THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this Document or as to the action you should take you should seek your own financial advice immediately from a person authorised under the FSMA who specialises in advising on the acquisition of shares and other securities in the United Kingdom. The whole of the text of this Document should be read. You should be aware that an investment in Promethean involves a high degree of risk and prospective investors should carefully consider this Document before taking any action. All statements regarding the Enlarged Group's business, financial position and prospects should be viewed in light of the risk factors set out on pages 23 to 30 of this Document. You should not rely solely on the information summarised in the summary.

If you have sold or otherwise transferred all of your Ordinary Shares, please send this Document, together with the accompanying Notice of EGM and Form of Proxy, to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee. If you have sold or otherwise transferred some of your Ordinary Shares, you should consult with the stockbroker, bank or other agent through whom the sale or transfer was effected.

If you have sold or otherwise transferred all of your PATF Participating Shares, please send this Document, together with the accompanying Form of Election, to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee. If you have sold or otherwise transferred some of your PATF Participating Shares, you should consult with the stockbroker, bank or other agent through whom the sale or transfer was effected.

This Document has been prepared for the purposes of paragraph 1.2.2R(2) of the Prospectus Rules. This Document also comprises an AIM admission document and has been drawn up in accordance with the requirements of the AIM Rules.

The Company, the Existing Directors and the Proposed Directors, whose names appear on page 33 of this Document, accept responsibility individually and collectively, for the information contained in this Document. To the best of the knowledge and belief of the Existing Directors, the Proposed Directors and the Company (who have taken all reasonable care to ensure that such is the case), the information contained in this Document is in accordance with the facts and does not omit anything likely to affect the import of such information.

A copy of this Document, which comprises a document equivalent to a prospectus relating to Promethean, in accordance with the Prospectus Rules published by the FCA, has been filed with the FCA and made available to the public in accordance with those rules.

This Document constitutes an offering document for the purposes of section 45 of the Isle of Man Companies Act 2006 and is prepared in compliance with the requirements of that section. It is not necessary for this Document to be filed or registered with any governmental or public body, authority or agency in the Isle of Man either on, before or after the date of its publication and it is not intended that this Document will be filed with the Registrar of Companies in the Isle of Man pursuant to section 45(5) of the Isle of Man Companies Act 2006.

The Company has been established in the Isle of Man as a company incorporated under the Isle of Man Companies Act 2006. The Company is not an "open-ended investment company" as defined in the Isle of Man Collective Investment Schemes Act 2008, as amended and, accordingly, the Company does not constitute a "collective investment scheme" for the purposes of that Act. As such, the Company is not subject to any form of authorisation or approval in the Isle of Man by the Isle of Man Financial Supervision Commission or any other body. Investors are not protected by any statutory compensation arrangements in the Isle of Man in the event of the Company's failure and the Isle of Man Financial Supervision Commission does not vouch for the financial soundness of the Company or for the correctness of any statements made or opinions expressed with regard to it.

Promethean plc

(A company incorporated and registered in the Isle of Man with registered number 003750V)

(to be renamed Link & Prosper plc)

Proposed Acquisition of securities in T.I.S. Holdings Limited
Proposed Acquisition of PATF Participating Shares
Proposed name change to Link & Prosper plc
Conditional Return of Capital
Board changes
Admission of the Enlarged Issued Share Capital to trading on AIM

Nominated Adviser and Broker

spangel

Application will be made for the Enlarged Issued Share Capital to be admitted to trading on AIM. It is expected that Admission will become effective and that dealings in the Ordinary Share capital will commence on AIM on 18 June 2014. AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the United Kingdom Listing Authority. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Each AIM company is required pursuant to the AIM Rules for Companies to have a nominated adviser. The nominated adviser is required to make a declaration to the London Stock Exchange on admission in the form set out in Schedule Two to the AIM Rules for Nominated Advisers. The London Stock Exchange has not itself examined or approved the contents of this Document. The AIM Rules are less demanding than the listing rules of the UK Listing Authority. It is emphasised that no application is being made for admission of these securities to the Official List of the UK Listing Authority. The Existing Ordinary Shares are not dealt in on any other recognised investment exchange.

SP Angel Corporate Finance LLP ("SP Angel"), which is authorised and regulated by the Financial Conduct Authority, is acting as nominated adviser and broker to Promethean for the purposes of the AIM Rules for Companies and no one else in connection with Admission and will not be responsible to any person other than Promethean for providing the regulatory and legal protections afforded to customers of SP Angel nor for providing advice in relation to the contents of this Document or any matter, transaction or arrangement referred to in it. The responsibilities of SP Angel, as Nominated Adviser under the AIM Rules for Nominated Advisers, are owed solely to the London Stock Exchange and are not owed to Promethean or any Existing Director or Proposed Director or to any other person in respect of their decision to acquire Ordinary Shares in reliance of any part of this Document. In particular, the information contained in this Document has been prepared solely for the purposes of 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. Without limiting the statutory rights of any person to whom this Document is issued, no representation or warranty, express or implied, is made by SP Angel as to the contents of this Document. No liability whatsoever is accepted by SP Angel for the accuracy of any information or opinions contained in this Document, for which the Existing Directors and Proposed Directors are solely responsible, or for the omission of any information from this Document for which it is not responsible.

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 restrictions as to the Admission, the Ordinary Shares and the distribution of this Document. This Document does not constitute an offer to sell or issue, or the solicitation of an offer to buy or subscribe for, Ordinary Shares in any jurisdiction in which such offer or solicitation is unlawful. This Document should not to be copied or distributed by recipients and, in particular should not be distributed, published, reproduced or otherwise made available by any means, including electronic transmission, in, into or from the United States of America, Canada, Australia, the Republic of South Africa, or Japan or any other jurisdiction where to do so would be in breach of any other law and/or regulation. The Ordinary Shares have not been, and will not be, registered in the United States of America under the United States Securities Act of 1933 (as amended) (the "Securities Act") or under the securities laws of any state of the United States of America or under the securities laws of any of Canada, Australia, the Republic of South Africa, or Japan and, subject to certain exemption, may not be offered or sold, directly or indirectly, within or into the United States of America, Canada, Australia, the Republic of South Africa, or Japan or to, or for the account or benefit of, US persons (as such term is defined in Regulation S under the Securities Act) or to any national, resident or citizen of Canada, Australia, the Republic of South Africa, or Japan. Neither this Document nor any copy of it may be distributed in or sent to or taken into the United States, Canada, Australia, the Republic of South Africa, or Japan, nor may it be distributed to any US person (within the meaning of Regulation S under the Securities Act). In addition, the securities to which this Document relates must not be marketed into any jurisdiction where to do so would be unlawful. Persons into whose possession this Document comes should inform themselves about, and observe, any such restrictions.

Copies of this Document will be available free of charge during normal business hours on any weekday (except Saturdays, Sundays and public holidays) at the offices of SP Angel at Prince Frederick House, 35-39 Maddox Street, London W1S 2PP, from the date of this Document and for a period of one month from the date of Admission. This Document will be available to download from Promethean's website at www.prometheanplc.com. The contents of Promethean's website do not form part of this Document. Recipients of this Document should base any investment decision in relation to the Ordinary Shares on the contents of this Document alone.

No person has been authorised to give any information or to make any representation about Promethean and about the matters the subject of this Document other than those contained in this Document. If any such information or representation is given or made then it must not be relied upon as having been so authorised. The delivery of this Document shall not imply that no change has occurred in Promethean's affairs since the date of issue of this Document or that the information in this Document is correct as at any time after the date of this Document, save as shall be required to be updated by law or regulation.

Member States of the European Economic Area (other than the United Kingdom)

In relation to each member state of the European Economic Area which has implemented the Prospectus Directive (except the United Kingdom) (each, a "Relevant Member State"), with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State, none of the New Ordinary Shares may be offered or sold to the public in that Relevant Member State prior to the publication of this Prospectus in relation to the New Ordinary Shares, which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another in the Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive (as defined below), other than the offers contemplated in this Document in a Relevant Member State after the date of such publication or notification, and except that an offer of such New Ordinary Shares may be made to the public in that Relevant Member State:

- **to any legal entity which is a qualified investor as defined in the Prospectus Directive;**
- **to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive (as defined below), 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive; or**
- **in any other circumstances falling within Article 3(2) of the Prospectus Directive,**

provided that no such offer of New Ordinary Shares shall require the Company to publish a prospectus pursuant to Article 3 of the Prospectus Directive or any measure implementing the Prospectus Directive in a Relevant Member State.

For the purposes of this selling restriction, the expression an "offer of New Ordinary Shares, to the public" in relation to any New Ordinary Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the New Ordinary Shares to be offered so as to enable an Investor to decide to acquire the New Ordinary Shares, as the same may be varied in that Relevant Member State, and the expression "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented it the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State, and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

This Document has not been approved or authorised by the Jersey Financial Services Commission, and the Jersey Financial Services Commission does not vouch for the financial soundness of the Offer or for the correctness of any statements made or opinions expressed with regard to it.

This Document has not been approved or authorised by the Guernsey Financial Services Commission, and the Guernsey Financial Services Commission does not vouch for the financial soundness of the Offer or for the correctness of any statements made or opinions expressed with regard to it.

CONTENTS

SUMMARY

Summaries are made up of disclosure requirements known as 'Elements'. These elements are numbered in Sections A – E (A.1 – E.7).

This summary contains all the Elements required to be included in a summary for this type of securities and issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted in the summary because of the type of securities and issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of 'not applicable'.

Section A – Introduction and warnings		
Element	**Disclosure Requirement**	**Disclosure**
A.1	Introduction and warning	This summary should be read as an introduction to this Document. Any decision to invest in the Ordinary Shares should be based on consideration of this Document as a whole. Where a claim relating to the information contained in this Document is brought before a court, the plaintiff investor might, under the national legislation of the member states of the EEA, have to bear the costs of translating this Document before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of this Document or it does not provide, when read together with the other parts of this Document, key information in order to aid investors when considering whether to invest in such securities.
A.2	Subsequent resale of securities or final placement of securities through financial intermediaries	Not applicable. The Company is not engaging any financial intermediaries for any resale of securities or final placement of securities requiring a Prospectus after publication of this Document.

Section B – Issuer		
Element	**Disclosure Requirement**	**Disclosure**
B.1	Legal and commercial name	Promethean plc
B.2	Domicile, legal form, legislation under which the issuer operates and country of incorporation	Promethean is incorporated in the Isle of Man under the Isle of Man Companies Act 2006 and domiciled in the Isle of Man. It is under the jurisdiction of the Takeover Panel.
B.3	Current operations/principal activities/principal markets	Promethean is the holding company for the Group and its Ordinary Shares are currently admitted to trading on AIM. Pursuant to the Proposed Transaction, Promethean is seeking admission of the Enlarged Issued Share Capital to trading on AIM. Promethean was initially established as an evergreen limited company investing in an evergreen fund to generate returns for Promethean Shareholders through two primary routes:

investing in businesses using private equity style investment structures; and the establishment of a private equity style management business.

Following the credit crisis in 2008 it was agreed at the annual general meeting held in September 2009, that the Company would move to realising its existing investment portfolio over an appropriate timescale to maximise the realisations and return the proceeds to Promethean Shareholders, which involved changing the Company's investing policy to a divesting policy and mandating the Manager to realise the Company's portfolio.

As at 31 December 2013, Promethean's significant assets were £2,097,000 of cash and its majority shareholding in TIS. Promethean has no other operating Subsidiaries.

TIS is the holding company of the TIS Group. The TIS Group includes the following trading entities:

- Absolute Assigned Policies Limited ("AAP") is the main operating business of the TIS Group specialising in market making and brokering of traded endowment policies ("TEPs") and is one of the largest TEP service providers in the market having traded an aggregate of approximately £2 billion worth of TEPs since the early 1990s. Historically, AAP has acted as an agent in TEPs serving policyholder, retail investors and institutional clients, which for the latter it continues to be market maker on an exclusive basis. AAP, via its trading name of PDL International ("PDLI"), also undertakes the global distribution and promotion of specialist alternative investment products offered by the TIS Group. Such alternative investment products include The Protected Asset TEP Fund plc ("PATF") and more recently the TIS Diversified Alternative Fund ("TDAF"). The TIS Group has access to both retail and institutional investors domiciled particularly in the UK, Europe and Asia. Such investors are accessed via PDLI's network of intermediaries.

- TEP Management Services Limited ("TMS") provides TEP valuation and administration services particularly to institutional TEP funds such as PATF.

- TIS Group Management Limited is investment manager to TIS SPC, an open-ended fund structured as a Cayman Islands Segregated Portfolio Company. TIS SPC is the holding company of the individual segregated portfolios which make up the TIS Diversified Alternative Fund ("TDAF"). TIS SPC has a multi-strategy mandate investing in alternative investment assets and strategies. In addition to third party funds, TDAF, through a dedicated segregated portfolio, will also manage the majority of the TEPs that are to be acquired by the Enlarged Group as a result of the Proposed Transaction. As these TEPs mature, it is intended that this segregated portfolio will diversify its investments into other asset classes within TDAF.

B.4a	Most significant recent trends of the Company and its industry	Since September 2009, the Company has been working to realise its investment portfolio and return the proceeds to Promethean Shareholders. As at the date of this Document the Company has realised all of its investments, save for its 59 per cent. shareholding in TIS Holdings. Pursuant to the Acquisition the Company intends to acquire all of the issued and to be issued share capital of TIS Holdings. The business of the TIS Group has been and is currently focused on TEPs. Over recent years, TEP market activity has been greatly subdued following the onset of the credit crisis and the decrease in the number of with-profits endowment policies available to trade. Issuance of new with-profits endowment policies fell significantly with their decrease in popularity as a means of saving and mortgage repayment. Since the mid-1990s the majority of products issued were unitised. This has resulted in a fall in the supply of new TEPs into the market. In addition, TEPs typically have a life of 25 years. Therefore a large proportion of TEPs have matured, resulting in fewer TEPs to trade. The TIS Group continues to derive the majority of its revenue from providing TEP trading and other services to PATF, but for the reasons explained above, this revenue stream is expected to significantly decline after 2015. The Board is encouraged by the prospects for the TEP business in the short-term, but recognises that the market is reaching maturity and in the interests of the future of the TIS Group and in turn the Company there is a need to diversify the Enlarged Group's activities by supplementing the TEP activities by providing services to other complementary products. The Board considers that the experience and credibility that the TIS Group has gained in the TEP market provides a platform for launching other products and expanding the range of asset classes to which it provides services. The TIS Group has begun to implement this growth strategy and has recently launched TDAF. The Enlarged Group is expected to benefit from returns generated from the operations of the TIS Group in addition to its holding of TIS SPC Participating Shares in the TIS Diversified Alternative Fund L&P GBP Class A SP of TIS SPC (through which the Company is expected to benefit from exposure to the TEPs transferred from PATF pursuant to the Offer). Returns generated by the TIS Group are expected to include existing income streams derived from the provision of TEP related services and anticipated future income from the provision of services to the newly established TIS SPC.
B.5	Group structure	Promethean is the holding company of the Group. Following completion of the Proposed Transaction, Promethean (to be renamed Link & Prosper plc on Admission) will be the holding company of the Enlarged Group.

B.6	Notifiable interests	The interests (all of which are or will be beneficial unless otherwise stated) of the Existing Directors, the Proposed Directors, Proposed Senior Management, directors of TIS Group Management Limited and their connected persons in the share capital of the Company are as follows:

	As at the date of this Document		*Immediately following Admission*			
	Number of Ordinary Shares	*Percentage of the Existing Ordinary Shares*	*Minimum number of Ordinary Shares*	*Maximum number of Ordinary Shares†*	*Percentage of issued share capital of the Enlarged Group* Minimum*	*Maximum*
Existing Directors						
Sir Peter Burt	550,000	1.2	550,000	1,008,536	0.1	0.2
Martin Nègre	50,000	0.1	50,000	91,685	0.0	0.0
Elizabeth Tansell	Nil	–	Nil	Nil	–	–
Proposed Directors						
Rupert Cottrell	Nil	–	Nil	Nil	–	–
Katherine Spiteri	Nil	–	8,234,598**	8,234,598**	0.9	2.0
Neil Duggan	Nil	–	Nil	Nil	–	–
Proposed Senior Management and directors of TIS Group Management Limited						
Robert Ezekiel	Nil	–	1,611,117**	1,611,117**	0.2	0.4
Steve Winetroube	Nil	–	Nil	Nil	-	-
Peter Smaill	Nil	–	Nil	Nil	-	-
Michael Burt	550,000	1.2	550,000	1,008,536	0.1	0.2

† if Resolution 2 is passed and the Bonus Shares are issued.

* depending on level of acceptance of the Offer by PATF Participating Shareholders and the result of Resolution 2. Assumes constant NAV of the PATF Sub-Funds. Minimum level of dilution assumes acceptances from PATF Participating Shareholders holding PATF Participating Shares representing In Specie Assets valued at £40 million though the Board in its absolute discretion may accept a lesser amount, such lesser amount not to be materially less than £40 million.

** assuming Management Incentive Shares are issued on Admission.

Insofar as the Company is aware and in addition to those persons described above, the following persons are interested or will be interested, directly or indirectly, in three per cent. or more of the issued share capital of the Company:

	As at the date of this Document		*Immediately following Admission*			
	Number of Ordinary Shares	*Percentage of the Existing Ordinary Shares*	*Minimum number of Ordinary Shares*	*Maximum number of Ordinary Shares†*	*Percentage of issued share capital of the Enlarged Group* Minimum*	*Maximum*
Laminvest NV	10,000,000	22.13	10,000,000	18,337,028	1.1	4.5
Aberdeen Asset Management Limited	9,995,000	22.12	9,995,000	18,327,859	1.1	4.5
Millennium Capital Partners	5,174,090	11.45	5,174,090	9,487,743	0.6	2.3
FIL Investment International	5,000,000	11.07	5,000,000	9,168,514	0.5	2.2
Henderson Global Investors	4,000,000	8.85	4,000,000	7,334,811	0.4	1.8
Lombard Odier Darier Hentsch & Cie	1,575,500	3.49	1,575,500	2,888,998	0.2	0.7
Weiss Asset Mgt	1,481,579	3.28	1,481,579	2,716,775	0.2	0.7
Commonwealth Bank of Australia	Nil	–	30,605,674	30,605,674	3.3	7.5

† if Resolution 2 is passed and the Bonus Shares are issued.

* depending on level of acceptance of the Offer by PATF Participating Shareholders and the result of Resolution 2. Assumes constant NAV of the PATF Sub-Funds. Minimum level of dilution assumes acceptances from PATF Participating Shareholders holding PATF Participating Shares representing In Specie Assets valued at £40 million though the Board in its absolute discretion may accept a lesser amount, such lesser amount not to be materially less than £40 million.

	Different voting rights/controlling interests	None of the Company's shareholders have different voting rights, nor is the Company directly or indirectly owned or controlled by any person.
B.7	Key financial information and narrative description of significant changes to financial conditions and operating results during or subsequent to the period covered by the historical key financial information	***Promethean*** The table below sets out the summary financial information of Promethean for the three years ended 30 June 2011, 2012 and 2013. The summary financial information has been prepared in accordance with International Financial Reporting Standards as adopted in the EU.

	Year ended 30 June 2013 ("FY13") £'000	*Year ended 30 June 2012 ("FY12") £'000*	*Year ended 30 June 2011 ("FY11") £'000*
Investing Operations			
Investment and other income	3,516	3,683	3,223
Realised and unrealised loss on financial investments	(4,337)	(12,279)	(2,768)
	(821)	(8,596)	455
Management and other expenses	(1,003)	(1,778)	(1,326)
Loss from other investing activities	(1,824)	(10,374)	(871)
Loss before finance costs and taxation	(1,824)	(10,374)	(871)
Finance income	5	1	3
Finance costs	(38)	(6)	(5)
Loss before tax	(1,857)	(10,379)	(873)
Income tax expense	–	(118)	(34)
Group loss and total comprehensive income	(1,857)	(10,479)	(907)
Loss per share – (basic and diluted)	(4.11p)	(23.23p)	(2.01p)

FY13 compared to FY12 including segmental results

Investment and other income in FY13 was £3,516,000 versus £3,683,000 in FY12. Interest income increased by £359,000 versus FY12 as a result of increased interest income on the Company's investment in the TIS Group reflecting the additional PIK notes issued during FY13. The Company received no management fees or dividends from equity shares in FY13. This reflects the fact that the TIS Group is the sole remaining investment held by the Company.

Realised and unrealised losses on financial investments were significantly lower in FY13 as compared to FY12 (FY13: £4,337,000; FY12: £12,279,000). The majority of the FY13 figure reflects the unrealised loss on the TIS Group investment of £3,097,000. The main constituent of the realised loss of £1,240,000 was the fall in value of the Company's stake in Cambria Automobiles plc.

During FY13 the Company made payments to the Manager (Promethean Investments LLP) in respect of management services provided relating to the investments totalling £387,000. In addition, the Company remained liable for certain liabilities of Promethean Investments LLP and a payment of £603,000 was made by the Company to

		Promethean Investments LLP in January 2013 in respect of these liabilities. No dividends were declared for FY13 (FY12: Nil). **FY12 compared to FY11 including segmental results** Investment and other income increased in FY12 as compared to FY11, predominantly as a result of increased interest income on the Company's investment in the TIS Group reflecting the additional PIK notes issued during FY12. Management fees receivable by the Company were higher during 2012 (FY12: £428,000; FY11: £279,000) principally as a result of a one off arrangement fee of £97,000 while dividend payments received reduced (FY12: £98,000; FY11: £230,000) as a result of disposals during FY12 and FY11. The £98,000 received during FY12 was from the Company's investment in Cambria Automobiles plc. Realised and unrealised losses on financial investments were higher in FY12 as compared to FY11 (FY12: £12,279,000; FY11: £2,768,000). There were realised losses of £3,239,000 in FY12 principally resulting from the disposal of the Company's holding in IFG Group plc in November 2011. The shareholding in IFG Group plc was sold for £3,800,000, resulting in a realised loss on the cost of the investment of £2,500,000. Gross dividends received over the period of investment amounted to £500,000. Unrealised losses during FY12 amounted to £8,718,000 (FY11: £2,768,000). The main constituent of the unrealised loss in FY12 was the loss of £5,800,000 from the fall in the market value of the Company's stake in Cambria Automobiles plc, which was distributed as a return of capital in specie to Promethean Shareholders in September 2012. The remainder of the unrealised loss in FY12 was attributable to valuation write downs in both the TIS Group (FY12: £2,434,000 loss) and PDL (FY12: £504,000 loss).The unrealised loss in FY11 principally resulted from write downs of the Company's investments in each of the TIS Group (FY11: £2,168,000 loss), PDL (FY11: £372,000 loss) and Cambria Automobiles plc (FY11: £2,999,000 loss) which were offset to some extent principally by the uplift in value of IFG Group plc (FY11: £2,765,000). Management and other expenses in FY12 increased from the previous year (FY12: £1,778,000; FY11: £1,326,000) largely reflecting higher legal costs borne by the Company during FY12. The Company incurred a loss of £322,000 in FY12 following its retirement from Promethean Investments LLP in May 2012. No dividends were declared for FY12 (FY11: Nil).

The table below sets out the summary unaudited financial information of Promethean for the six month period to 31 December 2013 and comparative data from the same period in the prior financial year. The financial information has been prepared in accordance with International Financial Reporting Standards as adopted in the EU.

Unaudited	*Six months ended 31 December 2013 ("HY14") £'000*	*Six months ended 31 December 2012 ("HY13") £'000*
Investing Operations		
Investment and other income	–	1,729
Realised and unrealised loss on financial investments	–	(6,183)
	–	(4,454)
Management and other expenses	(767)	(500)
Loss from other investing activities	(767)	(4,954)
Loss before finance costs and taxation	(767)	(4,954)
Finance income	–	–
Finance costs	(3)	(1)
Loss before tax	(770)	(4,955)
Income tax expense	(55)	–
Group loss and total comprehensive income	(824)	(4,955)
Loss per share – (basic and diluted)	(1.83p)	(10.97p)

HY14 compared to HY13 including segmental results

Investment and other income in HY14 was Nil versus £1,729 in HY13 reflecting the lack of disposal activity during HY14.

Similarly the realised and unrealised loss was also Nil in HY14 (£6,183,000 HY13). The loss in HY13 principally relating to the unrealised loss on the TIS Group investment.

Included within management & other expenses for HY14 are amounts totalling £278,000 in respect of the Proposed Transaction. Of these expenses, £204,000 has been settled by the TIS Group in accordance with the terms of the Proposed Transaction. Also included within the HY14 management and other expenses was £300,000 being the appropriate comprehensive income recognition of the payment made to Promethean Investments LLP in January 2013.

No dividends were declared in HY14 or HY13.

Current trading

Since 31 December 2013 (being the end of the last financial period of the Group for which financial information has been published), there has been no significant change to the financial condition or operating results of the Group.

TIS Holdings

The table below sets out the summary financial information of TIS Holdings for the three years ended 30 June 2013, 2012 and 2011. The information has been prepared in accordance with International Financial Reporting Standards as adopted in the EU.

	Year ended 30 June 2013 ("FY13") £'000	*Year ended 30 June 2012 ("FY12") £'000*	*Year ended 30 June 2011 ("FY11") £'000*
Consolidated income statement data:			
Revenue	43,121	122,106	113,356
Cost of sales	(39,921)	(115,886)	(106,247)
Gross profit	3,200	6,220	7,109
Administrative expenses	(1,436)	(1,271)	(2,496)
Exceptional items	(11,480)	(8,352)	(4,121)
Other income	11	–	–
Total administrative expenses	(12,905)	(9,623)	(6,617)
Operating profit/(loss)	(9,705)	(3,403)	492
Financial income	2	20	22
Financial expenses	(7,635)	(7,053)	(5,886)
Loss before tax	(17,338)	(10,436)	(5,372)
Tax	85	(270)	(451)
Loss for the year	(17,253)	(10,706)	(5,823)

FY13 compared to FY12

Revenue

Revenue decreased by £78,914,000, or 64.7 per cent. from £122,107,000 in FY12 to £43,121,000 in FY13. This decrease was principally due to a reduction of policy sales of £77,810,000 year-on-year, the main reasons being the pool of policies in the market becoming increasingly reduced and trading disruptions caused by the aborted transaction and consultation process undertaken by PATF.

The reduction in revenue is also attributable to lower fees received for retrocession commission and valuation fees due to a reduction in the size of the net asset value of the funds to which TIS was providing services and which forms the basis of the calculation of these fees. Consequently a decrease in revenue of £504,000 in respect of retrocession commission and £553,000 in respect of valuation fees was experienced.

Gross profit

Gross profit for FY13 was significantly lower than for FY12 due to the decrease in revenue as explained above. However, the gross profit margin increased from 5.1 per cent. to 7.4 per cent. due to greater margin received on policy sales and retrocession commission as onward payment to the financial intermediaries is based upon the point of entry into the fund and so the margin mix together with exchange rates can fluctuate. The increase in gross margin is attributable to commission receivable and related incomes with no associated costs becoming an increasing proportion of the gross profit whilst profits from sales and fees remained broadly constant.

Administrative expenses

Administrative expenses increased by £165,000 between FY12 and FY13. The most significant contributing factors include wages and salaries, bad debt provisioning and VAT recovery. Wages and salaries reduced by £129,000 due to headcount reduction, most attributed to the managing director of PDLI who returned to his native country. VAT recovery resulted in a credit of £293,000 in FY12 following TIS Group's treatments of VAT and no such credit to the profit and loss was accounted for in FY13.

Exceptional items

Exceptional items increased year-on-year by £3,128,000 (FY13: £11,480,000; FY12: £8,352,000), principally due to further impairment of goodwill.

Other income

Other income in FY12 was nil and in FY13 the sale of third party investments realised a profit of £11,000.

Financial expenses

Financial expenses include interest on the senior debt, loan notes and the deep discounted bond. Notably, interest on the loan note compounds year-on-year and is the largest element of the increase in financial expenses of £582,000 from FY12 to FY13. The only financial expense with a cash impact on the TIS Group is the interest in respect of the bank loans.

Tax

Tax represents the taxes paid by the TIS Group during the period and the deferred tax expense. UK corporation tax was calculated in FY13 at 23.75 per cent. and FY12 at 25.5 per cent.

FY12 compared to FY11

Revenue

Revenue increased by £8,750,000, or 7.7 per cent. from £113,356,000 in FY11 to £122,106,000 in FY12. In FY12, £118,424,000 of TEPs were traded between TIS's institutional clients whilst in FY11 this was £38,456,000, an increase of 67.5 per cent. year-on-year. During FY11 valuation fees reduced by £1,551,000 primarily due to the termination of the agreement with HSC on 1 January 2011 and the accounting for bad debt provisioning.

		Gross profit Gross profit margin decreased from 6.3 per cent. in FY11 to 5.1 per cent. in FY12 dictated by market conditions for policy sales. The decrease is attributable to the higher volumes of sales in FY12 with 0.2 per cent. reduction in margin compared with commission receivable and related incomes with no costs becoming a decreasing proportion of the gross profits. ***Administrative expenses*** Administrative expenses decreased by £1,225,000 (49.1 per cent.) between FY11 and FY12. This reduction in costs was attributable to a restructuring programme across the TIS Group in order to de-risk the cost base by removing and/or switching fixed into variable costs at each point along the supply chain. Expenses of most significant reduction include wages and salaries, director costs and office running costs including property related costs represented by £411,000, £125,000 and £73,000 respectively and VAT recovery which reduced by £90,000. ***Exceptional items*** Exceptional items increased year-on-year by £4,231,000. The change in both years primarily related to impairment of intangible assets. In FY11, one-off acquisition costs were also expensed for the acquisition of the business and assets of PDL by AAP, and restructuring costs were expensed in both years with FY11 being £210,000 higher than FY12. ***Financial expenses*** Financial expenses include costs relating to the senior debt, loan notes and the deep discounted bond. The loan note interest compounds year-on-year and is the largest element of the increase of £1,167,000 from FY11 and FY12. ***Tax*** Tax represents the tax paid by the TIS Group during the period and the portion of deferred tax expense. UK corporation tax is calculated for FY12 at 25.5 per cent. and FY11 at 27.5 per cent. Tax for other jurisdictions outside of the UK does not apply.

The table below sets out the summary unaudited financial information of TIS Holdings for the six month period to 31 December 2013 and comparative data from the same period in the prior financial year. The financial information has been prepared in accordance with International Financial Reporting Standards as adopted in the EU.

Unaudited	*Six months ended 31 December 2013 ("HY14") £'000*	*Six months ended 31 December 2012 ("HY13") £'000*
Consolidated income statement data:		
Revenue	16,401	10,535
Cost of sales	(15,407)	(8,812)
Gross profit	994	1,723
Administrative expenses	(520)	(470)
Exceptional items	–	–
Other income	–	–
Total administrative expenses	(520)	(470)
Operating profit/(loss)	474	1,253
Financial income	1	1
Financial expanses	(4,283)	(3,699)
Loss before tax	(3,808)	(2,445)
Tax	(59)	152
Loss for the period	(3,867)	(2,293)

HY14 compared to HY13

Revenue

Revenue increased by £5,866,000, or 55.7 per cent. from £10,535,000 in HY13 to £16,401,000 in HY14. In HY13, £9,151,000 was attributable to policy sales whilst in HY14 this was £15,445,000 an increase of 68.8 per cent. year on year. Valuation and promotion fees reduced by £401,000 across the same period due to a reduction of assets under management representing the source of both fee incomes.

Gross profit

Gross profit margin decreased from 1.6 per cent. in HY13 to 0.6 per cent. in HY14 dictated by market conditions for policy sales. The decrease is attributable to the higher volumes of sales in HY14 with 0.4 per cent. reduction in margin compared with commission receivable and related incomes with no costs becoming a decreasing proportion of the gross profits.

Administrative expenses

Administrative expenses increased by £50,000 (10.6 per cent.) between HY13 and HY14. This increase is not on-going and represents staff cover and associated costs to ensure a continuation of service, however, other savings continue to be achieved such as office running costs and consultancy fees.

Exceptional items

No exceptional items were recorded across the period.

Financial expenses

Financial expenses include costs relating to the senior debt costs, loan notes and the deep discounted bond, the loan note interest compounding year-on-year and the largest element of the increase of £583,000 from HY13 and HY14.

Tax

Tax represents the taxes currently payable by the TIS Group during the period and the current portion of deferred tax expense. UK corporation tax is calculated at HY14 at 23.0 per cent. and HY13 at 24.0 per cent. Tax for other jurisdictions outside of the UK does not apply.

Current trading

Since 31 December 2013 (being the end of the last financial period of the TIS Group for which financial information has been published), the TIS Group's non-trading income has continued to decline as the net asset value of amounts held in the funds it provides services to have continued to reduce as a result of maturing policies and fund redemptions. Trading volumes and margins have both been affected by adverse market conditions which has resulted in a significant change in the trading position of the TIS Group in the period since 31 December 2013.

B.8	Selected key pro forma financial information

Selected pro forma financial information which illustrates the effect of the Proposed Transaction on Promethean's consolidated net assets had it occurred on 31 December 2013 is set out below. The unaudited pro forma financial information has been prepared for illustrative purposes only and, because of its nature, addresses a hypothetical situation and therefore does not represent the consolidated Promethean actual financial position or results.

		Adjustments		*Unaudited*
	Net assets of Promethean plc group at 31 December 2013	*Net assets of the TIS Group at 31 December 2013*	*Adjustments*	*Pro forma net assets of the Enlarged Group at 31 December 2013*
	(note 1)	*(note 2)*	*(note 3)*	*(note 4)*
	£'000	*£'000*	*£'000*	*£'000*
Assets				
Non-current assets				
Property, plant and equipment	–	5	–	5
Intangible assets	–	25,000	–	25,000
Investments	6,311	11	42,000	48,322
	6,311	25,016	42,000	73,327
Current assets				
Trade and other receivables	630	555	–	1,185
Cash and cash equivalents	2,097	278	(3,634)	(1,259)
	2,727	833	(3,634)	(74)
Total assets	9,038	25,849	38,366	73,253

		(continued pro forma net assets table — see below)

	Net assets of Promethean plc group at 31 December 2013 (note 1) £'000	*Adjustments* Net assets of the TIS Group at 31 December 2013 (note 2) £'000*	*Adjustments (note 3) £'000*	*Unaudited Pro forma net assets of the Enlarged Group at 31 December 2013 (note 4) £'000*
Liabilities				
Non-current liabilities				
Interest-bearing borrowings	–	53,699	–	53,699
Current liabilities				
Interest-bearing borrowings	–	10,800	–	10,800
Trade and other payables	280	642	–	922
	280	11,442	–	11,722
Total liabilities	280	65,141	–	65,421
Net assets/(liabilities)	8,758	(39,292)	38,366	7,832

Notes:

1. The net assets of Promethean plc have been extracted without material adjustment from the unaudited interim results of the Company for the 6 months ended 31 December 2013 as included in Part VI of this Document.
2. The net assets of the TIS Group have been extracted without material adjustment from the unaudited interim results for the 6 months ended 31 December 2013 relating to the TIS Group set out in Section B of Part VIII of this Document.
3. The adjustments assume gross proceeds from the Offer of £40 million and are shown as an investment in TIS Diversified Alternative Fund L&P GBP Class A SP. No account has been taken for 5 per cent. of the In Specie Assets expected to be converted to cash following completion of the Acquisition and the Offer.

   The pro forma adjustments assume that Resolution 2 is passed and the Vendor Securities are acquired for cash of £2 million. Upon completion of the Acquisition the investor loan notes and the vendor loan notes will be 100 per cent. owned by Promethean plc group and will therefore be fully eliminated on consolidation. No consolidation adjustments in this regard have been adjusted above.

   In the event that Resolution 2 is not passed the consideration for the Vendor Securities will be satisfied by new shares to be issued by Promethean plc. Such a transaction is not illustrated above.

   Total deal costs will be in the region of £1.3 million and this amount has been reflected as a cash outflow.

   In the event that Resolution 2 is passed, there will be a Conditional Return of Capital to Promethean Shareholders as set out in paragraph 19 of Part I of this Document of 0.74 pence per Ordinary Share, being approximately £334,000 based on the Existing Ordinary Shares in issue before the issue of any Bonus Shares. This Conditional Return of Capital has been illustrated in the pro forma adjustments.

   If Resolution 2 is not passed, the Conditional Return of Capital is 5.16 pence per Ordinary Share. No adjustment has been made for this payment which would amount to some £2.3 million (and compares to £2.3 million shown in the pro forma to reflect the £2 million payment for the Vendor Securities and the reduced Conditional Return of Capital of £0.3 million).

   No adjustment has been made to reflect the anticipated cancellation of tranche B of the Bank Facility by way of a debt for equity swap. Details of the agreed debt for equity swap are set out in paragraph 6.3 of Part XIII of this Document.
4. No account has been taken of any movement in net assets of Promethean plc or the TIS Group since 31 December 2013, nor of any other event save as disclosed above.

B.9	Profit forecast and estimate	Not applicable; neither Promethean nor TIS Holdings has made a profit forecast or estimate.
B.10	Qualifications in the audit report	Not applicable; the audit reports on the historical financial information contained in this Document are not qualified.
B.11	Working capital explanation	Not applicable; the Company is of the opinion that the Group has sufficient working capital for its present requirements, that is, for at least 12 months from the date of publication of this Document. This statement has been made for the purposes of the Prospectus Rules.

		The Existing Directors and the Proposed Directors are of the opinion that, having made due and careful enquiry, the working capital available to the Enlarged Group will, from the date of Admission, be sufficient for its present requirements, that is, for at least the next 12 months from the date of Admission. This statement has been made for the purpose of the AIM Rules for Companies.

Section C – Securities		
Element	**Disclosure Requirement**	**Disclosure**
C.1	Type and the class of the securities	The New Ordinary Shares offered by the Company are ordinary shares with a nominal value of 1 pence each, with ISIN GB00B08H5G38.
C.2	Currency of the securities issue	The Promethean Shares are priced in Pound Sterling, and will be quoted in Pound Sterling.
C.3	Shares issued/value per share	As at the date of this Document, the Company has in issue 45,186,155 fully paid ordinary shares of 1 pence each. The Company has no partly paid ordinary shares in issue.
C.4	Description of the rights attaching to the securities	Each New Ordinary Share will rank *pari passu* in all respects with each Existing Ordinary Share, and will have the same rights and restrictions as each Existing Ordinary Share. Each Ordinary Share ranks equally for voting purposes. On a show of hands each Shareholder has one vote and on a poll each Shareholder has one vote per Ordinary Share held. Each Ordinary Share ranks equally for any dividend declared. Each Ordinary Share ranks equally for any distributions made on a winding-up.
C.5	Restrictions on free transferability of the securities	Not applicable; there are no restrictions on the free transferability of the Ordinary Shares.
C.6	Admission/regulated markets where the securities are traded	Application will be made for the Enlarged Issued Share Capital to be admitted to trading on the AIM market of the London Stock Exchange. Application is not being made for the Ordinary Shares to be admitted to trading on a Regulated Market as defined under MiFID.
C.7	Dividend policy	Following completion of the Proposed Transaction, the Board of the Enlarged Group will only commence the payment of dividends as and when it is appropriate and practicable to do so. Any such dividends will be dependent on the availability of distributable reserves at both the holding company and operating company level.

Section D – Risks		
Element	**Disclosure Requirement**	**Disclosure**
D.1	Key information on the risks that are specific to the Company and its industry	The Enlarged Group's operations are subject to legislation, regulation and governmental policies. AAP is authorised and regulated by the FCA, which has jurisdiction over capital adequacy requirements, marketing and selling practices, advertising and terms of business. Changes in relevant government policy, legislation or regulatory interpretation may materially and adversely affect the Enlarged Group's operations, businesses and profitability. The Enlarged Group's businesses are dependent on processing a large number of transactions and are subject to legal and regulatory requirements. Any disruption in the operation of the Enlarged Group's management and other systems, processes and controls, or issues that emerge in relation to their operation, their continuing development and improvement or their ability to provide effective controls, may result in additional cost and, if any of them should prove to be inaccurate or ineffective or if they were to fail, could materially adversely affect the Enlarged Group's relationship with its regulators, service providers, fund managers, fund clients and their investors and could have a material adverse effect on the Enlarged Group's operations, businesses and profitability. A number of companies and funds compete with the Enlarged Group in the alternative investment market. If the Enlarged Group is unable or is perceived to be unable to compete effectively or if its competitors are more successful or are perceived to be more successful in competing effectively, the Enlarged Group's competitive position may be adversely affected, which would have a material adverse effect on the Enlarged Group's growth strategy, operations, businesses and profitability. The Enlarged Group's business model requires a relatively small number of key skilled professionals. The departure of key skilled professionals could cause disruption to the management structure and relationships, an increase in costs associated with staff replacement, lost business relationships or reputational damage. The trading of UK TEPs and related services is and is expected to remain (at least in the short term) the Enlarged Group's primary activity. If the valuation of TEPs reduces significantly or liquidity is reduced, this is likely to have a material adverse impact on the Enlarged Group's revenues, businesses and the results of operations. The Existing Directors and the Proposed Directors believe that the size of the addressable TEP market in the UK will decline significantly over the next few years. Therefore unless the Enlarged Group can significantly diversify its operations away from the TEP market in the short to medium term, this decline

will have a material adverse effect on the Enlarged Group's operations, businesses, profitability and the price of Ordinary Shares.

If the Enlarged Group's management is not able to expand and diversify the Enlarged Group's businesses, there is likely to be a material adverse effect on the Enlarged Group's operations, businesses and profitability.

Changes to the regulatory requirements in any of the jurisdictions in which the Enlarged Group undertakes business may require members of the Enlarged Group to obtain additional or new authorisations or permissions and/or make it more onerous financially, legally or otherwise for the Group to carry on its businesses in a manner substantially similar to the way in which it conducts business currently.

TIS SPC is an enterprise with no operating history. Accordingly, an investment in TDAF entails a high degree of risk. There can be no assurance that the Company's investment in TIS SPC Participating Shares of the segregated portfolios will achieve its investment objective or that the strategies employed by TIS SPC will be successful. Given the factors that are described below, there exists a possibility that the Company could suffer a substantial or even a complete loss of its investment in TDAF.

Transfers of TIS SPC Participating Shares are restricted; there is no market for TIS SPC Participating Shares and, accordingly, TIS SPC Participating Shares may be disposed of only through redemption procedures. Under certain circumstances redemptions may be suspended, or the payment of redemption proceeds may be substantially delayed.

Risks relating to TEPs

Investment and market risk

Investment returns achieved by TEP investors are driven by the returns from the underlying investments and are therefore exposed to fluctuation in the investment markets. Although TEP investors receive some protection through guarantees which provide a floor as well as through smoothing provided by life insurers, which aim to offset any fluctuations, there can be no assurance that TEP investors will receive a return on their investment. The Enlarged Group will hold a number of TEPs through its investment in TDAF and will be impacted by any negative fluctuations.

Insurer's bonus policy

Investment returns are transmitted to TEP investors through bonuses and are therefore dependent on the insurer passing returns on. Although the FCA has an oversight role to ensure customers receive fair value on policy maturity and provide some protection that insurers are setting bonus rates properly, there can be no assurance that insurers will set bonuses properly or that bonuses will be passed along to policyholders.

		Life insurer business risk or failure If an insurer was to get into financial difficulties and was to fail and become insolvent, this could impact on policy payouts, despite insurers being regulated entities. Furthermore, an exposure to a spread of different insurers lessens the effect of failure of any one insurer but will not necessarily lessen the effect of any systemic failure across the insurance market.
D.3	Key information on the key risks that are specific to the securities	Notwithstanding the fact that an application will be made for the Ordinary Shares to be admitted to trading on AIM, this should not be taken as implying that there will be a "liquid" market in the Ordinary Shares. The market for shares in smaller public companies is less liquid than for larger public companies. Therefore, an investment in the Company may be difficult to realise. The Ordinary Shares will not be listed on the Official List. Investments in shares traded on AIM carry a higher degree of risk than investments in shares quoted on the Official List. Sales of substantial amounts of Ordinary Shares following Admission, or the perception that these sales could occur, could materially adversely affect the market price of the Ordinary Shares available for sale compared to the demand to buy Ordinary Shares. Such sales may also make it more difficult for the Company to sell equity securities in the future at a time and price that is deemed appropriate. The price for the Ordinary Shares may be volatile and influenced by many factors, some of which are beyond the control of the Company. Market perception of financial services companies may change which could impact on the value of investors' holdings and impact on the ability of the Company to raise further funds by issue of further shares in the Company. There can be no assurance as to the level of future dividends. The declaration, payment and amount of any future dividends of the Company are subject to the discretion of the Board of the Enlarged Group, and will depend on, among other things, the Company's earnings, financial position, cash requirements and availability of profits. A dividend may never be paid and at present, there is no intention to pay a dividend.

Section E – Offer		
Element	**Disclosure Requirement**	**Disclosure**
E.1	Net proceeds and expenses	The Company will not receive any cash proceeds in connection with the Proposed Transaction unless otherwise agreed between the Company and PATF. The Company will issue up to 806,048,013 New Ordinary Shares by way of the Offer to PATF Participating Shareholders in return for the In Specie Assets. The Company will issue 37,671,826 New Ordinary Shares pursuant to the Acquisition unless

		Resolution 2 is passed in which case 10 New Ordinary Shares will be issued in respect of the Acquisition along with 37,671,816 New Ordinary Shares in respect of the Bonus Shares. The estimated expenses of the Proposed Transaction are £1,300,000.
E.2a	Use of proceeds	Not applicable. The only proceeds receivable from the Offer will be the In Specie Assets.
E.3	Terms and conditions of the Offer	The Company invites PATF Participating Shareholders to elect to acquire New Ordinary Shares in exchange for their PATF Participating Shares on the basis of 12.00 New Ordinary Shares per 1 PATF Participating Share in PATF Original GBP; 7.04 New Ordinary Shares per 1 PATF Participating Share in PATF Original EUR; 6.00 New Ordinary Shares per 1 PATF Participating Shares in PATF Original USD; 7.33 New Ordinary Shares per 1 PATF Participating Shares in PATF No.2 GBP; 6.06 New Ordinary Shares per 1 PATF Participating Shars in PATF No.2 EUR; 4.86 New Ordinary Shares per 1 PATF Participating Share in PATF No.2 USD. The Offer is conditional on: (a) valid acceptances having been received by no later than 5.00 p.m. (Isle of Man time) on 16 June 2014 in respect of PATF Participating Shareholders holding PATF Participating Shares representing In Specie Assets in aggregate valued at not less than £40 million or such lesser amount as the Board in its absolute discretion may decide, such lesser amount not to be materially less than £40 million; (b) the passing by Promethean Shareholders of resolutions to be proposed at an extraordinary general meeting of Promethean to approve: the Proposed Transaction, all resolutions necessary for Promethean to issue the New Ordinary Shares and a change of name to Link & Prosper plc with effect from Admission; (c) the admission of the Enlarged Issued Share Capital to trading on AIM becoming effective in accordance with the AIM Rules for Companies; (d) Promethean having acquired 100 per cent. ownership of TIS pursuant to the terms of the TIS Acquisition Agreement with the VLN Holders and TIS Shareholders; and (e) the tax authority in the UK having confirmed that for purposes of its tax code it does not regard the proposed Offer and its acceptance as having been entered into for the purposes of avoiding tax in the UK and other relevant clearances. Please note that this condition has been satisfied.
E.4	Interests material to the Offer	There are no interests, including conflicting interests, that are material to the Offer, other than those disclosed in B.6 above.

E.5	The offeror and the Lock-up deeds	The New Ordinary Shares are being offered by Promethean. Each of Katherine Spiteri, Martin Nègre and Robert Ezekiel who in aggregate will hold a maximum of 9,937,400 Ordinary Shares on Admission (which represents approximately 1.1 per cent. of the Maximum Enlarged Issued Share Capital), on the assumption that the Management Incentive Shares are issued and Resolution 2 is passed and the Bonus Shares are issued, have agreed not to dispose of any interest in Ordinary Shares held by them or their associates (within the meaning of "related party" in the AIM Rules) at the date of Admission for a period of 12 months following Admission (subject to certain limited exceptions).
E.6	Dilution	Pursuant to the Proposed Transaction, the Company expects to issue a maximum of 893,132,789 New Ordinary Shares. Assuming the maximum number of New Ordinary Shares are issued, on Admission Promethean Shareholders will suffer an immediate maximum dilution of 19.8 Ordinary Shares for every one Ordinary Share they currently own, which is equivalent to a maximum dilution of 1,977 per cent.
E.7	Expenses	Not applicable; no expenses will be directly charged to the investor by the Company.

RISK FACTORS

Prior to making an investment decision in respect of the Ordinary Shares, prospective investors should consider carefully all of the information within this Document, including the risk factors set out in this section. The risks described below are those that the Board of the Enlarged Group currently believes may materially affect the Enlarged Group. If any of the following risks were to materialise, the Enlarged Group's business, financial condition, results or future operations could be materially and adversely affected. In such cases, the market price of the Ordinary Shares could decline and an investor may lose part or all of his investment. Additional risks and uncertainties not presently known to the Board, or which the Board currently deem immaterial, may also have an adverse effect upon the Enlarged Group.

Risks relating to the Proposed Transaction

Dilution

Pursuant to the Proposed Transaction, Promethean Shareholders will suffer a significant reduction in their proportionate ownership and voting interest in the share capital of Promethean. The level of dilution is, to a certain extent, dependent on the level of acceptance of the Offer by PATF Participating Shareholders. The minimum level of dilution to be suffered by Promethean Shareholders pursuant to the Proposed Transaction is 79.7 per cent. The minimum level of dilution assumes the issue of the Bonus Shares and acceptances from PATF Participating Shareholders holding PATF Participating Shares representing In Specie Assets valued at £40 million though the Board in its absolute discretion may accept a lesser amount, such lesser amount not to be materially less than £40 million. The maximum level of dilution to be suffered by Promethean Shareholders pursuant to the Proposed Transaction is 1,977 per cent. In both cases assuming a constant NAV of the PATF Sub-Funds.

Risks relating to the Enlarged Group's operations

Extensive regulation

The Enlarged Group's operations are subject to legislation, regulation and governmental policies. AAP is authorised and regulated by the FCA, which has jurisdiction over capital adequacy requirements, marketing and selling practices, advertising and terms of business. The FCA is concerned principally with the protection of the policy holders with whom AAP deals rather than shareholders and creditors.

Financial service laws, regulations, government policies and taxation laws currently affecting the Enlarged Group, and the interpretation applied to those laws and regulations, may change and although the Enlarged Group will monitor developments, it cannot accurately predict the timing or form of any future initiatives or changes. Changes in relevant government policy, legislation or regulatory interpretation may materially and adversely affect the Enlarged Group's operations, businesses and profitability.

TIS SPC relies on the services of regulated entities

The investment manager for TIS SPC is TIS Group Management Limited which is registered with the Cayman Islands Monetary Authority as an excluded person under the Cayman Islands Securities Investment Business Law. TIS SPC is promoted by PDLI, a trading name of AAP, which is regulated by the FCA.

If PDLI via AAP is the subject of enforcement action by its regulator or loses its regulated status, this will have severe consequences on the performance of TIS SPC and an adverse effect on the Enlarged Group's future revenues.

Distribution by AAP's international network

Whilst the terms and conditions of the agreements between AAP and its distributors specifically require the distributor to comply with any rules or regulations in the legal jurisdiction or jurisdictions concerned, the Company has not sought local legal opinion as to whether each distributor has the legal authorisation to conduct the business in which it is engaged in the relevant legal jurisdiction. Furthermore, the Company has not sought local legal opinion as to whether each distributor has conducted its business in accordance with applicable local rules and regulation of the jurisdiction or jurisdictions in which each distributor operates.

Any failure by such distributors to comply fully with local regulation may have an adverse affect on the Group's ability to distribute its products in such jurisdictions, and thus its operations, businesses and profitability.

Operational risks

The Enlarged Group's businesses are dependent on processing a large number of transactions and are subject to legal and regulatory requirements. The Enlarged Group's ability to make accurate pricing decisions, to maintain financial and operating controls, to keep accurate records and provide high-quality customer service depends, in part, on the efficient and uninterrupted operation of its management and other information systems, including its information technology and its other business resilience systems. Any disruption in the operation of these systems, processes and controls, or issues that emerge in relation to their operation, their continuing development and improvement or their ability to provide effective controls, may result in additional cost and, if any of them should prove to be inaccurate or ineffective or if they were to fail, could materially adversely affect the Enlarged Group's relationship with its regulators, service providers, fund managers, fund clients and their investors and could have a material adverse effect on the Enlarged Group's operations, businesses and profitability.

Competition

A number of companies and funds compete with the Enlarged Group in the alternative investment market. If the Enlarged Group is unable or is perceived to be unable to compete effectively or if its competitors are more successful or are perceived to be more successful in competing effectively, the Enlarged Group's competitive position may be adversely affected, which would have a material adverse effect on the Enlarged Group's operations, businesses and profitability.

Dependence on information technology

The Enlarged Group's information technology and other business resilience systems are vulnerable to damage or interruption from floods, fires, power loss, telecommunication failures and similar events. These systems may also be subject to sabotage, vandalism and similar misconduct, which would have a material adverse effect on the Enlarged Group's operations, businesses and profitability.

Key personnel

The Enlarged Group's business model requires a relatively small number of key skilled professionals. The departure of key skilled professionals could cause disruption to the management structure and relationships, an increase in costs associated with staff replacement, lost business relationships or reputational damage, any or all of which could have a material adverse effect on the Enlarged Group's business, financial condition, results of operations or future prospects or the price and/or value of the New Ordinary Shares.

Dependence on Enlarged Group's brand and/or reputation

The Directors of the Enlarged Group believe that the TIS Group's successes and results are, to a large extent, dependent on its TIS, TMS, PDLI and AAP brands. The TIS Group places significant reliance on distributor and investor confidence in these brands. A material operational loss, adverse regulatory or legal actions impairing the TIS Group's reputation or adverse publicity surrounding, for example buying or selling practices within the alternative investment market, could damage the public image of the TIS Group and its brands and negatively affect confidence in the TIS Group and thereby the profitability of the Enlarged Group.

Dependence on distributors

In addition to the TIS Group's own marketing programme, the TIS Group relies on an international distribution network to promote its alternative investments to underlying investors. Failure by the TIS Group to maintain its existing relationships with these distributors or the failure of the distributors' businesses could have a material adverse effect on the Enlarged Group's operations, businesses and profitability.

TEP values

The trading of UK TEPs and related services provided to third parties is and is expected to remain (at least in the short term) the Enlarged Group's primary activity. If the valuation of UK TEPs reduces significantly or liquidity is reduced, this is likely to have a material adverse impact on the Enlarged Group's revenues, businesses and the results of operations.

Decline in the number of endowment policies

The Directors of the Enlarged Group believe that the size of the addressable TEP market in the UK will decline significantly over the next few years. Therefore unless the Enlarged Group can significantly diversify its operations away from the TEP market in the short to medium term, this decline will have a material adverse effect on the Enlarged Group's operations, businesses, profitability and the price of Ordinary Shares.

Limited number of TEP fund clients

A significant proportion of the TIS Group's historic revenues are derived from only a limited number of funds. Should any of the arrangements with any of these funds be terminated, this may have a material adverse effect on the Enlarged Group's operations, business and profitability. There can be no guarantee that the exclusivity provisions which the TIS Group has to supply TEPs to certain funds will be enforceable under the contractual governing law provisions.

Liability of inaccurate valuations

If the valuations generated by the TIS Group are inaccurate and relied on by the TEP funds and their investors to their detriment, affected funds and investors may seek to make a claim against the TIS Group. Although the TIS Group is insured against such claims, there are excesses applicable under the relevant insurance policies. Any such claims, if successful could reduce the TIS Group's margins, harm its reputation and increase the likelihood of further insurance claims.

Expansion

The ability of the Enlarged Group to expand and diversify its businesses will depend upon the ability of the Enlarged Group's management to implement the growth strategy of the Enlarged Group, which includes the establishment and growth of TDAF, identifying extensions to the TIS Group's existing businesses and establishing (either organically or through acquisition) new products and services. Without hiring additional staff members, establishing new premises out of which to operate and further development of information technology support, the Enlarged Group will have difficulties increasing and diversifying its existing operations and effecting sustainable long-term growth. If the Enlarged Group's management is not able to expand and diversify the Enlarged Group's businesses, there is likely to be a material adverse effect on the Enlarged Group's operations, businesses and profitability. Equally implementing the Enlarged Group's growth strategy may lead to increased costs and lower profitability. Expansion and change can also place significant strain on management, employees, systems and resources and may not be successful.

Growth through acquisitions is dependent on the continued availability of suitable businesses to acquire at favourable prices and upon advantageous terms and conditions. In addition, there can be no assurance that the Company would be able to raise additional funds to make acquisitions if it were needed or that such funds would be available on terms favourable to the Enlarged Group. If the Company issues shares to fund an acquisition, it could dilute the holdings of shareholders in the Company. There can be no guarantee that the Company will be able to compete and integrate suitable acquisitions successfully.

Credit agreement

TIS Acquisitions has term loan facilities available pursuant to an amended and restated facilities agreement with Commonwealth Bank of Australia, London Branch, in an aggregate amount of £10,800,000 under which the Company has provided a guarantee of the obligations in a maximum amount of £1,625,000.

The facilities agreement contains certain financial covenants. A breach of any of these covenants could result in an event of default under the facilities agreement, which could permit acceleration of payments under the facility. Any failure to meet these financial covenants could result in an event of default under the facilities agreement and payment of the guarantee, which could have a material adverse effect on the Company's financial position.

Currency risk

The New Ordinary Shares are denominated in Pounds Sterling, and there will be no currency hedging for Accepting PATF Participating Shareholders who currently hold PATF Participating Shares denominated in a currency other than Pounds Sterling once they receive New Ordinary Shares.

Past performance is not a guarantee of future performance

There are differences between the historical strategy of the Company and the strategy of the Enlarged Group. Accordingly, past or current performance of the Company should not be construed as an indication of the future performance of the Enlarged Group.

New legislative and regulatory changes

AAP is authorised and regulated by the FCA. Changes to the regulatory requirements in any of the jurisdictions in which the Enlarged Group undertakes business may require members of the Enlarged Group to obtain additional or new authorisations or permissions and/or make it more onerous financially, legally or otherwise for the Enlarged Group to carry on its businesses in a manner substantially similar to the way in which it conducts business currently. Any expansion or diversification in the Enlarged Group's existing businesses may also require new authorisations or permissions or make it more onerous for the Enlarged Group to operate. As a result of any of this, the Enlarged Group's administrative burden and costs could increase and its profitability could be adversely affected.

Changes in regulators' policy concerning existing regulation or developments in the interpretation of existing regulation could also impact such as the recently implemented AIFMD across the EEA. The Company presently takes the view that the Company is not an Alternative Investment Fund within the meaning of the AIFMD. It is possible that in due course an EEA regulator could take a different view, in which case registrations and/or authorisations of the Company in EEA states under AIFMD may become necessary, entailing additional compliance costs.

Risks relating to the Company's investment in TIS SPC and the segregated portfolios comprising TDAF

New enterprise; potential of loss

TIS SPC is an enterprise with no operating history. Accordingly, an investment in TDAF entails a high degree of risk. There can be no assurance that the Company's investment in TIS SPC Participating Shares of the segregated portfolios will achieve its investment objective or that the strategies employed by the segregated portfolios will be successful. Given the factors that are described below, there exists a possibility that the Company could suffer a substantial or even a complete loss of its investment in TDAF.

Valuation risk

The carrying value of the Company's investment in TDAF will be based, to the extent possible, on quotes provided by brokers and other competent third party pricing sources. The fair market value of those investments of the Company and the segregated portfolios for which a third party quote is not available will be valued based on other relevant sources, for example recent transactions in relevant asset classes or an assessment by the Investment Manager.

Reserves

Under certain circumstances TIS SPC and its segregated portfolios may find it necessary to establish a reserve for contingent liabilities or withhold a portion of the Company's settlement proceeds at the time of redemption, in which case the reserved portion would remain at the risk of TIS SPC and the segregated portfolios' activities. Furthermore, at the TIS SPC directors' discretion, a further discount may be applied to certain segregated portfolios providing a smoothing of the gross asset value to account for movement in assets, liabilities and general market sentiment. This could have the effect of artificially smoothing the Company's return streams; therefore, its returns may not reflect those of the underlying assets.

Illiquidity of TIS SPC Participating Shares

Transfers of TIS SPC Participating Shares are restricted; there is no market for TIS SPC Participating Shares and, accordingly, the Company's holding of TIS SPC Participating Shares may be disposed of only through redemption procedures. Under certain circumstances redemptions may be suspended, or the payment of redemption proceeds may be substantially delayed. TIS SPC and the segregated portfolios may invest part or all of its assets in illiquid investments. TIS SPC and the segregated portfolios may not be able to readily dispose of such illiquid investments and, in some cases, may be contractually prohibited from disposing of such securities for a specified period of time.

Notice of redemptions required

The Company must give prior written notice to the administrator of TIS SPC to make a partial or total redemption of its TIS SPC Participating Shares. During such notice period, the Company's investment remains at risk and may decrease in value until the effective date of redemption.

Collateral

Certain investment decisions made by the Investment Manager may be based on an assessment that counterparties have adequate collateral to meet their obligations. There is no guarantee that any such collateral will provide adequate security in the case of default.

Impact of governmental regulation and legislative changes

Governmental authorities at all levels are actively involved in the promulgation and enforcement of regulations relating to taxation, financial services regulation and other matters. The institution and enforcement of such regulations could have the effect of increasing the expense and lowering the income or rate of return from, as well as adversely affecting the value of, TIS SPC's assets. Additionally, changes in the legal and regulatory regime may occur during the life of TIS SPC which may have an adverse effect on TIS SPC and/or its investments. In particular, certain investment strategies undertaken by the segregated portfolios may be deemed unlawful upon the coming into effect of new legislation, rendering all assets in those specific segregated portfolios worthless.

Unforeseen events

TIS SPC and the segregated portfolios may be adversely affected by unforeseen events involving such matters as political crises, changes in currency exchange rates, interest rates, and forced redemptions of securities or acquisition proposals.

Economic and Business Conditions

General economic and business conditions may affect the activities of TIS SPC and its constituent segregated portfolios. Interest rates, the prices of securities and participation by other investors in the financial markets, among many other factors, may affect the value of securities purchased by TIS SPC and the segregated portfolios. Unexpected volatility, or liquidity, illiquidity in the markets in which the Company and the segregated portfolios directly or indirectly holds positions could impair the ability of TIS SPC and the segregated portfolios to carry out its business and could cause it to incur losses.

Capital risk management

TIS SPC and the segregated portfolios' investment program may include investment techniques such as derivatives trading and other leverage practices which can, in certain circumstances, maximise the adverse impact to which the segregated portfolios' investments may be subject.

Save for leverage utilised to target higher returns, TIS SPC and the segregated portfolios may also have a borrowing facility to help manage cash flows. In particular, the amount of the net assets attributable to the segregated portfolios can significantly change as the segregated portfolios are subject to subscriptions and redemptions, as well as fluctuations in the value of both investments and hedges. Any cash held in the segregated portfolios to meet these liabilities represents an opportunity cost, as these monies could otherwise be invested in potentially higher yielding assets. Similarly, a borrowing facility will represent a cost to the segregated portfolio, even if this facility is not utilised. However, TIS SPC's primary objective when managing capital is to safeguard its ability to continue as a going concern in order to provide returns for its investors, including the Company.

Reliance on Investment Manager

All decisions with respect to the investment of the capital of the segregated portfolios will be made by TIS Group Management Limited, a wholly owned subsidiary of the Enlarged Group, as investment manager to TIS SPC. Decisions made by the Investment Manager will be critical to the performance of the Company's investment in TDAF.

