



ANNUAL REPORT & ACCOUNTS 2008



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## Corporate Information

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### **Investment Manager**

Juridica Capital Management Limited  
Bordeaux Court  
Les Echelons  
St. Peter Port  
Guernsey GY1 6AW

### **Independent Auditors**

PricewaterhouseCoopers CI LLP  
National Westminster House  
Le Truchot  
St. Peter Port  
Guernsey GY1 4ND

### **Administrator and Company Secretary**

Bordeaux Services (Guernsey) Limited  
Bordeaux Court  
Les Echelons  
St. Peter Port  
Guernsey GY1 6AW

### **Nominated Adviser and Broker**

Cenkos Securities plc  
6,7,8 Tokenhouse Yard  
London EC2R 7AS

### **Directors of the Company**

Lord Daniel Brennan QC (*Non-executive Chairman*)  
Richard Battey (*Non-executive Director*)  
Kermit Birchfield (*Non-executive Director*)

### **Registrars**

Capita Registrars (Guernsey) Limited  
Longue Hougue House  
St Sampson  
Guernsey GY2 4JN

### **Registered Office**

Bordeaux Court  
Les Echelons  
St. Peter Port  
Guernsey GY1 6AW

### **Guernsey Advocate**

Ozannes  
1 Le Marchant Street  
St. Peter Port  
Guernsey GY1 4HP

### **Audit Committee**

Richard Battey (*Chairman*)  
Lord Daniel Brennan QC  
Kermit Birchfield

### **English Solicitors**

Travers Smith  
10 Snow Hill  
London EC1A 2AL

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# Chairman's Statement

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In my role as Chairman of the Board of Juridica Investments Limited ("JIL" or the "Company"), I am pleased to present the Company's maiden results. The Company's Investment Manager, Juridica Capital Management Limited ("JCML" or the "Manager"), started operations in the closing weeks of December 2007 and, over the course of the first year, established a solid team, developed its systems and underwriting guidelines and built a diversified portfolio of claims and litigation assets that is impressive for both its size and quality. The portfolio offers investors the advantages of an alternative asset class that is expected to have a low correlation to overall economic conditions. Although the Company is at a relatively early stage in its development, the portfolio has performed well relative to most other asset classes in a year of unprecedented global economic turmoil. This report covers trading from the date of incorporation (28 November 2007) to 29 April 2009, and the results below cover trading to 31 December 2008.

Highlights from the 17 months to 29 April 2009 include the following:

- JIL invested or committed a substantial portion of its capital (over \$112 million) in 19 claim assets across 12 investments;
- The Company earned early returns from three investments in litigation cases that finished successfully and generated a gross profit of \$6.41 million on its investments;
- None of the investments in claims or cases have failed to date, so the Company's success ratio at this early stage is 100%;
- The Company's conservative approach to currency risk (discussed in more detail below) resulted in a substantial currency gain for Sterling investors as Sterling depreciated relative to the US dollar;
- For Sterling investors, the early returns and currency gain resulted in significant annual growth in the NAV of the portfolio, which had increased by 30% to 130.6p per ordinary share at 31 December 2008;
- The Company paid a dividend to shareholders on 24 April 2009 of 4.6p (6.7c) per share, yielding 4.6% on the issue price at admission;
- A successful placing at 114p per share to raise \$48.4 million (£33.2 million) net of expenses was completed in April 2009, increasing funds available for new investment opportunities; and
- In a market that saw the collapse of share prices for many AIM-listed companies and funds, the Company's share price closed at 31 December 2008 up 10% at 110p per ordinary share.

## **Results for the Period to 31 December 2008**

### *Income*

During the period to 31 December 2008, the Company reported total income of \$11.7 million. This included realised gains of \$5.1 million representing realised gains on two investments, unrealised accrued income of \$2.5 million, and interest income of \$4.1 million. Unrealised gains represent the effective interest rate on the Company's disbursements to date, calculated in accordance with the Company's accounting policies. These interest rates are derived from the Manager's estimate of expected outcomes of its investments in the absence of an established market for the Company's assets. Since the period end, one further investment has been realised for a net profit of \$1.22 million.

### *Costs*

Over the course of the period the Company spent \$1.44 million on due diligence and other transaction costs, representing 1.3% of the value of the Company's investments or commitments over the period to 31 December 2008.

