Mr. James Sutcliffe. The audit committee will be chaired by Mr. Peter Jones and will meet at least twice each year. The audit committee's responsibilities will include ensuring the appropriate financial reporting procedures are properly maintained and reported on, and for meeting with the Company's auditors and reviewing their reports and accounts and the Company's internal controls.

The Company has established a remuneration committee, comprising Mr. Peter Jones, Mr. James Sutcliffe and Mr. Nikhil Gandhi. The remuneration committee will be chaired by Mr. Peter Jones and will meet at least twice each year. The remuneration committee's responsibilities will include reviewing the performance of the executive Directors, setting their remuneration levels, determining the payment of bonuses, determining at what point the Company should adopt any form of share option plan and considering the grant of options under any such plan and, in particular, the price per share and the application of the performance standards which may apply to any grant.

The Company has adopted a Share Dealing Code for the Board and employees of the Company, in conformity with the requirements of Rule 21 of the AIM Rules for Companies, and will take steps to ensure compliance by the Board and applicable employees with the terms of the policy.

Both Mr. Peter Jones and Mr. James Sutcliffe, non-executive Directors of the Company, are considered by the Company to be independent.

Relationship Agreement

The Company, Mr. Nikhil Gandhi, SKIL Global Ports & Logistics and SKIL have entered into a relationship agreement governing certain aspects of the relationship between them, pursuant to which the parties have agreed, among other things, that conditional upon Admission:

- Mr. Gandhi will (and will procure that SKIL Global Ports & Logistics will) exercise his voting rights to ensure that transactions between the Group and any member of the SKIL Group are conducted at arm's length and on a normal commercial basis and that at all times the Group carries on its business independently of the SKIL Group having regard to its own interests rather than those of any particular Shareholder;
- Mr. Gandhi shall have the right by notice in writing to the Company, to nominate, remove and replace a third of the Board (rounded up in the case of a fraction) as non-executive directors of the Company from time to time (each such person being a "**Nominated Director**"). Upon Admission, Mr. Gandhi will be the only Nominated Director for the time being. Nominated Directors shall not vote at any meeting of the Board on any matter in relation to which they may have a material interest or an actual or potential conflict of interest. A majority of the Board will at all times be independent;
- SKIL, Mr. Gandhi and SKIL Global Ports & Logistics will not, and SKIL will use reasonable endeavours to procure that each member of the SKIL Group will not, engage, invest or be interested, directly or indirectly, in the business of constructing, owning or operating a port or port related logistics business in India or in any such business competitive with the Group except that they may engage, invest or be interested in such businesses provided that: (i) the Company has been

offered the right to become a co-promoter (alongside SKIL) with a majority equity stake in respect of such investments or activities on terms to be agreed between the parties; or (ii) such investments or activities are not material (in the reasonable opinion of SKIL) to SKIL's total assets, provided that in such event the Company will have a right of first preference with respect to such business on the basis described in the following paragraph;

- when funding is sought for either Chiplun FTWZ or Port West in the future, whether by the issue of new equity by the relevant project vehicle or the sale by SKIL of some or all of its equity in the relevant project vehicle, SKIL will offer the Company a right of first preference to acquire such equity on terms to be agreed between the parties (acting reasonably and in good faith), subject to certain limitations. The parties intend and shall use their reasonable endeavours to procure, subject to applicable law and regulation and necessary approvals, that any such transaction is effected at the cost incurred including developments made by SKIL to date;
- it is the intention of the parties that, in recognition of the value that will be created by the Founder Shareholders in identifying and delivering projects for the Group, on each occasion that the Company completes an investment in an additional project that the Founder Shareholders will receive additional equity or options to subscribe for equity in the Company on terms to be agreed by the Board;
- it is the intention of Mr. Gandhi and SKIL Global Ports & Logistics that, subject to regulatory approval, their direct and indirect interests in the Company will be transferred to SKIL in due course; and
- the Relationship Agreement will terminate in certain circumstances including: (i) if Mr. Gandhi ceases to hold directly or indirectly Ordinary Shares carrying not less than 15 per cent. of the voting rights of the Company (although the agreement will subsequently revive if his shareholding subsequently increases to 15 per cent. or more); (ii) any single shareholder other than Mr. Gandhi directly or indirectly holding 15 per cent. or more of the voting rights in the Company without having entered into an agreement on substantially equivalent terms; and (iii) the Ordinary Shares ceasing to be admitted to AIM or the main market of the London Stock Exchange.

Share Incentive Schemes

Although the Company does not currently have any formal employee share incentive scheme in place, the Board, on the recommendation of the remuneration committee, will, at an appropriate time, seek to adopt an employee share incentive scheme pursuant to which management, employees and consultants may be awarded share options or other share incentives.

The Takeover Code

Brief details of the Panel, the Takeover Code and the protections they afford are set out below.

The Takeover Code is issued and administered by the Panel. The Company is a company incorporated, registered, managed and controlled in Guernsey. As such, its Shareholders will be entitled to the protections afforded by the Takeover Code.

Under Rule 9 of the Takeover Code, where any person acquires, whether by a single transaction or series of transactions over a period of time, an interest in shares which (taken together with shares in which persons acting in concert with him are interested) carry 30 per cent. or more of the voting rights of a company, that person is normally required by the Panel to make a general offer, in cash, to the shareholders of that company to acquire the balance of the equity share capital and any other class of transferable security carrying voting rights of the company at the highest price paid by that person or any person acting in concert with him in the previous 12 months.

Rule 9 of the Takeover Code further provides that, inter alia, where any person who, together with persons acting in concert with him, is interested in shares which in aggregate carry not less than 30 per cent. of the voting rights of a company but does not hold shares carrying more than 50 per cent. of such voting rights and such person, or any such person acting in concert with him, acquires an interest in additional shares which increase his percentage of shares carrying voting rights, such person is normally required by the Panel to make a general offer to the shareholders of that company to acquire the balance of the equity share capital and every other class of transferable security carrying voting rights of the company at the highest price paid by that person or any person acting in concert with him in the previous 12 months.

The Founder Shareholders, Mr. Nikhil Gandhi and Mr. Jigar Shah are deemed to be acting in concert by the Panel and as such constitute a concert party for the purposes of the Takeover Code (the “**Concert Party**”). As at the date of this document, the Concert Party is interested in 13,600,000 Ordinary Shares in aggregate, representing the entire issued share capital of the Company and an additional 4,400,000 Ordinary Shares upon full exercise of the Founder Warrants. Details of the Founder Warrants are set out at paragraph 10.2(f) of Part 5 of this document.

Assuming that the Placing is fully subscribed and that the Cenkos Warrants are not exercised, the Founder Shareholders’ interests in the issued share capital of the Company immediately following Admission will be approximately 30.9 per cent. in aggregate, and approximately 37.2 per cent. in aggregate on a diluted basis assuming full exercise of the Founder Warrants.

For the purposes of Rule 9 of the Takeover Code, the Panel has confirmed that, upon the future exercise of any of the Founder Warrants, neither a mandatory offer to Shareholders nor any further consent from the Panel or Shareholders will be required.

The members of the Concert Party and their interests in Ordinary Shares are set out below:

<i>Concert Party member</i>	<i>No. of Ordinary Shares at date of this document</i>	<i>% of issued Ordinary Shares at date of this document</i>	<i>% of Enlarged Share Capital immediately following Admission</i>	<i>No. of Ordinary Shares subject to Founder Warrants immediately following Admission</i>	<i>% of issued Ordinary Shares immediately following Admission on a diluted basis (assuming no exercise of Cenkos Warrants)</i>
Mr. N. Gandhi ¹	12,720,000	93.53	28.91	3,960,000	34.46
Mr. P. Bakhshi	880,000	6.47	2	440,000	2.73
Mr. J. Shah	–	–	–	–	–

¹ Mr. N. Gandhi’s interests are all held indirectly through SKIL Global Ports & Logistics Limited, which is controlled by Mr. Gandhi.

Further information relating to the members of the Concert Party, including why such persons are deemed to be acting in concert, is set out below.

Mr. Nikhil Gandhi and SKIL Global Ports & Logistics

Nikhil is the Chairman of the Company, and also the Executive Chairman and majority shareholder of SKIL. Nikhil is a first-generation entrepreneur with business interests in marine equipments, marine engineering and infrastructure. He has over 25 years of experience as an entrepreneur of various marine and infrastructure development projects and, under his leadership, the first private port in India was set up through Gujarat Pipavav Port Limited.

SKIL Global Ports & Logistics Limited, which is a Guernsey incorporated company controlled by Mr. Gandhi, is a member of the Concert Party by virtue of being a Founder Shareholder.

Mr. Gandhi is a member of the Concert Party by virtue of his ownership of SKIL Global Ports & Logistics, his majority shareholding in SKIL and his business relationship through SKIL with both Mr. Bakhshi and Mr. Shah.

Mr. Pavan Bakhshi

Pavan joined SKIL from Askar Capital, a Nordic investment firm with a key focus on emerging economies, where he was a Managing Director and head of their Indian operations. Pavan built Askar’s presence in India and oversaw the deployment of significant proprietary capital for infrastructure projects in India. Prior to Askar Capital, Pavan was at Bear, Stearns & Co. Inc. in its Strategic Finance Group working both in New York and London, where he was responsible for the firm’s equity capital markets business for Europe and Asia.

Mr. Bakhshi is a member of the Concert Party by virtue of being a Founder Shareholder, his previous employment and previous business dealings with SKIL and his business relationship through SKIL with both Mr. Gandhi and Mr. Shah.

Mr. Jigar Shah

Jigar is a qualified chartered accountant and an Indian resident. Jigar is the President of Finance of the SKIL Group and has overall responsibility for a number of core matters for the SKIL Group, planning equity issues, regulatory matters and shareholder relations. Jigar has been directly involved with a number of SKIL's major infrastructure projects, including Pipavav Port, Pipavav Railway and Pipavav Shipyard. He has been with the SKIL Group since 1998.

Mr. Shah is a member of the Concert Party by virtue of his existing employment with the SKIL Group and his business relationship through SKIL with both Mr. Gandhi and Mr. Bakhshi.

Disclosure and Transparency Rules

As the Company is incorporated in Guernsey, Shareholders are not obliged to disclose their interests in the Company in the same way as shareholders of certain companies incorporated in the UK. In particular, the relevant provisions of Chapter 5 of the Disclosure and Transparency Rules do not apply. While the Articles contain provisions requiring the disclosure of voting rights in Ordinary Shares which are similar to the provisions of the Disclosure and Transparency Rules, this may not always ensure compliance with the requirements of Rule 17 of the AIM Rules for Companies. Furthermore, the Articles may be amended in the future by a special resolution of the Shareholders.

13. DIVIDEND POLICY

The Directors' intention is that the Company will commence a progressive dividend policy in due course having regard to the need to focus resources on expanding the Group's operations in the near term.

14. TAXATION

Further details of the taxation of the Group and a general guide to the taxation of dividends for Shareholders who are resident in the UK, Guernsey and the US is set out in paragraph 11 of Part 5 of this document and your attention is drawn to this section. **Potential Shareholders who are in any doubt as to their tax position or who are subject to tax in jurisdictions other than the UK or the US are strongly advised to consult their professional advisers immediately. With respect to potential US Shareholders, this is particularly the case regarding the Company's potential status as a PFIC. See paragraph 11.4 of Part 5 of this document.**

15. ADDITIONAL INFORMATION

Prospective investors should read the whole of this document, which provides additional information on the Company, the Group, the Placing and Admission, and not rely on summaries or individual parts only. In particular, the attention of prospective investors is drawn to Part 3 of this document which contains a summary of the risk factors relating to an investment in the Company, to Part 4 of this document which contains unaudited historical financial information of the Company as at 24 August 2010, its date of incorporation, and to Part 5 of this document, which contains further additional information on the Group.

PART 2

THE PLACING

The Placing

The Company is proposing to raise approximately £76 million before expenses, by way of a placing by the Placing Agents, of up to 30,400,000 Placing Shares at the Placing Price to institutional and other investors. The Placing Shares will represent approximately 69.1 per cent. of the Enlarged Share Capital and will rank *pari passu* in all respects with the Existing Ordinary Shares including the right to receive dividends and other distributions thereafter declared, made or paid.

Pursuant to the Placing Agreement, the Placing Agents have conditionally agreed with the Company, on and subject to the terms set out therein, to use reasonable endeavours to procure investors to acquire Placing Shares at the Placing Price, with Dahlman Rose only engaging in such activities in the United States and Canada. The Placing is conditional, *inter alia*, upon the Placing Agreement becoming unconditional and not being terminated in accordance with its terms and Admission taking place.

The Company, KTLPL and the Directors have, under the Placing Agreement, given warranties (which, so far as the Directors are concerned, are limited in terms of the amount of liability), in favour of the Placing Agents. In addition, the Company and KTLPL have given the Placing Agents a commercial indemnity on a joint and several basis which applies in certain circumstances.

The Placing Agreement may be terminated by Cenkos (at its absolute discretion) or by Dahlman Rose (with the consent of Cenkos), in certain specified circumstances prior to Admission, including, *inter alia*, for a breach of the terms of the Placing Agreement in any material respect by the Company or the Directors or if an event occurs or a matter arises prior to Admission which renders any of the warranties untrue or incorrect in any material respect or in the event of *force majeure* arising.

Cenkos have been granted a warrant to subscribe for Ordinary Shares representing 0.5 per cent. of the Enlarged Share Capital, exercisable at the Placing Price at any time within five years following Admission.

On Admission, the Directors directly and indirectly will hold in aggregate 13,616,000 Ordinary Shares, representing approximately 30.95 per cent. of the Enlarged Share Capital.

On Admission, at the Placing Price, the Company will have a market capitalisation of approximately £110 million (assuming the Placing is fully subscribed).

Lock-in and orderly market arrangements

The Directors and SKIL Global Ports & Logistics who, in aggregate, following Admission, are expected to hold 13,616,000 Ordinary Shares (representing approximately 30.95 per cent. of the Enlarged Share Capital), have undertaken with the Company (subject to certain exceptions) not to dispose of any interest in any of their Ordinary Shares until the first anniversary of Admission (the “**Relevant Date**”). The parties have further undertaken to observe certain orderly market restrictions with respect to the disposal of such Ordinary Shares in the period of 24 months following the Relevant Date.

Mr. Gandhi and SKIL Global Ports & Logistics have agreed that their direct and indirect interests in Ordinary Shares in aggregate will not be less than the Minimum Threshold for so long as such Minimum Threshold applies with respect to the Deed of Lease.

Further details of the lock-in and orderly marketing arrangements are set out in paragraph 10.2(c) of Part 5 of this document.

Admission, settlement and CREST

Application has been made to the London Stock Exchange for the Enlarged Share Capital of the Company to be admitted to trading on AIM. It is expected that Admission will take place, and dealings in the Enlarged Share Capital will commence, on 7 October 2010.

CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by a written instrument in accordance with the CREST Guernsey Requirements. The Articles permit the holding and transfer of Ordinary Shares to be evidenced in uncertificated form in accordance with the CREST Guernsey Requirements. Application has been made for all of the issued and to be issued Ordinary Shares to be eligible for admission to CREST with effect from Admission and Euroclear has agreed to such admission. Accordingly, and

subject to Ordinary Shares being held by persons who are eligible to participate in CREST as described below, settlement of transactions in the Ordinary Shares following Admission may take place in CREST.

It is expected that, subject to the satisfaction of the conditions to the Placing Agreement, the Placing Shares will be registered in the names of the Placees subscribing for them and issued either:

- (a) in certificated form, where the Placee so elects, with the relevant share certificate expected to be dispatched by post, at the Placee's risk, by 14 October 2010; or
- (b) in CREST, where the Placee so elects and only if the Placee is a "system member" (as defined in the CREST Regulations) in relation to CREST, with delivery (to the designated CREST account) of the Placing Shares subscribed for expected to take place on 7 October 2010.

Notwithstanding the election by Placees as to the form of delivery of the Placing Shares, no temporary documents of title will be issued. All documents or remittance sent by or to a place, or as they may direct, will be sent through the post at their risk.

Pending the dispatch of definitive share certificates (as applicable), instruments of transfer will be certified against the Company's register of members.

The International Securities Identification Number or "ISIN" for the Ordinary Shares is GG00B53M7D91.

For a description regarding the restrictions on resale and transfer that are applicable to the Ordinary Shares acquired by investors outside of the UK, see paragraph 15 of Part 5 of this document.

PART 3

RISK FACTORS

AN INVESTMENT IN ORDINARY SHARES IS HIGHLY SPECULATIVE AND INVOLVES A HIGH DEGREE OF RISK. THE ATTENTION OF PROSPECTIVE INVESTORS IS DRAWN TO THE FACT THAT THE COMPANY IS SUBJECT TO A VARIETY OF RISKS WHICH, IF ANY WERE TO OCCUR, COULD HAVE A MATERIALLY ADVERSE EFFECT ON THE GROUP'S BUSINESS AND/OR FINANCIAL CONDITION, RESULTS OR FUTURE OPERATIONS. IN SUCH CASE, THE MARKET PRICE OF THE ORDINARY SHARES COULD DECLINE AND INVESTORS MIGHT LOSE SOME OR ALL OF THEIR INVESTMENT.

In addition to the information set out in the rest of this document, the following risk factors in this Part 3 should be considered carefully in evaluating whether to make an investment in the Company. The following factors do not purport to be an exhaustive list or explanation of all the risk factors involved in investing in the Company and they are not set out in any order of priority. Additionally, there may be risks not mentioned in this document of which the Board is not aware or believes to be immaterial but which may, in the future, adversely affect the Group's business and the market price of the Ordinary Shares.

Before making a final investment decision, prospective investors should consider carefully whether an investment in the Company is suitable for them and, if they are in any doubt, should consult with an independent financial adviser authorised under FSMA which specialises in advising on the acquisition of shares and other securities in the UK or another appropriate financial advisor in the jurisdiction in which such investor is located.

1. ISSUER AND INDUSTRY SPECIFIC RISK FACTORS

No operating history, assets or revenue generating business

The Group is newly formed, has not yet commenced operations and does not have any historical consolidated financial statements or other meaningful operating or financial data on which potential investors may evaluate the performance of the Group. An investment in the Ordinary Shares is therefore subject to all of the significant risks and uncertainties associated with any new business.

Moreover, the Group has no assets other than the rights to develop the Project and presently has no revenue generating business. This is not expected to change until at least 24 months from Admission. Therefore, investors are strongly advised to note that an investment in the Company is highly speculative and that they are investing principally in the future prospects for the Project (construction of which has not yet commenced and which is subject to further regulatory approval and oversight) and the ability of the Directors and the Company management to execute on their plans to develop the Project and similar future projects. No assurances can be given that the Project will be completed on time, if at all, and the failure of the Project would likely result in the loss of an investment in the Company.

Substantial shareholder influence

Mr. Nikhil Gandhi, the Chairman and promoter of SKIL and the Chairman of the Company, will indirectly own approximately 28.91 per cent. of the Enlarged Share Capital immediately following Admission and will continue to have the ability to exercise a controlling influence on the Group's business. The Company has entered into the Relationship Agreement to govern its ongoing relationship with Mr. Gandhi, SKIL Global Ports & Logistics and SKIL, however any of them may cause or take actions that are not in, or may conflict with, the best interests of the Group or Shareholders. It is the intention of Mr. Nikhil Gandhi and SKIL Global Ports & Logistics that, subject to regulatory approval, their direct and indirect interests in the Company will be transferred to SKIL in due course.

The future success of the Group relies in large part on the continued success of SKIL and there being a strong strategic relationship between the parties. Any damage to the reputation of the SKIL Group in the future may have an adverse impact on the Group.

Under the terms of the Relationship Agreement, over time, the Company may invest in further new port and port related logistics projects that are identified, promoted or controlled by SKIL. In addition, the Directors believe that through Mr. Nikhil Gandhi's indirect substantial shareholding in the Company, the Group will benefit from the significant experience and contacts of Mr. Gandhi and SKIL, for example in building out its operations, attracting debt finance and in finding commercial partners for its ongoing

operations. The Group's reputation in the Indian infrastructure market therefore will be linked with that of SKIL, promoted by Mr. Nikhil Gandhi. To the extent that there is any damage to the reputation of the SKIL Group in the future this may have a detrimental effect on the business, financial condition, results of operations and prospects of the Group.

The SKIL Group, like many of its peers and other organisations doing business in India, is susceptible to disputes with commercial counter-parties and local regulators, which often include allegations of criminal as well as civil wrong doing. The Directors believe that such claims, and any ensuing litigation, are part of the ordinary course of business for many companies in India. The SKIL Group, its ultimate controlling shareholders (including Mr. Nikhil Gandhi) and its directors are currently engaged in a number of both criminal and civil proceedings, at different levels of adjudication before various courts, tribunals and enquiry officers in India, all of which are being contested. These matters are:

- criminal proceedings which name Mr. Gandhi, among others, and include allegations of forgery of bills, fraudulent evasion of customs duties and dishonouring of cheques;
- preliminary investigations by SEBI into price movements of equity shares and transactions in equity shares of companies in which Mr. Gandhi holds directorships or controlling interests; and
- an order of SEBI against a director and certain officers of SKIL Group companies (which does not include Mr. Nikhil Gandhi) relating to allegations of insider dealing. An appeal has been filed with the Securities Appellate Tribunal in India against the SEBI order.

Further details of these matters as they relate to Mr. Nikhil Gandhi are set out in paragraph 5.5 of Part 5 of this document. Any final outcome adverse to Mr. Gandhi, SKIL or its affiliates resulting from any of these matters could have a material adverse effect on the Group's reputation and the business, financial condition, results of operations and prospects of the Company.

In addition, investors should note that Mr. Jigar Shah, the Company's Interim Finance Director and the President of Finance of SKIL Group, is only acting on an interim basis for the Company. The Company expects to retain a full time, qualified chief financial officer in the months following Admission, but investors will have no rights to approve such individual or review his or her qualifications in advance.