Risks relating to the growth of TDAF

In order for TDAF to grow and maximise its funds under management, it is important that the investment panels of investment wrappers approve TIS SPC Participating Shares as suitable investments in their bonds. If investment wrappers do not approve TIS SPC Participating Shares as suitable investments in their bonds then this will limit the number of potential investors TIS SPC can be marketed to. This would result in a lower level of funds under management, which would have an adverse impact on the Company's strategy and revenue generated by TIS Group from services provided to TIS SPC.

Risks relating to TEPs

Investment and market risk

Investment returns achieved by TEP investors are driven by the returns from the underlying investments and are therefore exposed to fluctuation in the investment markets. Although TEP investors receive some protection through guarantees which provide a floor as well as through smoothing provided by life insurers, which aim to offset any fluctuations, there can be no assurance that TEP investors will receive a return on their investment. The Enlarged Group will hold a number of TEPs through its investment in TDAF and will be impacted by any negating fluctuations.

Insurer's bonus policy

Investment returns relating to TEPs are transmitted to TEP investors through bonuses and are therefore dependent on the insurer passing returns on. Although the FCA has an oversight role to ensure customers receive fair value on policy maturity and provide some protection that insurers are setting bonus rates properly, there can be no assurance that insurers will set bonuses properly or that bonuses will be passed on to policyholders including in respect of TEPs indirectly owned by the Enlarged Group. This may have a material adverse affect on the value of the Enlarged Group's investment in the TIS Diversified Alternative Fund L&P GBP Class A SP.

Life insurer business risk or failure

If an insurer was to get into financial difficulties and was to fail and become insolvent, this could impact on policy payouts, despite insurers being regulated entities. Furthermore, an exposure to a spread of different insurers lessens the effect of failure of any one insurer but will not necessarily lessen the effect of any systemic failure across the insurance market. Any such failure may have a material adverse affect on the value of the Enlarged Group's investment in the TIS Diversified Alternative Fund L&P GBP Class A SP.

Regulatory risk

As regulated entities, insurance companies may be impacted by new changes to their operations put into place by their regulators. Such changes may include changes to decision making structures or new requirements to the asset mix arising from new rules for solvency testing. Any new regulation may cause insurance companies to incur costs, which may be passed on to policyholders. This may have a material adverse affect on the value of the Enlarged Group's investment in the TIS Diversified Alternative Fund L&P GBP Class A SP.

Price risk

Prices for policies in the marketplace can vary from time to time and if any new TEPs were purchased, they may not be on the same terms as existing holdings.

Valuation risk

The market in TEPs is relatively small and tends to take place in private rather than in open forum. Given the limited availability of market price information, elements of judgement are required for the valuation of TEPs which can affect the valuation of these assets from time to time.

In addition, once the In Specie Assets become part of the assets of the Enlarged Group the valuation of the TEPs will no longer have a direct bearing on the value of the New Ordinary Shares. Whilst the valuation of the TEP assets on the Enlarged Group's balance sheet may influence the share price for the New Ordinary Shares, the direct linkage will be broken.

Market liquidity

The market in TEPs may be subject to periods of illiquidity, and at times there may not be any buyers for TEPs at all. Insurers offer a surrender value as a liquidity option alternative to selling on the market. It is possible that a sudden large wave of surrenders, however, could persuade insurers to alter surrender value levels although this is subject to FCA scrutiny.

In the event that the TIS Diversified Alternative Fund L&P GBP Class A SP chooses to dispose of its holding in TEPs at some future date, it will be exposed to the liquidity risk outlined above.

General Investor Risks

Suitability, share price volatility and liquidity

A prospective investor should consider with care whether an investment in the Company is suitable for him in light of his personal circumstances and the financial resources available to him. An investment in the Ordinary Shares is highly speculative and, accordingly, an investment in the Company should only be made by investors capable of evaluating the risks and merits of such investment and who have sufficient resources to bear any loss which may result from the investment. Prospective investors should therefore consult an independent financial adviser authorised under the FSMA before investing if you are in the United Kingdom or, if not, another appropriately authorised independent adviser who specialises in advising on the acquisition of shares and other securities.

Investment in the Company should not be regarded as short-term in nature. There can be no guarantee that any appreciation in the value of the Company's assets or investments will occur or that the investment objectives of the Company will be achieved. Investors may not get back the full amount initially invested. The price of shares and the income derived from them can go down as well as up. Past performance is not necessarily a guide to the future. There is also the possibility that the market value of an investment in the Company may not reflect the true underlying value of the Company.

Changes in economic and other market conditions including, for example, interest rates, rates of inflation, industry conditions, competition, political and diplomatic events and trends, tax laws, natural disasters, terrorist attacks, political unrest and other factors could substantially and adversely affect an investment in the Ordinary Shares and the Company's prospects, regardless of operating performance.

Notwithstanding the fact that an application will be made for the Ordinary Shares to be admitted to trading on AIM, this should not be taken as implying that there will be a "liquid" market in the Ordinary Shares. The market for shares in smaller public companies is less liquid than for larger public companies. Therefore, an investment in the Company may be difficult to realise. The Ordinary Shares will not be listed on the Official List. Investments in shares traded on AIM carry a higher degree of risk than investments in shares quoted on the Official List.

Shareholders may sell their Ordinary Shares in the future to realise their investment. Sales of substantial amounts of these Ordinary Shares following Admission, or the perception that these sales could occur, could materially adversely affect the market price of the Ordinary Shares available for sale compared to the demand to buy Ordinary Shares. Such sales may also make it more difficult for the Company to sell equity securities in the future at a time and price that is deemed appropriate.

The price for the Ordinary Shares may be volatile and influenced by many factors, some of which are beyond the control of the Company. For example, the performance of the overall share market, other Shareholders buying or selling large numbers of Ordinary Shares, changes in legislation or regulations and general economic, political or regulatory conditions. Prospective investors should be aware that the value of the Ordinary Shares may go down as well as up and that the market price of the Ordinary Shares may not reflect the underlying value of the Enlarged Group. Investors may, therefore, realise less than, or lose all of, the original value of their investment.

Market perception

Market perception of financial services companies may change which could impact on the value of investors' holdings and impact on the ability of the Company to raise further funds by issue of further shares in the Company.

Dividends

There can be no assurance as to the level of future dividends. The declaration, payment and amount of any future dividends of the Company are subject to the discretion of the Directors, and will depend on, among other things, the Company's earnings, financial position, cash requirements and availability of profits at both the holding company and operating company level. A dividend may never be paid and at present, there is no intention to pay a dividend.

Share options and warrants

The Company may, in the future, issue share options and/or warrants to subscribe for Ordinary Shares to certain advisers, employees, Directors, senior management and consultants of the Enlarged Group. The exercise of any such share options and warrants would result in a dilution of the shareholdings of Shareholders.

Risks relating to the Company's jurisdiction of incorporation

Isle of Man Governance

The Company is an Isle of Man incorporated company. As a result, the rights of the Shareholders will be governed by the law of the Isle of Man and the Memorandum and Articles of Association of the Company. The rights of Shareholders under the laws of the Isle of Man may differ from the rights of shareholders of companies incorporated in other jurisdictions and the enforcement of such rights may involve different considerations and may be more difficult than would be the case if the Company had been incorporated in England or the jurisdiction of an investor's residence.

Taxation

The levels of, and reliefs from, taxation may change. The tax reliefs referred to in this Document are those as described in Part XI under the relevant tax legislation and their availability and worth, depends on the individual circumstances of investors and as described in Part XI. Any change in the tax status or tax residence of the Company, its Subsidiaries or the Fund, or in tax legislation or practice, may have an adverse effect on the returns on an investment in the Enlarged Group.

FORWARD LOOKING STATEMENTS

Certain statements contained in this Document, including those in the Parts headed 'Summary', 'Risk Factors', 'Letter from the Chairman of Promethean plc', 'Information on Promethean', 'Information on TIS', 'The Proposed Transaction and Overview of the Enlarged Group', 'Operating and Financial Review of Promethean', 'Operating and Financial Review of TIS' and 'Existing Directors, Proposed Directors, Responsible Persons, Proposed Senior Management, Corporate Governance and Employees', constitute 'forward looking statements'. In some cases, these forward looking statements can be identified by the use of forward looking terminology, including the terms 'believes', 'estimates', 'plans', 'prepares', 'anticipates', 'expects', 'intends', 'may', 'will' or 'should' or, in each case, their negative or other variations or comparable terminology. Investors should specifically consider the factors identified in this Document, which could cause actual results to differ, before making an investment decision. Such forward looking statements involve known and unknown risks, uncertainties and other factors, which may cause the actual results, performance or achievements of Promethean, TIS and/or the Enlarged Group, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements. Such forward looking statements are based on numerous assumptions regarding Promethean's present and future business strategies and the environment in which Promethean, TIS and/or the Enlarged Group will operate in the future. Such risks, uncertainties and other factors are set out more fully in the section of this Document headed 'Risk Factors'. These forward looking statements speak only as at the date of this Document. Except as required by the FCA, the London Stock Exchange or applicable law (including as may be required by the FCA's Disclosure and Transparency Rules), Promethean expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward looking statements contained in this Document to reflect any change in the Company's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based unless required to do so by applicable law, the Prospectus Rules or the Disclosure and Transparency Rules of the FCA.

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

	2014
Publication date of this Document	2 May
Latest time and date for receipt of Form of Proxy from Promethean Shareholders	10.00 a.m. on 25 May
Promethean Extraordinary General Meeting	10.00 a.m. on 27 May
Latest time and date for receipt of Form of Election from PATF Participating Shareholders	5.00 p.m. on 16 June
Announcement of result of Offer	17 June
Record time and date for entitlement to Bonus Shares†	5.00 p.m. on 17 June
Record time and date for entitlement to Conditional Return of Capital	5.00 p.m on 17 June
Completion of the Proposed Transaction, Admission effective and dealings in the Enlarged Issued Share Capital expected to commence on AIM	8.00 a.m. on 18 June
CREST accounts expected to be credited with Bonus Shares†	18 June
Ex-date for the purpose of the Bonus Shares and the Conditional Return of Capital	18 June
Distribution of cash pursuant to the Conditional Return of Capital to be made by	2 July
Definitive share certificates for the New Ordinary Shares to be despatched by	2 July

† Only applicable if Resolution 2 is passed.

Each of the times and dates above is conditional, amongst other things, upon the Minimum Acceptance Level being met and is subject to change. Any such change will be notified by an announcement on a Regulatory Information Service.

ADMISSION STATISTICS

Number of Existing Ordinary Shares	45,186,155
Number of New Ordinary Shares to be issued to Accepting PATF Participating Shareholders pursuant to the Offer	Minimum*: 286,368,877 Maximum: 806,048,013
If Resolution 2 is not passed at the EGM:	
Number of New Ordinary Shares to be issued pursuant to the Acquisition	37,671,826
Number of Bonus Shares to be issued	Nil
If Resolution 2 is passed at the EGM:	
Number of New Ordinary Shares to be issued pursuant to the Acquisition	10
Number of Bonus Shares to be issued	37,671,816
Number of New Ordinary Shares to be issued pursuant to the Settlement Agreement and Side Letter	8,961,561
Number of New Ordinary Shares to be issued to Commonwealth Bank of Australia pursuant to the Bank Facility	30,605,674
Number of Management Incentive Shares to be issued on Admission (subject to receiving approval from HMRC)	9,845,715
Minimum Enlarged Issued Share Capital	408,794,093
Maximum Enlarged Issued Share Capital	938,318,944
Estimated Market capitalisation of the Company on Admission (based on the Minimum Enlarged Issued Share Capital)	approximately £53 million
Tradeable Instrument Display Mnemonic (TIDM) on Admission	LPR
Current International Security Identification Number (ISIN) and ISIN on Admission	GB00B08H5G38

* Assumes constant NAV of the PATF Sub-Funds. Minimum level of dilution assumes acceptances from PATF Participating Shareholders holding PATF Participating Shares representing In Specie Assets valued at £40 million though the Board in its absolute discretion may accept a lesser amount, such lesser amount not to be materially less than £40 million.

EXISTING DIRECTORS, PROPOSED DIRECTORS, COMPANY SECRETARY AND ADVISERS

Existing Directors	Sir Peter Alexander Burt, Chairman (to resign on Admission) Martin André Bernard Nègre, Non-executive Director Elizabeth Tansell, Non-executive Director (to resign on Admission)
Proposed Directors (to be appointed on Admission)	Patrick Rupert Cottrell, Proposed Non-executive Chairman Katherine Ann Spiteri, Proposed Chief Executive Officer Neil Alan Duggan, Proposed Non-executive Director
Business and contact address for the Directors and Proposed Directors	Clinch's House Lord Street Douglas Isle of Man IM99 1RZ
Registered Agent	SMP Fund Services Limited Clinch's House Lord Street Douglas Isle of Man IM99 1RZ
Registered Office	Clinch's House Lord Street Douglas Isle of Man IM99 1RZ
Nominated Adviser & Broker	SP Angel Corporate Finance LLP Prince Frederick House 35-39 Maddox Street London W1S 2PP
Reporting Accountants	Baker Tilly Corporate Finance LLP 25 Farringdon Street London EC4A 4AB
Auditors to Promethean	Grant Thornton Chartered Accountants Third Floor Exchange House 54/58 Athol Street Douglas Isle of Man IM1 1JD
Auditors to TIS	Baker Tilly UK Audit LLP 25 Farringdon Street London EC4A 4AB
Solicitors to the Company and TIS	King & Spalding International LLP 125 Old Broad Street London EC2N 1AR
Advocates to PATF	Appleby (Isle of Man) LLC 33-37 Athol Street Douglas Isle Of Man IM1 1LB

Solicitors to the Nominated Adviser and Broker	Stephenson Harwood LLP 1 Finsbury Circus London EC2M 7SH
Lenders to the Group	Commonwealth Bank of Australia Senator House 85 Queen Victoria Street London EC4V 4HA
Registrar	SMP Fund Services Limited Clinch's House Lord Street Douglas Isle of Man IM99 1RZ
Transfer Agent to Promethean plc	Capita Asset Services The Registry 34 Beckenham Road Beckenham Kent BR3 4TU
Company website	prior to Admission: www.prometheanplc.com following Admission: www.linkandprosper.com

PART I

LETTER FROM THE CHAIRMAN OF PROMETHEAN PLC

(*Incorporated and registered in the Isle of Man, registered number 003750V*)

Promethean Existing Directors:
Sir Peter Burt (*Chairman*)
Martin Nègre (*Non-executive Director*)
Elizabeth Tansell (*Non-executive Director*)

Registered Office:
Clinch's House
Lord Street
Douglas
Isle of Man IM99 1RZ

2 May 2014

To Promethean Shareholders and PATF Participating Shareholders

Dear Shareholder/PATF Participating Shareholder,

Proposed Acquisition of securities in T.I.S. Holdings Limited
Proposed Acquisition of PATF Participating Shares
Proposed name change to Link & Prosper plc
Conditional Return of Capital
Board changes
and Admission of the Enlarged Issued Share Capital to trading on AIM

1. Introduction

On 2 May 2014, the Company announced that it had conditionally agreed to acquire all of the issued and to be issued share capital of TIS that it does not already own together with the VLNs. It also announced the terms of an all share offer being made by the Company to acquire PATF Participating Shares from PATF Participating Shareholders on the following basis:

For every 1 PATF Participating Shares in PATF Original GBP, 12.00 New Ordinary Shares
For every 1 PATF Participating Shares in PATF Original EUR, 7.04 New Ordinary Shares
For every 1 PATF Participating Shares in PATF Original USD, 6.00 New Ordinary Shares
For every 1 PATF Participating Shares in PATF No.2 GBP, 7.33 New Ordinary Shares
For every 1 PATF Participating Shares in PATF No.2 EUR, 6.06 New Ordinary Shares
For every 1 PATF Participating Shares in PATF No.2 USD, 4.86 New Ordinary Shares

In view of the size of the TIS Group in relation to Promethean, the size of the offer for the PATF Participating Shares, the fundamental change to the Company's business and board of directors, the Proposed Transaction constitutes a reverse takeover under the AIM Rules for Companies and as such requires the approval of Promethean Shareholders at the Extraordinary General Meeting.

In addition, the Company proposes to change its name to Link & Prosper plc with effect from Admission. This change requires the approval of Promethean Shareholders.

Trading in the Company's Ordinary Shares is currently suspended pending the publication of this Document. Trading in the Company's Ordinary Shares is expected to be restored shortly following the publication of this Document.

As a consequence of the Proposed Transaction constituting a reverse takeover, the Company is required to apply for re-admission to AIM as the Enlarged Group. It is expected that Admission will take place as soon as is reasonably practicable within 7 days of the Offer becoming or being declared unconditional (save only for Admission) and concurrently the Company's current admission to AIM will be cancelled.

2. Background Information on Promethean and Reasons for the Proposed Transaction

Promethean was incorporated in the Isle of Man in June 2005. The Company was initially established as an evergreen limited company investing in an evergreen fund to generate returns for Promethean Shareholders through two primary routes: acquiring businesses using private equity style investment structures; and the establishment of a private equity style management business. On 30 June 2005, the Company raised £50.0 million (gross) pursuant to a placing of new Ordinary Shares and the issued share capital of the Company was admitted to trading on AIM.

Following the credit crisis of 2008, meetings were held with certain Promethean Shareholders and it was agreed at the Company's annual general meeting held in September 2009, that the Company would move to realising its existing investment portfolio over an appropriate timescale to maximise the realisations and return the proceeds to Promethean Shareholders. Formally this involved changing the Company's investing policy to a divestment policy and mandating the Manager to realise the Company's portfolio.

Over the last few years the Company has successfully realised most of its investments. As at the date of this Document Promethean's sole remaining investment is its shareholding in TIS, a niche financial services company with an historical focus on Traded Endowment Policies ("TEPs") and an increasing presence in the multi-strategy alternative investment funds market.

As at 31 December 2013 Promethean's assets included £2,097,000 of cash and its 59 per cent. shareholding in TIS. The resolution of the TIS investment has been a lengthy process due to the specialist nature of TIS's business. Following the lapse of the conditional offer received by the TIS board from PATF in 2012, the Board is pleased to set out the terms of the Proposed Transaction.

The Promethean Board believes the Acquisition offers an attractive vehicle for existing Promethean Shareholders and TIS Shareholders going forward. The Offer gives PATF Participating Shareholders the opportunity to participate in a provider of alternative investment management and associated investment services business aiming to grow assets under management through the launch of new products. In addition, shareholders of the Enlarged Group are expected to benefit from the investment returns of the In Specie Assets as part of a multi-strategy investment mandate investing in alternative investment assets and strategies.

Should the Proposed Transaction not proceed the Board intends in due course to put the option to Promethean Shareholders of delisting the Company and will consult with Promethean Shareholders in relation to alternative courses of action.

3. Background on TIS

TIS Holdings is the parent company of a group of niche financial services companies with an historical focus on TEPs and an increasing presence in the alternative investment market.

Historically, TIS Holdings through its Subsidiaries has been the UK's leading distributor, market maker and provider of services to the with-profits endowment policy market. TIS entered the market via AAP in 1993 as a forerunner in this field serving primarily the retail sector. AAP is one of the most influential members of The Association of Policy Market Makers Limited ("APMM"), which was founded in 1992. From 1999 the TIS Group evolved into broadly the familiar structure of today with the capacity to offer multiple services including policy provider and market making, valuations and management services to major institutional TEP funds.

Through its various trading entities, the TIS Group is capable of offering a number of services throughout the TEP value chain, and in doing so, is able to generate revenue for the TIS Group.

More recently the TIS Group has expanded its business to service a range of alternative investment strategies. The experience and expertise in the TEP market provides the TIS Group with a solid platform from which to develop the business and enables it to target medium to long term sustainable growth by providing services to other alternative asset classes and by offering additional alternative investment products via its established distribution network.

4. Background on PATF

The Protected Asset TEP Fund plc ("PATF") is an open-ended investment company that complies with the requirements of the Isle of Man Collective Investment Schemes (Experienced Investor Fund) Regulations 2010.

PATF is designed to provide investors with capital growth and relatively low risk through investment in a diversified portfolio of traded endowment policies. PATF's investment policy is to achieve above average capital growth by creating and actively managing a carefully structured portfolio of with-profits endowment policies.

PATF was incorporated in December 2000 and subsequently PATF Participating Shares were offered in its first sub-fund from January 2001. At its peak in August 2008, assets under management for PATF were £764.4 million compared with £127.1 million in January 2014. The TIS Group provides various investment services to PATF through its operating companies.

It is expected that PATF will publish its annual financial results for the year ended 31 December 2013 on or around 2 May 2014.

Rupert Cottrell, proposed Chairman of the Enlarged Group, is currently Chairman of PATF.

Neil Duggan, proposed Non-Executive Director of the Enlarged Group, is currently a Non-Executive Director of PATF.

Katherine Spiteri, proposed Chief Executive Officer of the Enlarged Group, was appointed on 29 November 2013 to be a Non-Executive Director of PATF.

5. Strategy of the Board of the Enlarged Group

The Board of the Enlarged Group intends to establish a strategy which exploits the TIS Group's reputation as a provider of insurance-linked and alternative investment products, and will utilise the expertise of its workforce to diversify its offerings to include other investment products in addition to TEPs. It is intended that the Enlarged Group will earn investment management and other investment service fees from its operating subsidiaries.

The TIS Group's strategy outside of TEPs will be underpinned by the need to provide investment solutions that maximise returns to third party investors by focusing on the following:

- Low or no correlation to capital markets;
- Low volatility; and
- A high degree of capital preservation.

Similar to its successful experience with TEPs, the Enlarged Group will develop and manage products in-house to provide additional income streams to those generated from TEPs. The TIS Board has recognised the market demand for a fund that is capable of delivering stable, non-correlated returns. To meet this demand, TIS has established TIS SPC, an open-ended fund structured as a Cayman Islands Segregated Portfolio Company. TIS Diversified Alternative Fund ("TDAF") is an investment strategy of TIS SPC. TIS Group Management Limited is the Investment Manager to TIS SPC and TDAF.

TDAF has a multi-strategy investment mandate investing in alternative investment assets and strategies, which includes TEPs. The Directors of the Enlarged Group believe TDAF can increase its funds under management through promotion of the fund to third party investors by PDLI's international distribution network, consequently generating fee income for the Enlarged Group.

In addition to third party funds, TDAF, through a dedicated segregated portfolio, will also manage the majority of the TEPs that are to be acquired by the Enlarged Group as a result of the Proposed Transaction. As these TEPs mature, it is intended that this segregated portfolio will diversify its investments into other alternative assets and strategies.

It is the intention of the Board of the Enlarged Group to create other fund structures in other jurisdictions in the future depending upon the requirements of and demand from potential investors.

The Enlarged Group is expected to benefit from returns generated from its ownership of the TIS Group in addition to its investment in the TIS Diversified Alternative Fund L&P GBP Class A SP (through which shareholders of the Enlarged Group will benefit from exposure to the transferred TEPs and share in any returns realised at policy maturity). Returns generated by the TIS Group will include existing income streams and anticipated future income from the provision of services to the newly established TIS SPC.

The Enlarged Group will continue to provide the current services provided to PATF by the TIS Group and earn fee income from these services. TIS will continue to provide its existing professional advisory and management services, including the continuation of its roles as service provider to PATF as well as commencing management of the newly formed TIS SPC.

6. Current Trading and Prospects for the Enlarged Group

Promethean plc

Whether or not the transaction outlined in this Prospectus is completed and the Enlarged Group is created and recognising that TIS is Promethean's only significant investment, the trading prospects for Promethean are similar to those of the TIS Group. Consequently the information contained in the following paragraph provides the update of the current trading of Promethean.

TIS

The TIS Group continues to receive revenue from its operations associated with the TEP market. Due to fewer new with-profits endowment policies being issued in favour of unitised products, there has been a shortage of available policies to meet demand from TEP investors[1]. Given TIS Group's association with two of the larger institutional holders of TEPs, the TIS Group has increasingly become a hub within the TEP market seeking to supply TEPs to meet continuing demand from TEP investors, most notably in the year to 30 June 2013. This has led to an increase in retail revenue being generated from the TIS Group's TEP trading activities outside of PATF since 30 June 2011.

The fees earned by the TIS Group in respect of policy valuation and promotion activities through retrocession commission are contractually linked to assets under management. Fee income from these services has consequently reduced with falling assets under management resulting from higher than expected redemptions in PATF. PATF's assets under management have decreased from £764.4 million in August 2008 to £127.1 million in January 2014.

With very little new supply of life assurance policies and the consequent reduction in TEPs, the directors of TIS believe that TIS has responded in a timely manner to the declining remaining short to medium term life span of the TEP market. Since 2011 the TIS Group has invested in research and development in relation to the launch of TIS SPC and in particular TDAF. Provision of services to TIS SPC by the TIS Group is expected to deliver new income streams across all of the TIS Group's business lines.

In the future, TIS expects to structure products utilising the versatile TIS SPC structure creating a matrix combining different underlying strategies in a variety of formats. When appropriate the TIS Group anticipates being able to offer services relating to particular assets and strategies in a similar way to its servicing of PATF and its other TEP clients. Shareholders of the Enlarged Group, including accepting PATF Participating Shareholders, are expected to benefit from the fees and other revenue streams expected to be derived from the provision of these services to TIS SPC which will provide increased diversification as compared to a direct investment in TDAF.

TDAF currently consists of a variety of segregated portfolios with different currencies including, Pound Sterling, Swiss Francs, US Dollar and Euro. It is envisaged that further segregated portfolios denominated in new currency classes in TIS SPC as well as non-TDAF investment strategies will be launched and utilised

1 Traded Endowments by Peter McGurk.

to fulfil client needs as appropriate. The TIS Group has already received significant indications of interest from prospective investors for its multi-strategy investment thesis and for alternatives in other jurisdictions.

In the long-term, the potential exists for both TIS and the Enlarged Group to add to its portfolio of products as the flexible TIS SPC structure should enable the business to generate additional funds with different strategies alongside TDAF. This ability to expand the range of products available is expected to help build assets under management. The TIS directors believe the potential opportunities are extensive due to the wide scope of the alternative investment universe allowing the Enlarged Group either organically or via acquisition or merger to participate further down the supply chain with specific assets and strategies as deemed appropriate by the Board. Furthermore, future opportunities may include the development of endowments in markets outside of the UK as well as further product development complimentary to the Enlarged Group's investment strategy.

The TIS Group continues to operate in the TEP market in the same manner as it has done in the last financial year and as such will continue to earn the associated revenue made up of trading margin and fee income. Following the launch of TDAF the TIS Group expects to earn additional income from performance fees via TIS Group Management Limited, promoter fees via PDLI and trading margin from TEP market making via AAP.

Income outside of the TEP market will be ultimately driven by TIS SPC's NAV being the combination of assets raised and performance as well as any commission or margin which could be realised through specific asset classes or strategies where the TIS Group is able to both add value and show competency in delivering.

Should the TIS Group decide in the future to grow through acquisition or a joint venture there might be the opportunity of enhancing shareholder value through an equity stake or a suitable financial instrument.

Since 31 December 2013 (being the end of the last financial period of the TIS Group for which financial information has been published), the TIS Group's non-trading income has continued to decline as the net asset value of amounts held in the funds it provides services to have continued to reduce as a result of maturing policies and fund redemptions. Trading volumes and margins have both been affected by adverse market conditions which has resulted in a significant change in the trading position of the TIS Group in the period since 31 December 2013.

The capital resources for the Enlarged Group will derive from the activities of the TIS Group and the £10,800,000 (£5,900,000 tranche A and £4,900,000 tranche B) bank facility of TIS Acquisitions, which is described in paragraph 6.3 of Part XIII. Upon completion of the Proposed Transaction, the tranche B facility shall be cancelled by way of a debt for equity swap whereby the lenders will be issued New Ordinary Shares of the Company in exchange for such cancellation. Further information on the capital and liquidity for Promethean can be found in Part V of this Document and for TIS can be found in Part VII of this Document.

7. Existing Directors, Proposed Directors and Proposed Senior Management

Details of the Existing Directors and Proposed Directors are set out in Part XII of this Document.

The Board of the Enlarged Group will comprise the following directors:

Rupert Cottrell, *Proposed Non-executive Chairman*

Rupert's background in financial services includes executive director positions at a number of leading London investment management firms and four years as a director of the Financial Intermediaries, Managers and Brokers Regulatory Association (FIMBRA), a financial regulator that is now part of the FCA. Rupert is also the chairman of Arricano Real Estate plc, the AIM quoted Ukrainian commercial real estate company and has been Chairman of PATF since July 2011.

Rupert was a former Chairman of Carpathian plc, an AIM quoted Eastern European commercial property fund. He was previously a non-executive director of The PFI Infrastructure Company plc, an AIM listed infrastructure fund that was taken private in 2007, and was non-executive chairman of Infrastructure India plc, an AIM quoted infrastructure fund focused on India (before Guggenheim Global Infrastructure

Company acquired a majority stake) and Diamond Circle Capital plc, listed on the Main Market of the London Stock Exchange.

Rupert is a Fellow of the Chartered Securities Institute, is based in the Isle of Man and on the Guernsey Corporate Register.

Katherine Spiteri, *Proposed Chief Executive Officer*

Katherine joined the TIS Group in May 2009 as financial controller continuing the operational restructuring of the business to reflect the changing dynamics of the TEP market whilst successfully completing the acquisition of the trade and assets of PDL in November 2010. Katherine was invited to join the main board in November 2010 as group finance director to continue the transitional programme through investment in product development and market penetration to fulfil the group's future growth strategy. Katherine has been performing the role of acting chief executive officer of the TIS Group Limited since December 2010 and also at that time was appointed honorary treasurer of The Association of Policy Market Makers Limited.

Since joining the TIS Group Katherine has been actively involved in the advisory roles of the TIS Group to its TEP institutional clients and has been actively engaged with the PDLI network more so since April 2012 following the departure of its managing director. In November 2013, Katherine was appointed as director to The Protected Asset TEP Fund plc and The Protected Capital Growth Fund plc and is a director of TIS Group Management Limited, the Investment Manager to TIS SPC.

Prior to joining the TIS Group, Katherine spent 10 years at Walker Greenbank plc, an AIM listed luxury interior furnishings group. She joined as head office accountant and soon became financial controller for all the central business units alongside the plc operation including warehouse and distribution, IT, archives and treasury. Walker Greenbank plc acquired Arthur Sanderson and Son Limited and William Morris Limited in 2003 from administration and on completion Katherine was appointed financial controller, a role requiring considerable group integration and consolidation. This was followed in quick succession by the operational merger with Zoffany Limited, a sister brand, increasing Katherine's financial standing across the group further. During her term she also ran and prepared for sale the Warner Archive a joint project with the archivist which was sold for £2m in 2004 as well as accounting for multiple acquisitions and disposals whilst at the head office function.

Katherine spent her early career as an auditor at Ernst and Young and is a qualified chartered accountant and is an FCA Approved Person. She also has 15 years experience in residential property development and construction.

Martin Nègre, *Non-executive Director*

Martin Nègre was, until June 2001, the chief executive officer of Ondeo Services UK plc (then known as Northumbrian Water Group plc), a subsidiary of Suez Lyonnaise des Eaux ("Suez Lyonnaise"), and Suez Lyonnaise's chief corporate representative in the United Kingdom.

Prior to coming to the United Kingdom, Martin was with Suez Lyonnaise for five years, as international director in Paris and then Asia-Pacific president in Hong Kong and Singapore.

Before that, Martin spent 22 years as a senior executive of Alsthom and then GEC Alsthom, the Anglo/French engineering company, where he was the chief executive officer of the power generation division. He became a non-executive director of Northumbrian Water Group plc on its re-flotation in May 2003, and remained on the board of Northumbrian Water Group plc following its acquisition by the Cheung Kong Group in 2012. Martin is also (*inter alia*) currently Chairman of Ecofin Vista Long/Short Fund and a director of Ecofin Water and Power Opportunities plc. Following Admission, Martin will continue in his role as a non-executive director of the Company.

Neil Duggan, *Proposed Non-executive Director*

Neil, a qualified chartered accountant, spent 27 years with KPMG, primarily based in the Isle of Man but with periods of work in London and Gibraltar. He was head of the audit practices in the Isle of Man and Gibraltar and implemented KPMG's Audit Committee Institute in the Isle of Man. As the lead audit partner, he worked closely with a large number of international companies listed primarily on the London Stock Exchange. Clients include those in the asset management, property and financial services sectors.

In addition to audit, Neil was head of KPMG's transaction services for a number of jurisdictions assisting companies undertaking corporate transactions such as flotations, acquisitions and disposals.

Since retiring from KPMG in late 2012, Neil now acts as a non-executive director for a small number of companies primarily based in the Isle of Man. Neil has been non-executive director of PATF since November 2013.

Proposed Senior Management and directors of TIS Group Management Limited

Robert Ezekiel, *Chief Operating Officer of TIS Holdings Limited*

Robert joined the TIS Group in June 2000 and through a number of roles has experienced and been integral in the establishment of the TEP market and TIS Group's success therein culminating in the trading of TEPs of approximately £2 billion in aggregate value.

Robert has been instrumental in developing and progressing the fund management arm of the TIS Group and upon his arrival, immediately played an important role in the launch of TIS' flagship TEP fund, The Protected Asset TEP Fund plc (PATF). A rapid increase in assets under management followed which included a series of closed-ended TEP funds launched from 2004 and as fund manager of the group Robert ensured assets were suitably acquired and managed to fulfil the funds' investment demands.

During Robert's stewardship as fund manager of the group, both funds' assets under management continued to grow, particularly given PATF's performance, in line with expectations, and combined peaked between August 2008 and October 2008 in excess of £1 billion. Robert has also supported the board of PATF in steering the fund following the financial crisis allowing the fund to continue to deliver positive annualised returns since the start of 2009 to the end of 2013 ranging between 6.47 per cent. and 9.31 per cent. and ensuring target returns, set at launch, have been achieved.

During the years which preceded the financial crisis, Robert's involvement with the business extended further to also include strategic areas, working with the TIS board during the process of transitioning the business model of the TIS Group. At the same time, when the TEP market had been muted for several years, Robert proposed and delivered a significant alternative TEP trading strategy at a total volume of £168m over a two and a half year period from December 2010. This aligned the strategic needs of the institutional clients of the TIS Group further proving to be accretive to performance.

Building upon Robert's experience of both launch and fund management over the past 13 years he is actively involved in TIS SPC. His knowledge and experience will be utilised by the Investment Manager, particularly concerning similarly characterised assets/strategies to TEPs.

Robert, who is an FCA Approved Person, was recently invited to join the board of TIS Holdings Limited as Chief Operating Officer and will continue to develop the growth strategy of the TIS Group.

Steve Winetroube, *Interim Finance Director (non-board) of TIS Holdings Limited*

Steve will join the TIS Group shortly following Admission and has over 20 years of experience in senior financial roles.

Steve qualified as a chartered accountant in 1981 and worked in the retail sector from 1983, initially with Kingfisher Group plc, where he spent 14 years in a variety of senior finance roles within two of their operating companies, Comet Group plc and Charlie Browns Autocentres plc.

Steve's previous roles include managing director of Kingdom of Leather, finance director of Faith Shoes and commercial director of 99p Stores Limited.

In 2004, Steve entered the entertainment industry when he joined Prism Leisure Corporation plc, a budget priced distributor of CDs and DVDs as finance director.

Steve joined Metrodome Group plc, an AIM quoted UK film distributor, as finance director in November 2006. He was appointed chief operating officer of Metrodome Group plc in August 2011.

In September 2012, Steve stepped down from Metrodome Group plc to start up a film and television production company with two former colleagues and also set up his own media and finance consultancy.

Peter Smaill, *Non-Executive Director of TIS Group Management Limited*

Peter Smaill has been active in private equity for over thirty years. He trained at 3i plc. His interest in specialist investment vehicles commenced with the Gresham Trust Management Buy-Out VCT in 1984, and following a career in National Westminster Bank Group (latterly Bridgepoint Capital) he joined EIS collective scheme manager LICA plc in 2000. After gaining experience of the listed Investment Trust market with Dunedin Capital Partners, he became Chairman of Core VCT 1 (and successor vehicles) from 2004, being specialist Venture Capital Trusts. He is also currently Chairman of Portman Travel Pension Plan, a final salary pension scheme, where he is in regular contact with actuaries and advisers. Peter was also involved in migrating the pension fund to less volatile assets on a progressive basis.

Michael Burt, *Non-Executive Director of TIS Group Management Limited*

Michael Burt has been a partner of Promethean Investments LLP since he co-founded the firm in 2005.

Prior to joining Promethean Investments LLP, Michael was Head of Private Equity at Collins Stewart Limited (now Canaccord Genuity Limited). Prior to Collins Stewart, Michael was an investment director at Ellerman Investments Limited, the UK investment management company of Sir David and Sir Frederick Barclay. During this period, he was part of a team of four investment professionals responsible for managing a portfolio of 12 private companies with a total enterprise value of over £2 billion. Michael was heavily involved in the acquisition of Littlewoods PLC and GUS's Home Shopping division. Also during his time at Ellerman Investments Limited, Michael was involved in disposals of over £500 million and over £1 billion of securitisations.

Michael started his career at Dresdner Kleinwort Benson, first in their acquisition finance business then latterly in the private equity group.

Michael currently serves as non-executive director on the boards of TIS Group Limited, TIS Group Management Limited and Cambria Automobiles plc. Michael holds a BA (Hons) from Durham University.

8. Principal Terms and Conditions of the Offer

The Company is offering to acquire, on the terms and subject to the conditions set out in Part X of this Document and in the PATF TEPs Agreement, PATF Participating Shares from PATF Participating Shareholders on the following basis:

For every 1 PATF Participating Shares in PATF Original GBP, 12.00 New Ordinary Shares
For every 1 PATF Participating Shares in PATF Original EUR, 7.04 New Ordinary Shares
For every 1 PATF Participating Shares in PATF Original USD, 6.00 New Ordinary Shares
For every 1 PATF Participating Shares in PATF No.2 GBP, 7.33 New Ordinary Shares
For every 1 PATF Participating Shares in PATF No.2 EUR, 6.00 New Ordinary Shares
For every 1 PATF Participating Shares in PATF No.2 USD, 4.86 New Ordinary Shares

The Company will acquire the right, upon receipt of valid Forms of Election indicating acceptance of the Offer and after the Offer becoming or declared unconditional, to request PATF to redeem the relevant PATF Participating Shares received and to receive as redemption proceeds the In Specie Assets, which will be representative of PATF's assets including a representative portfolio of the PATF TEPs as recommended by an independently commissioned actuary. Once the election results are known, the assets of the respective PATF funds will be segregated in proportion to the value of the holdings of those PATF Participating Shareholders who do not accept the Offer and the other representing the In Specie Assets. Each of the policies is unique, so they will be split into two groups which have very similar characteristics in terms of the mix of issuing life offices and the policy maturity profile. The mix of each portfolio will not be a perfect mirror image of one another, because, for example the fund may currently only own one policy of a particular type which cannot be split or it alternatively may own a few policies of a particular type, but whose values can only be combined together to a best fit rather than an exact fit of the split ratio. Although there will be differences at the individual policy level, at the aggregate level, the two parts of the portfolio should be considered economically identical. PATF will warrant to Promethean that on completion of the Offer, there is no charge, mortgage, pledge, lien, option, restriction or any other third party right on, over or affecting the PATF TEPs representing the In Specie Assets and there is no agreement or commitment to give or create any such charge, mortgage, pledge, lien, option, restriction or any other third party right or negotiations which may lead to such an agreement or commitment and no claim has been made by any person to be entitled to any charge, mortgage, pledge, lien, option, restriction or any other third party right thereto.

Following the Offer becoming or being declared unconditional (save for Admission) application will be made for the Enlarged Issued Share Capital to be admitted to trading on AIM. Whilst every effort will be made to ensure this application is successful there can be no guarantee that this will be the case.

Full acceptance of the Offer by PATF Participating Shareholders will result in the issue of up to 806,048,013 New Ordinary Shares, representing approximately 85.9 per cent. of the Maximum Enlarged Issued Share Capital. The minimum number of New Ordinary Shares capable of being issued pursuant to the Offer, if the acceptance condition is satisfied, is 286,368,877. In each case based on constant NAV of PATF Sub-funds. The minimum number of New Ordinary Shares assumes acceptances from PATF Participating Shareholders holding PATF Participating Shares representing In Specie Assets valued at £40 million though the Board in its absolute discretion may accept a lesser amount, such lesser amount not to be materially less than £40 million.

9. Principal Terms and Conditions of the Acquisition

The Company has conditionally agreed to acquire the remaining issued share capital of TIS that it does not already own together with the VLNs pursuant to the terms of the TIS Acquisition Agreement entered into between the Company, the TIS Shareholders and the VLN Holders. Under the terms of the TIS Acquisition Agreement, subject to the satisfaction of certain conditions, the TIS Shareholders and the VLN Holders have agreed to sell their respective Vendor Securities to the Company for a consideration of £5.26 million satisfied by the issue of 37,671,826 New Ordinary Shares, save that in the event that Resolution 2 is passed, the total consideration payable for the Vendor Securities will be 10 New Ordinary Shares and the sum of £2.0 million which shall be paid in cash. Completion of the Acquisition will take place on Admission. Following Admission, the Group will be the sole shareholder of TIS.

As mentioned above, completion of the Acquisition on the non-cash basis will result in the issue of 37,671,826 New Ordinary Shares to the TIS Shareholders and VLN Holders, representing in aggregate approximately 9.2 per cent. of the Minimum Enlarged Issued Share Capital. If the Vendor Securities are purchased for cash, 10 New Ordinary Shares will be issued to the TIS Shareholders and the VLN Holders.

A detailed summary of the TIS Acquisition Agreement is set out in paragraph 6.2 of Part XIII.

10. Bonus Issue

If Resolution 2 is passed and the Acquisition is completed on a cash basis, the Board proposes that the New Ordinary Shares that would otherwise have been issued to the TIS Shareholders and the VLN Holders, totalling some 37,671,816 New Ordinary Shares, should be issued by way of a bonus issue to Promethean Shareholders on the register of members at the Bonus Issue Record Date on the basis of 0.83370262 New Ordinary Shares for every 1 Existing Ordinary Share held on such date.

In order to effect the Bonus Issue, Shareholders will be asked at the Extraordinary General Meeting to authorise the Directors to allot and issue the Bonus Shares conditional upon the Acquisition being completed on a cash basis.

Fractions of a New Ordinary Share will not be issued and fractional entitlements will be rounded down to the nearest whole Ordinary Share.

11. Management Incentive Arrangements

Katherine Spiteri and Robert Ezekiel will be offered shares of a new class designated “C Ordinary” £0.01 shares in TIS Holdings (“C Shares”), subject to HMRC’s agreement on the value of these C Shares. The C Shares will be issued as “Employee Shareholder” shares. Katherine Spiteri will be offered 1,150 C Shares and Robert Ezekiel will be offered 225 C Shares.

The C Shares will have a right to vote and to receive any dividends declared on them but in addition in the event that the Proposed Transaction completes would enable the holder to require Promethean to purchase the C Shares for a fixed price payable in cash or in the form of Ordinary Shares of equivalent value in Promethean, as Promethean determines. The price payable for the C Shares held by Katherine Spiteri will be £1,150,000 and for those held by Robert Ezekiel will be £225,000 which may result in the issue on Admission of 8,234,598 and 1,611,117 Ordinary Shares respectively.

The C Shares will be issued as soon as HMRC has agreed the valuation of the C Shares. The employee will be responsible for any income or other tax, national or social insurance contributions or similar charges on that value.

12. Lock-ins and Orderly Market Arrangements

Each of Katherine Spiteri, Martin Nègre and Robert Ezekiel who in aggregate will hold a maximum of 9,937,400 Ordinary Shares on Admission (which represents approximately 1.1 per cent. of the Maximum Enlarged Issued Share Capital), on the assumption that the Management Incentive Shares are issued and Resolution 2 is passed and the Bonus Shares are issued, have agreed not to dispose of any interest in Ordinary Shares held by them or their associates (within the meaning of “related party” in the AIM Rules) at the date of Admission for a period of 12 months following Admission (subject to certain limited exceptions). Further details of these lock-in agreements are set out in paragraph 6.6 of Part XIII of this Document.

13. Change of Company Name

To reflect the changes to the Company, its management and operations as a result of the Proposed Transaction, it is proposed that, conditional on Admission the Enlarged Group will change its name to Link & Prosper plc pursuant to resolution 7 to be proposed at the Extraordinary General Meeting.

14. Letters of Support

The Company has received letters from Promethean Shareholders representing, in aggregate, approximately 55.3 per cent. of the Existing Issued Share Capital in support of the Proposed Transaction.

15. Dividend Policy

Following completion of the Proposed Transaction, the Board of the Enlarged Group will only commence the payment of dividends as and when it is appropriate and practicable to do so. Any such dividends will be dependent on the availability of distributable reserves at both the holding company and operating company level.

16. Taxation

Your attention is drawn to the taxation section contained in Part XI of this Document. If you are in any doubt as to your tax position, you should consult your own independent adviser immediately.

17. Corporate Governance

The Existing Directors and the Proposed Directors recognise the importance of sound corporate governance. The Company is not subject to the UK Corporate Governance Code. However, the Enlarged Group intends, following Admission, so far as is practicable and appropriate for a public company of its size, to follow the main recommendations on corporate governance for AIM companies as published by the Quoted Companies Alliance. The Company has adopted a code for share dealings by directors and employees which is appropriate for an AIM company and which complies with Rule 21 of the AIM Rules on "Restrictions on deals".

Following Admission, the Enlarged Group's audit committee ("Audit Committee") will comprise Neil Duggan, who will act as chairman, and Rupert Cottrell. The Audit Committee will review the interim and full year financial statements prior to their publication and receive and review reports from its external auditors and will determine the application of the financial reporting and internal control principles.

The Enlarged Group's remuneration committee ("Remuneration Committee") shall consist of Martin Nègre, who will act as chairman, and Rupert Cottrell. The Remuneration Committee will be responsible for determining the remuneration of the executive director(s) and establishing the criteria for the grant and exercise of any share options. No executive director will be able to participate in the discussion of his or her own remuneration.

The Enlarged Group's nomination committee ("Nomination Committee") will comprise Rupert Cottrell, who will act as chairman, and Neil Duggan. The Nomination Committee will be responsible for identifying, and nominating for board approval, candidates to fill board vacancies as they arise.

Substantial Shareholder and the Takeover Code

The Proposed Transaction gives rise to certain considerations under Rule 9 of the Takeover Code. The Company is incorporated in the Isle of Man and application will be made for the Enlarged Share Capital to be admitted to trading on AIM. Accordingly, the Takeover Code applies to Promethean plc.

Under Rule 9 of the Takeover Code, any person who acquires an interest in shares (as defined in the Takeover Code), whether by a series of transactions over a period of time or not, which (taken together with any interest in shares held or acquired by persons acting in concert with him) in aggregate, carry 30 per cent. or more of the voting rights of a company which is subject to the Takeover Code, that person is normally required by the Panel to make a general offer to all of the remaining shareholders to acquire their shares.

Similarly, when any person, 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 such a company but does not hold shares carrying more than 50 per cent. of such voting rights, a general offer will normally be required if any further interests in shares are acquired by any such person.

When any person, together with persons acting in concert with him, is interested in shares which carry more than 50 per cent. of the voting rights of a company which is subject to the Takeover Code, that person, together with persons acting in concert with him, may acquire further interests in shares without incurring any obligation under Rule 9 to make a general offer to all shareholders in the company.

An offer under Rule 9 must be in cash or be accompanied by a cash alternative and at the highest price paid by the person required to make the offer, or any person acting in concert with him, for any interest in shares of the company during the 12 months prior to the announcement of the offer.

Under the Takeover Code, a concert party arises where persons who, pursuant to an agreement or understanding (whether formal or informal), co-operate to obtain or consolidate control (as defined below) of a company or to frustrate the successful outcome of an offer for a company. Control means a holding, or aggregate holdings, of shares carrying 30 per cent. or more of the voting rights of the company, irrespective of whether the holding or holdings give *de facto* control.

PATF's largest shareholder is SEB Life International Assurance Co Ltd ("SEB"), which trades as SEB Life International. SEB is a life assurance company incorporated and regulated in Ireland and is part of the Swedish based financial institution, SEB Group.

On Admission, SEB may hold up to 191,298,582 Ordinary Shares and, in which case, will be interested in up to approximately 61.0 per cent. of the Enlarged Share Capital which, without a waiver of the obligations under Rule 9, would oblige SEB to make a general offer to Shareholders under Rule 9 of the Takeover Code.

Under Note 1 on the Notes on the Dispensations from Rule 9 of the Takeover Code, the Panel will normally waive the requirement for a general offer to be made in accordance with Rule 9 of the Code (a "Rule 9 Offer") if, *inter alia*, the shareholders of the company who are independent of the person who would otherwise be required to make an offer and any person acting in concert with him or her and do not have any interest in the proposed transaction which may compromise their independence (the "Independent Shareholders") pass an ordinary resolution on a poll at a general meeting (a "Whitewash Resolution") approving such a waiver. The Takeover Panel may waive the requirement for a Whitewash Resolution to be considered at a general meeting (and for a circular to be prepared in accordance with Section 4 of Appendix 1 to the Code) if Independent Shareholders holding more than 50 per cent. of the company's shares capable of being voted on such a resolution confirm in writing that they would vote in favour of the Whitewash Resolution were such a resolution to be put to the shareholders of the company at a general meeting.

Independent Shareholders, holding more than 50 per cent. of the Company's Existing Ordinary Shares, have written to the Panel confirming that:

1. they are the beneficial owner of Ordinary Shares and have absolute discretion over the manner in which those shares are voted and that these shares are held free of all liens, pledges, charges and encumbrances;

2. there is no connection between them and SEB;

3. they do not have any interest or potential interest, whether commercial, financial or personal, in the outcome of the Acquisition;

4. they are an Independent Shareholder of the Company as defined above; and

5. in connection with the Proposed Transaction :

   (a) they consent to the Panel granting a waiver from the possible obligation for SEB to make a Rule 9 offer to the shareholders of the Company;

   (b) subject to Independent Shareholders of the Company holding more than 50 per cent. of the shares capable of being voted on a Whitewash Resolution to approve the waiver from the obligation for the offeror to make a Rule 9 offer giving confirmations in writing in a similar form, they consent to the Panel dispensing with the requirement that the waiver from such obligation be conditional on a Whitewash Resolution being approved by Independent Shareholders of the Company at a general meeting; and

   (c) they would vote in favour of a Whitewash Resolution to waive the possible obligation for SEB to make a Rule 9 offer were one to be put to the Independent Shareholders of the Company at a general meeting.

In giving the confirmations referred to above, each Independent Shareholder acknowledges:

1. that, if the Panel receives such confirmations from Independent Shareholders of the Company holding more than 50 per cent. of the shares capable of being voted on a Whitewash Resolution, the Panel will approve the waiver from the possible obligation for SEB to make a Rule 9 offer without the requirement for the waiver having to be approved by Independent Shareholders of the Company at a general meeting; and

2. that if no general meeting is held to approve the Whitewash Resolution to waive the possible obligation for SEB to make a Rule 9 offer:

   (a) there will not be an opportunity for any other person to make any alternative proposal to the Company conditional on such Whitewash Resolution not being approved by Independent Shareholders of the Company; and

   (b) there will be no requirement for the Company either (i) to obtain and make known to its shareholders competent independent advice under Rule 3 of the Takeover Code on the waiver of the possible obligation for SEB to make a Rule 9 offer, or (ii) to publish a circular to shareholders of the Company in compliance with Appendix 1 of the Takeover Code in connection with this matter.

Each Independent Shareholder has confirmed that they consider themselves to be a sophisticated investor in relation to equity investments and that they have had the opportunity to take independent financial advice before giving such confirmations.

Each Independent Shareholder has confirmed that they will not sell, transfer, pledge, charge, or grant any option or other right over, or create any encumbrance over, or otherwise dispose of their Ordinary Shares until at least 14 days after their confirmation.

Having obtained such written confirmation from the Independent Shareholders, the Panel has accordingly waived the requirement for a Whitewash Resolution.

Shareholders should note that, following Admission, SEB will not be entitled to increase its interests in the voting rights of the Company without incurring a further obligation under Rule 9 of the Takeover Code to make a general offer (unless dispensation from this requirement has been obtained from the Panel in advance) so long as it holds 30 per cent. and not more than 50 per cent. of the voting rights of the Company. Shareholders should also note that, following Admission, SEB may acquire further interests in the Company's shares without incurring any obligation under Rule 9 to make a general offer to all shareholders in the Company in the event it holds more than 50 per cent. of the voting rights of the Company.

18. General Meeting

If you are a Promethean Shareholder, enclosed with this Document you will find a notice convening the Extraordinary General Meeting, which is to be held at Clinch's House, Lord Street, Douglas, Isle of Man IM99 1RZ at 10.00 a.m. on 27 May 2014, for the purpose of considering, and if thought fit, passing the Resolutions.

A summary of the resolutions is as follows:

Resolution 1

THAT, the Acquisition be approved and that the directors of the Company (or a duly authorised committee of the directors) be authorised to take all steps necessary to effect the Acquisition including, to make minor modifications, variations, amendments or revisions to the TIS Acquisition Agreement and to do or to procure to be done such other things in connection with the Acquisition as they consider to be in the best interests of the Company;

Resolution 2

THAT, conditional on the passing of Resolution 1, the Company acquire the Vendor Securities for £2 million cash pursuant to the TIS Acquisition Agreement and the directors of the Company (or a duly authorised committee of the directors) be authorised to take all steps necessary to effect the Acquisition including, to make minor modifications, variations, amendments or revisions to the TIS Acquisition Agreement and to do or to procure to be done such other things in connection with the Acquisition as they consider to be in the best interests of the Company;

Resolution 3

THAT, the Offer be approved and that the directors of the Company be authorised to take all steps necessary to effect the Offer including, to make minor modifications, variations, amendments or revisions to the PATF TEPS Agreement and to do or to procure to be done such other things in connection with the Offer as they consider to be in the best interests of the Company;

Resolution 4

THAT, the shares available for issue in the Company be increased to £13,000,000 divided into 1,300,000,000 Ordinary Shares of £0.01 par value each;

Resolution 5

THAT, conditional on the passing of Resolution 2 and the Acquisition being completed by the payment of £2 million in cash, the directors of the Company be authorised to effect the Bonus Issue;

Resolution 6

THAT, subject to and conditional upon the Acquisition being completed, the Articles be amended by the deletion of Article 165;

Resolution 7

THAT, with effect from the date of Admission the Company's name be changed to Link & Prosper plc.

19. Conditional Return of Capital

Conditional on Admission the Company will make a capital repayment to Promethean Shareholders as follows:

- The Company will make a capital repayment of 5.16 pence per Existing Ordinary Share in the event that Promethean Shareholders reject Resolution 2.

- The Company will make a capital repayment of 0.74 pence per Existing Ordinary Share in the event that Promethean Shareholders vote in favour of Resolution 2 as a result of there being less cash available. Shareholders will however benefit from the issue of the Bonus Shares as referred to in paragraph 10 above.

The distribution will be paid in cash to Promethean Shareholders of record at 5.00 p.m. on 17 June 2014 (or such other time and/or date as the Board may determine) and it is expected that the distribution will be paid within 14 days of the date of Admission. For the avoidance of doubt, the Conditional Return of Capital is conditional upon Admission and only applies to Existing Ordinary Shares and not to the Bonus Shares.

Should the Proposed Transaction not proceed the Board intends in due course to put the option to Promethean Shareholders of delisting the Company and will consult with Promethean Shareholders in relation to alternative courses of action.

20. Admission and CREST Settlement

As the Proposed Transaction constitutes a reverse takeover under the AIM Rules for Companies, Promethean Shareholder consent to the Proposed Transaction is required at the Extraordinary General Meeting. Following the Offer being declared unconditional (save for Admission), including if Resolutions 1, 3, 4 and 5 are passed at the Extraordinary General Meeting, the admission of the Company's shares to trading on AIM will be cancelled (immediately prior to Admission) and the Enlarged Issued Share Capital will be admitted to trading on AIM.

Application will be made to the London Stock Exchange for the Enlarged Issued Share Capital to be admitted to trading on AIM. Admission is expected to take place at 8.00 a.m. on 18 June 2014.

CREST is a paperless settlement procedure enabling securities to be evidenced otherwise that by a certificate and transferred otherwise than by a written instrument in accordance with the requirements of CREST. The Articles permit the holding and transfer of Ordinary Shares to be evidenced in uncertificated form in accordance with the requirements of CREST. The New Ordinary Shares are eligible for CREST settlement. Application has been made for the issued Ordinary Shares to be eligible for admission to CREST with effect from Admission. Accordingly, following Admission, settlement of transactions in New Ordinary Shares may take place within the CREST system if the relevant Shareholder so wishes.

CREST is a voluntary system and Shareholders who wish to receive and retain share certificates will be able to do so.

The Enlarged Issued Ordinary Shares will trade under the TIDM LPR, with ISIN GB00B08H5G38.

21. Risk Factors

Your attention is drawn to the Risk Factors set out on pages 23 to 30 and to the information contained in Parts I to XIII of this Document.

22. Action to be Taken

If you are a Promethean Shareholder, you will find enclosed with this Document the Notice of EGM and the Form of Proxy for use in connection with the Extraordinary General Meeting. Whether or not you intend to be present at the Extraordinary General Meeting, you are asked to complete the Form of Proxy in accordance with the instructions printed on it so as to be received by the Company's registrars, SMP Fund Services Limited, as soon as possible but in any event not less than 48 hours before the time fixed for the Extraordinary General Meeting. Completion of the Form of Proxy will not preclude you from attending and voting at the Extraordinary General Meeting should you so wish.

If you are a PATF Participating Shareholder, you will find enclosed with this Document a Form of Election for use in connection with the Offer. If you wish to accept the offer in respect of your PATF Participating Shares, you are asked to complete the Form of Election in accordance with the instructions printed on it so as to be received by the receiving agent, SMP Fund Services Limited by no later than 5.00 p.m. on 16 June 2014.

23. Recommendation

The Existing Directors unanimously recommend that Promethean Shareholders vote in favour of Resolutions 1, 3, 4, 5, 6 and 7 necessary to approve and implement the Proposed Transaction as we intend to do in respect of our own beneficial holdings which in aggregate totals 600,000 Existing Ordinary Shares, representing approximately 1.3 per cent. of the Existing Ordinary Shares. The Existing Directors make no recommendation with respect to Resolution 2.

Yours faithfully

Sir Peter Burt
Chairman

PART II

INFORMATION ON PROMETHEAN

1. Introduction

On 2 May 2014 the Company announced that it had conditionally agreed to acquire all of the issued and to be issued share capital of TIS that it does not already own and has also made an offer to PATF Participating Shareholders whereby Accepting PATF Participating Shareholders will receive 12.00 New Ordinary Shares per 1 PATF Participating Share in PATF Original GBP; 7.04 New Ordinary Shares per 1 PATF Participating Share in PATF Original EUR; 6.00 New Ordinary Shares per 1 PATF Participating Share in PATF Original USD; 7.33 New Ordinary Shares per 1 PATF Participating Share in PATF No.2 GBP; 6.06 New Ordinary Shares per 1 PATF Participating Share in PATF No.2 EUR; and 4.86 New Ordinary Shares per 1 PATF Participating Share in PATF No.2 USD.

2. Background

Promethean was incorporated in the Isle of Man in June 2005. The Company was initially established as an evergreen limited company investing in an evergreen fund to generate returns for its Shareholders through two primary routes: acquiring businesses using private equity style investment structures; and the establishment of a private equity style management business. On 30 June 2005 the Company raised £50.0 million (gross) pursuant to a placing of new Ordinary Shares and the issued share capital of the Company was admitted to trading on AIM.

The Company's investment strategy yielded a number of successful investments and the Company's portfolio included a number of interesting prospects where the Promethean Board believed value would accrue over time. However, during early 2009 a number of Promethean's Shareholders made requests to the Promethean Board that some of the cash generated by the realisation of Promethean's successful investments be returned to Shareholders.

After careful consideration, the Promethean Board sought to balance the interests of its Shareholders who were keen for the Company to continue with its original investment strategy and those investors who were seeking to realise all or part of their investment. After discussions by the Promethean Board and its advisers with a number of the Company's major shareholders, the Promethean Board developed proposals whereby, in April 2009, the Company returned £25.0 million to shareholders via a mixture of tender offer, capital return and special dividend.

Following this corporate action, the Company had further meetings with a number of its major shareholders. As a result of these meetings, a resolution was proposed at the annual general meeting held in September 2009 and approved to the effect that the Company would move to realising its existing investment portfolio over an appropriate timescale to maximise the realisations and returning the proceeds to shareholders. Formally this involved changing the Company's investing policy to a divestment policy and mandating the Manager to realise the Company's portfolio over the period to 31 December 2013. At the same time a reduced management fee structure was agreed for the period going forward. Consequently no further cash was invested by the Company in new or existing investments.

Over the last few years the Company has been working to realise its investments. Its largest investment, Cambria Automobiles Holdings plc was admitted to trading on AIM on 1 April 2010. In the year to 30 June 2010, InterMediactive ("IMA") was sold and in October 2012 the early repayment of the IMA loan notes was successfully negotiated. The Company also realised its entire holding in IFG Group plc in November 2011. In May 2013 the management of January Loan Services Limited ("JLSL") purchased Promethean's 30% interest in JLSL for £625,000. In July 2013, Promethean announced that it had exercised its option to acquire additional shares in JLSL for £125,000 which it immediately sold back to JLSL for £375,000.

The Company's investment management agreement with Promethean Investments LLP ended on 30 June 2013 and since this time the Company has been self managed. The Company had previously retired as a member of Promethean Investments LLP in May 2012.

As at 31 December 2013 Promethean's assets included £2,097,000 of cash and its shareholding in TIS. The resolution of the TIS investment has been a lengthy process due to the specialist nature of TIS's business. Following the lapse of the conditional offer received by the TIS board from PATF in 2012, the Board is pleased to set out the terms of the Proposed Transaction.

PART III

INFORMATION ON TIS

1. Introduction

T.I.S. Holdings Limited ("TIS") is the parent company of a group of niche financial services companies (together the "TIS Group") with an historical focus on TEPs and an increasing presence in the alternative investment market. A full structure chart of the Enlarged Group, including the TIS group of companies is included in Part IV of this Document.

Through its various trading entities, the TIS Group is capable of offering a number of services throughout the value chain, from which it earns fees. The TIS Group is made up of the following individual trading entities:

- Absolute Assigned Policies Limited ("AAP") is the main operating business of the TIS Group specialising in market making and brokering of TEPs and is one of the largest TEP service providers in the market having traded an aggregate of approximately £2 billion worth of TEPs since the early 1990s. Historically, AAP has acted as an agent in TEPs serving policyholders, retail investors and its institutional clients, which for the latter it continues to be market maker on an exclusive basis. PDLI is a trading name of AAP. It undertakes the global distribution and promotion of specialist alternative investment products offered and developed by the TIS Group, including for The Protected Asset TEP Fund plc ("PATF") and more recently the TIS Diversified Alternative Fund ("TDAF"). AAP has been authorised and regulated in the UK since August 1994 (now by the FCA) and is one of the early members of The Association of Policy Market Makers.
- TEP Management Services Limited ("TMS") provides TEP valuation and administration services particularly to institutional TEP funds such as PATF. At its peak in August 2008, assets under management for PATF were £764.4 million compared with £127.1 million in January 2014.
- TIS Group Management Limited is investment manager to TIS SPC, an open-ended fund structured as a Cayman Islands Segregated Portfolio Company. TIS SPC is the holding company of the segregated portfolios which make up the TIS Diversified Alternative Fund ("TDAF"). TIS SPC has a multi-strategy mandate investing in alternative investment assets and strategies. In addition to third party funds, TDAF, through a dedicated segregated portfolio, will also manage the majority of the TEPs that are to be acquired by the Enlarged Group as a result of the Proposed Transaction. As these TEPs mature, it is intended that this segregated portfolio will diversify its investments into other asset classes within TDAF.