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## Chairman's Statement continued

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Over the reporting period, the Company reviewed its position on currency holdings and determined that it was most appropriate for the predominance of cash holdings to be dollar denominated.

The Company transferred almost half its assets into dollars soon after launch and the balance in May 2008. Although a modest realised currency loss was reported as at 31 December 2008, this was significantly offset by the appreciation of the US dollar against Sterling over the reporting period. In response to the significant uncertainty facing the banking system, the Company held short-dated US treasury instruments between June 2008 and 31 December 2008 and, as a result, suffered loss of interest income but no loss of capital.

As at 31 December 2008 the Company had \$82.5 million of cash or cash equivalents including \$78.4 million in dollar denominated holdings and the balance in Sterling.

Over the period, the Company reported net income of \$2.4 million which resulted in a net asset value of 190.44c (130.6p) per ordinary share, a net increase of 30.6% in Sterling terms on the Company's initial issue price.

### *The Portfolio*

Since our last detailed announcement to shareholders on 8 March 2009, one case (Case 0908-U) involving a claim against a sovereign was settled. On 20 March 2009, JIL received a return of \$4.3 million on an investment of \$3.1 million made on 7 July 2008 yielding an internal rate of return of 71%.

As at 29 April 2009, the Company's portfolio included investments giving exposure to 13 active litigation cases and an additional three investments in patents that are not currently in litigation but are or will be pursued through licensing enforcement/settlement programs prior to litigation. The litigation cases include four competition cases (two monopolisation cases and two price-fixing cases), one statutory claim, four patent cases, two property damage and insurance subrogation cases, one shareholder dispute and one arbitration case involving a sovereign through the International Center for Sovereign Investment Disputes (ICSID) organised by The World Bank. The total capital invested or committed by the Company on 29 April 2009 was a maximum of \$93.25 million (excluding the three settled cases). Of the total amount committed or invested, \$62 million was committed to Fields Scrantom Sullivan PLLC to allow it to finance the four competition cases and one statutory claim, approximately \$25.1 million is exposed to patent litigation and licensing enforcement activities, \$3.5 million relates to an international arbitration (ICSID) case, \$2.2 million is committed to funding shareholder dispute litigation, and \$0.5 million is invested in entitlements to two property damage and subrogation claims.

### *Outlook*

My fellow Directors and I would like to take this opportunity to thank investors for the confidence they have shown in Juridica Investments Limited. We were especially pleased with the number of original shareholders who participated in the Company's recent placing and we welcome our new shareholders to what we hope and expect will be an exciting second year for the business. The challenging market environment has accelerated interest in the Company's business model and increased requests for financing from companies, and major law firms and their clients in the US, the UK and elsewhere. The Company is well on its way to establishing market leadership in the growing claims asset class. We will be working closely again this year with the Manager to meet the Company's objectives for dividend income, NAV growth and commensurate share price performance.

**Lord Daniel Brennan QC**

*Chairman*

Guernsey, 30 April 2009

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# Investment Manager's Report

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Our first full year of operations at Juridica Capital Management Limited ("JCML") was both exciting and challenging. The challenges came from an ambitious set of goals that we established for ourselves focused on building a diversified portfolio of investments in commercial cases and claims. The key objectives we established for this first full year of operations included:

- Building a solid team of law and finance professionals to help us underwrite, structure and monitor JIL's investments;
- Building a network of legal and ethics experts to help us evaluate case investments and design ethically-compliant investment structures;
- Establishing awareness of JIL in the legal market among The American Lawyer 200 ("Am Law 200") firms (the 200 largest commercial law firms in the US) and global law firms in the UK;
- Deploying a substantial portion of JIL's capital in a diverse portfolio of opportunities; and
- Investing in a group of relatively mature cases that could generate early returns for our shareholders while demonstrating the strength of the business model and the nature of opportunities in this market.

We believe we made substantial progress toward achieving all of these goals.