Development of the Project

Permits and approvals

Karanja Infrastructure Private Limited ("**KIPL**") entered into a 30-year deed of lease with Maharashtra Maritime Board ("**MMB**") on 31 August 2009, with an effective date of 7 August 2009 (the "**Deed of Lease**"), for the 821,440 square metres (approximately 200 acres) of land with a sea frontage of approximately 1,000 metres at Karanja Creek, village Chanje, Taluka Uran, District Raigad, Maharashtra, India with a concession to develop on a BOOT basis: (i) the Multi-purpose Terminal and the Logistics Park; and (ii) a ship repair facility.

KIPL, KTLPL and the MMB entered into a deed of confirmation on 28 September 2010 pursuant to which all of KIPL's rights and obligations under the Deed of Lease were novated to KTLPL. If the deed of confirmation is held invalid or otherwise set aside, the Project's validity will be severely impaired.

The Deed of Lease provides that KTLPL must obtain all environmental clearances for the development of the Project by 7 August 2011 or the Deed of Lease shall stand cancelled with no liabilities on MMB, provided, however, that MMB shall not unreasonably deny an extension of the date for obtaining all such clearances (which shall not be later than 7 August 2013). In addition, the Deed of Lease provides that the construction of the Project must have started by 7 February 2012 or the Deed of Lease shall stand cancelled with no liabilities on MMB. Furthermore, KTLPL is required to obtain MMB's approval of the detailed engineering drawings for the jetty and ship repair facilities by 7 August 2010 (or such further time as may be granted by MMB or the State Government of Maharashtra). In May and June 2010 an interim project report, detailed engineering drawings and a status update on the development of the Multi-purpose Terminal were all submitted to the MMB. The approval process is therefore well advanced but not yet complete. Since the August 2010 deadline has passed, the MMB has consented to the novation referred to above and the Company expects to successfully complete this part of the approval process shortly.

In addition to obtaining these approvals and clearances, KTLPL will need to obtain certain other approvals licences, clearances and permissions in order to construct the Project and to operate its business, which while they are expected to be granted have not yet been obtained.

If KTLPL fails to obtain any of the approvals, licenses, registrations and permissions required to develop the Project and operate its business in a timely manner, or at all, the Deed of Lease may be terminated or other sanctions may be imposed which may have a material adverse effect on the Group's business, financial condition and results of operations. In the event that the independent non-executive directors of the Company resolve that there is no prospect of the Project, or a suitable alternative being completed, the Directors intend to wind up the Company and return any cash balance to Shareholders.

Reliance on SKIL as the promoter of the Project

It is a condition of the Deed of Lease that SKIL, KIPL and their respective promoters and affiliates retain a minimum 26 per cent interest., directly or indirectly, in the Project (the "**Minimum Threshold**"). If that interest is not maintained the MMB may seek to terminate the Deed of Lease, which would have a material adverse effect on the Group's business, financial condition and results of operations, as well as acting as a potential deterrent to potential acquirers of the Company.

Mr. Gandhi is the promoter, Chairman and controlling shareholder of SKIL, the holding company of the SKIL Group. Assuming that the Placing is fully subscribed and that the Cenkos Warrants are not exercised, through SKIL Global Ports & Logistics, Mr. Gandhi's indirect interest in the issued share capital of the Company immediately following Admission will be approximately 28.91 per cent., and approximately 34.46 per cent. on a diluted basis assuming full exercise of the Founder Warrants.

SKIL Global Ports & Logistics may also become entitled to receive additional warrants or Ordinary Shares upon the Company's investment in, or acquisition of, projects in the future under the terms of the Relationship Agreement, further details of which are set out at paragraph 10.2(e) of Part 5 of this document. The detailed terms of any such transaction will be subject to the agreement of the Company at the appropriate time.

Mr. Gandhi and SKIL Global Ports & Logistics, a company controlled by Mr. Gandhi through which his interest in Ordinary Shares is held, have entered into a Lock-In and Orderly Marketing Agreement pursuant to which they have agreed that their direct and indirect interests in Ordinary Shares in aggregate will not be less than the Minimum Threshold for so long as such Minimum Threshold applies with respect to the Deed of Lease.

On the basis of the above, the Board believes it is unlikely that the Minimum Threshold will be breached in the foreseeable future. In the event that a transaction was proposed in the future that would be likely to cause a breach of the Minimum Threshold, the Board would have to determine whether or not to proceed with such a transaction, taking into account all of the circumstances at that time. The Board believes that it may be possible to reach agreement with the MMB in the future with respect to reducing or eliminating the Minimum Threshold once the Project has been developed and is operational, although there can be no assurance that any such agreement will be reached.

Delays in the construction and commissioning of the Project

The Deed of Lease provides that the construction of the jetty and ship repair facilities is to be completed by 7 August 2011 and that the jetty is required to be commissioned by 7 August 2012 (or such later date as may be approved by the MMB or by the State Government of Maharashtra). The Group plans to commence the construction of the Project in the last quarter of 2010. However, there can be no assurance that the Project will be constructed and commissioned within the timeframes prescribed by the Deed of Lease. If the Project is not constructed and commissioned within the timeframes set out in the Deed of Lease, except due to a force majeure event or a change in law, MMB may require the Group to rectify this non-compliance within six months, and if not so rectified, MMB may give notice of its intention to terminate the Deed of Lease one calendar month later if the breach is not rectified in that time. If the Deed of Lease was terminated, it would have a material adverse effect on the Group's business, financial condition and results of operations.

Absence of construction contracts and potential cost overruns for the construction of the Project

The estimated total project cost, including for the construction and development of the Project, is Rs. 7.7 billion (£108.47 million, \$171.34 million), based on certain assumptions such as the costs of key materials and labour. Although the Group has begun short-listing contractors for the construction of the Project, it has not entered into contracts for the construction of the Project. Contractors in India are increasingly reluctant to enter into fixed fee contracts that do not provide for price increases based on increases in the cost of materials and increases in the cost of labour. As such, the Group expects that it will be exposed to the risk of such cost increases. Therefore, any material increase in the actual cost of materials and labour

for the construction of the Project compared with the estimated cost for materials and labour may have a material adverse effect on the Group's financial condition and results of operations.

Acquisition of land for the road linking the Multi-purpose Terminal to the nearest major access road

The Deed of Lease requires KTLPL to develop and build the approach road to the Multi-purpose Terminal from the nearest major access road. The Group will be reliant on the co-operation of the Public Works Department of the State of Government of Maharashtra for the approval of the construction of the road and possibly to share the costs of the construction and adoption of the road. Any failure by the Group to acquire the relevant land and build the relevant infrastructure on it may result in the termination of the Deed of Lease, which will have a material adverse effect on the Group's business, financial condition and results of operations.

The method of documentation of land records in India has not been fully computerised. Land records and related documents are generally updated manually. Consequently, the updating process takes a significant amount of time and may result in land records being inaccurate in certain respects. The land records are often hand-written in local languages and may not be legible, thereby making it difficult to ascertain the correct content of the land records. Furthermore, the land records are often in a poor condition and at times untraceable which may materially impede the title investigation process. Additionally, title to real property may suffer from other irregularities of title, including, among others, non-execution of conveyance deeds for the transfer of real property. As a result, the title to real property that the Group might invest in may not be clear or may be in doubt. Moreover, the validity of the Group's right to title may be challenged. In addition, it is difficult to obtain title guarantees in India. Title records provide only for presumptive title rather than a guaranteed title to the land. More often than not, the title to land is fragmented and it is possible that land relating to one project may have come from multiple owners.

While the Group will carry out due diligence before acquiring land and undertaking any project, all risks, onerous obligations and liabilities associated with land may not be fully assessed or identified, which could include, among other things, the nature of faulty or disputed title, unregistered encumbrances or adverse possession rights. It may also impede the transfer of title and expose the Group to legal disputes and/or financial liabilities. The Group will not be able to operate the Multi-purpose Terminal unless the access road is built and, as such, any dispute with respect to the rights of the Group to use the access road could have a material adverse effect on the Group's business, financial condition and results of operations.

Availability and terms of debt financing

The estimated total project cost, including for the construction and development of the Project, is Rs. 7.7 billion (£108.47 million, \$171.34 million), of which the Group intends to raise approximately Rs. 4.62 billion (£65.08 million, \$102.8 million) from the net proceeds of the Placing and approximately Rs. 3.08 billion (£43.39 million, \$68.54 million) via debt financing in due course. Although the Group expects to obtain the required debt financing for the construction of the Project, there can be no assurance that such debt financing will be available on acceptable terms or at all.

The Group expects that the terms of any debt financing for the Project or for future projects will contain restrictive covenants, which may, among other things, require the prior approval of lenders, for, among other things, any reorganisation of the Group, amalgamation or merger, incurrence of additional indebtedness, declaring or making any restricted payments, making any investments by way of deposits, loans and share capital, revaluing assets, the disposition of assets beyond permissible limits and the expansion of or change in the Group's business plan. There can be no assurance that such consents will be granted. Further, the lenders may require certain rights to appoint nominee directors on the Board, to convert at their option the whole or part of the defaulted amount into fully paid up shares of KTLPL or to seek early repayments of loans. Any failure to service the Group's indebtedness, maintain the required security interests, comply with requirements to obtain consents or otherwise perform the Group's obligations under its financing agreements could lead to the termination of one or more of its credit facilities, terminate its right to make draw-downs, trigger cross default provisions, or result in penalties of amounts due under such facilities, which may have a material adverse effect on the Group's business, financial condition and results of operations.

Operation of the Project and any future projects of the Group

Reliance on the Deed of Lease for developing and operating the Project, which expires on 7 August 2039, and impermissibility of the sale of the Project

The Project will be developed on a BOOT basis and will be transferred free of charge to MMB at the end of the lease period, on 7 August 2039, in accordance with the Deed of Lease. As the construction and operation of the Project is currently the only business activity of the Group, the Group's only current source of income will be from the operation of the Project. If the Deed of Lease is terminated early due to a default by the Group, whether for failure to pay rent or other charges, or for breach by the Group of the terms and conditions of the Deed of Lease, it would have a material adverse effect on the Group's business, financial condition and results of operations. For further details on the Deed of Lease, see paragraph 10.1(a) of Part 5 of this document.

No limit on rent increases for the land on which the Project is to be developed

The Deed of Lease provides that the initial rent for the land for the Project shall be Rs. 17,085,952 per annum (£240,681, \$380,195). However, the Deed of Lease provides that the rent may be increased by the State Government of Maharashtra, or by MMB with the approval of the State Government of Maharashtra, from time to time. The Deed of Lease does not provide for any limitation on these increases. Increases in the rent for the Project could have a material adverse effect on the Group's results of operations.

No limit on increases in cargo and all vessel related charges payable, with a minimum annual guaranteed amount payable

The Deed of Lease requires the Group to pay cargo and all vessel related charges to MMB in accordance with a scale of rates fixed by MMB. These rates may be increased at MMB's discretion. In addition, the Group is required to pay MMB a minimum guaranteed annual revenue for cargo and all vessel related charges regardless of the actual amount of cargo handled at the Multi-purpose Terminal. The minimum guaranteed annual revenue is Rs. 10 million (£140,865, \$225,519) in the first year, increasing by 10 per cent. each year with the aggregate minimum guaranteed revenue being approximately Rs. 1.63 billion (£22.96 million, \$36.27 million) over the 30 year term. A failure to meet these targets may result in termination of the Deed of Lease. A material increase in the scale of rates payable for cargo and vessel related charges could have a material adverse effect on the Group's financial condition and results of operations. In addition, if the actual cargo handled at the Multi-purpose Terminal is less than that projected by the Group, it could have a material adverse effect on the Group's financial condition and results of operations.

The Group will need to raise substantial additional capital to explore and develop opportunities beyond the initial Project, and its failure to do so would significantly impair its ability to explore such opportunities and grow its business.

The Group is newly-formed with no present sources of revenue. The Directors believe that the equity raised in the Placing will satisfy the equity requirements for development of the Project, but no assurances can be given in this regard. There is a risk that the funds raised in the Placing will be insufficient to fund the Company's contemplated operations, and the Company's inability to secure such funds would significantly impair the Company's ability to advance and complete the Project.

Moreover, the Group's strategy is to explore and develop other port, logistics and related opportunities beyond the Project in order to grow its business. Given the current state of the Group and even the anticipated state of its business following completion of the Project, the Group will not have sufficient internally generated cash flow to capitalise on future opportunities that will be necessary to grow its business. Therefore, the Group will need to raise substantial additional debt and/or equity capital in the future to fund anticipated operating expenses and to progress business plans. If additional financing is not available when required or is not available on acceptable terms, the Group may be unable to fund its operations and planned growth, take advantage of business opportunities or respond to competitive market pressures. Any negative impact on the Group's operations may make the raising of capital more difficult or impossible and may also result in a material adverse effect on results of operations, which would negatively impact the Company's share price.

No guarantee that electronic data interchange will be implemented by the customs and excise authorities in India at the Multi-purpose Terminal or, if implemented, that there will not be technical problems after implementation.

The customs and excise authorities in India have commenced implementation of electronic data interchange facilities at Indian ports to facilitate electronic filing of bills of entry (import goods declarations), shipping bills (export goods declarations) and communications with cargo carriers such as shipping lines. If such facilities are not implemented at the Multi-purpose Terminal, it would adversely affect the Group's handling of certain categories of cargo that require rapid documentation processing and may result in certain shipping lines not calling at the Multi-purpose Terminal. If there is any change in the GoI's policy to implement electronic data interchange as a result of which electronic data interchange facilities are not installed at the Multi-purpose Terminal, the Group's financial results and business prospects may be adversely affected. In addition, once implemented, electronic data interchange may not work smoothly and, if the Group faces major technical problems with electronic data interchange, the Group's business and results of operations could be adversely affected.

Insurance coverage may be inadequate to cover all losses or liabilities that arise from the operation of the Project

Although the Group intends to take out insurance policies that are customary for the port and logistics industry in India, such as for personal injury and loss of life, damage to or destruction of property, plant and equipment loss caused by accident, fire, flood, riot, strike and malicious damage and for loss of profit, it may be unable to secure such insurance coverage at premiums acceptable to it or to secure such insurance coverage at all. In addition, if obtained, insurance may not be adequate to cover all losses or liabilities that may arise. The occurrence of an event for which the Group is not insured or is inadequately insured could have an adverse effect on the Group's results of operations and financial condition.

Severe weather conditions or other natural disasters

The Group's business may be adversely affected by severe weather conditions, such as heavy rains and flooding, dense fog and low visibility, climactic changes or natural disasters such as earthquakes, tsunamis and hurricanes. If weather conditions or climactic changes of any type were to force the Project or any future projects of the Group to close for an extended period of time, the Group's business, financial condition and results of operations could be adversely affected. In addition, any weather condition or climactic change for an extended period of time affecting ports that serve as starting points or final destinations for shipping lines calling at the Multi-purpose Terminal or any future projects of the Group could have an adverse effect on the Group's business, financial condition and results of operations.

Extensive environmental and other related regulations

The Group's business will be subject to various environmental risks such as oil spills and disposal of hazardous waste and chemicals. The Group, like other port operators in India, will be subject to various central, state and local environmental, health and safety laws and regulations concerning issues such as accidents, damage caused by air emissions, wastewater discharges, solid and hazardous waste handling and disposal. The Group may incur additional costs and liabilities in relation to environmental concerns and compliance with these laws and regulations or any remedial measures in relation thereto. These additional costs and liabilities could be on account of penalties, fines, remedial measures and clean-up liabilities or due to compliance with more onerous laws or regulations. Any non-compliance with such laws and regulations may force the Group to close the Project's operations or those of any future projects until such time as the Group is in compliance with these laws and regulations, which would adversely affect the Group's business, financial condition and results of operations.

Reliance on sub-contractors and contract workers

The Group's business will be dependent on skilled personnel to carry out its operations. Continuous access to skilled personnel will be critical to the Group's business. In addition to full-time employees, the Group intends to utilise temporary contract workers provided by sub-contractors. There can be no assurance that the Group will be able to engage them on reasonable terms. Any disruption in the steady and regular supply of workers may adversely affect the Group's business. In addition, the Group's business will rely on a number of third party companies involved in activities such as stevedoring, power supply, hiring of equipment and vehicles, survey of cargo, provision of information technology systems, equipment maintenance and repair services and transportation services. The failure or inability of certain

of these companies to provide the required services efficiently could disrupt the Group's operations and have an adverse effect on the Group's results of operations.

The Dock Workers (Regulation of Employment) Act, 1948

The Dock Workers (Regulation of Employment) Act, 1948 (the “**DWA**”) regulates the employment of dock workers, which are defined as persons employed or to be employed in, or in the vicinity of, any port on work in connection with the loading, unloading, movement or storage of cargoes, or work in connection with the preparation of ships or other vessels for the receipt or discharge of cargoes or leaving a port. The GoI may formulate a scheme under the DWA for the registration of dock workers and employers for regulating the employment of dock workers. In addition, dock labour boards may be established for administering the scheme and exercising the powers and perform the functions specified in the scheme. The DWA provides certain guaranteed minimum employment and welfare conditions and benefits to dock workers and the DWA and/or orders or regulations made under it could, subject to certain conditions, disrupt the Group's operations and have an adverse effect on the Group's results of operations.

Attraction and retention of senior managers and other key personnel

The Group's future success depends in part on a small number of key individuals, in particular the Directors and senior management to be employed by the Group, as well as on its ability to attract employees with relevant expertise. The Group's business may be negatively affected by the departure of any of these individuals. There can be no assurance that the Group will be able to attract and retain personnel on acceptable terms.

Competition

The Project will primarily compete for business with ports and logistics parks located on the west coast of India, further details of which are set out in Part 1 of this document. Some of these businesses are owned by companies that have greater financial resources, marketing and other capabilities than those of the Group. There can be no guarantee that the Group will be able to compete successfully against current or future competitors or that increased competitive pressures on the Group will not have a material adverse effect on the Group's business, financial condition and results of operations.

Tax risks

Tax residency and tax legislation

There is a risk of adverse changes in the Group's tax position, including changes in applicable tax legislation. Funds available to the Company, if any, to make dividends or distributions to Shareholders may be affected by changes in tax law and practice. Prospective investors should consider the information contained in paragraph 11 of Part 5 of this document and should take professional advice about the consequences for them of investing in the Company.

The current tax law and the practice of the tax authorities of India (where all of the Group's assets are to be held), Cyprus (where KTLCL, the holding company for KTLPL, is based), Guernsey (where the Company is incorporated) and the UK (where the Ordinary Shares are to be admitted to trading) is subject to change, and any such change could have an adverse effect on the Group's financial condition and results of operations. Following recent cases heard by the courts in India, there is also a risk that Indian tax would become due on a gain made by the Company on the disposal of the shares in KTLCL.

It should be noted, in particular, that India is expected to enact a new tax code known as the Direct Tax Code 2010 (the “**DTC 2010**”), which would have effect from April 2012. The changes which are proposed under the DTC 2010 are discussed in further detail in paragraph 11.1 of Part 5 of this document, however the key risk factors include the replacement of the profit-linked tax holiday scheme with an investment-linked tax holiday scheme, and the inclusion of a General Anti-Avoidance Rule (“**GAAR**”). Any such changes could adversely affect the net amount of any distributions payable to Shareholders. Furthermore, the Company may incur costs in taking steps to mitigate this effect. As a result, any such change may have a material adverse effect on the Group's financial condition and results of operations.

It is likely that the terms of the Agreement for the Avoidance of Double Taxation between India and Cyprus (the “**Cyprus Treaty**”) will undergo changes in the future. India is seeking to renegotiate the terms of the Cyprus Treaty with a view to including a “Limitation of Benefit” clause, which may impact the tax treatment of Indian source capital gains. Such an amendment to the Cyprus Treaty could impose additional costs or burdens on KTLCL. In the event that the Cyprus Treaty is amended, the final tax

liability of the Group in India may be materially different from the position described in this document where the Cyprus Treaty is applicable, thereby affecting potential returns to Shareholders.

Changes to the tax residency of the Company and other members of the Group or changes to the treatment of intra-group arrangements could adversely affect the Company's financial condition and results of operations. The composition of the Board and the location(s) in which the Board makes decisions will be one of the important criteria in determining and maintaining the tax residence status of the Company and other members of the Group.

The Company is incorporated in Guernsey but qualifies for exemption from liability to income tax in Guernsey and, as an exempt company, will not be resident in Guernsey for the purposes of liability to Guernsey income tax. However, the Company must conduct its operations in a manner that ensures that it is not treated as being tax resident or as having a permanent establishment or as otherwise being engaged in a trade or business outside Guernsey, for example by ensuring that major decisions are not made outside Guernsey. Otherwise, the Company may be considered to be tax resident or have a taxable presence in another jurisdiction (this would also be applicable to other members of the Group). This could have a material adverse effect on the Group's financial condition and results of operations.

Changes in tax legislation could result in the imposition of additional and material tax liabilities on Shareholders in respect of their investment in the Company.

Withdrawal or modification of Indian tax holiday

Subject to certain conditions, Section 80-IA of the Indian Income Tax Act, 1961, as amended, provides infrastructure companies such as KTLPL, for a period of 10 consecutive years in a block of 15 years starting from the year in which the company develops and begins to operate any infrastructure facility, with a deduction equivalent to 100 per cent. of profits derived from (i) developing or (ii) operating and maintaining or (iii) developing, operating and maintaining an infrastructure project such as the Project. This tax deduction would result in a lower effective tax rate for KTLPL. There can be no assurance that these tax incentives will continue in the future or that such tax incentives shall be available to KTLPL for the durations mentioned above, or at all, and the loss or limitation of these tax incentives could adversely affect the Group's results of operations and financial condition.