TIS, through its subsidiaries, continues to be the UK's leading distributor, market maker and provider of services to the with-profits endowment policy market, having entered the market via AAP in 1993. From 1999 the TIS Group evolved into broadly the same structure as today with the capacity to offer multiple services including policy provider and market making, valuations and management services to major institutional TEP funds.

In June 2007, Promethean acquired a controlling shareholding in T.I.S. Holdings Limited alongside a sizeable vendor group shareholding. Promethean remains the largest shareholder of TIS, with an interest representing 59 per cent. of the voting rights.

More recently, the TIS Group has expanded its business to service a range of alternative investment strategies. Its experience in the TEP market and expertise provides the TIS Group with a solid platform from which to develop the business and enables it to target medium to long term sustainable growth by providing services to other alternative asset classes and by offering additional alternative investment products via its established distribution network.

2. TEP Market overview

A with-profits endowment policy is an investment based insurance product previously well established within the UK personal savings market, and issued by UK life offices whose assets and liabilities are monitored by the FCA.

A with-profits endowment policy provides a minimum guaranteed return on the initial sum assured and annual bonuses which, once declared, cannot be withdrawn. At maturity of the policy, a terminal bonus may also be paid and the accrued annual and terminal bonuses, combined with the sum assured, form the maturity pay-out. As part of the contract, the policy holder undertakes to pay regular premiums to the life company over the life of the plan.

A traded or 'second-hand' endowment is a conventional with-profits endowment contract that, having run for part of its term, is then sold by the original policyholder and the benefits assigned absolutely to a new owner. On all such policies the benefits on death or maturity are made up of the original, or 'basic', sum assured plus reversionary bonuses, added annually, and a terminal bonus added on death or maturity. All bonuses are expressed as a percentage of the original sum assured or attaching reversionary bonuses.

A market exists when investors are typically willing to pay more for the future benefits payable under a continuing policy than a life office is willing to pay to the policyholder to surrender it. When selling a policy, the original policy holder, at the point when the policy is assigned, gives up all rights to any proceeds that may arise upon maturity or in the event of death, although it remains the original policyholder's life that is insured. If the original policyholder dies, all the policy proceeds are paid to the new owner of the policy including the basic sum assured, the declared annual bonuses and usually a terminal bonus, although this last element is not a guaranteed feature of the product.

1989 saw the first with-profits endowment policy market maker, acting in a similar role to an estate agent, by valuing policies and circulating details in order to match buyers with sellers. Soon thereafter others followed suit. Such market makers bought and kept policies on their books until a buyer was found. The policies purchased could be financed until resale, largely by borrowing, using the policies themselves as security. Other market makers were formed in the early 1990s, and the market developed rapidly, using successful marketing to develop the awareness of vendors, investors and advisers.[2] The rapid development saw turnover in the market increase from circa £5 million in 1988 to circa £250 million in 1997 and then circa £520 million in 2000.

The rapid increase in market players and volumes traded in the early 1990s brought with it a need to establish a forum to pursue the common interests of those players, to avoid duplication of some necessary functions and to provide for an orderly and consistent market in TEPs. APMM was founded in 1992, and has practice guidelines governing the conduct of its members, to which they are expected to adhere. Market makers who deal directly with the public are required to be regulated by the FCA.

The first investment trust established to invest in TEPs launched in 1993 and was quickly followed by other publicly quoted funds available to UK investors, such as the Barclays Global Investors' endowment funds to which the TIS Group previously supplied policies and provided valuation services.

Excluding PATF and HSC, the TIS Group has provided management and/or other services to a total of eight other fund structures with one notably having a non-TEP investment mandate. The TIS Group has been instrumental in the establishment of PATF, an investment company into which qualified, experienced investors can buy units. PATF is domiciled in the Isle of Man and consists of two Open-Ended Investment Companies ("OEICs"), namely PATF Original and PATF No.2. PATF Participating Shares in PATF Original were originally offered from January 2001 and originally denominated in Pounds Sterling and PATF Participating Shares in PATF No.2 were originally offered from September 2003 and originally denominated in Pounds Sterling. Today PATF has six sub-funds, three in each OEIC denominated in Pounds Sterling, US Dollar and Euro.

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2 Traded Endowments by Peter McGurk

The aim of PATF is to provide investors with capital growth at a relatively low risk, by investing into a diversified portfolio of TEPs. The underlying TEPs within PATF are all issued by strongly capitalised reputable UK life offices who AAP forged strong links with through the development of PATF.

The TIS Group owns the management share capital of PATF which has no interest in the assets of PATF or distribution rights.

TEP Market

Between 1997 and mid 2003 the TEP market developed with APMM members trading an aggregate value of approximately £2.1 billion of policies. AAP was the largest individual contributor to this total accounting for approximately 20 per cent. (£418m). This only represented one route to acquire policies as each member through its own campaigns could purchase direct from the policy holder; however, APMM provides a good indication that AAP had successfully become a significant market participant.

In its infancy, TEP investments were boosted by funds from maturing TESSAs (Tax Exempt Special Savings Accounts), which at the time investors believed offered the prospects of better returns than those available from bank and building society accounts. Further, the prospect of 'windfall' gains from demutualisations, takeovers and distributions of 'orphan' assets increased the appetites of investors, the latter still relevant in today's market.

Private TEP investors would tend to be high net worth individuals, and typically would be over age 45. The nature of the investment, producing a smoothed return on a known date, gave TEPs a role in retirement and school fees planning as well as in inheritance tax planning. Investors were not only limited to the UK. TEPs have attracted interest from overseas investors, particularly in Germany, Scandinavia and the Far East, the result of favourable tax treatment given to certain life assurance policies including TEPs.

Self invested personal pensions ("SIPPs") played a pivotal role in enhancing the demand for TEPs. Access to an underlying spread of assets with a low volatility and a fixed maturity date was attractive. This attraction was enhanced by the introduction of provisions for annuity deferral, enabling a portfolio of policies to be constructed to provide a regular income drawdown and a final annuity purchase fund at age 75 or earlier.[3]

The 1990s saw the launch of several investment trusts and offshore TEP funds as well as the first open-ended TEP fund. By the early 2000s, further open-ended TEP funds such as PATF as well as a number of closed-ended German funds launched exploiting the double taxation treaty with the UK. This was despite annual and terminal bonuses falling significantly after 2001 when compared to the bonuses declared in the mid 1990s, although it has been acknowledged that the rates applied during the 1980s and 1990s were artificially high in a bid for life offices to increase sales.[4]

Over recent years, TEP market activity has been greatly subdued from its peak following a fall in the supply of TEP's as existing policies have matured and the onset of the credit crisis. The volume of policies traded within the market is still considered to be significantly reduced from the levels traded in the years leading up to 2008. However, from 2011, AAP experienced gradual increase in appetite for TEPs as an asset class, particularly from retail investors. The TIS Group believes this was due to retail investors recognising the opportunities of TEPs in the broader context of world market volatility while at the same time institutional investors continued to re-evaluate portfolios and strategies. Throughout 2011 and into 2012, significant efforts were made by the TIS Group to target and maximise retail interest with a view to steadily growing trading activity in anticipation that these levels will increase resulting in a re-invigorated TEP market.

The TIS Group continues to derive significant revenue from providing TEP trading and other services to its clients, PATF and HSC. The Board of the Enlarged Group is encouraged by the prospects for the TEP business in the short-term dictated largely by stronger demand in the face of weakening supply but recognise that, as explained above, the market is expected to continue to decline and in the interests of the future of TIS there is a need to diversify the Enlarged Group's activities by supplementing the TEP activities with other complementary products and services. The Board of the Enlarged Group considers that the credibility

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3 Traded Endowments by Peter McGurk

4 Money Management, April 2012

that the TIS Group has gained in the TEP market, from service providers to investors, provides a springboard for launching other products and entering into different asset class markets.

3. Future strategy

The inevitable decline of the TEP market, as already mentioned above, has led to the TIS Directors establishing a strategy which exploits the TIS Group's reputation as a provider of insurance-linked and alternative investment products, and will utilise the expertise of its workforce to diversify its offerings.

The TIS Group will seek to build on its knowledge of the TEP market to expand into other asset classes exhibiting similar characteristics, namely:

a. Low or no correlation to capital markets;

b. Low volatility; and

c. A high degree of capital preservation.

The TIS Group has sought to develop an offering with not only a similar investment strategy to that employed in the TEP market but also with unique and innovative qualities. The search for the next stage in the product cycle of the TIS Group began to take shape in 2011. The conclusion was clear to the TIS Directors that the TIS Group's 'trademark' of serving the lower risk investor was becoming increasingly prevalent and a solution driven product with sustainable, stable returns should be the core feature it would seek to deliver upon.

TEPs, like many other asset classes, had previously suffered as an asset class as what had once been considered to be a non-correlated asset displayed strong correlation with equity returns in the wake of the global credit crisis. Recognising this, the TIS Group will seek to build products with enhanced diversification and reduced correlation with equity markets.

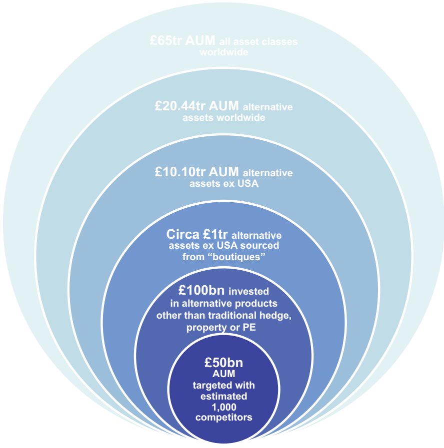
Alternative assets are becoming more prevalent in the market as investors seek to diversify their holding with significant growth in the proportion of investor portfolios comprising of alternative assets from the last decade. TDAF has been designed to take advantage of this growing demand.

4. Alternative Market overview

As illustrated in the diagram below, assets of the global fund management industry totalled $118 trillion at the end of 2011. Conventional funds' assets under management of the global fund management industry increased by 10 per cent. in 2010, to a record $79.3 trillion, attributed to both the recovery in equity markets and inflows of new funds. This was 6 per cent. up on the previous annual peak three years earlier. Pension assets accounted for $29.9 trillion of the total, with $24.7 trillion invested in mutual funds and $24.6 trillion in insurance funds.

In 2011, these assets under management increased modestly to $79.8 trillion representing a slowdown from the strong rate of growth seen in the previous two years and was largely due to the decline in equity markets in the second half of the year and the sovereign debt crisis in Europe. Although some funds were exposed to instruments which suffered losses during the economic slowdown, on the whole, the fund management industry has recovered quickly from the fall in assets under management at the outset of the credit crisis. Most of the recovery has, however, come from market performance rather than new inflows and assets under management increased by 9 per cent. during 2012 to $87.2 trillion.[5]

5 TheCityUK – Fund Management, November 2012 and September 2013



Source: Based on information from TheCityUK – Fund Management, November 2012

Alternative funds represent nearly 10 per cent. of the global fund industry at over $10 trillion in 2011 and is made up of $1.9 trillion invested in Hedge funds, $1 trillion in Private equity, $4.8 trillion held in sovereign wealth funds and $1.4 trillion in exchange traded funds. By the end of 2012, alternative funds increased by 15 per cent. to around $11.5 trillion.

In 2011, private wealth funds represented the value of funds managed on behalf of 11 million high net worth individuals with over $1 million in investable worldwide assets totalling $42 trillion (about a third of the $42 trillion was incorporated in other forms of investment management and not included in the assets under management ("AUM") illustrated in the diagram above).[6] By the end of 2012, private wealth funds increased by 10 per cent. to $46.2 trillion.

In addition to the prospects for growth as highlighted above, regulatory changes resulting from the economic downturn are likely to influence the fund management industry in the coming years, with the overarching aim to improve conduct and transparency. In Europe, the Alternative Investment Fund Managers Directive ("AIFMD"), which came into force in July 2011 with implementation by EU Member Sates required by 22 July 2013, will bring a number of changes for hedge funds and private equity firms including new disclosure requirements, harmonised governance standards and limits on leverage.

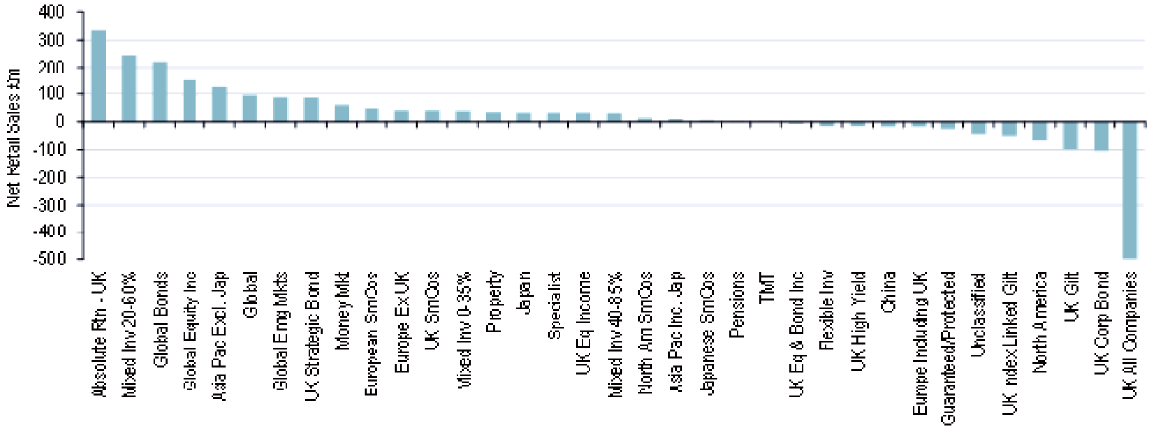
5. Multi-strategy overview

Multi-strategy funds have been growing in popularity over the past few years. There are no set guidelines and therefore there is no definition as to what a multi-strategy fund truly consists of, so long as a manager holds more than purely equities or purely bonds. As the name suggests, multi-strategy funds typically cover a wide range of assets and strategies.[7]

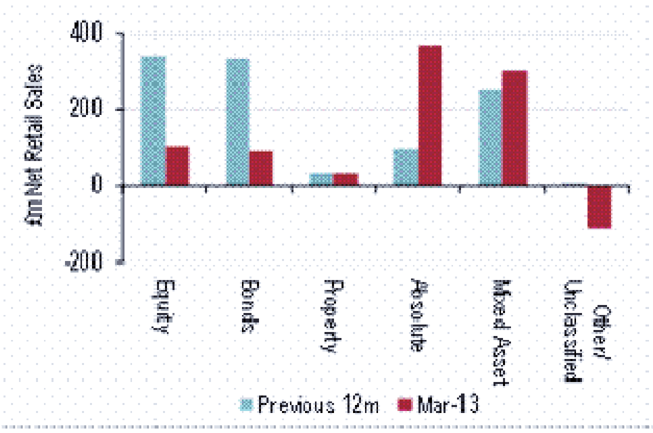
The charts below highlight net retail flows of open-ended funds by asset class for March 2013. Demand was strongest for absolute return funds and mixed investment 20 per cent. – 60 per cent. shares and the trend compared with the previous 12 months is skewed towards mixed asset investments as opposed to pure equities and bonds.

6 Cap Gemini/RBC Wealth Management, "Global High Net Worth Population Increases slightly as Their Investable Wealth Declines, Finds World Wealth Report", 19 June 2012

7 Money Management, September 2013



Source: Numis Securities Limited, Numis Research – Net Retail Sales of Open-Ended Funds – March 2013



Source: Numis Securities Limited, Numis Research – Net Retail Sales of Open-Ended Funds – March 2013

The above diagrams suggest multi-strategy funds are becoming increasingly popular as theoretically they play a big role in the investment world due to the ability the funds have to switch between asset classes in turbulent markets.[7]

6. TDAF

In response to market research the TIS Group has established TIS SPC, an open-ended investment company with a multi-strategy investment mandate investing in alternative investment assets/strategies via TDAF. TDAF is managed by TIS Group Management Limited and the TIS Group believes it can grow the fund through its distribution network attracting new third party subscription monies and through underlying performance. PDLI, the TIS Group's distribution business, has been actively collating market research and intelligence since May 2012 and based on the indications received to date, the TIS Group anticipates that TDAF should attract a significant level of investments from third parties.

It is intended that 95 per cent. of the proceeds from the TEP portfolio being transferred to the Enlarged Group from PATF as a result of the Proposed Transaction will be initially invested in TDAF. As a result, is expected that both the Enlarged Group and other investors in TDAF will benefit from a larger asset pool.

The TIS Diversified Alternative Fund L&P GBP Class A SP has been established as a dedicated segregated portfolio to receive substantially all the TEPs received by the Enlarged Group upon redemption from PATF. While the TIS Diversified Alternative Fund L&P GBP Class A SP will continue to benefit from an investment in TEPs, it is anticipated that it will develop a diversified portfolio of investments in line with TDAF's investment strategy over time. This will occur through the reinvestment of cash proceeds arising from maturing TEPs into the other segregated portfolios within the TIS SPC structure which offer alternative strategies.

7 Money Management, September 2013

7. TIS SPC

TIS SPC is an open-ended fund structured as a Cayman Islands Segregated Portfolio Company established in April 2014. The flexible nature of this structure allows additional segregated portfolios to be established within the same structure, which is well suited to the TDAF strategy.

TIS SPC has six separate segregated portfolios as follows:

- TIS Diversified Alternative Fund CHF Class A SP
- TIS Diversified Alternative Fund USD Class A SP
- TIS Diversified Alternative Fund USD Class B SP
- TIS Diversified Alternative Fund GBP Class A SP
- TIS Diversified Alternative Fund EUR Class A SP

(the above five segregated portfolios are referred to as the TDAF External Investor Segregated Portfolios), and

- TIS Diversified Alternative Fund L&P GBP Class A SP

It is the intention that TIS SPC will also issue new shares in further segregated portfolios to third party investors in due course. The investment strategy of any new segregated portfolios will be determined by TIS SPC in consultation with the Investment Manager at the time of their creation.

Due to its ability to easily create new segregated portfolios, the TIS SPC structure was determined to be the optimal framework to deliver TDAF and any future offerings which the TIS Group may decide to promote.

The Enlarged Group will provide services to TIS SPC as appropriate, including market making, distribution, promotion and marketing, product structuring and valuation services, and policy administration. TIS has an established, experienced team to carry out these functions and will grow this team to match the anticipated growth of the TIS SPC business.

TIS SPC is governed by its own board of directors and its Investment Manager. The TIS SPC board will receive investment recommendations for the TDAF segregated portfolios from the Investment Manager and in turn will monitor the Investment Manager on a regular basis. At launch the board of the Investment Manager will comprise two non-executive directors, Peter Smaill and Michael Burt, along with Katherine Spiteri (proposed Chief Executive Officer of the Enlarged Group). Biographies for each of the Investment Manager's board members can be found in Part XII of this Document.

Three directors have been appointed to the board of TIS SPC, namely Sir Peter Burt, Martin Nègre and Neil Duggan, and the composition and number of both boards will be regularly assessed as the size of the fund grows over time.

The Investment Manager will make investment decisions referring to investment research supplied by AAP. The TIS Group has fund and asset management experience having supported its institutional TEP clients since 2001. The rationale for the proposed investment strategy of TDAF has been documented by the TIS Group in the paper; Diversification Meets Correlation. This and ongoing research will be supplied to the Investment Manager on an ongoing basis.

The segregated portfolio structure of TIS SPC is intended to provide a flexible investment model by allowing new investment strategies to be phased in as investment opportunities arise, whilst others can be phased out as their investment rationale weakens. The TIS Group believes that an additional benefit of the TIS SPC structure is the segregation of liabilities between different investment sub-strategies each in their own segregated portfolio.

As described in paragraph 3 of Part IV of this Document, the TIS Diversified Alternative Fund L&P GBP Class A SP will hold the majority of the In Specie Assets invested by the Enlarged Group.

8. TDAF investment strategy

TDAF's investment objective is to achieve medium to long term sustainable growth by investing in a balanced, robust portfolio containing a range of diversified assets and investment strategies. TDAF will seek to invest in uncorrelated or loosely correlated assets and strategies, that when combined, will target a steady return stream of superior risk-adjusted returns with low correlation to wider capital markets. The TIS Group believes that constructing a diversified portfolio of these loosely correlated strategies allows for a significant risk reduction, and presents the greatest probability of meeting TDAF's objectives.

It is expected that the Enlarged Group will grow the assets under management in TDAF through marketing to third party investors utilising its distribution base and thus the Enlarged Group will benefit from increasing investment services fees as well as through direct exposure to TDAF's strategy through its investment in the TIS Diversified Alternative Fund L&P GBP Class A SP.

The TIS Group's research has resulted in mapping out a proprietary investment universe, which contains many strategies diversified by their underlying asset and level of liquidity. This research also shows that investment in a portfolio of eight to ten assets and/or strategies that have zero correlation to each other can reduce portfolio risk by approximately two-thirds. Utilising this information, the Investment Manager will select a combination of strategies that in its opinion, and based on extensive research, are likely to:

(i) each be independently profitable, and

(ii) show little correlation to other strategies in the portfolio.

The Investment Manager will also take into consideration the overall balance of the portfolio with particular attention being paid to the risk return pay-off, liquidity, asset security and special investment opportunities as they arise. The directors of TIS SPC (or the Investment Manager with the approval of the directors of TIS SPC) will appoint third party experts to sub-manage or advise on individual strategies where this is deemed appropriate.

The directors of the TIS Group believe that they have drawn up an extensive investment and risk management process to ensure that thorough research and due diligence is carried out at every point in the investment process. The on-going investment management process will be three-tiered, at the investment strategy level, the asset manager level and at the portfolio level. The directors of the TIS Group believe that the simplicity and durability of this process should enable TDAF to produce a persistent steady return stream, without the need to depend on identifying star investment managers and making big macro bets (with the associated risks).

Strategies that TDAF will consider for investment include hedge funds (e.g. macro funds), infrastructure, property (e.g. ground rent), trading strategies (e.g. commodity trading advisors) and insurance-linked securities (e.g. catastrophe bonds).

This portfolio exhibits a favourable pro-forma risk-return profile and pro-forma returns in-line with TDAF's investment objectives.

There are currently eight assets/strategies that will be considered for investment as described below:

TEPs

This is the strategy on which the TIS Group's business has been built, and where it remains one of the market leaders. From a portfolio perspective, TEPs add a high degree of security due to the capital guarantee element which increases during the life of the policy as attaching bonuses accumulate over time in addition to the initial sum assured; which in its totality is known as the guaranteed sum. Most importantly, once a bonus is declared by an issuing life office it cannot be removed with also the upside potential through the terminal bonus structure which is declared and paid at maturity.

Catastrophe Bonds (also known as cat bonds)

Catastrophe Bonds are issued by insurance companies and provide a steady income stream as long as a certain catastrophic event does not occur, such as a hurricane. A typical fund will be well diversified by both geography and catastrophe. One of the key advantages of a Catastrophe Bond allocation is that its performance should be totally independent of the wider market environment as any payouts by insurance companies to policy holders are triggered by a catastrophic event.

Infrastructure

Infrastructure involves an investment into infrastructure assets or an exposure to senior and subordinated debt instruments for long-term projects (+25 years) with stable and predictable cash flows. Typically, investments target social infrastructure projects with public sector-backed revenues in such sectors as housing, transportation, education, healthcare and renewable energy in stable and developed economies.

Commodity Trading Advisors (also known as CTAs)

CTAs typically invest in a basket of futures contracts across equity indices, bond indices, interest rates, foreign exchange futures and commodities. The advisor builds a systematic model that looks to detect when a certain instrument is displaying signs of "trending" and will then place a trade in the direction of that trend. This can be done over a variety of time frames, varying from days to months or even years. The attraction of this strategy is that when markets stress, the price movement very often displays a strong trend signal and so CTAs often experience their best performance in periods of market stress, 2008 being a classic example acting as a good counterbalance in the portfolio. A key differentiator between CTA managers is their risk control process adopted to minimise draw-downs.

Macro

Macro funds generally look to use either fundamental (or price) data to take arbitrage or directional positions in various markets to express their macro views. A strong view is usually expressed with a directional position, whereas less strong views may be hedged. Although by definition linked to the global macro environment, these funds should perform independently of the markets, as a skilled manager should be able to time the economic cycle well, making money in any environment. A key differentiator between funds is their risk allocation process such as the ability to recognise which trades are increasing the risk exposure attributable to a single event or a scenario.

Risk parity

Risk parity focuses on the allocation of risk, usually defined as volatility, rather than the allocation of capital by taking advantage of global economic growth by having exposure to equity, bond, interest rate and commodity futures. The theory behind the risk parity methodology is that a portfolio is less risky as a whole if the risk allocated to the underlying assets is more evenly distributed, which makes sense both intuitively and mathematically. This strategy generally performed well in 2008, as the relatively large weighting in bonds and interest rates more than offset losses in their smaller equity allocation.

Hedge fund replication

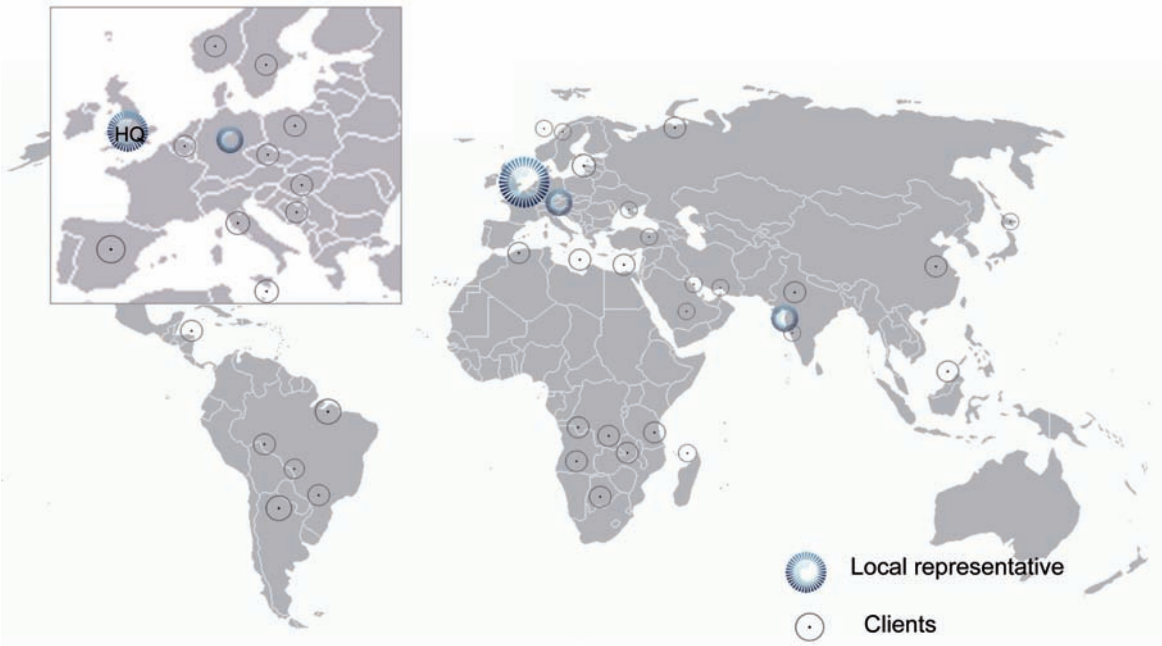
Shortly before the credit crisis, academics were hard at work trying to show that the average hedge fund return can be achieved using a systematic technique, investing in only futures instruments. There are three main methodologies for replicating hedge fund returns, trying to replicate the aggregate positions based on a factor analysis (usually achieved via a regression analysis), attempting to replicate the types of trades the average hedge fund would be invested in, and trying to replicate the risk profile of hedge funds.

Ground Rent

The freeholder of a property has the right to charge a ground rent to all leaseholders. This charge is a relatively small amount, but has to be paid annually and can usually be increased with inflation at fixed intervals. If it is not paid, the property can be repossessed, so often the mortgage company will pay, and then claim the money back. This is a very secure, conservative strategy, likely to have a yield comparable to gilts, but arguably safer in today's environment, and with the added bonus of inflation-proofing (but with a higher yield than index linked gilts).

9. Promotion and Distribution

PDLI is the global distribution and promotional arm of the TIS Group. The business was originally established in June 2003 as a BVI company to distribute exclusively for PATF and is now FCA regulated as part of AAP. PDLI is an international investment distribution business with clients spanning across five continents. In addition to the sales and business development team located in the UK, the business also retains relationships with consultants, distributors, financial intermediaries, platforms and bond wrappers. PDLI seeks to provide a local presence throughout its global reach in an effort to ensure the business is committed to each territory it chooses to operate in.



The TIS Group seeks to unlock untapped markets as appropriate. For example, the TIS Group recognises that India is a market that could provide distinctive opportunities given its rapidly growing and increasingly sophisticated population. PDLI has been building relationships in India, in particular in Mumbai and New Delhi, and the TIS Group believes that India could play a prominent role in the raising of assets for future TIS Group fund structures.

PDLI and its predecessor have established a database over the past 11 years containing client details from across the global investment market with a mixture of backgrounds and assets under management. Since 2010, PDLI has developed an internet based CRM (customer relationship management) system using Salesforce.com Inc. technology whereby extensive development and software changes have created a bespoke system to cater for the business' needs.

The TIS Group believes that PDLI's network contributed to the successful promotion of PATF. The assets under management of the combined PATF funds peaked at £764.4 million in August 2008 with levels of subscriptions peaking in any one year at £114 million for PATF Original and £110.6 million for PATF No.2 between August 2006 and July 2007. The TIS Group believes that PDLI's investor accessibility, relationships with providers of bonds (e.g. wrappers based in Ireland and the Isle of Man) and platforms will be important to the future promotion of and inflows into TDAF.

10. Long-term Strategy

In the future, TIS expects to structure products utilising the versatile TIS SPC structure creating a matrix combining different underlying strategies in a variety of formats. In addition, the Board of the Enlarged Group will create other fund structures in other jurisdictions in the future depending upon the requirements of and demand from potential investors. When appropriate the TIS Group anticipates being able to offer services relating to particular assets and strategies in a similar way to its servicing of TDAF, PATF and its other TEP clients. The fees and other revenue streams derived by the TIS Group from these activities are expected to provide diversification to the Enlarged Group above and beyond a pure cash investment into these assets and strategies.

It is envisaged that further new currency classes in TIS SPC as well as non-TDAF investment strategies will be launched and utilised to fulfil client needs as appropriate. The TIS Group has already received significant indications of interest from prospective investors for its multi-strategy investment thesis and for alternatives in other jurisdictions.

The TIS Directors believe the potential opportunities are extensive due to the wide scope of the alternative investment universe allowing the Enlarged Group either organically or via acquisition or merger to participate further down the supply chain with specific assets and strategies as deemed appropriate by the Board of the Enlarged Group. Furthermore, future opportunities may include the development of endowments in markets outside of the UK as well as further product development complimentary to the Enlarged Group's investment strategy.

The TIS Group continues to operate in the TEP market in the same manner as it has done in the last financial year and as such expects to earn revenue from both trading margin and fee income. Following the launch of TDAF the TIS Group expects to earn income from performance fees via TIS Group Management Limited, promoter fees via PDLI and trading margin from TEP market making via AAP.

Fee income is ultimately driven by the fund's NAV, being the combination of assets raised and performance as well as any commission and/or margin which could be realised through specific asset classes or strategies where the TIS Group is able to both add value and show competency in delivering. The TIS Group believes that it has a robust and self contained structure that enables it to provide what it believes to be a high level of control and influence in order to safeguard investor assets whilst harmonising the activities to the overall benefit of the Enlarged Group.

Should the Enlarged Group decide in the future to grow through acquisition or a joint venture there may be the opportunity of enhancing shareholder value through an equity stake or a suitable financial instrument.

PART IV

THE PROPOSED TRANSACTION AND OVERVIEW OF THE ENLARGED GROUP

1. Overview

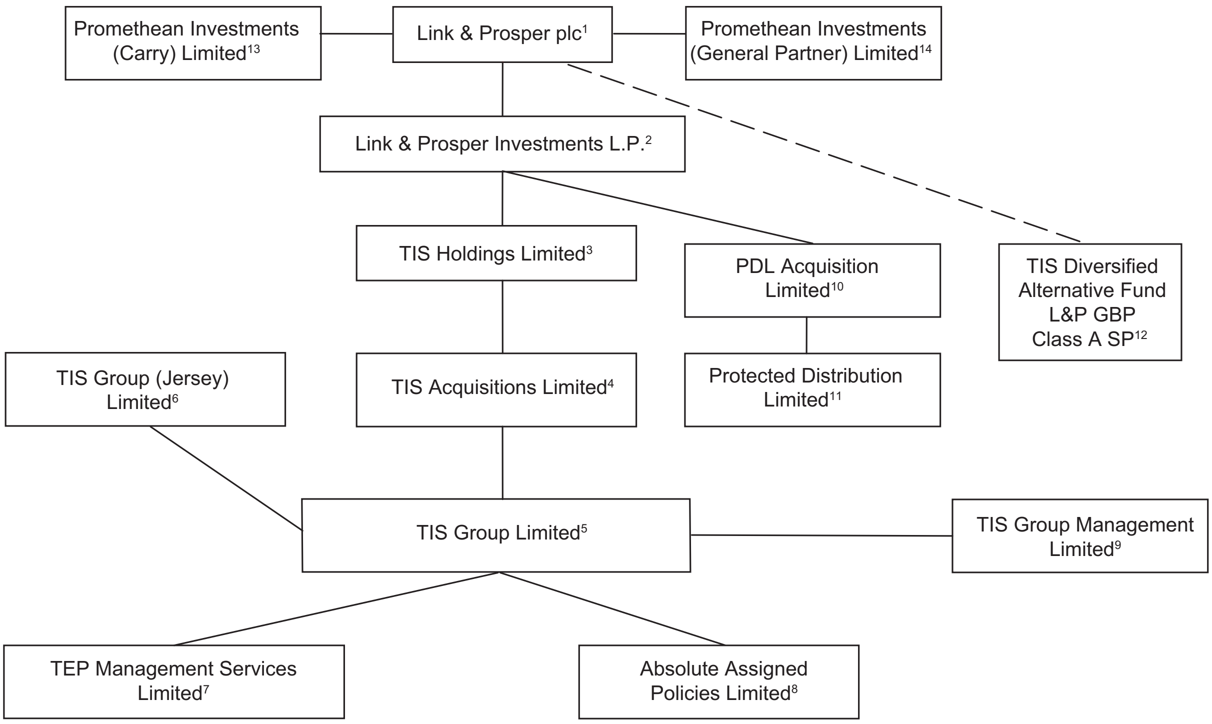
On Admission, the business of the Enlarged Group will be that of its wholly owned subsidiaries, the TIS Group of companies, an investment in TIS SPC and a group of non-trading companies in the British Virgin Islands (which will not be part of the on-going strategy). The Enlarged Group will generate revenue through fee income from the TIS Group and returns generated from its investment in TIS SPC. It is the intention of the Board of the Enlarged Group to develop this strategy to create additional complementary income streams in the future.

The Enlarged Group's principal business will be that of providing niche financial services. Following on from the launch of TIS SPC, the Company will seek to grow its assets under management, initially through its flagship TDAF strategy, and thus increase its fee income.

Following Admission, the Enlarged Group will also be the beneficial owner of a significant investment in TIS SPC, initially as a result of the TEPs transferring across from PATF. The Enlarged Group's proportional holding in TDAF will decrease as third party funds are invested in TDAF which will indirectly benefit the Enlarged Group through fee income and greater investment opportunities.

2. Enlarged Group structure

On Admission the Enlarged Group will be structured as follows:



Notes:

1 The current Promethean plc, to be renamed Link & Prosper plc upon readmission

2 The current Promethean Investments Fund L.P., to be renamed Link & Prosper Investments L.P. upon Admission. Promethean plc is the sole limited partner in Promethean Investments Fund L.P., which wholly owns 3 and holds 59 per cent. ownership of 9. A non-trading entity.

3 On Admission will be a wholly owned parent company for the TIS Group. A non-trading entity. Currently 59 per cent. owned by Promethean Investments Fund L.P.

4 An intermediate holding company in the TIS Group which contains part of the TIS Group indebtedness. A wholly owned subsidiary of 3. A non-trading entity.

5 Principal activity is the trading of endowment policies and it also incurs the majority of the operating costs and infrastructure for the TIS Group. A wholly owned subsidiary of 4. A trading entity.

6 A wholly owned subsidiary of 5. A non-trading entity.

7 Provides TEP valuation and administration services particularly to institutional TEP funds such as PATF. A wholly owned subsidiary of 5. A trading entity.

8 The main operating business of the TIS Group specialising in market making and brokering of TEPs. A wholly owned subsidiary of 5. A trading entity.

9 The investment manager to TIS SPC incorporating TDAF, an open-ended fund structured as a Cayman Islands Segregated Portfolio Company with a multi-strategy mandate investing in alternative investment assets and strategies. A wholly owned subsidiary of 5. A trading entity.

10 The parent company for the previous promoter company to the TIS Group based in the British Virgin Islands which also houses part of the TIS Group indebtedness. A 59 per cent. owned subsidiary of 2. A non-trading entity.

11 The promoter company in the British Virgin Islands whose trade and assets were acquired on 10 November 2010 by 8. A wholly owned subsidiary of 10. A non-trading entity.

12 A segregated portfolio of TIS SPC, which is a dedicated segregated portfolio to 1 and will receive 95 per cent. of the In Specie Assets.

13 A wholly owned subsidiary of 1. A non-trading entity. It is intended that this entity will be dissolved following Admission.

14 A wholly owned subsidiary of 1. A non-trading entity. It is intended that this entity will be dissolved following Admission.

Further details in relation to the operating subsidiaries of the Enlarged Group are included in paragraph 1 of Part XIII of this Document.

Save for PDL Acquisition Limited, all Subsidiaries will be 100 per cent. owned upon Admission.

3. The Transaction

Promethean announced on 2 May 2014 that it had conditionally agreed to acquire all of the issued and to be issued share capital of TIS that it does not already own together with the VLNs. It also announced the terms of an all share offer being made by the Company to acquire PATF Participating Shares from PATF Participating Shareholders on the following basis:

For every 1 PATF Participating Shares in PATF Original GBP, 12.00 New Ordinary Shares
For every 1 PATF Participating Shares in PATF Original EUR, 7.04 New Ordinary Shares
For every 1 PATF Participating Shares in PATF Original USD, 6.00 New Ordinary Shares
For every 1 PATF Participating Shares in PATF No.2 GBP, 7.33 New Ordinary Shares
For every 1 PATF Participating Shares in PATF No.2 EUR, 6.06 New Ordinary Shares
For every 1 PATF Participating Shares in PATF No.2 USD, 4.86 New Ordinary Shares

In view of the size of TIS in relation to Promethean, the size of the offer for the PATF Participating Shares and the fundamental change to the Company's business and board of directors, the Proposed Transaction constitutes a reverse takeover under the AIM Rules for Companies and as such requires the approval of Promethean Shareholders at the Extraordinary General Meeting.

As a consequence of the Proposed Transaction constituting a reverse takeover, the Company is required to apply for re-admission to AIM as the Enlarged Group. It is expected that Admission will take place as soon as is reasonably practicable within 7 days of the Offer becoming or being declared unconditional (save only for Admission) and concurrently the Company's current admission to AIM will be cancelled.

Accepting PATF Participating Shareholders will receive New Ordinary Shares in exchange for their PATF Participating Shares. The Exchange will be effected by the Accepting PATF Participating Shareholders executing and delivering the Form of Election for the relevant PATF Participating Shares to, or for the order of, the Company.

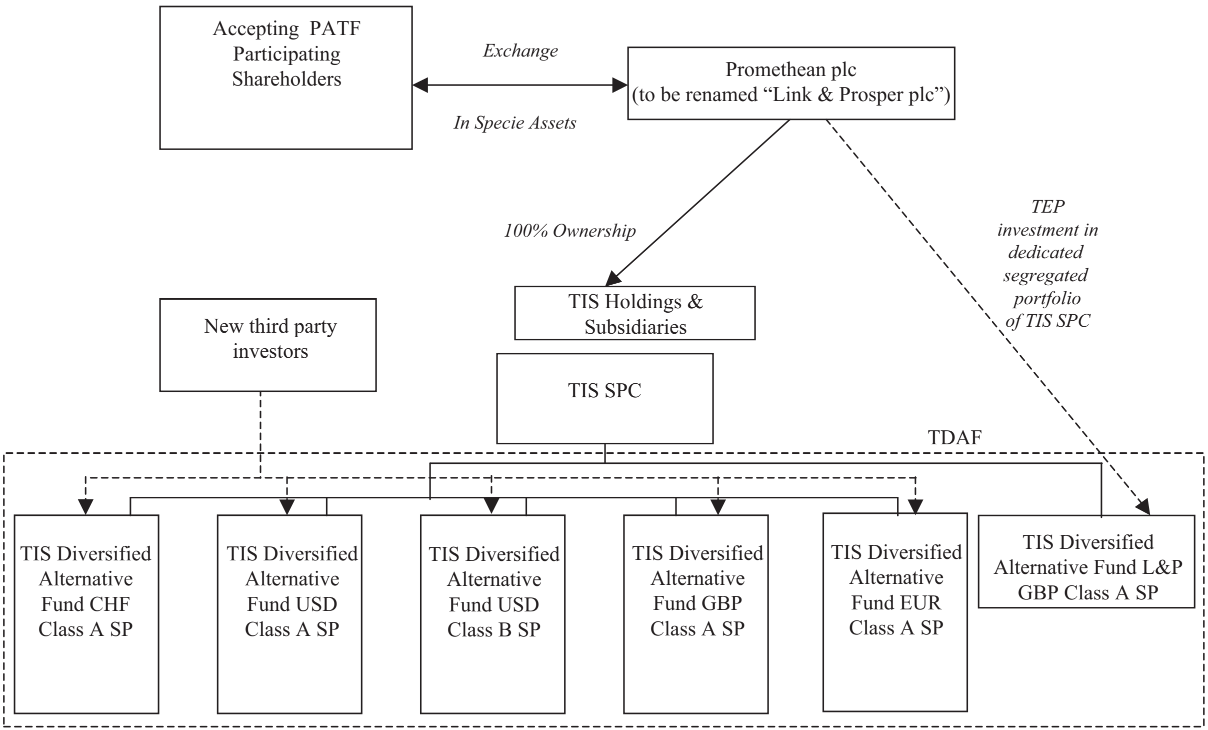
If the Proposed Transaction proceeds, PATF will be required to transfer the PATF Participating Shares of Accepting PATF Participating Shareholders to Promethean and in turn redeem these PATF Participating Shares on the following Dealing Day. To facilitate this, the board of PATF has passed a resolution such that the Valuation Day prior to the Dealing Day for the PATF Original Sub-Funds, at which the In Specie Redemption will take place, will be delayed from 30 May 2014 to 16 June 2014. Normal dealing procedures will be reverted to for subsequent months.

The Company will, on Admission, simultaneously issue New Ordinary Shares to the Accepting PATF Participating Shareholders and acquire the right, as a new shareholder in PATF, to request PATF to redeem the relevant PATF Participating Shares *in specie* and to receive the In Specie Assets as redemption proceeds. The Enlarged Group will then transfer substantially all of the In Specie Assets to the TIS Diversified Alternative Fund L&P GBP Class A SP. The relevant PATF Participating Shares will be cancelled following the In Specie Redemption.

The Company, to be renamed Link & Prosper plc, will invest in a dedicated segregated portfolio in TIS SPC, the TIS Diversified Alternative Fund L&P GBP Class A SP which will initially be populated with substantially all of the In Specie Assets received from the In Specie Redemption. As the TEPs mature, it is intended that this segregated portfolio will diversify its investments over time into other strategies.

On Admission, the business of the Enlarged Group will be that of its wholly owned subsidiaries, the TIS Group of companies, and it will also be the beneficial owner of a significant investment in TIS SPC. The Enlarged Group will generate revenue through fee income from the TIS Group and returns generated from its investment in TIS SPC. It is the intention of the Board of the Enlarged Group to develop this strategy to create additional complementary income streams in the future.

The following diagram illustrates the key elements of the Proposed Transaction:



The In Specie Assets will comprise a representative group of TEPs selected by reference to, in particular, life office and maturity year profile. The process will be overseen by independent advisers in order to avoid, as far as reasonably possible, disadvantaging PATF Participating Shareholders (whether they choose to remain in PATF or not) or the Enlarged Group.

Following the Transaction, it is intended that 95 per cent. of the total value of the In Specie Assets received from PATF by the Company will be invested by the Company into the TIS Diversified Alternative Fund L&P GBP Class A SP. TIS SPC will be managed by TIS Group Management Limited. The remaining 5 per cent. of the In Specie Assets received will be held until maturity, in the case of TEPs, or otherwise exchanged for cash. Such cash will be utilised to make certain payments in accordance with the Company's revised banking facilities (further details can be found in paragraph 6.3 of Part XIII of this Document) and to provide general working capital to the Enlarged Group as it seeks to implement its growth strategy.

PART V

OPERATING AND FINANCIAL REVIEW OF PROMETHEAN

1. Overview

Promethean plc was the sole limited partner in Promethean Investments Fund LP (the "Fund") which was managed by Promethean Investments LLP (the "Manager"). The Fund is a limited partnership that holds Promethean's investments. The Manager was a subsidiary of Promethean until May 2012 after which it became a fully independent entity.

Following the shareholder resolutions passed in 2009, the Company's investment policy was changed to one of realising the Company's investment portfolio and returning all proceeds to shareholders by way of a return of capital, dividend or share buyback. This was a change to the original evergreen basis on which the Company and the Fund were established.

In the majority of cases, the nature and constraints of the realisation schedule has impacted the Manager's ability to develop the businesses in the manner that they originally envisaged at the point the Company was admitted to trading on AIM. Despite that limitation and the headwinds facing the UK economy, the Manager has been able to realise Promethean's investments over the period in a way that has aimed to maximise returns for the Company's shareholders.

Following approval at the extraordinary general meeting in April 2009, an initial £25,000,000 was returned to shareholders and at the annual general meeting in September 2009, shareholders approved the resolutions sanctioning the Company to realise its remaining investment portfolio over an appropriate timescale with a long-stop date of December 2013. Since September 2009, the progress of the various realisations have been fully reported in the Company's Annual Reports and Accounts for the year to 30 June 2010, 2011, 2012 and 2013.

2. Current Trading and Prospects

Whether or not the transaction outlined in this Document is completed and the Enlarged Group is created and recognising that TIS is Promethean's only significant investment, the trading prospects for Promethean are similar to those of the TIS Group. Consequently the information contained in paragraph 2 of Part VII of this Document provides the update of the current trading of Promethean.

3. Significant Factors Impacting Results of Operations

As discussed above, since September 2009 the Company has implemented a policy of realising its investment portfolio. Consequently the timing of various disposals coupled with the terms achieved, has had a significant impact on the Company's results of operations during the period under review.

Alongside the Company's disposal program, changes in the values of unrealised investments held, be that as a result of changes in the underlying businesses or other factors (please see details of key income statement items below), has also had a significant impact on the Company's results.

4. Key Income Statement Items

Investment and other income

Investment income comprises management fees receivable and interest income from treasury deposits and from loans advanced.

Investment management fees are recognised under the accrual basis, other fees are recognised in full once a contractual obligation is created for the third party.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

Realised and unrealised profit or loss on financial investments

Gains and losses on the realisation of financial investments are dealt with through the statement of comprehensive income. The difference between the market value of financial investments and cost to the Group is shown as an unrealised gain or loss in the statement of comprehensive income, and taken to the unrealised capital reserve.

Investments are monitored at fair value and designated at fair value through profit or loss in accordance with the Group's documented investment strategy. The Company has recognised its investments in subsidiaries at fair value through profit or loss.

Interest accruing on secured and unsecured loan notes is disclosed within trade and other receivables. When an investee company repays interest by issuing a payment-in-kind ("PIK") note as opposed to a cash payment, the amount of that PIK note issued is subsequently disclosed within Investments held at fair value through profit or loss.

Principles of valuation of unlisted investments

Investments are stated at amounts considered by the directors to be a reasonable assessment of their fair value, where fair value is the amount at which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction. In the case of TIS in light of the Proposed Transaction, the Existing Directors have valued the TIS holding on the assumption that the transaction is completed.

Investments are valued according to British Venture Capital Association guidelines on one or more of the following bases:

- Cost (less any provision required);
- Earnings multiple;
- Sale price;
- Price of recent transaction; or
- Net assets.

Investments are only valued at cost for a limited period after the date of acquisition, after this period investments are valued on one of the other bases described above, and generally the earnings' multiple basis of valuation will be used unless this is inappropriate, as in the case of certain asset-based businesses.

When valuing on an earnings' multiple basis, profits before interest and tax of the current year will normally be used, depending on whether or not more than six months of the accounting period remain and the predictability of future profits. Such profits will be adjusted to a maintainable basis, taxed at the full corporation tax rate and multiplied by an appropriate and reasonable price/earnings multiple. This is normally related to comparable quoted companies, with adjustments made for points of difference between the comparator and the company being valued, in particular for risks, earnings' growth prospects and surplus assets or excess liabilities.

Where a company has incurred losses, or if comparable quoted companies are not primarily valued on an earnings' basis, then the valuation may be calculated with regard to the underlying net assets and any other relevant information, such as the pricing for subsequent recent investments by a third party in a new financing round that is actively being sought, then any offers from potential purchasers would be relevant in assessing the valuation of an investment and are taken into account in arriving at the valuation.

Where appropriate, a marketability discount may be applied to the investment valuation, based on the likely timing of an exit, the influence over that exit, the risk of achieving conditions precedent to that exit and general market conditions.

When investments have obtained an exit (either by listing or trade sale) after the valuation date but before finalisation of Promethean's relevant accounts, (interim or final), the valuation is based on the exit valuation subject to an appropriate discount to take account of the time period between valuation and exit dates.

In arriving at the value of an investment, the percentage ownership is calculated after taking into account any dilution through outstanding warrants, options held by third parties or other investors and performance related mechanisms.

Principles of valuation of listed investments

Investments are valued at bid-market price or the conventions of the market on which they are quoted, subject if appropriate, to marketability discounts where formal restrictions on trading exist.

Management and other expenses

The Group's operating costs comprise:

- Management fees in accordance with the Company's Management Agreement with the Manager. The Management Agreement expired on 30 June 2013, and the Manager ceased to assist the Group on 19 September 2013. No management fee was charged by the Manager to the Company for the period after 1 January 2013.
- Professional and administrative fees, these include fees payable to the London Stock Exchange for admission to trading on AIM, the Company's administrator, auditor and Nominated Adviser along with legal, transaction related and other fees.
- Directors' remuneration.

Income tax expense

Tax represents the taxes currently payable by the Group during the period and the current portion of deferred tax expense. UK corporation tax is calculated for FY13 at 23.75 per cent., FY12 at 25.5 per cent. and FY11 at 27.5 per cent. Tax for other jurisdictions outside of the UK does not apply.

5. Results of Operations

	Six months ended 31 Dec 2013 £'000 (unaudited)	*Six months ended 31 Dec 2012 £'000 (unaudited)*	*Year Ended 30 June 2013 £'000*	*Year Ended 30 June 2012 £'000*	*Year Ended 30 June 2011 £'000*
Investing Operations					
Investment and other income	–	1,729	3,516	3,683	3,223
Realised and unrealised loss on financial Investments	–	(6,183)	(4,337)	(12,279)	(2,768)
	–	(4,454)	(821)	(8,596)	455
Management and other expenses	(767)	(500)	(1,003)	(1,778)	(1,326)
Loss from other investing activities	(767)	(4,954)	(1,824)	(10,374)	(871)
Loss before finance costs and taxation	(767)	(4,954)	(1,824)	(10,374)	(871)
Finance income	–	–	5	1	3
Finance costs	(3)	(1)	(38)	(6)	(5)
Loss before tax	(770)	(4,955)	(1,857)	(10,379)	(873)
Income tax expense	(55)	–	–	(118)	(34)
Group Loss and Total comprehensive income	(824)	(4,955)	(1,857)	(10,479)	(907)
Loss per share – (basic and diluted)	(1.83p)	(10.97p)	(4.11p)	(23.23p)	(2.01p)

HY14 vs HY13 including segmental results

Investment and other income in HY14 was Nil versus £1,729 in HY13 reflecting the lack of disposal activity during HY14.

Similarly the realised and unrealised loss was also Nil in HY14 (£6,183,000 HY13). The loss in HY13 principally relating to the unrealised loss on the TIS Group investment.

Included within management & other expenses for HY14 are amounts totalling £278,000 in respect of the Proposed Transaction. Of these expenses, £204,000 has been settled by the TIS Group in accordance with the terms of the Proposed Transaction. Also included within the HY14 management and other expenses was £300,000 being the appropriate comprehensive income recognition of the payment made to Promethean Investments LLP in January 2013 (see further details below).

No dividends were declared in HY14 or HY13.

FY13 vs FY12 including segmental results

Investment and other income in FY13 was £3,516,000 versus £3,683,000 in FY12. Interest income increased by £359,000 versus FY12 as a result of increased interest income on the Company's investment in the TIS Group reflecting the additional PIK notes issued during FY13. The Company received no management fees or dividends from equity shares in FY13. This reflects the fact that the TIS Group is the sole remaining investment held by the Company.

Realised and unrealised losses on financial investments were significantly lower in FY13 as compared to FY12 (£4,337,000 FY13; £12,279,000 FY12). The majority of the FY13 figure reflects the unrealised loss on the TIS Group investment (£3,097,000). The main constituent of the realised loss of £1,240,000 was the fall in value of the Company's stake in Cambria Automobiles plc.

During FY13 the Company made payments of £990,000 to the Manager (Promethean Investments LLP) in respect of management services provided relating to the investments (£387,000). In addition, the Company remained liable for certain liabilities of Promethean Investments LLP and a payment of £603,000 was made by the Company to Promethean Investments LLP in January 2013 in respect of these liabilities. Promethean Investments LLP has confirmed that no further payments are due from the Company, the Company having been released from all future liability in respect of Promethean Investments LLP. The Company has likewise released Promethean Investments LLP from all future liabilities to the Company.

No dividends were declared in 2013.

FY12 vs FY11 including segmental results

Investment and other income increased in FY12 as compared to FY11, predominantly as a result of increased interest income on the Company's investment in the TIS Group reflecting the additional PIK notes issued during FY12. Management fees receivable by the Company were higher during 2012 (£428,000 FY12; £279,000 FY11) principally as a result of a one off arrangement fee of £97,000 while dividend payments received reduced (£98,000 FY12; £230,000 FY11) as a result of disposals during FY12 and FY11. The £98,000 received during FY12 was from the Company's investment in Cambria Automobiles plc.

Realised and unrealised losses on financial investments were higher in FY12 as compared to FY11 (£12,279,000 FY12; £2,768,000 FY11).

There were realised losses of £3,239,000 in FY12 principally resulting from the disposal of the Company's holding in IFG Group plc in November 2011. The shareholding in IFG Group plc was sold for £3,800,000, resulting in a realised loss on the cost of the investment of £2,500,000. Gross dividends received over the period of investment amounted to £500,000.

Unrealised losses during FY12 amounted to £8,718,000 (£2,768,000 FY11). The main constituent of the unrealised loss in FY12 was the loss of £5,800,000 from the fall in the market value of the Company's stake in Cambria Automobiles, which was distributed as a return of capital *in specie* to Promethean shareholders in September 2012. The remainder of the unrealised loss in FY12 was attributable to valuation write downs in both the TIS Group (FY12: £2.434,000 loss) and PDL (FY12: £504,000 loss).The unrealised loss in FY11 principally resulted from write downs of the Company's investments in each of the TIS Group (FY11: £2.168,000 loss), PDL (FY11: £372,000 loss) and Cambria Automobiles (FY11: £2,999,000 loss) which were offset to some extent principally by the uplift in value of IFG Group (FY11: £2,765,000).

Management and other expenses in FY12 increased from the previous year (£1,778,000 FY12; £1,326,000 FY11) largely reflecting higher legal costs borne by the Company during FY12.

The Company incurred a loss of £322,000 in FY12 following its retirement from Promethean Investments LLP in May 2012.

No dividends were declared in 2012.

The following key disposals of the Company's investment assets were made during the period.

Cambria Automobiles plc

On 7 September 2012, Promethean distributed *in specie* its holding in Cambria Automobiles plc ("Cambria") to shareholders on the register as at 12 July 2012. For each share held in Promethean, shareholders received 0.73742 shares in Cambria.

IFG Group plc

Promethean realised its stake in IFG Group plc ("IFG") in November 2011 for £3,800,000. This resulted in a realised loss on the cost of the investment of £2,500,000. Gross dividends received over the period of investment amounted to £500,000.

InterMediactive Group

Promethean (via Promethean Investments Fund LP) held loan notes in InterMediactive Group ("IMA") which formed part of the deferred consideration of its sale on 1 April 2010. In October 2012, £3,300,000 was received from IMA, representing full payment of the outstanding loan notes and interest as at 30 September 2012. The investment generated total gross proceeds of £21,400,000, representing a return of 2.5 times.

January Loan Services Limited

In May 2013 the management of January Loan Services Limited ("JLSL") exercised their option to acquire Promethean's stake for £625,000. In July 2013 Promethean entered into an agreement with JLSL and its management by which Promethean exercised in full its option to acquire shares in JLSL for £125,000 and sold such shares to JLSL for £375,000 (before professional fees).

As has been reported in the Annual Reports and Accounts or by RNS announcements, all the investments now have been realised with the exception of TIS.

Consequently the Company's sole remaining assets are the investment in TIS and a net cash balance of £2,097,000 as at 31 December 2013 following the £3,300,000 of gross proceeds received in October 2012 after the repayment of the InterMediactive Group loan notes and the £875,000 of gross proceeds received in May and July 2013 after the realisation of the investment and option arrangements in January Loan Services Limited.

Should the Proposed Transaction not proceed the Board intends in due course to put the option to Promethean Shareholders of delisting the Company and will consult with Promethean Shareholders in relation to alternative courses of action.

6. Liquidity and Capital Resources

Overview

At the time of the Company's listing on AIM on 30 June 2005, the business raised equity (before issue costs) of £50,000,000. This equity has been used to fund the Company's investing activities since this time. The Company has no outstanding debt facilities in place.

TIS Acquisitions does have debt facilities in place but these are non-recourse to the Company. Further details on TIS Acquisitions' banking facilities can be found in paragraph 6.3 of Part XIII of this Document.

Cashflow

	Six months ended 31 December 2013 £'000 (unaudited)	*Six months ended 31 December 2012 £'000 (unaudited)*	*Group 2013 £'000*	*Group 2012 £'000*	*Group 2011 £'000*
Loss before tax for the year	(700)	(4,955)	(1,857)	(10,379)	(873)
Net cash outflow in operating activities	(964)	(152)	(1,871)	(1,632)	(1,162)
Net cash inflow in investing activities	–	3,077	4,256	3,822	(125)
Net cash outflow in financing activities	(3)	(1)	(38)	(2,722)	(5)
Net increase/(decrease) in cash and cash equivalents	(967)	(2,924)	2,347	(532)	(1,032)
Cash and cash equivalents at end of year	2,097	3,641	3,064	717	1,249

HY14 vs HY13

Group cash outflow from operating activities in HY14 was £964,000 versus £152,000 in HY13. The majority of this difference reflecting the net loss (HY14: £770,000; HY13: £4,955,000), investment impairments (HY14: £Nil, HY13: £4,491,000) and change in other receivables (HY14: (£309,000); HY13 £587,000). The change in net loss and investment impairments reflecting impairments made in HY13 and the difference in the change in trade and other receivables reflecting the removal of Promethean Investments LLP and associated receivables from the group towards the end of HY13. In HY14 funds were deposited totalling £625,000 relating to group restructuring. This, together with the release of the remainder of the termination fees of £300,000 (as above) into the income statement and sundry other movements, resulted in the adverse cash movement of £309,000 in HY14.

The Group did not makes any disposals during HY14 having made cash proceeds of £3,077,000 during HY13.

Group cash balances as at the end of HY14 (31 December 2013) were £2,097,000 versus £3,641,000 at the end of HY13 (31 December 2012).

No form of capital return or dividend was declared during HY14.

FY13 vs FY12

Group cash outflow from operating activities in FY13 was £1,871,000 versus £1,632,000 in FY12. The Group generated £4,376,000 of cash from the disposal of its remaining investments in January Loan Services Limited and Intermediactive Group during the period.

As described above, a payment of £603,000 was made by the Company to Promethean Investments LLP in January 2013.

Group cash balances as at the end of FY13 (30 June 2013) were £3,064,000 versus £717,000 at the end of FY12 (30 June 2012).

No form of capital return or dividend was declared during FY13.

FY12 vs FY11

Group cash outflow from operating activities increased in FY12 principally as a result of an increase in other expenses during FY12.

Net cash inflow from investing activities in FY12 resulted from the realisation of the Company's stake in IFG Group plc.

Net cash outflow from financing activities in FY12 was as a result of capital returned to the Company's shareholders during the period.

Capitalisation and indebtedness

The table below sets out Promethean plc's capitalisation and indebtedness. The indebtedness information set out below has been extracted without material adjustment from Promethean's unaudited management accounts as at 31 March 2014. The capitalisation figures have been extracted without material adjustment from the Promethean plc unaudited financial statements for the six months ended 31 December 2013 as included in Part VI.

As at the date of this Document there has been no material change in the capitalisation of Promethean plc since 31 December 2013.

Indebtedness	*As at 31 March 2014 £'000 (unaudited)*
Total current debt	
Guaranteed	–
Secured	–
Unguaranteed/unsecured	131
Total current debt	131
Non-current debt (excluding current portion of long-term debt)	
Guaranteed	–
Secured	–
Unguaranteed/unsecured	–
Non-current debt (excluding current portion of long-term debt)	–

Capitalisation	*As at 31 December 2013 £'000 (unaudited)*
Share capital	452
Legal reserves	4,723
Other reserves	–
Total Capitalisation and Indebtedness	5,175

The following table sets out the Company's net indebtedness at 31 March 2014.

	As at 31 March 2014 £'000 (unaudited)
Cash	1,993
Liquidity	1,993
Current bank debt	–
Current Financial Debt	–
Net current Financial Indebtedness	(1,993)
Other non current loans	–
Non current Financial Indebtedness	–
Net Financial Indebtedness	(1,993)

7. Property, Plant and Equipment

The Company did not have any material assets that comprise property, plant and equipment as at 31 December 2013 and this position has not changed materially since that date.

8. Post-Balance Sheet Events

On 19 September 2013 Promethean shares trading on AIM were temporarily suspended due to the Company being in discussions relating to the potential reverse acquisition being the subject of this Document. Details of the suspension were disclosed in a regulatory announcement detailing discussions held between the Company, the TIS Group and The Protected Asset TEP Fund plc relating to the establishment of an AIM traded multi-strategy investment company utilising the existing Promethean business.

PART VI

HISTORICAL FINANCIAL INFORMATION RELATING TO PROMETHEAN PLC

SECTION 1

Set out below is financial information and auditor's report for Promethean plc for the year to 30 June 2011 extracted from the published audited accounts of Promethean plc without material adjustment. Both the financial information and the independent auditor's report have been reproduced verbatim and, as such, page numbers and other references may no longer be valid.