Excitement came from our early returns on three investments (through 29 April 2009), and from the surprising pace at which the market welcomed our business model and demonstrated an interest in our product offerings. Since 21 December 2007, we have reviewed 140 cases and made investments providing exposure to 17 active litigation cases (three cases realised) and an additional three patent-related matters that are not currently in litigation but will be pursued through licensing enforcement/settlement programs prior to litigation. We made substantial progress in developing scalable underwriting systems and processes for the evaluation of claims and continue to refine these. Relationships have been established with major law firms and advisor groups that are leaders in the markets that are key to our portfolio. These firms contributed to a steady stream of potential investment opportunities for JIL. A substantial portion of JIL's capital is now committed to a group of investments that we believe is diverse across an important range of variables and has a relatively low correlation to market conditions. We have made major progress in establishing JIL as a market leader in both the US and the UK through directing marketing efforts and widespread press coverage. In addition, as part of its intention to analyse litigation finance in the US and the UK, RAND Corporation's Institute for Civil Justice invited JCML to be a member of its Board of Overseers.

## Highlights

JIL was admitted to AIM, a market operated by the London Stock Exchange, during December 2007 with an initial market capitalisation of £80 million. Since Admission, JIL has invested or committed \$112.25 million in commercial claims and litigation cases. JIL earned a gross profit of \$6.41 million (to 29 April 2009) on early returns in three investments in litigation cases that finished successfully. None of the investments in claims or cases have failed to date, so the Company's success ratio at this early stage is 100%. JIL's Net Asset Value as at 31 December 2008 was 130.6 pence (in Sterling), an increase of 30.6% since launch. Our share price was 121 pence on 29 April 2009, an increase of 21% since launch. An interim dividend of 4.6 pence (6.7068¢) was paid on 24 April 2009, and £33.2 million (net of expenses) was raised simultaneously from existing and new shareholders.

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## Investment Manager's Report continued

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### **Market Size and Competition**

The American Lawyer 200 ("Am Law 200") is a leading index of US law firms compiled by the magazine The American Lawyer. Its 2008 survey of the 200 largest commercial law firms in the US indicated this group earned aggregate revenues of \$81.5 billion. Applying percentages from a survey of litigation revenue for this group conducted by The Lawyer magazine in 2007, total litigation revenues for these top firms were estimated to be in excess of \$33 billion during 2008. During an economic recession and certainly during this one, litigation revenues can be expected to increase as a percentage of a firm's total revenues. Of course, not all the cases represented by this revenue are available for investment by external capital, but this is a very large market indeed.

UK global law firms and US Am Law 200 firms are under economic stress as a result of the credit crisis and ensuing recession. Traditional sources of hourly billing in the corporate and transactional business have diminished, leading law firms to cut lawyers and staff at a rate never seen in the modern legal market. Furthermore, general counsels of major companies are under pressure to cut legal expenses, particularly where there is discretion to do so – as in cases where the company is bringing a lawsuit as opposed to defending one. Law firms and general counsels alike are expressing increased interest in alternative fee structures and risk financing opportunities. This has had a positive impact on interest in financing from JIL and other sources.

Though the market for commercial litigation and claims is quite large, JIL's competition remains limited. In the US, we have one major competitor for claims investment generally, a large global financial institution that is pursuing the objective of building a diversified portfolio of commercial claims. We have participated in one syndicated investment with this competitor and have developed a positive working relationship with their team. We have also encountered a small group of hedge funds, a Japanese bank, an insurer and a few high net worth individuals (mostly successful trial lawyers) that have invested in cases as third parties. In addition, there are several funds and investment companies that invest exclusively in the intellectual property claim field. Market conditions however are believed to have severely restricted this group's access to capital for investments in claims, and we know of only a limited number of hedge funds actively seeking investments in this asset class. In the UK, competitors were numerous in early 2008, but by the end of the year, we believe only an insurer and a few smaller companies were well financed and actively pursuing development of a portfolio of claims. Other hedge fund investors are doing so only on an ad hoc basis. However, we expect to see more competitors in the UK market as economic conditions stabilise. Notwithstanding our very capable competitors in both the US and the UK, we believe that JIL has a significant opportunity to become the pre-eminent capital provider to the legal market.