Please note that as per Section 115JB of the Indian Income Tax Act, Minimum Alternate Tax ("MAT") at the prescribed rate (at present 18 per cent plus surcharge, and education cess, as applicable i.e. effective tax rate of 19.9305 per cent) will be required to be paid by KTLPL if it has "book profits", as defined under the said Section, irrespective of the tax incentives available under Section 80-IA of the Indian Income Tax Act, 1961. Under the Indian Income Tax Act, 1961, MAT credits can be carried forward for ten years and set off against normal corporate tax liabilities. Further, as mentioned in paragraph 11.1 of Part 5 under the DTC 2010, the amount of tax holiday under section 80-IA is proposed to be linked to the amount of investment rather than the amount of profits. However, where KTLPL is eligible to claim a deduction under section 80-IA for accounting periods falling within the 2011-2012 financial year, it would, subject to prescribed conditions, continue to be eligible to claim the tax holiday as available under section 80-IA for the unexpired period even under the DTC 2010.

The Company may be treated as a passive foreign investment company for US tax purposes

Based on the Company's income, assets and activities, there is a risk that the Company may be classified as a passive foreign investment company (a "PFIC") for US federal income tax purposes. If a United States Person (as defined in paragraph 11.4 of Part 5 of this document) holding Ordinary Shares is treated as owning stock of a PFIC, any gain recognised by such person upon a sale or other disposition of Ordinary Shares generally will be ordinary (rather than capital), and any resulting United States federal income tax may be increased by an interest charge. Rules similar to those applicable to dispositions generally will apply to certain excess distributions in respect of an Ordinary Share. A United States Person generally may take steps to avoid certain of these unfavorable United States federal income tax consequences, including making a timely Qualified Electing Fund election with respect to the Company. In the event the Company is a PFIC, the Company intends to make available to holders of Ordinary Shares the annual statement currently required by the Internal Revenue Service for purposes of making a Qualified Electing Fund election. Prospective investors should refer to paragraph 11.4 of Part 5 of this document and should consult with their legal advisers before investing in Ordinary Shares.

2. INDIA SPECIFIC RISK FACTORS

Political and economic risk

The Group's assets and operations will be located in India, which exposes it to risks over which it will have no, or limited, control. These may include economic, social, or political instability or change, currency non-convertibility or instability and changes of laws affecting foreign ownership, government participation, taxation, working conditions, exchange control and customs duties as well as government control over domestic production.

The Government has traditionally exercised, and continues to exercise, a significant influence over many aspects of the economy. Since 1991, successive governments have pursued policies of economic liberalisation and financial sector reforms. The current Government has announced that its general intention is to continue India's current economic and financial sector liberalisation and deregulation policies. However, there can be no assurance that such policies will be continued, and a significant change in the Government's policies could affect business and economic conditions in India, and could in turn adversely affect the Group's financial condition and results of operations.

Slowdown in economic growth

The Indian economy has shown sustained growth over the last several years, with real GDP growing at an estimated 8.2 per cent. in 2010, 7.2 per cent. in 2009, 6.7 per cent. in 2008 and 9.2 per cent. in 2007. The Group's business plan is based in part on continued economic growth in India, and a slowdown in the growth of the Indian economy could have an adverse effect on the Group's results of operations and financial condition.

The Indian economy has sustained high levels of inflation in the recent past

India has recently experienced high levels of inflation, with inflation peaking at 12.91 per cent. in August 2008. According to India's Ministry of Finance Department of Economic Affairs' Monthly Economic Report from March 2010, year-on-year inflation in terms of the wholesale price index for March 2010 was 9.9 per cent. while year-on-year inflation in terms of the wholesale price index for March 2009 was 1.20 per cent. However, the year-on-year inflation rate for March 2010 was virtually unchanged from the year-on-year inflation rate of 9.89 per cent. in February 2010. High rates of inflation in India would increase the Group's costs of developing the Project and/or any future projects of the Group and of operating them once complete, which would have an adverse effect on the Group's financial condition and results of operations.

Downgrading of India's debt rating

Any adverse revisions to India's credit ratings for domestic and international debt by domestic or international rating agencies may adversely affect the Group's ability to raise financing, and the interest rates and other commercial terms at which such additional financing is available, which could have an adverse effect on the Group's business, financial condition and results of operations.

A decline in India's foreign exchange reserves

India's foreign exchange reserves were \$309.7 billion as at 31 March 2008, \$252 billion as at 31 March 2009, and \$279 billion as at 31 March 2010. A decline in these reserves could result in reduced liquidity and higher interest rates in the Indian economy, which in turn could adversely affect the Group's business, financial condition and results of operations.

Terrorist attacks, civil unrest or war in or involving India

Terrorist attacks, civil unrest or war in or involving India could have a negative effect on the Indian economy by disrupting communications and making travel more difficult, and such events could create a perception that investments in Indian companies involve a higher degree of risk. In addition, the Deed of Lease provides that in the event the Multi-purpose Terminal is required by the MMB or the State Government of Maharashtra due to exigencies of war in operations connected with national security, the Group is required to hand over control of the Multi-purpose Terminal until the cessation of the circumstances requiring such control. Events of this nature in the future could have an adverse effect on the Group's business, financial condition and results of operations, as well as the price of the Ordinary Shares.

3. SECURITY SPECIFIC RISK FACTORS

General

An investment in the Ordinary Shares is only suitable for investors capable of evaluating the risks (including the risk of capital loss) and merits of such investment and who have sufficient resources to sustain a total loss of their investment. An investment in the Ordinary Shares should be seen as long-term in nature and complementary to investments in a range of other financial assets and should only constitute part of a diversified investment portfolio. Accordingly, typical investors in the Company are expected to be institutional investors, private client fund managers and private client brokers, as well as private individuals who have received advice from their professional advisers regarding investment in the Ordinary Shares and/or who have sufficient experience to enable them to evaluate the risks and merits of such investment themselves.

Conditionality of Admission

The Placing is conditional upon, among other things, admission to trading on AIM of the Ordinary Shares. In the event that any condition to which the Admission is subject is not satisfied or, if capable of waiver, waived, the Admission will not be implemented.

No prior market for the Ordinary Shares

Before Admission, there has been no prior market for the Ordinary Shares. Although application has been made for the Ordinary Shares to be admitted to trading on AIM, an active public market may not develop or be sustained following Admission.

Share price volatility and liquidity

Following Admission, the market price of the Ordinary Shares may be subject to wide fluctuations in response to many factors, including stock market fluctuations and general economic conditions or changes in political sentiment that may substantially affect the market price of the Ordinary Shares irrespective of the Group's actual financial, trading or operational performance. These factors could include the performance of the Group, large purchases or sales of the Ordinary Shares (or the perception that the same may occur, as, for example in the period leading up to the expiration of the restrictions contained in the Lock-in and Orderly Marketing Agreements), legislative changes and market, economic, political or regulatory conditions. The share price for publicly traded companies, particularly those at an early stage of development, such as the Company, can be highly volatile.

Admission to AIM should not be taken as implying that a liquid market for the Ordinary Shares will either develop or be sustained following Admission. Active, liquid trading markets generally result in lower price volatility and more efficient execution of buy and sell orders for investors. The liquidity of a securities market is often a function of the volume of the underlying shares that are publicly held by unrelated parties. If a liquid trading market for the Ordinary Shares does not develop, the price of the Ordinary Shares may become more volatile and it may be more difficult to complete a buy or sell order for such Ordinary Shares.

There is no guarantee that the Company will maintain its listing on AIM

The Company cannot assure investors that the Company will always retain a listing on AIM. If it fails to retain such a listing, certain investors may decide to sell their shares, which could have an adverse impact on the price of the Ordinary Shares. Additionally, if in the future the Company decides to obtain a listing on another exchange in addition to AIM, the level of liquidity of the Ordinary Shares traded on AIM could decline.

Investment in AIM traded securities

The Ordinary Shares will be traded on AIM rather than admitted to the Official List. The AIM market is designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. The rules of AIM are less demanding than those admitted to the Official List and an investment in shares traded on AIM may carry a higher risk than an investment in shares admitted to the Official List. In addition, the market in shares traded on AIM may have limited liquidity, making it more difficult for an investor to realise its investment on AIM than to realise an investment in a company whose shares are admitted to the Official List. Investors should therefore be aware that the market price of the Ordinary Shares may be more volatile than that of shares admitted to the Official List, and may not reflect the underlying value of the net assets of the Company.

Investors may, therefore, not be able to sell at a price which permits them to recover their original investment and could lose their entire investment.

Issuance of additional Ordinary Shares

Although the Group's business plan in relation to the Project does not involve the issuance of Ordinary Shares other than in the Placing, it is possible that the Company may decide to issue, pursuant to a public offer or otherwise, additional Ordinary Shares in the future at a price or prices higher or lower than the Placing Price. An additional issue of Ordinary Shares by the Company, or the public perception that an issue may occur, could have an adverse effect on the market price of Ordinary Shares and could dilute the proportionate ownership interest, and hence the proportionate voting interest, of Shareholders. Moreover, the Company's Articles provide investors with pre-emption rights on future issuances of Company securities, which rights could impair the Company's ability to raise capital.

4. OTHER GENERAL RISK FACTORS

Currency risk

The Group anticipates that revenues and expenses as well as its assets and liabilities will be almost entirely denominated in Indian Rupees. The Group will report its results of operations and its financial condition in Sterling, and, following Admission, the price of the Ordinary Shares will be quoted in Sterling. As a consequence, movements in the exchange rate between Sterling and the Indian Rupee will affect the Group's financial statements and may affect the market price of Ordinary Shares and the amount of any dividends paid. A depreciation of the Indian Rupee against Sterling would result in a decrease in the Sterling amount of the Group's profit after tax, the amount of any dividends payable and the price of the Ordinary Shares, while an appreciation of the Indian Rupee against Sterling would have the opposite effect.

Increases in interest rates

The Group intends to fund part of the construction of the Project (and is likely to fund at least part of any future projects) using borrowed funds and to obtain a working capital facility, all of which will most likely be at floating rates of interest. Therefore, rising interest rates would have an adverse effect on the Group's results of operations.

Application of Guernsey legislation

The Company is a limited liability company incorporated under the Companies Law. Guernsey law does not make a distinction between private and public companies and some of the protections and safeguards that investors may expect to find in relation to a public company are not provided for under Guernsey law. The rights of Shareholders will be governed by the Companies Law and by the Articles, as amended from time to time, and although the Company has inserted provisions into the Articles and adopted certain procedures to make the Company's governance closer to that of a UK listed company, these do not cover all differences between applicable law in the UK and in Guernsey.

It is expected that the Company will be subject to the Takeover Code, which will provide certain protections to Shareholders in the event of a takeover bid. Should the Ordinary Shares cease to trade on AIM, or should the place of central management and control alter from Guernsey, investors may not however be afforded the protections of the City Code.

Dividends

The Company is a holding company and as such it will only be able to pay dividends to the extent that KTLPL can pay dividends to KTLCL and to the extent KTLCL can pay dividends to the Company.

PART 4

UNAUDITED HISTORICAL FINANCIAL INFORMATION ON SKIL PORTS & LOGISTICS LIMITED

1 Introduction

The financial information on SKIL Ports & Logistics Limited (“the Company”), which has been prepared solely for the purpose of the AIM Admission Document of the Company, contained in this Part 4, does not constitute audited statutory accounts.

2 Basis of preparation

The financial information of the Company has been prepared under the historical cost convention and in accordance with International Financial Reporting Standards (“IFRS”).

The Company has not yet completed its first accounting period and no financial statements have been prepared, audited or filed since incorporation.

The financial information set out below is based on the date of incorporation of the Company on 24 August 2010.

3 Responsibility

The Directors of SKIL Ports & Logistics Limited are responsible for the unaudited historical financial information and the contents of the AIM Admission Document in which it is included.

4 Profit and loss account

The Company has not traded from the date of its incorporation, hence no profit and loss account has been prepared.

5 Unaudited balance sheet

	Notes	<i>As at 24 August 2010 Unaudited GBP £</i>
CURRENT ASSETS		
Cash at bank and in hand		—
NET ASSETS		—
CAPITAL AND RESERVES		
Called up share capital	6	—
SHAREHOLDERS' EQUITY		—

6 Share capital

The Company was incorporated on 24 August 2010.

On incorporation on 24 August 2010, the Company had a share capital of unlimited ordinary shares of no par value, of which 1 ordinary share was in issue.

7 Subsidiary undertakings

The group of companies headed by the Company comprises:

- Karanja Terminal & Logistics (Cyprus) Limited (“KTLCL”) - on 6 September 2010, the 1,000 ordinary shares in the capital of KTLCL issued on its incorporation on 31 August 2010 were transferred to the Company from CL Nominees Limited (a nominee company of the Group’s Cypriot formation agents).
- Karanja Terminal and Logistics Private Limited (“KTLPL”) - on 1 October 2010, KTLCL agreed to subscribe for shares in KTLPL, conditional on Admission, representing approximately 99.7% of the enlarged share capital of KTLPL following completion of such subscription. KTLPL is party to a Deed of Lease with MMB as described in section 10.1 of Part 5 of this document.

PART 5

ADDITIONAL INFORMATION

1. RESPONSIBILITY STATEMENT

The Directors of the Company, whose names appear on page 4 of this document, accept responsibility, individually and collectively, for the information contained in this document. To the best of the knowledge of the Directors, 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 contains no omission likely to affect its import.

2. INCORPORATION OF THE COMPANY

- 2.1 The Company, whose registered office is set out on page 4 of this document, was incorporated and registered under the Companies Law on 24 August 2010 as a non cellular company with company number 52321. The telephone number of the Company's registered office is +44 (0) 1481 700 300. The address of the Company's corporate website on which the information required by Rule 26 of the AIM Rules for Companies can be found is www.splpl.com.
- 2.2 The principal activity of the Company is to act as a holding company. It acts as the holding company of the Group, whose principal activities are summarised at paragraph 9 of this Part 5. There are no exceptional factors which have influenced the Company's activities.
- 2.3 The International Security Identification Number or "ISIN" for the Ordinary Shares is GG00B53M7D91.
- 2.4 Save as disclosed in paragraph 9 of this Part 5, there are no undertakings in which the Company holds a proportion of the capital that is likely to have a significant effect on the assessment of its own assets and liabilities, financial position or profits.

3. SHARE CAPITAL OF THE COMPANY

- 3.1 The issued fully paid-up share capital of the Company as at the date of this document is 13,600,000 Ordinary Shares of no par value.
- 3.2 The following is a summary of the changes which have occurred in the issued share capital of the Company from incorporation to Admission:
 - (a) on incorporation on 24 August 2010, the issued share capital of the Company was 1 ordinary share of no par value;
 - (b) on 1 October 2010, 13,599,999 ordinary shares in the capital of the Company were issued;
 - (c) on 1 October 2010, by a special resolution of the Shareholders passed by written resolution, it was resolved, subject to and conditional upon Admission becoming effective prior to 20 October 2010, that:
 - (1) the existing memorandum and articles of incorporation of the Company be amended and restated and the memorandum and articles of incorporation in the form circulated to Shareholders be and are approved and adopted as the memorandum and articles of incorporation of the Company in substitution for, and to the exclusion of, the existing memorandum and articles of incorporation of the Company;
 - (2) the Directors be authorised to exercise all powers of the Company to grant the Cenkos Warrants and the Founder Warrants;
 - (3) the Directors be authorised to exercise all powers of the Company:
 - (a) to issue up to an aggregate of 30,400,000 Ordinary Shares in connection with the Placing to be effected by the Company at the time of Admission;
 - (b) to issue further Ordinary Shares (other than pursuant to the powers referred to in the sub-paragraph above) up to a maximum amount equal to one third of the number of Ordinary Shares in issue immediately after Admission;
 - (c) to issue up to an aggregate of 220,000 Ordinary Shares (representing 0.5 per cent. of the Enlarged Share Capital) to be issued in connection with the exercise of the Cenkos Warrants; and

- (d) to issue up to an aggregate of 4,400,000 Ordinary Shares (representing 10 per cent. of the Enlarged Share Capital) to be issued in connection with the exercise of the Founder Warrants;
- (4) in accordance with article 4.5 of the Articles, the Directors be authorised to issue Ordinary Shares for cash as if the pre-emption rights contained in article 4.3 of the Articles did not apply to such issues, this power being limited to the issue of Ordinary Shares pursuant to the Cenkos Warrants and the Founder Warrants, it being acknowledged and agreed for purposes of article 4.6 of the Articles that the authority conferred by this resolution shall not be subject to an expiry date;
- (5) in accordance with article 4.5 of the Articles, the Directors be authorised to issue Ordinary Shares for cash as if the pre-emption rights contained in article 4.3 of the Articles did not apply to such issues, this power being limited to:
 - (a) the issue of Ordinary Shares pursuant to the authorities set out in sub-paragraph 3.2(c)(3)(a) above;
 - (b) the issue of Ordinary Shares in connection with an offer of such Ordinary Shares by way of rights (including without limitation, under a rights issue, open offer or similar arrangement) to holders of Ordinary Shares in proportion (as nearly as may be practicable) to their respective holdings of such securities, but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with fractional entitlements, record dates or any other legal or practical problems under the laws of any territory, or the requirements of any regulatory authority or stock exchange;
 - (c) the issue of Ordinary Shares (other than pursuant to the power set out in paragraph 3.2(c)(3)(a) above) up to a maximum amount equal to 5 per cent. of the Enlarged Share Capital,

such authority to expire on the date which is 15 months from the date of the passing of the above resolution or, if earlier, at the end of the next annual general meeting of the Company (unless previously renewed, revoked or varied by the Company by special resolution) save that the Company may before such expiry make an offer or agreement which would or might require Ordinary Shares to be issued (or require rights to subscribe for or to convert any security into shares to be granted) after such expiry and the Directors may issue shares (or grant such rights) in pursuance of such an offer or agreement as if the authority conferred by the above resolution had not expired; and

- (d) on 1 October 2010, the Directors resolved to issue, conditional upon Admission, 30,400,000 new Ordinary Shares pursuant to the Placing and resolved to grant the Cenkos Warrants and the Founder Warrants.

3.3 Immediately following Admission the issued fully paid-up share capital of the Company will be 44,000,000 Ordinary Shares of no par value.

The issued and fully paid-up share capital of the Company immediately following Admission, assuming the exercise of the Cenkos Warrants and the Founder Warrants in full detailed in paragraphs 10.2(d) and 10.2(f) of this Part 5, would be 48,620,000 Ordinary Shares of no par value.

3.4 The principal legislation under which the Company operates (and under which the Ordinary Shares in the Company have been created) is the Companies Law and the regulations made thereunder.

3.5 Save as set out in this document, no shares in the capital of the Company are under option or have been agreed, conditionally or unconditionally, to be put under option.

3.6 With effect from Admission, all of the Ordinary Shares will be in registered form and, subject to the Ordinary Shares being admitted to and accordingly enabled for settlement in CREST, the Ordinary Shares will be capable of being held in uncertificated form. No temporary documents of title will be issued.

3.7 On Admission, the Existing Ordinary Shares will represent approximately 30.9 per cent. of the Enlarged Share Capital.

3.8 Save as disclosed in paragraph 4 of this Part 5, there are no restrictions on the free transferability of the Ordinary Shares.

4. MEMORANDUM AND ARTICLES OF INCORPORATION

The following is a summary of certain provisions of the Articles, and certain provisions of the Companies Law, that apply to the Company with effect from Admission.

4.1 The memorandum of incorporation provides that the Company's objects are unrestricted and it shall therefore have the full power and authority to carry out any object not prohibited by the Companies Law or any other law of the Guernsey.

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

4.2.1 Issue of Shares/Shares

The Company has unlimited share capital. Subject to the provisions of the Companies Law and the Articles, the Directors may exercise the power of the Company to issue shares, grant rights to subscribe for or convert any security into shares, issue shares of different types or classes and issue shares with or without par value.

Subject to the provisions of the Companies Law, the Articles and other members' rights, shares may be issued with or have attached to them such rights and restrictions as the Board may from time to time decide.

The general power under the Companies Law allowing the Directors to issue shares has been disapplied and, accordingly, the Directors shall only be entitled to exercise a power of the Company to issue shares in the Company or to grant rights to subscribe for, or to convert any security into, shares in the Company to the extent that they are so authorised pursuant to express provisions of the Articles or otherwise by ordinary resolution of the shareholders in a general meeting.

4.2.2 Pre-emption Rights

The Companies Law does not include statutory pre-emption rights. However, pre-emptive protection has been incorporated in the Articles such that the Company is required not to issue equity securities unless: (i) an offer has been made to each Shareholder on the same or more favourable terms and pro rata to their holding; and (ii) the period during which any offer may be accepted, being not less than 14 days from the date of sending such offer, has expired or the Company has received notice of acceptance or refusal from every Shareholder. The Company may by special resolution disapply such pre-emption rights.

4.2.3 Meetings and Voting

The annual general meeting of the Company will be held at such time and place in Guernsey or elsewhere as may be determined by the Directors in accordance with the Companies Law. Other general meetings may be convened from time to time by the Directors or on requisition by holder(s) of shares representing not less than one tenth of the shares in issue at the date of requisition. Only members of the Company or their duly appointed representatives may vote at general meetings.

Subject to any rights or restrictions attached to any shares, on a show of hands, every member present in person or by proxy and entitled to vote shall have one vote, and on a poll every member present in person or by proxy shall have one vote for each share held by him, but this entitlement shall be subject to the conditions with respect to any special voting powers or restrictions for the time being attached to any Ordinary Shares which may be subject to special conditions.

Where there are joint registered holders of any share such persons shall not have the right of voting individually in respect of such share but shall elect one of their number to represent them and to vote whether in person or by proxy in their name. In default of such election the vote of the senior holder who votes (and any proxies duly authorised by him) shall be counted by the Company, with the senior holder being determined by the order in which the names of the joint holders appear in the register of members.

4.2.4 Winding Up

On a winding up, a liquidator will be appointed who will pay the Company's debts in order of priority as determined by law, and will distribute any surplus among Shareholders *pari passu*

among the members pro rata to their holdings of those shares which are subject to the rights of any shares which may be issued with special rights or privileges.