A. Audited financial information for the year ended 30 June 2011

Group Statement of Comprehensive Income for the year to 30 June 2011

	Notes	*Year ended 30 June 2011 £'000*	*Year ended 30 June 2010 £'000*
Investing Operations			
Investment and other income	2	3,223	3,070
Realised and unrealised (loss)/gain on financial investments	2	(2,768)	9,806
		455	12,876
Management and other expenses		(1,326)	(2,550)
(Loss)/Profit from investing activities		(871)	10,326
(Loss)/Profit before finance costs and taxation		(871)	10,326
Finance income	6	3	8
Finance costs	5	(5)	(9)
(Loss)/Profit before tax		(873)	10,325
Income tax expense	8	(34)	(57)
Group (Loss)/Profit		(907)	10,268
Discontinued operations			
Profit for the year from discontinued operations	3	–	3,056
(Loss)/Profit for the year		(907)	13,324
Other comprehensive income, net of tax		–	–
Total comprehensive income for the year		(907)	13,324
Attributable to:			
Equity holders of the parent		(907)	5,965
Minority interest		–	7,359
		(907)	13,324
(Loss)/Earnings per share – (basic and diluted)			
– Continuing		(2.01p)	8.13p
– Discontinued		nil	5.07p
– Total	9	(2.01p)	13.20p

Group Statement of Financial Position as at 30 June 2011

	Notes	*June 2011 £'000*	*June 2010 £'000*
Non-current assets			
Property, plant and equipment	10	12	28
Investments held at fair value through profit or loss	12	29,524	29,691
		29,536	29,719
Current assets			
Trade and other receivables	13	665	278
Cash and cash equivalents	14	1,249	2,281
		1,914	2,559
Total assets		31,450	32,278
Current liabilities			
Trade and other payables	15	1,099	1,026
Taxation liabilities		35	29
Total liabilities		1,134	1,055
Net assets		30,316	31,223
Equity			
Share capital	17	452	452
Share premium		13,103	13,103
Unrealised investment revaluation reserve		(20,096)	(17,374)
Retained earnings		36,857	35,042
Equity attributable to equity holders of the parent		30,316	31,223
Minority interest		–	–
Total equity		30,316	31,223
Net asset per share	9	£0.67	£0.69

Company Statement of Financial Position as at 30 June 2011

	Notes	*2011* *£'000*	*2010* *£'000*
Non-current assets			
Investments held at fair value through profit or loss	11	30,206	30,786
Current assets			
Trade and other receivables	13	28	28
Cash and cash equivalents	14	189	540
		217	568
Total assets		30,423	31,354
Current liabilities			
Trade and other payables	15	72	102
Taxation liabilities		35	29
Total liabilities		107	131
Net assets		30,316	31,223
Equity			
Share capital	17	452	452
Share premium		13,103	13,103
Unrealised investment revaluation reserve		(997)	(3,396)
Retained earnings		17,758	21,064
Equity attributable to equity holders of the parent		30,316	31,223

Statement of changes in equity for the year ended 30 June 2011

Group

	Share capital £'000	*Share premium £'000*	*Unrealised investment revaluation reserve £'000*	*Retained earnings distributable £'000*	*Minority interest £'000*	*Total £'000*
Balance as at 30 June 2010	452	13,103	(17,374)	35,042	–	31,223
Loss for the year	–	–	–	(907)	–	(907)
Unrealised gains reserve transfer	–	–	(2,722)	2,722	–	–
Loss for the year	–	–	(2,722)	1,815	–	(907)
Other comprehensive income	–	–	–	–	–	–
Total comprehensive income for the year	–	–	(2,722)	1,815	–	(907)
Balance as at 30 June 2011	452	13,103	(20,096)	36,857	–	30,316

Company

	Share capital £'000	*Share premium £'000*	*Unrealised investment revaluation reserve £'000*	*Retained earnings distributable £'000*	*Minority interest £'000*	*Total £'000*
Balance as at 30 June 2010	452	13,103	(3,396)	21,064	–	31,223
Loss for the year	–	–	–	(907)	–	(907)
Unrealised gains reserve transfer	–	–	2,399	(2,399)	–	–
Loss for the year	–	–	2,399	(3,306)	–	(907)
Other comprehensive income	–	–	–	–	–	–
Total comprehensive income for the year	–	–	2,399	(3,306)	–	(907)
Balance as at 30 June 2011	452	13,103	(997)	17,758	–	30,316

Statement of changes in equity for the year ended 30 June 2011 (continued)

Group

	Share capital £'000	*Share premium £'000*	*Unrealised investment revaluation reserve £'000*	*Retained earnings distributable £'000*	*Minority interest £'000*	*Total £'000*
Balance as at 30 June 2009	452	26,017	(19,111)	30,814	1,650	39,822
Capital return	–	(12,899)	–	–	–	(12,899)
Distribution to equity holders	–	–	–	–	(6,647)	(6,647)
Minority interest	–	–	–	–	(2,362)	(2,362)
Expenses relating to the return of capital to the shareholders	–	(15)	–	–	–	(15)
Transactions with owners	–	(12,914)	–	–	(9,009)	(21,923)
Profit for the year	–	–	–	5,965	7,359	13,324
Unrealised gains reserve transfer	–	–	1,737	(1,737)	–	–
Profit for the year	–	–	1,737	4,228	7,359	13,324
Other comprehensive income	–	–	–	–	–	–
Total comprehensive income for the year	–	–	1,737	4,228	7,359	13,324
Balance as at 30 June 2010	452	13,103	(17,374)	35,042	–	31,223

Company

	Share capital £'000	*Share premium £'000*	*Unrealised investment revaluation reserve £'000*	*Retained earnings distributable £'000*	*Minority interest £'000*	*Total £'000*
Balance as at 30 June 2009	452	26,017	(6,460)	22,104	–	42,113
Capital return	–	(12,899)	–	–	–	(12,899)
Expenses relating to the return of capital to the shareholders	–	(15)	–	–	–	(15)
Transactions with owners	–	(12,914)	–	–	–	(12,914)
Profit for the year	–	–	–	2,024	–	2,024
Unrealised gains reserve transfer	–	–	3,064	(3,064)	–	–
Profit for the year	–	–	3,064	(1,040)	–	2,024
Other comprehensive income	–	–	–	–	–	–
Total comprehensive income for the year	–	–	3,064	(1,040)	–	2,024
Balance as at 30 June 2010	452	13,103	(3,396)	21,064	–	31,223

Statement of Cash Flows for the year ended 30 June 2011

	Group 2011 £'000	*Company 2011 £'000*	*Group 2010 £'000*	*Company 2010 £'000*
Cash (outflow)/inflow from operating activities				
Net (loss)/profit for the year	(873)	(907)	10,325	(1,041)
Adjustments for:				
Depreciation	16	–	44	–
Profit on disposal of subsidiaries	–	–	(4,618)	–
Distribution paid to minority interests	–	–	(3,049)	–
Finance income	3	–	8	–
Finance cost	(5)	–	(9)	–
Unrealised investment losses/(gains)	2,722	580	(1,737)	8,958
(Increase)/decrease in trade and other receivables	(3,070)	–	(3,496)	(1)
Increase/(decrease) in payables	73	(30)	461	(39)
Tax (paid)/received	(28)	6	(28)	(29)
Cash flows from operating activities (discontinued operations)	–	–	(52)	–
Net cash (outflow)/inflow in operating activities	(1,162)	(351)	(2,151)	7,848
Cash inflow from investing activities				
Disposal of subsidiaries	–	–	8,602	–
Proceeds from sale of investments	–	–	2	–
Proceeds from returns on investments	128	–	–	–
Purchase of property, plant & equipment	–	–	(13)	–
Finance income	(3)	–	(8)	–
Cash flows from investment activities (discontinued operations)	–	–	(72)	–
Net cash inflow in investing activities	125	–	8,511	–
Cash inflow/(outflow) from financing activities				
Capital return	–	–	(7,484)	(7,484)
Finance cost	5	–	9	–
Cash flows from investment activities (discontinued operations)	–	–	(2,029)	–
Net cash inflow/(outflow) in financing activities	5	–	(9,504)	(7,484)
Net (decrease)/increase in cash and cash equivalents	(1,032)	(351)	(3,144)	364
Cash and cash equivalents at beginning of year	2,281	540	5,425	176
Cash and cash equivalents at end of year	1,249	189	2,281	540

Notes to the consolidated financial statements for the year ended 30 June 2011

1. Accounting policies

Basis of accounting

The financial statements have been prepared in accordance with applicable International Financial Reporting Standards as adopted by the European Union.

The Company was incorporated in the Isle of Man and as such is regulated by Isle of Man company law. The ordinary shares of the company are listed on AIM. The principal accounting policies adopted are set out below.

Although not referred to in the Isle of Man Companies Act 2006, in accordance with usual practice for companies incorporated under the Isle of Man companies legislation, the Company has not presented its own statement of comprehensive income in these consolidated financial statements. The loss on ordinary activities after taxation of the Company is £0.9 million (2010: profit £2.0 million).

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (and its subsidiaries) made up to 30 June each year. Control is achieved where the Company has the power to govern the financial and operating policies of an investee enterprise so as to obtain benefits from its activities. On acquisition, the identifiable assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition.

The interest of minority shareholders is stated at the minority's proportion of the fair values of the identifiable assets, liabilities and contingent liabilities recognised.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the Group. All significant intercompany transactions and balances between group enterprises are eliminated on consolidation.

Standards and Interpretations in issue but not effective

At the time these financial statements were authorised for issue by the directors the following Standards and Interpretations, which are relevant to the group, were in issue but not yet effective:

- IFRS 9 Financial Instruments (effective 1 January 2013)
- IFRS 10 Consolidated Financial Statements (effective 1 January 2013)
- IFRS 11 Joint Arrangements (effective 1 January 2013)
- IFRS 12 Disclosure of Interest in Other Entities (effective 1 January 2013)
- IFRS 13 Fair Value Measurement (effective 1 January 2013)
- IAS 24 (Revised 2009) Related Party Disclosures (effective 1 January 2011)
- IAS 19 Employee Benefits (Revised June 2011) (effective 1 January 2013)
- IAS 27 (Revised), Separate Financial Statements (effective 1 January 2013)
- IAS 28 (Revised), Investments in Associates and Joint Ventures (effective 1 January 2013)

- Prepayments of a Minimum Funding Requirement – Amendments to IFRIC 14 (effective 1 January 2011)
- Improvements to IFRS issued May 2010 (Note: some changes are effective 1 July 2010, though not yet EU-adopted; others effective 1 January 2011)
- Disclosures – Transfers of Financial Assets – Amendments to IFRS 7 (effective 1 July 2011)
- Deferred Tax: Recovery of Underlying Assets – Amendments to IAS 12 Income Taxes (effective 1 January 2012)
- Presentation of Items of Other Comprehensive Income – Amendments to IAS 1 (effective 1 July 2012)

The application of the above Standards and Interpretations is not expected to have a material impact to the Group's results.

Critical accounting estimates and judgements

The preparation of financial statements requires the use of estimates and judgements that affect the reported amount of assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reported period. Although these estimates are based on management's best knowledge of the amount, events or actions, actual results ultimately may differ from those estimates. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities relate to the valuation of unlisted financial investments held at fair value through the profit and loss, which are valued on the basis noted below and the recognition or otherwise of accrued income on loan notes and similar instruments granted to investee companies.

Despite the Group holding a 55 per cent. interest in T.I.S Holdings ("TIS"), the results are not included in the Group results due to a lack of control to govern the financial and operating policies of TIS. It has been determined that control does not exist due to:

- Board voting powers are deadlocked
- No legal or implied powers have resulted from the increase in ownership

The investment is designated as a fair value through profit or loss financial asset. The Group has applied the exemption from equity accounting under IAS 28 'Investment in Associates' (paragraph 1).

Where a carried interest arrangement amounts to an obligation to make interest payments which is considered to be equity under IAS 32, such payments are treated as distributions to minority interest equity holders, subject to the satisfaction of certain qualifying criteria.

Investments are valued at bid-market price or the conventions of the market on which they are quoted, subject if appropriate, to marketability discounts where formal restrictions on trading exist.

The Group has recorded the contingent deferred consideration element of the InterMediactive Group disposal at a fair value of nil. The deferred consideration element could potentially result in a further gain of up to £2.0 million to the Group.

Revenue recognition

Investment income comprises management fees receivable and interest income from treasury deposits and from loans advanced. Investment management fees are recognised under the accrual basis, other fees are recognised in full once a contractual obligation is created for the third party.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

Discontinued operations

A discontinued operation is a cash-generating unit, or a group of cash-generating units, that either has been disposed of, or is classified as held for sale, and:

- represents a separate major line of business or geographical area of operations
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations or
- is a subsidiary acquired exclusively with a view to resale

The disclosures for discontinued operations in the prior year relate to all operations that have been discontinued by the statement of financial position date for the latest period presented.

Revenue represents amounts receivable net of VAT and trade discounts. It is derived from:

- Sale of lifestyle data, and is recognised at the point when data is output
- Revenue from telecommunication services is recognised at the point the service is delivered

Expenses

All expenses are accounted for on an accrual basis.

Leasing

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease.

Taxation

The charge for current tax is based on the results for the period as adjusted for items which are non-assessable or disallowed. It is calculated using rates that have been enacted or substantively enacted by the statement of financial position date.

Deferred tax is accounted for using the statement of financial position liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction which affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is calculated at the rates that are expected to apply when the asset or liability is settled.

Deferred tax is charged or credited in the statement of comprehensive income, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt within equity.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Property, plant and equipment

Property, plant and equipment are stated at cost less depreciation. Depreciation is provided to write off the cost, less estimated residual values of all fixed assets, over their expected useful lives.

It is calculated at the following rates:

Leasehold improvements	Over the period of the lease
Fixtures and equipment	20% to 50% straight line

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income.

Impairment

At each statement of financial position date, the Group reviews the carrying amounts of its tangible and intangible assets with finite lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount.

Impairment losses are recognised as an expense immediately, unless the relevant asset is land or buildings at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase. However, impairment losses relating to goodwill may not be reversed.

Financial investments

Where a financial investment is not required to be consolidated the equity, loan and similar instruments, are designated at fair value through profit and loss, and are valued in compliance with the International Private Equity and Venture Capital Association guidelines, principles of which are set out in the Investment Manager's Review on page 6. Gains and losses on the realisation of financial investments are dealt with through the statement of comprehensive income. The difference between the market value of financial investments and cost to the Group is shown as an unrealised gain or loss in the statement of comprehensive income, and taken to the unrealised capital reserve.

Investments are monitored at fair value and designated at fair value through profit or loss in accordance with the Group's documented investment strategy. The Company has recognised its investments in subsidiaries at fair value through profit or loss.

Interest accruing on secured and unsecured loan notes is disclosed within trade and other receivables. When an investee company repays interest by issuing a payment–in-kind ("PIK") note as opposed to a cash payment, the amount of that PIK note issued is subsequently disclosed within Investments held at fair value through profit or loss.

Trade receivables

Trade receivables are initially recognised at fair value (plus transaction costs) and then subsequently carried at amortised cost less impairment for estimated irrecoverable amounts.

Cash and cash equivalents

Cash comprises cash in hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to insignificant risks of changes in value.

Financial liabilities

Financial liabilities are obligations to pay cash or other financial assets and are recognised when the group becomes a party to the contractual provisions of the instrument. Financial liabilities categorised as at fair value through profit or loss are recorded initially at fair value, all transaction costs are recognised immediately in the statement of comprehensive income. All other financial liabilities are recorded initially at fair value, net of direct issue costs.

Trade payables

Trade payables are stated at fair value on initial recognition and then subsequently at amortised cost using the effective interest method.

Provisions

A provision is recognised in the statement of financial position when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefit will be required to settle the obligation. If the effect is material, provision is determined by discounting the expected future cash flow at a pre-tax rate that reflects current market assessment of the time value of money and, where appropriate, the risk specific to the liability.

Foreign currencies

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the statement of financial position date. Non-monetary items that are measured at historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Any exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were initially recorded are recognised in the profit or loss in the period in which they arise. Exchange differences on non-monetary items are recognised in the statement of changes in equity to the extent that they relate to a gain or loss on that non-monetary item taken to the statement of changes in equity, otherwise such gains and losses are recognised in the statement of comprehensive income.

Equity

Equity comprises the following:

- Share capital represents the nominal value of equity shares
- Share premium represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue
- Unrealised investment revaluation reserve represents gains and losses due to the revaluation of certain financial assets
- Distributable Retained earnings represents retained profits
- Minority interest represents the minority's proportion of the fair values of identifiable assets, liabilities, and contingent liabilities recognised

2. Revenues

	2011 £'000	2010 £'000
Investing operations		
Management and other fees receivable	279	146
Interest income	2,714	2,770
Dividends from equity shares	230	154
	3,223	3,070
Realised gain on disposal of discontinued operations	–	4,618
Realised gain on financial investments	–	3,451
Unrealised gain/(loss) on financial investments	(2,768)	1,737
Realised and unrealised gain/(loss) on financial investments	(2,768)	9,806

3. Discontinued Operations

	2011 £'000	2010 £'000
Revenue	–	17,233
Operating costs	–	(12,317)
Profit before finance costs and taxation	–	4,916
Finance costs	–	(291)
Profit before tax from trading operations	–	4,625
Income tax expense	–	(1,569)
Profit from discontinued operations	–	3,056

Discontinued operations relate to the sale of the Group's subsidiary InterMediactive Group Limited.

4. Profit from continuing operations

	2011 £'000	2010 £'000
Profit from continuing operations has been arrived at after charging/(crediting):		
Depreciation	16	44
Audit remuneration:		
Fees payable to the Company's auditor for the audit of the financial statements	68	74
Audit of the financial statements of the Company's subsidiaries pursuant to legislation	14	14
Non-audit services	–	3
Foreign exchange (gain)/loss	(9)	5
Operating Lease	92	92

5. Finance costs – continuing operations

	2011	*2010*
	£'000	*£'000*
Finance charges	5	9

6. Interest from investments – continuing operations

	2011	*2010*
	£'000	*£'000*
Interest on bank deposits	3	8

7. Employees and directors

	2011	*2010*
	£'000	*£'000*
Continuing Operations:		
The total employee costs for the group were:		
Directors' fees	75	75
Salaries and wages	124	296
Employers national insurance	3	34
	202	405
Directors fees		
Sir Peter Burt	30	30
Martin Nègre	25	25
Third party payments		
– Chamberlain Fund Services (Elizabeth Tansell)	20	20
	75	75
	£'000	*£'000*
Amount paid to highest paid director	30	30
Average number of employees for the group during the year were:	*No.*	*No.*
Administration	4	4
	4	4
Discontinued Operations:		
The total employee costs for the discontinued operations were:		
Salaries and wages	–	2,242
Employers national insurance	–	206
Pension costs	–	3
	–	2,451
Average number of employees for the subsidiary until disposal were:	*No.*	*No.*
Sales	–	4
Management	–	8
Administration	–	63
	–	75

8. Taxation – continuing operations

	2011	*2010*
	£'000	*£'000*
Analysis of charge for the year:		
UK Corporation tax charge	34	57
Total tax expense	34	57

The tax assessed for the year differs from the standard rate of corporation tax in the Isle of Man and United Kingdom. The tax charge for the year can be reconciled to the profit/(loss) as per the statement of comprehensive income as follows:

	2011	*2010*
	£'000	*£'000*
(Loss)/Profit before tax	(873)	10,325
Taxation at standard rate in Isle of Man nil%	–	–
Taxation at standard rate in UK 28% (2010: 28%)	34	57
UK Corporation tax	34	57
Total tax expense	34	57

The Company is resident for Isle of Man income tax purposes, being subject to the standard rate of income tax, which is currently 0 per cent. As the Company is wholly owned by individuals not resident in the Isle of Man for tax purposes, it will not be subject to the Attribution Regime for individuals, which commenced from 1 July 2008.

9. Earnings and net asset value per share

The calculations of basic earnings per share of the Group at 30 June 2011 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding during the year ended 30 June 2011, calculated as follows:

	2011	*2010*
(Loss)/Profit attributable to equity holders of the parent – continuing	(£907,000)	£3,673,000
Profit attributable to discontinued operations – discontinued	£nil	£2,292,000
(Loss)/Profit attributable to equity holders of the parent – total	(£907,000)	£5,965,000
Issued ordinary shares – beginning of year	45,186,155	45,186,155
Repurchase of shares	–	–
Issued ordinary shares – end of year	45,186,155	45,186,155
Weighted average number of issued shares for the year	45,186,155	45,186,155
(Loss)/Earnings per share (basic and diluted) – continuing	(2.01)p	8.13p
Earnings per share (basic and diluted) – discontinued	nil	5.07p
(Loss)/Earnings per share (basic and diluted) – total	(2.01)p	13.20p
Net asset value per share	£0.67	£0.69
Net asset value per share is based on the statutory net assets at year end	£30,316,000	£31,223,000

There were no options in issue to dilute the earnings/(loss) per share.

10. Property, plant and equipment

Group

	Leasehold land and buildings £'000	Fixtures and equipment £'000	Total £'000
Cost brought forward and at 30 June 2011	50	140	190
Accumulated depreciation brought forward	34	127	161
Charge for the year	9	7	16
At 30 June 2011	43	134	177
Net book value at 30 June 2011	7	6	13
Cost brought forward	78	2,597	2,675
Acquired on acquisition of subsidiary	–	85	85
Eliminated on disposals	(28)	(2,542)	(2,570)
As at 30 June 2010	50	140	190
Accumulated depreciation brought forward	24	1,817	1,842
Charge for the year	10	244	254
Eliminated on disposals	–	(1,934)	(1,934)
At 30 June 2010	34	127	162
Net book value at 30 June 2010	16	13	28

11. Investments

Company

	2011 £'000	2010 £'000
Company shares in group undertakings and trade investments		
On incorporation	360	360
Investment drawdown at fair value	29,846	17,915
Transfer of investment from group undertaking	–	12,511
	30,206	30,786

Details of significant subsidiaries at 30 June 2011 are as follows:

Name of Subsidiary	*Place of incorporation (or registration) and operation*	*Proportion of ownership interest*	*Proportion of voting power held*	*Principal activity*
Promethean Investments Fund LP	England	100	100	Holding company for investments
Promethean Investments LLP	England	100	100	Investment manager (regulated by the FCA)

12. Investments

Group	*2011* *£'000*	*2010* *£'000*
Listed investments		
Valuation as at 1 July 2010	20,475	3,363
Unrealised (loss)/gain	(419)	13,629
Transfer from unlisted investments	–	12,511
Capital return	–	(5,430)
Carried interest	–	(3,598)
Valuation as at 30 June 2011	20,056	20,475
Unlisted investments		
Valuation as at 1 July 2010	9,216	23,166
Unrealised loss	(2,303)	(8,155)
Capitalised interest	2,555	4,042
Additions	–	2,961
Disposals	–	(287)
Transfer to listed investments	–	(12,511)
Valuation as at 30 June 2011	9,468	9,216
Total investments		
Valuation as at 30 June 2011	29,524	29,691

13. Trade and other receivables

	Group *2011* *£'000*	*Company* *2011* *£'000*	*Group* *2010* *£'000*	*Company* *2010* *£'000*
Trade Receivables	–	–	35	–
Other Debtors	79	–	27	–
Prepayments and accrued income	586	28	216	28
	665	28	278	28

14. Cash and cash equivalents

	Group *2011* *£'000*	*Company* *2011* *£'000*	*Group* *2010* *£'000*	*Company* *2010* *£'000*
Cash at bank and in hand	972	186	1,198	537
Short term deposit	277	3	1,083	3
	1,249	189	2,281	540

15. Trade and other payables – current

	Group *2011* *£'000*	*Company* *2011* *£'000*	*Group* *2010* *£'000*	*Company* *2010* *£'000*
Trade payables	34	4	83	26
Other creditors	797	–	751	–
Other taxation and social security	–	–	36	–
Accruals and deferred income	268	68	156	76
	1,099	72	1,026	102

16. Maturity of financial liabilities

Group

The maturity profile of the Group's current and non-current liabilities at 30 June 2011 was as follows:

	Trade payables	*Accruals and other creditors*	*Total*
	£'000	*£'000*	*£'000*
In less than one year	34	236	270
	34	236	270

The maturity profile of the Group's current and non-current liabilities at 30 June 2010 was as follows:

	Trade payables	*Accruals and other creditors*	*Total*
	£'000	*£'000*	*£'000*
In less than one year	83	175	258
In more than one year but not more than five years	–	751	751
	83	926	1,009

The figures in Note 18 represent the gross undiscounted cash flows.

17. Share Capital

	Group 2011	*Group 2010*
	£'000	*£'000*
Authorised		
100,000,000 ordinary shares of 1p each – beginning of year	1,000	1,000
Issued and fully paid		
45,186,155 ordinary shares of 1p each – beginning of year	452	452
45,186,155 ordinary shares of 1p each – end of year	452	452

On incorporation the Company had authorised share capital of £1,000,000 divided into 100,000,000 ordinary shares of 1p each.

Also, on incorporation, two ordinary shares were subscribed, nil paid.

On 23 June 2006 the Company issued 50,000,000 ordinary shares of 1p each at a premium of 99p, to provide additional working capital.

On 14 April 2009 the Company cancelled a total of 4,813,845 ordinary shares tendered at a price of 70.5 pence per share.

Following the company's re-registration under the Isle of Man Companies Act 2006, the Company is governed by a revised Memorandum and Articles of Association.

18. Commitments

Operating lease commitments

The group leases offices under non-cancellable operating lease agreements. Future operating lease expense commitments comprise:

Group

	Property 2011 £'000	*Property 2010 £'000*
Within one year	92	92
Later than one year and less than five years	92	92
	184	184

19. Related party transactions

	2011 £'000	*2010 £'000*
During the year the Company had the following related party transactions:		
With InterMediactive Group Limited, a 75.0 per cent. owned subsidiary until disposal on 1 April 2010:		
Monitoring fees charged	–	75
Interest charged on loans	–	131

Elizabeth Tansell is a principal of Chamberlain Fund Services Limited and a director of Promethean plc. During the year the Company had the following related party transactions with Chamberlain Fund Services Limited:

Registrar and administrator services charged including accruals	13	13
Transactions during the year with respect to Key Management Personnel:		
– carried interest payments	–	3,438
– profit share	441	615

There is no ultimate controlling party.

20. Financial Instruments

Financial instruments comprise securities and other investments, cash balances, borrowings and receivables and payables that arise from operations. The investment portfolio includes quoted and unquoted equity investments and debt instruments that are held for the long term.

All gains and losses arising from financial assets designated at fair value are recognised through profit or loss.

The analysis below does not include IFG Group plc which was valued at £6.9 million at 30 June 2011 and disposed of in November 2011.

The carrying value of all financial assets and liabilities are as follows:

	Group 2011 £'000	*Company 2011 £'000*	*Group 2010 £'000*	*Company 2010 £'000*
Financial assets comprise				
Loans and receivables	1,822	189	2,473	540
Fair value through profit or loss:				
Designated at fair value through profit or loss	22,596	23,278	29,691	30,786
	24,418	23,467	32,164	31,326

Management monitors the ageing of financial assets that are past due but not impaired as at the year end. These amounts as at 30 June 2011 and 30 June 2010 were not material to the group results.

	Group 2011 £'000	*Company 2011 £'000*	*Group 2010 £'000*	*Company 2010 £'000*
Financial liabilities comprise				
Amortised cost	831	107	851	131

	Group 2011 £'000	*Company 2011 £'000*	*Group 2010 £'000*	*Company 2010 £'000*
(Losses)/Gains on:				
Designated at fair value through profit or loss	(2,768)	(601)	9,806	(667)
	(2,768)	(601)	9,806	(667)

Market Risk

Market risk embodies the potential for both losses and gains and includes currency risk, fair value interest rate risk and price risk. The Group's strategy on the management of market risk is driven by its investment objective, as outlined in the Manager's report. The Group invests in a range of investments, including quoted and unquoted equity securities and debt instruments in a range of sectors. The Board monitors the Group's investment exposure against internal guidelines specifying the proportion of total assets that may be invested in various sectors.

Of the £2,768,000 (2010: Gain £9,806,000) realised and unrealised loss recognised on investments during the year, a loss of £419,000 (2010: Gain £9,664,000) is attributable to listed investments.

20. Financial Instruments (continued)

Currency risk

Certain financial instruments are denominated in currencies other than the functional currency. Consequently there is exposure to the risk that the exchange rate of the functional currency may change relative to the currencies in a manner that has an adverse effect on the value of that proportion of the investments denominated in currencies other than the functional currency.

At 30 June 2011, the Group had €169,354 in cash balances and had no hedging positions or other financial instruments in foreign currencies.

Interest rate risk

Interest rate movements may effect the level of income receivable on cash balances held on term deposits and interest payable on floating rate interest bearing liabilities.

	Group 2011 £'000	*Company 2011 £'000*	*Group 2010 £'000*	*Company 2010 £'000*
Cash and cash equivalents	1,249	189	2,281	540

Price Risk

Price risk may affect the value of quoted and unquoted investments as a result of changes in market prices (other than arising from interest rate risk or currency risk), whether caused by factors to an individual investment, its issuer or factors affecting all instruments traded in the market. As all of the Company's financial instruments are carried at fair value with fair value changes recognised in the statement of comprehensive income, all changes in market conditions will directly affect net investment income.

The exposure to quoted equity investments are as follows:

Valuation of listed investments

	Group 2011 £'000	*Company 2011 £'000*	*Group 2010 £'000*	*Company 2010 £'000*
Listed investments as at 30 June 2011	13,128	–	20,475	–

The following table details the sensitivity of a 10 per cent. change in prices on the 30 June 2011 valuation of the investments:

	Group 2011 £'000	*Company 2011 £'000*	*Group 2010 £'000*	*Company 2010 £'000*
Increase in prices	14,440	–	22,522	–
Decrease in prices	11,814	–	18,426	–

The following table details the sensitivity of a 10 per cent. change in the 30 June 2011 closing bid prices on the profit/(loss):

	Group 2011 £'000	*Company 2011 £'000*	*Group 2010 £'000*	*Company 2010 £'000*
Increase in prices	1,312	–	2,047	–
Decrease in prices	(1,314)	–	(2,047)	–

20. Financial Instruments (continued)

Unlisted Investments valued using multiple basis

	Group 2011 £'000	*Company 2011 £'000*	*Group 2010 £'000*	*Company 2010 £'000*
Unlisted investments as at 30 June 2011	6,484	–	6,255	–
Valuation movement if:				
Multiple applied is increased by 20%	1,297	–	3,945	–
Multiple applied is decreased by 20%	(1,297)	–	(3,945)	–

When valuing on an earnings' multiple basis, profits before interest and tax of the current year will normally be used. The profit is adjusted to a maintainable basis, taxed at the full corporation tax rate and multiplied by an appropriate and reasonable price/earnings multiple. The price/earnings multiple is chosen from a basket of comparable quoted companies, taking into account particular risks, earnings' growth prospects and surplus assets or liabilities of the comparator. On all valuations, a marketability discount in the range of 15 per cent. to 25 per cent. has been applied to reflect the likely timing of an exit, after consideration of influencing factors such as general market conditions.

Credit Risk

Credit risk is the risk that the counterparty to the financial instrument will fail to discharge an obligation or commitment. As at 30 June 2011 the financial assets exposed to credit risk were as follows:

	Group 2011 £'000	*Company 2011 £'000*	*Group 2010 £'000*	*Company 2010 £'000*
Investments in debt instruments	8,894	–	8,878	–
Cash and cash equivalents	1,249	189	2,281	540
	10,143	189	11,159	540

Prior to making investments in debt instruments, the Manager reviews and evaluates the investee's ability to service and repay its debt as part of the due diligence process. The recoverability of debts from investee companies subsequent to acquisition is monitored by directors attending board meetings and reviewing management accounts on a regular basis.

The credit risk on cash and cash equivalent balances are mitigated by spreading the balances across a number of investment grade banking institutions.

Fair values

The Groups investments are carried at fair values on the statement of financial position. The carrying value of certain other financial instruments, specifically trade and other receivables and payables approximates to fair value due to the short term nature of these instruments.

The principal methods and assumptions used in estimating the fair value of investments is disclosed on page 6.

20. Financial Instruments (continued)

Fair value hierarchy

	Level 1 *2011* *£'000*	*Level 2* *2011* *£'000*	*Level 3* *2011* *£'000*	*Total* *2011* *£'000*
Financial assets designated at fair value through profit or loss				
Equity Investments				
– Listed or quoted	13,128	–	–	13,128
– IFG Group plc (sold November 2011)	6,928	–	–	6,928
Fixed interest investments				
– Unquoted	–	–	9,468	9,468
As at 30 June 2011	20,056	–	9,468	29,524

There have been no transfers between levels 1 and 2 during the reporting period.

A reconciliation of fair value movements in Level 3 is set out below.

	Unquoted Investments *2011* *£'000*
Opening balance	9,216
Additions	
Accrued interest	2,555
Total gains or losses	–
– on assets held at the end of the year	(2,303)
	9,468

The fair values of the financial instruments categorised in Level 3 are calculated using valuation techniques based on significant inputs that are not based on observable data. At 30 June 2011, unquoted investments were valued on an earnings' multiple basis. Profits before interest and tax of the current year will normally be used. The profit is adjusted to a maintainable basis, taxed at the full corporation tax rate and multiplied by an appropriate and reasonable price/earnings multiple. The price/earnings multiple is chosen from a basket of comparable quoted companies, taking into account particular risks, earnings' growth prospects and surplus assets or liabilities of the comparator. On all valuations, a marketability discount in the range of 15 per cent. to 25 per cent. has been applied to reflect the likely timing of an exit, after consideration of influencing factors such as general market conditions.

21. Segmental Analysis

Segmental disclosure is presented in respect of the group's operating segments. Operating activities are all UK based. Segmental results, assets and liabilities are those that are directly attributable to that sector. Segmental capital expenditure is the total cost incurred during the year to acquire segmental assets that are expected to be used for more than one period.

Operating segments are:

Investing: investment in debt and equity instruments for long term growth

Discontinued: telecommunications

	Investing *£'000*	*Total Continuing* *£'000*	*Discontinued Activities* *£'000*	*Total* *£'000*
2011				
Revenue				
Investing operations	3,223	3,223	–	3,223
Trading	–	–	–	–
Segment result	(907)	(907)	–	(907)
Segmental assets	31,450	31,450	–	31,450
Segmental liabilities	(1,134)	(1,134)	–	(1,134)
Capital expenditure	–	–	–	–
Depreciation	16	16	–	16
Amortisation	–	–	–	–
2010				
Revenue				
Investing operations	3,070	3,070	–	3,070
Trading	–	–	17,233	17,233
Segment result	10,268	10,268	3,056	13,324
Segmental assets	32,278	32,278	–	32,278
Segmental liabilities	(1,055)	(1,055)	–	(1,055)
Capital expenditure	13	13	73	86
Depreciation	44	44	210	254
Amortisation	–	–	1,147	1,147

22. Events after the Reporting Period

As at 5 December 2011 the closing bid price for Cambria Automobiles plc was 27 pence per share and if applied to the valuation of the Company's investment as at the statement of financial position date, would result in a decrease in the value of the investment of £3.1 million or 8.1 pence per share.

As at 5 December 2011 the closing bid price for Media Square plc was 0.7 pence per share, resulting in a decrease in the value of the investment of £0.1 million or 0.2 pence per share.

Promethean realised its investment in IFG for £3.8 million in November 2011. This resulted in a further reduction in the carrying value of the investment at 30 June 2011 of £3.1m or 6.9 pence per share.

The impact of the share price movements and realisation of IFG post the statement of financial position date would result in an unaudited NAV per share as at 30 November 2011 of 51.9 pence per share. This represents an decrease of 22.7 per cent. versus the NAV per share of 67.1 pence as stated in the audited statement of financial position as at the 30 June 2011.

B. Report of the Independent Auditors for the year to 30 June 2011

The following reproduces the auditor's report which was prepared for and contained in the Company's 2011 annual report.

Independent Auditors' Report to the Members of Promethean Plc

We have audited the Group and Parent Company financial statements of Promethean Plc for the year ended 30 June 2011 which comprise the Group Statement of Comprehensive Income on page 10, the Group and Company Statements of Financial Position on pages 11 and 12, the Group and Company Statement of Changes in Equity on pages 13 and 14, the Group and Company Statement of Cash Flows on page 15, and the related notes on pages 16 to 30. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRS) (as adopted by the European Union).

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

Respective responsibilities of directors and auditors

As explained more fully in the directors' responsibilities statement set out on page 8, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the non-financial information in the Chairman's Statement and the Investment Manager's Review to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements give a true and fair view, in accordance with International Financial Reporting Standards (as adopted by the European Union), of the state of the Group and Company's affairs as at 30 June 2011 and of the Group's loss for the year then ended.

GRANT THORNTON
Chartered Accountants
Third Floor
Exchange House
54/58 Athol Street
Douglas
ISLE OF MAN
IM1 1JD

8 December 2011

SECTION 2

Set out below is financial information and auditor's report for Promethean plc for the year to 30 June 2012 extracted from the published audited accounts of Promethean plc without material adjustment. Except where highlighted, the financial information and the independent auditor's report have been reproduced verbatim and, as such, page numbers and other references may no longer be valid.

A. Audited financial information for the year ended 30 June 2012

Group Statement of Comprehensive Income for the year to 30 June 2012

	Year ended 30 June 2012 £'000	*Year ended 30 June 2011 £'000*
Investing Operations		
Investment and other income	3,683	3,223
Realised and unrealised loss on financial investments	(12,279)	(2,768)
	(8,596)	455
Management and other expenses	(1,778)	(1,326)
Loss from investing activities	(10,374)	(871)
Loss before finance costs and taxation	(10,374)	(871)
Finance income	1	3
Finance costs	(6)	(5)
Loss before tax	(10,379)	(873)
Income tax expense	(118)	(34)
Group Loss and Total comprehensive income	(10,497)	(907)
Loss per share – (basic and diluted)	(23.23p)	(2.01p)

Group Statement of Financial Position as at 30 June 2012

	June 2012 *£'000*	*June 2011* *£'000*
Non-current assets		
Property, plant and equipment	–	12
Investments	16,807	29,524
	16,807	29,536
Current assets		
Trade and other receivables	1,261	665
Cash and cash equivalents	717	1,249
	1,978	1,914
Total assets	18,785	31,450
Current liabilities		
Trade and other payables	1,550	1,099
Taxation liabilities	132	35
Total liabilities	1,682	1,134
Net assets	17,103	30,316
Equity		
Share capital	452	452
Share premium	10,387	13,103
Unrealised investment revaluation reserve	(23,461)	(20,096)
Retained earnings	29,725	36,857
Total equity	17,103	30,316
Net asset per share	£0.38	£0.67

Company Statement of Financial Position as at 30 June 2012

	2012	*2011*
	£'000	*£'000*
Non-current assets		
Investments held at fair value through profit or loss	17,201	30,206
Current assets		
Trade and other receivables	632	28
Cash and cash equivalents	85	189
	717	217
Total assets	17,918	30,423
Current liabilities		
Trade and other payables	683	72
Taxation liabilities	132	35
Total liabilities	815	107
Net assets	17,103	30,316
Equity		
Share capital	452	452
Share premium	10,387	13,103
Unrealised investment revaluation reserve	(15,519)	(997)
Retained earnings	21,783	17,758
Equity attributable to equity holders of the parent	17,103	30,316

Statement of changes in equity for the year ended 30 June 2012

Group

	Share capital £'000	*Share premium £'000*	*Unrealised investment revaluation reserve £'000*	*Retained earnings distributable £'000*	*Total £'000*
Balance as at 30 June 2011	452	13,103	(20,096)	36,857	30,316
Capital return	–	(2,712)	–	–	(2,712)
Expenses relating to the return of capital to the shareholders	–	(4)	–	–	(4)
Transactions with owners	–	(2,716)	–	–	(2,716)
Loss for the year	–	–	–	(10,497)	(10,497)
Unrealised gains reserve transfer	–	–	(3,365)	3,365	–
Loss for the year	–	–	(3,365)	(7,132)	(10,497)
Other comprehensive income	–	–	–	–	–
Total comprehensive income for the year	–	–	(3,365)	(7,132)	(10,497)
Balance as at 30 June 2012	452	10,387	(23,461)	29,725	17,103

Company

	Share capital £'000	*Share premium £'000*	*Unrealised investment revaluation reserve £'000*	*Retained earnings distributable £'000*	*Total £'000*
Balance as at 30 June 2011	452	13,103	(997)	17,758	30,316
Capital return	–	(2,712)	–	–	(2,712)
Expenses relating to the return of capital to the shareholders	–	(4)	–	–	(4)
Transactions with owners	–	(2,716)	–	–	(2,716)
Loss for the year	–	–	–	(10,497)	(10,497)
Unrealised gains reserve transfer	–	–	(14,522)	14,522	–
Loss for the year	–	–	(14,522)	4,025	(10,497)
Other comprehensive income	–	–	–	–	–
Total comprehensive income for the year	–	–	(14,522)	4,025	(10,497)
Balance as at 30 June 2012	452	10,387	(15,519)	21,783	17,103

Statement of changes in equity for the year ended 30 June 2012

Group

	Share capital £'000	*Share premium £'000*	*Unrealised investment revaluation reserve £'000*	*Retained earnings distributable £'000*	*Total £'000*
Balance as at 30 June 2010	452	13,103	(17,374)	35,042	31,223
Loss for the year	–	–	–	(907)	(907)
Unrealised gains reserve transfer	–	–	(2,722)	2,722	–
Loss for the year	–	–	(2,722)	1,815	(907)
Other comprehensive income	–	–	–	–	–
Total comprehensive income for the year	–	–	(2,722)	1,815	(907)
Balance as at 30 June 2011	452	13,103	(20,096)	36,857	30,316

Company

	Share capital £'000	*Share premium £'000*	*Unrealised investment revaluation reserve £'000*	*Retained earnings distributable £'000*	*Total £'000*
Balance as at 30 June 2010	452	13,103	(3,396)	21,064	31,223
Loss for the year	–	–	–	(907)	(907)
Unrealised gains reserve transfer	–	–	2,399	(2,399)	–
Loss for the year	–	–	2,399	(3,306)	(907)
Other comprehensive income	–	–	–	–	–
Total comprehensive income for the year	–	–	2,399	(3,306)	(907)
Balance as at 30 June 2011	452	13,103	(997)	17,758	30,316

Statement of Cash Flows for the year ended 30 June 2012

	Group 2012 £'000	*Company 2012 £'000*	*Group 2011 £'000*	*Company 2011 £'000*
Cash outflow from operating activities				
Net loss for the year	(10,379)	(10,400)	(873)	(907)
Adjustments for :				
Depreciation	13	–	16	–
Finance income	(1)	–	(3)	–
Finance cost	6	–	5	–
Unrealised investment losses	11,957	13,005	2,722	580
Increase in trade and other receivables	(3,331)	(604)	(3,070)	–
(Decrease)/increase in payables	(198)	611	73	(30)
Tax (paid)/received	(21)	–	(28)	6
Loss on disposal of subsidiary	322	–	–	–
Net cash (outflow)/inflow in operating activities	(1,632)	2,612	(1,158)	(351)
Cash inflow from investing activities				
Disposal of subsidiaries	6	–	–	–
Proceeds from returns on investments	3,822	–	128	–
Purchase of property, plant and equipment	(7)	–	–	–
Finance income	1	–	3	–
Net cash inflow in investing activities	3,822	–	131	–
Cash (outflow)/inflow from financing activities				
Capital return	(2,716)	(2,716)	–	–
Finance cost	(6)	–	(5)	–
Net cash (outflow)/inflow in financing activities	(2,722)	(2,716)	(5)	–
Net (decrease)/increase in cash and cash equivalents	(532)	(104)	(1,032)	(351)
Cash and cash equivalents at beginning of year	1,249	189	2,281	540
Cash and cash equivalents at end of year	717	85	1,249	189

Notes to the consolidated financial statements for the year ended 30 June 2012

1. Accounting policies

Basis of accounting

The financial statements have been prepared in accordance with applicable International Financial Reporting Standards as adopted by the European Union.

The Company was incorporated in the Isle of Man and as such is regulated by Isle of Man company law. The ordinary shares of the company are listed on AIM. The principal accounting policies adopted are set out below.

Although not referred to in the Isle of Man Companies Act 2006, in accordance with usual practice for companies incorporated under the Isle of Man companies legislation, the Company has not presented its own statement of comprehensive income in these consolidated financial statements. The loss on ordinary activities after taxation of the Company is £10.5m (2011: loss £0.9m).

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (and its subsidiaries) made up to 30 June each year. Control is achieved where the Company has the power to govern the financial and operating policies of an investee enterprise so as to obtain benefits from its activities. On acquisition, the identifiable assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the Group. All significant intercompany transactions and balances between group enterprises are eliminated on consolidation.

Standards and Interpretations in issue but not effective

At the time these financial statements were authorised for issue by the directors the following Standards and Interpretations, which are relevant to the group, were in issue but not yet effective:

- IFRS 9 Financial Instruments (effective 1 January 2015)
- IFRS 10 Consolidated Financial Statements (effective 1 January 2013)
- IFRS 11 Joint Arrangements (effective 1 January 2013)
- IFRS 12 Disclosure of Interest in Other Entities (effective 1 January 2013)
- IFRS 13 Fair Value Measurement (effective 1 January 2013)
- IAS 19 Employee Benefits (Revised June 2011) (effective 1 January 2013)
- IAS 27 (Revised), Separate Financial Statements (effective 1 January 2013)
- IAS 28 (Revised), Investments in Associates and Joint Ventures (effective 1 January 2013)
- Deferred Tax: Recovery of Underlying Assets – Amendments to IAS 12 Income Taxes (effective 1 January 2012)
- Presentation of Items of Other Comprehensive Income – Amendments to IAS 1 (effective 1 July 2012)

- Disclosures – Offsetting Financial Assets and Financial Liabilities – Amendments to IFRS 7 (effective 1 January 2013)
- Offsetting Financial Assets and Financial Liabilities – Amendments to IAS 32 (effective 1 January 2014)
- Mandatory Effective Date and Transition Disclosures – Amendments to IFRS 9 and IFRS 7 (effective 1 January 2015)
- Annual Improvements 2009-2011 Cycle (effective 1 January 2013)
- Transition Guidance – Amendments to IFRS 10, IFRS 11 and IFRS 12 (effective 1 January 2013)
- Investment Entities – Amendments to IFRS 10, IFRS 12 and IAS 27 (effective 1 January 2014)

The application of the above Standards and Interpretations is not expected to have a material impact to the Group's results.

Critical accounting estimates and judgements

The preparation of financial statements requires the use of estimates and judgements that affect the reported amount of assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reported period. Although these estimates are based on management's best knowledge of the amount, events or actions, actual results ultimately may differ from those estimates. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities relate to the valuation of unlisted financial investments held at fair value through the profit and loss, which are valued on the basis noted below and the recognition or otherwise of accrued income on loan notes and similar instruments granted to investee companies.

Despite the Group holding a 59[8] per cent. interest in T.I.S Holdings ("TIS"), the results are not included in the Group results due to a lack of control to govern the financial and operating policies of TIS. It has been determined that control does not exist due to:

- Board voting powers are deadlocked
- No legal or implied powers have resulted from the increase in ownership

The investment is designated as a fair value through profit or loss financial asset. The Group has applied the exemption from equity accounting under IAS 28 'Investment in Associates' (paragraph 1). At the year end TIS was valued at £5.9m using an earnings multiple basis. On 13 November 2012 the Fund exchanged contracts for the conditional sale of its holding in TIS for £10.7m, which is subject to various conditions, including the passing of a number of resolutions at a class meeting of the potential acquirer.

Where a carried interest arrangement amounts to an obligation to make interest payments which is considered to be equity under IAS 32, such payments are treated as distributions to minority interest equity holders, subject to the satisfaction of certain qualifying criteria.

Investments are valued at bid-market price or the conventions of the market on which they are quoted, subject if appropriate, to marketability discounts where formal restrictions on trading exist.

The Group has recorded the contingent deferred consideration element of the InterMediactive Group ("IMA") disposal at a fair value of nil. The deferred consideration was contingent upon IMA achieving a three year EBITDA average which the Manager now believes is unlikely to be reached.

8 Typographical error of '55 per cent.' as disclosed in the accounts has been corrected on this page.

Revenue recognition

Investment income comprises management fees receivable and interest income from treasury deposits and from loans advanced. Investment management fees are recognised under the accrual basis, other fees are recognised in full once a contractual obligation is created for the third party.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

Expenses

All expenses are accounted for on an accrual basis.

Taxation

The charge for current tax is based on the results for the period as adjusted for items which are non-assessable or disallowed. It is calculated using rates that have been enacted or substantively enacted by the statement of financial position date.

Deferred tax is accounted for using the statement of financial position liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction which affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is calculated at the rates that are expected to apply when the asset or liability is settled.

Deferred tax is charged or credited in the statement of comprehensive income, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt within equity.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Property, plant and equipment

Property, plant and equipment are stated at cost less depreciation and accumulated impairment. Depreciation is provided to write off the cost, less estimated residual values of all fixed assets, over their expected useful lives.

It is calculated at the following rates:

Leasehold improvements	Over the period of the lease
Fixtures and equipment	20% to 50% straight line

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income.

Financial investments

Where a financial investment is not required to be consolidated the equity, loan and similar instruments, are designated at fair value through profit and loss, and are valued in compliance with International Financial Reporting Standards and the International Private Equity and Venture Capital Association guidelines, principles of which are set out in the Investment Manager's Review on page 6. Gains and losses on the realisation of financial investments are dealt with through the statement of comprehensive income. The difference between the market value of financial investments and cost to the Group is shown as an unrealised gain or loss in the statement of comprehensive income, and taken to the unrealised capital reserve.

Investments are monitored at fair value and designated at fair value through profit or loss in accordance with the Group's documented investment strategy. The Company has recognised its investments in subsidiaries at fair value through profit or loss.

Interest accruing on secured and unsecured loan notes is disclosed within trade and other receivables. When an investee company repays interest by issuing a payment-in-kind ("PIK") note as opposed to a cash payment, the amount of that PIK note issued is subsequently disclosed within Investments held at fair value through profit or loss.

Trade receivables

Trade receivables are initially recognised at fair value (plus transaction costs) and then subsequently carried at amortised cost less impairment for estimated irrecoverable amounts.

Cash and cash equivalents

Cash comprises cash in hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to insignificant risks of changes in value.

Trade payables

Trade payables are stated at fair value on initial recognition and then subsequently at amortised cost using the effective interest method.

Provisions

A provision is recognised in the statement of financial position when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefit will be required to settle the obligation. If the effect is material, provision is determined by discounting the expected future cash flow at a pre-tax rate that reflects current market assessment of the time value of money and, where appropriate, the risk specific to the liability.

Foreign currencies

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the statement of financial position date. Non-monetary items that are measured at historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Any exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were initially recorded are recognised in the profit or loss in the period in which they arise. Exchange differences on non-monetary items are recognised in the statement of changes in equity to the extent that they relate to a gain or loss on that non-monetary item taken to the statement of changes in equity, otherwise such gains and losses are recognised in the statement of comprehensive income.

Equity

Equity comprises the following:

- Share capital represents the nominal value of equity shares
- Share premium represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue
- Unrealised investment revaluation reserve represents gains and losses due to the revaluation of certain financial assets
- Distributable Retained earnings represents retained profits
- Minority interest represents the minority's proportion of the fair values of identifiable assets, liabilities, and contingent liabilities recognised

2. Revenues

	2012	*2011*
	£'000	*£'000*
Investing operations		
Management and other fees receivable	428	279
Interest income	3,157	2,714
Dividends from equity shares	98	230
	3,683	3,223
Loss on retirement from Promethean Investments LLP	(322)	–
Realised loss on financial investments	(3,239)	–
Unrealised loss on financial investments	(8,718)	(2,768)
Realised and unrealised loss on financial investments	(12,279)	(2,768)

3. Loss before finance costs and taxation

	2012	*2011*
	£'000	*£'000*
Loss before finance costs and taxation has been arrived at after charging/(crediting):		
Depreciation	13	16
Audit remuneration:		
Fees payable to the Company's auditor for the audit of the financial statements	62	68
Audit of the financial statements of the Company's subsidiaries pursuant to legislation	21	14
Foreign exchange loss/(gain)	24	(9)
Operating Lease	92	92

4. Finance costs

	2012	*2011*
	£'000	*£'000*
Finance charges	6	5

5. Interest from investments

	2012 £'000	2011 £'000
Interest on bank deposits	1	3

6. Employees and directors

	2012 £'000	2011 £'000
The total employee costs for the group were:		
Directors' fees	75	75
Salaries and wages	71	124
Employers national insurance	7	3
	153	202
Directors fees		
Sir Peter Burt	30	30
Martin Nègre	25	25
Third party payments		
– Chamberlain Fund Services (Elizabeth Tansell)	20	20
	75	75

	£'000	£'000
Amount paid to highest paid director	30	30

Average number of employees for the group during the year were:	No.	No.
Administration	1	4
	1	4

The Directors are the key management personnel of Promethean plc.

7. Taxation – continuing operations

	2012 £'000	2011 £'000
Analysis of charge for the year:		
Overseas withholding tax	21	28
UK Corporation tax charge on profits for the year	21	6
Adjustments in respect of prior periods	76	–
Total tax expense	118	34

The tax assessed for the year differs from the standard rate of corporation tax in the Isle of Man and United Kingdom. The tax charge for the year can be reconciled to the loss as per the statement of comprehensive income as follows:

	2012	*2011*
	£'000	*£'000*
Loss before tax	(10,379)	(873)
Taxation at standard rate in Isle of Man nil%	–	–
Overseas withholding tax	21	28
Adjustment to tax charge in respect of prior periods	76	–
Taxable income – profit share from UK based LLP	21	6
Total tax expense	118	34

The Company is resident for Isle of Man income tax purposes, being subject to the standard rate of income tax, which is currently 0 per cent. As the Company is wholly owned by individuals not resident in the Isle of Man for tax purposes, it will not be subject to the Attribution Regime for individuals, which commenced from 1 July 2008.

8. Loss and net asset value per share

The calculations of basic loss per share of the Group at 30 June 2012 was based on the loss attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding during the year ended 30 June 2012, calculated as follows:

	2012	*2011*
Loss attributable to equity holders of the parent	(£10,497,000)	(£907,000)
Issued ordinary shares – beginning of year	45,186,155	45,186,155
Issued ordinary shares – end of year	45,186,155	45,186,155
Weighted average number of issued shares for the year	45,186,155	45,186,155
Loss per share (basic and diluted) – total	(23.23)p	(2.01)p

9. Property, plant and equipment

Group

	Leasehold land and buildings £'000	*Fixtures and equipment £'000*	*Total £'000*
Cost brought forward	50	140	190
Additions	–	7	7
Eliminated on disposal of subsidiary	(50)	(147)	(197)
As at 30 June 2012	–	–	–
Accumulated depreciation brought forward	44	134	178
Charge for the year	6	7	13
Eliminated on disposal of subsidiary	(50)	(141)	(191)
At 30 June 2012	–	–	–
Net book value at 30 June 2012	–	–	–

	Leasehold land and buildings £'000	*Fixtures and equipment £'000*	*Total £'000*
Cost brought forward and at 30 June 2011	50	140	190
Accumulated depreciation brought forward	35	127	162
Charge for the year	9	7	16
At 30 June 2011	44	134	178
Net book value at 30 June 2011	6	6	12

10. Investments

Company

	2012 £'000	*2011 £'000*
Company shares in group undertakings and trade investments		
On incorporation	360	360
Disposal on retirement	(360)	–
Investment drawdown at fair value	17,201	29,846
	17,201	30,206

Details of significant subsidiaries at 30 June 2012 are as follows:

Name of Subsidiary	*Place of incorporation (or registration) and operation*	*Proportion of ownership interest*	*Proportion of voting power held*	*Principal activity*
Promethean Investments Fund LP	England	100	100	Holding company for investments

11. Investments

Group	*2012* *£'000*	*2011* *£'000*
Listed investments		
Valuation as at 1 July 2011	20,056	20,475
Realised loss	(3,239)	–
Unrealised loss	(5,831)	(419)
Disposals	(3,822)	–
Valuation as at 30 June 2012	7,164	20,056
Unlisted investments		
Valuation as at 1 July 2011	9,468	9,216
Unrealised loss	(2,887)	(2,303)
Capitalised interest	3,062	2,555
Valuation as at 30 June 2012	9,643	9,468
Total investments		
Valuation as at 30 June 2012	16,807	29,524

12. Trade and other receivables

	Group *2012* *£'000*	*Company* *2012* *£'000*	*Group* *2011* *£'000*	*Company* *2011* *£'000*
Other Debtors	–	–	79	–
Prepayments and accrued income	1,261	632	586	28
	1,261	632	665	28

13. Cash and cash equivalents

	Group *2012* *£'000*	*Company* *2012* *£'000*	*Group* *2011* *£'000*	*Company* *2011* *£'000*
Cash at bank and in hand	20	–	972	186
Short term deposit	697	85	277	3
	717	85	1,249	189

14. Trade and other payables – current

	Group *2012* *£'000*	*Company* *2012* *£'000*	*Group* *2011* *£'000*	*Company* *2011* *£'000*
Trade payables	2	2	34	4
Other creditors	844	–	797	–
Accruals and deferred income	704	681	268	68
	1,550	683	1,099	72

15. Maturity of financial liabilities

Group

The maturity profile of the Group's current and non-current liabilities at 30 June 2012 was as follows:

	Trade payables	*Accruals and other creditors*	*Total*
	£'000	*£'000*	*£'000*
In less than one year	2	1,548	1,550
	2	1,548	1,550

The maturity profile of the Group's current and non-current liabilities at 30 June 2011 was as follows:

	Trade payables	*Accruals and other creditors*	*Total*
	£'000	*£'000*	*£'000*
In less than one year	34	236	270
In more than one year but not more than five years	–	829	829
	34	1,065	1,099

Liquidity risk is the risk that an entity will have difficulties in paying its financial liabilities. The Group maintains sufficient reserves to ensure that its financial liabilities are able to be met.

The figures in Note 15 represent the gross undiscounted cash flows.

The figures in Note 15 represent the gross undiscounted cash flows.

16. Share Capital

	Group 2012	*Group 2011*
	£'000	*£'000*
Authorised		
100,000,000 ordinary shares of 1p each – beginning of year	1,000	1,000
Issued and fully paid		
45,186,155 ordinary shares of 1p each – beginning of year	452	452
45,186,155 ordinary shares of 1p each – end of year	452	452

On incorporation the Company had authorised share capital of £1,000,000 divided into 100,000,000 ordinary shares of 1p each.

Also, on incorporation, two ordinary shares were subscribed, nil paid.

On 23rd June 2006 the Company issued 50,000,000 ordinary shares of 1p each at a premium of 99p, to provide additional working capital.

On 14 April 2009 the Company cancelled a total of 4,813,845 ordinary shares tendered at a price of 70.5 pence per share.

Following the company's re-registration under the Isle of Man Companies Act 2006, the Company is governed by a revised Memorandum and Articles of Association.

Following the disposal of IFG Group plc, a capital return of 6.0 pence per share totalling £2,712,000 was returned to Promethean plc shareholders on 23 March 2012.

17. Commitments

Operating lease commitments

The group leases offices under non-cancellable operating lease agreements. Future operating lease expense commitments comprise:

Group

	Property 2012 £'000	*Property 2011 £'000*
Within one year	–	92
Later than one year and less than five years	–	92
	–	184

18. Related party transactions

During the year the Company had the following related party transactions:

Elizabeth Tansell is a principal of Chamberlain Fund Services Limited and a director of Promethean plc. During the year the Company had the following related party transactions with Chamberlain Fund Services Limited:

	2012 £'000	*2011 £'000*
Registrar and administrator services charged including accruals	13	13
Transactions during the year with respect to Key Management Personnel:		
– profit share	673	441

There is no ultimate controlling party.

19. Financial Instruments

Financial instruments comprise securities and other investments, cash balances, borrowings and receivables and payables that arise from operations. The investment portfolio includes quoted and unquoted equity investments and debt instruments that are held for the long term.

All gains and losses arising from financial assets designated at fair value are recognised through profit or loss.

The carrying value of all financial assets and liabilities are as follows:

	Group 2012 £'000	*Company 2012 £'000*	*Group 2011 £'000*	*Company 2011 £'000*
Financial assets comprise				
Loans and receivables	4,421	85	1,822	189
Fair value through profit or loss:				
Designated at fair value through profit or loss	13,731	17,201	29,524	23,278
	18,152	17,286	31,346	23,467

Management monitors the ageing of financial assets that are past due but not impaired as at the year end. These amounts as at 30 June 2012 and 30 June 2011 were not material to the group results.

	Group 2012 £'000	*Company 2012 £'000*	*Group 2011 £'000*	*Company 2011 £'000*
Financial liabilities comprise				
Amortised cost	846	683	831	72

	Group 2012 £'000	*Company 2012 £'000*	*Group 2011 £'000*	*Company 2011 £'000*
Losses on:				
Designated at fair value through profit or loss	(12,279)	(3,770)	(2,768)	(601)

Market Risk

Market risk embodies the potential for both losses and gains and includes currency risk, fair value interest rate risk and price risk. The Group's strategy on the management of market risk is driven by its investment objective, as outlined in the Manager's report. The Group invests in a range of investments, including quoted and unquoted equity securities and debt instruments in a range of sectors. The Board monitors the Group's investment exposure against internal guidelines specifying the proportion of total assets that may be invested in various sectors.

Of the £12,279,000 (2011: Loss £2,768,000) realised and unrealised loss recognised on investments during the year, a loss of £9,069,000 (2011: Loss £419,000) is attributable to listed investments.

Currency risk

Certain financial instruments are denominated in currencies other than the functional currency. Consequently there is exposure to the risk that the exchange rate of the functional currency may change relative to the currencies in a manner that has an adverse effect on the value of that proportion of the investments denominated in currencies other than the functional currency.

At 30 June 2012 the Group had €221,765 (2011: €169,354) in cash balances and had no hedging positions or other financial instruments in foreign currencies.

Interest rate risk

Interest rate movements may effect the level of income receivable on cash balances held on term deposits and interest payable on floating rate interest bearing liabilities.

	Group 2012 £'000	*Company 2012 £'000*	*Group 2011 £'000*	*Company 2011 £'000*
Cash and cash equivalents	717	85	1,249	189

Price Risk

Price risk may affect the value of quoted and unquoted investments as a result of changes in market prices (other than arising from interest rate risk or currency risk), whether caused by factors to an individual investment, its issuer or factors affecting all instruments traded in the market. As all of the Company's financial instruments are carried at fair value with fair value changes recognised in the statement of comprehensive income, all changes in market conditions will directly affect net investment income.

The exposure to quoted equity investments are as follows:

Valuation of listed investments

	Group 2012 £'000	*Company 2012 £'000*	*Group 2011 £'000*	*Company 2011 £'000*
Listed investments as at 30 June 2012	7,164	–	13,128	–

The following table details the sensitivity of a 10 per cent. change in prices on the 30 June 2012 valuation of the investments:

	Group 2012 £'000	*Company 2012 £'000*	*Group 2011 £'000*	*Company 2011 £'000*
Increase in prices	7,880	–	14,440	–
Decrease in prices	6,448	–	11,814	–

The following table details the sensitivity of a 10 per cent. change in the 30 June 2012 closing bid prices on the profit/(loss):

	Group 2012 £'000	*Company 2012 £'000*	*Group 2011 £'000*	*Company 2011 £'000*
Increase in prices	716	–	1,314	–
Decrease in prices	(716)	–	(1,314)	–

Unlisted Investments valued using multiple basis

	Group 2012 £'000	*Company 2012 £'000*	*Group 2011 £'000*	*Company 2011 £'000*
Unlisted investments as at 30 June 2012	5,942	–	6,484	–
Valuation movement if:				
Multiple applied is increased by 20%	1,188	–	1,297	–
Multiple applied is decreased by 20%	(1,188)	–	(1,297)	–

When valuing on an earnings' multiple basis, profits before interest and tax of the current year will normally be used. The profit is adjusted to a maintainable basis, taxed at the full corporation tax rate and multiplied by an appropriate and reasonable price/earnings multiple. The price/earnings multiple is chosen from a basket of comparable quoted companies, taking into account particular risks, earnings' growth prospects and surplus assets or liabilities of the comparator. On all valuations, a marketability discount in the range of 15 per cent. to 25 per cent. has been applied to reflect the likely timing of an exit, after consideration of influencing factors such as general market conditions.