### **Profile of a Lawsuit**

The majority of JIL's portfolio is invested in US cases and claims. In most US jurisdictions, once a complaint has been filed there are four key phases of a lawsuit; early motions, discovery, summary judgment and trial, followed by appeals (if any). In a typical case, early jurisdictional decisions and motions to dismiss the case are followed by a lengthy, expensive period of discovery, during which both plaintiff and defendant seek information and documents in order to assess the risk of liability and the potential quantum of damages. During or after this period, the plaintiff and/or defendant(s) file motions for summary judgment to be decided by a judge on the "undisputed facts" of a case. This results in either the case being dismissed or the plaintiff's case being significantly strengthened or weakened. After summary judgment rulings, the case is set for trial, usually by jury. Post-trial motions to attack the result and appeals sometimes follow. This outline, though emblematic of the "typical" case, is rare because most commercial cases in the US never proceed to trial. The large majority of cases are settled or dismissed on the merits prior to trial. Cash settlement may occur even if a case is dismissed. Unsurprisingly, the larger the case the more likely it is that it will be resolved prior to trial.

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## Investment Manager's Report continued

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Although settlement can take place at any time, including before a lawsuit is filed, settlement events are expected to occur around key court decisions: following early motions, after contentious discovery disputes, after summary judgment motions, and in the period just prior to trial. In our experience, the single most important driver of settlement is the trial date. Trial dates are often moved – sometimes more than once in a single case – but the presence of a trial date focuses the wallets and the minds of the parties on resolution.

### **The Cost of Litigation**

#### *Plaintiff*

The cost of litigating a commercial case with potential damages from \$25 million or more may run from a few million to tens of millions. The cost of litigation in the US is often proportional to the size of the dispute, as the parties are willing to spend more as the level of risk increases. This cost may be split between significant third-party vendors and expenses, including expert analysis of the issues as well as normal legal fees of the lawyers. The risk of the transaction costs for a commercial case (legal fees, experts and disbursements) are often shared with the plaintiff's counsel acting on a contingent basis. A plaintiff's attorney will typically charge between 20% and 40% of the recovery in the case in return for a reduced hourly rate, a capped fee, a percentage of the recovery, or some combination of all these features.

#### *Defendant(s)*

The cost of defending a similar sized commercial case often matches the cost of prosecution, depending on jurisdiction and complexity. This cost is almost always paid on an hourly basis, but may often be shared where multiple defendants have been sued.

### **Litigation Strategy**

The aim of a commercially-aware plaintiff's lawyer is to resolve the dispute between plaintiff and defendant in a manner that generates the highest possible recovery for the client, given the client's particular tolerance for risk. Understanding the value of a claim and the likelihood of settlement thereby requires examining the incentives, financial or otherwise, of all parties involved in a dispute; and it is this context, with all of its complexity and relationships, that offers the most insight into the value and timing of settlement. More often than not, cases are settled during the litigation process rather than decided by trial. Many general counsels believe that very few cases should ever be tried given the unpredictability of juries deciding complex commercial disputes. We agree with them. The credible threat of a large award at trial is usually the driving factor behind settlement negotiations. Discovery, the various pre-trial motions and the summary judgment rulings should serve to clarify the merits and corresponding value of a case prior to trial and encourage settlement. For this reason, selection of the court or forum is also a key component of strategy. Plaintiffs pay particular attention to the track record of the judges and juries in various jurisdictions, and this often has a significant impact on where cases are filed. Early motions by defendants often challenge the plaintiff's selection of the forum, sometimes on multiple grounds, in an attempt to move the case to a slower or more defendant-friendly jurisdiction.

#### *Multi-defendant strategies in commercial litigation*

Many commercial cases involve claims against multiple defendants. Although the existence of multiple defendants may somewhat increase the cost of litigation for the plaintiff and mitigate that cost for defendants who arrange to share costs, these cases offer the client (and therefore the investor) a natural hedge against outright loss as they provide opportunities to fund the costs of litigation through settling with one or more defendants at an early stage for a discount. A typical strategy would be to settle with smaller defendants (in terms of liability share and/or ability to pay) prior to settlements with larger defendants. This has two advantages. Firstly, it helps as a practical matter to set a 'floor' on damages for later settlements. Secondly the case, as an investment opportunity, is significantly de-risked by income

## Investment Manager's Report continued

from early settlements. This is a classic "divide and conquer" strategy used by sophisticated plaintiff's lawyers in all kinds of litigation, including complex commercial litigation.

Particularly in cases that involve potential joint and several liability for defendants, like price-fixing cartel cases, the presence of multiple defendants limits credit risk. In the current economic climate, we place a lot of importance on this.