4.2.5 Variation of class rights

Subject to the provisions of Guernsey law, the special rights and privileges attaching to shares for the time being issued by the Company from time to time (whether or not the Company is being wound up) may be varied or abrogated in such manner (if any) as may be provided by such rights or, in the absence of any such provision, by a special resolution of the holders of shares of the class concerned. At any such meeting (other than an adjourned meeting), the necessary quorum shall be two persons holding or representing by proxy at least one third of the capital committed or agreed to be committed in respect of the issued shares of the class in question.

The special rights attaching to any class of shares having preferential rights shall not, unless otherwise expressly provided by their terms of issue, be deemed to be varied by, *inter alia*, the issue of further shares ranking *pari passu* therewith.

4.2.6 Transfer of shares

Ordinary Shares will be transferable by a transfer in any usual or common form in use in Guernsey or in such other form as the Directors may from time to time sanction or allow. The registration of transfers may be suspended at such times and for such periods as the Directors may from time to time determine, provided that such registration shall not be suspended for more than thirty days in any year.

Subject to the Articles (and the restrictions on transfer contained therein), a member may transfer all or any of his shares in any manner which is permitted by the Companies Law or in any other manner which is from time to time approved by the Board.

4.2.7 Notification of Interests

The Articles incorporate by reference the provisions of Chapter 5 of the Disclosure and Transparency Rules (the “**Disclosure and Transparency Provisions**”). The Disclosure and Transparency Provisions detail the circumstances in which a person may be obliged to notify the Company within two business days that he has an interest in voting rights in respect of Ordinary Shares in the Company. An obligation to notify the Company arises when the percentage of voting rights which a person holds reaches, exceeds or falls below 3 per cent. of the voting rights attaching to any class of the shares or moves through any whole percentage point above 3 per cent.

In addition, the Company may, by issuing a written notice (a “**Disclosure Notice**”), require a Shareholder to disclose the nature of his interest in a relevant shareholding within such reasonable time as may be specified in the Disclosure Notice.

Where a Shareholder fails to comply with the Disclosure and Transparency Provisions, the Directors may by delivery of a notice to the applicable Shareholder: (i) suspend the right of such Shareholder to vote in person or by proxy at any meeting of the Company (until a date that is not more than seven days after the Company has determined in its sole discretion that the Shareholder has cured the non-compliance with the provisions of DTR5); and/or (ii) withhold, without any obligation to pay interest thereon, any dividend or other amount payable, render ineffective any election to receive shares of the Company instead of cash in respect of any dividend or part thereof and/or prohibit the transfer of any shares of the Company held by the Shareholder except with the consent of the Company

4.2.8 Dividends

Subject to the Companies Law, the Board may declare and pay such dividends, including interim dividends as, in the opinion of the Board, are justified by the financial position of the Company. No dividend or other monies payable by the Company on or in respect of a share shall bear interest against the Company.

All unclaimed dividends may be invested or otherwise made use of by the Board for the benefit of the Company until claimed. All dividends unclaimed for a period of twelve years after having been declared or becoming due for payment shall be forfeited and shall revert to the Company.

4.2.9 Financial Assistance to Purchase Shares of a Company or its Holding Company

Guernsey companies are permitted to give financial assistance for the purchase of their shares in accordance with and pursuant to the Companies Law.

4.2.10 Purchase of Shares by a company

A Guernsey company may, if so authorised by its memorandum or articles, acquire its own shares. The Articles contain such authorisation.

4.2.11 Accounting and Auditing Requirements

Under the Companies Law, every company shall keep accounting records which are sufficient to show and explain its transactions and are such as to:

- (a) disclose with reasonable accuracy, at any time, the financial position of the company at that time; and
- (b) enable the directors to ensure that any accounts prepared by the company are prepared properly and in accordance with any relevant enactment for the time being in force.

A company's accounting records have to be kept at the company's registered office, or at such other place as its directors think fit.

The directors of every company shall prepare accounts for each of the company's financial years.

4.2.12 Transactions with Directors

A Director must, immediately after becoming aware of the fact that he is interested in a transaction or proposed transaction with the Company, disclose to the board of Directors of the Company (i) if the monetary value of the Director's interest is quantifiable, the nature and monetary value of that interest, or (ii) if the monetary value of the Director's interest is not quantifiable, the nature and extent of that interest, in each case unless the transaction or proposed transaction is between the Director and the Company and is to be entered into in the ordinary course of the Company's business and on usual terms and conditions.

Any Director may act by himself or his firm in a professional capacity (other than as auditor) for the Company and he and his firm shall be entitled to remuneration for such professional services as if he were not a Director.

Any Director may continue to be or become a director, managing director, manager or other officer or member of any company in which the Company may be interested and (unless otherwise agreed) no such Director shall be accountable for any remuneration or other benefits received by him in any such capacity.

A Director may not vote (or be counted in the quorum) in respect of any resolution of the Board or committee of the Board concerning a contract, arrangement, transaction or proposal to which the Company is or is to be a party and in which he has an interest which (together with any interest of any person connected with him) is, to his knowledge, a material interest (otherwise than by virtue of his interest in shares or debentures or other securities of or otherwise in or through the Company) but, in the absence of some other material interest than is mentioned below, this prohibition does not apply to a resolution concerning any of the following matters:

- (a) the giving of a guarantee, security or indemnity in respect of money lent or obligations incurred by him or any other person at the request of or for the benefit of the Company or any of its subsidiary undertakings;
- (b) the giving of any guarantee, security or indemnity in respect of a debt or obligation of the Company or any of its subsidiary undertakings for which he himself has assumed responsibility in whole or in part, either alone or jointly with others, under a guarantee or indemnity or by the giving of security;
- (c) a contract, arrangement, transaction or proposal concerning an offer of shares, debentures or other securities of the Company or any of its subsidiary undertakings for subscription or purchase, in which offer he is or may be entitled to participate as a

holder of securities or in the underwriting or sub-underwriting of which he is to participate;

- (d) a contract, arrangement, transaction or proposal to which the Company is or is to be a party concerning another company (including a member of the Group) in which he (and any persons connected with him) is interested and whether as an officer, shareholder, creditor or otherwise, if he does not to his knowledge hold an interest in shares representing three per cent. or more of either a class of the equity share capital (or of any third party company through which his interest is derived) or of the voting rights in the relevant company; and
- (e) a contract, arrangement, transaction or proposal concerning the purchase and/or maintenance of any insurance policy for the benefit of Directors or for the benefit of persons including Directors.

4.2.13 Inspection of Corporate Records

The register of members of the Company must be open during ordinary business hours, to the inspection of any member or Director of the Company to which it relates without charge. The Board shall determine whether and to what extent and at what times and places and under what conditions the accounts books and documents of the Company shall be open to inspection and no member shall have any right of inspecting any account or book or document except as conferred by Guernsey law or authorised by the Board.

4.2.14 Stamp Duty

No stamp duty is payable in Guernsey in relation to the transfer of shares in the Company.

5. DIRECTORS OF THE COMPANY

5.1 The full names and functions of the Directors are as follows:

<i>Name</i>	<i>Function</i>
Nikhil Prataprai Gandhi	Chairman
Pavandeep Singh Bakhshi	Managing Director
Jigar Arvind Shah	Interim Finance Director
Peter Anthony Jones	Non-Executive Director
James Stocks Sutcliffe	Non-Executive Director

5.2 In addition to their directorships in the Group, the Directors currently hold or have held the following directorships and/or are or were partners of the following partnerships within the five years immediately prior to the date of this document:

<i>Director</i>	<i>Current Directorships/Partnerships</i>	<i>Past Directorships/Partnerships</i>
Nikhil Gandhi	SKIL Infrastructure Limited; SKIL Himachal Infrastructure & Tourism Limited; Horizon Infrastructure Limited; Awaita Properties Private Limited; Mumbai SEZ Limited; Navi Mumbai SEZ Private Limited; Urban Infrastructure Holding Private Limited; SKIL Shipyard Holdings Private Limited; SKIL Karantaka SEZ Limited; SKIL Karantaka Infrastructure Limited; Horizon Country Wide Logistics Limited; Fastlane Distriparks & Logistics Limited; JPT Securities Limited; KLG Capital Services Limited; Energy India Corporation Limited; SKIL Institute of Nursing Private Limited; and Pipavav Shipyard Limited.	None

<i>Director</i>	<i>Current Directorships/Partnerships</i>	<i>Past Directorships/Partnerships</i>
Pavan Bakhshi	Askar Capital India Advisory Pvt Ltd.	None
Jigar Shah	Horizon Country Wide Logistics Limited; Pipavav Offshore Limited; SKIL Maritime & Logistics Ventures Limited; Sea King Consortium Investment Private Limited; SKIL Water Resources Private Limited; SKIL Knowledge Park & Management Private Limited; SKIL Himachal Airport Infrastructure Private Limited; SKIL Tourism Infrastructure Pvt. Limited; SKIL Himachal Waknaghat SEZ Private Limited; SKIL Properties Private Limited; SKIL Realty Private Limited; SKIL Advanced Systems Private Limited; and SKIL Advance Energy Private Limited.	None
Peter Jones	Chetwynd North Management Company Limited; Southampton Container Terminals Limited; Associated British Ports Holdings Limited; Tilbury Container Services Limited; The United Kingdom Major Ports Group Limited; and The Teignmouth Quay Company Limited.	Coastal Seaforth Container Terminals Limited; The Mersey Docks and Harbour Company; Seawing Landguard International Limited; Coastal Container Line Limited; The United Kingdom Major Ports Group Limited; Fresh Fruit Services Limited; Clarke Chapman Portia Port Services Limited; Through Transport Mutual Insurance; Princes Dock Development Company Limited; Medway Ports Limited; Port of Sheerness Limited; Portia World Travel Limited; Seaforth Stevedoring Limited; Roadferry Holdings Limited; Maritime Centre Limited; Birkenhead Port Limited; Roadferry Limited; Merlin Ports Limited; Heysham Port Limited; Cammell Laird Shiprepairers & Shipbuilders Limited; Maritime Centre (No3) Limited; Mersey Docks Property Developments Limited; Mersey Docks Property Holdings Limited; Mersey Docks Property Investments Limited;

<i>Director</i>	<i>Current Directorships/Partnerships</i>	<i>Past Directorships/Partnerships</i>
Peter Jones (cont.)		Princes Dock Development Company No. 5 Limited; Princes Dock Hotel Limited; Princes Dock Office No. 12 Limited; Princes Dock Office No. 8 Limited; Princes Dock Office No. 9 Limited; Woodside Business Park Limited; Princes Dock Development Company No. 4 Limited; Link Transport Services Limited; Tankspeed Limited; Flaskranch Limited; Spade Lane Cool Store Limited; Scott Lithgow Shiprepairers Limited; BG Freight Line BV; Marine Terminals Ltd; Coastal Line Container Terminal Ltd; Dublin Container & Transport Services Ltd; and Teca GmbH.
James Sutcliffe	Sutcliffe Solloway & Co. Limited; Confill (UK) Limited; John Sutcliffe & Son (Grimsby) Limited; John Sutcliffe & Son (Holdings) Limited; John Sutcliffe International Limited; Sutcliffe Travel Limited; Haven Stevedores Limited; John Sutcliffe & Son (Eastern) Limited; Sutcliffe Shipping Limited; DCT Gdansk Limited; DCT Gdansk SA; GT40 Supercars Limited; Sutcliffe Solloway Laceby Limited; JSS Consultants Limited; Port Evolution Management Limited; Port Evo (West Africa) Limited; Sutcliffe Solloway Financial Planning Limited; Port Evo (SC) Ltd; and My-Next-Of-Kin.com Ltd.	PD Ports Limited; DCT Ports Limited; Weller Russell & Laws Ltd.; Weller, Russell & Laws (Peterborough) Ltd; and Weller, Russell & Laws Insurance Brokers Ltd.

5.3 The business address of each of the Directors is the Company's registered office.

5.4 Save as disclosed in paragraph 5.5 to 5.7 below, none of the Directors has:

- (a) any unspent convictions in relation to indictable offences;
- (b) ever been declared bankrupt or been the subject of an individual voluntary arrangement;
- (c) ever been a director of a company which, while he was a director or within 12 months of his ceasing to be a director, had a receiver appointed or entered into compulsory liquidation, creditors' voluntary liquidation, administration, company voluntary arrangement or any composition or arrangement with its creditors generally or with any class of its creditors;

- (d) ever been a partner within a partnership which, while he was a partner or within 12 months of his ceasing to be a partner, entered into compulsory liquidation, administration or a partnership voluntary arrangement;
- (e) owned any asset which has been placed in receivership or been a partner in a partnership whose assets have been placed in receivership while he was a partner or within the 12 months preceding such event; or
- (f) been the subject of any public criticism by statutory or regulatory authorities (including recognised professional bodies) nor has any of them 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.

5.5 There are criminal proceedings pending against Mr. Nikhil Gandhi at different levels of adjudication before various courts, tribunals and enquiry officers in India. These matters are: (i) a criminal proceeding against Mr. Gandhi, in which it is alleged that he and another individual committed forgery of bills and that they conspired and connived with each other to commit such forgery; (ii) a criminal proceeding against, Mr. Gandhi and certain affiliates, in which it is alleged that they and two other parties fraudulently evaded paying Rs. 20,000,000 in customs duties; and (iii) a criminal proceeding against Mr. Gandhi alleging that he dishonoured cheques. All of these allegations have been contested by Mr. Gandhi.

The National Stock Exchange of India Limited (“NSE”) has taken regulatory action against Horizon Infrastructure Limited (“Horizon”), a company of which Mr. Nikhil Gandhi is a director. The equity shares of Horizon were listed on the NSE on October 9, 1996. Subsequently, trading of its shares on the NSE was suspended due to non-compliance with technical and procedural requirements under certain clauses of its listing agreement with the NSE. Following satisfactory redressal of instances of non-compliance by Horizon with provisions of its listing agreement, the NSE ended the suspension of trading in Horizon’s equity shares effective 25 January 2008. Between 25 January 2008 and 5 May 2008, the price of the equity shares of Horizon increased significantly. The extent of the share price increase during this period led SEBI to initiate an investigation in 2009 into the price movements of, and dealing in, Horizon’s equity shares during this period.

- 5.6 Askar Capital India Advisory Pvt. Ltd, of which Mr. Bakhshi is currently a director, is in the process of being wound up. The company is owned by Askar Capital, a Nordic investment firm, and was an adviser to Askar in relation to its Indian investments. Askar has subsequently ceased its activities with respect to India and is now winding up the company.
- 5.7 Each of the following companies of which Mr. Shah is currently a director are in the process of being struck off: Sea King Consortium Investment Private Limited, SKIL Himachal Airport Infrastructure Private Limited and SKIL Realty Private Limited. All three are dormant ‘shell’ companies and Mr. Shah and his fellow directors of such companies have taken advantage of a recent GoI amnesty scheme whereby such dormant companies may be struck off following a simpler procedure.

6. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

6.1 The table below shows the interests (all of which are beneficial unless stated otherwise) of the Directors in the Ordinary Shares and the interests of their family members (within the meaning of the AIM Rules for Companies) which would be notifiable to the Company in accordance with the Articles (as summarised in paragraph 4 above) as at 1 October 2010 (being the latest practicable date before the publication of this document) and as expected immediately following Admission:

	<i>Immediately prior to Admission</i>		<i>Immediately following Admission</i>	
	<i>Ordinary Shares</i>	<i>Share Capital (%)</i>	<i>Ordinary Shares</i>	<i>Enlarged Share Capital (%)</i>
Nikhil Gandhi ¹	12,720,000	93.53	12,720,000 ²	28.91
Pavan Bakhshi	880,000	6.47	880,000 ³	2
Jigar Shah	–	–	–	–
Peter Jones	–	–	8,000	0.02
James Sutcliffe	–	–	8,000	0.02

¹ Mr. N. Gandhi’s interests are all held indirectly through SKIL Global Ports & Logistics Limited, which is controlled by Mr. Gandhi.

² SKIL Global Ports & Logistics holds Founder Warrants entitling it to subscribe for up to an additional 3,960,000 Ordinary Shares representing approximately 8.18 per cent. of the Enlarged Share Capital immediately following Admission on a diluted basis (assuming no exercise of the Cenkos Warrants). See paragraph 10.2(f) below for further details of the terms of the Founder Warrants.

³ P. Bakhshi holds Founder Warrants entitling him to subscribe for up to an additional 440,000 Ordinary Shares representing approximately 0.91 per cent. of the Enlarged Share Capital immediately following Admission on a diluted basis (assuming no exercise of the Cenkos Warrants). See paragraph 10.2(f) below for further details of the terms of the Founder Warrants.

6.2 Save as otherwise disclosed in this document:

- (a) none of the Directors nor any of their family members (within the meaning of the AIM Rules for Companies) has any interest, whether beneficial or otherwise, in the share or loan capital of the Company;
- (b) no Director has an interest, whether direct or indirect, in a transaction which is or was unusual in its nature or conditions or significant to the business of the Company, taken as a whole and which was effected by the Company since its incorporation which remains in respect outstanding or under-performed;
- (c) none of the Directors has any interest, whether direct or indirect, in any assets which have been or are proposed to be acquired or disposed of by the Company, or leased to the Company, and no contract or arrangement exists in which a Director is materially interested and which is significant in relation to the business of the Company;
- (d) none of the Directors including their family members (within the meaning of the AIM Rules for Companies) is interested in any related financial product referenced to the Ordinary Shares (being a financial product whose value is, in whole or in part, determined directly or indirectly by reference to the price of the Ordinary Shares including a contract for difference or a fixed odds bet); and
- (e) there are no outstanding loans or guarantees provided by the Company for the benefit of the Directors nor are there any outstanding loans or guarantees provided by any of the Directors for the benefit of the Company.

6.3 In addition to the interests of the Directors disclosed in paragraph 6.1 above, the Company is aware of the following Shareholders, who are as at the date of this document, or immediately following Admission, will be interested, directly or indirectly, in 3 per cent. or more of the issued share capital of the Company:

	<i>Immediately prior to Admission</i>		<i>Immediately following Admission</i>	
	<i>Ordinary Shares</i>	<i>Share Capital (%)</i>	<i>Ordinary Shares</i>	<i>Enlarged Share Capital (%)</i>
Standard Life Investments Limited	–	–	3,000,000	6.82
FIL Investment Advisors (UK) Limited	–	–	2,940,000	6.68
Legal & General Investment Management Ltd	–	–	2,400,000	5.45
Schroder Investment Management Ltd	–	–	2,400,000	5.45
British Steel Pension Fund Trustee Ltd	–	–	1,900,000	4.32
Columbia Wanger Asset Management L.P.	–	–	1,900,000	4.32
Four Capital Partners LLP	–	–	1,900,000	4.32
JPMorgan Asset Management (UK) Limited	–	–	1,680,000	3.82

6.4 None of the holders of Ordinary Shares have different voting rights to any other holders of Ordinary Shares.

6.5 Save as disclosed in this paragraph 6, there are no persons, so far as the Company is aware, who will immediately following Admission be interested, directly or indirectly, in 3 per cent. or more of the issued share capital of the Company, nor, so far as the Directors are aware, is there any person or entity who, directly or indirectly, jointly or severally, will or could exercise control over the Company immediately following Admission and there are no arrangements the operation of which could result in a change of control of the Company.

7. DIRECTORS REMUNERATION AND SERVICE CONTRACTS

7.1 Service contracts and/or letters of appointment have been entered into between the Group and each Director, in each case conditional upon Admission. Details of these arrangements are summarised below in relation to each Director:

- (a) Pavan Bakhshi has entered into a service agreement with the Company on 1 October 2010 employing him as managing director. The service agreement shall continue until terminated by six months' notice served by either party at any time provided that notice to terminate the agreement cannot take effect until after expiry of the initial term of 12 months. The current salary payable under the agreement is £175,000 per annum. The Board will determine annually at its discretion whether Mr Bakhshi should receive a bonus for the performance of his duties, and will give consideration to the implementation of an appropriate share option plan for Mr Bakhshi and initial grants of options thereunder, within 12 months of Admission. The Company will reimburse Mr Bakhshi up to a maximum of £10,000 per annum for the provision, on his own account, of the following benefits: (i) medical expenses insurance; (ii) death in service benefit; (iii) critical illness cover; and (iv) permanent health insurance. In addition, the Company will reimburse Mr Bakhshi for his reasonable costs of taking personal tax advice and dealing with tax filings in relevant jurisdictions arising from his employment with the Group. Upon termination of his service agreement, Mr Bakhshi will have no rights to any compensation under or in respect of any share options or long term incentive plans in which he may participate or have received grants or allocations at or before the date the appointment terminates;
- (b) the Company has entered into a letter of appointment dated 1 October 2010 with Mr. Nikhil Gandhi confirming his appointment as a director and Chairman of the Company. His appointment is for an initial period of 3 years unless terminated by either party on giving not less than six months' prior written notice. Pursuant to this letter of appointment Mr. Gandhi has confirmed that he is able to allocate sufficient time to his role, including an anticipated time commitment of 2-3 days per month. He will also be expected to attend Board meetings in person and the general meetings of the shareholders of the Company as and when they are held. Mr Gandhi will not be entitled to any fees in respect of this appointment but will be entitled to reasonable out of pocket expenses;
- (c) Mr. Nikhil Gandhi has also entered into a letter of appointment dated 1 October 2010 with KTLPL confirming his appointment as a director and Chairman of KTLPL. His appointment will continue until terminated by six months' notice served by either party at any time. Pursuant to this letter of appointment Mr. Gandhi has confirmed that he is able to allocate sufficient time to his role. Mr Gandhi will not be entitled to any fees in respect of this appointment but will be entitled to reasonable out of pocket expenses;
- (d) the Company has entered into a letter of appointment dated 1 October 2010 with Jigar Shah confirming his appointment as interim, part-time finance director of the Company. His appointment is for an initial period of 1 year unless terminated by either party on giving not less than one month's prior written notice. Pursuant to this letter of appointment, Mr Shah will be expected to devote at least 15-20 hours per week to the business of the Company and its subsidiaries. He will also be expected to attend Board meetings in person and general meetings of the shareholders of the Company as and when they are held. Mr Shah will not be entitled to any fees in respect of this appointment but will be entitled to reasonable out of pocket expenses;
- (e) Jigar Shah has also entered into a letter of appointment dated 1 October 2010 with KTLPL confirming his appointment as interim, part-time finance director of KTLPL. His appointment is for an initial period of 1 year unless terminated by either party on giving not less than one month's prior written notice. Pursuant to this letter of appointment, Mr Shah will be expected to devote at least 15-20 hours per week to the business of KTLPL. He will also be expected to attend board meetings of KTLPL and general meetings of the shareholders of KTLPL as and when they are held. Mr Shah will not be entitled to any fees in respect of this appointment but will be entitled to reasonable out of pocket expenses;
- (f) the Company has entered into a letter of appointment dated 1 October 2010 with Peter Jones confirming his appointment as a non-executive director of the Company. His appointment is for an initial period of 3 years unless terminated by either party on giving not less than 3

months' prior written notice. Pursuant to this letter of appointment Mr Jones has confirmed that he is able to allocate sufficient time to his role, including an anticipated time commitment of 2-3 days per month. He will also be expected to attend Board meetings in person and general meetings of the shareholders of the Company as and when they are held. Pursuant to his letter of appointment, Mr Jones will be entitled to receive fees of £45,000 per annum and to reasonable out of pocket expenses including travel; and

(g) the Company has entered into a letter of appointment dated 1 October 2010 with James Sutcliffe confirming his appointment as a non-executive director of the Company. His appointment is for an initial period of 3 years unless terminated by either party on giving not less than 3 months' prior written notice. Pursuant to this letter of appointment Mr Sutcliffe has confirmed that he is able to allocate sufficient time to his role, including an anticipated time commitment of 2-3 days per month. He will also be expected to attend Board meetings in person and general meetings of the shareholders of the Company as and when they are held. Pursuant to his letter of appointment, Mr Sutcliffe will be entitled to receive fees of £40,000 per annum and to reasonable out of pocket expenses including travel.