At the 30 June 2012, the only investment valued using a price/earnings multiple was T.I.S Group.

Credit Risk

Credit risk is the risk that the counterparty to the financial instrument will fail to discharge an obligation or commitment. As at 30 June 2012 the financial assets exposed to credit risk were as follows:

	Group 2012 £'000	*Company 2012 £'000*	*Group 2011 £'000*	*Company 2011 £'000*
Investments in debt instruments	3,076	–	2,985	–
Cash and cash equivalents	717	85	1,249	189
	3,793	85	4,234	189

Prior to making investments in debt instruments, the Manager reviews and evaluates the investee's ability to service and repay its debt as part of the due diligence process. The recoverability of debts from investee companies subsequent to acquisition is monitored by directors attending board meetings and reviewing management accounts on a regular basis.

The credit risk on cash and cash equivalent balances are mitigated by spreading the balances across a number of investment grade banking institutions.

Fair values

The Group's investments are carried at fair values on the statement of financial position. The carrying value of certain other financial instruments, specifically trade and other receivables and payables approximates to fair value due to the short term nature of these instruments.

The principal methods and assumptions used in estimating the fair value of investments is disclosed on page 6.

Capital management and policies and procedures

The Group's capital management objectives are:

– to ensure that it will be able to continue as a going concern; and

– to maximise the income and capital return to its equity shareholders

The Group's capital at 30 June 2012 comprises equity share capital of £452,000 (2011: £452,000) and retained earnings and other reserves of £16,651,000 (2011: £29,864,000).

The Board monitors and reviews the structures of the Group's capital on an ongoing basis assessing the need for new issues of equity shares, and the extent to which revenue, in excess of that which is required to be distributed, should be retained. The Group's objectives, policies and processes for managing capital are unchanged from the preceding accounting period.

Fair value hierarchy

	Level 1 2012 £'000	*Level 2* 2012 £'000	*Level 3* 2012 £'000	*Total* 2012 £'000
Financial assets designated at fair value through profit or loss				
Equity Investments				
– Listed or quoted	7,164	–	–	7,164
– Unquoted	–	–	6,567	6,567
As at 30 June 2012	7,164	–	6,567	13,731

There have been no transfers between Levels 1, 2 or 3 during the reporting period.

A reconciliation of fair value movements in Level 3 is set out below.

	Unquoted Investments 2012 £'000
Opening balance	6,484
Additions	
Accrued interest	2,970
Total losses on assets held at the end of the year	(2,887)
	6,567

The fair values of the financial instruments categorised in Level 3 are calculated using valuation techniques based on significant inputs that are not based on observable data. At 30 June 2012, unquoted investments were valued on an earnings' multiple basis. Profits before interest and tax of the current year will normally be used. The profit is adjusted to a maintainable basis, taxed at the full corporation tax rate and multiplied by an appropriate and reasonable price/earnings multiple. The price/earnings multiple is chosen from a basket of comparable quoted companies, taking into account particular risks, earnings' growth prospects and surplus assets or liabilities of the comparator. On all valuations, a marketability discount in the range of 15 per cent. to 25 per cent. has been applied to reflect the likely timing of an exit, after consideration of influencing factors such as general market conditions.

20. Segmental Analysis

There is now only one segment in the Group.

More than 10 per cent. of the investment and other income is derived within the UK, of which T.I.S Group plc represents approximately 73.4 per cent. (2011: 73.2 per cent.).

21. Events after the Reporting Period

On 13 November 2012 Promethean Investments Fund LP exchanged contracts for the conditional sale of its holding in T.I.S. Group to The Protected Asset TEP Fund plc ("PATF"). Completion of the sale is subject to the satisfaction of various conditions, including the passing of a number of resolutions at a class meeting of the holders of PATF's participating shareholders, scheduled to be held on 14 December 2012. If the sale completes, gross proceeds of £10.7m will be receivable, representing 23.7 pence per share. This represents an increase of £4.7m on the valuation as at 30 June 2012 of £4.7m, representing a further increase in NAV of 10.5 pence per share.

On 7 September 2012, Promethean plc distributed in-specie its investment in Cambria Automobiles plc to shareholders on the register as at 12 July 2012.

On 1 October 2012, InterMediactive Group ("IMA") repaid its outstanding loan notes and accrued interest outstanding as at 30 September 2012. Gross proceeds of £3.3m were received.

B. Report of the Independent Auditors for the year to 30 June 2012

The following reproduces the auditor's report which was prepared for and contained in the Company's 2012 annual report.

Independent Auditors' Report to the Members of Promethean plc

We have audited the Group and Parent Company financial statements of Promethean Plc for the year ended 30 June 2012 which comprise the Group Statement of Comprehensive Income, the Group and Company Statements of Financial Position, the Group and Company Statement of Changes in Equity, the Group and Company Statements of Cash Flows, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards as adopted by the European Union.

This report is made solely to the Company's members, as a body, in accordance with Section 80C(2) of the Isle of Man Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the directors' responsibilities statement set out on page 8, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the non-financial information in the Chairman's Statement and the Investment Manager's Review to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements give a true and fair view of the state of the Group's and Company's affairs as at 30 June 2012 and of the Group's loss for the year then ended in accordance with International Financial Reporting Standards (as adopted by the European Union).

GRANT THORNTON
Chartered Accountants
Third Floor
Exchange House
54/58 Athol Street
Douglas
ISLE OF MAN
IM1 1JD

7 December 2012

SECTION 3

Set out below is financial information and auditor's report for Promethean plc for the year to 30 June 2013 extracted from the published audited accounts of Promethean plc without material adjustment. Except in the instance highlighted, both the financial information and the independent auditor's report have been reproduced verbatim and, as such, page numbers and other references may no longer be valid.

A. Audited financial information for the year ended 30 June 2013

Group Statement of Comprehensive Income for the year to 30 June 2013

	Notes	*Year ended 30 June 2013 £'000*	*Year ended 30 June 2012 £'000*
Investing Operations			
Investment and other income	2	3,516	3,683
Realised and unrealised loss on financial investments	2	(4,337)	12,279
		(821)	(8,596)
Management and other expenses		(1,003)	(1,778)
Loss from investing activities		(1,824)	(10,374)
Loss before finance costs and taxation		(1,824)	(10,374)
Finance income	5	5	1
Finance costs	4	(38)	(6)
Loss before tax		(1,857)	(10,379)
Income tax expense	7	–	(118)
Group Loss and Total comprehensive income		(1,857)	(10,497)
Loss per share – (basic and diluted)	8	(4.11p)	(23.23p)

Group Statement of Financial Position as at 30 June 2013

	Notes	*June 2013 £'000*	*June 2012 £'000*
Non-current assets			
Investments held at fair value through profit & loss	10	6,311	16,807
		6,311	16,807
Current assets			
Trade and other receivables	11	324	1,261
Cash and cash equivalents	12	3,064	717
		3,388	1,978
Total assets		9,699	18,785
Current liabilities			
Trade and other payables	13	117	1,550
Taxation liabilities		–	132
		117	1,682
Net assets		9,582	17,103
Equity			
Share capital	14	452	452
Share premium		4,723	10,387
Retained earnings		4,407	6,264
Total equity attributable to owners of the parent		9,582	17,103
Net asset per share	8	£0.21	£0.38

Company Statement of Financial Position as at 30 June 2013

	Notes	*June 2013 £'000*	*June 2012 £'000*
Non-current assets			
Investments held at fair value through profit or loss	9	9,112	17,201
Current assets			
Trade and other receivables	11	328	632
Cash and cash equivalents	12	259	85
		587	717
Total assets		9,699	17,918
Current liabilities			
Trade and other payables	13	117	683
Taxation liabilities		–	132
		117	815
Net assets		9,582	17,103
Equity			
Share capital	14	452	452
Share premium		4,723	10,387
Retained earnings		4,407	6,264
Total equity		9,582	17,103

Statement of changes in equity for the year ended 30 June 2013

Group

	Share capital £'000	*Share premium £'000*	*Retained earnings £'000*	*Total £'000*
Balance as at 30 June 2012	452	10,387	6,264	17,103
Capital return	–	(5,664)	–	(5,664)
Transactions with owners	–	(5,664)	–	(5,664)
Loss for the year	–	–	(1,857)	(1,857)
Loss for the year	–	–	(1,857)	(1,857)
Other comprehensive income	–	–	–	–
Total comprehensive income for the year	–	–	(1,857)	(1,857)
Balance as at 30 June 2013	452	4,723	4,407	9,582

Company

	Share capital £'000	*Share premium £'000*	*Retained earnings £'000*	*Total £'000*
Balance as at 30 June 2012	452	10,387	6,264	17,103
Capital return	–	(5,664)	–	(5,664)
Transactions with owners	–	(5,664)	–	(5,664)
Loss for the year	–	–	(1,857)	(1,857)
Loss for the year	–	–	(1,857)	(1,857)
Other comprehensive income	–	–	–	–
Total comprehensive income for the year	–	–	(1,857)	(1,857)
Balance as at 30 June 2013	452	4,723	4,407	9,582

Group

	Share capital £'000	*Share premium £'000*	*Retained earnings £'000*	*Total £'000*
Balance as at 30 June 2011	452	13,103	16,761	30,316
Capital return	–	(2,712)	–	(2,712)
Expenses relating to the return of capital to the shareholders	–	(4)	–	(4)
Transactions with owners	–	(2,716)	–	(2,716)
Loss for the year	–	–	(10,497)	(10,497)
Loss for the year	–	–	(10,497)	(10,497)
Other comprehensive income	–	–	–	–
Total comprehensive income for the year	–	–	(10,497)	(10,497)
Balance as at 30 June 2012	452	10,387	6,264	17,103

Company

	Share capital £'000	*Share premium £'000*	*Retained earnings £'000*	*Total £'000*
Balance as at 30 June 2011	452	13,103	16,761	30,316
Capital return	–	(2,712)	–	(2,712)
Expenses relating to the return of capital to the shareholders	–	(4)	–	(4)
Transactions with owners	–	(2,716)	–	(2,716)
Loss for the year	–	–	(10,497)	(10,497)
Loss for the year	–	–	(10,497)	(10,497)
Other comprehensive income	–	–	–	–
Total comprehensive income for the year	–	–	(10,497)	(10,497)
Balance as at 30 June 2012	452	10,387	6,264	17,103

Statement of Cash Flows for the year ended 30 June 2013

	Group *2013* *£'000*	*Company* *2013* *£'000*	*Group* *2012* *£'000*	*Company* *2012* *£'000*
Cash outflow from operating activities				
Loss before tax for the year	(1,857)	(1,857)	(10,379)	(10,400)
Adjustments for :				
Depreciation	–	–	13	–
Finance income	(5)	–	(1)	–
Finance cost	38	1	6	–
Investment impairments	4,596	1,471	11,957	13,005
Investment income	(3,753)	(238)	–	–
Decrease/(increase) in trade and other receivables	697	305	(3,331)	(604)
(Decrease)/increase in payables	(1,433)	(566)	(198)	611
Tax paid	(132)	(132)	(21)	–
Loss on disposal of investments	(22)	–	322	–
Net cash outflow in operating activities	(1,871)	(1,016)	(1,632)	(2,612)
Cash inflow from investing activities				
Disposal of subsidiaries	–	–	6	–
Proceeds from investment disposals	4,376	1,316	3,822	–
Purchase of investments	(125)	(125)	(7)	–
Finance income	5	–	1	–
Net cash inflow in investing activities	4,256	1,191	3,822	–
Cash outflow from financing activities				
Capital return	–	–	(2,716)	(2,716)
Finance cost	(38)	(1)	(6)	–
Net cash outflow in financing activities	(38)	(1)	(2,722)	(2,716)
Net increase/(decrease) in cash and cash equivalents	2,347	174	(532)	(104)
Cash and cash equivalents at beginning of year	717	85	1,249	189
Cash and cash equivalents at end of year	3,064	259	717	85

Notes to the consolidated financial statements for the year ended 30 June 2013

1. Accounting policies

Basis of accounting

The financial statements have been prepared in accordance with applicable International Financial Reporting Standards (as adopted by the European Union).

The Company was incorporated in the Isle of Man and as such is regulated by Isle of Man company law. The principal accounting policies adopted are set out below.

Although not referred to in the Isle of Man Companies Act 2006, in accordance with usual practice for companies incorporated under the Isle of Man companies legislation, the Company has not presented its own statement of comprehensive income in these consolidated financial statements. The loss on ordinary activities after taxation of the Company is £1.9m (2012: £10.5m).

Going concern

The Company and Group are in the process of realising all investments in accordance with the shareholders vote on asset divestment in 2009. As detailed in the Chairman's Statement, and at the date of the approval of these accounts, there remains some uncertainty as to the exact form of the final realisation and of the future of the Company once all investments have been disposed. As at the date of approval of these financial statements, and subject to the shareholders continuation vote to be held at the 2013 AGM, the directors are confident that the Company will continue to trade, in some form, for the foreseeable future and so are satisfied that the accounts have been properly prepared on a going concern basis.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (and its subsidiaries) made up to 30 June each year. Control is achieved where the Company has the power to govern the financial and operating policies of an investee enterprise so as to obtain benefits from its activities. On acquisition, the identifiable assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the Group. All significant intercompany transactions and balances between group enterprises are eliminated on consolidation.

Standards and Interpretations in issue but not effective

At the time these financial statements were authorised for issue by the directors the following Standards and Interpretations, which are relevant to the group, were in issue but not yet effective:

- IFRS 9 Financial Instruments (effective 1 January 2015)
- IFRS 10 Consolidated Financial Statements (effective 1 January 2014)
- IFRS 12 Disclosure of Interest in Other Entities (effective 1 January 2014)
- IAS 27 (Revised), Separate Financial Statements (effective 1 January 2014)
- IAS 36 Impairment of Assets (effective 1 January 2014)
- IAS 39 Financial Instruments: Recognition & Measurement (effective 1 January 2014)

- Offsetting Financial Assets and Financial Liabilities – Amendments to IAS 32 (effective 1 January 2014)
- Mandatory Effective Date and Transition Disclosures – Amendments to IFRS 9 and IFRS 7 (effective 1 January 2015)
- Investment Entities – Amendments to IFRS 10, IFRS 12 and IAS 27 (effective 1 January 2014)

The application of the above Standards and Interpretations is not expected to have a material impact to the Group's results.

Critical accounting estimates and judgements

The preparation of financial statements requires the use of estimates and judgements that affect the reported amount of assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reported period. Although these estimates are based on management's best knowledge of the amount, events or actions, actual results ultimately may differ from those estimates. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities relate to the valuation of unlisted financial investments held at fair value through the profit and loss, which are valued on the basis noted below and the recognition or otherwise of accrued income on loan notes and similar instruments granted to investee companies.

Despite the Group holding a 59[9] per cent. interest in T.I.S Holdings ("TIS"), the results are not included in the Group results due to a lack of control to govern the financial and operating policies of TIS. It has been determined that control does not exist due to:

- Board voting powers are deadlocked
- No legal or implied powers have resulted from the increase in ownership

The investment is designated as a fair value through profit or loss financial asset. The Group has applied the exemption from equity accounting under IAS 28 'Investment in Associates' (paragraph 1). At the year end TIS was valued at £6.3m based on an agreed pre-transaction value. The proposed transaction details are set out in the Chairman's Statement. The valuation has been re-assessed and further verified by the directors by virtue of an asset allocation agreement from the TIS Board, based on an independent valuation of the TIS business.

Where a carried interest arrangement amounts to an obligation to make interest payments which is considered to be equity under IAS 32, such payments are treated as distributions to minority interest equity holders, subject to the satisfaction of certain qualifying criteria.

Investments are valued at bid-market price or the conventions of the market on which they are quoted, subject if appropriate, to marketability discounts where formal restrictions on trading exist.

Revenue recognition

Investment income comprises management fees receivable and interest income from treasury deposits and from loans advanced. Investment management fees are recognised under the accrual basis, other fees are recognised in full once a contractual obligation is created for the third party.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

9 Typographical error of '55 per cent.' as disclosed in the published accounts has been corrected on this page.

Expenses

All expenses are accounted for on an accrual basis.

Taxation

The charge for current tax is based on the results for the period as adjusted for items which are non-assessable or disallowed. It is calculated using rates that have been enacted or substantively enacted by the statement of financial position date.

Deferred tax is accounted for using the statement of financial position liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction which affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is calculated at the rates that are expected to apply when the asset or liability is settled.

Deferred tax is charged or credited in the statement of comprehensive income, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Financial investments

Where a financial investment is not required to be consolidated the equity, loan and similar instruments, are designated at fair value through profit and loss, and are valued in compliance with International Financial Reporting Standards and the International Private Equity and Venture Capital Association guidelines. Gains and losses on the realisation of financial investments are dealt with through the statement of comprehensive income. The difference between the market value of financial investments and cost to the Group is shown as an unrealised gain or loss in the statement of comprehensive income.

Investments are monitored at fair value and designated at fair value through profit or loss in accordance with the Group’s documented investment strategy. The Company has recognised its investments in subsidiaries at fair value through profit or loss.

Investments are stated at amounts considered by the directors to be a reasonable assessment of their fair value, where fair value is the amount at which an asset could be exchanged between knowledgeable, willing parties in an arm’s length transaction.

All investments are valued according to one of the following bases:

- Cost (less any provision required)
- Earnings multiple
- Sale price/Realisable value
- Price of recent transaction or
- Net assets

Investments are only valued at cost for a limited period after the date of acquisition, otherwise investments are valued on one of the other bases described above, and generally the earnings' multiple basis of valuation will be used unless this is inappropriate, as in the case of certain asset-based businesses.

When valuing on an earnings' multiple basis, profits before interest and tax of the current year will normally be used, depending on whether or not more than six months of the accounting period remain and the predictability of future profits. Such profits will be adjusted to a maintainable basis, taxed at the full corporation tax rate and multiplied by an appropriate and reasonable price/earnings multiple. This is normally related to comparable quoted companies, with adjustments made for points of difference between the comparator and the company being valued, in particular for risks, earnings' growth prospects and surplus assets or excess liabilities.

Where a company has incurred losses, or if comparable quoted companies are not primarily valued on an earnings' basis, then the valuation may be calculated with regard to the underlying net assets and any other relevant information, such as the pricing for subsequent recent investments by a third party in a new financing round that is actively being sought, then any offers from potential purchasers would be relevant in assessing the valuation of an investment and are taken into account in arriving at the valuation.

Where appropriate, a marketability discount may be applied to the investment valuation, based on the likely timing of an exit, the influence over that exit, the risk of achieving conditions precedent to that exit and general market conditions.

When investments have obtained an exit (either by listing or trade sale) after the valuation date but before finalisation of Promethean's relevant accounts, (interim or final), the valuation is based on the exit valuation subject to an appropriate discount to take account of the time period between valuation and exit dates. In circumstances where an exit is anticipated in the foreseeable future, the valuation is based on an indicative price at which the directors consider that there is a significant probability that a transaction will be completed at that price.

In arriving at the value of an investment, the percentage ownership is calculated after taking into account any dilution through outstanding warrants, options held by third parties or other investors and performance related mechanisms.

Interest accruing on secured and unsecured loan notes is disclosed within investments. When an investee company repays interest by issuing a payment-in-kind ("PIK") note as opposed to a cash payment, the amount of that PIK note issued is subsequently disclosed within Investments held at fair value through profit or loss.

Trade receivables

Trade receivables are initially recognised at fair value (plus transaction costs) and then subsequently carried at amortised cost less impairment for estimated irrecoverable amounts.

Cash and cash equivalents

Cash comprises cash in hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to insignificant risks of changes in value.

Trade payables

Trade payables are stated at fair value on initial recognition and then subsequently at amortised cost using the effective interest method.

Foreign currencies

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the statement of financial position date. Non-monetary items that are measured at historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Any exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were initially recorded are recognised in the profit or loss in the period in which they arise. Exchange differences on non-monetary items are recognised in the statement of changes in equity to the extent that they relate to a gain or loss on that non-monetary item taken to the statement of changes in equity, otherwise such gains and losses are recognised in the statement of comprehensive income.

Equity

Equity comprises the following:

- Share capital represents the nominal value of equity shares
- Share premium represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue
- Distributable Retained earnings represents retained profits

2. Revenues

	2013 *£'000*	*2012* *£'000*
Investing operations		
Management and other fees receivable	–	428
Interest income	3,516	3,157
Dividends from equity shares	–	98
	3,516	3,683
Loss on retirement from Promethean Investments LLP	–	(322)
Realised loss on financial investments	(1,240)	(3,239)
Unrealised loss on financial investments	(3,097)	(8,718)
Realised and unrealised loss on financial investments	(4,337)	(12,279)

3. Loss before finance costs and taxation

	2013 *£'000*	*2012* *£'000*
Loss before finance costs and taxation is after charging/(crediting):		
Depreciation	–	13
Audit remuneration:		
Fees payable to the Company's auditor for the audit of the financial statements	41	62
Audit of the financial statements of the Company's subsidiaries pursuant to legislation	–	21
Other fees payable to the auditors	12	–
Foreign exchange loss/(gain)	(7)	24
Operating Lease	–	92

4. Finance costs

	2013	*2012*
	£'000	*£'000*
Finance charges	38	6

5. Interest from investments

	2013	*2012*
	£'000	*£'000*
Interest on bank deposits	5	1

6. Employees and directors

	2013	2012
	£'000	£'000
The total employee costs for the group were:		
Directors' fees	75	75
Salaries and wages	–	71
Employer's national insurance	–	7
	75	153
Directors' fees		
Sir Peter Burt	30	30
Martin Nègre	25	25
Third party payments – SMP Fund Services (Elizabeth Tansell)	20	20
	75	75
	£'000	*£'000*
Amount paid to highest paid director	30	30
Average number of employees for the group during the year were:	*No.*	*No.*
Administration	1	1
	1	1

The Directors are the key management personnel of Promethean plc.

7. Taxation – continuing operations

	2013	*2012*
	£'000	*£'000*
Analysis of charge for the year:		
Overseas withholding tax	–	21
UK Corporation tax charge on profits for the year	–	21
Adjustments in respect of prior periods	–	76
Total tax expense	–	118

The tax assessed for the year differs from the standard rate of corporation tax in the Isle of Man and United Kingdom. The tax charge for the year can be reconciled to the loss as per the statement of comprehensive income as follows:

	2013	*2012*
	£'000	*£'000*
Loss before tax	(1,857)	(10,379)
Taxation at standard rate in Isle of Man nil%	–	–
Overseas withholding tax	–	21
Adjustment to tax charge in respect of prior periods	–	76
Taxable income – profit share from UK based LLP	–	21
Total tax expense	–	118

The Company is resident for Isle of Man income tax purposes, being subject to the standard rate of income tax, which is currently 0 per cent. As the Company is wholly owned by individuals not resident in the Isle of Man for tax purposes, it will not be subject to the Attribution Regime for individuals, which commenced from 1 July 2008.

8. Loss and net asset value per share

The calculations of basic loss per share of the Group at 30 June 2013 was based on the loss attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding during the year ended 30 June 2013, calculated as follows:

	2013	*2012*
Loss attributable to equity holders of the parent	(£1,857,000)	(£10,497,000)
Issued ordinary shares – beginning of year	45,186,155	45,186,155
Issued ordinary shares – end of year	45,186,155	45,186,155
Weighted average number of issued shares for the year	45,186,155	45,186,155
Loss per share (basic and diluted) – total	(4.11p)	(23.23p)
Net asset value per ordinary share	21.2p	37.8p

9. Investments

Company shares in group undertakings and trade investments

	2013	*2012*
	£'000	*£'000*
On incorporation	–	360
Disposal on retirement	–	(360)
Investment at fair value through profit and loss	9,112	17,201
	9,112	17,201

Company shares in group undertakings and trade investments		
On incorporation	–	360
Disposal on retirement	–	(360)
Investment at fair value through profit and loss	9,112	17,201
	9,112	17,201

Details of significant subsidiaries at 30 June 2013 are as follows:

Name of Subsidiary	*Place of incorporation (or registration) and operation*	*Proportion of ownership interest*	*Proportion of voting power held*	*Principal activity*
Promethean Investments Fund LP	England	100	100	Holding entity for investments

10. Investments

Group

	2013 *£'000*	*2012* *£'000*
Listed investments		
Valuation as at 1 July 2012	7,164	20,056
Realised loss	(1,500)	(3,239)
Unrealised loss	–	(5,831)
Disposals	(5,664)	(3,822)
Valuation as at 30 June 2013	–	7,164
Unlisted investments		
Valuation as at 1 July 2012	9,643	9,468
Fair value adjustments recognised in profit & loss	(2,837)	(2,887)
Additions including capitalised loan interest	3,881	3,062
Disposals	(4,376)	–
Valuation as at 30 June 2013	6,311	9,643
Total investments		
Valuation as at 30 June 2013	6,311	16,807

11. Trade and other receivables

	Group *2013* *£'000*	*Company* *2013* *£'000*	*Group* *2012* *£'000*	*Company* *2012* *£'000*
Other debtors	16	20	–	–
Prepayments and accrued income	308	308	1,261	632
	324	328	1,261	632
Other debtors	16	20	–	–
Prepayments and accrued income	308	308	1,261	632
	324	328	1,261	632

12. Cash and cash equivalents

	Group 2013 £'000	*Company 2013 £'000*	*Group 2012 £'000*	*Company 2012 £'000*
Cash at bank and in hand	3,064	259	20	–
Short term deposit	–	–	697	85
	3,064	259	717	85

13. Trade and other payables – current

	Group 2013 £'000	*Company 2013 £'000*	*Group 2012 £'000*	*Company 2012 £'000*
Trade payables	20	20	2	2
Other creditors	–		844	–
Accruals and deferred income	97	97	704	681
	117	117	1,550	683

Liquidity risk is the risk that an entity will have difficulties in paying its financial liabilities. The Group maintains sufficient reserves to ensure that its financial liabilities are able to be met.

The figures in Note 13 represent short term financial liabilities and are therefore based on gross undiscounted cash flows.

14. Share Capital

	Group 2013 £'000	*Group 2012 £'000*
Authorised		
100,000,000 ordinary shares of 1p each – beginning of year	1,000	1,000
Issued and fully paid		
45,186,155 ordinary shares of 1p each – beginning of year	452	452
45,186,155 ordinary shares of 1p each – end of year	452	452

On incorporation the Company had authorised share capital of £1,000,000 divided into 100,000,000 ordinary shares of 1p each.

Also, on incorporation, two ordinary shares were subscribed, nil paid.

On 23rd June 2006 the Company issued 50,000,000 ordinary shares of 1p each at a premium of 99p, to provide additional working capital.

On 14 April 2009 the Company cancelled a total of 4,813,845 ordinary shares tendered at a price of 70.5 pence per share.

Following the company's re-registration under the Isle of Man Companies Act 2006, the Company is governed by a revised Memorandum and Articles of Association.

Following the disposal of Cambria Automobiles plc ("Cambria") as a return of capital *in specie* to shareholders at fair value, an effective capital return of 17.0 pence per share totalling £5,664,000 was returned to Promethean plc shareholders on 12 July 2012. For each share held in Promethean plc, shareholders received 0.73742 shares in Cambria.

In the period to 30 June 2012 the disposal of IFG Group plc led to a capital return of 6.0 pence per share resulting in a return to Promethean plc shareholders of £2,712,000.

15. Related party transactions

During the year the group had the following related party transactions:

On 12 August 2013, the Company's registrar and administrator changed from Chamberlain Fund Services Limited to SMP Fund Services Limited. Elizabeth Tansell is a principal of Chamberlain Fund Services Limited and a director of Promethean plc. During the year the Company had the following related party transactions with Chamberlain Fund Services Limited:

Registrar and administrator services charged including accruals	13	13
Transactions during the year with respect to Key Management Personnel:		
– profit share	–	673

During the year the Group made payments of £990,000 (2012: £646,000) to Promethean Investments LLP in respect of investment management services provided and in settlement of certain liabilities of Promethean Investments LLP for which it was liable. As at the balance sheet date there were no amounts due to or from that entity. Sir Peter Burt is a member of Promethean Investments LLP.

In respect of the Cambria capital return as detailed in Note 14, Sir Peter Burt and Martin Nègre received shares in Cambria of 405,581 (including connected parties) and 36,871 respectively.

There is no ultimate controlling party.

16. Financial Instruments

Financial instruments comprise securities and other investments, cash balances and receivables and payables that arise from operations. The investment portfolio includes quoted and unquoted equity investments and debt instruments that are held for the long term.

All gains and losses arising from financial assets designated at fair value are recognised through profit or loss.

The carrying value of all financial assets and liabilities are as follows:

	Group 2013 £'000	*Company 2013 £'000*	*Group 2012 £'000*	*Company 2012 £'000*
Financial assets comprise				
Loans and receivables	3,388	587	1,978	717
Fair value through profit or loss:				
Designated at fair value through profit or loss	6,311	9,112	16,807	17,201
	9,699	9,699	18,785	17,918

Management monitors the ageing of financial assets that are past due but not impaired as at the year end. These amounts as at 30 June 2013 and 30 June 2012 were not material to the group results.

	Group 2013 £'000	*Company 2013 £'000*	*Group 2012 £'000*	*Company 2012 £'000*
Financial liabilities comprise				
Amortised cost	117	117	1,682	815

	Group 2013 £'000	Company 2013 £'000	Group 2012 £'000	Company 2012 £'000
Losses on:				
Designated at fair value through profit and loss	(4,337)	(1,471)	(12,279)	(3,770)

Market Risk

Market risk embodies the potential for both losses and gains and includes currency risk, fair value interest rate risk and price risk. The Group's strategy on the management of market risk is driven by its investment objective, as outlined in the Directors' report. The Group invests in a range of investments, including quoted and unquoted equity securities and debt instruments in a range of sectors. The Board monitors the Group's investment exposure against internal guidelines specifying the proportion of total assets that may be invested in various sectors.

Of the £4,337,000 (2012: £12,279,000) realised and unrealised loss recognised on investments during the year, a loss of £1,500,000 (2012: £9,069,000) is attributable to listed investments.

Currency risk

Certain financial instruments are denominated in currencies other than the functional currency. Consequently there is exposure to the risk that the exchange rate of the functional currency may change relative to the currencies in a manner that has an adverse effect on the value of that proportion of the investments denominated in currencies other than the functional currency.

At 30 June 2013 the Group had €nil (2012: €221,765) in cash balances and had no hedging positions or other financial instruments in foreign currencies.

Interest rate risk

Interest rate movements may affect the level of income receivable on cash balances held on term deposits and interest payable on floating rate interest bearing liabilities.

	Group 2013 £'000	Company 2013 £'000	Group 2012 £'000	Company 2012 £'000
Cash and cash equivalents	3,064	259	717	85

Price Risk

Price risk may affect the value of quoted and unquoted investments as a result of changes in market prices (other than arising from interest rate risk or currency risk), whether caused by factors to an individual investment, its issuer or factors affecting all instruments traded in the market. As all of the Company's financial instruments are carried at fair value with fair value changes recognised in the statement of comprehensive income, all changes in market conditions will directly affect net investment income.

The exposure to quoted equity investments are as follows:

Valuation of listed investments

	Group 2013 £'000	Company 2013 £'000	Group 2012 £'000	Company 2012 £'000
Listed investments as at 30 June 2013	–	–	7,164	–

The following table details the sensitivity of a 10 per cent. change in prices on the 30 June 2013 valuation of the investments:

	Group 2013 £'000	*Company 2013 £'000*	*Group 2012 £'000*	*Company 2012 £'000*
Increase in prices	–	–	7,880	–
Decrease in prices	–	–	6,448	–

The following table details the sensitivity of a 10 per cent. change in the 30 June 2013 closing bid prices on the profit/(loss):

	Group 2013 £'000	*Company 2013 £'000*	*Group 2012 £'000*	*Company 2012 £'000*
Increase in prices	–	–	716	–
Decrease in prices	–	–	(716)	–

Unlisted Investments valued using multiple basis

	Group 2013 £'000	*Company 2013 £'000*	*Group 2012 £'000*	*Company 2012 £'000*
Unlisted investments as at 30 June 2013	–	–	5,942	–
Valuation movement if:				
Multiple applied is increased by 20%	–	–	1,188	–
Multiple applied is decreased by 20%	–	–	(1,188)	–

When valuing on an earnings' multiple basis, profits before interest and tax of the current year will normally be used. The profit is adjusted to a maintainable basis, taxed at the full corporation tax rate and multiplied by an appropriate and reasonable price/earnings multiple. The price/earnings multiple is chosen from a basket of comparable quoted companies, taking into account particular risks, earnings' growth prospects and surplus assets or liabilities of the comparator. On all valuations, a marketability discount in the range of 15 per cent. to 25 per cent. has been applied to reflect the likely timing of an exit, after consideration of influencing factors such as general market conditions.

At the 30 June 2013 the only investment remaining was T.I.S Group, which was valued at £6,311,000 in accordance with an agreed pre-transaction value, as described in Note 1. A 20 per cent. variance on this would result in a £1,262,000 positive or adverse movement on that valuation.

Credit Risk

Credit risk is the risk that the counterparty to the financial instrument will fail to discharge an obligation or commitment. As at 30 June 2013 the financial assets exposed to credit risk were as follows:

	Group 2013 £'000	*Company 2013 £'000*	*Group 2012 £'000*	*Company 2012 £'000*
Investments in debt instruments	–	–	3,076	–
Trade and other receivables	324	328	1,261	632
Cash and cash equivalents	3,064	259	717	85
	3,388	587	5,054	717

Prior to making investments in debt instruments, the Manager reviews and evaluates the investee's ability to service and repay its debt as part of the due diligence process. The recoverability of debts from investee companies subsequent to acquisition is monitored by directors attending board meetings and reviewing management accounts on a regular basis.

The credit risk on cash and cash equivalent balances are mitigated by spreading the balances across a number of investment grade banking institutions.

Fair values

The Group's investments are carried at fair values on the statement of financial position. The carrying value of certain other financial instruments, specifically trade and other receivables and payables approximates to fair value due to the short term nature of these instruments.

The principal methods and assumptions used in estimating the fair value of investments is disclosed on page 15.

Capital management and policies and procedures

The Group's capital management objectives are:

– to ensure that it will be able to continue as a going concern;

– to realise all investments and return capital to the equity shareholders; and

– to maximise the income and capital return to its equity shareholders.

The Group's capital at 30 June 2013 comprises equity share capital of £452,000 (2012: £452,000) and retained earnings and other reserves of £9,130,000 (2012: £16,651,000).

The Board monitors and reviews the structures of the Group's capital on an ongoing basis assessing the need for new issues of equity shares, and the extent to which revenue, in excess of that which is required to be distributed, should be retained. The Group's objectives, policies and processes for managing capital are unchanged from the preceding accounting period.

Fair value hierarchy

	Level 1 2013 £'000	*Level 2 2013 £'000*	*Level 3 2013 £'000*	*Total 2013 £'000*
Financial assets designated at fair value through profit or loss				
Equity investments				
– Listed or quoted	–	–	–	–
– Unquoted	–	–	6,311	6,311
As at 30 June 2013	–	–	6,311	6,311

There have been no transfers between Levels 1 and 2 during the reporting period.

The fair value hierarchy of financial assets designated at fair value through profit or loss at 30 June 2012 was as follows:

	Level 1 *2012* *£'000*	*Level 2* *2012* *£'000*	*Level 3* *2012* *£'000*	*Total* *2012* *£'000*
Financial assets designated at fair value through profit or loss				
Equity investments				
– Listed or quoted	7,164	–	–	7,164
– Unquoted	–	–	9,643	9,643
As at 30 June 2012	7,164	–	9,643	16,807

There have been no transfers between Levels 1 and 2 during the reporting period.

A reconciliation of fair value movements in Level 3 is set out below.

	Unquoted Investments *2013* *£'000*	*Unquoted Investments* *2012* *£'000*
Opening balance	9,643	9,469
Additions including capitalised interest	3,881	3,061
Disposals	(4,116)	–
Total losses on assets held at the end of the year	(3,097)	(2,887)
	6,311	9,643

The fair values of the financial instrument categorised in Level 3, being the remaining investment held in TIS Group, is calculated based on an agreed pre-transaction value. The proposed transaction details are set out in the Chairman's Statement. The valuation has been re-assessed and further verified by the directors by virtue of an asset allocation agreement from the TIS Board, based on an independent valuation of the TIS business.

17. Segmental Analysis

There is now only one segment in the Group.

More than 10 per cent. of the investment and other income are derived within the UK, of which T.I.S Group plc represents 100 per cent. (2012: 73.4 per cent.).

18. Events after the Reporting Period

On 13 September 2013 the Promethean plc's share trading on AIM was temporarily suspended pending an announcement of a submission document. On 19 September 2013 the details of the suspension were disclosed in an RNS announcement detailing the discussions held between the Board, TIS Group ("TIS") and Protected Asset TEP Fund plc ("PATF") relating to the establishment of an AIM listed multi-strategy investment company utilising the existing Promethean business. The Board is of the view that this opportunity represents the best solution available in respect of the final investment (TIS). At the time of these financial statements being authorised, the transaction had not progressed to conclusion.

B. Report of the Independent Auditors for the year to 30 June 2013

The following reproduces the auditor's report which was prepared for and contained in the Company's 2013 annual report.

Independent Auditor's Report to the Members of Promethean plc

We have audited the Group and Parent Company financial statements of Promethean Plc for the year ended 30 June 2013 which comprise the Group Statement of Comprehensive Income, the Group and Company Statements of Financial Position, the Group and Company Statement of Changes in Equity, the Group and Company Statements of Cash Flows, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (as adopted by the European Union).

This report is made solely to the Company's members, as a body, in accordance with Section 80C(2) of the Isle of Man Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the directors' responsibilities statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements give a true and fair view of the state of the Group's and Company's affairs as at 30 June 2013 and of the Group's loss for the year then ended in accordance with International Financial Reporting Standards (as adopted by the European Union).

GRANT THORNTON

GRANT THORNTON
Chartered Accountants
Third Floor
Exchange House
54/58 Athol Street
Douglas
ISLE OF MAN
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5 December 2013

SECTION 4

Set out below is the unaudited financial information and independent review report for Promethean plc for the six months to 31 December 2013 extracted from the published unaudited interim results of Promethean plc without material adjustment. Both the unaudited financial information and the independent review report have been reproduced verbatim and, as such, page numbers and other references may no longer be valid.

A. Unaudited financial information for the six months ended 31 December 2013

Group Statement of Comprehensive Income for the period to 31 December 2013 Unaudited

	Period 1 July 2013 to 31 December 2013 £'000	*Period 1 July 2012 to 31 December 2012 £'000*	*Year 1 July 2012 to 30 June 2013 £'000*
Investing operations			
Investment and other income	–	1,729	3,516
Realised and unrealised loss on financial investments	–	(6,183)	(4,337)
Management and other expenses	–	(4,454)	(821)
Loss from investing activities	(767)	(500)	(1,003)
	(767)	(4,954)	(1,824)
Loss before finance costs and taxation	(767)	(4,954)	(1,824)
Finance income	–	–	5
Finance costs	(3)	(1)	(38)
Loss before tax	(770)	(4,955)	(1,857)
Income tax expense	(55)	–	–
Group loss and total comprehensive income	(824)	(4,955)	(1,857)
Loss per share – (basic and diluted)	(1.83p)	(10.97p)	(4.11p)

Group Statement of Financial Position as at 31 December 2013 Unaudited

	31 December 2013 £'000	*31 December 2012 £'000*	*30 June 2013 £'000*
Non-current assets			
Investments held at fair value through profit or loss	6,311	3,575	6,311
	6,311	3,575	6,311
Current assets			
Trade and other receivables	630	674	324
Cash and cash equivalents	2,097	3,641	3,064
	2,727	4,315	3,388
Total assets	9,038	7,890	9,699
Current liabilities			
Trade and other payables	280	1,406	117
Total liabilities	280	1,406	117
Net Assets	8,758	6,484	9,582
Equity			
Share capital	452	452	452
Share premium	4,723	4,723	4,723
Retained earnings	3,583	1,309	4,407
Total equity	8,758	6,484	9,582
Net asset per share	£0.19	£0.14	£0.21

Group Statement of Changes in Equity for the period to 31 December 2013 Unaudited

	Share capital £'000	*Share premium £'000*	*Retained earnings distributable £'000*	*Total £'000*
Balance as at 30 June 2013	452	4,723	4,407	9,582
Transactions with owners	–	–	–	–
Loss for the period	–	–	(824)	(824)
Other comprehensive income	–	–	–	–
Total comprehensive income for the period	–	–	(824)	(824)
Balance as at 31 December 2013	452	4,723	3,583	8,758

	Share capital £'000	*Share premium £'000*	*Retained earnings distributable £'000*	*Total £'000*
Balance as at 30 June 2012	452	10,387	6,264	17,103
Capital return	–	(5,664)	–	(5,664)
Transactions with owners	–	(5,664)		(5,664)
Loss for the period	–	–	(4,955)	(4,955)
Other comprehensive income	–	–	–	–
Total comprehensive income for the period	–	–	(4,955)	(4,955)
Balance as at 31 December 2012	452	4,723	1,309	6,484

	Share capital £'000	*Share premium £'000*	*Retained earnings distributable £'000*	*Total £'000*
Balance as at 30 June 2012	452	10,387	6,264	17,103
Capital return	–	(5,664)	–	(5,664)
Transactions with owners	–	(5,664)	–	(5,664)
Loss for the period	–	–	(1,857)	(1,857)
Other comprehensive income	–	–	–	–
Total comprehensive income for the period	–	–	(1,857)	(1,857)
Balance as at 30 June 2013	452	4,723	4,407	9,582

Group Statement of Cash Flows for the period ended 31 December 2013 Unaudited

	Period 1 July 2013 to 31 December 2013 £'000	*Period 1 July 2012 to 31 December 2012 £'000*	*Year 1 July 2012 to 30 June 2013 £'000*
Cash outflow from operating activities			
Net loss for the period	(770)	(4,955)	(1,857)
Adjustments for:			
Finance income	–	–	(5)
Finance cost	3	1	38
Investment impairments	–	4,491	4,596
Investment income	–	–	(3,753)
Decrease/(increase) in trade and other receivables	(309)	587	697
(Decrease)/increase in payables	167	(144)	(1,433)
Tax paid	(55)	(132)	(132)
Loss on disposal of subsidiary	–	–	(22)
Net cash outflow from operating activities	(964)	(152)	(1,871)
Cash (outflow)/inflow from investing activities			
Proceeds from returns on investments	–	3,077	4,376
Purchase of investments	–	–	(125)
Finance income	–	–	5
Net cash (outflow)/inflow from investing activities	–	3,077	4,256
Cash (outflow)/inflow from financing activities			
Finance cost	(3)	(1)	(38)
Net cash (outflow)/inflow from financing activities	(3)	(1)	(38)
Net increase/(decrease) in cash	(967)	2,924	2,347
Cash and cash equivalents at beginning of period	3,064	717	717
Cash and cash equivalents at end of period	2,097	3,641	3,064

Note 1 - General Information

The information for the six month period ended 31 December 2013 and the period 1 July 2012 to 31 December 2012 do not constitute statutory accounts as defined in section 80 of the Companies Act 2006. Comparative figures for the year to 30 June 2013 are taken from the full statutory accounts, which contain an unqualified audit report.

Note 2 - Basis of accounting

This statement has been prepared using accounting policies and presentation consistent with those applied in the preparation of the accounts for the Company for the year ended 30 June 2013, and in accordance with International Accounting Standard 34, "Interim Financial Reporting".

Note 3 - Management & other expenses

Included within Management & other expenses are amounts totalling £278,000 in respect of the proposed reverse takeover, as noted in the Chairman's Statement on page one. Of these expenses, £204,000 has been settled by the TIS Group in accordance with the terms of the proposed transaction.

B. Independent review report for the six months to 31 December 2013

The following reproduces the independent review report which was prepared for and contained in the Company's interim results for the six months to 31 December 2013.

Independent review report to Promethean plc

Introduction

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 31 December 2013 which comprises the Group Statement of Comprehensive Income, the Group Statement of Financial Position, the Group Statement of Changes in Equity, the Group Statement of Cash Flows and the related explanatory notes 1-2. We have read the other information contained in the half yearly financial report which comprises only the Chairman's Statement and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with guidance contained in ISRE (UK and Ireland) 2410, 'Review of Interim Financial Information performed by the Independent Auditor of the Entity'. Our review has been undertaken so that we might state to the Company those matters we are required to state to them in a review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our review work, for this report, or for the conclusions we have reached.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half yearly financial report in accordance with the AIM rules of the London Stock Exchange.

As disclosed in note 2, the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with the basis of accounting described in note 2.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 31 December 2013 is not prepared, in all material respects, in accordance with the AIM rules of the London Stock Exchange and the basis of accounting described in note 2.

GRANT THORNTON LIMITED
CHARTERED ACCOUNTANTS
ISLE OF MAN

25 March 2014

PART VII

OPERATING AND FINANCIAL REVIEW OF TIS

1. Overview

TIS Holdings is the parent company of a group of companies providing a range of services including trading in TEPs, policy valuation and promotion of other alternative investment products. The TIS Group operates in the UK with a global distribution focus consisting of both retail and institutional clients domiciled particularly in the UK, Europe and Asia accessed via its intermediary network.

The TIS Group has a trading history dating back to the 1960s. With a history of early mover advantage, it grew to become one of the largest participants in the TEP market, having managed an aggregate of approximately £2 billion worth of assets since the early 1990s. The TIS Group continues to provide services to The Protected Asset TEP Fund plc ("PATF"), which the TIS Group was instrumental in establishing in 2001.

More recently the TIS Group has expanded its business to service a range of alternative investment strategies.

2. Current Trading and Prospects

The TIS Group continues to receive revenue from its operations associated with the TEP market. The nature of the life cycle of TEPs has resulted in an urgency from regular investors to buy policies which has increased demand. Given TIS Group's association with two of the larger institutional holders of TEPs, the TIS Group has increasingly become a hub within the TEP market seeking to supply TEPs to meet continuing demand from TEP investors, most notably in the year to 30 June 2013. This led to an increase in revenue being generated from the TIS Group's TEP trading activities.

Several factors exist which means a TEP is not restricted in the number of times it may be traded. Such examples range between strategic and opportunistic which may lead to portfolio rebalancing or cost benefit analysis which are reflected in the TIS Group's trading. In contrast the TIS Group continues to experience a reduction of assets under management in respect of policy valuation and promotion and therefore a decline in fee income.

The TIS Group has responded in a timely manner to the inevitable short to medium term life span of the TEP market remaining and as such since 2011 has invested into research and development towards establishing alternative multi-strategy structures which are expected to deliver incremental income streams to the TIS Group across all business lines.

Demand for the supply of TEPs continues from the market as clients continue to seek to maintain portfolios as liquidity becomes increasingly available from either financial institutions or maturity payouts from policies held. Given that HSC reached the conclusion in November 2013 that TEP trading will not be affected by AIFMD this has enabled a continuation of trading. Supply continues to be lower than demand despite efforts to work closer with life offices to capture as many new policies as possible instead of them being surrendered.

Since the period ended 31 December 2013, TIS Group's non-trading income has continued to decline as the net asset value of amounts held in the funds it provides services to have continued to reduce as a result of maturing policies and fund redemptions. Trading volumes and margins have both been affected by adverse market conditions which has resulted in a significant change in the trading position of the TIS Group in the period since 31 December 2013.

TEP trading in the first half of FY13 and FY14 focused on dealing with HSC's sub-portfolio i.e. investors redeeming their holding through the annual redemption window and the second half focused on supply feeds from institutional clients to the market. PATF continues to report higher than expected performance and this has had a positive impact on the NAV based fee income to TIS Group.

3. Segments

The TIS Group has three main subsidiaries, each of which operates within a defined activity:

AAP is the main operating business in market making and brokering. Historically, AAP has acted as the exclusive market maker and agent in TEPs serving both policy holder and institutional clients, and remains one of the largest TEP service providers in the market. AAP has been authorised and regulated in the UK since August 1994 (now by the FCA) and is one of the early members of APMM.

TMS provides investment advisory services including policy valuation and other administration services.

PDLI is a trading name of AAP and undertakes promotion and distribution of specialist alternative investment products offered and developed by the TIS Group.

4. Significant Factors Impacting Results of Operations

Regulation & Tax framework

Several regulatory factors along with a change to the tax treatment for individual UK investors presented themselves from the start of 2013, which impacted TEP trading activity in FY13 compared to the prior two years, and continue to do so. Most significant of these was the introduction to law on 22 July 2013 of the Alternative Investment Fund Managers Directive ("AIFMD"), which covers the management, administration and marketing of alternative investment funds, imposing certain obligations on the fund manager.

Despite the market's awareness of this regulatory change since July 2011, efforts to understand whether institutional TEP investors are considered to be affected remained unanswered by the relevant bodies for some time. However in November 2013, HSC reached the conclusion that their structure was not to be affected by the implementation of AIFMD and as such provided an instruction to restart its investment of TEPs. It should be noted though that between the implementation of AIFMD on 22 July 2013 to the start of November 2013, policy acquisitions were put on hold until the position was clarified and as such affected trading potential during this period. To a lesser extent, the introduction of the Retail Distribution Review ("RDR") at the start of 2013 and a change to the tax qualifying status of TEPs from 6 April 2013 have both impacted the sales of TEPs to the UK retail sector. In respect of RDR, the scope for intermediaries has become limited to be able to earn excessively from the sale of a TEP as has been the case in the past, with the requirement now to move to an exclusively fee-based model. To further compound this development, HMRC altered the qualifying status on policies traded with effect from 6 April 2013 resulting in any gain achieved on a policy being taxed as income rather than capital gains as had previously been the case. This change will typically affect UK higher rate tax payers and lessens the prospect of intermediaries recommending TEPs as an investment to UK clients seeking to reduce their tax liability.

TEP Market

The UK TEP market is approaching a watershed with the majority of outstanding TEPs due to mature by 2016. This effect has been compounded by the lack of substantial issues of new policies since the mid 1990s to replace these levels of maturities. The immediate implication of this negatively affects the TIS Group's policy valuation fees as the level of fees is directly linked to the NAV of the fund.

Whilst the prospect of a declining market size in UK TEPs is expected to impact the TIS Group's TEP trading levels in the medium term, the competition within the market that has resulted is anticipated to result in higher margins being earned by the TIS Group than has historically been the case, although at the expense of lower turnover. The TIS Group started experiencing this effect during second half of FY13 where demand significantly exceeded supply and as a result higher trading margins were realised.

Investor Demand

All segments of the business are reliant on the demand from its institutional TEP clients whilst in addition AAP is also affected by retail demand. Demand is defined by subscriptions and redemptions with regards to the TIS Group's institutional clients and monies available for investment in TEP portfolio's from the retail sector. In respect of its institutional clients, PATF, although an open-ended fund, has received limited subscriptions since the financial crisis in 2008 at the same time as seeing net redemptions. HSC, as a closed-ended structure, is not attracting new investor monies. However in both cases, scope does exist to re-invest proceeds received from matured policies although this is assessed regularly against cash outflows. Any monies committed by any party to be invested in TEPs translates into trading margin for AAP, if successfully invested in TEPs. With regards to its institutional clients, this will also feed into TMS and revenue earned from its assets under management, whilst in some cases PDLI earns retrocession commission based on size of NAV, which generally would be expected to be higher if policies are being acquired.

Agreements

The TIS Group has not received policy valuation fees for the periods since 1 January 2011 from HSC in respect of policy valuation services despite there being no termination provision within the agreements with that party.

Furthermore despite policy provider agreements with existing institutional clients providing for trading fees, the nature of the market as described above has resulted in lower margins being earned by the TIS Group. Looking ahead, it is not anticipated that these lower margins will be further compromised and it is the intention to seek a return to the contractual levels should circumstances allow.

Currency Fluctuations

Although the TIS Group receives all of its income in Pounds Sterling there is an indirect impact of currency movements in US Dollar and Euro on the sum received from PATF albeit significantly minimised by the hedging policy of the fund which seeks to be as fully hedged as practically possible at any given time.

TEPs are only available in Pounds Sterling and so the four sub-funds in PATF which are traded in other currencies to these underlying assets operate forward contracts to reduce this risk to investors. The income TIS receives from market making is not affected by currency but may have an impact on the fund, however, fees derived from the NAV such as valuation fees and retrocession commission may be impacted by currency fluctuations; further exacerbated by the onward retrocession payments to intermediaries being fixed to the point of entry and the prevailing rate therein.

It is the intention that TDAF will operate in the same manner as PATF given there will be share classes offered in other currencies in addition to Pounds Sterling, however, as the underlying assets may also be in other denominations, unlike TEPs, there may be a mixture of currency exposure dependant on the match of underlying asset to share price/NAV currency.

Interest Rate Fluctuations

TIS Group has a debt facility which has an element of LIBOR exposure, however, given this is executed on monthly interest rates and there has been minimal movement in LIBOR in recent years and into the foreseeable future it is seen as very limited risk to the group.

5. Key Income Statement Items

Income statement presentation

In its consolidated income statement, the TIS Group presents its results in accordance with IFRS. In November 2010, AAP acquired the assets and trade of Protected Distribution Limited represented in the profit and loss account as an acquisition in FY11.

Operating profit/(loss) is stated after giving effect to the following items:

- *Amortisation charges* – Intangible assets being the excess of the cost of an acquisition over the fair value attributed to the net assets at acquisition is capitalised. The useful economic life of the intangible asset arising on each acquisition is determined at the time of the acquisition and an amortisation charge is applied to the assets. The TIS Group amortises over the estimated life span of 15 years determined by the nature of the business; the typical life spans of the products; the extent to which the acquisition overcomes market entry barriers and the expected future impact of competition on the business. Intangible assets are also subject to annual impairment reviews evaluated by comparing the present value of the expected future cash flows, excluding finance and tax (the 'value in-use') to the carrying value of the underlying net assets and intangible assets. If the net assets and intangible assets were to exceed the value-in-use, impairment would be deemed to have occurred and result in a write-down.

- *Exceptional items* – The TIS Group's exceptional items are those significant items of income which are separately disclosed by virtue of their size and incidence to enable a full understanding of the financial performance. Certain of these items may not be non-recurring, infrequent or unusual. Exceptional items include for example, restructuring costs, impairment of intangible assets and acquisition expenses.

- *Tax* – Tax credits or charges associated with exceptional items after operating profit and the TIS Group will also recognise any one-off deferred tax credits.

Revenue

The TIS Group operates in a single business comprising trading in endowment policies, other financial products and ancillary services, the provision of management consultancy and valuation services and acting as an agent for trading in endowment policies and similar intermediary actions including the promotion, marketing and product structuring of alternative investments. The administrative expenditure, financial income, financial expenses and net assets of the TIS Group are jointly incurred, received or used in these activities as required. Accordingly no segmental analysis of these items is appropriate.

- *Policy sales* – Revenue is generated through the outcome of TEP market making and brokering which could entail both the purchasing of endowment policies direct from the policy holder as well as trading between institutional clients and market makers. The TIS Group is recognised as a key influencer in the market and has maintained its brand presence alongside its association with APMM in order to maintain the channels to source policies outside of its agreements as well as remaining cognisant of the life offices and their with-profits funds. Revenue is traded through the TIS Group Limited in tandem with AAP acting as the market maker.

- *Commissions receivable and related income* – Upon assignment of the policy AAP is appointed the agent and will act as a liaison with the life office on any aspect of the policy into the future. AAP will receive renewal commission from the life office issuing the policy when a premium is paid and therefore receipts mirror the premium frequency which is typically monthly.

- *Promoter and valuation fees* – PDLI is the promoter for PATF and receives a retrocession commission on the No.2 Fund. TMS is policy administrator to three Isle of Man TEP funds and receives valuation fees for this service. HSC is another institutional client to the Group and fees were received up to the period 1 January 2011.

The cost of acquiring policies may include policy purchase costs, policy premiums, legal costs, life office administration fees and policy purchase commission, and other commissions payable to financial intermediaries.

Gross profit by activity is generated through agreements in place with the TIS Group and each institutional TEP client and as such generates revenues either through a margin or a fee in accordance with the predefined agreement.

An analysis of gross revenues and gross margin arising from the performance of these activities is set out below:

	FY11	*FY12*	*FY13*	*HY13*	*HY14*
	£'000	*£'000*	*£'000*	*£'000*	*£'000*
				(unaudited)	*(unaudited)*
Revenue by activity					
Policy sales	108,337	118,453	40,643	9,151	15,445
Commissions receivable and related income	397	302	186	111	84
Promoter and valuation fees	4,598	3,326	2,269	1,273	872
Other income	24	25	23	–	–
Total revenues	113,356	122,106	43,121	10,535	16,401

	FY11	*FY12*	*FY13*	*HY13*	*HY14*
	£'000	*£'000*	*£'000*	*£'000*	*£'000*
				(unaudited)	*(unaudited)*
Gross profit by activity					
Policy sales	3,087	3,239	1,180	565	260
Commissions receivable and related income	397	302	186	111	84
Promoter and valuation fees	3,601	2,654	1,810	1,047	650
Other income	24	25	24	–	–
Total gross profit	7,109	6,220	3,200	1,723	994

Operating costs before exceptional items

The TIS Group's operating costs comprise:

- Staff costs, directors' remuneration and consultancy fees are the largest combined contributor to the TIS Group's operating costs, including wages and salaries and social security costs in respect of employed persons. The significant majority of the consultancy costs relates to Mr Iversen, a former board director, whilst the balance relates to retained consultants for promotional activities.
- Monitoring fees are charged by Promethean plc.
- Agency fees are chargeable under the senior facility agreement in lieu of the syndicated loan.
- Vat recovery and charges are applied as appropriate to the two vat groups in operation.
- Bad debt provision relates to the HSC valuation fees charged since 1 January 2011.

	FY11 £'000	FY12 £'000	FY13 £'000	HY13 £'000 (unaudited)	HY14 £'000 (unaudited)
Administrative expenses					
Wages and salaries	823	412	318	148	208
Directors' remuneration	279	154	119	53	58
Property related costs	152	79	74	38	37
Office running costs	97	67	60	31	22
Travel and accommodation	42	41	39	22	11
Legal and professional fees	71	20	8	4	4
Monitoring fees	64	64	64	32	32
Consultancy fees	159	143	158	83	67
Auditor's fees	65	58	60	17	40
Regulatory and insurance fees	11	10	24	14	9
Bank charges and agency fees	46	36	34	16	20
Trade association fees	15	7	3	2	2
Depreciation and fixed asset disposal	27	7	6	3	3
Bad debt provision	344	–	–	–	–
Vat charge and recovery	(203)	(293)	–	–	–
Sundry expenses	54	16	19	6	6
Goodwill amortisation	450	450	450	–	–
Total administrative expenses	2,496	1,271	1,436	470	520

Exceptional items

	FY11 £'000	FY12 £'000	FY13 £'000	HY13 £'000 (unaudited)	HY14 £'000 (unaudited)
Exceptional items					
Impairment of intangible assets	2,949	7,839	10,550	–	–
Acquisition expenses	449	–	–	–	–
Restructuring costs	723	513	930	–	–
Total exceptional items	4,121	8,352	11,480	–	–

Goodwill acquired in a business combination was allocated, at acquisition, to the single cash generating unit of the TIS Group.

There were no exceptional items for HY14 (HY13: Nil).

The impairment charges in FY11, FY12 and FY13 arose following an independent TIS Group valuation commissioned by the TIS Group. The independent valuation estimated the recoverable amounts of the CGUs from the value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and allocated costs during the period. The rate used to discount the forecast cash flows is 23 per cent. The growth rates are based on the TIS Group's own forecasts from 2012 through to 2016 with a growth rate into perpetuity of 2 per cent. applied to periods after 2016. Changes in revenues and direct costs are based on past practice and expectations of future changes in the market.

The acquisition of the trade and assets of PDL in November 2010 by AAP resulted in a one-off expense in FY11 of £449,000. Restructuring costs in FY11 relates to planned headcount reductions to match the TEP market requirements (£280,000) and corporate alignment of the TIS Group in response to the changing business environment as well as the preparing for future strategies. Similarly in FY12 there are further restructuring headcount costs and litigation costs, but the vast majority of the exceptional items relate to the aborted acquisition of the TIS Group in December 2012 by PATF of £434,000. In FY13 all of the costs (£903,000) relate to the aforementioned December 2012 aborted acquisition.

Operating profit

The TIS Group operating profit/(loss) is presented after accounting for all exceptional items and given the impairments in FY12 and FY13 following the commissioning of the independent valuations the operating profit/(loss) for FY11, FY12 and FY13 was £492,000, (£3,403,000) and (£9,705,000) respectively.

The operating profit for HY14 was £474,000 (HY13: £1,253,000).

Investment Income

Investment income comprises of bank interest receivable.

Finance Costs

Finance costs are incurred by the TIS Group in relation to its borrowings and comprise of interest payable bank borrowings, investor and management loan notes and a deep discounted bond. There were no amortised loan costs in FY13 as fully expensed in the prior year.

Profit before tax

Profit before tax represents profit before tax from continuing operations.

Tax

Tax represents the taxes currently payable by the TIS Group during the period and the current portion of deferred tax expense. UK corporation tax is calculated at HY14 at 23.0 per cent., HY13 at 24.0 per cent., FY13 at 23.75 per cent., FY12 at 25.5 per cent. and FY11 at 27.5 per cent. Tax for other jurisdictions outside of the UK does not apply.

6. Results of Operations

The following table presents unaudited historical consolidated income statement data, including as a percentage of the TIS Group's revenue for HY13 and HY14:

	HY13 £'000 (unaudited)	*%*	*HY14 £'000 (unaudited)*	*%*
Consolidated income statement data:				
Revenue	10,535	100.0	16,401	100.0
Cost of sales	(8,812)	83.6	(15,407)	93.9
Gross profit	1,723	16.4	994	6.1
Administrative expenses	(470)	4.5	(520)	3.2
Exceptional items	–	–	–	–
Other income	–	–	–	–
Total administrative expenses	(470)	4.5	(520)	3.2
Operating profit/(loss)	1,253	11.9	474	2.9
Financial income	1	–	1	–
Financial expenses	(3,699)	35.1	(4,283)	26.1
Loss before tax	(2,445)	23.2	(3,808)	23.2
Tax	152	1.4	(59)	0.4
Loss for the year	(2,293)	21.8	(3,867)	23.6

HY14 compared to HY13

Group Results

Revenue

Revenue increased by £5,866,000, or 55.7 per cent. from £10,535,000 in HY13 to £16,401,000 in HY14. In HY13, £9,151,000 was attributable to policy sales whilst in HY14 this was £15,445,000 an increase of 68.8

per cent. year on year. Valuation and promotion fees reduced by £401,000 across the same period due to a reduction of assets under management representing the source of both fee incomes.

Gross profit
Gross profit margin decreased from 1.6 per cent. in HY13 to 0.6 per cent. in HY14 dictated by market conditions for policy sales. The decrease is attributable to the higher volumes of sales in HY14 with 0.4 per cent. reduction in margin compared with commission receivable and related incomes with no costs becoming a decreasing proportion of the gross profits.

Administrative expenses
Administrative expenses increased by £50,000 (10.6 per cent.) between HY13 and HY14. This increase is not on-going and represents staff cover and associated costs to ensure a continuation of service, however, other savings continue to be achieved such as office running costs and consultancy fees.

Exceptional items
No exceptional items were recorded across the period.

Financial expenses
Financial expenses include costs relating to the senior debt costs, loan notes and the deep discounted bond, the loan note interest compounding year-on-year and the largest element of the increase of £583,000 from HY13 and HY14.

Tax
Tax represents the taxes currently payable by the TIS Group during the period and the current portion of deferred tax expense. UK corporation tax is calculated at HY14 at 23.0 per cent. and HY13 at 24.0 per cent. Tax for other jurisdictions outside of the UK does not apply.