### The Portfolio Allocation

On 29 April 2009, the JIL portfolio included the investments in the table below.

| <i>Type of litigation</i>                 | <i>Cases</i> | <i>Commitment</i> | <i>Investments</i> |
|---|--------------|-------------------|--------------------|
| Antitrust (monopolisation)                | 2            |                   |                    |
| Antitrust (price fixing)                  | 2            | \$62.0m           | 1                  |
| Statutory Claims                          | 1            |                   |                    |
| Patents                                   | 4            | \$25.05m          | 5                  |
| Property damage and insurance subrogation | 2            | \$0.5m            | 1                  |
| Claims against sovereigns                 | 1            | \$3.5m            | 1                  |
| Shareholder disputes                      | 1            | \$2.2m            | 1                  |
|   | 13           | \$93.25m          | 9                  |

The portfolio has the following features:

- \$112.25 million invested or committed since Admission (\$92.25 million net of 3 resolved cases that yielded a gross profit of \$6.41 million)
- Number of claims in pre-litigation settlement programs: 3
- Certain investments include ancillary rights to finance future cases
- Number of subject matters: 7
- Number of jurisdictions/fora: 10
- Number of plaintiff law firms: 11
- Average exposure per case opportunity: \$8.0 million

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# Investment Manager's Report continued

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## **Key Schedule Dates in Invested Cases**

|           |  |
|-----------|--|
| 0108-S    | Trial date scheduled for Q4 2011   |
| 0408-P    | Trial date scheduled for Q4 2009, although this may be delayed                                       |
| 0608-S    | Hearing date scheduled for Q3 2009   |
| 0708-B    | Trial date expected Q1 2012  |
| 0808-C(1) | Trial date scheduled for Q1 2010   |
| 0808-C(2) | Trial date scheduled for Q1 2011   |
| 0908-U    | Cash has been received   |
| 1608-T    | Resolutions subject to court supervision of division of settlement proceeds among multiple claimants |
| 6308-F    | Soft licensing program currently in development  |
| 1208-A    | Jury trial scheduled for Q3 2009   |
| 5208-E    | Hearing on jurisdictional issues scheduled for Q2 2009   |
| 5308-U    | Defendants' answers to be filed in Q2 2009   |
| 5608-N    | Expert discovery closes in Q4 2009<br>Hearing on dispositive motions in Q4 2010                      |
| 1008-A    | Case is in ongoing fact discovery; no trial date has been set  |

## **Selected Commitments in 2008**

### **Antitrust/Competition Litigation**

In November 2008, JIL committed to lend Fields Scrantom Sullivan PLLC ("FSS") \$62 million and FSS entered into a partnership with a premier US antitrust practice ("Antitrust Group"). The Antitrust Group is litigating a portfolio of five existing cases (the "Initial Portfolio"). As part of the loan arrangements, JIL and its affiliates are entitled to 12% interest on a promissory note and a 36% interest on a credit guarantee swap with FSS. The Antitrust Group is entitled to contingency fees between 12% and 20% of settlements from the Initial Portfolio. Damages sought in the Initial Portfolio are in excess of \$8 billion, although settlement values are expected to be considerably lower than the damages sought.

Antitrust litigation is brought in the US under the Sherman Act or the Clayton Act and carries the possibility of statutory treble damages for the defendants. In the UK, these cases are brought under the EU competition laws, which impose the risk of interest on damage awards. Because these are large cases with significant risk for most defendants, the cases are expensive and complicated, and involve highly sophisticated experts. Historically, antitrust litigation is financed in the US by the plaintiff's lawyers' balance sheets, with many law firms involved for multiple plaintiffs and multiple defendants.

The price-fixing cases are particularly attractive investment opportunities for JIL as they are perceived to have a low risk profile and high potential damages. Civil litigation in this arena often, but not always, follows either criminal prosecution by the US Department of Justice or early settlement by a cartel member in exchange for giving evidence against co-conspirators. These events help to establish liability. The multi-defendant nature of these cases increases the likelihood of pre-trial settlements.

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## Investment Manager's Report continued

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The monopoly cases are also attractive investment opportunities for JIL because of the potential for large recoveries through settlement or damage awards. These cases have a higher risk profile because of added complexity but we still view them as low to moderate risk investments with large potential recoveries.