7.2 The aggregate remuneration (including salaries, fees, pension contributions, bonus payments, consultancy fees and benefits in kind) paid to the Directors since incorporation of the Company is £nil.

7.3 In respect of the last completed financial year of the Group, no member of the administrative, management or supervisory bodies' service contracts with the Company or any member of the Group provided for benefits on termination of employment.

7.4 Each of the Directors, in accordance with the terms of their respective service agreement or letter of appointment, the Articles and a stand-alone deed of indemnity, have the benefit of an indemnity from the Company in respect of liability to third parties incurred by him as a result of his actions or omissions as a Director of the Company or any Group company. The Directors will only be indemnified: (a) to the extent permitted by law; (b) subject to such exclusions as are determined by the Board from time to time or as are referred to in the deeds of indemnity; and (c) subject to the Director complying in full with the requisite notification procedures in force at the relevant time.

8. EMPLOYEES

As at 1 October 2010, being the latest practicable date before publication of this document, neither the Company nor any member of the Group had any employees.

9. SUBSIDIARIES

The Company is the ultimate parent company of the Group and has the subsidiaries contained in the table below. Their principal activity, place of incorporation and the proportion of share capital held (directly or indirectly) by the Company are shown below:

<i>Name</i>	<i>Principal Activity</i>	<i>Country of Incorporation</i>	<i>Directly or Indirectly</i>	<i>Percentage Held</i>
KTLCL	Holding company	Cyprus	Direct	100%
KTLPL	Operator of port and logistics projects	India	Indirect	99.7%*

* following Admission and completion of subscription by KTLCL

10. 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 the Company or its subsidiaries within the two years immediately preceding the date of publication of this document and which are, or may be, material to the Company or its subsidiaries or have been entered into by the Company or its subsidiaries at any time and contain a provision under which the Company or its subsidiaries have any obligation or entitlement which is, or may be, material to the Company or its subsidiaries as at the date of the document.

10.1 Contracts Relating to Operations

(a) Deed of Lease

Karanja Infrastructure Private Limited entered into a 30-year deed of lease with the MMB on 31 August 2009, with an effective date of 7 August 2009 (the “**Deed of Lease**”), for the 821,440 square metres (approximately 200 acres) of land with a sea frontage of approximately 1,000 metres at Karanja Creek, village Chanje, Taluka Uran, District Raigad, Maharashtra, India on which the Group intends to develop: (i) the Multi-purpose Terminal and the Logistics Park; and (ii) a ship repair facility.

The Project, which the Deed of Lease provides that the Group cannot sell, will be developed on a BOOT basis and will be transferred free of charge to MMB at the end of the lease period, on 7 August 2039, in accordance with the Deed of Lease unless such period is extended by the MMB. The land for the Project is subject to an initial rent of Rs. 17,085,952 per annum (subject to increase by the MMB or the State Government of Maharashtra from time to time), and the Deed of Lease further requires the Group to pay cargo and all vessel related charges to the MMB in accordance with a fixed scale of rates (subject to increase at the MMB’s discretion). In addition, the Group is required to pay the MMB a minimum guaranteed annual revenue for cargo and all vessel related charges regardless of the actual amount of cargo handled at the Multi-purpose Terminal. This minimum guaranteed annual revenue is Rs. 10 million in the first year, increasing by 10 per cent. each year, with aggregate minimum guaranteed revenue payable to the MMB of approximately Rs. 1.63 billion (£22.96 million, \$36.27 million) over the 30-year term of the Deed of Lease.

The Deed of Lease also contains, inter alia, provisions to the following effect:

- that KTLPL must obtain all environmental clearances for the development of the Project by 7 August 2011 or the Deed of Lease shall stand cancelled with no liabilities on the MMB, provided, however, that the MMB shall not unreasonably deny an extension of the date for obtaining all such clearances (which shall not be later than 7 August 2013);
- that construction of the Project must have started by 7 February 2012 or the Deed of Lease shall stand cancelled with no liabilities on the MMB;
- that the construction of the jetty and ship repair facilities is to be completed by 7 August 2011 and that the jetty is required to be commissioned by 7 August 2012 (or such later date as may be approved by the MMB or by the State Government of Maharashtra);
- that KTLPL is required to develop and build the approach road to the Multi-purpose Terminal from the nearest major access road; and
- that the MMB may require the Group to rectify non-compliance with agreed construction and commissioning timetables within six months of notification, and that failing such rectification the MMB may terminate the Deed of Lease on one month’s notice in writing.

It is a condition of the Deed of Lease that SKIL, KIPL and their respective promoters and affiliates retain a minimum 26 per cent. interest, directly or indirectly, in the Project, failing which the MMB may seek to terminate the Deed of Lease.

(b) Deed of confirmation

KIPL, KTLPL and the MMB entered into a deed of confirmation on 28 September 2010 pursuant to which all of KIPL’s rights and obligations under the Deed of Lease were novated to KTLPL.

10.2 Contracts Relating to Admission

(a) Placing Agreement

A placing agreement, dated 1 October 2010, between the Directors, the Company, KTLPL and the Placing Agents pursuant to which the Placing Agents have agreed to use reasonable endeavours to procure placees to acquire 30,400,000 Placing Shares at the

Placing Price on behalf of the Company, with Dahlman Rose only engaging in such activities in the United States and Canada. Under the terms of the agreement, the Company has agreed to pay: (i) to Cenkos a corporate finance fee of £225,000; and (ii) to each Placing Agent, a commission equal to five per cent. of the funds raised from Places procured by them. The agreement is conditional on, *inter alia*, Admission becoming effective on or before 7 October 2010 or such later time as the Company and Cenkos agree being, in any event, not later than 20 October 2010. Under the agreement, the Company, KTLPL and the Directors have given certain warranties and undertakings, *inter alia*, as to the accuracy of this document, and the Company and KTLPL have given certain indemnities that are customary in an agreement of this kind. The agreement may be terminated by Cenkos (at its absolute discretion) or by Dahlman Rose (with the consent of Cenkos) if certain conditions are not satisfied or in certain other circumstances, including certain force majeure events.

(b) Nominated Adviser and Broker Agreement

A nominated adviser agreement, dated 1 October 2010, between Cenkos and the Company pursuant to which Cenkos has agreed to act as nominated adviser and broker to the Company following Admission. Under the agreement, the Company has agreed to pay Cenkos an annual retainer of £50,000 for its services. Under the agreement, the Company has given customary undertakings and indemnities in favour of Cenkos. The Company has agreed not to appoint or remove independent non-executive directors without the prior consent of Cenkos for so long as the Founder Warrants remain outstanding. The agreement may be terminated by either party giving one month's written notice to the other.

(c) Lock-In and Orderly Marketing Agreements

Lock-in and orderly marketing agreements each dated 1 October 2010 between the Company, Cenkos and each of the Directors with an interest in Ordinary Shares as at Admission and SKIL Global Ports & Logistics (together, the "**Covenantors**") pursuant to which the Covenantors have agreed with Cenkos and the Company that they will not (save in certain specific circumstances) dispose of, or agree to dispose of, any Ordinary Shares or interests in Ordinary Shares, for a period ending on the first anniversary of Admission. In addition, the Covenantors have agreed, except in limited circumstances, not to dispose of their Ordinary Shares other than through Cenkos for a period of two years thereafter.

In addition, Mr. Gandhi and SKIL Global Ports & Logistics have agreed that their direct and indirect interests in Ordinary Shares in aggregate will not be less than the Minimum Threshold for so long as such Minimum Threshold applies with respect to the Deed of Lease.

(d) Cenkos Warrants

Cenkos have been granted a warrant to subscribe for 220,000 Ordinary Shares (representing 0.5 per cent. of the Enlarged Share Capital), exercisable at the Placing Price at any time within five years following Admission.

(e) Relationship Agreement

The Company, Mr. Nikhil Gandhi, SKIL Global Ports & Logistics and SKIL have entered into a relationship agreement governing certain aspects of the relationship between them, pursuant to which the parties have agreed, among other things, that conditional upon Admission:

- Mr. Gandhi will (and will procure that SKIL Global Ports & Logistics will) exercise his voting rights to ensure that transactions between the Group and any member of the SKIL Group are conducted at arm's length and on a normal commercial basis and that at all times the Group carries on its business independently of the SKIL Group having regard to its own interests rather than those of any particular Shareholder;
- Mr. Gandhi shall have the right by notice in writing to the Company, to nominate, remove and replace a third of the Board (rounded up in the case of a fraction) as

non-executive directors of the Company from time to time (each such person being a “**Nominated Director**”). Upon Admission, Mr. Gandhi will be the only Nominated Director for the time being. Nominated Directors shall not vote at any meeting of the Board on any matter in relation to which they may have a material interest or an actual or potential conflict of interest. A majority of the Board will at all times be independent;

- SKIL, Mr. Gandhi and SKIL Global Ports & Logistics will not, and SKIL will use reasonable endeavours to procure that each member of the SKIL Group will not, engage, invest or be interested, directly or indirectly, in the business of constructing, owning or operating a port or port related logistics business in India or in any such business competitive with the Group except that they may engage, invest or be interested in such businesses provided that: (i) the Company has been offered the right to become a co-promoter (alongside SKIL) with a majority equity stake in respect of such investments or activities on terms to be agreed between the parties; or (ii) such investments or activities are not material (in the reasonable opinion of SKIL) to SKIL’s total assets, provided that in such event the Company will have a right of first preference with respect to such business on the basis described in the following paragraph;
- when funding is sought for either Chiplun FTWZ or Port West in the future, whether by the issue of new equity by the relevant project vehicle or the sale by SKIL of some or all of its equity in the relevant project vehicle, SKIL will offer the Company a right of first preference to acquire such equity on terms to be agreed between the parties (acting reasonably and in good faith), subject to certain limitations. The parties intend and shall use their reasonable endeavours to procure, subject to applicable law and regulation and necessary approvals, that any such transaction is effected at the cost incurred including developments made by SKIL to date;
- it is the intention of the parties that, in recognition of the value that will be created by the Founder Shareholders in identifying and delivering projects for the Group, on each occasion that the Company completes an investment in an additional project that the Founder Shareholders will receive additional equity or options to subscribe for equity in the Company on terms to be agreed by the Board;
- it is the intention of Mr. Nikhil Gandhi and SKIL Global Ports & Logistics that, subject to regulatory approval, their direct and indirect interests in the Company will be transferred to SKIL in due course; and
- the Relationship Agreement will terminate in certain circumstances including: (i) if Mr. Gandhi ceases to hold directly or indirectly Ordinary Shares carrying not less than 15 per cent. of the voting rights of the Company (although the agreement will subsequently revive if his shareholding subsequently increases to 15 per cent. or more); (ii) any single shareholder other than Mr. Gandhi directly or indirectly holding 15 per cent. or more of the voting rights in the Company without having entered into an agreement on substantially equivalent terms; and (iii) the Ordinary Shares ceasing to be admitted to AIM or the main market of the London Stock Exchange.

The Relationship Agreement constitutes a related party transaction for the Company.

(f) Founder Warrants

SKIL Global Ports & Logistics (controlled by Mr. Nikhil Gandhi) and Mr. Pavan Bakhshi (together the “**Founder Shareholders**”), as the sole shareholders of the Company prior to Admission, have been granted warrants by the Company to subscribe, conditional upon Admission, for 4,400,000 Ordinary Shares (representing 10 per cent. of the Enlarged Share Capital) at nominal consideration within three months of the Multi-purpose Terminal and Logistics Park becoming operational (which will be tested by reference to an annualised revenue target of £48 million, which must be met on or before 31 December 2015, or as otherwise determined by the independent non-executive directors of the Company (in consultation with Cenkos) from time to time). The Board believes that the Founder Warrants align the interests of the Founder Shareholders with

Shareholders' interests and will fairly compensate the Founder Shareholders for achieving a specific performance target, which in turn will enhance Shareholder value.

The grant of the Founder Warrants constitutes a related party transaction for the Company.

(g) KTLCL-KTLPL Subscription Agreement

A subscription agreement, dated 1 October 2010 between KTLPL, KTLCL, KIPL and SKIL (the "**Subscription Agreement**"), pursuant to which KTLPL agreed to allot and issue shares in the capital of KTLPL to KTLCL following Admission, conditional only on Admission occurring on or prior to 20 October 2010. The aggregate subscription price, payable in full on completion of the subscription, is £66 million and the shares to be issued by KTLPL represent approximately 99.7 per cent. of its share capital as so enlarged. The Subscription Agreement contains standard warranties given jointly and severally by each of KTLPL and SKIL, including regarding the due authority of KTLPL to enter into the agreement and allot the relevant shares and that KTLPL has no assets or liabilities other than the Deed of Lease referred to in paragraph 10.1(a) of this Part 5. The Subscription Agreement is governed by Indian law, and constitutes a related party transaction for the Company.

11. TAXATION

The following information, which relates only to taxation imposed by India, Cyprus, Guernsey, the UK and the United States, is applicable to the Company and certain types of investors. Investors should note that the statements below are of a general nature and are based on current tax law and current published revenue practice, as of the date of this document, both of which are subject to change, possibly with retrospective effect. In particular, the levels and basis of, and reliefs from, taxation may change and this may alter the benefits of investment in the Company.

The information is not exhaustive and, if potential investors are in any doubt as to the tax consequences of acquiring, holding or disposing of their investments, they should consult their professional advisers without delay.

It is the responsibility of all persons interested in purchasing shares to inform themselves regarding any tax consequences arising in the jurisdictions in which they are resident or domiciled for tax purposes, as well as any foreign exchange or other fiscal or legal restrictions, which are relevant to their particular circumstances in connection with the acquisition, holding or disposal of shares.

11.1 *India*

The tax position of KTLPL will be governed by the provisions of the Indian Income Tax Act 1961 (the "**Indian Tax Act**"). On 12 August 2009, the Indian Finance Minister announced proposals for a new tax code contained in the Direct Taxes Code Bill, 2009, along with a discussion paper inviting public comments on the same. Based on the inputs received, in June 2010, the Ministry of Finance issued a revised discussion paper to address certain issues raised by the public. Following this, on 30 August 2010, the DTC 2010 was tabled before the Indian Parliament. This must now pass through the Indian Parliamentary process before it is finally enacted. It is proposed that the DTC 2010 would come into effect from 1 April 2012. A brief summary of the DTC 2010 proposals that may affect KTLPL is included at the end of this section.

11.1.1 Taxability of KTLPL under the current Indian Tax Act

Under section 80-IA of the Indian Tax Act, KTLPL will be eligible for a tax holiday for a period of 10 consecutive years in a block of 15 years, in respect of 100 per cent of profits derived from (i) developing, or (ii) operating and maintaining, or (iii) developing, operating and maintaining an infrastructure facility such as the Project. However, KTLPL is expected to be liable on a deemed basis to taxation under the Indian Tax Act's MAT provisions, at an effective rate (including surcharges and levies) of 19.9305 per cent. of its "book profits" computed in a manner specified in the Indian Tax Act. KTLPL will be permitted to carry forward and off-set any MAT paid against the normal corporate tax liability incurred in the future, for a maximum period of ten years. In certain circumstances (e.g. where income is earned by KTLPL which is not derived from (i) developing, or (ii) operating and maintaining, or (iii) developing, operating and maintaining an infrastructure facility) KTLPL's effective tax rate may be higher than 19.9305 per cent. After the end of the tax holiday period, KTLPL will

be subject to tax either under the MAT provisions or at the corporate tax rate on its taxable profits, whichever is higher. Currently, the effective rate of corporation tax for companies that are tax resident in India is 33.2175 per cent (including surcharges and levies).

Dividend distributions that KTLCL receives from KTLPL will not be liable to Indian withholding tax. However, any amount declared, distributed or paid by KTLPL by way of dividends (whether interim or otherwise), will be charged with additional income tax (payable by KTLPL) known as Dividend Distribution Tax, at an effective rate (including surcharges and levies) of 16.6088 per cent. of the amount of the dividend declared, distributed or paid. This is unaffected by the tax holiday.

Payment of interest, if any, by KTLPL to KTLCL will be subject to withholding tax at 21.115 per cent. (including surcharges and levies) where the borrowings by KTLPL are in foreign currency, or at 42.23 per cent (including surcharges and levies) where the borrowings by KTLPL are not in foreign currency. Under the Indian Tax Act, a non-resident can choose to be governed by the provisions of the Indian Tax Act or by the Agreement for Avoidance of Double Taxation between India and the country of tax residence of the non-resident, whichever is more beneficial. Where KTLCL is eligible to access the Cyprus Treaty, the interest income of KTLCL from KTLPL would be taxed at 10 per cent. However, this reduced rate of 10 per cent would be subject to the condition that KTLCL obtains a Permanent Account Number (i.e. tax registration in India), otherwise KTLPL would be required to withhold tax at 20 per cent on such interest.

Under the terms of the Cyprus Treaty, gains, if any, arising to KTLCL at the time of exit (including through a buyback process) from KTLPL, would not be taxable in India. However, (as noted in Part 3 of this document), the terms of the Cyprus Treaty are likely to change in the future. There is a possibility that a "Limitation of Benefit" clause (similar to that existing in the Agreement for Avoidance of Double Taxation between India and Singapore) may be inserted. Thus, in the event that the Cyprus Treaty either does not apply, or where the Cyprus Treaty is amended, gains, if any, arising to KTLCL at the time of exit (including through a buyback process) from KTLPL, would be taxable in India.

Following recent cases heard by the courts in India, there is also a risk that Indian tax would become due on a gain made by the Company on the disposal of the shares in KTLCL.

The tax rates could either be 21.115 per cent. (including surcharges and levies) or 42.23 per cent. (including surcharges and levies), depending on the period of holding of the KTLPL shares. If the KTLPL shares are held for 12 months or more the gains would be taxed at 21.115 per cent (including surcharges and levies), otherwise the gains would be taxed at 42.23 per cent (including surcharges and levies).

11.1.2 Taxability of KTLPL under the DTC 2010

The DTC 2010 proposes to replace the profit-based tax holiday under section 80-IA of the Indian Tax Act with an investment-based incentive. As per the proposals, the eligible tax payer would be allowed to first recover all capital expenditure (other than land, goodwill and financial instruments) and revenue expenditure, and would then be liable to tax on the profits remaining after such recovery. However, where KTLPL is eligible to claim a deduction under section 80-IA of the Indian Tax Act for accounting periods falling within the 2011-12 financial year, it would, subject to prescribed conditions, continue to be eligible to claim the tax holiday as available under section 80-IA for the unexpired period even under the DTC 2010.

The current practice of levying MAT on KTLPL's "book profits" would be continued under the DTC 2010 proposals. However, the rate at which MAT would be levied has been increased to 20 per cent. Under the DTC 2010, it has been proposed that the MAT credit can be carried forward for set off against KTLPL's normal corporate tax liability for a period of 15 financial years.

The DTC 2010 contains proposals for a GAAR. The GAAR will be used to deny benefits under a double tax treaty in the case of impermissible arrangements, such as an arrangement which lacks bona fide business purposes or commercial substance, the main purpose of which is to obtain a tax benefit. The term "tax benefit" includes any reduction, avoidance or deferral of tax that would be payable under the DTC 2010 in the absence of a tax treaty, or a reduction in tax bases (including increase in losses, etc.). If the provisions of the Cyprus Treaty are

disregarded under the GAAR provisions, then (as discussed above) capital gains on a sale (including a buyback) of shares in KTLPL would be liable to tax in India.

The DTC 2010 proposes to simplify the Indian capital gains tax regime by treating capital gains as income from an ordinary source. Thus, in the case of non-resident companies, a single rate of 30 per cent. (which is the corporate tax rate under the proposals) would apply for all capital gains, to be computed in a specified manner dependant on the period of holding of the shares.

The rate of Dividend Distribution Tax payable by KTLPL would continue to be 15 per cent. Further, withholding tax on any interest payments to KTLCL would be 20 per cent, which could reduce to 10 per cent where the Cyprus Treaty is applicable.

Please note that the above mentioned rates would be subject to surcharges or education cess, if applicable at that time.