The following table presents historical consolidated income statement data, including as a percentage of the TIS Group's total revenue, for FY11, FY12 and FY13:

	FY11		*FY12*		*FY13*	
	£'000	*%*	*£'000*	*%*	*£'000*	*%*
Consolidated income statement data:						
Revenue	113,356	100.0	122,106	100.0	43,121	100.0
Cost of sales	(106,247)	93.7	(115,886)	94.9	(39,921)	92.6
Gross profit	7,109	6.3	6,220	5.1	3,200	7.4
Administrative expenses	(2,496)	2.2	(1,271)	1.0	(1,436)	3.3
Exceptional items	(4,121)	3.6	(8,352)	6.8	(11,480)	26.6
Other income	–	–	–	–	11	–
Total administrative expenses	(6,617)	5.8	(9,623)	7.9	(12,905)	29.9
Operating profit/(loss)	492	0.4	(3,403)	2.8	(9,705)	22.5
Financial income	22	–	20	–	2	–
Financial expenses	(5,886)	5.2	(7,053)	5.8	(7,635)	17.7
Loss before tax	(5,372)	4.7	(10,436)	8.5	(17,338)	40.2
Tax	(451)	0.4	(270)	0.2	85	0.2
Loss for the year	(5,823)	5.1	(10,706)	8.8	(17,253)	40.0

FY13 compared to FY12

Group Results

Revenue
Revenue decreased by £78,914,000, or 64.7 per cent. from £122,107,000 in FY12 to £43,121,000 in FY13. This decrease was principally due to a reduction of policy sales of £77,810,000 year-on-year the main reasons being the pool of policies in the market became increasingly reduced to fulfil demand, matching market requirements increasingly restricted and trading disruptions of the past year caused by the aborted transaction and consultation process engaged by PATF.

The reduction is also attributable to lower fees received for retrocession commission and valuation fees due to a reduction in the size of the 'net asset value' or NAV of the Isle of Man funds which forms the basis of the fee and consequently a decrease of £504,000 and £553,000 respectively.

Gross profit
In contrast with a decreased revenue the gross profit margin increased from 5.1 per cent. to 7.4 per cent. an increase of 2.3 percentage points which is due to greater margin potential on policy sales and retrocession commission as onward payment to the financial intermediaries is based upon the point of entry into the fund and so the margin mix together with exchange rates can fluctuate due to this differential at each dealing point. The increase in gross margin percentage is attributable to commission receivable and related incomes with no costs becoming an increasing proportion of the gross profit whilst profits from sales and fees remain broadly constant.

Administrative expenses
Administrative expenses increased by £165,000 between FY12 and FY13. The most significant contributing factors include wages and salaries, bad debt provisioning and vat recovery. Wages and salaries reduced by £129,000 due to headcount reduction, most attributed to the managing director of PDLI who returned to his native country. VAT recovery resulted in a credit of £293,000 in FY12 following the TIS Group's treatments of VAT and no such credit to the profit and loss was accounted for in FY13.

Exceptional items
As tabled in section 5, exceptional items increased year-on-year by £3,128,000 (37.4 per cent.) principally due to further impairment of goodwill.

Other income
Other income in FY12 was nil and in FY13 the sale of third party investments realised a profit of £11,000 in the year.

Financial expenses
Financial expenses include costs relating to the senior debt costs, loan notes and the deep discounted bond, the loan note interest compounding year-on-year and the largest element of the increase of £582,000 from FY12 and FY13 as shown below. Currently the only cash charge with a cash impact on the TIS Group is the interest in respect of the bank loans.

	FY11 *£'000*	*FY12* *£'000*	*FY13* *£'000*	*HY13* *£'000*	*HY14* *£'000*
Financial expenses					
Interest on bank loans	650	620	431	210	200
Interest on loan notes	4,969	5,661	6,606	3,200	3,744
Unwinding of discount on bonds	–	514	598	290	339
Amortised loan costs	267	258	–	–	–
Total financial expenses	5,886	7,053	7,635	3,700	4,283

Tax
Tax represents the taxes currently payable by TIS Group during the period and the current portion of deferred tax expense. UK corporation tax is calculated in FY13 at 23.75 per cent., FY12 at 25.5 per cent. and FY11 at 27.5 per cent. Tax for other jurisdictions outside of the UK does not apply.

FY12 compared to FY11

Group Results

Revenue
Revenue increased by £8,750,000, or 7.7 per cent. from £113,356,000 in FY11 to £122,106,000 in FY12. In FY12, £118,424,000 of sales was traded between institutional clients whilst in FY11 this was £38,456,000

an increase of 67.5 per cent. year on year. During the period valuation fees reduced by £1,551,000 primarily due to the termination of the HSC agreement on 1st January 2011 and the accounting for bad debt provisioning.

Gross profit

Gross profit margin decreased from 6.3 per cent. in FY11 to 5.1 per cent. in FY12 dictated by market conditions for policy sales. The decrease is attributable to the higher volumes of sales in FY12 with 0.2 per cent. reduction in margin compared with commission receivable and related incomes with no costs becoming a decreasing proportion of the gross profits.

Administrative expenses

Administrative expenses decreased by £1,225,000 (49.1 per cent.) between FY11 and FY12. This reduction in costs was attributable to a restructuring programme across the group in order to de-risk the cost base by removing and/or switching fixed into variable costs at each point along the supply chain. Expenses of most significant reduction include wages and salaries, director costs and office running costs including property related costs represented by £411,000, £125,000 and £73,000 respectively in contrast to VAT recovery which reduced by £90,000.

Exceptional items

As tabled in section 5, exceptional items increased year-on-year by £4,231,000. The charge in both years principally related to impairment of intangible assets. In FY11, one-off acquisition costs were also expensed for the acquisition of PDL by AAP, however, restructuring costs were expensed in both years with FY11 being £210,000 higher than FY12.

Financial expenses

Financial expenses include costs relating to the senior debt costs, loan notes and the deep discounted bond, the loan note interest compounding year-on-year and the largest element of the increase of £1,167,000 from FY11 and FY12.

Tax

Tax represents the taxes currently payable by the TIS Group during the period and the current portion of deferred tax expense. UK corporation tax is calculated at FY13 at 23.75 per cent., FY12 at 25.5 per cent. and FY11 at 27.5 per cent. Tax for other jurisdictions outside of the UK does not apply.

7. Liquidity and Capital Resources

The TIS Group has a cash generative track record given the attractive working capital cycle i.e. no upfront outlaying required in the form of stocking and a non existent trade debtor book as well as low levels of fixed costs.

The TIS Group endeavours to make repayments against the bank borrowings in order to reduce debt servicing costs as well as reaching a debt free position as soon as practically possible.

	FY11 £'000	FY12 £'000	FY13 £'000	HY13 £'000 (unaudited)	HY14 £'000 (unaudited)
Cash flows from operating activities					
Loss before tax	(5,372)	(10,436)	(17,338)	(2,445)	(3,808)
Depreciation	29	7	6	3	3
Amortisation	450	450	450	–	–
Impairment charges	2,949	7,839	10,550	–	–
Profit on sale of non-current assets	(2)	–	(11)	–	–
Decrease in trade and other receivables	715	41	110	735	171
(Decrease)/increase in trade and other payables	(2,303)	(1,554)	363	(159)	(561)
Interest payable	5,881	7,047	7,635	3,699	4,283
Corporation tax paid	(362)	(180)	(2)	(125)	(198)
Net cash generated from operating activities	1,985	3,214	1,763	238	(452)
Cash flows from investing activities					
Cash acquired on acquisition of subsidiary	714	–	–	–	–
Purchase of property, plant and equipment	(12)	(4)	(5)	(5)	–
Proceeds from sale of property, plant and equipment	2	–	–	–	–
Proceeds from the sale of available-for-sale investments	–	–	164	–	–
Net cash used in investing activities	704	(4)	159	(5)	–
Cash flows from financing activities					
Repayment of bank borrowings	(500)	(5,607)	(1,101)	–	(1,101)
Interest paid	(650)	(607)	(432)	(210)	(200)
Net cash used in financing activities	(1,150)	(6,214)	(1,533)	(210)	(1,301)
Net increase/(decrease) in cash and cash equivalents	1,539	(3,004)	389	23	(1,753)
Cash and cash equivalents at the beginning of the period	3,107	4,646	1,642	1,629	2,031
Cash and cash equivalents at the end of the period	4,646	1,642	2,031	1,652	278

The low level of capital expenditure results in a very low level of depreciation charges with the only expenditures in the last three years being IT related and leasehold improvements. The impairments in FY12 and FY13 arose following an independent valuation commissioned by the TIS Group. The independent valuation estimated the recoverable amounts of the CGUs from the value in use calculations.

Restructuring resulted in the disposal of incidental fixtures, furniture and fittings with the result of a small profit. Trade receivables and creditors are typically only materially moved by the timing of trades at the year end and so cannot be easily compared year-on-year given each has its own set of unique circumstances i.e. volume of trade.

Interest payable is a combination of senior bank debt and loan notes and as shown in the cash flow it is only the bank debt that attracts a cash outflow which has reduced year-on-year given the repayments made during the three years. As at FY13 interest was applied on two Tranches B and C with interest rates of 2.75 per cent. and 3.5 per cent. over LIBOR with the balance on each being £6,800,000 and £5,000,000 respectively.

The loan notes attract a compounding 16 per cent. per annum and therefore representative accounting entries have been recorded as no payments are currently due. Loan costs were fully amortised in FY12 matched to the term of Tranche A which was a repayment loan.

Corporation tax is charged as paid at the standard rates with group relief applied across the TIS Group as appropriate. Cash acquired on acquisition of subsidiary of £714,000 relates to the purchase of PDL in November 2010.

During the three year period £7,200,000 has been repaid against the bank loans made up of £500,000, £5,600,000 and £1,100,000 in FY11, FY12 and FY13 respectively with a further £1,000,000 in HY14.

Capitalisation and indebtedness as at 30 June 2013

The table below sets out TIS Holdings Limited capitalisation and indebtedness as at 30 June 2013. The indebtedness figures and the capitalisation figures have been extracted without material adjustment from the consolidated historical financial information on TIS Holdings Limited as included in Part VIII.

Since 30 June 2013 a further repayment of £1 million was paid in July 2013 and therefore the current secured debt is £10.8 million.

Capitalisation and Indebtedness[1]	*As at 30 June 2013* *£'000*
Total current debt[2]	
Secured	(11,800)
Total current debt	(11,800)
Non-current debt (excluding current portion of long-term debt)	
Unguaranteed/unsecured[3]	(49,617)
Non-current debt (excluding current portion of long-term debt)	(49,617)
Equity	
Share capital	(17)
Legal reserves	(67)
Other reserves	(10)
Total Capitalisation and Indebtedness	(61,511)

Notes:

1 This statement of indebtedness has been prepared using amounts derived from the historical financial information for the TIS Group as included in Part VIII.

2 Comprises £11.8 million of current bank debt secured by fixed and floating charges over all of the assets of the TIS Group.

3 Comprises Investor Loan Notes of £9,949,000 (and accrued interest thereon of £13,925,368), Management Loan Notes of £8,400,000 (and accrued interest thereon of £13,222,499) and a Deep Discounted Bond of £2,723,138 (and accrued interest thereon of £1,397,018). Upon repayment of the bank loans all loan notes become repayable on demand. All of these instruments accrue interest at a rate of 16 per cent. per annum.

The following table sets out the TIS Group's net indebtedness at 30 June 2013:

	As at 30 June 2013 *£'000*
Cash	2,031
Liquidity	2,031
Current bank debt	(11,800)
Current Financial Debt	(11,800)
Net current Financial Indebtedness	(9,769)
Other non-current loans	(49,617)
Non-current Financial Indebtedness	(49,617)
Net Financial Indebtedness	(59,386)

Capitalisation and Indebtedness at 31 March 2014

As the above information on TIS Holdings Limited's Capitalisation and Indebtedness is more than 90 days old at the date of this Document the following information on Capitalisation and Indebtedness at 31 March 2014 has been provided:

Capitalisation and Indebtedness[1]	*As at 31 March 2014* *£'000*
Total current debt[2]	
Secured	(10,800)
Total current debt	(10,800)
Non-current debt (excluding current portion of long-term debt)	
Unguaranteed/unsecured[3]	(55,818)
Non-current debt (excluding current portion of long-term debt)	(55,818)
Equity	
Share capital	(17)
Legal reserves	(67)
Other reserves	(10)
Total Capitalisation and Indebtedness	(66,712)

Notes:

1 This statement of indebtedness has been prepared using amounts derived from the TIS Group March 2014 internal unaudited management accounts.

2 Comprises £10.8 million of current bank debt secured by fixed and floating charges over all of the assets of the TIS Group.

3 Comprises Investor Loan Notes of £9,949,000 (and accrued interest thereon of £16,909,000), Management Loan Notes of £8,400,000 (and accrued interest thereon of £15,925,000) and a Deep Discounted Bond of £2,723,000 (and accrued interest thereon of £1,912,000). Upon repayment of the bank loans all loan notes become repayable on demand. All of these instruments accrue interest at a rate of 16 per cent. per annum.

The following table sets out the TIS Group's net indebtedness at 31 March 2014:

	As at 31 March 2014 *£'000*
Cash	(84)
Liquidity	(84)
Current bank debt	(10,800)
Current Financial Debt	(10,800)
Net current Financial Indebtedness	(10,884)
Other non-current loans	(55,818)
Non-current Financial Indebtedness	(55,818)
Net Financial Indebtedness	(66,702)

8. Capital Expenditure

Capital expenditure has been minimal over the past three years and expected to continue into the foreseeable future in line with the restriction of the senior facilities agreement allowing no more than £50,000 to be capitalised in any one year.

9. Contractual Obligations and Commitments

Contractual obligations and commitments are minimal for the TIS Group. The largest office running cost commitment is a five year lease in respect of office space which ends on 31 December 2014 (£35,819 per annum). IT support is outsourced at a low charge due to the low maintenance requirements of the TIS Group. The TIS Group endeavours to avoid any long term commitments unless economic to do so and remaining flexible to market conditions or changes in circumstances.

10. Contingent Liabilities

TIS Acquisitions Limited, a subsidiary of TIS Holdings Limited, has a cross guarantee with all other TIS Group companies over the banking facilities from Bank of Scotland. The cross guarantee is secured by a debenture over all of the assets of the TIS Group. The value of the loans outstanding at 30 June 2013 was £11,800,000 (2012: £12,901,000, 2011: £18,250,000). A further £1,000,000 was paid in HY14.

11. Qualitative and Quantitative Disclosures on Market Risk

The TIS Group is exposed to market-based risks but deemed to be immaterial, principally relating to changes in foreign exchange rates and interest rates.

Currency risk

Currency risk is the risk of financial loss to foreign currency earnings and cash flows reported in Pounds Sterling due to movements in exchange rates. The TIS Group's principal earnings from the Isle of Man TEP funds include valuation fees and retrocession commission which in respect of currency risk the TIS Group is exposed to two of the three currency classes being Euro and US dollar.

Interest rate risk

The TIS Group has variable rate debt and cash and, therefore, its net cash flow is exposed to the effects of changes to interest rates. The main floating rate benchmarks on variable rate debt are Pound Sterling LIBOR. The policy objective is achieved through fixed rate debt and cash flow, however, given the low level of movement on LIBOR and expectations into the future the TIS Group does not hedge its interest element attached to its senior facilities agreement.

12. Property, Plant and Equipment

The TIS Group property, plant and equipment amounted to £8,000 at 30 June 2013 and has not changed materially since that date. I 8.1

13. Post-Balance Sheet Events

Following the year end date, the TIS Group has agreed terms with Commonwealth Bank of Australia, in respect of an amended and restated facilities agreement that consists of term loan facilities in an aggregate amount of £10,800,000. The facilities have a term of five years and the interest rate is LIBOR plus 3.50 per cent. Further details are given in paragraph 6.3 of Part XIII of this Document.

Pursuant to the Proposed Transaction and on completion of the Acquisition, Offer and Admission, the Company will own and have voting power over 100 per cent. of the TIS Group. Further details of the TIS Acquisition Agreement are set out in paragraph 6.2 of Part XIII of this Document.

14. Critical Accounting Estimates

Goodwill acquired in a business combination was allocated, at acquisition, to the single cash generating unit of the TIS Group.

The impairments in FY12 and FY13 arose following an independent valuation commissioned by the TIS Group. The independent valuation estimated the recoverable amounts of the CGUs from the value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and allocated costs during the period. The rate used to discount the forecast cash flows is 23 per cent. The growth rates are based on the TIS Group's own forecasts from 2013 through to 2016 with a growth rate into perpetuity of 2 per cent. applied to periods after 2016. Changes in revenues and direct costs are based on past practice and expectations of future changes in the market.

PART VIII

ACCOUNTANTS' REPORT AND CONSOLIDATED HISTORICAL FINANCIAL INFORMATION ON THE TIS GROUP

SECTION A: INDEPENDENT REASONABLE ASSURANCE REPORT ON THE HISTORICAL FINANCIAL INFORMATION

The following is the full text of a report on the TIS Group from Baker Tilly Corporate Finance LLP, the Reporting Accountants, to the Existing Directors and Proposed Directors of Promethean plc.

BAKER TILLY

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London EC4A 4AB
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The Existing Directors
The Proposed Directors
Promethean plc
Clinch's House
Lord Street
Douglas
IM99 1RZ

2 May 2014

Dear Sirs

TIS HOLDINGS LIMITED AND ITS SUBSIDIARIES ("TIS GROUP")

We report on the consolidated financial information of the TIS Group set out in Section B of this Part VIII. This consolidated financial information has been prepared for inclusion in the Prospectus dated 2 May 2014 ("Document") of Promethean plc ("Company") on the basis of the accounting policies set out in note 2 ("Historical Financial Information"). This report is required by paragraph 20.1 of Annex I of Appendix 3.1.1 of the Prospectus Rules and is given for the purpose of complying with that paragraph and for no other purpose.

Save for any responsibility arising under paragraph 20.1 of Annex I of Appendix 3.1.1 of the Prospectus Rules to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with paragraph 20.1 of Annex I of Appendix 3.1.1 of the Prospectus Rules, consenting to its inclusion in the Document.

Responsibilities

The directors of the Company ("Existing Directors") and those additional directors to be appointed upon admission of the Company to trading on AIM ("Proposed Directors") are responsible for preparing the Historical Financial Information on the TIS Group in accordance with International Financial Reporting Standards as adopted by the European Union.

It is our responsibility to form an opinion on the Historical Financial Information and to report our opinion to you.

Basis of opinion

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

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

Opinion on Financial Information

In our opinion, the Historical Financial Information gives, for the purposes of the Document dated 2 May 2014, a true and fair view of the state of affairs of the TIS Group as at the dates stated and of its results, cash flows and changes in equity for the periods then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in any jurisdictions other than the United Kingdom and accordingly should not be relied upon as if it had been carried out in accordance with those other standards and practices.

Declaration

For the purposes of Prospectus Rule 5.5.3R(2)(f) we are responsible for this report as part of the Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Document in compliance with item 1.2 of Annex I and item 1.2 of Annex III of Appendix 3.1.1 of the Prospectus Rules.

Yours faithfully

Baker Tilly Corporate Finance LLP
Regulated by the Institute of Chartered Accountants in England and Wales

Baker Tilly Corporate Finance LLP is a limited liability partnership registered in England and Wales, registered no. OC325347. A list of the names of members is open to inspection at the registered office 25 Farringdon Street, London, EC4A 4AB.

SECTION B: CONSOLIDATED HISTORICAL FINANCIAL INFORMATION ON THE TIS GROUP

Consolidated statement of comprehensive income

Continuing operations	*Notes*	*Year ended 30 June 2011 £'000*	*Year ended 30 June 2012 £'000*	*Year ended 30 June 2013 £'000*
Revenue	4	113,356	122,106	43,121
Cost of sales		(106,247)	(115,886)	(39,921)
Gross profit		7,109	6,220	3,200
Administrative expenses		(2,496)	(1,271)	(1,436)
Exceptional items	9	(4,121)	(8,352)	(11,480)
Other income		–	–	11
Total administrative expenses		(6,617)	(9,623)	(12,905)
Operating profit/(loss)		492	(3,403)	(9,705)
Financial income	10	22	20	2
Financial expenses	11	(5,886)	(7,053)	(7,635)
Loss before tax	5	(5,372)	(10,436)	(17,338)
Tax	12	(451)	(270)	85
Loss for the year attributable to the owners of TIS Group		(5,823)	(10,706)	(17,253)
Other comprehensive income				
Loss for the year		(5,823)	(10,706)	(17,253)
Change in value of available-for-sale financial assets		5	6	–
Total comprehensive income for the year attributable to the owners of the TIS Group		(5,818)	(10,700)	(17,253)

Consolidated statement of financial position

	Notes	30 June 2011 £'000	30 June 2012 £'000	30 June 2013 £'000
Assets				
Non-current assets				
Property, plant and equipment	13	12	9	8
Intangible assets	14	44,289	36,000	25,000
Investments (available for sale)	15	158	164	11
Deferred tax asset	16	9	8	–
		44,468	36,181	25,019
Current assets				
Trade and other receivables	17	503	461	351
Cash and cash equivalents	18	4,646	1,642	2,031
		5,149	2,103	2,382
Total assets		49,617	38,284	27,401
Equity and liabilities				
Equity attributable to owners of the parent				
Share capital	19	17	17	17
Share premium		67	67	67
Fair value reserve		(36)	(30)	10
Retained deficit		(7,520)	(18,226)	(35,519)
Total equity		(7,472)	(18,172)	(35,425)
Liabilities				
Non-current liabilities				
Interest-bearing borrowings	20	54,488	47,413	49,617
Current liabilities				
Interest-bearing borrowings	20	–	7,901	11,800
Trade and other payables	21	2,573	1,026	1,409
Tax liabilities		28	116	–
		2,601	9,043	13,209
Total liabilities		57,089	56,456	62,826
Total equity and liabilities		49,617	38,284	27,401

Consolidated statement of changes in equity

	Notes	*Share capital £'000*	*Share premium £'000*	*Fair value reserve £'000*	*Retained deficit £'000*	*Total equity £'000*
At 1 July 2010		17	67	(41)	(1,697)	(1,654)
Loss for the year		–	–	–	(5,823)	(5,823)
Other comprehensive income for the year		–	–	5	–	5
Total comprehensive income for the year		–	–	5	(5,823)	(5,818)
Balance at 30 June 2011		17	67	(36)	(7,520)	(7,472)
Loss for the year		–	–	–	(10,706)	(10,706)
Other comprehensive income for the year		–	–	6	–	6
Total comprehensive income for the year		–	–	6	(10,706)	(10,700)
Balance at 30 June 2012		17	67	(30)	(18,226)	(18,172)
Loss for the year		–	–	–	(17,253)	(17,253)
Other comprehensive income for the year		–	–	–	–	–
Total comprehensive income for the year		–	–	–	(17,253)	(17,253)
Other comprehensive income for the year		–	–	40	(40)	–
Balance at 30 June 2013	19	17	67	10	(35,519)	(35,425)

Consolidated statement of cash flows

	Notes	*Year ended 30 June 2011 £'000*	*Year ended 30 June 2012 £'000*	*Year ended 30 June 2013 £'000*
Cash flows from operating activities				
Loss before tax		(5,372)	(10,436)	(17,338)
Depreciation		29	7	6
Amortisation		450	450	450
Impairment charges		2,949	7,839	10,550
Profit on sale of non-current assets		(2)	–	(11)
Interest payable		5,881	7,047	7,635
Corporation tax paid		(362)	(180)	(2)
Cash generated from operations		3,573	4,727	1,290
Decrease in trade and other receivables		715	41	110
(Decrease)/increase in trade and other payables		(2,303)	(1,554)	363
Net cash generated from operating activities		1,985	3,214	1,763
Cash flows from investing activities				
Net cash acquired on acquisition of subsidiary		714	–	–
Purchase of property, plant and equipment		(12)	(4)	(5)
Proceeds from the sale of property, plant and equipment		2	–	–
Proceeds from the sale of available-for-sale investments		–	–	164
Net cash used in investing activities		704	(4)	159
Cash flows from financing activities				
Repayment of bank borrowings		(500)	(5,607)	(1,101)
Interest paid		(650)	(607)	(432)
Net cash used in financing activities		(1,150)	(6,214)	(1,533)
Net increase/(decrease) in cash and cash equivalents		1,539	(3,004)	389
Cash and cash equivalents at the beginning of the year	18	3,107	4,646	1,642
Cash and cash equivalents at the end of the year	18	4,646	1,642	2,031

Notes to the consolidated Historical Financial Information

1. General information

TIS Holdings Limited ('TIS' or 'TIS Holdings') and its subsidiaries (together 'TIS Group') trade in endowment policies, other financial products and ancillary services, provide management consultancy and valuation services and act as an agent for trading in endowment policies and similar intermediary actions including the promotion, marketing and product structuring of alternative investments. The TIS Group and its subsidiaries trade only in the United Kingdom.

TIS Holdings is a private limited company incorporated in England, registered number 6205091.

2. Summary of significant accounting policies

The consolidated Historical Financial information has been prepared on the historical cost basis, except for the revaluation of certain financial instruments. Historical cost is generally based on the fair value of the consideration given in exchange for the assets. The principal accounting policies adopted are set out below. These policies have been consistently applied to all years presented.

2.1 *Basis of preparation*

This consolidated Historical Financial Information has been prepared in accordance with International Financial Reporting Standards (IFRSs), International Accounting Standards (IASs) and International Financial Reporting Interpretations Committee (IFRIC) interpretations (collectively 'IFRSs') as issued by the International Accounting Standards Board (and as adopted for use in the European Union) and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

2.1.1 *Going concern*

The Historical Financial Information has been prepared on a going concern basis. The TIS Group plans to grow the business primarily through the diversification of its product and client base in both the retail and institutional space while operating either more closely in existing markets or expanding into new territories as well as leveraging existing customer relationships.

The financial position of the TIS Group, its cash-flows, liquidity position and borrowing facilities remains stable. The investor loan notes, management loan notes and deep discount bonds are repayable on the earlier of a sale or flotation of the company, the day after the repayment of the bank loan facilities or 31 December 2014. However, the Intercreditor Agreement signed by the holders of these loan notes and bonds on 22 June 2007, includes provision that the investor and management debt ranks below the senior debt owed to the bank and cannot be repaid until the bank debt has been fully discharged, without prior consent of the bank. It is the opinion of the Existing Directors and the Proposed Directors, that the bank will not provide consent for the repayment (in whole or in part) of any of the investor loan notes, management loan notes or deep discount bonds within the next 12 months. The payment profile of the expected capital and interest repayments of interest-bearing liabilities is disclosed in note 20.

2.1.2 *Changes in accounting policy and disclosures*

(a) New standards and interpretations not yet adopted
A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2013, and have not been applied in preparing this consolidated Historical Financial Information. Those expected to apply to the TIS Group are as follows:

Amendment to IAS1, 'Financial statements presentation' regarding other comprehensive income. The main change resulting from these amendments is a requirement for entities to group items in other comprehensive income (OCI) on the basis of whether or not they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendments do not address which items are presented in OCI.

IAS19 'Employee benefits' was amended in June 2011. There is no material impact on Historical Financial Information.

IFRS9 'Financial instruments' addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2010. It replaces parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends upon the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities the standard retains most of the IAS39 requirements. The main change is that, for certain cases where the fair value option is taken for financial liabilities, the part of the fair value change due to an entity's own credit risk in recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch.

IFRS10 'Consolidated financial statements' builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess.

IFRS12, 'Disclosures of interests in other entities', includes the disclosure requirements for all forms of interests in other entities, including joint-arrangements, associates, special purpose vehicles and other off-balance sheet vehicles.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the TIS Group.

2.2 ***Consolidation***

The consolidated Historical Financial Information includes the results of TIS Holdings and all of its subsidiary undertakings.

The financial information of subsidiaries is included in the consolidated Historical Financial Information from the date that control commences until the date that control ceases. The results of subsidiaries have been included from the date of acquisition using the acquisition method of accounting.

Business combinations and goodwill

The consolidated Historical Financial Information incorporates the results of business combinations using the acquisition method.

Acquisition costs are expensed as incurred. Acquisition expenses incurred prior to 1 July 2010 and which have been capitalised into cost of investment and goodwill have not been restated.

When the TIS Group acquires a business, it assesses the assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions at the acquisition date. If the business combination is achieved in stages, the acquisition date fair value of the TIS Group's previously-held equity interest in the acquiree is re-measured to fair value as at the acquisition date through profit or loss. The value of any non-controlling interest acquired is measured at the proportional share of the acquired net identifiable assets.

Any contingent consideration to be transferred by the TIS Group is recognised at fair value on the acquisition date. Subsequent changes to the fair value of the contingent consideration, which is deemed to be an asset or a liability, will be recognised in accordance with IAS39 either in profit or loss or as a change in other comprehensive income. If the contingent consideration is classified as equity, it is not remeasured until it is finally settled in equity.

Goodwill is initially measured at cost, being the excess of the consideration transferred over the TIS Group's share of net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any recognised impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to either the acquired business or to each of the TIS Group's cash generating units that are expected to benefit from the combination irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms a part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in these circumstances is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Goodwill arising from business combinations is assessed for impairment annually.

The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained.

The TIS Group holds management shares in certain funds. Where these investments have no beneficial interest in the relevant funds these investments are not treated as subsidiaries. These holdings do not grant the TIS Group significant influence over the operational or financial management of these funds. It is the opinion of the Existing Directors and the Proposed Directors that to consolidate the funds would result in a misleading position in relation to the results for the period and the financial position at the reporting date.

2.3 *Segmental reporting*

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker who is responsible for allocating resources and assessing performance of the operating segments has been identified as Katherine Spiteri, current Group Finance Director of the TIS Group and Proposed Chief Executive Officer for the Enlarged Group.

2.4 *Property, plant and equipment*

Property, plant and equipment comprise plant and machinery and fixtures and fittings.

Property, plant and equipment are stated at cost less depreciation. Deprecation is provided to write off the cost, less estimated residual values of all fixed assets, over their expected useful lives.

It is calculated at the following rates:

- Plant and machinery – three years
- Fixtures and fittings – three to five years

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between any sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

2.5 ***Other intangible fixed assets***

Other intangible fixed assets comprise Purchased Distribution and Promoter Agreements that were acquired in a business combination.

This group of intangible assets has a finite useful life of 15 years being the average life of the agreements at the date of acquisition, the cost of the asset is amortised over its useful life and is charged to the statement of comprehensive income.

2.6 ***Impairment of non-financial assets***

The TIS Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the TIS Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used.

Impairment losses of continuing operations are recognised in profit or loss in those expense categories consistent with the function of the impaired asset. For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the TIS Group makes an estimate of the recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. Such reversal is recognised in profit or loss.

2.7 ***Financial instruments***

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified at fair value through profit or loss, which are initially measured at fair value and reclassifications from other financial asset categories which are measured initially at book value. Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. The TIS Group has no financial assets treated as FVTPL or held-to-maturity.

Available-for-sale financial assets

Listed shares and listed redeemable notes held by the TIS Group that are traded in an active market are classified as being available for sale and are stated at fair value. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in a fair value reserve with the exception of impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets, which are recognised directly in profit or loss. Financial assets reclassified from another category whose fair value cannot be reliably estimated are initially stated at book value as at the date of transfer. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the fair value reserve is reclassified to profit or loss.

The fair value of available for sale monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the reporting date. The foreign exchange gains and losses that are recognised in profit or loss are determined based on the amortised cost of the monetary asset. Other foreign exchange gains and losses are recognised in other comprehensive income.

Loans and receivables

Loans and receivables comprise trade and other receivables and cash and cash equivalents.

Trade and other receivables

Trade and other receivables are initially recognised at fair value and subsequently carried at an amortised cost less impairment for estimated irrecoverable amounts.

Cash and cash equivalents

Cash and cash equivalents are measured at amortised cost using the effective interest rate.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. Income is recognised on an effective interest basis for debt instruments.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For listed and unlisted equity investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment includes:

- significant financial difficulty of the issuer or counterparty; or
- the existence of a significant legal dispute in respect of the financial asset; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables include the TIS Group’s past experience of collecting payments as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset’s carrying amount and the present value of estimated future cash flows, discounted at the financial asset’s original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

With the exception of available for sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available for sale equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income.

Derecognition of financial assets

The TIS Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the TIS Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the TIS Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the TIS Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the TIS Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the TIS Group are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities are obligations to pay cash or other financial assets and are recognised when the group becomes a party to the contractual provisions of the instrument. Financial liabilities categorised as at fair value through profit or loss are recorded initially at fair value, and all transaction costs are recognised immediately in profit or loss. All other financial liabilities are recorded initially at fair value, net of direct issue costs.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost and any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method as described above. Borrowings are classified as current liabilities unless the TIS Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Trade payables

Trade payables are stated at fair value on initial recognition and then subsequently at amortised cost using the effective interest method.

2.8 ***Pensions***

The TIS Group makes payments on behalf of employees to defined contribution pensions schemes. These payments are charged to profit or loss on an accruals basis. The TIS Group does not operate any defined benefit pension schemes or similar arrangements.

2.9 ***Provisions***

A provision is recognised in the statement of financial position when the TIS Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefit will be required to settle the obligation. If the effect is material, provision is determined by discounting the expected future cashflow at a pre-tax rate that reflects current market assessment of the time value of money and, where appropriate, the risk specific to the liability.

2.10 ***Revenue***

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the TIS Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, and other sales taxes or duty.

Proceeds from the sale of endowment policies are included in the profit and loss account on completion. Revenue arising from the provision of services is recognised when and to the extent that the TIS Group obtains the right to consideration in exchange for the performance of its contractual obligations.

2.11 ***Finance income***

Finance income comprises interest income on funds invested. Interest income is recognised in the income statement as it accrues, using the effective interest rate method.

2.12 ***Other income/(losses)***

Other income/(losses) comprises gains or losses arising from the sale from the sale of investments.

2.13 ***Current and deferred corporation tax***

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The TIS Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the Historical Financial Information on the TIS Group and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the TIS Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the TIS Group intends to settle its current tax assets and liabilities on a net basis.

2.14 ***Exceptional items***

Exceptional items are those significant items which are separately disclosed by virtue of their size and incidence to enable a full understanding of the financial performance. Transactions which may give rise to exceptional items are principally gains and losses on the sale of investments, impairment charges and reversals relating to investments and investments in subsidiary undertakings, restructuring costs and the results and costs relating to litigation.

2.15 ***Leasing***

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

3. Accounting estimates and judgements

Certain amounts included in the Historical Financial Information on the TIS Group involve the use of judgement and/or estimation. These judgements and estimates are based on management's best knowledge of the relevant facts and circumstances, having regard to previous experience but actual results may differ from the amounts included in the Historical Financial Information on the TIS Group. Information about such judgements and estimation is contained in the accounting policies and/or the notes to the Historical Financial Information on the TIS Group and the key areas are summarised below.

The key estimates and judgements are:

Goodwill

The TIS Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 2.2 and note 2.6. The recoverable amounts of cash-generating units have been based upon value-in-use calculations. Those calculations require the use of estimates (note 14).

Loan notes

The TIS Group includes as a liability all accrued interest on loan notes. The timing of the actual payment of interest on loan notes currently held is conditional upon certain terms and conditions (note 20).

4. Segmental information

The TIS Group operates in a single business comprising trading in endowment policies, other financial products and ancillary services, the provision of management consultancy and valuation services and acting as an agent for trading in endowment policies and similar intermediary actions including the promotion, marketing and product structuring of alternative investments. The administrative expenditure, financial income, financial expenses and net assets of the TIS Group are jointly incurred, received or used in these activities as required. Accordingly no segmental analysis of these items is appropriate.

Revenue and gross profit

An analysis of gross revenues and gross profit arising from the performance of these activities is set out below:

	2011 *£'000*	*2012* *£'000*	*2013* *£'000*
Revenue by activity			
Policy sales	108,337	118,453	40,643
Commissions receivable and related income	397	302	186
Promoter and valuation fees	4,598	3,326	2,269
Other income	24	25	23
Total revenues	113,356	122,106	43,121

Segmental information – customer geography

Total revenue may be split by customer geography as follows:

	2011 *£'000*	*2012* *£'000*	*2013* *£'000*
Revenue by Customer Geography			
UK	90,615	60,522	30,508
Isle of Man	21,796	60,965	10,368
Ireland	–	–	2,061
Austria	945	619	184
Total revenues	113,356	122,106	43,121

Segmental information – major customers

A significant proportion of revenue has been generated from a series of large institutional trades which have involved the disposal of short dated TEPs by one client to PATF, via AAP.

	2011 *£'000*	*2012* *£'000*	*2013* *£'000*
Customer 1 revenue	20,502	59,081	18,397
Other customers revenue	92,814	63,025	24,724
	113,356	122,106	43,121
Gross profit by activity			
Policy sales	3,087	3,239	1,180
Commissions receivable and related income	397	302	186
Promoter and valuation fees	3,601	2,654	1,811
Other income	24	25	23
Total gross profit	7,109	6,220	3,200

5. Loss before taxation

Loss on ordinary activities before taxation is after charging/(crediting):

	2011	*2012*	*2013*
	£'000	*£'000*	*£'000*
Amortisation	450	450	450
Depreciation	29	7	6
Impairment of intangible assets	2,949	7,839	10,550
Restructuring costs	723	513	930
Acquisition expenses (note 28)	449	–	–
Operating lease rentals	78	36	36
Auditor's fees (note 8)	65	244	193
Employee costs (note 6)	1,102	566	437

6. Employee costs including directors

	2011	*2012*	*2013*
	£'000	*£'000*	*£'000*
Salaries	971	498	374
Social security costs	131	68	63
	1,102	566	437

Average monthly number of employees (including directors):

	2011	*2012*	*2013*
	No.	*No.*	*No.*
Office and management	17	12	12

The TIS Group has no key management personnel other than the directors.

7. Directors' remuneration

	2011	*2012*	*2013*
	£'000	*£'000*	*£'000*
Salaries and fees	247	136	105
Social security costs	32	18	14
	279	154	119
Highest-paid director	184	133	100

8. Auditor's fees

	2011	*2012*	*2013*
	£'000	*£'000*	*£'000*
Fees payable for the audit of the consolidated Historical Financial Information on the TIS Group	48	43	48
Fees payable for taxation compliance services	17	15	12
Fees payable for corporate finance transactions	–	186	133
	65	244	193

9. Exceptional items of expenditure

	2011 £'000	2012 £'000	2013 £'000
Impairment of intangibles (note 14)	2,949	7,839	10,550
Expenses incurred for the acquisition of trade and assets (note 28)	449	–	–
Restructuring costs and abortive transaction costs	723	513	930
	4,121	8,352	11,480

Expenses by nature

	2011 £'000	2012 £'000	2013 £'000
Policy purchases	38,570	115,287	39,462
Policy surrenders	66,727	–	–
Employee expenses	1,102	566	437
Depreciation and amortisation	479	457	456
Other expenses	1,865	847	1,002
Exceptional items	4,121	8,352	11,480
Total cost of sales and administrative expenses	112,864	125,509	52,837

10. Finance income

	2011 £'000	2012 £'000	2013 £'000
Bank interest receivable	22	20	2

11. Finance expenses

	2011 £'000	2012 £'000	2013 £'000
Interest on bank loans	650	620	431
Interest on loan notes	4,684	5,661	6,606
Unwinding of discount on bonds	285	514	598
Amortised loan costs	267	258	–
	5,886	7,053	7,635

12. Taxation

	2011 £'000	2012 £'000	2013 £'000
Current tax	349	269	(93)
Deferred tax	102	1	8
Total tax charge/(credit) for the year	451	270	(85)

The charge for the year can be reconciled to the loss per the income statement as follows:

	2011 *£'000*	*2012* *£'000*	*2013* *£'000*
Loss before tax	(5,372)	(10,436)	(17,338)
Tax at the UK corporation tax rate of 27.5%, 25.5%, 23.75%	(1,477)	(2,813)	(4,118)
Expenses not deductible for tax purposes	984	2,270	2,330
Capital allowances in excess of depreciation	1	(1)	(1)
Adjustments to prior periods	82	91	(34)
Difference in tax rate	(5)	(5)	(1)
Other temporary differences	764	727	1,731
Current tax charge/(credit) for the year	349	269	(93)

13. Property, plant and equipment

	Plant and machinery *£'000*	*Fixtures and fittings* *£'000*	*Total* *£'000*
Cost			
At 1 July 2010	234	230	464
Acquired in the year	12	–	12
Disposals	(117)	(18)	(135)
At 30 June 2011	129	212	341
Acquired in the year	4	–	4
At 30 June 2012	133	212	345
Acquired in the year	5	–	5
At 30 June 2013	138	212	350

	Plant and machinery *£'000*	*Fixtures and fittings* *£'000*	*Total* *£'000*
Depreciation			
At 1 July 2010	226	208	434
Charge for the year	8	21	29
Disposals	(117)	(17)	(134)
At 30 June 2011	117	212	329
Charge for the year	7	–	7
At 30 June 2012	124	212	336
Charge for the year	6	–	6
At 30 June 2013	130	212	342
Net book value			
30 June 2013	8	–	8
30 June 2012	9	–	9
30 June 2011	12	–	12
1 July 2010	8	22	30

14. Intangible Assets

	Purchased distributor and promotor agreements *£'000*	*Goodwill arising on acquisition of subsidiaries* *£'000*	*Total* *£'000*
Cost			
At 1 July 2010	19	50,967	50,986
Acquired in the year (note 28)	6,750	–	6,750
At 30 June 2011	6,769	50,967	57,736
Acquired in the year	–	–	–
At 30 June 2012	6,769	50,967	57,736
Acquired in the year	–	–	–
At 30 June 2013	6,769	50,967	57,736
Amortisation and impairment			
At 1 July 2010	–	10,048	10,048
Amortisation charge for the year	450	–	450
Impairment charge for the year	–	2,949	2,949
At 30 June 2011	450	12,997	13,447
Amortisation charge for the year	450	–	450
Impairment charge for the year	–	7,839	7,839
At 30 June 2012	900	20,836	21,736
Amortisation charge for the year	450	–	450
Impairment charge for the year	919	9,631	10,550
At 30 June 2013	2,269	30,467	32,736
Net book value			
30 June 2013	4,500	20,500	25,000
30 June 2012	5,869	30,131	36,000
30 June 2011	6,319	37,970	44,289

The impairments in 2011, 2012 and 2013 arose following an independent TIS Group valuation commissioned by the TIS Group. The independent valuation estimated the recoverable amounts of the CGU from the value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and allocated costs during the period. The rates used to discount the forecast cash flows were between 25 per cent. and 35 per cent. (2012: 23.0 per cent., 2011: 14.0 per cent.). The growth rates are based on the TIS Group's own forecasts from 2012 through to 2016 with a growth rate into perpetuity of 2 per cent. (2012: 0 per cent., 2011: 0 per cent.) applied to periods after 2016. This, combined with multiples analysis, gave a range of values between £24 million and £28 million, the Existing Directors and the Proposed Directors have used a value of £25 million, towards the lower end of the range given. Changes in revenues and direct costs are based on past practice and expectations of future changes in the market and planned product and service diversification.

The impairment charges arose as a result of market valuations of the TIS Group which take account of the decreasing market size and updated TIS Group forecasts.

15. Available-for-sale investments

	Listed *£'000*	*Unlisted* *£'000*	*Total* *£'000*
Cost			
At 1 July 2010	142	20	162
Acquired in the year	–	–	–
Fair value adjustment	5	–	5
At 30 June 2011	147	20	167
Acquired in the year	–	–	–
Fair value adjustment	6	–	6
At 30 June 2012	153	20	173
Disposals in the year	(153)	–	(153)
Fair value adjustment	–	–	–
At 30 June 2013	–	20	20
Impairment			
At 1 July 2010	–	9	9
Charge for the year	–	–	–
At 30 June 2011	–	9	9
Charge for the year	–	–	–
At 30 June 2012	–	9	9
Charge for the year	–	–	–
At 30 June 2013	–	9	9
Net book value			
30 June 2013	–	11	11
30 June 2012	153	11	164
30 June 2011	147	11	158

The historical cost of the listed investments is £nil. (2012: £122,000, 2011: £122,000). Unlisted investments are stated at cost less provision for impairment. Unlisted investments are valued by the Existing Directors and Proposed Directors who have no intention to sell the investments held at 30 June 2013.

	Company *2011* *£'000*	*Company* *2012* *£'000*	*Company* *2013* *£'000*
Cost of shares in subsidiary undertakings	253	253	253

At 30 June 2011, 30 June 2012 and 30 June 2013 TIS Holdings had the following subsidiary undertakings:

	Country of incorporation	*Shares held* *Class*	*%*	*Nature of business*
TIS Acquisitions Limited	England & Wales	Ordinary	100%	Intermediate holding company
TIS Group Limited	England & Wales	Ordinary	100%	Second-hand endowment policy trading
TEP Management Services Limited	England & Wales	Ordinary	100%	Management consultancy and valuation services
Absolute Assigned Policies Limited	England & Wales	Ordinary	100%	Insurance and financial services, including promotion and marketing of alternative investments

TIS Holdings tests investments in subsidiaries annually for impairment or more frequently if there are indications that investments might be impaired.

Other significant interests

	Country of incorporation	*Shares held Class*	*%*	*Nature of business*
The Protected Asset TEP Fund plc	England & Wales	Management	100%	Investment fund
The Protected Capital Growth Fund plc	England & Wales	Management	100%	Closed ended investment company

The Existing Directors and Proposed Directors have not treated the above investments in which TIS Holdings holds management shares as subsidiaries and therefore has not consolidated these funds within the TIS Group's figures as the TIS Group does not have significant influence over the operational or financial management of these investments and has no effective control of these funds.

16. Deferred tax asset

	2011 *£'000*	*2012* *£'000*	*2013* *£'000*
Balance at 1 July	111	9	8
Income statement	(102)	(1)	(8)
At 30 June	9	8	–
The deferred tax asset comprises:			
Accelerated capital allowances	9	8	–

17. Trade and other receivables

	2011 *£'000*	*2012* *£'000*	*2013* *£'000*
Other receivables	293	265	201
Prepayments and accrued income	210	196	150
	503	461	351

There were no receivables that were past due or considered to be impaired. There is no significant difference between the fair value of the other receivables and the values stated above. The other receivables balances are categorised as loans and receivables.

18. Cash and cash equivalents

	2011 *£'000*	*2012* *£'000*	*2013* *£'000*
Bank current account	1,495	1,204	993
Bank deposit account	3,151	438	1,038
	4,646	1,642	2,031

There is no material foreign exchange movement in respect of cash and cash equivalents. There is no significant difference between the fair value of the cash and cash equivalents and the values stated above. Cash and cash equivalents comprise of cash.

19. Share capital

	2011	2012	2013
	£	£	£
Authorised			
67,200 ordinary 'A' shares of £0.01 each	672	672	672
16,800 ordinary 'B' shares of £1 each	16,800	16,800	16,800
	17,472	17,472	17,472
Allotted, called up and fully paid			
67,200 ordinary 'A' shares of £0.01 each	672	672	672
16,800 ordinary 'B' shares of £1 each	16,800	16,800	16,800
	17,472	17,472	17,472

Capital structure

TIS Holdings has two classes of ordinary shares which carry no right to fixed income.

Each share carries the right to one vote at general meetings of TIS Holdings. There are no specific restrictions on the size of a holding nor on the transfer of shares, which are both governed by the general provisions of TIS Holding's Articles of Association, the Companies Acts and related legislation.

The Existing Directors and Proposed Directors are not aware of any agreements between holders of TIS Holdings' shares that may result in restrictions on the transfer of securities or on voting rights. No person has any special rights of control over TIS Holding's share capital and all issued shares are fully paid.

The capital employed by the TIS Group comprises share capital, share premium and retained earnings or deficit, loan notes and a deep discount bond. There have been no significant changes to the TIS Group's management objectives, policies and processes in the year in respect of its share capital and capital employed nor has there been any change in what the TIS Group considers to be capital.

Management objectives comprise the positioning of the TIS Group so as to take advantage of future opportunities in the wider alternative investment space through defined channels building upon a local presence in each selected territory.

Nature of capital employed:

Share capital is the amount subscribed for shares at nominal value.

Share premium represents the excess of the amount subscribed for share capital over the nominal value of these shares net of share issue expenses.

The fair value reserve represents the cumulative movements on the fair value of available-for-sale investments held by the TIS Group.

Retained earnings or deficit represents the cumulative profit and loss of the TIS Group attributable to equity shareholders.

Details of the Loan note and deep discount bond liabilities of the TIS Group are set out in note 20 below.

20. Non-current liabilities

	2011 £'000	2012 £'000	2013 £'000
Bank loans	18,250	5,000	–
Investor loan notes (note 23)	17,437	20,408	23,875
Management loan notes (note 23)	15,793	18,483	21,622
Deep discount bonds (note 23)	3,008	3,522	4,120
	54,488	47,413	49,617
Current bank loans			
Bank loans	–	7,901	11,800

Amounts due to related parties are set out in note 23. The Existing Directors and Proposed Directors consider that there is no material difference between the book values and fair values of interest-bearing liabilities.

In respect of interest-bearing financial liabilities, the following table indicates their effective interest rates at 30 June 2013 and the periods in which they mature or, if earlier, are re-priced. Amounts shown for debt include both capital repayments and related interest calculated at year-end rates.

	Effective interest rate 2013 %	*Payable within 1 year 2013 £'000*	*Payable between 1 to 2 years 2013 £'000*	*Payable between 2 to 5 years 2013 £'000*	*Total payable 2013 £'000*
Bank loans	4.02	12,103	–	–	12,103
Investor loan notes	16.00	–	30,228	–	30,228
Management loan notes	16.00	–	27,377	–	27,377
Deep discount bonds	16.00	–	5,156	–	5,156
		12,103	62,761	–	74,864

	Effective interest rate 2012 %	*Payable within 1 year 2012 £'000*	*Payable between 1 to 2 years 2012 £'000*	*Payable between 2 to 5 years 2012 £'000*	*Total payable 2012 £'000*
Bank loans	5.06	8,361	5,129	–	13,490
Investor loan notes	16.00	–	–	30,228	30,228
Management loan notes	16.00	–	–	27,377	27,377
Deep discount bonds	16.00	–	–	5,156	5,156
		8,361	5,129	62,761	76,251

	Effective interest rate 2011 %	*Payable within 1 year 2011 £'000*	*Payable between 1 to 2 years 2011 £'000*	*Payable between 2 to 5 years 2011 £'000*	*Total payable 2011 £'000*
Bank loans	4.91	952	14,112	5,129	20,193
Investor loan notes	16.00	–	–	30,228	30,228
Management loan notes	16.00	–	–	27,377	27,377
Deep discount bonds	16.00	–	–	5,156	5,156
		952	14,112	67,890	82,954

The bank loans are secured by a fixed and floating charge over all the assets of the TIS Group. The bank loans are split into three tranches, the original amounts being £16.8 million (Facility A), £14.7 million (Facility B), £4.2 million (Facility C) and £0.8 million (Facility C2). The termination dates of those facilities are 30 June 2012 re Facility A, 30 June 2013 re Facility B and 30 June 2014 re Facility C and C2. Facility A was fully repaid in 2010.

Since 30 June 2013, TIS Holdings has negotiated its loan facilities (note 25).

The loan notes are due for repayment on the earlier of:

- a sale or flotation of TIS Holdings;
- the day after the repayment of the loan facilities noted above; and
- 31 December 2014.

Upon repayment of the bank loan facilities all loan notes become repayable on demand, however, there has been a repayment of Loan notes since the loans were made of £707,369.

The investor loan notes accrue compound interest at the rate of 16 per cent. per annum, which will not be payable until the final repayment of the principal of the stock. Payment in Kind (PIK) notes have been issued in lieu of interest on the same terms as the original notes. The investor loan notes and PIK notes are quoted on the Channel Islands Stock Exchange. The management loan notes accrue compound interest at the rate of 16 per cent. per annum, which will not be payable until the final repayment of the principal of the stock.

The Intercreditor Agreement signed by the holders of the investor loan notes, management loan notes and deep discount bonds on 22 June 2007, ranks the investor and management debt below the senior debt owed to the bank and cannot be repaid until the bank debt has been fully discharged, without prior consent of the bank. It is the opinion of the Existing Directors and the Proposed Directors, that the bank will not provide consent for the repayment (in whole or in part) of any of the investor loan notes, management loan notes or deep discount bonds within the next 12 months.

21. Trade and other payables

	2011 *£'000*	*2012* *£'000*	*2013* *£'000*
Trade creditors	1,135	569	379
Tax and social security	340	–	57
Other payables	3	–	–
Accruals and deferred income	1,095	457	973
	2,573	1,026	1,409

Amounts due to related parties are set out in note 23. The Existing Directors and the Proposed Directors consider that there is no material difference between the book values and fair values of trade and other payables.

22. Operating lease commitments

	Land and buildings 2011 £'000	*Land and buildings 2012 £'000*	*Land and buildings 2013 £'000*
Due in less than one year	36	36	36
Later than one year and not later than five years	90	54	18
	126	90	54

23. Related parties

During the year ended 30 June 2013 TIS Group earned revenue totalling £8,172,000 (2012: £57,605,000, 2011: £86,777,000) from The Protected Asset TEP Fund plc (PATF) in which the TIS Group owns management shares. The amount due from PATF to the TIS Group at 30 June 2013 is £nil (2012: £nil, 2011: £1,127).

In addition, TEP Management Services Limited received valuation fees of £1,045,000 (2012: £1,650,000, 2011: £2,131,000) from PATF and £48,000 (2012: £58,000, 2011: £71,000) from The Protected Capital Growth Fund plc. At 30 June 2013 £99,000 (2012: £104,000, 2011: £116,000) of valuation fees was accrued in prepayments and accrued income. The amount due from PATF to the TIS Group at 30 June 2013 is £nil (2012: £nil, 2011: £nil).

Premises rental and insurance costs totalling £36,000 (2011: £36,000, 2011: £78,000) have been charged by WFTG LLP, a partnership owned by LRJ Portnoi and D Arnold, who are shareholders of TIS Holdings. Amounts due at the year-end of £nil (30 June 2012: £nil, 30 June 2011: £nil).

Monitoring fees totalling £64,000 (2012: £64,000, 2011: £64,000) have been charged by Promethean Investments Fund LP in the year. Promethean Investments Fund LP is the majority shareholder of TIS Holdings. There is an outstanding balance due from Promethean Investment Fund LP at the year-end of £64,000 (2012: £39,000 owed to Promethean Investment Fund LP, 2011: £nil).

Promethean Investments Fund LP, which has a majority shareholding in TIS Holdings, has subscribed for investor loan notes issued by TIS Acquisitions Limited, a subsidiary of TIS Holdings. On 30 June 2013 the amount due including unpaid interest totalled £23,875,000. Details of the Investor loan notes are set out in note 20. The interest payable for 2013 on the loan notes was £3,467,000 (2012: £2,971,000, 2011: £2,391,000).

During the year ended 30 June 2013, TIS Holdings paid professional fees amounting to £64,000 (2012: nil, 2011: nil) on behalf of Promethean Investment Fund LP.

A group of investors, who include shareholders of TIS Holdings, LRJ Portnoi and D Arnold have subscribed for management loan notes issued by TIS Acquisitions Limited, a subsidiary of TIS Holdings. As at 30 June 2013 the amount due, including unpaid interest, was £21,622,000 (2012: £18,483,000, 2011: £15,793,000). Details of the management loan notes are set out in note 20. The interest payable on the loan in the year was £3,139,000 (2011: £2,690,000, 2011: £2,293,000).

A deep discounted bond was issued to PDL Acquisition, a company with common shareholders to TIS Holdings, on 10 November 2010 and accrues interest at the rate of 16 per cent. per annum, which will not be payable until the final repayment of the principal of the stock. Details are set out in note 20.

A Iversen, a director of TIS Holdings, received consultancy fees of £nil (2012: £99,000, 2011: £104,000). In addition, consultancy fees of £134,000 (2012: £33,000, 2011: £nil) were paid to Wolds Consultancy Services Limited for services provided by A Iversen. Amounts due at the year-end amount to £nil (30 June 2012: £nil, 30 June 2011: £nil).

24. Capital commitments

There were no capital commitments outstanding at 30 June 2013 (2012: £nil, 2011: £nil).

25. Post-balance sheet events

Following the year end date, the TIS Group has agreed terms with Commonwealth Bank of Australia, in respect of an amended and restated facilities agreement that consists of term loan facilities in an aggregate amount of £10,800,000. The facilities have a term of five years and the interest rate is LIBOR plus 3.50 per cent. Further details are given in Part XIII of this Prospectus Pursuant to the Proposed Transaction and on completion of the Acquisition, Offer and Admission, the Company will own and have voting power over 100 per cent. of the TIS Group. Further details of the TIS Acquisition Agreement are set out in Part XIII.

26. Contingent liabilities

TIS Acquisitions Limited, a subsidiary of TIS Holdings, has a cross guarantee with all other TIS Group companies over the banking facilities from Bank of Scotland. The cross guarantee is secured by a debenture over all of the assets of the TIS Group. The value of the loans outstanding at 30 June 2013 was £11,800,000 (2012: £12,901,000, 2011: £18,250,000).

27. Financial instruments

In common with other businesses, the TIS Group is exposed to risks that arise from its use of financial instruments. This note describes the TIS Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout the Historical Financial Information on the TIS Group.

The significant accounting policies regarding financial instruments are disclosed in note 2 and the significant accounting estimates and judgements are set out in note 3.

Substantive changes to the TIS Group's exposure to interest-bearing indebtedness are disclosed in note 20.

The principal financial instruments used by the TIS Group, from which financial instrument risk arises, are as follows:

	2011	*2012*	*2013*
	£'000	*£'000*	*£'000*
Trade and other receivables (less prepayments)	293	265	235
Cash balances	4,646	1,642	2,031
Trade and other payables (less tax and social security)	(2,232)	(1,026)	(1,352)
Interest-bearing bank debt	(18,250)	(12,901)	(11,800)
Interest-bearing Investor loan notes	(17,437)	(20,408)	(23,875)
Interest-bearing Management loan notes	(15,793)	(18,483)	(21,622)
Deep discount bond	(3,008)	(3,522)	(4,120)

General objectives, policies and processes

The TIS Board has overall responsibility for the determination of the TIS Group's risk management objectives and policies and, while retaining ultimate responsibility for them, it has delegated part of the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the TIS Group's finance function. The TIS Board retained full control over the TIS Group's past investments in listed and unlisted securities and the placement of surplus funds. The TIS Board receives reports from financial personnel through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets. The risks to which the TIS Group is exposed and the policies adopted by the Board have not changed significantly in the years 2011 to 2013.

The overall objective of the TIS Board is to set policies that seek to reduce on-going risk as far as possible without unduly affecting the TIS Group's competitiveness and flexibility. Further details regarding these policies are set out below:

Credit risk

Credit risk arises principally from the TIS Group's trade and other receivables and cash and cash equivalents. It is the risk that the counterparty fails to discharge its obligation in respect of the instrument. The maximum exposure to credit risk equals the carrying value of these items in the Historical Financial Information on the TIS Group as shown above. Credit risk with cash and cash equivalents is reduced by placing funds with banks with acceptable credit ratings and indicated government support where applicable. The TIS Group structures its second-hand endowment policy trading transactions to ensure that a purchase is matched to an approved and credit rated customer prior to committing to the purchase. No corresponding financial asset risk is therefore taken.

Liquidity risk

Liquidity risk arises from the TIS Group's management of working capital and the amount of funding committed to its second-hand endowment policy trading activity. It is the risk that the TIS Group will encounter difficulties in meeting its financial obligations as they fall due. As noted above the TIS Group ensures that it is not exposed to related credit risk. The TIS Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. The principal liabilities of the TIS Group and TIS Holdings arise in respect of the on-going businesses and the servicing of interest-bearing debt. The investor loan notes, management loan notes and deep discount bonds are repayable on the earlier of a sale or flotation of the company, the day after the repayment of the bank loan facilities or 31 December 2014. However, the Intercreditor Agreement signed by the holders of these loan notes and bonds on 22 June 2007, includes provision that the investor and management debt ranks below the senior debt owed to the bank and cannot be repaid until the bank debt has been fully discharged, without prior consent of the bank. It is the opinion of the Existing Directors and the Proposed Directors, that the bank will not provide consent for the repayment (in whole or in part) of any of the investor loan notes, management loan notes or deep discount bonds within the next 12 months. Trade and other payables are all payable within six months.

The TIS Board receives cash flow projections on a regular basis as well as information on cash balances. An effective interest rates and re-pricing analysis which indicates the cash outflows expected in respect of interest-bearing debt is disclosed in note 20.

Interest rate risk

The TIS Group is exposed to interest rate risk in respect of bank interest-bearing loans and borrowings which are designated variable rate instruments. The interest rates applicable to the investor loan notes, Management loan notes and the Deep-discount bond are fixed. The TIS Group is also exposed to interest rate risk in respect of surplus funds held on deposit.

Interest rate table

The following table demonstrates the sensitivity to a reasonably possible change in interest rates arising on bank borrowings, with all other variables held constant, on the TIS Group's profit or loss before tax (through the impact on floating rate borrowings) and cash flows. There is no impact on the TIS Group's equity.

	2011	*2012*	*2013*
	£'000	*£'000*	*£'000*
Interest rates fall by 0.5%	91	65	59
Interest rates fall by 1.0%	182	130	118
Interest rates fall by 1.0%	274	195	177
Interest rates rise by 0.5%	(91)	(65)	(59)
Interest rates rise by 1.0%	(182)	(130)	(118)
Interest rates rise by 1.5%	(274)	(195)	(177)

Currency risk

The TIS Group does not contain any overseas companies, assets or liabilities. The TIS Group does not undertake any significant transactions denominated in foreign currencies.

Changes in management objectives, policies and processes

There have been no other significant changes to the TIS Group's management objectives, policies and processes in the three years 2011 to 2013.

28. Acquisition of the trade and assets of Protected Distribution Limited

In November 2010 Absolute Assigned Policies Limited, a subsidiary of TIS Holdings, acquired the assets and trade of Protected Distribution Limited, an incorporated business. The Protected Distribution Limited business was held 'offshore' prior to its acquisition, the acquisition moved the business 'onshore' and it became FCA regulated under Absolute Assigned Policies Limited's 'umbrella', this was the principal commercial rationale for the acquisition. Expenses incurred in respect of this acquisition have been expensed (note 9).

	Book value 2011 £'000	*Fair value adjustments 2011 £'000*	*Fair value 2011 £'000*
Assets and liabilities acquired			
Intangible assets (see below)	–	6,750	6,750
Trade and other receivables	108	–	108
Cash and cash equivalents	734	–	734
Trade and other payables	(1,524)	–	(1,524)
Net assets acquired	(682)	6,750	6,068
Consideration:			
Cash			20
Novation of Investor Loan Notes			2,525
Deep Discounted Bonds			2,723
Repayment of Bank Loan			800
Total consideration			6,068
Purchased distributor and promoter agreements (note 14)			6,750

Trading in the year ended 30 June 2011

The effect of the acquisition of the trade and assets of Protected Distribution Limited on the revenues and operating profit of the TIS Group were:

	2011 £'000
Revenue	1,437
Operating profit	262

The 2011 results for Protected Distribution Ltd may be analysed as follows:

	Pre-acquisition	*Post-acquisition*	*Total*
Revenue	952	1,437	2,389
Operating profit	166	262	428

SECTION C: UNAUDITED CONSOLIDATED HISTORICAL FINANCIAL INFORMATION ON TIS HOLDINGS FOR THE SIX MONTHS TO 31 DECEMBER 2013

Set out below is the financial information for TIS Holdings for the six months to 31 December 2013 which has not been audited or reviewed by independent reporting accountants.