11.2 *Guernsey Taxation*

The Company

The Company has sought and been granted exemption for the current year from liability to income tax in Guernsey under the Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989 (the “**Ordinance**”) from the Director of Income Tax in Guernsey. Exemption must be applied for annually and will be granted, subject to the payment of an annual fee which is currently fixed at £600, provided that the Company continues to qualify under the applicable legislation for exemption. It is the intention of the Directors to conduct the affairs of the Company so as to ensure that it continues to qualify. However, changes in Guernsey tax legislation could result in the Company ceasing to qualify for tax exempt status.

As an exempt company, the Company will not be resident in Guernsey for the purposes of liability to Guernsey income tax. Under current law and practice in Guernsey, the Company will only be liable to tax in Guernsey in respect of income arising in Guernsey, other than bank deposit interest. It is not anticipated that any income other than bank interest will arise in Guernsey and therefore the Company will not incur any additional liability to Guernsey tax.

In response to the review carried out by the European Union Code of Conduct Group (‘EUCCG’), the States of Guernsey has abolished exempt tax status for the majority of companies and introduced a zero rate of tax for companies carrying on all but a few specified types of regulated business from January 2008. However, as collective investment schemes were not one of the regimes in Guernsey that were classified by the EUCCG as being harmful, collective investment schemes have continued to be able to apply for exempt status for Guernsey tax purposes.

A review of Guernsey’s corporate regime was announced by the States of Guernsey in October 2009, again in response to further comments from the EICCG. A consultation document was issued on 21st June 2010. Meanwhile, again collective investment schemes are not expected to be affected and can continue to apply for exempt tax status.

No capital gains or similar taxes are levied in Guernsey on realised or unrealised gains resulting from the Company’s investment activities.

In keeping with its ongoing commitment to meet international standards, it is likely that the States of Guernsey will undertake a further review of its tax regime with the intention of implementing any required revisions to the regime in the period between 2011 and 2014. At this point in time, the key features of any revised regime have yet to be determined.

Shareholders

Shareholders resident outside Guernsey will not be subject to any tax in Guernsey in respect of or in connection with the acquisition, holding or disposal of any Ordinary Shares owned by them. Such Shareholders will receive dividends without deduction of Guernsey Income Tax.

Shareholders who are resident in Guernsey will incur Guernsey Income Tax on any dividends paid on Ordinary Shares owned by them. The Company will be required to make a return to the Director of Income Tax of such particulars relating to any dividend paid to Guernsey resident Shareholders including the names and addresses of the Shareholders and gross amounts of any distributions.

There are no death duties, capital inheritance, capital gains, gifts, sales or turnover taxes levied in Guernsey in connection with the acquisition, holding or disposal of Ordinary Shares. No stamp duty or stamp duty reserve tax is chargeable in Guernsey on the issue or transfer of Ordinary Shares.

European Savings Tax Directive

Guernsey has introduced measures that are the same as the EU Savings Tax Directive. However, paying agents located in Guernsey are not required to operate the measures on distributions made to shareholders by closed ended investment companies established in Guernsey. Guernsey has announced in May 2010 its intention to move towards an automatic exchange of information as compared to the option of applying retention. Meanwhile, no retentions or exchanges of information under the EU Savings Directive are expected to apply to holdings of Ordinary Shares.

11.3 **UK Taxation**

The following statements are intended to address only certain UK tax consequences for Shareholders who are resident and, in the case of individuals, ordinarily resident and domiciled in the UK (except where expressly stated otherwise), who are beneficial owners of the Ordinary Shares and the dividends on such Ordinary Shares and who hold the Ordinary Shares as capital assets. They may not apply to certain classes of Shareholders including (but not limited to):

- a) dealers in securities;
- b) employees;
- c) persons who control or hold, either alone or together with one or more associated or connected persons, directly or indirectly, (i) 10 per cent. or more of the Ordinary Shares, (ii) 10 per cent. or more of the voting power of the Company, or (iii) any other interests in the Company, whether debt, equity or otherwise;

The following statements assume that the Company will be resident for tax purposes only in Guernsey.

If investors are resident, ordinarily resident or domiciled for tax purposes in a jurisdiction other than the UK, or if investors are unsure as to any aspect of their tax treatment, they should consult their own tax advisers.

11.3.1 Taxation of Dividends

The Company will not be required to withhold UK tax at source when paying a dividend. UK resident individual Shareholders who receive a dividend from the Company will generally be entitled to a tax credit equal to one-ninth of the dividend payment, which can be set against the individual's income tax liability on the dividend payment.

Such UK resident individual Shareholders will generally be taxable on the total of the dividend payment and the tax credit (the "**gross dividend**"), which will be regarded as the top slice of the Shareholder's income. The Shareholder will be subject to tax at the dividend ordinary rate (10 per cent.), the dividend upper rate (32.5 per cent.) or the dividend additional rate (42.5 per cent.) depending on his level of taxable income. The tax credit is set against the tax, resulting in an effective tax rate of 0 per cent., 25 per cent. or 36.1 per cent. respectively.

No tax credit is available where individual Shareholders hold 10 per cent. or more of a company's shares and the company is not a resident of a qualifying territory. A "qualifying territory" is a territory with which the UK has a double tax treaty that contains a non-discrimination provision. The UK-Guernsey Double Tax Agreement contains no such provision.

UK tax resident corporate Shareholders may be liable to corporation tax on dividends received from the Company. However, since 1 July 2009, certain UK resident corporate Shareholders are exempt from taxation on dividends paid by the Company, subject to certain conditions being satisfied.

11.3.2 Disposal of Shares

Those Shareholders who are individuals or otherwise not within the charge to corporation tax will generally be liable to capital gains tax on a disposal or deemed disposal of Ordinary Shares at the current rate of 18 per cent. or 28 per cent. if they are a higher rate taxpayers, depending on their circumstances and subject to any available exemption or relief.

Shareholders within the charge to UK corporation tax will generally be subject to corporation tax (currently chargeable at 28 per cent.) unless the corporate Shareholder qualifies for the “small companies” rate on capital gains in respect of any gain arising on a disposal or deemed disposal of Ordinary Shares depending on their circumstances and subject to any available exemption or relief. Indexation allowance may be available, but this can only apply to reduce any chargeable gain arising on disposal of the Ordinary Shares, not to create or increase a capital loss.

11.3.3 Certain other tax considerations

Individual Shareholders ordinarily resident in the United Kingdom should note the provisions of section 714 to 751 (inclusive) of the Income Tax Act 2007 which could render them liable to income tax on the income payable to a non-resident or non-domiciled person such as the Company. These provisions seek to prevent avoidance of income tax by UK resident individuals transferring assets to non-resident and non-domiciled persons where the transferor (i.e. the UK resident individual) has or is deemed to have power to enjoy the income of the non-resident/non-domiciled transferee. However, the provisions do not apply if such a Shareholder can satisfy HM Revenue & Customs that, either:

- a) it would not be reasonable to conclude from all the circumstances of the case that avoiding liability to tax was the purpose or one of the purposes of effecting the transaction; or
- b) the transaction was a genuine commercial transaction and it would not be reasonable to conclude from all the circumstances of the case that one or more of the transactions was more than incidentally designed for the purpose of avoiding liability to taxation.

11.3.4 Stamp Duty and Stamp Duty Reserve Tax

The following comments are intended as a guide to the general UK stamp duty and stamp duty reserve tax (“**SDRT**”) position and do not relate to persons such as market makers, brokers, dealers, intermediaries and persons connected with depository arrangements or clearance services, to whom special rules apply. These comments apply irrespective of the tax residence or domicile of the Shareholder.

No UK stamp duty or SDRT will be payable on the issue of the Ordinary Shares.

UK stamp duty may be chargeable (generally at the rate of 0.5 per cent. of the amount or the value of the consideration for the transfer, rounded up where necessary to a multiple of £5) on any instrument of transfer of Ordinary Shares executed in the UK or which relates to any property situated, or any matter or thing done or to be done, in the UK. If an instrument of transfer is chargeable to UK stamp duty, that instrument may not be produced in civil proceedings in the United Kingdom, and may not be available for any other purpose in the United Kingdom, until any United Kingdom stamp duty that is due, and any interest and penalties for late stamping, have been paid.

Any agreement to transfer Ordinary Shares, including any transfer effected through CREST, should not be subject to SDRT, provided that the Ordinary Shares are not and will not be registered in any register of the Company kept in the UK and that the Ordinary Shares are not and will not be paired with shares issued by a company incorporated in the UK.

11.4 *Certain Material United States Federal Income Tax Considerations*

The following is a general summary of certain material US Federal income tax considerations applicable to a US Holder (as defined below) arising from and relating to the acquisition, ownership, and disposition of Ordinary Shares acquired pursuant to this Admission Document.

This summary is for general information purposes only and does not purport to be a complete analysis or listing of all potential US Federal income tax considerations that may apply to a US Holder arising from and relating to the acquisition, ownership, and disposition of Ordinary Shares. In addition, this summary does not take into account the individual facts and circumstances of any particular US Holder that may affect the US Federal income tax consequences to such US Holder, including specific tax consequences to a US Holder under an applicable tax treaty. Accordingly, this summary is not intended to be, and should not be construed as, legal or US Federal income tax advice with respect to any US Holder. Each US Holder should consult its own tax advisors regarding the US Federal, US Federal alternative minimum, US Federal estate and gift, US state and local, and foreign tax consequences relating to the acquisition, ownership and disposition of Ordinary Shares.

No legal opinion from US legal counsel or ruling from the Internal Revenue Service (the “**IRS**”) has been requested, or will be obtained, regarding the US Federal income tax consequences of the acquisition, ownership, and disposition of Ordinary Shares. This summary is not binding on the IRS, and the IRS is not precluded from taking a position that is different from, and contrary to, the positions taken in this summary. In addition, because the authorities on which this summary is based are subject to various interpretations, the IRS and the US courts could disagree with one or more of the positions taken in this summary.

NOTICE PURSUANT TO IRS CIRCULAR 230: NOTHING CONTAINED IN THIS SUMMARY CONCERNING ANY US FEDERAL TAX ISSUE IS INTENDED OR WRITTEN TO BE USED, AND IT CANNOT BE USED, BY A US HOLDER, FOR THE PURPOSE OF AVOIDING US FEDERAL TAX PENALTIES UNDER THE CODE (AS DEFINED BELOW). THIS SUMMARY WAS WRITTEN TO SUPPORT THE PROMOTION OR MARKETING OF THE TRANSACTIONS OR MATTERS ADDRESSED BY THIS DOCUMENT. EACH US HOLDER SHOULD SEEK US FEDERAL TAX ADVICE, BASED ON SUCH US HOLDER’S PARTICULAR CIRCUMSTANCES, FROM AN INDEPENDENT TAX ADVISOR.

Scope of this Summary

Authorities

This summary is based on the Internal Revenue Code of 1986, as amended (the “**Code**”), Treasury Regulations (whether final, temporary, or proposed), published rulings of the IRS, published administrative positions of the IRS, and US court decisions that are applicable and, in each case, as in effect and available, as of the date of this document. Any of the authorities on which this summary is based could be changed in a material and adverse manner at any time, and any such change could be applied on a retroactive or prospective basis which could affect the US Federal income tax considerations described in this summary. This summary does not discuss the potential effects, whether adverse or beneficial, of any proposed legislation that, if enacted, could be applied on a retroactive or prospective basis.

US Holders

For purposes of this summary, the term “**US Holder**” means a beneficial owner of Ordinary Shares acquired pursuant to this document that is for US Federal income tax purposes:

- an individual who is a citizen or resident of the US;
- a corporation (or other entity taxable as a corporation for US Federal income tax purposes) organized under the laws of the US, any state thereof or the District of Columbia;
- an estate whose income is subject to US Federal income taxation regardless of its source; or
- a trust that (1) is subject to the primary supervision of a court within the US and the control of one or more US persons for all substantial decisions or (2) has a valid election in effect under applicable Treasury regulations to be treated as a US person.

Non-US Holders

For purposes of this summary, a “**non-US Holder**” is a beneficial owner of Ordinary Shares that is not a US Holder. This summary does not address the US Federal income tax consequences to non-US Holders arising from and relating to the acquisition, ownership, and disposition of Ordinary Shares. Accordingly, a non-US Holder should consult its own tax advisors regarding the US Federal, US Federal alternative minimum, US Federal estate and gift, US state and local, and foreign tax consequences (including the potential application of and operation of any income tax treaties) relating to the acquisition, ownership, and disposition of Ordinary Shares.

US Holders Subject to Special US Federal Income Tax Rules Not Addressed

This summary does not address the US Federal income tax considerations applicable to US Holders that are subject to special provisions under the Code, including: (a) US Holders that are tax-exempt organizations, qualified retirement plans, individual retirement accounts, or other tax-deferred accounts; (b) US Holders that are financial institutions, underwriters, insurance companies, real estate investment trusts, or regulated investment companies; (c) US Holders that are broker-dealers, dealers, or traders in securities or currencies that elect to apply a mark-to-market

accounting method; (d) US Holders that have a “functional currency” other than the US dollar; (e) US Holders that own Ordinary Shares as part of a straddle, hedging transaction, conversion transaction, constructive sale, or other arrangement involving more than one position; (f) US Holders that acquired Ordinary Shares in connection with the exercise of employee stock options or otherwise as compensation for services; (g) US Holders that hold Ordinary Shares other than as a capital asset within the meaning of Section 1221 of the Code (generally, property held for investment purposes); (h) partnerships and other pass-through entities (and investors in such partnerships and entities); (i) US Holders that own or have owned (directly, indirectly, or by attribution) 10% or more of the total combined voting power of the outstanding shares of the Company, or (j) US Holders who are US expatriates or former long-term residents of the US. US Holders that are subject to special provisions under the Code, including US Holders described immediately above, should consult their own tax advisors regarding the US Federal, US Federal alternative minimum, US Federal estate and gift, US state and local, and foreign tax consequences relating to the acquisition, ownership and disposition of Ordinary Shares.

If an entity that is classified as a partnership (or “pass-through” entity) for US Federal income tax purposes holds Ordinary Shares, the US Federal income tax consequences to such partnership and the partners of such partnership generally will depend on the activities of the partnership and the status of such partners (or owners). Partners of entities that are classified as partnerships for US Federal income tax purposes should consult their own tax advisors regarding the US Federal income tax consequences arising from and relating to the acquisition, ownership, and disposition of Ordinary Shares.

Tax Consequences Not Addressed

This summary does not address the US Federal alternative minimum, US Federal estate and gift, US state and local, or foreign tax consequences to US Holders of the acquisition, ownership, and disposition of Ordinary Shares. Each US Holder should consult its own tax advisors regarding the US Federal alternative minimum, US Federal estate and gift, US state and local, and foreign tax consequences of the acquisition, ownership, and disposition of Ordinary Shares.

Passive Foreign Investment Company Rules

If the Company were to constitute a “passive foreign investment company” under the meaning of Section 1297 of the Code (a “**PFIC**”, as defined below) for any year during a US Holder’s holding period, then the following rules will affect the US Federal income tax consequences to a US Holder resulting from the acquisition, ownership and disposition of Ordinary Shares. In addition, in any year in which the Company is classified as a PFIC, such holder would be required to file an annual report with the IRS containing such information as Treasury Regulations and/or other IRS guidelines may require.

PFIC Status of the Company

The Company generally will be a PFIC if, for a tax year, (a) 75% or more of the gross income of the Company for such tax year is passive income (the “**income test**”) or (b) 50% or more of the value of the Company’s assets either produce passive income or are held for the production of passive income, based on the quarterly average of the fair market value of such assets (the “**asset test**”). “Gross income” generally means all sales revenues less the cost of goods sold, and “passive income” generally includes, for example, dividends, interest, certain rents and royalties, certain gains from the sale of stock and securities, and certain gains from commodities transactions.

For purposes of the PFIC income test and asset test described above, if the Company owns, directly or indirectly, 25% or more of the total value of the outstanding shares of another corporation, the Company will be treated as if it (a) held a proportionate share of the assets of such other corporation and (b) received directly a proportionate share of the income of such other corporation. In addition, for purposes of the PFIC income test and asset test described above, “passive income” does not include any interest, dividends, rents, or royalties that are received or accrued by the Company from a “related person” (as defined in Section 954(d)(3) of the Code), to the extent such items are properly allocable to the income of such related person that is not passive income.

In addition, under certain attribution rules, if the Company is a PFIC, US Holders will be deemed to own their proportionate share of the stock of any subsidiary of the Company which is also a PFIC (a “**Subsidiary PFIC**”), and will be subject to US Federal income tax on their proportionate share of

(a) a distribution on the stock of a Subsidiary PFIC and (b) a disposition or deemed disposition of the stock of a Subsidiary PFIC, both as if such US Holders directly held the shares of such Subsidiary PFIC.

Based on the Company's income, assets and activities, the Company may be classified as a PFIC during the current or a subsequent taxable year. The determination of whether any corporation is, or will be, a PFIC for a tax year depends, in part, on the application of complex US Federal income tax rules, which are subject to differing interpretations. In addition, whether any corporation will be a PFIC for any tax year depends on the assets and income of such corporation over the course of each such tax year and, as a result, cannot be predicted with certainty as of the date of this document. Accordingly, there can be no assurance that the IRS will not challenge any determination made by the Company (or a Subsidiary PFIC) concerning its PFIC status or that the Company (and each Subsidiary PFIC) is not, or will not be, a PFIC for any tax year. Each US Holder should consult its own tax advisors regarding the PFIC status of the Company and each Subsidiary PFIC.

Default PFIC Rules Under Section 1291 of the Code

If the Company is a PFIC, the US Federal income tax consequences to a US Holder of the acquisition, ownership, and disposition of Ordinary Shares will depend on whether such US Holder makes an election to treat the Company and each Subsidiary PFIC as a "qualified electing fund" or "QEF" under Section 1295 of the Code (a "**QEF Election**") or a mark-to-market election under Section 1296 of the Code (a "**Mark-to-Market Election**"). A US Holder that does not make either a QEF Election or a Mark-to-Market Election will be referred to in this summary as a "**Non-Electing US Holder**".

A Non-Electing US Holder will be subject to the rules of Section 1291 of the Code with respect to (a) any gain recognized on the sale or other taxable disposition of Ordinary Shares and (b) any excess distribution received on the Ordinary Shares. A distribution generally will be an "excess distribution" to the extent that such distribution (together with all other distributions received in the current tax year) exceeds 125% of the average distributions received during the three preceding tax years (or during a US Holder's holding period for the Ordinary Shares, if shorter).

Under Section 1291 of the Code, any gain recognized on the sale or other taxable disposition of Ordinary Shares, and any "excess distribution" received on Ordinary Shares, must be ratably allocated to each day in a Non-Electing US Holder's holding period for the respective Ordinary Shares. The amount of any such gain or excess distribution allocated to the tax year of disposition or distribution of the excess distribution and to years before the entity became a PFIC, if any, would be taxed as ordinary income. The amounts allocated to any other tax year would be subject to US Federal income tax at the highest tax rate applicable to ordinary income in each such year, and an interest charge would be imposed on the tax liability for each such year, calculated as if such tax liability had been due in each such year. A Non-Electing US Holder that is not a corporation must treat any such interest paid as "personal interest," which is not deductible.

Generally, if the Company is a PFIC for any tax year during which a Non-Electing US Holder holds Ordinary Shares, the Company will continue to be treated as a PFIC with respect to such Non-Electing US Holder, regardless of whether the Company ceases to be a PFIC in one or more subsequent tax years. However, if in the future the Company ceases to be a PFIC after being one with respect to a Non-Electing US Holder, such Non-Electing US Holder may terminate this deemed PFIC status by electing to recognize gain (which will be taxed under the rules of Section 1291 of the Code discussed above) as if such Ordinary Shares were sold on the last day of the last tax year for which the Company was a PFIC.

QEF Election

A US Holder that makes a QEF Election for the first tax year in which its holding period of its Ordinary Shares begins, generally, will not be subject to the rules of Section 1291 of the Code discussed above with respect to its Ordinary Shares. However, a US Holder that makes a QEF Election will be subject to US Federal income tax on such US Holder's pro rata share of (a) the net capital gain of the Company, which will be taxed as long-term capital gain to such US Holder, and (b) the ordinary earnings of the Company, which will be taxed as ordinary income to such US Holder. Generally, "net capital gain" is the excess of (a) net long-term capital gain over (b) net short-term capital loss, and "ordinary earnings" are the excess of (a) "earnings and profits" over (b)

net capital gain. A US Holder that makes a QEF Election will be subject to US Federal income tax on such amounts for each tax year in which the Company is a PFIC, regardless of whether such amounts are actually distributed to such US Holder by the Company. However, for any tax year in which the Company is a PFIC and has no net income or gain, US Holders that have made a QEF Election generally would not have any income inclusions as a result of the QEF Election. If a US Holder that made a QEF Election has an income inclusion, such a US Holder may, subject to certain limitations, elect to defer payment of current US Federal income tax on such amounts, subject to an interest charge. If such US Holder is not a corporation, any such interest paid will be treated as “personal interest,” which is not deductible.

A US Holder that makes a QEF Election generally (a) may receive a tax-free distribution from the Company to the extent that such distribution represents “earnings and profits” of the Company that were previously included in income by the US Holder because of such QEF Election and (b) will adjust such US Holder’s tax basis in the Ordinary Shares to reflect the amount included in income or allowed as a tax-free distribution because of such QEF Election. In addition, a US Holder that makes a QEF Election generally will recognize capital gain or loss on the sale or other taxable disposition of Ordinary Shares.

The procedure for making a QEF Election, and the US Federal income tax consequences of making a QEF Election, will depend on whether such QEF Election is timely. A QEF Election will be treated as “timely” if such QEF Election is made for the first year in the US Holder’s holding period for the Ordinary Shares in which the Company was a PFIC. A US Holder may make a timely QEF Election by filing the appropriate QEF Election documents at the time such US Holder files a US Federal income tax return for such year.