Consolidated statement of comprehensive income – Unaudited

Continuing operations	*Notes*	*Six-month period ended 31 December 2012 £'000*	*Six-month period ended 31 December 2013 £'000*
Revenue	3	10,535	16,401
Cost of sales		(8,812)	(15,407)
Gross profit		1,723	994
Administrative expenses		(470)	(520)
Exceptional items		–	–
Other income		–	–
Total administrative expenses		(470)	(520)
Operating profit		1,253	474
Financial income		1	1
Financial expenses		(3,699)	(4,283)
Loss before tax		(2,445)	(3,808)
Tax		152	(59)
Loss for the period		(2,293)	(3,867)

Other comprehensive income	*Six-month period ended 31 December 2012 £'000*	*Six-month period ended 31 December 2013 £'000*
Loss for the period	(2,293)	(3,867)
Change in value of available-for-sale financial assets	8	–
Total comprehensive income for the period	(2,285)	(3,867)

Consolidated statement of financial position – Unaudited

	31 December 2012 £'000	*31 December 2013 £'000*
Assets		
Non-current assets		
Property, plant and equipment	12	5
Intangible assets	36,000	25,000
Investments	173	11
Deferred tax asset	8	–
	36,193	25,016
Current assets		
Trade and other receivables	1,195	555
Cash and cash equivalents	1,652	278
	2,847	833
Total assets	39,040	25,849
Equity and liabilities		
Equity attributable to owners of the parent		
Ordinary shares	17	17
Share premium	67	67
Fair-value reserve	(22)	10
Retained deficit	(20,519)	(39,386)
Total equity	(20,457)	(39,292)
Liabilities		
Non-current liabilities		
Interest-bearing borrowings	45,903	53,699
Current liabilities		
Interest-bearing borrowings	12,901	10,800
Trade and other payables	693	642
Tax liabilities	–	–
	13,594	11,442
Total liabilities	59,497	65,141
Total equity and liabilities	39,040	25,849

Consolidated statement of changes in equity – Unaudited

	Share capital £'000	*Share premium £'000*	*Fair-value reserve £'000*	*Retained earnings £'000*	*Total equity £'000*
At 1 July 2012	17	67	(30)	(18,226)	(18,172)
Loss for the period	–	–	–	(2,293)	(2,293)
Other comprehensive income for the period	–	–	8	–	8
Total comprehensive income for the period	–	–	8	(2,293)	(2,285)
Balance at 31 December 2012	17	67	(22)	(20,519)	(20,457)

	Share capital £000	*Share premium £000*	*Fair-value reserve £000*	*Retained earnings £000*	*Total equity £000*
At 1 July 2013	17	67	10	(35,519)	(35,425)
Loss for the period	–	–	–	(3,867)	(3,867)
Other comprehensive income for the period	–	–	–	–	–
Total comprehensive income for the period	–	–	–	(3,867)	(3,867)
Balance at 31 December 2013	17	67	10	(39,386)	(39,292)

Consolidated statement of cash flows – Unaudited

	Six-month period ended 31 December 2012 £'000	*Six-month period ended 31 December 2013 £'000*
Cash flows from operating activities		
Loss before tax	(2,445)	(3,808)
Depreciation	3	3
Increase in trade and other receivables	(735)	(171)
Decrease in trade and other payables	(159)	(561)
Interest payable	3,699	4,283
Corporation tax paid	(125)	(198)
Net cash generated from/(absorbed by) operating activities	238	(452)
Cash flows from investing activities		
Purchase of property, plant and equipment	(5)	–
Net cash used in investing activities	(5)	–
Cash flows from financing activities		
Repayment of bank borrowings	–	(1,101)
Interest paid	(210)	(200)
Net cash used in financing activities	(210)	(1,301)
Net increase/(decrease) in cash and cash equivalents	23	(1,753)
Cash and cash equivalents at the beginning of the period	1,629	2,031
Cash and cash equivalents at the end of the period	1,652	278

Notes to the interim consolidated financial statements

1 General information

TIS Holdings Limited ('TIS' or 'TIS Holdings') and its subsidiaries (together the 'Group') trade in endowment policies, other financial products and ancillary services, the provision of management consultancy and valuation services and act as an agent for trading in endowment policies and similar intermediary actions including the promotion, marketing and product structuring of alternative investments. TIS Holdings and its subsidiaries trade only in the United Kingdom.

TIS Holdings is a private limited company incorporated in England, registered number 6205091.

2 Summary of significant accounting policies

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments. Historical cost is generally based on the fair value of the consideration given in exchange for the assets. The principal accounting policies adopted are set out below. These policies have been consistently applied to all years presented.

2.1 *Basis of preparation*

These condensed interim financial statements of the Group for the six-month periods ended 31 December 2012 and 31 December 2013 have been prepared using accounting policies consistent with International Financial Reporting Standards (IFRSs). The same accounting policies, presentation and methods of computation are followed in these financial statements as applied in the Group's latest financial statements for the years ended 30 June 2012 and 30 June 2013 as presented above.

These condensed interim financial statements have not been audited, do not include all of the information required for full annual financial statements, and should be read in conjunction with the Group's consolidated annual financial statements for the years ended 30 June 2012 and 30 June 2013 presented above.

While the financial figures included within these half-yearly reports have been computed in accordance with IFRSs applicable to interim periods, these half-yearly reports do not contain sufficient information to constitute an interim financial report as set out in IAS34.

2.2 *Going concern*

These interim financial statements have been prepared on a going concern basis. TIS Holdings Limited plans to grow the business primarily through the diversification of its product and client base in both the retail and institutional space while operating either more closely in existing markets or expanding into new territories as well as leveraging existing customer relationships.

The financial position of the TIS Holdings Ltd group, its cash flows, liquidity position and borrowing facilities remains stable with continued cash generation year-on-year. The consolidated statement of financial position presents net liabilities due to compounding loan note interest. However, payment will only be made in accordance with the conditions of the loan notes and will not affect the liquidity of the business until 31 December 2014 when the loan notes mature.

3 Segmental information

	Six-month period ended 31 December 2012 £'000	*Six-month period ended 31 December 2013 £'000*
Revenue by activity		
Policy sales	9,151	15,445
Commissions receivable and related income	111	84
Promoter and valuation fees	1,273	872
Total revenue	10,535	16,401
Gross profit by activity		
Policy sales	565	260
Commissions receivable and related income	111	84
Promoter and valuation fees	1,047	650
Total gross profit	1,723	994

PART IX

PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

SECTION A: INDEPENDENT REASONABLE ASSURANCE REPORT ON THE PRO FORMA FINANCIAL INFORMATION

The following is the full text of a report on Promethean plc from Baker Tilly Corporate Finance LLP, the Reporting Accountants, to the Existing Directors and Proposed Directors of Promethean plc.

BAKER TILLY

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The Existing Directors
The Proposed Directors
Promethean plc
Clinch's House
Lord Street
Douglas
IM99 1RZ

2 May 2014

Dear Sirs

PROMETHEAN PLC ("Company")

We report on the pro forma financial information ("Pro Forma Financial Information") set out in Section B of Part IX of the Prospectus dated 2 May 2014 ("Document") of Promethean plc, which has been prepared on the basis described in Section B, for illustrative purposes only, to provide information about how the proposed acquisition of the issued and to be issued shares in TIS Holdings Limited, not already owned by the Company and the existing management loan notes and vendor loan notes in relation to TIS Acquisitions Limited and PDL Acquisition ("Vendor Securities"), ("the Acquisition") and the proposed offer by the Company of ordinary shares to the holders of participating shares in The Protected Asset TEP Fund plc ("PATF") ("the Offer") might have affected the financial information presented on the basis of the accounting policies to be adopted by the Company and the Acquisition ("Enlarged Group") in preparing the financial statements for the period ended 31 December 2013. This report has been prepared in accordance with the requirements of paragraph 20.2 of Annex I of Appendix 3.1.1 of the Prospectus Rules and is given for the purpose of complying with that paragraph and for no other purpose.

Save for any responsibility arising under paragraph 20.2 of Annex I of Appendix 3.1.1 of the Prospectus Rules to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, and given solely for the purposes of complying with paragraph 20.2 of Annex I of Appendix 3.1.1 of the Prospectus Rules, or consenting to its inclusion in the Document.

Responsibilities

It is the responsibility of the directors of the Company ("Existing Directors") and those additional directors to be appointed upon admission of the Company to trading on AIM ("Proposed Directors") to prepare the

Pro Forma Financial Information in accordance with paragraph 20.2 of Annex I of Appendix 3.1.1 of the Prospectus Rules.

It is our responsibility to form an opinion, as required by paragraph 7 of Annex II of Appendix 3.1.1 of the Prospectus Rules, as to the proper compilation of the Pro Forma Financial Information and to report that opinion to you.

In providing this opinion we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the Pro Forma Financial Information, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

Basis of Opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Financial Reporting Council in the United Kingdom. The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Pro Forma Financial Information with the Existing Directors and the Proposed Directors.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Pro Forma Financial Information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of the Company.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in any jurisdictions other than the United Kingdom and accordingly should not be relied upon as if it had been carried out in accordance with those other standards and practices.

Opinion

In our opinion:

(a) the Pro Forma Financial Information has been properly compiled on the basis stated; and

(b) such basis is consistent with the accounting policies of the Company.

Declaration

For the purposes of Prospectus Rule 5.5.3R(2)(f) we are responsible for this report as part of the Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Document in compliance with item 1.2 of Annex I and item 1.2 of Annex III of Appendix 3.1.1 of the Prospectus Rules.

Yours faithfully

Baker Tilly Corporate Finance LLP
Regulated by the Institute of Chartered Accountants in England and Wales

Baker Tilly Corporate Finance LLP is a limited liability partnership registered in England and Wales, registered no. OC325347.
A list of the names of members is open to inspection at the registered office 25 Farringdon Street, London, EC4A 4AB

SECTION B: PRO FORMA FINANCIAL INFORMATION

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME OF THE ENLARGED GROUP

Set out below is an unaudited pro forma consolidated statement of comprehensive income of the Enlarged Group, which has been prepared by the Existing Directors and the Proposed Directors on the basis of the notes set out below, to show the effects of the proposed Acquisition together with the Conditional Return of Capital and Offer on the earnings of the Enlarged Group for the period ended 31 December 2013 as if the transaction had occurred on that date. It is the sole responsibility of the Existing Directors and the Proposed Directors to prepare the pro forma statement of comprehensive income. The pro forma statement of comprehensive income has been prepared by the Existing Directors and the Proposed Directors for illustrative purposes only and, because it addresses a hypothetical situation, does not represent the Enlarged Group's actual earnings either prior to or following the Acquisition together with the Conditional Return of Capital and the Offer.

		Adjustments	*Unaudited pro forma Comprehensive Income Statement of the*
	Promethean plc	*TIS Group*	*Enlarged Group*
	Period ended 31 December 2013	*Period ended 31 December 2013*	*Period ended 31 December 2013*
	(note 1)	*(note 2)*	
	£'000	*£'000*	*£'000*
Trading revenue	–	16,401	16,401
Cost of sales	–	(15,407)	(15,407)
	–	994	994
Administrative expenses	(767)	(520)	(1,287)
Total administrative expenses	(767)	(520)	(1,287)
Loss before finance costs and taxation	(767)	474	(293)
Financial income	–	1	1
Financial expenses	(3)	(4,283)	(4,286)
Loss before tax	(770)	(3,808)	(4,578)
Tax	(55)	(59)	(114)
Loss for the year attributable to the shareholders of the Enlarged Group	(825)	(3,867)	(4,691)

Notes:

1. The statement of comprehensive income for Promethean plc has been extracted without material adjustment from the unaudited interim results of the Company for the 6 months ended 31 December 2013 as included in Part VI of this Document.
2. The statement of comprehensive income for the TIS Group has been extracted without material adjustments from the unaudited interim results for the 6 months ended 31 December 2013 relating to the TIS Group set out in Part VIII of this Document.
3. For the purposes of the pro forma financial information, the Acquisition together with the Conditional Return of Capital and the Offer are assumed to occur on 31 December 2013.
4. No account has been taken of trading by Promethean plc or the TIS Group or any other event since 31 December 2013.

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF NET ASSETS OF THE ENLARGED GROUP

Set out below is an unaudited pro forma consolidated statement of net assets of the Enlarged Group, which has been prepared by the Existing Directors and the Proposed Directors on the basis of the notes set out below, to show the effects of the proposed Acquisition together with the Conditional Return of Capital and Offer on the net assets of the Enlarged Group as at 31 December 2013 as if this transaction had occurred on that date. It is the sole responsibility of the Existing Directors and the Proposed Directors to prepare the pro forma statement of net assets. The pro forma statement of net assets has been prepared by the Existing Directors and the Proposed Directors for illustrative purposes only and, because it addresses a hypothetical situation, does not represent the Enlarged Group's actual financial position either prior to or following the Acquisition together with the Conditional Return of Capital and the Offer.

		Adjustments		
	Net assets of Promethean plc group at 31 December 2013 (note 1) £'000	*Net assets of TIS Group at 31 December 2013 (note 2) £'000*	*Adjustments (note 3) £'000*	*Unaudited Pro forma net assets of the Enlarged Group at 31 December 2013 (note 4) £'000*
Assets				
Non-current assets				
Property, plant and equipment	–	5	–	5
Intangible assets	–	25,000	–	25,000
Investments	6,311	11	42,000	48,322
	6,311	25,016	42,000	73,327
Current assets				
Trade and other receivables	630	555	–	1,185
Cash and cash equivalents	2,097	278	(3,634)	(1,259)
	2,727	833	(3,634)	(74)
Total assets	9,038	25,849	38,366	73,253
Liabilities				
Non-current liabilities				
Interest-bearing borrowings	–	53,699	–	53,699
Current liabilities				
Interest-bearing borrowings	–	10,800	–	10,800
Trade and other payables	280	642	–	922
	280	11,442	–	11,722
Total liabilities	280	65,141	–	65,421
Net assets/(liabilities)	8,758	(39,292)	38,366	7,832

Notes:

1. The net assets of Promethean plc have been extracted without material adjustment from the unaudited interim results of the Company for the 6 months ended 31 December 2013 as included in Part VI of this Document.
2. The net assets of the TIS Group have been extracted without material adjustment from the unaudited interim results for the 6 months ended 31 December 2013 relating to the TIS Group set out in Part VIII of this Document.
3. The adjustments assume gross proceeds from the Offer of £40 million and are shown as an investment in TIS Diversified Alternative Fund L&P GBP Class A SP. No account has been taken for 5 per cent. of the In Specie Assets expected to be converted to cash following completion of the Acquisition and the Offer.

The pro forma adjustments assume that Resolution 2 is passed and the Vendor Securities are acquired for cash of £2 million. Upon completion of the Acquisition the investor loan notes and the vendor loan notes will be 100 per cent. owned by Promethean plc group and will therefore be fully eliminated on consolidation. No consolidation adjustments in this regard have been adjusted above.

In the event that Resolution 2 is not passed the consideration for the Vendor Securities will be satisfied by new shares to be issued by Promethean plc. Such a transaction is not illustrated above.

Total deal costs will be in the region of £1.3 million and this amount has been reflected as a cash outflow.

In the event that Resolution 2 is passed, there will be a Conditional Return of Capital to Promethean Shareholders as set out in paragraph 19 of Part I of this Document of 0.74 pence per Ordinary Share, being approximately £334,000 based on the Existing Ordinary Shares in issue before the issue of any Bonus Shares. This Conditional Return of Capital has been illustrated in the pro forma adjustments.

If Resolution 2 is not passed, the Conditional Return of Capital is 5.16 pence per Ordinary Share. No adjustment has been made for this payment which would amount to some £2.3 million (and compares to £2.3 million shown in the pro forma to reflect the £2 million payment for the Vendor Securities and the reduced Conditional Return of Capital of £0.3 million).

No adjustment has been made to reflect the anticipated cancellation of tranche B of the Bank Facility by way of a debt for equity swap. Details of the agreed debt for equity swap are set out in paragraph 6.3 of Part XIII of this Document.

4. No account has been taken of any movement in net assets of Promethean plc or the TIS Group since 31 December 2013, nor of any other event save as disclosed above.

PART X

PRINCIPAL TERMS AND CONDITIONS OF THE OFFER

PART A: Conditions of the Offer

The Offer is subject to the following conditions:

(a) valid acceptances having been received by no later than 5.00 p.m. (Isle of Man time) on 16 June 2014 in respect of PATF Participating Shareholders holding PATF Participating Shares representing In Specie Assets in aggregate valued at not less than £40 million or such lesser amount as the Board in its absolute discretion may decide, such lesser amount not to be materially less than £40 million;

(b) the passing by Promethean Shareholders of resolutions to be proposed at an extraordinary general meeting of Promethean to approve: the Proposed Transaction and all resolutions necessary for Promethean to issue the New Ordinary Shares;

(c) the admission of the Enlarged Issued Share Capital to trading on AIM becoming effective in accordance with the AIM Rules for Companies;

(d) Promethean having acquired 100 per cent. ownership of TIS pursuant to the terms of the TIS Acquisition Agreement with the holders of the Vendor Securities; and

(e) the tax authority in the UK having confirmed that for the purposes of its tax code it does not regard the proposed Offer and acceptance as having been entered into for the purposes of avoiding tax in the UK and other relevant clearances. Please note this condition has been satisfied.

PART B: Terms of the Offer

The following terms apply to the Offer, unless the contrary is expressed or the context requires otherwise. Unless the context requires otherwise, any reference in this Part B and in the Form of Election to:

(a) the "Offer" includes any revision, variation, renewal or extension of the Offer;

(b) the "acceptance condition" means the condition set out in Part A, paragraph (a) of these Principal Terms and Conditions of the Offer;

(c) the "Offer Period" means, in relation to the Offer the period commencing 2 May 2014 until 5.00 p.m. on 16 June 2014.

1. Acceptance Period

(a) The Offer will initially be open for acceptance until 5.00 p.m. on 16 June 2014. If the Offer is revised it will remain open for acceptance for a period of at least 10 days from the date on which written notification of the revision is posted to PATF Participating Shareholders.

(b) For the purpose of determining whether the acceptance condition has been satisfied, Promethean shall be entitled to take account only those PATF Participating Shareholders that have selected option 1 on their Form of Election and returned it to the receiving agent, SMP Fund Services Limited by no later than 5.00 p.m. Isle of Man time on 16 June 2014.

2. Announcements

(a) By 8.00 a.m. on the Business Day (the "relevant day") following the day on which the Offer is due to expire or is revised or extended, as the case may be, Promethean will make an appropriate announcement and simultaneously inform a Regulatory Information Service of the position. The announcement will also state the total number and amount of PATF Participating Shares for which acceptances of the Offer have been received.

(b) Any decision to extend the time and/or date by which the acceptance condition has to be fulfilled may be made at any time up to, and will be announced not later than, 8.00 a.m. on the relevant day as defined in the preceding paragraph. The announcement will state the next expiry date.

3. Rights of Withdrawal

All acceptances of the Offer shall be final, and PATF Participating Shareholders shall not be entitled to any rights to withdraw such acceptances; provided however, that if a supplementary Prospectus to this Prospectus is published, PATF Participating Shareholders shall be entitled to withdraw their acceptances for a period of two Business Days following publication of such supplementary Prospectus.

4. Extension of Offer

The Company may extend the Offer and will notify PATF Participating Shareholders of such extension as provided in paragraph (b) under "Announcements."

5. General

(a) The Offer will lapse unless all of the conditions have been satisfied or (if capable of waiver) waived or, where appropriate have been determined by Promethean in its reasonable opinion to be or remain satisfied in each case by 5.00 p.m. on 16 June 2014 or on such later date as Promethean may decide.

(b) The Offer is made on 2 May 2014 and is capable of acceptance from that date. Copies of this Document, the Form of Election and any related documents are available from SMP Fund Services Limited.

(c) The terms, provisions, instructions and authorities contained in or deemed to be incorporated in the Form of Election constitute part of the terms of the Offer. Words and expressions defined in this

Document shall have the meanings when used in the Form of Election, unless the context requires otherwise.

(d) The Company may revise or revoke the Offer; provided however that it may not do so once the Offer has become unconditional in all respects.

(e) The Offer, all acceptances of it and all elections pursuant to it, the Form of Election, all contracts made pursuant to the Offer, all action taken or made or deemed to be taken or made pursuant to any of these terms shall be governed by and interpreted in accordance with English law.

(f) Execution of a Form of Election by or on behalf of a PATF Participating Shareholder will constitute his agreement that the Courts of England are (subject to the immediately following paragraph) to have exclusive jurisdiction to settle any dispute which may arise in connection with the creation, validity, effect, interpretation or performance of, or the legal relationships established by the Offer and Form of Election, and for such purposes that he irrevocably submits to the jurisdiction of English Courts.

(g) Execution of a Form of Election by or on behalf of an accepting PATF Participating Shareholder will constitute his agreement that the immediately preceding paragraph is included for the benefit of Promethean and accordingly, Promethean shall retain the right to, and may in its absolute discretion, bring proceedings in the courts of any other country which may have jurisdiction and the accepting PATF Participating Shareholder irrevocably submits to the jurisdiction of the courts of any such country.

(h) If the expiry date of the Offer is extended, any reference in this Document and the Form of Election to 16 June 2014 shall, except in the definition of "Offer Period" and paragraph (a) under "Acceptance Period" and where the context otherwise requires, be deemed to refer to the expiry date of the Offer as so extended.

(i) Any omission to despatch this Document or the Form of Election or any notice required to be despatched under the terms of the Offer to, or any failure to receive the same by, any person to whom the Offer is made, or should be made, shall not invalidate the Offer in any way or create any implication that the Offer has not been made to any such person. Subject to "Overseas Participating Shareholders" of this Part B, the Offer extends to any such person and to all PATF Participating Shareholders to whom this Document, the Form of Offer and any related documents may not be despatched and who may not receive such documents, and such persons may collect copies of those documents from SMP Fund Services Limited.

(j) All communications, notices, certificates, documents of title and remittances to be delivered by or sent to or from any PATF Participating Shareholder will be delivered by or sent to or from them (or their designated agents) at their risk. No acknowledgement of receipt of any Form of Election will be given by or on behalf of Promethean.

(k) Promethean reserves the right to notify any matter (including the making of the Offer) to all or any PATF Participating Shareholder(s) with (i) registered addresses outside the UK or (ii) whom Promethean knows to be nominees, trustees or custodians for such PATF Participating Shareholder(s) with registered addresses outside the UK by announcement or paid advertisement in any daily newspaper published and circulated in the UK or any part thereof, in which case such notice shall be deemed to have been sufficiently given notwithstanding any failure by any such shareholders to receive or see such notice. All references in this Document to notice in writing shall be construed accordingly.

(l) Fractions of a New Ordinary Share will not be issued and fractional entitlements will be rounded down to the nearest whole Ordinary Share.

6. Overseas Participating Shareholders

(a) The making of the Offer in, or to persons resident in, or to nationals or citizens of, jurisdictions outside the UK or to nominees of, or custodians or trustees for, citizens or nationals of other countries ("overseas shareholders") may be affected by the laws of the relevant jurisdictions. Such overseas shareholders should inform themselves about and observe any applicable legal requirements. It is the responsibility of any overseas shareholder wishing to accept the Offer to satisfy himself as to the full observance of the laws and regulatory requirements of the relevant jurisdiction in connection with the Offer, including obtaining any governmental, exchange control or other consents which may be required, or compliance with other necessary formalities needing to be observed and payment of any issue, transfer or other taxes or duties due in such jurisdiction. Any such overseas shareholder will be responsible for any such issue, transfer or other taxes or other payments by whomsoever payable and Promethean (and any person acting on behalf of them) shall be fully indemnified and held harmless by such shareholder for any such issue, transfer or other taxes or duties as Promethean (and any person acting on behalf of them) may be required to pay. If you are an overseas shareholder and you are in doubt about your position, you should consult your independent professional adviser in the relevant jurisdiction.

(b) In particular the Offer is not being made in or into and is not capable of acceptance in or from a Restricted Jurisdiction. In addition, it is not currently intended that the Offer will be made, directly or indirectly, in or into or by use of the mails or any means or instrumentality (including, without limitation, by means of facsimile or electronic transmission, telephone or internet) of interstate or foreign commerce of, or any facilities of a securities exchange of, or in or into, the United States. Accordingly, copies of this Document, the Form of Election and any related offering documents are not being, and must not be, mailed or otherwise distributed or sent in or into the United States. Persons receiving such documents (including without limitation, custodians, trustees and nominees) must not mail, forward, or distribute or send them, directly or indirectly, in, into or from a Restricted Jurisdiction or use a Restricted Jurisdiction's mail or any such means or instrumentality or facility for any purpose, directly or indirectly, in connection with the Offer. Doing so may invalidate any purported acceptance of the Offer. Persons wishing to accept the Offer must not use such mails or any such means or instrumentality or facility directly or indirectly for any purpose directly or indirectly related to acceptance of the Offer. Envelopes containing a Form of Election should not be postmarked in a Restricted Jurisdiction or otherwise despatched from a Restricted Jurisdiction and all accepting PATF Participating Shareholders must provide addresses outside a Restricted Jurisdiction for the receipt of New Ordinary Shares, or for the return of the Form of Election and/or other document(s) of title.

(c) The New Ordinary Shares have not been and will not be registered under the Securities Act, or any state securities laws, nor have relevant clearances been obtained from the securities commission or similar authority of any province or territory in Canada and no prospectus has been filed or registration made under any securities laws of any province or territory of Canada, nor has a prospectus in relation to the New Ordinary Shares been lodged with or registered by the Australian Securities Commission, nor have any steps been taken to enable the New Ordinary Shares to be offered in compliance with applicable securities laws of the Republic of South Africa or Japan. The New Ordinary Shares may not be offered, sold, resold, delivered or transferred, directly or indirectly, in or into the United States or to, or for the account or benefit of, US persons, or in or into Canada, Australia, the Republic of South Africa or Japan.

(d) A PATF Participating Shareholder will be deemed not to have validly accepted the Offer if:

1. he selects Option 2 of the Form of Election;
2. he fails to return a Form of Election by the expiry of the Offer;
3. having had inserted in or having completed the Form of Election with a registered address in a Restricted Jurisdiction, he does not insert in the Form of Election the name and address of a person or agent outside a Restricted Jurisdiction to whom he wishes the New Ordinary Shares to which he is entitled under the Offer and/or any documents to be sent;
4. he inserts in the Form of Election the name and address of a person or agent in a Restricted Jurisdiction to whom he wishes the consideration to which he is entitled under the Offer and/or any documents to be sent; or

5. in any case, the Form of Election received from him is received in an envelope postmarked in, or which otherwise appears to Promethean or its agent to have been sent from, a Restricted Jurisdiction.

(e) Promethean will not issue New Ordinary Shares or authorise the delivery of any documents of title in respect of New Ordinary Shares in, into or from a Restricted Jurisdiction or to any person (i) who is, or who Promethean has reason to believe is, a US person or resident in Canada, Australia, the Republic of South Africa or Japan or (ii) with a registered address in a Restricted Jurisdiction.

(f) If, in connection with the making of the Offer, notwithstanding the restrictions described above, any person (including, without limitation, custodians, nominees and trustees), whether pursuant to a contractual or legal obligation or otherwise, forwards this Document, the Form of Election or any related offering documents, in, into or from a Restricted Jurisdiction or uses the mails of, or any means or instrumentality (including without limitation, facsimile or electronic transmission, telephone or internet) of interstate or foreign commerce of, or any facility of a national securities exchange of, a Restricted Jurisdiction in connection with such forwarding, such person should:

1. inform the recipient of such fact;

2. explain to the recipient that such action may invalidate any purported acceptance by the recipient; and

3. draw the attention of the recipient to this paragraph.

(g) If any written notice from a PATF Participating Shareholder withdrawing his acceptance in accordance with these terms and conditions is received in an envelope postmarked in, or which otherwise appears to Promethean or its agents to have been sent from, a Restricted Jurisdiction, Promethean reserves the right in its absolute discretion to treat that notice as invalid.

(h) These provisions and any other terms of the Offer relating to overseas shareholders may be waived, varied or modified as regards specific PATF Participating Shareholders or on a general basis by Promethean in its absolute discretion. Subject thereto, the provisions of this paragraph supersede any terms of the Offer inconsistent with them. References in this paragraph to a PATF Participating Shareholder include references to the person or persons executing a Form of Election and, if more than one person executes the Form of Election, the provisions of this paragraph shall apply to them jointly and severally.

PART XI

UNITED KINGDOM & ISLE OF MAN TAXATION CONSIDERATIONS

UNITED KINGDOM & ISLE OF MAN TAXATION CONSIDERATIONS

The information below, which is of a general nature only and which relates only to United Kingdom and Isle of Man taxation, is applicable to the Company and to Accepting PATF Participating Shareholders who are resident in the United Kingdom for taxation purposes (except where indicated) and who hold their PATF Participating Shares and will hold their New Ordinary Shares as an investment. It is based on existing law and practice and is subject to subsequent changes thereto. Anyone who is in any doubt as to his position should consult his professional adviser without delay.

Promethean plc ("Company")

It is the intention of the Directors to conduct the affairs of the Company so that it is not resident in the United Kingdom for taxation purposes and does not carry on any trade in the United Kingdom (whether or not through a branch, agency or partnership situated there except for the investment management business conducted by the Manager). Accordingly, the Company should not be liable for United Kingdom taxation on its capital gains or dividend income.

Interest with a United Kingdom source on loans expected to last for 12 months or more, such as interest paid on corporate bonds which are not quoted Eurobonds, will be received by the Company after deduction of United Kingdom withholding tax by the payer.

The Company will be liable to United Kingdom taxation on its share of investment management fees (if any).

Whether the Company is liable to tax on its share of any interest in third party funds will depend on how such funds are structured and the return characterisation of such carried interest participation.

The Company is subject to Isle of Man taxation at the rate of 0 per cent.

Promethean Investments Fund LP ("Fund")

No United Kingdom taxation will arise at the Fund level as the Fund is an English limited partnership and as such is not liable to UK taxation.

Investors

Taxation on dividends

(i) *Withholding tax*

Under current United Kingdom and Isle of Man tax legislation, no tax will be withheld at source from dividend payments made by the Company to a holder of New Ordinary Shares.

(ii) *Individual Accepting PATF Participating Shareholders*

Individual Accepting PATF Participating Shareholders who are resident for tax purposes in the United Kingdom and whose income is within the starting or basic rate bands will be liable to tax at 10 per cent. on gross dividend income received on their New Ordinary Shares.

Individual Accepting PATF Participating Shareholders who are resident for tax purposes in the United Kingdom and who are liable to income tax at the higher rate will be charged to tax at 32.5 per cent. on gross dividend income received on their New Ordinary Shares.

Individual Accepting PATF Participating Shareholders who are resident for tax purposes in the United Kingdom and who are liable to income tax at the additional rate, and the trustees of United Kingdom trusts, will be charged to tax at 37.5 per cent. on gross dividend income received on their New Ordinary Shares.

Where a United Kingdom income tax liability arises on dividends received, a credit may be available for any overseas tax withheld from the dividend payment in circumstances where the individual is a minority shareholder with a shareholding of less than 10 per cent. However, it is not expected that any overseas tax will be withheld on dividend payments on New Ordinary Shares.

(iii) *Corporate Accepting PATF Participating Shareholders*

Subject to certain exceptions for certain insurance companies and companies who hold shares as trading stock, a corporate Accepting PATF Participating Shareholder who is resident for tax purposes in the United Kingdom will normally be exempt from United Kingdom corporation tax on dividends paid on New Ordinary Shares. The exemption is not comprehensive and is also subject to anti-avoidance rules and corporate Accepting PATF Participating Shareholders are advised to take their own advice.

Where a dividend paid by the Company is exempt, the corporate Accepting PATF Participating Shareholder receiving the dividend will not be entitled to relief, either by credit or deduction, against United Kingdom taxation for any overseas tax paid or withheld in relation to the dividend receipt. However, it is not expected that any overseas tax will be paid or withheld on dividend payments on New Ordinary Shares.

(iv) *Accepting PATF Participating Shareholders resident outside the United Kingdom*

Accepting PATF Participating Shareholders who are not resident in the UK should consult their own tax advisers on whether or not they can benefit from all or part of any tax credit and what relief or credit may be claimed in the jurisdiction in which they are resident. However, it is not expected that any overseas tax will be withheld on dividend payments on New Ordinary Shares.

Taxation on chargeable gains

Exchange of PATF Participating Shares for New Ordinary Shares

HMRC has issued a clearance letter confirming that it is satisfied that the Offer, comprising the exchange of PATF Participating Shares for New Ordinary Shares, is being effected for *bona fide* commercial reasons and does not form part of a scheme or arrangements of which the main purpose, or one of the main purposes, is the avoidance of tax. Following the issuing of this clearance letter a revised Prospectus has been sent to HMRC to inform HMRC of the changes contained in this Prospectus. While the Directors are of the view that the changes are not material to the clearance given, it is possible, although in the Directors view unlikely, that HMRC will request further information and/or vary its original clearance.

On this basis, and provided certain other qualifying conditions are satisfied, Accepting PATF Participating Shareholders resident for tax purposes in the United Kingdom, holding their PATF Participating Shares as an investment, should not be treated as disposing of those shares in exchange for New Ordinary Shares for the purposes of United Kingdom taxation on chargeable gains. Instead, they should be treated as acquiring their New Ordinary Shares at the same time and for the same cost as their original PATF Participating Shares.

PATF Participating Shareholders who are not resident in the United Kingdom for tax purposes should consult their own tax advisers to determine whether they are liable to tax on their disposal of PATF Participating Shares outside of the United Kingdom.

Shareholders who are resident for tax purposes outside the United Kingdom may be subject to foreign taxation on capital gains depending on their personal circumstances.

Stamp Duty and Stamp Duty Reserve Tax ("SDRT")

Under current law, no Isle of Man or United Kingdom stamp duty or SDRT will be payable by PATF Participating Shareholders in connection with their disposal of PATF Participating Shares or their acquisition of New Ordinary Shares.

If you are in any doubt as to your position, or are subject to taxation in a jurisdiction other than the United Kingdom you should consult an appropriate professional advisor without delay.

PART XII

EXISTING DIRECTORS, PROPOSED DIRECTORS, RESPONSIBLE PERSONS, PROPOSED SENIOR MANAGEMENT, CORPORATE GOVERNANCE AND EMPLOYEES

1. Persons Responsible

The Company, the Existing Directors, whose names appear at section 2 below, and the Proposed Directors, whose names appear at section 4 below, accept responsibility for the information contained in this Document. To the best of the knowledge of the Company, the Existing Directors and the Proposed Directors (who have taken all reasonable care to ensure that such is the case), such information is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. The Existing Directors

The following table sets out information relating to each of the Existing Directors:

Full Name	*Current position in respect of Promethean*	*Age*	*Date Appointed*
Sir Peter Alexander Burt	Non-executive Chairman	69	20 June 2005
Martin André Bernard Nègre	Non-executive Director	67	20 June 2005
Elizabeth Tansell (who is also known as Elizabeth Sharples)	Non-executive Director	52	20 June 2005

The business address of each of the Existing Directors is Clinch's House, Lord Street, Douglas, Isle of Man IM99 1RZ.

On Admission, Sir Peter Burt and Elizabeth Tansell will resign with immediate effect from their positions as directors of the Company.

3. Existing Directors' Profiles

The name, business experience and principal business activities outside the Group of the Existing Directors are set out below.

Sir Peter Burt

Sir Peter Burt started his career with Hewlett Packard in California. Prior to that he was a Thouron scholar at the University of Pennsylvania's Wharton School where he completed a masters degree in business administration ("MBA"). Sir Peter Burt spent most of his career with Bank of Scotland where he became chief general manager and chairman of the management board in 1988, later becoming group chief executive. Following the merger with Halifax he became deputy chairman in 2001 of the new HBOS plc. He retired in January 2003.

Sir Peter Burt has over 30 years of experience in the financial services industry and has held positions including non-executive chairman of ITV plc, a non-executive director of Shell Transport and Trading plc and of Royal Dutch Shell plc and he was a former adviser to Apax Partners LLP.

Sir Peter is a non-executive director of Cambria Automobiles plc and a non-executive director of Templeton Emerging Markets Investment Trust plc.

Sir Peter Burt was a director of Enterprise Group Limited, which was an investee company of the Promethean Group. Enterprise Group Limited went into administration on 27 November 2009 and was dissolved on 17 February 2011.

Sir Peter Burt was a director of Gleacher Partners Limited, which entered into a voluntary members' liquidation on 3 June 2009.

Sir Peter holds or has held in the past five years the following directorships or partnerships.

Current	*Past*
Cambria Automobiles plc	Elephant Capital plc
Promethean Investments (Carry) Limited	Enterprise Group Limited (in liquidation)
Promethean Investments LLP Limited	T.I.S. Holdings Limited
Promethean plc	West End Media Partnership
Templeton Emerging Markets Investment Trust plc	
The Rodger Partnership	
TIS SPC	

It is intended that Sir Peter will step down from his position as Non-Executive Chairman and Director of the Company on Admission.

Martin Nègre

Martin Nègre was, until June 2001, the chief executive officer of Ondeo Services UK plc (then known as Northumbrian Water Group plc), a subsidiary of Suez Lyonnaise des Eaux ("Suez Lyonnaise"), and Suez Lyonnaise's chief corporate representative in the United Kingdom.

Prior to coming to the United Kingdom, Martin was with Suez Lyonnaise for five years, as international director in Paris and then Asia-Pacific president in Hong Kong and Singapore.

Before that, Martin spent 22 years as a senior executive of Alsthom and then GEC Alsthom, the Anglo/French engineering company, where he was the chief executive officer of the power generation division. He became a non-executive director of Northumbrian Water Group plc on its re-flotation in May 2003, and remained on the board of Northumbrian Water Group plc following its acquisition by the Cheung Kong Group in 2012. Martin is also (*inter alia*) currently chairman of Ecofin Vista Long/Short Fund and a director of Ecofin Water and Power Opportunities plc. Following Admission, Martin will continue in his role as a non-executive director of the Company.

Martin holds or has held in the past five years the following directorships or partnerships.

Current	*Past*
Ecofin Global Utilities Hedge Fund Limited	Ecofin Global Oil & Gas Fund Limited
Ecofin Global Utilities Master Fund Limited	Ecofin Global Oil & Gas Master Fund Limited
Ecofin Special Situations Utilities Fund Limited	Hansen International plc
Ecofin Special Situations Utilities Master Fund Limited	Hansen International BV (Belgium)
Ecofin North American Utilities Hedge Fund Limited	Banque Jean-Philippe Hottinguer Paris
Ecofin North American Utilities Master Fund Limited	Northumbrian Water Group Limited
Ecofin China Power & Infrastructure Fund Limited	Northumbrian Water Share Scheme Trustees Limited
Ecofin China Power & Infrastructure Master Fund Limited	Northumbrian Services Limited
Ecofin Vista Long/Short Fund Limited	
Ecofin Vista Long/Short Master Fund Limited	
Ecofin General Partner Limited	
Ecofin North American General Partner Limited	
Ecofin Water & Power Opportunities plc	
EFMI Global Utilities and Infrastructure Funds plc	
Northumbrian Water Limited	
SICAV Bolux Luxembourg	
Messrs Hottinguer et Cie Paris	
Promethean plc	
Bolux Utilities (Luxembourg)	
Ecofin Water & Power Opportunities plc	
EW&PO Finance plc	
TIS SPC	

Elizabeth Tansell

Elizabeth Tansell is a member of the Institute of Chartered Accountants in England & Wales and has 25 years' experience in the fund administration sector.

She joined Rawlinson & Hunter, an international firm of Chartered Accountants, in 1990 as operations manager for its fund administration business and in 1995 became a partner. On the sale of the business to The Board of Executors in 1999, Elizabeth was appointed managing director, a role which she continued in until 2004.

In November 2004, Elizabeth co-founded an independent fund administration business which was sold to Promethean plc's registrar and administrator, SMP Fund Services Limited in June 2013.

Elizabeth is a director of a number of offshore funds investing in a variety of investment instruments and geographical locations. It is intended that Elizabeth will step down from her position as a director of the Company on Admission.

Elizabeth holds or has held in the past five years the following directorships or partnerships.

Current

Belmont Global Opportunity Fund Plc (in members voluntary liquidation)
Capita Life and Pensions Services (Isle of Man) Limited
Capita Registrars (Isle of Man) Limited
Capita Retail Financial Services (Isle of Man) Limited
Chamberlain Fund Services Limited
Continental Social Group Limited
Dragon Private Equity Partners Limited
Elephant Capital Plc
Eurokommerz Investments Vehicle Limited
Factoring Investment Limited
Fjord Fund Management Limited
Fjord GP One Limited
Fjord GP Two Limited
Fjord LP One Limited
Fjord LP Two Limited
Lewisham House Limited
Marfin Alternative Investments Plc (in members voluntary liquidation)
Marfin Diversified Strategy Fund Plc
Medranow Limited
Mint Capital Limited
Mint G.P. Limited
Pharos Diversified Alpha Fund PLC (in members voluntary liquidation)
Promethean plc
Quotidian Bi-Polar Limited
Shanila Social Media Limited
Socialist Limited

Past

Advance Advertising Network Limited
BBOTVX Limited
BET SPV Limited
Byron External Managers Plc
Byron External Managers Enhanced Plc
Dolphin Fund Plc
Elephant 2 Limited
GL Media Holding Limited
GL TV Limited
GPEM Limited
Prestige Investment Portfolio Plc
TCP G3 General Partner Limited
Unitech Hotels limited
Unitech Malls Limited
Unitech Overseas Limited
Westhead Limited

Current (continued from previous page)

STAS Limited
TD Food Production Limited
TD Media Holding International Limited
Troika General Partner Limited
URSA Enterprises Limited

It is intended that Elizabeth will step down from her position as Non-Executive Director of the Company on Admission.

4. Proposed Directors

In addition to the Existing Directors (save for Sir Peter Burt and Elizabeth Tansell who will step down from the board on or prior to Admission), on Admission, the Proposed Directors will be directors of the Enlarged Group. The Proposed Directors are as follows:

Full Name	*Position on Admission*	*Age*
Patrick Rupert Cottrell	Non-executive Chairman	68
Katherine Ann Spiteri	Chief Executive Officer	41
Neil Alan Duggan	Non-executive Director	53

5. Profiles of the Proposed Directors

The names, business experience and principal business activities of the Proposed Directors are set out below.

Rupert Cottrell

Rupert's background in financial services includes executive director positions at a number of leading London investment management firms and four years as a director of the Financial Intermediaries, Managers and Brokers Regulatory Association (FIMBRA), a financial regulator that is now part of the FCA. Rupert is also the chairman of Arricano Real Estate plc, the AIM quoted Ukrainian commercial real estate company and has been chairman of PATF since July 2011.

Rupert was a former chairman of Carpathian plc, an AIM quoted Eastern European commercial property fund. He was previously a non-executive director of The PFI Infrastructure Company plc, an AIM quoted infrastructure fund that was taken private in 2007, was non-executive chairman of Infrastructure India plc, an AIM-listed infrastructure fund focused on India (before Guggenheim Global Infrastructure Company acquired a majority stake) and Diamond Circle Capital plc, listed on the Main Market of the London Stock Exchange.

Rupert is a Fellow of the Chartered Securities Institute, is based in the Isle of Man and on the Guernsey Corporate Register.

Rupert holds or has held in the past five years the following directorships or partnerships.

Current	*Past*
Arricano Real Estate plc	Acacia s.a.r.l.
Castaway Limited	Adams plc (formerly Carpathian plc)
Isle of Man Assurance Limited	Alvaro PLC
Parville Investments Limited	Biosuetica PLC
Polygon Convertible Opportunity Fund LP	Carpathian Properties s.a.r.l.
Polygon Distressed Opportunity Fund LP	Castletown and Derbyhaven Motorboat & Yacht Club
Polygon European Equity Opportunity Fund LP	Diamond Circle Capital PLC
Polygon Global Mining Fund LP	Distribution and Logistics Infrastructure India
Polygon Global Opportunity Fund LP	Gumtree s.a.r.l.
The Protected Asset TEP Fund plc	Infrastructure India Hold Co
The Protected Capital Growth Fund plc	
The Social Homes Corporation Limited	

Past (continued from previous page)

Infrastructure India PLC
Lantina Limited
Latin American Infrastructure Fund Limited
Lincoln Land Germany PLC
Manxdale Holdings Limited
Ormco Ltd
Phoenix Capital Markets PLC
Power Infrastructure India
Roads Infrastructure India
Roads Infrastructure India (Two)
S.A.R.E. (Cyprus) Limited
SIA Patollo
South Asian Real Estate Limited
Stockwell Capital PLC
Sycamore s.a.r.l.
T1ps Investment Management (IoM) Limited
Vitol (Far East) Limited
Vitol (IoM) Limited

Katherine Spiteri

Katherine joined the TIS Group in May 2009 as financial controller continuing the operational restructuring of the business to reflect the changing dynamics of the TEP market whilst successfully completing the acquisition of the trade and assets of PDL in November 2010. Katherine was invited to join the main board in November 2010 as group finance director to continue the transitional programme through investment in product development and market penetration to fulfil the group's future growth strategy. Katherine has been performing the role of acting chief executive officer of the TIS Group Limited since December 2010 and also at that time was appointed Honorary Treasurer of The Association of Policy Market Makers Limited.

Since joining the TIS Group Katherine has been actively involved in the advisory roles of the TIS Group to its TEP institutional clients and has been actively engaged with the PDLI network more so since April 2012 following the departure of its managing director. In November 2013, Katherine was appointed as director to The Protected Asset TEP Fund plc and The Protected Capital Growth Fund plc and is a director of TIS Group Management Limited, the Investment Manager to TIS SPC.

Prior to joining the TIS Group, Katherine spent 10 years at Walker Greenbank plc, an AIM listed luxury interior furnishings group. She joined as head office accountant and soon became financial controller for all the central business units alongside the plc operation including warehouse and distribution, IT, archives and treasury. Walker Greenbank plc acquired Arthur Sanderson and Son Limited and William Morris Limited in 2003 from administration and on completion Katherine was appointed financial controller, a role requiring considerable group integration and consolidation. This was followed in quick succession by the operational merger with Zoffany Limited, a sister brand, increasing Katherine's financial standing across the group further. During her term she also ran and prepared for sale the Warner Archive a joint project with the archivist which was sold for £2m in 2004 as well as accounting for multiple acquisitions and disposals whilst at the head office function.

Katherine spent her early career as an auditor at Ernst and Young and is a qualified chartered accountant and is an FCA Approved Person. She also has 15 years' experience in residential property development and construction.

Katherine holds or has held in the past five years the following directorships or partnerships.

Current	*Past*
Absolute Assigned Policies Limited	None
KAS Business Solutions Limited	
T.I.S. Acquisitions Limited	
T.I.S. Group Limited	
T.I.S. Holdings Limited	
TEP Management Services Limited	
The Protected Asset TEP Fund plc	
The Protected Capital Growth Fund plc	
TIS Group (Jersey) Limited	
TIS Group Management Limited	

Neil Duggan

Neil, a qualified chartered accountant, spent 27 years with KPMG, primarily based in the Isle of Man but with periods of work in London and Gibraltar. He was head of the audit practices in the Isle of Man and Gibraltar and implemented KPMG's Audit Committee Institute in the Isle of Man. As the lead audit partner, he worked closely with a large number of international companies listed primarily on the London Stock Exchange. Clients include those in the asset management, property and financial services sectors.

In addition to audit, Neil was head of KPMG's transaction services for a number of jurisdictions assisting companies undertaking corporate transactions such as flotations, acquisitions and disposals.

Since retiring from KPMG in late 2012, Neil now acts as a non-executive director for a small number of companies primarily based in the Isle of Man. Neil has been non-executive director of PATF since November 2013.

Neil holds or has held in the past five years the following directorships or partnerships.

Current	*Past*
AXA Isle of Man Limited	Heritage Pensions Limited
AXA Isle of Man Administration Limited	KPMG Audit LLC
AXA Isle of Man Insurance Management Limited	KPMG LLC
Britannia International Limited	KPMG Limited
The Protected Asset TEP Fund plc	KPMG Audit Limited
The Protected Capital Growth Fund plc	Colby AFC Limited
39 & 42 South Street Management Limited	DCD Partnership Limited
Trading Emissions plc	Ormco plc
TIS SPC	

6. Interests of the Existing Directors and the Proposed Directors

As at the date of this Document, the interests of the Existing Directors, the Proposed Directors, Senior Management and directors of TIS Group Management Limited in the issued share capital of Promethean, together with such interests as are expected to subsist immediately following Admission are set out on the following table.

	As at the date of this Document		Immediately following Admission			
	Number of Ordinary Shares	Percentage of the Existing Ordinary Shares	Minimum number of Ordinary Shares	Maximum number of Ordinary Shares†	Percentage of issued share capital of the Enlarged Group* Minimum	Maximum
Existing Directors						
Sir Peter Burt	550,000	1.2	550,000	1,008,536	0.1	0.2
Martin Nègre	50,000	0.1	50,000	91,685	0.0	0.0
Elizabeth Tansell	Nil	–	Nil	Nil	–	–
Proposed Directors						
Rupert Cottrell	Nil	–	Nil	Nil	–	–
Katherine Spiteri	Nil	–	8,234,598**	8,234,598**	0.9	2.0
Neil Duggan	Nil	–	Nil	Nil	–	–
Proposed Senior Management and directors of TIS Group Management Limited						
Robert Ezekiel	Nil	–	1,611,117**	1,611,117**	0.2	0.4
Steve Winetroube	Nil	–	Nil	Nil	–	–
Peter Smaill	Nil	–	Nil	Nil	–	–
Michael Burt	550,000	1.2	550,000	1,008,536	0.1	0.2

† if Resolution 2 is passed and the Bonus Shares are issued.

* depending on level of acceptance of the Offer by PATF Participating Shareholders. Based on constant NAV of PATF Sub-Funds. Minimum level of dilution assumes acceptances from PATF Participating Shareholders holding PATF Participating Shares representing In Specie Assets valued at £40 million though the Board in its absolute discretion may accept a lesser amount, such lesser amount not to be materially less than £40 million.

** assuming Management Incentive Shares are issued on Admission.

Sir Peter Burt is Chairman and a partner of the former Manager of the Fund. He received remuneration as a partner of £48,125 in the period to 5 April 2013 (the Manager's year end).

Elizabeth Tansell was a principal and director of Chamberlain Fund Services Limited, Promethean plc's former registrar. Chamberlain Fund Services Limited received registrar and administration fees of £12,500 per annum. On 12 August 2013, SMP Fund Services Limited was appointed registrar and administrator to the Company.

As of the date of this Prospectus, none of the Existing Directors, the Proposed Directors or the Proposed Senior Management of the Enlarged Group has any conflict of interest between their duties to the Company and their private interests or other duties.

7. Annual Remuneration of the Existing Directors and Proposed Directors

Existing Directors	
Sir Peter Burt*	£30,000
Martin Nègre	£25,000
Elizabeth Tansell*	£20,000
Proposed Directors	
Rupert Cottrell	£30,000
Katherine Spiteri	£100,000
Neil Duggan	£25,000

*Sir Peter Burt and Elizabeth Tansell will step down from their positions prior to or immediately upon Admission.

8. Existing Directors' and Proposed Directors' service contracts and letters of appointment

There are no service contracts or letters of appointment for the Existing Directors.

Subject to Admission, Rupert Cottrell has agreed to act as non-executive director pursuant to a letter of appointment with the Company dated 3 March 2014 pursuant to which he will be required to provide up to 48 days service per annum and he will receive a fee of £30,000 per annum. The agreement is terminable on 3 months' written notice. Rupert's arrangements provide for no benefits upon termination of his contract.

Katherine Spiteri will serve as Chief Executive Officer of the Enlarged Group pursuant to a contract with the TIS Group dated 29 April 2009 pursuant to which she receives an annual salary of £100,000. The agreement is terminable on six months' written notice. Ms. Spiteri's contract provides for no benefits upon termination.

Subject to Admission, Neil Duggan has agreed to act as non-executive director pursuant to a letter of appointment with the Company dated 3 March 2014 pursuant to which he will be required to provide up to 36 days service per annum and he will receive a fee of £25,000 per annum. The agreement is terminable on 3 months' written notice. Neil's arrangements provide for no benefits upon termination of his contract.

Subject to Admission, Martin Nègre has agreed to continue to act as non-executive director pursuant to a letter of appointment with the Company dated 3 March 2014 pursuant to which he will be required to provide up to 36 days service per annum and he will receive a fee of £25,000 per annum. The agreement is terminable on 3 months' written notice. Martin's arrangements provide for no benefits upon termination of his contract.

9. Profiles of the Proposed Senior Management and subsidiary directors

Proposed Senior Management

Robert Eliot Ezekiel, *Chief Operating Officer of TIS Holdings Limited (aged 35)*

Robert joined the TIS Group in June 2000 and through a number of roles has experienced and been integral in the establishment of the TEP market and TIS Group's success therein culminating in the trading of TEPs of approximately £2 billion in aggregate value.

Robert has been instrumental in developing and progressing the fund management arm of the TIS Group and upon his arrival, immediately played an important role in the launch of TIS' flagship TEP fund, The Protected Asset TEP Fund plc (PATF). A rapid increase in assets under management followed which included a series of closed-ended TEP funds launched from 2004 and as fund manager of the group Robert ensured assets were suitably acquired and managed to fulfil the funds' investment demands.

During Robert's stewardship as fund manager of the group, both funds' assets under management continued to grow, particularly given PATF's performance, in line with expectations, and combined peaked between August 2008 and October 2008 in excess of £1 billion. Robert has also supported the board of PATF in steering the fund following the financial crisis allowing the fund to continue to deliver positive annualised returns since the start of 2009 to the end of 2013 ranging between 6.47 per cent. and 9.31 per cent. and ensuring target returns, set at launch, have been achieved.

During the years which preceded the financial crisis, Robert's involvement with the business extended further to also include strategic areas, working with the TIS board during the process of transitioning the business model of the TIS Group. At the same time, when the TEP market had been muted for several years, Robert proposed and delivered a significant alternative TEP trading strategy at a total volume of £168m over a two and a half year period from December 2010. This aligned the strategic needs of the institutional clients of the TIS Group further proving to be accretive to performance.

Building upon Robert's experience of both launch and fund management over the past 13 years he is actively involved in TIS SPC. His knowledge and experience will be utilised by the Investment Manager, particularly concerning similarly characterised assets/strategies to TEPs.

Robert, who is an FCA Approved Person regulated was recently invited to join the board of TIS Holdings Limited as Chief Operating Officer and will continue to develop the growth strategy of the TIS Group.

Robert holds or has held in the past five years the following directorships or partnerships.

Current	*Past*
Absolute Assigned Policies Limited	None
TEP Management Services Limited	
T.I.S. Acquisitions Limited	
T.I.S. Group Limited	
T.I.S. Holdings Limited	

Howard Stephen (Steve) Winetroube, *Interim Finance Director (aged 58)*

Steve will join the TIS Group shortly following Admission and has over 20 years of experience in senior financial roles.

Steve qualified as a chartered accountant in 1981 and worked in the retail sector from 1983, initially with Kingfisher Group plc, where he spent 14 years in a variety of senior finance roles within two of their operating companies, Comet Group plc and Charlie Browns Autocentres plc.

Steve's previous roles include managing director of Kingdom of Leather, finance director of Faith Shoes and Commercial Director of 99p Stores Limited.

In 2004, Steve entered the entertainment industry when he joined Prism Leisure Corporation plc, a budget priced distributor of CDs and DVDs as finance director.

Steve joined Metrodome Group plc, an AIM quoted UK film distributor, as finance director in November 2006. He was appointed chief operating officer of Metrodome Group plc in August 2011.

In September 2012, Steve stepped down from Metrodome Group plc to start up a film and television production company with two former colleagues and also set up his own media and finance consultancy.

Steve holds or has held in the past five years the following directorships or partnerships.

Current	*Past*
PKS Productions Limited	Hollywood Classics Limited
Swaylands Consultancy Services Limited	Metrodome Distribution Limited
Trinity Arts Enterprises Limited	Metrodome Group Limited
Trinity Theatre and Arts Centre Limited	(formerly Metrodome Group plc)
Footprints and Fingertips Limited	Cinedome Limited

Subsidiary directors

Peter Menzies Smaill, *Non-Executive Director of TIS Group Management Limited (aged 59)*

Peter Smaill, 59, has been active in private equity for over thirty years. He trained at 3i plc. His interest in specialist investment vehicles commenced with the Gresham Trust Management Buy-Out VCT in 1984, and following a career in National Westminster Bank Group (latterly Bridgepoint Capital) he joined EIS collective scheme manager LICA plc in 2000. After gaining experience of the listed Investment Trust market with Dunedin Capital Partners, he became Chairman of Core VCT 1 (and successor vehicles) from 2004, being specialist Venture Capital Trusts. He is also currently Chairman of Portman Travel Pension Plan, a final salary pension scheme, where he is in regular contact with actuaries and advisers. Peter was also involved in migrating the pension fund to less volatile assets on a progressive basis.

Peter holds or has held in the past five years the following directorships or partnerships.

Current	*Past*
Core VCT PLC	Fairfax Capital Limited
Crichton Collegiate Church Limited	Omada Investment Management Limited
PC Reversions Limited	(formerly Fairfax Investment Management Limited)
TIS Group Management Limited	Transalpine Capital Limited

Michael Wallace Burt, *Non-Executive Director of TIS Group Management Limited (aged 39)*

Michael Burt has been a partner of Promethean Investments LLP since he co-founded the firm in 2005.

Prior to joining Promethean Investments LLP, Michael was Head of Private Equity at Collins Stewart Limited (now Canaccord Genuity Limited). Prior to Collins Stewart, Michael was an investment director at Ellerman Investments Limited, the UK investment management company of Sir David and Sir Frederick Barclay. During this period, he was part of a team of four investment professionals responsible for managing a portfolio of 12 private companies with a total enterprise value of over £2 billion. Michael was heavily involved in the acquisition of Littlewoods PLC and GUS's Home Shopping division. Also during his time at Ellerman Investments Limited, Michael was involved in disposals of over £500 million and over £1 billion of securitisations.

Michael started his career at Dresdner Kleinwort Benson, first in their acquisition finance business then latterly in the private equity group.

Michael currently serves as non-executive director on the boards of TIS Group Limited, TIS Group Management Limited and Cambria Automobiles plc. Michael holds a BA (Hons) from Durham University.

Michael Burt is the son of Sir Peter Burt.

Michael Burt was a director of Enterprise Group Limited, which was an investee company of the Promethean Group. Enterprise Group Limited went into administration on 27 November 2009 and was dissolved on 17 February 2011.

Michael holds or has held in the past five years the following directorships or partnerships.

Current	*Past*
19 Street (GP) Limited	Absolute Assigned Policies Limited
20 Street (GP) Limited	DLG Holdings Limited
AG47 Limited	Enterprise Group Limited
AU79 Limited	IMA Limited
Cambria Automobiles plc	January Loan Services Limited
Promethean Investments (Carry) Limited	T.I.S. Acquisitions Limited
Promethean Investments (General Partner) Limited	T.I.S. Group Limited
Promethean Investments LLP	TEP Management Services Limited
T.I.S. Holdings Limited	
TIS Group Management Limited	
TIS PCC	

10. Corporate Governance

10.1 *Board practices*

The Existing Directors and the Proposed Directors recognise the importance of sound corporate governance. The Company is not subject to the UK Corporate Governance Code, however, the Company intends, following Admission, so far as is practicable and appropriate for a public company of its size, to follow the main recommendations on corporate governance for AIM companies as published by the Quoted Companies Alliance. The Company has adopted a code for share dealings by directors and employees which is appropriate for an AIM company and which complies with Rule 21 of the AIM Rules on "Restrictions on deals".

10.2 *Enlarged Group Board structure*

Currently the Promethean Board is composed of three non-executive directors. Once reconstituted as the Board of the Enlarged Group there will be four board members consisting of three non-executive directors and one executive director.

10.3 ***Board Committees***

The following committees will be reconstituted under the board structure of the Enlarged Group. Each will continue to have formally delegated duties and responsibilities with written terms of reference. From time to time, separate committees may be set up by the Board of the Enlarged Group to consider specific issues when the need arises.

10.4 ***Nomination Committee***

The nomination committee will comprise Rupert Cottrell and Neil Duggan. The chairman of the nomination committee will be Rupert Cottrell.

The principal role of the nomination committee is to identify, and nominate for board approval, candidates to fill board vacancies as and when they arise.

It also reviews the induction process for newly appointed directors, reviews annually the time required of non-executive directors, keeps the structure size and composition of the board under review, and considers succession planning for both executive and non-executive directors and for other senior executive posts.

10.5 ***Remuneration Committee***

The remuneration committee will comprise Martin Nègre and Rupert Cottrell. The chairman of the remuneration committee will be Martin Nègre.

The remuneration committee is responsible for reviewing the performance of executive directors and senior employees and setting the scale and structure of their remuneration having due regard to the interests of shareholders.

10.6 ***Audit Committee***

The audit committee will comprise Neil Duggan and Rupert Cottrell. The chairman of the audit committee will be Neil Duggan.

The audit committee is responsible for ensuring that the financial performance of the Group is properly reported and monitored, for meeting the auditors and reviewing the reports from the auditors relating to accounts and internal control systems.

11. Employees

11.1 ***Promethean***

The number of staff employed by Promethean as at 30 June 2013, 2012 and 2011 is set out below:

	2013	*2012*	*2011*
Number of employees (excluding Existing Directors)	0	0	0

As at the date of this Document, Promethean had no employees, excluding the Existing Directors.

On 1 October 2013, Promethean entered into a consultancy agreement commencing 1 October 2013 with Michael Biddulph for services related to the Proposed Transaction. Pursuant to the terms of the agreement, Mr. Biddulph is paid a monthly fee of £2,500 and will be paid a success fee of £40,000 on completion of the Proposed Transaction. Promethean may terminate the agreement if Mr. Biddulph's actions brings Promethean into disrepute or discredit or if he prejudices the interests of Promethean.

11.2 ***TIS***

The average number of staff employed by the TIS Group during its financial years ended 30 June 2013, 2012 and 2011 is set out below:

	2013	*2012*	*2011*
Office & Management (including directors)	10	12	17

As at the date of this Document, the TIS Group employed nine persons, including the TIS directors.

11.3 ***Enlarged Group***

The number of staff employed by the Enlarged Group on Admission will be nine, excluding the non-executive Directors of the Enlarged Group.

12. Directors' Confirmations

12.1 Save as disclosed in paragraphs 3 and 5 of this Part XII, none of the Existing Directors nor the Proposed Directors:

(a) has any unspent convictions in relation to indictable offences; or

(b) has been bankrupt or the subject of an individual voluntary arrangement, or has had a receiver appointed to any asset of such director; or

(c) has been a director of any company which, while he/she was a director or within 12 months after he/she ceased to be a director, had a receiver appointed or went into compulsory liquidation, creditors voluntary liquidation, administration or company voluntary arrangement, or made any composition or arrangement with its credits generally or with any class of its creditors; or

(d) has been a partner of any partnership which, while he was a partner or within 12 months after he ceased to be a partner, went into compulsory liquidation, administration or partnership voluntary arrangement, or had a receiver appointed to any partnership asset; or

(e) has had any public criticism by statutory or regulatory authorities (including recognised professional bodies); or

(f) has 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.

PART XIII

ADDITIONAL INFORMATION

1. The Company

1.1 The Company was incorporated in the Isle of Man on 9 June 2005 as a public company limited by shares with registered number 113655C. On 3 April 2009, the Company deregistered and re-registered in the Isle of Man as a public company limited by shares with registered number 003750V.