A QEF Election will apply to the tax year for which such QEF Election is made and to all subsequent tax years, unless such QEF Election is invalidated or terminated or the IRS consents to revocation of such QEF Election. If a US Holder makes a QEF Election and, in a subsequent tax year, the Company ceases to be a PFIC, the QEF Election will remain in effect (although it will not be applicable) during those tax years in which the Company is not a PFIC. Accordingly, if the Company becomes a PFIC in another subsequent tax year, the QEF Election will be effective and the US Holder will be subject to the QEF rules described above during any subsequent tax year in which the Company qualifies as a PFIC.

For each tax year that the Company qualifies as a PFIC, the Company intends to make available to US Holders, upon their written request, a “PFIC Annual Information Statement” as described in Treasury Regulation Section 1.1295-1(g), and for each year in which the Company is a PFIC, use commercially reasonable efforts to provide all additional information that such US Holder is required to obtain in connection with maintaining such QEF Election with regard to the Company. The Company may elect to provide such information on its Web site (www.splpl.com).

Mark-to-Market Election

A US Holder may make a Mark-to-Market Election only if the Ordinary Shares are marketable stock. The Ordinary Shares generally will be “marketable stock” if the Ordinary Shares are regularly traded on (a) a national securities exchange that is registered with the Securities and Exchange Commission, (b) the national market system established pursuant to section 11A of the Securities and Exchange Act of 1934, or (c) a foreign securities exchange that is regulated or supervised by a governmental authority of the country in which the market is located, provided that (i) such foreign exchange has trading volume, listing, financial disclosure, and other requirements and the laws of the country in which such foreign exchange is located, together with the rules of such foreign exchange, ensure that such requirements are actually enforced and (ii) the rules of such foreign exchange ensure active trading of listed stocks. If such stock is traded on such a qualified exchange or other market, such stock generally will be “regularly traded” for any calendar year during which such stock is traded, other than in de minimis quantities, on at least 15 days during each calendar quarter.

A US Holder that makes a Mark-to-Market Election with respect to its Ordinary Shares generally will not be subject to the rules of Section 1291 of the Code discussed above with respect to such Ordinary Shares. However, if a US Holder does not make a Mark-to-Market Election beginning in the first tax year of such US Holder’s holding period for the Ordinary Shares or such US Holder has not made a timely QEF Election, the rules of Section 1291 of the Code discussed above will apply to certain dispositions of, and distributions on, the Ordinary Shares.

A US Holder that makes a Mark-to-Market Election will include in ordinary income, for each tax year in which the Company is a PFIC, an amount equal to the excess, if any, of (a) the fair market value of the Ordinary Shares, as of the close of such tax year over (b) such US Holder's tax basis in such Ordinary Shares. A US Holder that makes a Mark-to-Market Election will be allowed a deduction in an amount equal to the excess, if any, of (a) such US Holder's adjusted tax basis in the Ordinary Shares, over (b) the fair market value of such Ordinary Shares (but only to the extent of the net amount of previously included income as a result of the Mark-to-Market Election for prior tax years).

A US Holder that makes a Mark-to-Market Election generally also will adjust such US Holder's tax basis in the Ordinary Shares to reflect the amount included in gross income or allowed as a deduction because of such Mark-to-Market Election. In addition, upon a sale or other taxable disposition of Ordinary Shares, a US Holder that makes a Mark-to-Market Election will recognize ordinary income or ordinary loss (not to exceed the excess, if any, of (a) the amount included in ordinary income because of such Mark-to-Market Election for prior tax years over (b) the amount allowed as a deduction because of such Mark-to-Market Election for prior tax years).

A Mark-to-Market Election applies to the tax year in which such Mark-to-Market Election is made and to each subsequent tax year, unless the Ordinary Shares cease to be "marketable stock" or the IRS consents to revocation of such election. Each US Holder should consult its own tax advisors regarding the availability of, and procedure for making, a Mark-to-Market Election.

Although a US Holder may be eligible to make a Mark-to-Market Election with respect to the Ordinary Shares, no such election may be made with respect to the stock of any Subsidiary PFIC that a US Holder is treated as owning, because such stock is not marketable. Hence, the Mark-to-Market Election will not be effective to eliminate the interest charge described above with respect to deemed dispositions of Subsidiary PFIC stock or distributions from a Subsidiary PFIC.

Other PFIC Rules

Under Section 1291(f) of the Code, the IRS has issued proposed Treasury Regulations that, subject to certain exceptions, would cause a US Holder that had not made a timely QEF Election to recognize gain (but not loss) upon certain transfers of Ordinary Shares that would otherwise be tax-deferred (e.g., gifts and exchanges pursuant to corporate reorganizations). However, the specific US Federal income tax consequences to a US Holder may vary based on the manner in which Ordinary Shares are transferred.

Certain additional rules will apply with respect to a US Holder if the Company is a PFIC, regardless of whether such US Holder makes a QEF Election. For example under Section 1298(b)(6) of the Code, a US Holder that uses Ordinary Shares as security for a loan will, except as may be provided in Treasury Regulations, be treated as having made a taxable disposition of such Ordinary Shares.

Special rules also apply to the amount of foreign tax credit that a US Holder may claim on a distribution from a PFIC. Subject to such special rules, foreign taxes paid with respect to any distribution in respect of stock in a PFIC are generally eligible for the foreign tax credit. The rules relating to distributions by a PFIC and their eligibility for the foreign tax credit are complicated, and a US Holder should consult with their own tax advisors regarding the availability of the foreign tax credit with respect to distributions by a PFIC.

The PFIC rules are complex, and each US Holder should consult its own tax advisors regarding the PFIC rules and how the PFIC rules may affect the US Federal income tax consequences of the acquisition, ownership, and disposition of Ordinary Shares.

US Federal Income Tax Consequences of the Acquisition, Ownership, and Disposition of Ordinary Shares

The following discussion is subject to the rules described above under the heading "Passive Foreign Investment Company Rules."

Distributions on Ordinary Shares

Subject to the PFIC rules discussed above, a US Holder that receives a distribution, including a constructive distribution, with respect to an Ordinary Share will be required to include the amount of such distribution in gross income as a dividend (without reduction for any income tax withheld from such distribution) to the extent of the current or accumulated "earnings and profits" of the

Company, as computed for US Federal income tax purposes. A dividend generally will be taxed to a US Holder at ordinary income tax rates. To the extent that a distribution exceeds the current and accumulated “earnings and profits” of the Company, such distribution will be treated first as a tax-free return of capital to the extent of a US Holder’s tax basis in the Ordinary Shares and thereafter as gain from the sale or exchange of such Ordinary Shares. (See “Sale or Other Taxable Disposition of Ordinary Shares” below). However, the Company may not maintain the calculations of earnings and profits in accordance with US Federal income tax principles, and each US Holder should therefore assume that any distribution by the Company with respect to the Ordinary Shares will constitute ordinary dividend income. Dividends received on Ordinary Shares generally will not be eligible for the “dividends received deduction”. In addition, the Company does not anticipate that its distributions will be eligible for the preferential tax rates applicable to long-term capital gains. The dividend rules are complex, and each US Holder should consult its own tax advisors regarding the application of such rules.

Sale or Other Taxable Disposition of Ordinary Shares

Subject to the PFIC rules discussed above, upon the sale or other taxable disposition of Ordinary Shares, a US Holder generally will recognize capital gain or loss in an amount equal to the difference between the amount of cash plus the fair market value of any property received and such US Holder’s tax basis in such Ordinary Shares sold or otherwise disposed of. Subject to the PFIC rules discussed above, gain or loss recognized on such sale or other disposition generally will be long-term capital gain or loss if, at the time of the sale or other disposition, the Ordinary Shares have been held for more than one year.

Gain or loss recognized by a US Holder on the sale or other taxable disposition of Ordinary Shares generally will be treated as “US source” for purposes of applying the US foreign tax credit rules.

Preferential tax rates apply to long-term capital gain of a US Holder that is an individual, estate, or trust. There are currently no preferential tax rates for long-term capital gain of a US Holder that is a corporation. Deductions for capital losses are subject to significant limitations under the Code.

Recent Legislative Developments

Newly enacted legislation requires certain US Holders who are individuals, estates or trusts to pay up to an additional 3.8% tax on, among other things, dividends and capital gains for tax years beginning after December 31, 2012. In addition, for tax years beginning after March 18, 2010, new legislation requires certain US Holders who are individuals that hold certain foreign financial assets (which may include the Ordinary Shares) to report information relating to such assets, subject to certain exceptions. US Holders should consult their tax advisors regarding the effect, if any, of this legislation on their ownership and disposition of Ordinary Shares.

Additional Considerations

Receipt of Foreign Currency

The amount of any distribution paid to a US Holder in foreign currency, or on the sale, exchange or other taxable disposition of Ordinary Shares, generally will be equal to the US dollar value of such foreign currency based on the exchange rate applicable on the date of receipt (regardless of whether such foreign currency is converted into US dollars at that time). If the foreign currency received is not converted into US dollars on the date of receipt, a US Holder will have a basis in the foreign currency equal to its US dollar value on the date of receipt. Any US Holder who receives payment in foreign currency and engages in a subsequent conversion or other disposition of the foreign currency may have a foreign currency exchange gain or loss that would be treated as ordinary income or loss, and generally will be US source income or loss for foreign tax credit purposes. Each US Holder should consult its own US tax advisors regarding the US Federal income tax consequences of receiving, owning, and disposing of foreign currency.

Foreign Tax Credit

Subject to the PFIC rules discussed above, a US Holder that pays (whether directly or through withholding) foreign income tax with respect to dividends paid on the Ordinary Shares generally will be entitled, at the election of such US Holder, to receive either a deduction or a credit for such foreign income tax paid. Generally, a credit will reduce a US Holder’s US Federal income tax liability on a dollar-for-dollar basis, whereas a deduction will reduce a US Holder’s income subject

to US Federal income tax. This election is made on a year-by-year basis and applies to all foreign taxes paid (whether directly or through withholding) by a US Holder during a year.

Complex limitations apply to the foreign tax credit, including the general limitation that the credit cannot exceed the proportionate share of a US Holder's US Federal income tax liability that such US Holder's "foreign source" taxable income bears to such US Holder's worldwide taxable income. In applying this limitation, a US Holder's various items of income and deduction must be classified, under complex rules, as either "foreign source" or "US source." Generally, dividends paid by a foreign corporation should be treated as foreign source for this purpose, and gains recognized on the sale of stock of a foreign corporation by a US Holder should be treated as US source for this purpose, except as otherwise provided in an applicable income tax treaty, and if an election is properly made under the Code. However, the amount of a distribution with respect to the Ordinary Shares that is treated as a "dividend" may be lower for US Federal income tax purposes than it is for foreign income tax purposes, resulting in a reduced foreign tax credit allowance to a US Holder. In addition, this limitation is calculated separately with respect to specific categories of income. The foreign tax credit rules are complex, and each US Holder should consult its own US tax advisors regarding the foreign tax credit rules.

Backup Withholding and Information Reporting

Under US Federal income tax law and Treasury regulations, certain categories of US Holders must file information returns with respect to their investment in, or involvement in, a foreign corporation. For example, recently enacted legislation generally imposes new US return disclosure obligations (and related penalties) on US Holders that hold certain specified foreign financial assets in excess of \$50,000. The definition of specified foreign financial assets includes not only financial accounts maintained in foreign financial institutions, but also, unless held in accounts maintained by a financial institution, any stock or security issued by a non-US person, any financial instrument or contract held for investment that has an issuer or counterparty other than a US person and any interest in a foreign entity. US Holders may be subject to these reporting requirements unless their Ordinary Shares are held in an account at a domestic financial institution. Penalties for failure to file certain of these information returns are substantial. US Holders should consult with their own tax advisors regarding the requirements of filing information returns, and, if applicable, filing obligations relating to a Mark-to-Market or QEF Election.

Payments made within the US or by a US payor or US middleman, of dividends on, and proceeds arising from the sale or other taxable disposition of, Ordinary Shares generally may be subject to information reporting and backup withholding tax, at the rate of 28% (and increasing to 31% for payments made after December 31, 2010), if a US Holder (a) fails to furnish such US Holder's correct US taxpayer identification number (generally on Form W-9), (b) furnishes an incorrect US taxpayer identification number, (c) is notified by the IRS that such US Holder has previously failed to properly report items subject to backup withholding tax, or (d) fails to certify, under penalty of perjury, that such US Holder has furnished its correct US taxpayer identification number and that the IRS has not notified such US Holder that it is subject to backup withholding tax. However, certain exempt persons generally are excluded from these information reporting and backup withholding rules. Any amounts withheld under the US backup withholding tax rules will be allowed as a credit against a US Holder's US Federal income tax liability, if any, or will be refunded, if such US Holder furnishes required information to the IRS in a timely manner. Each US Holder should consult its own tax advisors regarding the information reporting and backup withholding rules.

12. TAKEOVER BIDS

- 12.1 As at the date immediately prior to the date of this document, there has been no public takeover bid by a third party for all or any part of the Company's equity share capital since incorporation.
- 12.2 ***Squeeze-out*** Under the Companies Law, a person who makes an offer to acquire shares in the Company (an "**offeror**") may require Shareholders to transfer their shares to the offeror, on the terms of that offer, provided that the offer is approved or accepted by the holders of 90 per cent. or more of the shares to which the offer relates within four months of the making of the offer. In order to enforce this right, the offeror must give notice to any Shareholder not approving or accepting the offer within two months of the end of that four month period, notifying them of the offeror's wish to acquire their shares in the Company (the "**Squeeze-out Notice**"). After the expiration of one month after the giving of the Squeeze-out Notice, the offeror can require that the Company registers the

shares in their name provided that the consideration due to the holders of such shares is delivered to the Company to be held on trust for such Shareholders. Within one month of receiving the Squeeze-out Notice, a Shareholder who has not approved or accepted the offer may apply to the Royal Court in Guernsey to cancel that notice if it thinks fit.

13. LITIGATION

Neither the Company nor any member of the Group is or has been engaged in, or is currently engaged in, any governmental, litigation or arbitration proceedings, whether as claimant or defendant, which is having or may have had during the 12 months preceding the date of this document, a significant effect on the financial position of the Group and, so far as the Directors are aware, there are no such proceedings pending or threatened against, or brought by, the Company or any other member of the Group.

14. WORKING CAPITAL AND SIGNIFICANT CHANGE

14.1 The Directors are of the opinion that, having made due and careful enquiry, taking account of the estimated net proceeds to the Company of the Placing, the working capital available to the Company and the Group will be sufficient for its present requirements, that is, for at least the next 12 months from the date of Admission.

14.2 Save as disclosed in this document there has been no significant change in the financial or trading position of the Group since 24 August 2010, the date of the Company's incorporation.

15. OVERSEAS JURISDICTIONS

This document does not constitute an offer to sell, or the solicitation of an offer to buy, Placing Shares in any jurisdiction in which such offer or solicitation is unlawful. The Placing Shares have not been and will not be registered under the applicable securities legislation of any province or territory of Canada, Australia, the Republic of South Africa or Japan. Accordingly, subject to certain exceptions, the Placing Shares may not be offered or sold, directly or indirectly, in or into Canada, Australia, South Africa or Japan or to any national, resident or citizen of Canada, Australia, the Republic of South Africa or Japan. The distribution of this document outside the United Kingdom may be restricted by law and therefore persons outside the United Kingdom 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 jurisdiction. **Persons should consult their professional advisers as to whether they require any governmental or other consents or need to observe any other formalities to enable them to participate in the Placing.**

15.1 *Notice to Persons in the European Economic Area*

In any European Economic Area ("EEA") Member State that has implemented Directive 2003/71/EC (together with any applicable implementing measures in any Member State, the "**Prospectus Directive**"), this communication is only addressed to and is only directed at: (i) qualified investors in that Member State within the meaning of the Prospectus Directive; and (ii) other persons who are permitted to receive an offer to purchase the Placing Shares pursuant to an exemption from the Prospectus Directive and other applicable regulations.

This document has been prepared on the basis that all offers of the Placing Shares will be made pursuant to an exemption under the Prospectus Directive, as implemented in the Member States of the EEA, from the requirement to produce a prospectus for offers of shares. Accordingly, any person making or intending to make any offer within the EEA of the Placing Shares which are the subject of the Placing contemplated in this document should only do so in circumstances in which no obligation arises for the Company or Cenkos to produce a prospectus for such offer. Neither the Company nor Cenkos has authorised, nor do they authorise the making of any offer of Placing Shares through any financial intermediary, other than offers made by a financial intermediary with the consent of Cenkos and other than offers made by Cenkos which constitute the final placing of Placing Shares contemplated in this document.

15.2 *Notices to Persons in the United States*

The Placing Shares have not been and will not be registered under the US Securities Act of 1933, as amended (the "**US Securities Act**"), or any state securities laws in the United States and may not be offered or sold within the United States except pursuant to an exemption from the registration requirements of the US Securities Act and in accordance with applicable US state securities laws. Accordingly, the Placing Shares are being offered and sold only (1) in the United States to

“qualified institutional buyers” (“**QIBs**”) as defined in Rule 144A (“**Rule 144A**”) under the US Securities Act in transactions exempt from the registration requirements of the US Securities Act and in accordance with applicable US state securities laws, and (2) outside the United States in compliance with Regulation S (“**Regulation S**”) under the US Securities Act and the applicable laws of each jurisdiction where those offers and sales occur.

No purchase, sale or transfer of Placing Shares may be made unless such purchase, sale or transfer will not result in the assets of the Company constituting “plan assets” within the meaning of the Employee Retirement Income Security Act of 1974, as amended (“**ERISA**”), that are subject to Title I of ERISA or Section 4975 of the Internal Revenue Code of 1986, as amended (the “**Code**”). Each purchaser of Placing Shares in the United States will be required to represent or will be deemed to have represented that it is not using assets of a plan that is subject to Title I of ERISA or Section 4975 of the Code to purchase Placing Shares.

Transfer Restrictions Generally

Due to the following restrictions, purchasers of Placing Shares in the United States are advised to consult legal counsel prior to making any offer for, resale, pledge or other transfer of the Placing Shares.

Each purchaser of the Placing Shares who is located in the United States will be deemed to have represented and agreed that it has received a copy of this document and such other information as it deems necessary to make an investment decision and that (terms used herein that are defined in Rule 144A are used herein as defined therein):

- (i) it (a) is a QIB, acquiring such Placing Shares for its own account or for the account of one or more QIBs with respect to whom it has the authority to make, and does make, the representations and warranties set forth herein, (b) is not acquiring the Placing Shares with a view to further distribution of such Placing Shares and (c) is aware and each beneficial owner of such Placing Shares has been advised that the sale of Placing Shares to it is being made in a transaction exempt from the registration requirements of the US Securities Act;
- (ii) it understands that the Placing Shares have not been and will not be registered under the US Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be reoffered, resold, pledged or otherwise transferred except (a) (i) to a person whom the purchaser and any person acting on its behalf reasonably believes is a QIB purchasing for its own account or for the account of a QIB in a transaction meeting the requirements of Rule 144A, (ii) pursuant to an exemption from registration under the US Securities Act provided by Rule 144 thereunder (if available) or (iii) in an “offshore transaction” in compliance with Rule 903 or Rule 904 of Regulation S, and (b) in accordance with all applicable securities laws of the states of the United States;
- (iii) it acknowledges that the Placing Shares (whether in physical, certificated form or in uncertificated form held in CREST) offered and sold hereby are “restricted securities” within the meaning of Rule 144(a)(3) under the US Securities Act, are being offered and sold in a transaction not involving any public offering in the United States within the meaning of the US Securities Act and that no representation is made as to the availability of the exemption provided by Rule 144 for resales of Placing Shares. The purchaser understands that the Placing Shares may not be deposited into any unrestricted depositary receipt facility in respect of Ordinary Shares established or maintained by a depositary bank, unless and until such time as such Placing Shares are no longer restricted securities within the meaning of Rule 144(a)(3) under the US Securities Act;
- (iv) it is not using assets of a plan that is subject to Title I of ERISA or section 4975 of the Code to purchase the Placing Shares;
- (v) it understands that any offer, sale, pledge or other transfer of the Placing Shares made other than in compliance with the above-stated restrictions may not be recognised by the Company; and
- (vi) the Placing Shares (to the extent they are in certificated form), unless otherwise determined by the Company in accordance with applicable law, will bear a legend substantially to the following effect:

THE SECURITY EVIDENCED HEREBY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE US SECURITIES ACT OF 1933, AS AMENDED (THE “**SECURITIES ACT**”), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (A) (1) TO A PERSON WHOM THE SELLER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (2) IN AN OFFSHORE TRANSACTION COMPLYING WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, OR (3) AS PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE) AND (B) IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT FOR THE RESALE OF THIS SECURITY.

FURTHER, NO PURCHASE, SALE OR TRANSFER OF THIS SECURITY MAY BE MADE UNLESS SUCH PURCHASE, SALE OR TRANSFER WILL NOT RESULT IN THE ASSETS OF THE COMPANY CONSTITUTING “PLAN ASSETS” WITHIN THE MEANING OF THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED (“**ERISA**”), THAT ARE SUBJECT TO TITLE I OF ERISA OR SECTION 4975 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE “**CODE**”). EACH PURCHASER OR TRANSFEREE OF THIS SECURITY WILL BE REQUIRED TO REPRESENT OR WILL BE DEEMED TO HAVE REPRESENTED THAT IT IS NOT USING ASSETS OF A PLAN THAT IS SUBJECT TO TITLE I OF ERISA OR SECTION 4975 OF THE CODE.

NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THE FOREGOING, THIS SECURITY MAY NOT BE DEPOSITED INTO ANY UNRESTRICTED DEPOSITARY RECEIPT FACILITY IN RESPECT OF ORDINARY SHARES OF THE COMPANY ESTABLISHED OR MAINTAINED BY A DEPOSITARY BANK. EACH HOLDER, BY ITS ACCEPTANCE OF THIS SECURITY, REPRESENTS THAT IT UNDERSTANDS AND AGREES TO THE FOREGOING RESTRICTIONS.