1.2 The principal legislation under which the Company operates is the Isle of Man Companies Act 2006.

1.3 The Company's registered office is at Clinch's House, Lord Street, Douglas, Isle of Man, IM99 1RZ. The telephone number is + 44 (0) 1624 683229. The address of the corporate website on which the information required by Rule 26 of the AIM Rules for Companies can be found is www.prometheanplc.com as of the date of this Document and www.linkandprosper.com following Admission.

1.4 The principal activity of the Company is that of a holding company that pursues investments.

1.5 As at the date of this Document, the Company is the sole limited partner in Promethean Investments Fund LP, a partnership established as a limited partnership in England under the Limited Partnerships Act 1907. It is intended that Promethean Investments Fund LP will be renamed Link & Prosper Investments LP following Admission.

1.6 As at the date of this Document, the Company has the following directly owned subsidiaries:

Name	*Country of Incorporation*	*Proportion of Ownership*	*Principal Activity*
Promethean Investments (Carry) Limited	England & Wales	100%	Carry interest partner to Promethean Investments Fund LP
Promethean Investments (General Partner) Limited	England & Wales	100%	General partner to Promethean Investments Fund LP

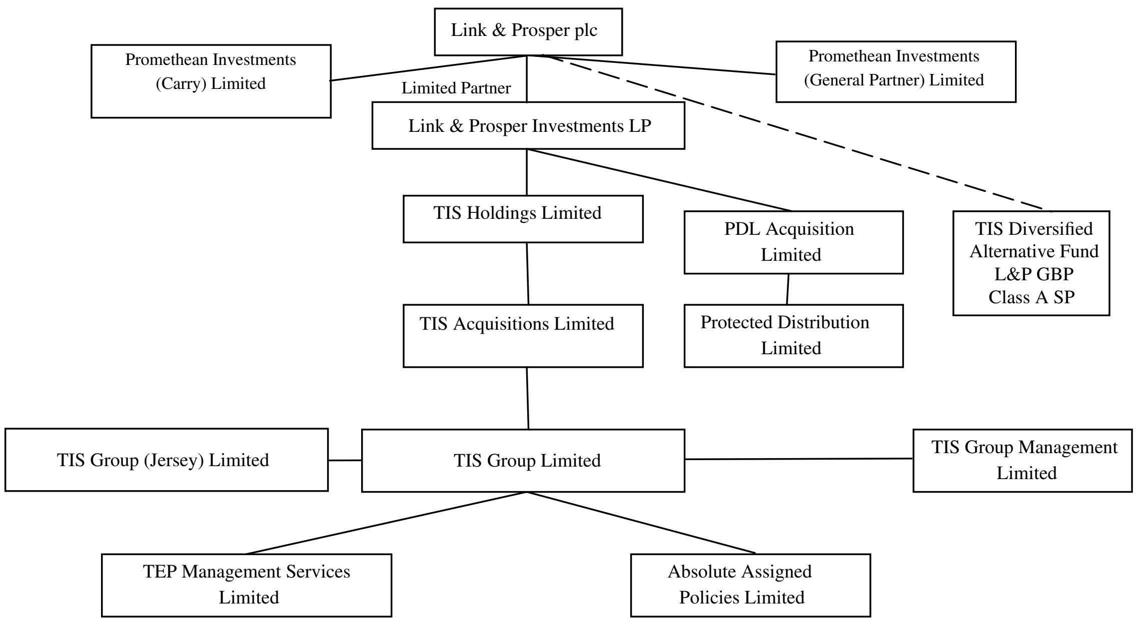
1.7 As at the date of this Document, the Company has the following indirectly owned subsidiaries:

Name	*Country of Incorporation*	*Proportion of Ownership*	*Principal Activity*
T.I.S. Holdings Limited	England & Wales	59%	Holding Company
T.I.S. Acquisitions Limited	England & Wales	59%	Holding Company
T.I.S. Group Limited	England & Wales	59%	Holding Company
TEP Management Services	England & Wales	59%	Provider of policy valuation and other administration services to TEP funds
Absolute Assigned Policies Limited	England & Wales	59%	Market maker in TEPS; authorised and regulated by the FCA

Name	*Country of Incorporation*	*Proportion of Ownership*	*Principal Activity*
TIS Group Management Limited	Cayman Islands	59%	Investment Manager
TIS Group (Jersey) Limited	Jersey	59%	Non-trading entity
PDL Acquisition Limited	British Virgin Islands	59%	Holding Company
Protected Distribution Limited	British Virgin Islands	59%	BVI promoter company

1.8 Following completion of the Proposed Transaction, the Company will own and have voting power over 100 per cent. of the TIS Group of companies listed in paragraph 1.7 above. It will continue to own and have voting power over 59 per cent. of PDL Acquisition Limited and Protected Distribution Limited.

1.9 The structure of the Enlarged Group following completion of the Proposed Transaction is shown below.



1.10 The Company's accounting reference date is 30 June.

1.11 The Company's auditors are:

GRANT THORNTON
Chartered Accountants
Third Floor
Exchange House
54/58 Athol Street
Douglas
ISLE OF MAN
IM1 1JD

1.12 The ISIN of the Company's Ordinary Shares is GB00B08H5G38 with SEDOL B08H5G3. Upon Admission, the ISIN will remain the same.

2. Share Capital

2.1 On incorporation the Company had authorised share capital of £1,000,000 divided into 100,000,000 Ordinary Shares of 1p each. Also, on incorporation, two Ordinary Shares were subscribed, nil paid.

2.2 On 30 June 2005 the Company issued 50,000,000 Ordinary Shares of 1p each at a premium of 99p, to provide additional working capital.

2.3 On 14 April 2009 the Company cancelled a total of 4,813,845 Ordinary Shares tendered at a price of 70.5 pence per share.

2.4 Following the Company's re-registration under the Isle of Man Companies Act 2006, the Company is governed by a revised Memorandum and Articles of Association, as described in paragraph 3 below.

2.5 Following the disposal of IFG Group plc, a capital return of 6.0 pence per share totalling £2,712,000 was returned to the Company's Shareholders on 23 March 2012.

2.6 As at the date of this Document, the Company had issued and fully paid shares of 45,186,155 Ordinary Shares of 1p each.

2.7 Pursuant to the Proposed Transaction, the Company expects to issue a maximum of 893,132,789 New Ordinary Shares. The New Ordinary Shares will rank *pari passu* in all respects with the Existing Ordinary Shares.

3. Memorandum and Articles of Association

3.1 *Memorandum of Association*

The contents of the Memorandum of the Company are set out below. There is no need under Isle of Man law for the objects of a company incorporated in the Isle of Man after 1 June 1988 to be set out in the memorandum of association of the company, by providing that the company has, the capacity and the rights, powers and privileges of an individual. As the Company is a company which was incorporated in the Isle of Man after 1 June 1988, the objects of the company are not set out in its Memorandum but the Company has the capacity and the rights, powers and privileges of an individual:

3.1.1 The name of the Company is Promethean plc.

3.1.2 The Company is a company limited by shares.

3.1.3 Neither the memorandum of association nor the articles of association may be amended except pursuant to a resolution approved by a majority of not less than three-fourths of such members as, being entitled so to do, vote in person or by proxy at the general meeting at which such resolution is passed.

3.2 *Proposed changes to the Current Articles*

3.2.1 The following material amendments to the current Articles of Association have been proposed subject to Resolution 6:

that, subject to and conditional upon the Acquisition being completed, the Articles be amended by the deletion of Article 165.

3.3 *Articles of Association*

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

3.3.1 *Votes of Members*

The Shareholders have the right to receive notice of, and to attend, general meetings of the Company. Subject to the restrictions referred to below and subject to any special rights or restrictions for the time being attached to any class of shares, every holder of Ordinary Shares who is present in person (or, being a corporation, by representative) at a general meeting on a show of hands has one vote and, on a poll, every such holder who is present in person (or, being a corporation, by representative) or by proxy has one vote in respect of each Ordinary Share held.

3.3.2 *Restrictions on Voting*

(a) A member of the Company shall not be entitled in respect of any share held by him to attend or vote (either personally or by representative or by proxy) at any general meeting or separate class meeting of the Company unless all amounts payable by him in respect of that share have been paid.

(b) A member of the Company shall not, if the Directors so determine, be entitled in respect of any share held by him to attend or vote (either personally or by representative or by proxy) at any general meeting or separate class meeting of the Company or to exercise any other right conferred by membership in relation to any such meeting if he or any other person appearing to be interested in such shares has failed to comply with a notice requiring the disclosure of shareholder interests and given under Article 77 of the Articles (see (f) below) within such reasonable time as may be specified in such notice. The restrictions will continue until the information required by the notice is supplied to the Company or until the shares in question are transferred or sold in circumstances specified for this purpose in the Articles.

3.3.3 *Variation of Rights*

The special rights attached to any class of shares may (unless otherwise provided by the terms of the issue) be varied or abrogated with the consent in writing of the holders of three-fourths of the issued shares of the class or with the sanction of a special resolution passed at a separate meeting of the holders of such shares. The necessary quorum shall be two persons at least holding or representing by proxy one third in nominal amount of the issued shares of the class (but so that if at any adjourned meeting of such holders a quorum as above defined is not present those shareholders who are present shall constitute a quorum). Every holder of shares of the class concerned shall be entitled at such meeting to one vote for every share held by him on a poll. The special rights conferred upon the holders of any shares or class of shares issued shall not be deemed to be varied by the creation of or issue of further shares ranking *pari passu* therewith (save as to the date from which such new shares shall rank for dividend) or the exercise of any power under the disclosure provisions requiring shareholders to disclose an interest in the Company's shares as set out in the Articles or by the reduction of capital paid up on such shares or by the purchase or redemption by the Company of its own shares in accordance with the Law and the Articles.

3.3.4 *Capital entitlement*

On a winding up, the holders of the Ordinary Shares shall be entitled, *pro rata* to their holdings, to all the assets of the Company available for distribution to shareholders.

3.3.5 *Issue of shares*

(a) Subject to the provisions of the Articles and without prejudice to any special rights conferred on the holders of any class of shares, any share in the Company may be issued with or have attached thereto such preferred, deferred or other special rights, or such restrictions whether in regard to dividend, return of capital, voting or otherwise as the Company may from time to time by ordinary resolution determine and, subject to and in default of such resolution, as the Board may determine.

(b) Subject to the Articles, the unissued shares shall be at the disposal of the Directors, and they may allot, grant options over, issue warrants in respect of or otherwise dispose of them to such persons, at such times and generally on such terms and conditions as they determine provided (to the extent that the shares in the Company comprise shares with a par value) that no share will be issued at a price below its par value.

(c) The Company may on any issue of shares pay such brokerages and/or commissions as may be fixed by the Board and disclosed in accordance with the Law.

(d) No person shall be recognised by the Company as holding any shares upon any interest other than an absolute right of the registered holder to the entirety of a share.

3.3.6 *Members' Interests*

If a member at any time holds shares in the Company equal to or in excess of 3 per cent. of the Company's total share capital, such member must notify the Company. This notification obligation extends to persons otherwise interested in a similar level of shareholding or to persons aware of any other person being so interested.

The Company may also serve notice on any person it reasonably believes to be, or have been, interested in the shares of the Company, requiring confirmation, within a reasonable period of time as determined by the Company which is not less than 14 days, of various information as to past or present interests in the Company's shares in the preceding three years. If any member or person interested in shares of the Company is in default in supplying to the Company the information required by the Company within the prescribed period, unless the Board determines otherwise, the member or person otherwise interested in the shares shall not be entitled to vote in general meetings or class meetings. Where the default shares represent at least 0.25 per cent. of the class of shares concerned, any dividends payable on such shares will be retained by the Company (without interest) and no transfer of the shares (other than a transfer authorised under the Articles) shall be registered until the default is rectified.

3.3.7 *Uncertificated shares*

The Articles are consistent with CREST membership and, *inter alia*, allow for the holding and transfer of shares in uncertificated form.

3.3.8 *Transfer of shares*

If the Directors determine that the shares may be held in certificated form, the following shall apply to the transfer of shares held in such form: subject as provided below, any member may transfer all or any of his shares by instrument of transfer in any form complying with section 47 of the IOM Companies Act which the Directors may approve. The Directors may refuse to register any transfer of shares unless the instrument of transfer is lodged at the registered office (or such other place as the Directors may from time to time determine) accompanied by the relevant share certificate(s) and such other evidence and documents as the Directors may reasonably require to show the right of the transferor to make the transfer and to comply with money laundering compliance and similar matters. The Directors may refuse to register a transfer of any share which is not fully paid up or on which the Company has a lien, provided that this would not prevent dealings from taking place on an open and proper basis.

Any written instrument shall be executed by or on behalf of the transferor and (in the case of a transfer of a Share which is not fully paid up) by or on behalf of the transferee. The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the Company's registered of member as the holder of the Share.

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 suspension shall not be for more than 30 days in any year provided that this would not prevent dealings from taking place on an open and proper basis.

3.3.9 *Compulsory transfer of shares*

In respect of Shares held in certificated form (and in respect of Shares held in uncertificated form to the extent compatible with the CREST regulations), the Board may refuse to register any transfer of Shares, or may require the transfer of Shares owned or which appear to be owned directly by any person who, by virtue of his holding, may in the opinion of the Directors cause or be likely to cause the Company or shareholders of the Company some legal, pecuniary or material disadvantage.

3.3.10 *Alteration of capital and purchase of shares*

The Company may from time to time by ordinary resolution increase its authorised share capital by such sum to be divided into shares of such amount as the resolution may prescribe.

The Company may from time to time, subject to the resolution of the Company, purchase its own shares in any manner authorised by the Law; provided that such purchase does not contravene section 60 of the IOM Companies Act or the solvency test.

The Company may by ordinary resolution: consolidate and divide all or any of its share capital into shares of larger amounts than its existing shares; and subdivide all or any of its shares into shares of a smaller amount than is fixed by the Memorandum.

The Company may by special resolution reduce its share capital, any redemption reserve or any share premium account in any manner permitted by and with and subject to any consent required by the Law.

3.3.11 *Interests of Directors*

(a) Save as mentioned below, a Director may not vote or be counted in the quorum on any resolution of the Board (or a committee of the Directors) in respect of any matter in which he has (together with any interest of any person connected with him) a material interest (other than by virtue of his interest, directly or indirectly, in shares or debentures or other securities of the Company).

(b) A Director shall not be entitled to vote (and not be counted in the quorum) in respect of any resolution concerning any of the following matters:

(i) the giving of any guarantee, security or indemnity in respect of money lent or obligations incurred by him or any other person for the benefit of the Company or any of its subsidiaries;

(ii) the giving of any guarantee, security or indemnity in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director himself has assumed responsibility in whole or in part and whether alone or jointly with others under a guarantee or indemnity or by the giving of security;

(iii) a contract, arrangement, transaction or proposal concerning the offer of shares, debentures or other securities of the Company or its subsidiaries in which offer he is or may be entitled to participate or in the underwriting or sub-underwriting of which he is to or may participate;

(iv) any proposal concerning any other company in which he is interested, directly or indirectly, as an officer, creditor or shareholder or otherwise, provided that he, together with persons connected with him, is not to his knowledge the holder of or beneficially interested in one per cent. or more of any class of the equity share capital of any such company or of the voting rights of such company;

(v) any arrangement for the benefit of employees of the Company or any of its subsidiaries which accords to the Director only such privileges and advantages as are generally accorded to the employees to whom the arrangement relates; or

(vi) any proposal for the purchase or maintenance of insurance for the benefit of the Directors or persons including the Directors.

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

(d) Any Director may continue to be or become a director, managing director, manager or other officer or member of a company in which the Company is interested, and any such Director shall not be accountable to the Company for any remuneration or other benefits received by him.

3.3.12 *Remuneration and Appointment of Directors*

(a) The Directors shall be remunerated for their services at such rate as the Directors shall determine provided that the aggregate amount of such fees shall not exceed £180,000 per annum (or such sum as the Company in general meeting shall from time to time determine). The Directors shall also be entitled to be paid all reasonable expenses properly incurred by them in attending general meetings, board or committee meetings or otherwise in connection with the performance of their duties.

(b) A Director may hold any other office or place of profit under the Company (other than the office of auditor) in conjunction with the office of Director on such terms as to tenure of office and otherwise as the Directors may determine.

(c) The Directors may at any time appoint any person to be a Director either to fill a casual vacancy or as an addition to the existing Directors. Any Director so appointed shall be eligible for re-election at the next annual general meeting following his appointment. Without prejudice to those powers, the Company in general meeting may appoint any person to be a Director either to fill a casual vacancy or as an additional Director. The Directors may from time to time appoint one or more of their body to the office of managing director or to any other office for such term and at such remuneration and upon such terms as they determine.

(d) A Director, notwithstanding his interest, may be counted in the quorum present at any meeting where he or any other Director is appointed to hold any such office or place of profit under the Company, or where the terms of appointment are arranged or any such contract in which he is interested is considered and he may vote on any such appointment or arrangement other than his own appointment or the terms thereof.

3.3.13 *Retirement, Disqualification and Removal of Directors*

(a) There is no obligation on the Directors to retire by rotation.

(b) A Director shall not be required to hold any qualification shares.

(c) There is no age limit at which a Director is required to retire.

(d) The office of Director shall be vacated if the Director resigns his office by written notice, if he shall have absented himself from meetings of the Board for three consecutive Board meetings and the Board resolves that his office shall be vacated, if he becomes of unsound mind or incapable, if he becomes insolvent, suspends payment or compounds with his creditors, if he is requested to resign by written notice signed by all his co-Directors, if the Company in general meeting shall declare that he shall cease to be a director, or if he becomes resident in the United Kingdom and, as a result, a majority of the Directors are resident in the United Kingdom.

3.3.14 *Dividends*

(a) Subject to the rights of persons entitled to shares with special rights as to dividends, the Company in general meeting may declare a dividend but no dividend shall exceed the amount recommended by the Directors.

(b) The Directors may if they think fit from time to time pay the members such interim dividends as appear to the Directors to be justified by the profits of the Company.

(c) All dividends unclaimed for 12 months after having become payable may be invested or otherwise made use of by the Directors for the benefit of the Company until claimed and the Company shall not be constituted a trustee thereof. No dividends shall bear interest against the Company. Any dividend unclaimed after a period of 12 years from the date of declaration of such dividend shall (if the Board so resolves) be forfeited and shall revert to the Company.

(d) The Directors are also empowered to create reserves before recommending or declaring any dividend. The Directors may also carry forward any profits which they think prudent not to distribute.

3.3.15 *Borrowing Restrictions*

The Board may exercise all the powers of the Company to borrow money and to give guarantees, mortgage, hypothecate, pledge or charge all or part of its undertaking, property or assets and uncalled capital and to issue debenture and other securities whether outright or as collateral security for any liability or obligation of the Company or of any third party.

3.3.16 *Dispute Resolution*

All disputes, as far as is permitted by law, arising between shareholders, directors, the Company and its professional service providers shall be resolved by means of arbitration under the ICC Rules and rights to apply to other judicial forums are waived to the fullest extent legally permissible.

Where a court determines that the arbitration provisions are not valid, the dispute in question shall be resolved only in the courts of the Isle of Man.

4. Significant Shareholders

4.1 Insofar as the Company is aware and in addition to the interests of the Existing Directors and the Proposed Directors disclosed in Part XII of this Document, the following persons are interested in or will be interested in, directly or indirectly, three per cent. or more of the issued share capital of the Company:

	As at the date of this Document		*Immediately following Admission*			
	Number of Ordinary Shares	*Percentage of the Existing Ordinary Shares*	*Minimum number of Ordinary Shares*	*Maximum number of Ordinary Shares*†	*Percentage of issued share capital of the Enlarged Group** *Minimum*	*Maximum*
Laminvest NV	10,000,000	22.13	10,000,000	18,337,028	1.1	4.5
Aberdeen Asset Management Limited	9,995,000	22.12	9,995,000	18,327,859	1.1	4.5
Millennium Capital Partners	5,174,090	11.45	5,174,090	9,487,743	0.6	2.3
FIL Investment International	5,000,000	11.07	5,000,000	9,168,514	0.5	2.2
Henderson Global Investors	4,000,000	8.85	4,000,000	7,334,811	0.4	1.8
Lombard Odier Darier Hentsch & Cie	1,575,500	3.49	1,575,500	2,888,998	0.2	0.7
Weiss Asset Mgt	1,481,579	3.28	1,481,579	2,716,775	0.2	0.7
Commonwealth Bank of Australia	Nil	–	30,605,674	30,605,674	3.3	7.5

† if Resolution 2 is passed and the Bonus Shares are issued.

* depending on level of acceptance of the Offer by PATF Participating Shareholders and the result of Resolution 2. Assumes constant NAV of the PATF Sub-Funds. Minimum level of dilution assumes acceptances from PATF Participating Shareholders holding PATF Participating Shares representing In Specie Assets valued at £40 million though the Board in its absolute discretion may accept a lesser amount, such lesser amount not to be materially less than £40 million.

5. The Takeover Code and Squeeze-Out and Sell Out Legislation Applicable to the Company

5.1 *Takeover Code*

The Company is subject to the provisions of the Takeover Code, including the rules regarding mandatory takeover offers set out in the Takeover Code. Under Rule 9 of the Takeover Code, when (i) a person acquires an interest in shares which, when taken together with shares in which he or persons acting in concert with him (as defined in the Takeover Code) are interested, carry 30 per cent. or more of the voting rights of a company subject to the Takeover Code or (ii) any person who, together with persons acting in concert with him, is interested in shares carrying not less than 30 per cent. but not more than 50 per cent. of the voting rights of a company subject to the Takeover Code, and such person, or any person acting in concert with him, acquires an interest in any other shares which increases the percentage of shares carrying voting rights in which he is interested, then, in either case, that person, together with the persons acting in concert with him, is normally required to make a general offer in cash, at the highest price paid by him or any person acting in concert with him for shares in the company within the preceding 12 months, for all of the remaining equity share capital of the company.

5.2 *Compulsory acquisition procedure*

(a) Pursuant to section 160 of the IOM Companies Act, where a scheme or contract involving the transfer of Shares or any class of shares to another person (the "transferee") has been approved by the holders of not less than 90 per cent. in value of the shares affected within the 16 weeks after the offer being made, the transferee may, at any time within 8 weeks after the transferee has acquired or contracted to acquire that number of Shares necessary to satisfy the aforementioned minimum, give notice in the prescribed manner to any dissenting Shareholder that it desires to acquire such dissenting Shareholders' Shares, and where such notice is given the transferee shall, unless (on application made by the dissenting Shareholder within one month from the date on which the notice is given) the court thinks fit to order otherwise, be entitled and bound to acquire those Shares on terms which under the scheme or contract the Shares of the approving Shareholders are to be transferred to the transferee (or on such terms as may be permitted by variation under the IOM Companies Act in certain circumstances).

(b) Where such a notice has been given by the transferee and the court has not, on application made by the dissenting Shareholder, ordered to the contrary or any pending application to the court by the dissenting Shareholder has been disposed of, the transferee shall send a copy of the notice to the Company and pay or transfer to the Company the purchase consideration representing the price payable for the Shares which the transferee is entitled to acquire and the Company shall then register the transferee as the holder of those Shares. The Company shall be required to hold such sums in a separate bank account on trust for the dissenting Shareholders.

6. Material Contracts

The following material contracts are those contracts which will have been entered into by the Enlarged Group: (a) in the two years immediately preceding the date of this Document (other than in the ordinary course of business); (b) which contain any provision under which the Enlarged Group has any obligation or entitlement which is material to the Enlarged Group as at the date of this Document (other than those entered into in the ordinary course of business); and (c) any other material subsisting agreement which relates to the assets and liabilities of the Enlarged Group (notwithstanding whether such agreements are within the ordinary course of business or were entered into outside of the two years immediately preceding the date of this Document).

6.1 *PATF TEPs Agreement*

The Company and PATF entered into the PATF TEPs Agreement on 2 May 2014. Pursuant to the PATF TEPs Agreement, PATF has agreed with the Company that it will transfer to the Company an amount of TEPs (and also possibly cash where the Company and PATF have so agreed) representing the value of PATF shares that PATF shareholders have elected to exchange for New Ordinary Shares in the Company. The Company will simultaneously issue New Ordinary Shares to electing PATF Participating Shareholders and acquire the right to request PATF to redeem the relevant PATF Shares *in specie* and to receive the relevant TEPs as redemption proceeds. The Company will then transfer substantially all the TEPs to the TIS Diversified Alternative Fund L&P GBP Class A SP. The relevant PATF shares will be cancelled. The PATF TEPs Agreement is subject to certain conditions, including Admission, a sufficient number of PATF Participating Shareholders making the election for New Ordinary Shares as well as commercial, corporate, tax and other approvals.

6.2 *TIS Acquisition Agreement*

The Company entered into an agreement on 2 May 2014 with the TIS Shareholders and the VLN Holders pursuant to which the Company has conditionally agreed to purchase the Vendor Securities from the TIS Shareholders and the VLN Holders for a consideration of £5.26 million to be satisfied by the issue of 37,671,826 New Ordinary Shares, save that in the event that Resolution 2 to be proposed at the Extraordinary General Meeting is passed, the total consideration payable for the Vendor Securities will be 10 New Ordinary Shares and the sum of £2 million payable in cash.

Please refer to the structure chart in paragraph 1.9 of this Part XIII for details of the holding structure.

Consideration

Completion of the TIS Acquisition Agreement will result in the issue of 37,671,826 New Ordinary Shares, representing approximately 9.1 per cent. of the Minimum Enlarged Issued Share Capital, save that in the event that Resolution 2 is passed, the total consideration payable for the Vendor Securities will be 10 New Ordinary Shares and the sum of £2 million.

Conditions

Completion of the TIS Acquisition Agreement is conditional on:

(a) the passing by Promethean Shareholders of resolutions to be proposed at a general meeting of Promethean to approve: the Proposed Transaction, and all resolutions necessary for Promethean to issue the New Ordinary Shares, and in the case of the cash payment, the resolution approving the acquisition of the Vendor Securities for cash (Resolution 2);

(b) valid acceptances having been received by no later than 5.00 p.m. (GMT) on 16 June 2014 in respect of PATF Participating Shareholders holding not less than £40 million PATF Participating Shares or such lesser amount as may be agreed by the Board; and

(c) the admission of the Enlarged Issued Share Capital to trading on AIM becoming effective in accordance with the AIM Rules for Companies.

Warranties

Each TIS Shareholder and VLN Holder has given warranties to the Company related to title, no legal proceedings and no encumbrances related to their respective Vendor Securities.

6.3 ***Bank Facility***

TIS Acquisitions agreed terms with Bank of Scotland plc, as agent, and Commonwealth Bank of Australia, London Branch, as lender, on 9 December 2013, in respect of an amended and restated facilities agreement (the "Bank Facility") that consists of term loan facilities in an aggregate amount of £10,800,000 (£5,900,000 tranche A and £4,900,000 tranche B). These facilities shall be made available to refinance the existing facilities of TIS Acquisitions and to fund working capital needs. The facilities have a term of five years therefore the maturity date is 9 December 2018 (the "Termination Date"). The interest rate on each term loan facility is LIBOR plus 3.50 per cent. The Company shall provide a guarantee of the obligations under the Bank Facility in a maximum amount of £1,625,000 upon Admission which shall be reduced on a pound for pound basis by the amount of any repayment of tranche A. The Bank Facility contains a repayment schedule, and customary representations, undertakings and events of default for a transaction of this type.

The Bank Facility contains as a condition subsequent that the Company will enter into a debt for equity swap agreement on or prior to Admission. Non-binding terms and conditions set forth that the tranche B facility shall (provided a minimum amount of £625,000 has been applied in prior prepayment thereof) be cancelled by way of the debt for equity swap whereby Commonwealth Bank of Australia shall receive New Ordinary Shares. This would amount to 30,605,674 New Ordinary Shares of the Company being issued to Commonwealth Bank of Australia on Admission in exchange for such cancellation (the "Lender Shares"). This figure assumes acceptances from PATF Participating Shareholders holding PATF Participating Shares representing *In Specie* Assets valued at £40 million.

In addition, the non-binding terms and conditions provide that, (a) so long as no event of default as specified in the Bank Facility has occurred and is continuing, the Lender Shares shall be retained by the Commonwealth Bank of Australia and cannot be sold, transferred, charged or alienated in any way pending repayment of the tranche A facility and (b) if the tranche A facility is repaid or prepaid in full before the Termination Date as specified in the Bank Facility together with the exit fee specified therein, Commonwealth Bank of Australia shall surrender the relevant number of Lender Shares set out by reference to value in the table below to the Company for a consideration of £1:

Year of Repayment/Prepayment	Value of Lender Shares at the issue price to be surrendered by the Commonwealth Bank of Australia
1	£4,275,000
2	£4,275,000
3	£3,012,500
4	£2,256,250
5	£1,750,000

TIS Acquisitions, TIS Holdings, TIS Group, TEP Management Services Limited and Bank of Scotland plc, as agent and security agent, agreed to an amendment and waiver letter to the Bank Facility on 2 May 2014, which amended the tranche A repayment schedule and the senior cash cover ratio under the Bank Facility.

The Company has transferred funds of £625,000 to Commonwealth Bank of Australia in respect of a payment due to Commonwealth Bank of Australia by TIS Acquisitions upon Admission. Such funds will be returned to the Company in the event that the Proposed Transaction does not complete and Admission does not occur.

6.4 ***Nominated Adviser and Broker Agreement***

On 2 May 2014, the Company and SP Angel entered into a nominated adviser and broker agreement pursuant to which the Company appointed SP Angel as its nominated adviser and broker in relation to, and subject to, Admission in accordance with the AIM Rules for Companies and the AIM Rules for Nominated Advisers.

Pursuant to the agreement, SP Angel will receive a retainer fee of £50,000 per annum (exclusive of VAT) payable half-yearly in advance. In addition, the Company will pay all disbursements which SP Angel reasonably incurs in connection with its appointment.

The appointment of SP Angel as nominated adviser and broker shall continue for a period of 12 months from Admission and shall continue thereafter unless and until terminated by either party on three months' notice. SP Angel has reserved the right to terminate the agreement forthwith in certain circumstances.

Under the agreement, the Company has given certain customary indemnities to SP Angel in connection with its engagement as the Company's nominated adviser and broker. The agreement is governed by English law.

6.5 ***Introduction Agreement***

An Introduction Agreement dated 2 May 2014 between the Company, Katherine Spiteri, the Existing Directors, the other Proposed Directors and SP Angel pursuant to which SP Angel has agreed to assist the Company in connection with Admission.

The Introduction Agreement is conditional upon, *inter alia*, Admission occurring on or before 8.00 a.m. on 30 June 2014, or such later date as may be agreed between the Company and SP Angel. Under the Introduction Agreement and subject to its becoming unconditional the Company shall pay to SP Angel a corporate finance fee of £75,000 together with any VAT payable thereon and shall pay all other reasonable costs, charges and expenses of and incidental to the Application.

The Introduction Agreement contains warranties from the Company, Katherine Spiteri, the Existing Directors and the other Proposed Directors in favour of SP Angel in relation to, *inter alia*, the accuracy of the information in this Document and other matters relating to the Company's business. In addition, the Company, the Existing Directors and the Proposed Directors have agreed to indemnify SP Angel in respect of certain liabilities it may incur as a result of carrying out its duties under the Introduction Agreement.

6.6 ***Lock in Agreements***

Lock in Agreements have been entered into by each of Katherine Spiteri, Martin Négre and Robert Ezekiel (the "Locked-in Shareholders"), the Company and SP Angel.

Pursuant to the terms of the Lock in Agreements, the Locked-in Shareholders have irrevocably undertaken to the Company and SP Angel that for a period of 12 months following Admission (the "Restricted Period") they will not dispose of any legal, beneficial or any other interest in any Ordinary Shares held by them or their associates (within the meaning of "related party" under the AIM Rules) at the date of Admission during the Restricted Period.

The restrictions on disposals in the Lock in Agreements will not apply in the following limited circumstances:

(a) an acceptance of a general offer to all the shareholders in the Company for the whole or part of the share capital of the Company made in accordance with the City Code;

(b) any disposal to or by the personal representatives of any Locked-In Shareholder who shall die during the Restricted Period;

(c) any disposal at a time when the Ordinary Shares are no longer admitted to trading on AIM;

(d) any disposal pursuant to an intervening court order;

(e) any disposal pursuant to any compromise or arrangement under Section 152 of the Companies Act 1931 which is subject to the City Code and which is agreed by the requisite majority of members of the Company and sanctioned by the Court; or

(f) any disposal with the prior written consent of SP Angel (or if SP Angel is replaced as the Company's broker, the firm which from time to time is acting as the Company's broker (such consent not to be unreasonably withheld or delayed)).

6.7 ***Deed of Retirement***

The Company entered into a Deed of Retirement with Promethean Investments LLP, Sir Peter Burt, Michael Burt and Hamish Burt on 15 May 2012, by which the Company retired as a member of Promethean Investments LLP and sought to do all things necessary to wind-up Promethean Investments Fund LP in a timely manner. In doing so the Company waived its right to receive any or all of its accrued profit share for the period on or after 1 April 2012, though it was entitled to receive payment for its accrued profit share in respect of the period up to 31 March 2012. The Company also waived its right to any retirement capital. Pursuant to the terms of the Deed, the Company agreed to pay to Promethean Investments LLP the costs associated with the winding-up of Promethean Investments Fund LP equal to £603,483.

6.8 ***Settlement Agreement***

On 29 November 2013, TIS Holdings, Arnie Iversen and Wolds Consultancy Services Limited ("WCS") entered into a settlement agreement pursuant to which, with immediate effect from the date of the agreement, WCS and TIS Holdings agreed that the provision of WCS' services to TIS Holdings would end and Arnie Iversen and TIS Holdings agreed that Arnie Iversen's appointment as a director and non-executive chairman of TIS Holdings and related appointments with other TIS Group companies would end. Each of WCS and Arnie Iversen agreed to settle, compromise and waive all and any statutory and contractual claims against any TIS Group company, and any directors and employees of any TIS Group company arising out of or in connection with the provision of services and appointments. TIS Holdings agreed to make a payment of £13,522.78 to WCS in lieu of the remainder of its six month notice period. TIS Holdings also agreed to make a payment to Arnie Iversen of £416.66 in respect of outstanding director's fees. TIS Holdings further agreed to procure entry by Promethean into a letter with Arnie Iversen and WCS under which, amongst other things, Promethean agrees to issue £41,997.45 of New Ordinary Shares to Arnie Iversen.

Pursuant to the terms of a letter dated 29 November 2013, as amended on 1 May 2014, between Promethean plc and Arnie Iversen (the "Side Letter"), in consideration for Arnie Iversen and WCS entering into the Settlement Agreement described above, Promethean agreed to issue Arnie Iversen and WCS New Ordinary Shares having an aggregate value of £1,251,524 (the "Settlement Shares"), conditional on (i) Arnie Iversen's sale of all of the shares he holds or controls in TIS Holdings for a nominal sum of £1; (ii) Arnie Iversen and WCS' compliance with the terms of the Settlement Agreement in all material respects until the date of issue of the New Ordinary Shares; and (iii) the Offer being accepted and going unconditional prior to 31 July 2014. £1,209,526.55 of the New Ordinary Shares are deemed consideration payable to WCS for the termination of the consultancy agreement between WCS and TIS Holdings and £41,977.45 of the New Ordinary Shares are deemed ex-gratia compensation to Arnie Iversen for loss of office pursuant to the termination of the appointment letter between Arnie Iversen and TIS Holdings. Each of Arnie Iversen and WCS agreed to indemnify Promethean and TIS Holdings against all liabilities of Promethean and TIS Holdings in relation to taxes and national insurance contributions, so far as permitted by law, and any other costs, penalties, interest charges or expenses arising in connection with or relating to the issue of the New Ordinary Shares pursuant to the Side Letter.

7. Summary of Key Provisions of Isle of Man Law

7.1 *The Jurisdiction*

The Isle of Man is a British crown dependency which does not form part of the United Kingdom. The Isle of Man is a self-governing parliamentary democracy with its laws comprising Isle of Man statutes (passed by the insular legislature, Tynwald), Isle of Man common law, and certain statutes passed by the United Kingdom Parliament which are applicable to the Isle of Man either by extension or inference.

7.2 *Corporate law in the Isle of Man*

The Companies Act 2006 ("IOM Companies Act")

The IOM Companies Act came into force on 1 November 2006 and allows for the incorporation of a simplified corporate vehicle limited by shares designed specifically for international business (a "2006 Act Company").

Key features of a 2006 Act Company

Corporate personality
A 2006 Act Company is a legal entity in its own right, separate from its members, and will continue in existence until it is dissolved.

Registered office
A 2006 Act Company is required at all times to have a registered office in the Isle of Man.

Registered agent
Every 2006 Act Company is required at all times to have a registered agent in the Isle of Man who must be the holder of an appropriate licence granted by the Isle of Man Financial Supervision Commission pursuant to the Financial Services Act 2008, as amended.

Capacity and powers of a 2006 Act Company
The doctrine of ultra vires does not apply to a 2006 Act Company. The IOM Companies Act states that, notwithstanding any provision to the contrary included in its memorandum or articles of association, a 2006 Act Company has unlimited capacity to carry on or undertake any business or activity, to do, or be subject to, any act or to enter into any transaction, irrespective of corporate benefit and irrespective of whether or not it is in the best interests of the company to do so.

Directors

Each director of a 2006 Act Company is subject to Isle of Man common law duties such as the duty to act *bona fide* in the interests of the company, and Isle of Man statutory duties such as the requirement to disclose any conflicts of interest. In addition, a director of a 2006 Act Company is in a position of trust and as such owes various fiduciary duties to the company. The duties owed by the directors of a 2006 Act Company are owed primarily to the Company rather than individual shareholders, employees or creditors.

Any individual or (subject to the requirements below) any body corporate may be a director of a 2006 Act Company.

A body corporate may be a director of a 2006 Act Company if it, or another body corporate of which it is a subsidiary, holds a licence granted by the Isle of Man Financial Services Commission which does not exclude acting as such.

A 2006 Act Company is permitted to have a sole director.

Members

A 2006 Act Company is required to have at least one shareholder at all times. A member of a 2006 Act Company has no liability, as a shareholder, for the liabilities of the company.

A 2006 Act Company is required to maintain a register of members recording, *inter alia*, the name and business or residential address of the persons who hold shares in the company. The entry of a person's name in the register of members as the holder of a share is prima facie evidence that legal title to that share vests in that person.

Shares

A share in a 2006 Act Company is the personal property of the shareholder.

The liability of a member to a 2006 Act Company, as a shareholder of that company, is limited to: (a) the amount unpaid on any shares held by that member, (b) any liability to repay all or any part of a Distribution made to that member (see below for a definition of "Distribution"), (c) any liability for calls made on the member by the Company and (d) any other liability expressly provided for in the memorandum and articles of association.

A 2006 Act Company has no power to issue bearer shares, convert a share into a bearer share or exchange a share for a bearer share.

Rights of members under the 2006 Act

The directors of a 2006 Act Company are required to call a meeting of the company to consider a resolution if requested in writing to do so by a member or members holding at least 10 per cent. of the voting rights in relation thereto.

The members may resolve to remove any director of a 2006 Act Company, notwithstanding anything in the memorandum and articles or any agreement between the director and the company.

If a 2006 Act Company or a director of such company engages in conduct that contravenes the IOM Companies Act or the memorandum or articles a member or director may apply to the court for a direction restraining the company or the director (as appropriate) from such conduct.

A member of a 2006 Act Company may bring an action against the company for breach of duty owed by the company to such member in that capacity. In addition, a member of a 2006 Act Company who considers that the affairs of the company are being conducted in a manner likely to be oppressive to such member may apply to the court for relief. The court has the power to make such order or orders as it thinks fit including, *inter alia*, the payment of compensation, the regulation of the future conduct of the company, the appointment of a receiver of the company, the rectification of the records of the company or requiring the company or any other person to acquire that member's shares.

Winding up
The winding up of a 2006 Act Company can be achieved in three ways:

- by the Chancery Division of the Isle of Man High Court of Justice (the "court");
- voluntarily; or
- voluntarily, subject to the supervision of the court.

A 2006 Act Company may be wound up by the court if the company passes a resolution to that effect. A 2006 Act Company may also be wound up by the court if, *inter alia*, the company is unable to pay its debts, the company suspends its business for a whole year, or the court is of the opinion that it is otherwise just and equitable that the company be wound up.

If it so resolves, a 2006 Act Company may be wound up voluntarily. If, prior to a resolution for voluntary winding up, a majority of the Directors make a statutory declaration to the effect that they have made a full enquiry into the affairs of the company, and having done so, they have formed the opinion that the company will be able to pay its debts in full within a period, not exceeding 12 months, from the commencement of the winding up the winding up will proceed as a members' voluntary winding up; where no such declaration has been made the winding up will be a creditors' voluntary winding up.

Under a members' voluntary winding up a company is entitled to appoint liquidators to wind up the affairs and distribute the assets of the company, whereas under a creditors' winding up the creditors are entitled to appoint liquidators in preference to any liquidators appointed by the company.

In circumstances where a 2006 Act Company has passed a resolution for voluntary winding up the court may make an order that the voluntary winding up shall continue subject to the supervision of the court.

Distributions and the Solvency Test
The IoM Companies Act introduced a new definition of "distribution" in relation to a distribution by a 2006 Act Company of its assets to its members. A "distribution" essentially means the direct or indirect transfer of company assets or the incurring of a debt by a company to or for the benefit of a member and includes the payment of dividends and the redemption, purchase or other acquisition by a company of its own shares.

The IoM Companies Act permits the directors of a company to authorise a distribution by the company to its members at such time and of such amount as they think fit if they are satisfied, on reasonable grounds, that the company will, immediately after the distribution, satisfy the solvency test. A company satisfies the "solvency test" if:

(i) it is able to pay its debts as they become due in the normal course of its business; and

(ii) the value of its assets exceeds the value of its liabilities.

The solvency test replaces the traditional capital maintenance requirements which apply to the more traditional type of company established under the Companies Act 1931 (1931 Act). Provided that the solvency test has been satisfied, dividends may be paid and shares redeemed or purchased out of any capital or profits of the company.

Accounting Records
The IOM Companies Act requires a company to keep reliable accounting records which: (i) correctly explain the transactions of the company, (ii) enable the financial position of the company to be determined with reasonable accuracy at any time; and (iii) allow financial statements to be prepared.

Statutory Books
Under the IOM Companies Act originals or copies (as appropriate) of various documents, including the constitutional documents, statutory books and accounting records of a 2006 Act Company, are required to be kept at the office of the registered agent.

Offering Documents
The IoM Companies Act does not distinguish between public and private companies and (subject to any restrictions in a company's memorandum or articles of association) a 2006 Act Company can offer its securities to the public.

If an offering document is issued in relation to a 2006 Act Company, the criteria with which that offering document must comply are far less prescriptive than the traditional prospectus requirements which apply to companies established under the 1931 Act. The IoM Companies Act simply requires the directors of a 2006 Act Company to ensure that any offering document issued in relation to that company:

(i) contains all material information relating to the offer or invitation contained therein: (i) that the intended recipients would reasonably expect to be included therein in order to enable them to make an informed decision as to whether or not to accept the offer or make the application referred to therein; and of which the directors or proposed directors were aware at the time of issue of the offering document or of which they would have been aware had they made such enquiries as would have been reasonable in all the circumstances; and

(ii) sets out such information fairly and accurately.

Members
The IoM Companies Act contains very few prescriptive rules relating to members' meetings. Companies are not required to hold annual general meetings and the IoM Companies Act allows members' meetings to be held at such time and in such places, within or outside the Isle of Man, as the convener of the meeting considers appropriate. However, as is the case with the Company more prescriptive requirements relating to members' meetings can be included in a company's articles of association. Article 48 of Promethean's articles of association requires the Board to convene a general meeting of the members of Promethean in each year.

Subject to contrary provision in the IoM Companies Act or in a company's memorandum or articles, members exercise their powers by resolutions:

(i) passed at a meeting of the members; or

(ii) passed as a written resolution.

The concept of "ordinary", "special" and "extraordinary" resolutions is not recognised under the IoM Companies Act and resolutions passed at a members meeting only require the approval of a member or members holding in excess of 50 per cent. of the voting rights exercised in relation thereto. However, as permitted under the IoM Companies Act, the Articles incorporate the concept of a "special resolution" (requiring the approval of members holding 75 per cent. or more of the voting rights exercised in relation thereto) in relation to certain matters.

8. Related Party Transactions

Save as disclosed in the notes to the Historical Financial Information Relating to Promethean plc as set out in Sections 1, 2 and 3 of Part VI of this document and the notes to the Consolidated Historical Financial Information on the TIS Group as set out in Part B of Part VIII of this Document, there are no material "related party transactions" required to be disclosed under the accounting standards applicable to the Enlarged Group to which any member of the Enlarged Group was a party during the period covered by such historical financial information and up to the date of this Document.

9. Working Capital

The Company is of the opinion that the Group has sufficient working capital for its present requirements, that is, for at least 12 months from the date of publication of this Document. This statement has been made for the purposes of the Prospectus Rules.

The Existing Directors and the Proposed Directors are of the opinion that, having made due and careful enquiry, the working capital available to the Enlarged Group will, from the date of Admission, be sufficient for its present requirements, that is, for at least the next 12 months from the date of Admission. This statement has been made for the purpose of the AIM Rules for Companies.

10. Litigation

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which Promethean is aware) during the year preceding the date of this Document which may have, or have had in the recent past, significant effects on the financial position or profitability of Promethean or the Group.

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which Promethean is aware) during the year preceding the date of this Document which may have, or have had in the recent past, significant effects on the financial position or profitability of TIS Holdings or the TIS Group.

11. General

11.1 There has been no significant change in the trading and financial position of the Group since 31 December 2013, being the end of the last financial period of the Group for which financial information has been published.

11.2 Since31 December 2013 (being the end of the last financial period of TIS Group for which financial information has been published), TIS Group's non-trading income has continued to decline as the net asset value of amounts held in the funds it provides services to have continued to reduce as a result of maturing policies and fund redemptions. Trading volumes and margins have both been affected by adverse market conditions which have resulted in a significant change in the trading position of the TIS Group since 31 December 2013.

Save as set out in the paragraph above there has been no significant change in the trading and financial position of TIS Group since 31 December 2013, being the date on which TIS Group's latest interim accounts were prepared.

11.3 The Company will not receive any cash proceeds in connection with the Proposed Transaction unless otherwise agreed between the Company and PATF. The Company will issue up to 806,048,013 New Ordinary Shares by way of the Offer to PATF Participating Shareholders in return for the In Specie Assets. The Company will issue 37,671,826 New Ordinary Shares pursuant to the Acquisition unless Resolution 2 is passed in which case 10 New Ordinary Shares will be issued pursuant to the Acquisition along with 37,671,816 New Ordinary Shares in respect of the Bonus Shares. The estimated expenses of the Proposed Transaction are £1,300,000.

11.4 SP Angel has given and not withdrawn its written consent to the inclusion in this Document of its name and the references thereto in the form and context in which they appear.

11.5 Baker Tilly Corporate Finance LLP has given and not withdrawn its written consent to the inclusion in this Document of its name and the references thereto in the form and context in which they appear.

11.6 The New Ordinary Shares may be issued in certificated form or uncertificated form and settled through CREST. Temporary documents of title will not be issued.

11.7 Save as disclosed in this Document, there are no investments in progress which are significant.

11.8 Certain information identified as such in this Document has been sourced from third parties, which have been identified in this Document. The Company confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading.

12. Copies of this Document

Copies of the following documents are available free of charge for inspection during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the registered office of the Company and the offices of the Company's solicitors, King & Spalding International LLP, 125 Old Broad Street, London EC2N 1AR from the date of this Document and until the date that is at least one month from the date of Admission:

12.1 The Memorandum and Articles of Association of the Company;

12.2 The historical financial information for the Company for each of the last three financial years preceding this Document;

12.3 The historical financial information for the TIS Group for each of the last three financial years preceding this Document; and

12.4 This Document.

DEFINITIONS

In this Document, unless the context requires otherwise, the words and expressions set out below shall bear the following meanings:

"AAP"	Absolute Assigned Policies Limited registered in England and Wales with number 00939239, a subsidiary of TIS;
"Accepting PATF Participating Shareholders"	PATF Participating Shareholders who elect to accept the Offer;
"Acquisition"	the proposed acquisition of the issued and to be issued share capital of TIS Holdings not already owned by the Company and the proposed acquisition of the VLNs;
"Admission"	admission of the Enlarged Issued Share Capital to trading on AIM becoming effective in accordance with Rule 6 of the AIM Rules;
"AIFMD"	Alternative Investment Fund Managers Directive;
"AIM"	the market of that name operated by the London Stock Exchange;
"AIM Admission Document"	the document comprising an AIM admission document as required by rule 3 of the AIM Rules for Companies;
"AIM Rules for Companies" or "AIM Rules"	the rules which set out the obligations and responsibilities in relation to companies whose shares are admitted to AIM as published and amended from time to time by the London Stock Exchange;
"AIM Rules for Nominated Advisers"	the rules which set out the eligibility, obligations and certain disciplinary matters in relation to nominated advisers as published and amended from time to time by the London Stock Exchange;
"APMM"	The Association of Policy Market Makers Limited;
"Applicable Employee"	as defined in the AIM Rules as, *inter alia*, any employee of the Company, together with that employee's family, who has a holding in 0.5 per cent. or more of the Ordinary Shares;
"Articles"	the articles of association of the Company, as amended from time to time;
"AUM"	assets under management;
"Bank Facility"	the agreement between TIS Acquisitions and Commonwealth Bank of Australia in respect of an amended and restated facilities agreement, further details of which are set out in paragraph 6.3 of Part XIII of this Document;
"Board" or "Promethean Board"	the board of directors of the Company as at the date of this Document, whose names appear on page 33 of this Document;
"Board of the Enlarged Group" or "Directors of the Enlarged Group"	the board of directors of the Company on Admission comprising Martin Nègre and the Proposed Directors;
"Bonus Issue"	the issue of 37,671,816 New Ordinary Shares to Promethean Shareholders on the register of members at the Bonus Issue Record Date at the rate of 0.83370285 New Ordinary Shares for every 1 Existing Ordinary Share;

"Bonus Issue Record Date"	5.00 p.m. on 17 June 2014 (or such other time and/or date as the Directors may determine);
"Bonus Shares"	the 37,671,816 New Ordinary Shares to be issued to Promethean Shareholders on the register of members at the Bonus Issue Record Date if the Acquisition is completed on a cash basis;
"Business Days"	a day on which clearing banks in London and the Isle of Man are open for business (excluding Saturdays and Sundays);
"BVI"	British Virgin Islands;
"C Shares"	"C Ordinary" £0.01 shares, a new class of shares in TIS Holdings;
"Cayman Islands"	a British Overseas Territory comprising of the three islands namely, Grand Cayman, Cayman Brac and Little Cayman;
"Cayman Islands Segregated Portfolio Company"	a single legal entity registered in the Cayman Islands within which may be various segregated portfolios. The assets and liabilities of each segregated portfolio are legally separate from those of the other segregated portfolios;
"CGU"	cash generating unit;
"CHF" or "Swiss Franc"	Swiss franc, lawful currency of Switzerland;
"City Code"	the UK City Code on Takeovers and Mergers;
"Company" or "Promethean"	Promethean plc, a company incorporated in the Isle of Man, with registered number 003750V (to be renamed Link & Prosper plc on Admission);
"Companies Act"	the UK Companies Act 2006;
"Conditional Return of Capital"	the conditional return of capital to Promethean Shareholders, dependent on the outcome of Resolution 2 and conditional on Admission, as explained further in paragraph 19 of Part I of this Document;
"CREST"	the computer based system and procedures operated by Euroclear which enable title to securities to be evidenced and transferred without a written instrument;
"CTA"	Commodity Trading Advisors;
"Dealing Day"	the next Business Day following a Valuation Day;
"Document"	this document which comprises a Prospectus and an AIM Admission Document;
"Effective Date"	the date of Admission;
"EGM" or "Extraordinary General Meeting"	the extraordinary general meeting convened for 10.00 a.m. on 27 May 2014 to consider, *inter alia*, the Proposed Transaction, notice of which has been posted to Promethean Shareholders along with this Document;
"Enlarged Group"	the Company and its Subsidiaries following completion of the Proposed Transaction;
"Enlarged Issued Share Capital"	the issued ordinary share capital of the Company immediately following Admission, comprising the Existing Ordinary Shares and the New Ordinary Shares;

"EU"	European Union;
"Euros", "EUR" or "€"	Lawful currency used by the institutions of the EU;
"Euroclear"	Euroclear UK & Ireland Limited, a company incorporated in England and Wales and the operator of CREST;
"Exchange"	the transfer of shares by PATF Participating Shareholders to Promethean in exchange for New Ordinary Shares, following acceptance of the Offer and the Offer having become or been declared unconditional;
"Existing Directors"	The directors of the Company as at the date of this Document, whose names are set out on page 33 of this Document;
"Existing Ordinary Shares"	the 45,186,155 Ordinary Shares currently in issue as at the date of this Document;
"FCA"	the UK Financial Conduct Authority of the United Kingdom;
"FCA Approved Person"	an approved person is an individual who has been approved by the FCA to perform one or more controlled functions on behalf of an FCA authorised firm;
"Form of Election"	the Form of Election to be completed by PATF Participating Shareholders in connection with the Offer, which includes a power of attorney in favour of PATF authorising PATF to sign all transfer forms in favour of Promethean for PATF Participating Shareholders electing to accept the Offer;
"Form of Proxy"	the form of proxy to be used by Promethean shareholders in connection with the Extraordinary General Meeting;
"FSMA"	the UK Financial Services and Market Act 2000, as amended;
"Fund"	Promethean Investments Fund LP, a limited partnership incorporated in England and Wales with registered number LP010498;
"FY11"	financial year ended 30 June 2011:
"FY12"	financial year ended 30 June 2012:
"FY13"	financial year ended 30 June 2013:
"Group"	means (i) for the purposes of paragraph 9 entitled "Working Capital" of Part XIII "Additional Information" only, the Company and its Subsidiaries, from time to time, which prior to the completion of the Proposed Transaction shall exclude the TIS Group and after the Effective Date shall include the TIS Group; and (ii) elsewhere in this Document, the Company and its Subsidiaries from time to time (excluding, for the avoidance of doubt, the TIS Group);
"HMRC"	UK HM Revenue and Customs;
"HSC"	Hanseatische Sachwert Concept GmbH;
"HY13"	six months ended 31 December 2012;
"HY14"	six months ended 31 December 2013;

"IFRS"	International Financial Reporting Standards as adopted in the EU;
"In Specie Assets"	the TEPs (and also possibly cash where the Company and PATF have so agreed) received by the Company from PATF upon the In Specie Redemption;
"In Specie Redemption"	the redemption by the Company of the PATF Participating Shares to be settled by PATF *in specie* after the Exchange;
"Investment Manager"	TIS Group Management Limited, a company registered in the Cayman Islands with number HL-287279, investment manager to TIS SPC;
"IOM Companies Act"	the Isle of Man Companies Act 2006;
"JLSL"	January Loan Services Limited, a company incorporated in England and Wales, with registered number 07096208;
"k"	thousand(s);
"LIBOR"	London Interbank Offered Rate;
"London Stock Exchange"	London Stock Exchange plc;
"Management Incentive Shares"	the new Ordinary Shares to be issued to Katherine Spiteri and Robert Ezekiel on Admission, subject to receipt of HMRC approval, as described in paragraph 11 of Part I of this Document;
"Manager"	Promethean Investments LLP, a limited liability partnership incorporated in England and Wales with registered number OC313455;
"Maximum Enlarged Issued Share Capital"	938,318,944 Ordinary Shares, being the maximum number of Ordinary Shares in issue on Admission should all PATF Shareholders accept the Offer and the Management Incentive Shares be issued on Admission;
"MiFID"	the Markets in Financial Instruments Directive 2004/39 EC as amended;
"Minimum Acceptance Level"	valid acceptances in respect of PATF Participating Shareholders holding PATF Participating Shares representing In Specie Assets in aggregate valued at not less than £40 million or such lesser amount as the Board in its absolute discretion may decide, such lesser amount not to be materially less than £40 million;
"Minimum Enlarged Issued Share Capital"	408,794,093 Ordinary Shares, being the minimum number of Ordinary Shares in issue on Admission should only the minimum level of Accepting PATF Shareholders accept the Offer and should the Management Incentive Shares not be issued on Admission;
"NAV"	net asset value;
"New Ordinary Shares"	the new Ordinary Shares to be issued pursuant to the Proposed Transaction and the Bank Facility;
"Nomad", "Nominated Adviser", "Broker" or "SP Angel"	SP Angel Corporate Finance LLP;
"Notice of EGM"	the notice convening the Extraordinary General Meeting sent to Promethean Shareholders along with this Document;

"Offer"	the offer of Ordinary Shares by Promethean to PATF Participating Shareholders in exchange for PATF Participating Shares;
"Official List"	the Official List of the UK Listing Authority;
"Ordinary Shares"	ordinary shares of 1 pence each in the share capital of the Company;
"Panel" or "Takeover Panel"	the UK Panel on Takeovers and Mergers;
"PATF"	The Protected Asset TEP Fund plc, an open-ended investment company registered in the Isle of Man, with registered number 101651C;
"PATF Original Sub-Funds"	the three original PATF sub-funds: PATF Original GBP, PATF Original EUR and PATF Original USD;
"PATF Participating Shares"	redeemable participating preference shares in the capital of PATF Sub-Funds;
"PATF Participating Shareholders"	holders of PATF Participating Shares;
"PATF Sub-Funds"	the six PATF sub-funds: PATF Original GBP, PATF Original EUR, PATF Original USD, PATF No.2 GBP, PATF No.2 EUR and PATF No.2 USD;
"PATF TEPs"	the TEPs held by PATF;
"PATF TEPs Agreement"	the PATF TEPs Agreement dated 2 May 2014 between the Company and PATF, further details of which are set out in paragraph 6.1 of Part XIII of this Document;
"PDL"	Protected Distribution Limited registered in the British Virgin Islands with number 547818(BVI);
"PDL Acquisition"	PDL Acquisition Limited registered in the British Virgin Islands with number 1411908 (BVI);
"PDLI"	PDL International, a trading name of AAP undertaking promotion and distribution of specialist alternative investment products;
"PIK"	payment-in-kind;
"Pounds Sterling"	the lawful currency of the United Kingdom;
"Promethean Shareholders" or "Shareholders"	holders of Ordinary Shares;
"Proposed Directors"	the proposed directors of the Company from Admission whose names appear on page 33 of this Document;
"Proposed Senior Management"	the proposed senior management of the Enlarged Group, further details of which are set out in paragraph 9 of Part XII of this Document;
"Proposed Transaction"	the Acquisition together with the Conditional Return of Capital, the Offer and Admission;
"Prospectus"	a document that has been prepared for the purposes of and in accordance with the Prospectus Rules;
"Prospectus Rules"	the Prospectus Rules published by the FCA from time to time;
"RDR"	Retail Distribution Review;

"Registrars"	SMP Fund Services Limited;
"Regulatory Information Service"	a service approved by the London Stock Exchange for the distribution to the public of announcements;
"Resolution 2"	resolution 2 to be proposed at the Extraordinary General Meeting which concerns the acquisition of the Vendor Securities for cash, further details of which are set out in paragraph 18 of Part I of this Document;
"Resolutions"	the resolutions to be proposed at the Extraordinary General Meeting;
"Restricted Jurisdiction"	the United States of America, Canada, Australia, the Republic of South Africa or Japan or any other jurisdiction where the making of acceptance of the Offer would constitute a violation of relevant laws or regulations of such jurisdiction;
"Rule 9"	rule 9 of the Takeover Code;
"Settlement Agreement"	the settlement agreement dated 29 November 2013 between TIS Holdings, Arnie Iversen and WCS, further details of which are set out in paragraph 6.8 of Part XIII of this Document;
"Settlement Shares"	the New Ordinary Shares to be issued to Arnie Iversen and WCS pursuant to the terms of the Settlement Agreement and Side Letter;
"Share Dealing Code"	as described in paragraph 17 of Part I of this Document;
"Side Letter"	the letter dated 29 November 2013, as amended on 1 May 2014, between Promethean and Arnie Iversen, further details of which are set out in paragraph 6.8 of Part XIII of this Document;
"Subsidiary"	a subsidiary undertaking as defined in section 1159 of the Companies Act and Subsidiaries shall be construed accordingly;
"Substantial Shareholders"	as defined in the AIM Rules as, *inter alia*, any person who holds any legal or beneficial interest directly or indirectly in 10 per cent. or more of the Ordinary Shares;
"Takeover Code"	the UK City Code on Takeovers and Mergers;
"TDAF"	TIS Diversified Alternative Fund, consisting of the TDAF Initial Segregated Portfolios and any subsequent segregated portfolios formed to follow the same investment strategy;
"TDAF External Investor Segregated Portfolios"	TIS Diversified Alternative Fund CHF Class A SP, TIS Diversified Alternative Fund USD Class A SP, TIS Diversified Alternative Fund USD Class B SP, TIS Diversified Alternative Fund GBP Class A SP and TIS Diversified Alternative Fund EUR Class A SP;
"TDAF Initial Segregated Portfolios"	the TDAF External Investor Segregated Portfolios and the TIS Diversified Alternative Fund L&P GBP Class A SP;
"TEPs"	Traded Endowment Policies;
"TIS" or "TIS Holdings"	T.I.S. Holdings Limited, a company incorporated in England and Wales, with registered number 6205091;
"TIS Acquisitions"	T.I.S. Acquisitions Limited, a company registered in England and Wales with number 06205093, an intermediate holding company of TIS;

"TIS Acquisition Agreement"	the TIS Acquisition Agreement dated 2 May 2014 among the Company, the TIS Shareholders and the VLN Holders relating to the Vendor Securities;
"TIS Board" or "TIS Directors"	the directors of TIS Holdings;
"TIS Diversified Alternative Fund L&P GBP Class A SP"	TIS Diversified Alternative Fund Link & Prosper plc segregated portfolio, a segregated portfolio of TIS SPC to which the In Specie Assets will be transferred;
"TIS Group"	TIS and its Subsidiaries;
"TIS Group Limited"	T.I.S. Group Limited, a company incorporated in England and Wales, with registered number 3549149 and a wholly owned subsidiary of TIS;
"TIS Management"	Katherine Spiteri and Robert Ezekiel;
"TIS Shares"	the A ordinary shares of £0.01 each and the B ordinary shares of £1 each in the capital of TIS Holdings;
"TIS Shareholders"	holders of TIS Shares, other than the Company;
"TIS SPC"	TIS SPC a segregated portfolio company incorporated in the Cayman Islands with limited liability on 17 April 2014 with registered number HL-287263;
"TIS SPC Participating Shares"	ordinary shares in TIS SPC;
"TMS"	TEP Management Services Limited, a company registered in England and Wales with number 00717607, a subsidiary of TIS;
"UK £" or "£"	pound sterling, the lawful currency of the United Kingdom;
"Uncertificated"	an ordinary share recorded on the relevant register as being held in uncertificated form in CREST, and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST;
"United Kingdom" or "UK"	the United Kingdom of Great Britain and Northern Ireland;
"United States"	the United States of America, its territories and possessions;
"USD", "US$" or "$"	United States dollars, the lawful currency of the United States;
"US Securities Act"	the US Securities Act of 1933, as amended;
"Valuation Day"	5.00 p.m. in the Isle of Man on such day or days as the board of PATF may determine;
"VAT"	value added tax as applicable in the United Kingdom;
"Vendor Securities"	the issued and to be issued shares in TIS Holdings, not already owned by the Company, and the VLNs;
"VLN Holders"	the holders of the VLNs;
"VLNs"	the existing management loan notes and vendor loan notes in relation to TIS Acquisitions Limited and PDL Acquisition;
"WCS"	Wolds Consultancy Services Limited, a company registered in England and Wales with number 07993398; and
"2006 Act Company"	a simplified corporate vehicle limited by shares designed specifically for international business incorporated under the IOM Companies Act.