Resales of Placing Shares Held by Persons in the United States

The restrictions described above will generally not prohibit resales on AIM of the Placing Shares offered hereby following the Placing provided it is done in a valid transaction under Regulation S. However, due to the restrictions described above, subscribers for and subsequent purchasers of the Placing Shares from persons in the United States and their brokers may be required to execute representation letters prior to resales of such shares and provide legal opinions. Among other things, prior to any resale of Placing Shares, and in addition to certain other representations, a holder of Placing Shares in the United States and such person’s broker may each be required to represent that neither such reseller, nor any person acting on such reseller’s behalf, knows that the resale transaction has been pre-arranged with a buyer in the United States. The Company reserves the right to modify this process as may be deemed required or appropriate and may require such other documentation evidencing a valid exemption from registration to comply with applicable US securities law requirements and the AIM Rules.

15.3 Notices to Persons Outside the United States

Each purchaser of the Placing Shares outside the United States will be deemed to have represented and agreed as follows (terms used in this paragraph that are defined in Rule 144A or Regulation S are used herein as defined therein):

- (i) the purchaser is, at the time of the offer to it of Placing Shares and at the time the buy order originated, outside the United States for the purposes of Regulation S;
- (ii) the purchaser is aware that the Placing Shares have not been and will not be registered under the US Securities Act and are being offered outside the United States in reliance on Regulation S;

- (iii) the purchaser acknowledges and agrees that the Placing Shares may not be resold in the United States absent an exemption from the registration requirements of the US Securities Act; and
- (iv) any offer, sale, pledge or other transfer made other than in compliance with the above-stated restrictions shall not be recognised by the Company in respect of the Regulation S Ordinary Shares.

In addition, until 40 days after commencement of the offer, an offer or sale of the Placing Shares within the United States by a dealer (whether or not participating in the offer) may violate the registration requirements of the US Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A or pursuant to another exemption from registration under the Securities Act.

15.4 *Notice to Persons Resident in Canada*

This document is not, and under no circumstances is to be construed as, a prospectus, an advertisement or a public offering of these securities in Canada. No securities regulatory authority has expressed an opinion about the Placing Shares and it is an offence to claim otherwise.

The distribution of the Placing Shares in Canada is being made only on a private placement basis exempt from the requirement that the issuer prepare and file a prospectus with the applicable securities regulatory authorities. The issuer is not a reporting issuer in any province or territory in Canada and its securities are not listed on any stock exchange in Canada and there is currently no public market for the securities in Canada. The issuer currently has no intention of becoming a reporting issuer in Canada, filing a prospectus with any securities regulatory authority in Canada to qualify the resale of the Placing Shares to the public, or listing its securities on any stock exchange in Canada. Accordingly, to be made in accordance with securities laws, any resale of the Placing Shares in Canada must be made under available statutory exemptions from registration and prospectus requirements or under a discretionary exemption granted by the applicable Canadian securities regulatory authority. **Canadian purchasers are advised to seek legal advice prior to any resale of the securities.**

Each Canadian purchaser who purchases Placing Shares on a private placement basis pursuant to this document will be deemed to have represented to and agreed with the issuer and the Placing Agents that such purchaser: (i) is entitled under applicable securities laws to purchase such Placing Shares without the benefit of a prospectus qualified under such securities laws; (ii) is resident in Canada; (iii) is purchasing the Placing Shares with the benefit of the prospectus exemption provided by Section 2.3 of National Instrument 45-106 - *Prospectus and Registration Exemptions* (“**NI 45 106**”) (that is, such purchaser is an “accredited investor” within the meaning of NI 45-106 and is either purchasing Placing Shares as principal for its own account, or is deemed to be purchasing the Placing Shares as principal for its own account in accordance with applicable securities laws); (iv) if not an individual, the purchaser was not created or used solely to purchase or hold securities as an accredited investor under NI 45 106; (v) is a “permitted client” as defined in section 1.1 of National Instrument 31-103 - *Registration Requirements* (“**NI 31-103**”) and is purchasing the Securities from a dealer permitted to rely on the “international dealer exemption” contained in section 8.18 of NI 31-103; (vi) acknowledges that the Placing Shares are being distributed in Canada on a private placement basis only and agrees to resell the Placing Shares only in accordance with the requirements of applicable securities laws; and (vii) if required by applicable securities laws or stock exchange rules, the purchaser will execute, deliver and file or assist the issuer in obtaining and filing such reports, undertakings and other documents relating to the purchase of the Placing Shares by the purchaser as may be required by any securities commission, stock exchange or other regulatory authority.

By purchasing Placing Shares, the purchaser acknowledges that the issuer and the Placing Agents and their respective agents and advisers may each collect, use and disclose its name and other specified personally identifiable information (“**Information**”), including the amount of Placing Shares that it has purchased for purposes of meeting legal, regulatory and audit requirements and as otherwise permitted or required by law or regulation. The purchaser consents to the disclosure of that Information.

By purchasing Placing Shares, the purchaser acknowledges (A) that Information concerning the purchaser will be disclosed to the relevant Canadian securities regulatory authorities, including the Ontario Securities Commission, and may become available to the public in accordance with the

requirements of applicable securities and freedom of information laws and the purchaser consents to the disclosure of the Information; (B) the Information is being collected indirectly by the applicable Canadian securities regulatory authority under the authority granted to it in securities legislation; and (C) the Information is being collected for the purposes of the administration and enforcement of the applicable Canadian securities legislation; by purchasing the Placing Shares, the purchaser shall be deemed to have authorized such indirect collection of personal information by the relevant Canadian securities regulatory authorities. Questions about such indirect collection of Information by the Ontario Securities Commission should be directed to the Ontario Securities Commission, Suite 1903, Box 55, 20 Queen Street West, Toronto, Ontario M5H 3S8, Attention: Administrative Support Clerk, Telephone (416) 593-3684.

All of the directors and officers of the Company, as well as the Placing Agents and any experts named herein, may be located outside of Canada and, as a result, it may not be possible for purchasers to effect service of process within Canada upon the Company or those persons. All or a substantial portion of the assets of the Company and those persons may be located outside of Canada and, as a result, it may not be possible to satisfy a judgment against the Company or those persons in Canada or to enforce a judgment obtained in Canadian courts against the Company or those persons outside of Canada.

Upon receipt of this document, the purchaser hereby confirms that he, she or it has expressly requested that all documents evidencing or relating in any way to the offer and/or sale of the securities (including for greater certainty any purchase confirmation or any notice) be drawn up in the English language only. Par la réception de ce document, l'acheteur confirme par les présentes qu'il a expressément exigé que tous les documents faisant foi ou se rapportant de quelque manière que ce soit à l'offre ou à la vente des valeurs mobilières décrites aux présentes (incluant, pour plus de certitude, toute confirmation d'achat ou tout avis) soient rédigés en anglais seulement.

Securities legislation in certain of the provinces of Canada provides purchasers with rights of rescission or damages, or both, where an offering memorandum or any amendment to it contains a misrepresentation. A "misrepresentation" is an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make any statement not misleading or false in the light of the circumstances in which it was made. These remedies must be commenced by the purchaser within the time limits prescribed and are subject to the defences contained in the applicable securities legislation. Purchasers should refer to the applicable provisions of the securities legislation of their province for the particulars of these rights or consult with a legal adviser.

The following is a summary of the statutory rights of rescission or damages, or both, under securities legislation in certain of the provinces of Canada where such summary is required to be disclosed under the relevant securities legislation, and as such, is subject to the express provisions of the legislation and the related regulations and rules. The rights described below are in addition to, and without derogation from, any other right or remedy available at law to purchasers of the Placing Shares.

Ontario Purchasers

Ontario securities legislation provides that where an offering memorandum is delivered to a purchaser and contains a misrepresentation, the purchaser will, except as provided below, have a statutory right of action for damages or for rescission against the issuer and a selling security holder on whose behalf the distribution is made, without regard to whether the purchaser relied on the misrepresentation; if the purchaser elects to exercise the right of rescission, the purchaser will have no right of action for damages against the issuer or any selling security holder. No such action shall be commenced more than, in the case of an action for rescission, 180 days after the date of the transaction that gave rise to the cause of action, or, in the case of any action other than an action for rescission, the earlier of: (i) 180 days after the purchaser first had knowledge of the facts giving rise to the cause of action, or (ii) three years after the date of the transaction that gave rise to the cause of action. The Ontario legislation provides a number of limitations and defences to such actions, including: (a) the issuer or any selling security holder is not liable if it proves that the purchaser purchased the securities with knowledge of the misrepresentation; (b) in an action for damages, the issuer shall not be liable for all or any portion of the damages that the issuer or any selling security holder proves do not represent the depreciation in value of the securities as a result of the misrepresentation relied upon; and (c) in no case shall the amount recoverable exceed the price at which the securities were offered.

These rights are not available for a purchaser that is: (a) a Canadian financial institution, meaning either: (i) an association governed by the *Cooperative Credit Associations Act* (Canada) or a central cooperative credit society for which an order has been made under section 473(1) of that Act; or (ii) a bank, loan corporation, trust company, trust corporation, insurance company, treasury branch, credit union, caisse populaire, financial services cooperative, or league that, in each case, is authorized by an enactment of Canada or a province or territory of Canada to carry on business in Canada or a province or territory of Canada; (b) a Schedule III bank, meaning an authorized foreign bank named in Schedule III of the *Bank Act* (Canada); (c) the Business Development Bank of Canada incorporated under the *Business Development Bank of Canada Act* (Canada); or (d) a subsidiary of any person referred to in clauses (a), (b) or (c), if the person owns all of the voting securities of the subsidiary, except the voting securities required by law to be owned by directors of that subsidiary.

New Brunswick Purchasers

New Brunswick securities legislation provides that where any information relating to an offering that is provided to a purchaser of the securities contains a misrepresentation, a purchaser who purchases the securities shall be deemed to have relied on the misrepresentation if it was a misrepresentation at the time of purchase. Such purchaser has a right of action for damages against the issuer or may elect to exercise a right of rescission against the issuer, in which case the purchaser shall have no right of action for damages. No such action shall be commenced more than, in the case of an action for rescission, 180 days after the date of the transaction that gave rise to the cause of action or, in the case of any action, other than an action for rescission, the earlier of (i) one year after the plaintiff first had knowledge of the facts giving rise to the cause of action, and (ii) six years after the date of the transaction that gave rise to the cause of action. The New Brunswick legislation provides a number of limitations and defences to such actions, including: (a) the issuer is not liable if it proves that the purchaser purchased the securities with knowledge of the misrepresentation; (b) in an action for damages, the issuer shall not be liable for all or any portion of the damages that it proves do not represent the depreciation in value of the securities as a result of the misrepresentation relied upon; and (c) in no case shall the amount recoverable exceed the price at which the securities were offered.

Nova Scotia Purchasers

Nova Scotia securities legislation provides that in the event that an offering memorandum or a record incorporated by reference in an offering memorandum, together with any amendments thereto, or any advertising or sales literature (as defined in the Nova Scotia securities legislation) contains a misrepresentation, a purchaser who purchases the securities referred to in it is deemed to have relied upon such misrepresentation if it was a misrepresentation at the time of purchase. Such purchaser has a statutory right of action for damages against the seller (which includes the issuer) and, subject to certain additional defences, the directors of the seller. Alternatively, the purchaser while still an owner of the securities, may elect instead to exercise a statutory right of rescission against the issuer, in which case the purchaser shall have no right of action for damages against the seller or the directors. No such action shall be commenced to enforce the right of action for rescission or damages more than 120 days after the date payment was made for the securities (or after the date on which initial payment was made for the securities where payments subsequent to the initial payment are made pursuant to a contractual commitment assumed prior to, or concurrently with, the initial payment). The Nova Scotia legislation provides a number of limitations and defences, including: (a) no person or company is liable if the person or company proves that the purchaser purchased the securities with knowledge of the misrepresentation; (b) in the case of an action for damages, no person or company is liable for all or any portion of the damages that it proves do not represent the depreciation in value of the securities as a result of the misrepresentation; and (c) in no case will the amount recoverable in any action exceed the price at which the securities were offered to the purchaser.

A person or company, other than the issuer, is not liable with respect to any part of the offering memorandum or any amendment to the offering memorandum not purporting (a) to be made on the authority of an expert or (b) to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person or company (i) failed to conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no misrepresentation or (ii) believed that there had been a misrepresentation.

A person or company, other than the issuer, will not be liable if that person or company proves that: (a) the offering memorandum or any amendment to the offering memorandum was sent or delivered to the purchaser without the person's or company's knowledge or consent and that, on becoming aware of its delivery, the person or company gave reasonable general notice that it was delivered without the person's or company's knowledge or consent; (b) after delivery of the offering memorandum or any amendment to the offering memorandum and before the purchase of the securities by the purchaser, on becoming aware of any misrepresentation in the offering memorandum or any amendment to the offering memorandum, the person or company withdrew the person's or company's consent to the offering memorandum or any amendment to the offering memorandum, and gave reasonable general notice of the withdrawal and the reason for it; or (c) with respect to any part of the offering memorandum or any amendment to the offering memorandum purporting (i) to be made on the authority of an expert, or (ii) to be a copy of, or an extract from, a report, an opinion or a statement of an expert, the person or company had no reasonable grounds to believe and did not believe that (A) there had been a misrepresentation, or (B) the relevant part of the offering memorandum or any amendment to the offering memorandum did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of, or an extract from, the report, opinion or statement of the expert.

Saskatchewan Purchasers

Saskatchewan securities legislation provides that in the event that an offering memorandum, together with any amendments thereto, or advertising and sales literature disseminated in connection with an offering of securities contains a misrepresentation, a purchaser who purchases such securities has, without regard to whether the purchaser relied on the misrepresentation, a right of action for damages against: (a) the issuer and the selling security holder on whose behalf the distribution is made; (b) every promoter and director of the issuer or the selling security holder, as the case may be, at the time the offering memorandum or any amendment to it was sent or delivered; (c) every person or company whose consent has been filed respecting the offering, but only with respect to reports, opinions or statements that have been made by them; (d) every person who or company that, in addition to the persons or companies mentioned in clauses (a) to (c), signed the offering memorandum or the amendment to the offering memorandum; and (e) every person who or company that sells securities on behalf of the issuer and the selling security holder under the offering memorandum or amendment to the offering memorandum. If such purchaser elects to exercise a statutory right of rescission against the issuer or selling security holder, it shall have no right of action for damages against that person or company. No such action for rescission or damages shall be commenced more than, in the case of a right of rescission, 180 days after the date of the transaction that gave rise to the cause of action or, in the case of any action, other than an action for rescission, before the earlier of (i) one year after the plaintiff first had knowledge of the facts giving rise to the cause of action, and (ii) six years after the date of the transaction that gave rise to the cause of action.

The Saskatchewan legislation provides a number of limitations and defences, including: (a) no person or company will be liable if the person or company proves that the purchaser purchased the securities with knowledge of the misrepresentation; (b) in the case of an action for damages, no person or company will be liable for all or any portion of the damages that it proves do not represent the depreciation in value of the securities as a result of the misrepresentation; and (c) in no case will the amount recoverable in any action exceed the price at which the securities were offered to the purchaser.

No person or company, other than the issuer, will be liable if the person or company proves that: (a) the offering memorandum or any amendment to it was sent or delivered without the person's or company's knowledge or consent and that, on becoming aware of it being sent or delivered, that person or company gave reasonable general notice that it was so sent or delivered; (b) after the filing of the offering memorandum or any amendment to it and before the purchase of securities by the purchaser, on becoming aware of any misrepresentation in the offering memorandum or any amendment to it, the person or company withdrew the person's or company's consent to it and gave reasonable general notice of the person's or company's withdrawal and the reason for it; (c) with respect to any part of the offering memorandum or any amendment to it purporting to be made on the authority of an expert, or purporting to be a copy of, or an extract from, a report, an opinion or a statement of an expert, that person or company had no reasonable grounds to believe and did not believe that (i) there had been a misrepresentation, or (ii) the part of the offering memorandum or any amendment to it did not fairly represent the report, opinion or statement of the expert or was

not a fair copy of, or an extract from, the report, opinion or statement of the expert; (d) with respect to any part of the offering memorandum or any amendment to it purporting to be made on the person's or company's own authority as an expert or purporting to be a copy of or an extract from the person's or company's own report, opinion or statement as an expert that contains a misrepresentation attributable to failure to represent fairly his, her or its report, opinion or statement as an expert, (i) the person or company had, after reasonable investigation, reasonable grounds to believe, and did believe, that the part of the offering memorandum or any amendment to it fairly represented the person's or company's report, opinion or statement, or (ii) on becoming aware that the part of the offering memorandum or of any amendment to it did not fairly represent the person's or company's report, opinion or statement as an expert, the person or company immediately advised the Saskatchewan Securities Commission and gave reasonable general notice that such use had been made of it and that the person or company would not be responsible for that part of the offering memorandum or of the amendment to it; or (e) with respect to a false statement purporting to be a statement made by an official person or contained in what purports to be a copy of or extract from a public official document, the statement was a correct and fair representation of the statement or copy of or extract from the document and the person or company had reasonable grounds to believe, and did believe, that the statement was true.

The Saskatchewan legislation also provides that where an individual makes a verbal statement to a prospective purchaser that contains a misrepresentation relating to the security purchased and the verbal statement is made either before or contemporaneously with the purchase of the security, the purchaser is deemed to have relied on the misrepresentation, if it was a misrepresentation at the time of purchase, and has a right of action for damages against the individual who made the verbal statement.

The Saskatchewan legislation provides a purchaser with the right to void the purchase agreement and to recover all money and other consideration paid by the purchaser for the securities if the securities are sold in contravention of Saskatchewan securities legislation, regulations or a decision of the Saskatchewan Financial Services Commission.

The Saskatchewan legislation also provides a right of action for rescission or damages to a purchaser of securities to whom an offering memorandum or any amendment to it was not sent or delivered prior to or at the same time as the purchaser enters into an agreement to purchase the securities, as required by the Saskatchewan legislation.

The Saskatchewan legislation also provides that a purchaser who has received an amended offering memorandum that was amended and delivered in accordance with such legislation has a right to withdraw from the agreement to purchase the securities by delivering a notice to the person who or company that is selling the securities, indicating the purchaser's intention not to be bound by the purchase agreement, provided such notice is delivered by the purchaser within two business days of receiving the amended offering memorandum.

16. FEES AND EXPENSES OF ADMISSION AND THE PLACING

- 16.1 The gross proceeds of the Placing are expected to be £76 million. The total cost and expenses relating to Admission and the Placing are expected to be approximately £4.6 million. The net proceeds of the Placing receivable by the Company will be approximately £71.4 million.
- 16.2 The Placing Price is payable in full in cash on acceptance.
- 16.3 Monies received from applicants pursuant to the Placing will be held by the Placing Agents until such time as the Placing Agreement becomes unconditional in all respects. If the Placing Agreement does not become unconditional in all respects by 7 October 2010 (or such later date as Cenkos and the Company may agree), any application monies will be returned to applicants at their own risk without interest prior to delivery of the shares.
- 16.4 Save as disclosed in paragraph 10.2(f) of Part 5 of this document, no person (excluding the Company's professional advisers to the extent disclosed elsewhere in this document and trade suppliers) has in the 12 months preceding the Company's application for Admission received, directly or indirectly, from the Company or entered into any contractual arrangements to receive, directly or indirectly, from the Company on or after Admission, any of the following:
 - (a) fees totalling £10,000 or more;
 - (b) securities in the Company where these have a value of £10,000 or more calculated by reference to the Placing Price; or
 - (c) any other benefit with the value of £10,000 or more at the date of Admission.

17. THIRD PARTY INFORMATION AND CONSENTS

- 17.1 Cenkos Securities plc has given and not withdrawn its written consent to the issue of this document with the inclusion of its name in the form and context in which it appears.
- 17.2 Dahlman Rose & Company, LLC has given and not withdrawn its written consent to the issue of this document with the inclusion of its name in the form and context in which it appears.
- 17.3 Where information has been sourced from a third party, it has been accurately reproduced, and, as far as the Company is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. The source of any such information in this document is indicated by way of a footnote.

18. MISCELLANEOUS

- 18.1 Save as disclosed in this document:
- (a) the Company has no principal investments for the period since incorporation and has no principal investments in progress and no principal future investments in relation to which it has made a firm financial commitment;
 - (b) there are no known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material adverse effect on the Company's prospects for at least the current financial year;
 - (c) the Company is not aware of any environmental issues that may affect utilisation of the Company's tangible fixed assets;
 - (d) the Company is not dependent on any patents or licences, industrial commercial financial contracts or any manufacturing processes which are of fundamental importance to its business profitability; and
 - (e) there are no exceptional factors that have influenced Company's activities.
- 18.2 Since the date of its incorporation, the Company has not yet commenced operations and it has no material assets or liabilities. Accordingly, no financial statements have been prepared as at the date of this document.
- 18.3 The Company has never declared or paid cash dividends on its Ordinary Shares. A description of the Company's dividend policy is set out in paragraph 13 of Part 1 of this document.
- 18.4 The accounting reference date of the Company is 31 December.
- 18.5 The AIM Rules for Companies require the Company to publish annual audited accounts which must be sent to Shareholders without delay and in any event not later than six months after the year end (being 31 December). In addition, the Company must prepare a half yearly report, which must be notified to Shareholders without delay and in any event not later than three months after the relevant period end (being 30 June).
- 18.6 The Company's auditors are Grant Thornton UK LLP, ("**Grant Thornton**"). Grant Thornton is a member firm of the Institute of Chartered Accountants in England and Wales. No auditors of the Company have resigned, been removed, or not been reappointed since the date of incorporation of the Company.
- 18.7 The Ordinary Shares have not been sold, nor are they available, in whole or in part, to the public in conjunction with the application for Admission.

19. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of this document will be available free of charge at the registered office of the Company and from the offices of Cenkos Securities plc at 6.7.8 Tokenhouse Yard, London EC2R 7AS, during normal business hours on any weekday from the date of this document until the date one month following Admission.

Dated: 4 October 2010