We expect the loan to FSS to be extended as more antitrust cases are developed in 2009.

### **Patent Litigation and Claims**

JIL has invested in 4 patent litigation cases and three groups of additional patents that are not in litigation but will be pursued through licensing enforcement/settlement programs prior to litigation. Patents are assets upon which the US federal government grants a limited-period monopoly to an inventor(s). Similar to property, a patent may be sold, licensed, mortgaged, assigned or transferred. Patent rights may be enforced by civil action in the United States federal courts. If the court determines that the patent is valid and has been infringed by the defendants, it may grant the defendant a license to that patent, and damages to the patent holder. The value of the license is typically a proportion of overall historic and expected revenue earned by the plaintiff on the infringing product.

A number of well-funded participants are engaged in this very specialised area of the law finance market. In addition to JIL, these include Rembrandt, Acacia, Altitude Capital and other hedge funds. A team of ex-Microsoft executives at Intellectual Ventures is believed to have raised more than \$1.0 billion to acquire patent portfolios.

During 2008, we identified multiple opportunities to acquire patents outright for litigation. It also became evident that the cost of patent litigation was often significantly higher than the purchase price of a patent or portfolio of related patents. In addition, we identified multiple law firms that are willing to take the best of these cases on pure contingency fee basis and carry risk of the litigation, occasionally including the cost of experts and third party disbursements. We also identified market participants that have been successful in monetising patents by settlement prior to litigation through licensing programs. We organised Turtle Bay Technologies Limited ("TBT") in December of 2008 as a wholly owned subsidiary of JCML to take advantage of these market characteristics.

TBT gives JIL an opportunity to fund the purchase price of patent assets for significantly less than the cost of litigation and to retain a much larger equity stake in the outcome of litigation or settlement activities for less money. In addition, by purchasing patents outright or the majority equity stake in a patent and using law firms that assist in settlement or prosecute litigation on a pure contingency fee basis, these particular investments have a much lower risk profile. In 2009, we expect to make further investments in patents through TBT. These investments will be structured so that 100% of investment returns are paid to JIL under a funding agreement.

### **Outlook for 2009**

For the remainder of 2009, we will be focused on expanding our network of law firms that present opportunities for investment to JIL. In addition, we will begin the first phase of an effort to increase awareness of JIL among leading General Counsels of Fortune 500 companies.

We will also be evaluating potential opportunities to hedge risk in the portfolio through insurance and co-investment/syndication opportunities. Most importantly, we will continue to look for great opportunities to expand the JIL portfolio through investment of the additional capital raised during March 2009.

### **Richard W. Fields**

*Chairman*

Juridica Capital Management Limited

Guernsey, 30 April 2009

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# Directors' Report

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The directors are pleased to present their report together with the audited consolidated financial statements of Juridica Investments Limited and its subsidiary (together the "Group") for the period ended 31 December 2008.

## **Principal activities**

The Company is a closed-ended investment company incorporated under The Companies (Guernsey) Law, 2008 ("the Law"). The Law does not make a distinction between private and public companies. Shares in the Company were admitted to trading on AIM, a market operated by the London Stock Exchange, on 21 December 2007. The address of the Company's registered office is Bordeaux Court, Les Echelons, St Peter Port, Guernsey, GY1 6AW.

## **Investment objective and policy**

The investment objective of the Company is to build a diversified portfolio of investments in claims and to provide Shareholders with an attractive level of dividends and capital growth through investing directly and indirectly in litigation and arbitration cases, claims and disputes. It is expected that these investments will initially be made predominantly in the United States and the United Kingdom, and in international arbitration cases although, in the medium term, the Company would expect to make investments outside of the United States in jurisdictions where such investments are lawful and permitted under local law and rules on professional ethics.

## **Results and dividend**

The results for the period are shown in the Consolidated Income Statement on page 15.

The directors recommended and, on 26 March 2009, the Company's shareholders approved a dividend of 4.6 pence per ordinary share in respect of investment returns over the period.

## **Statement of Directors' responsibilities in respect of financial statements**

The directors are responsible for preparing financial statements for the period which give a true and fair view of the state of affairs of the Group as at the end of the financial period and of the Consolidated Income Statement of the Group for that period in accordance with The Companies (Guernsey) Law, 2008. In preparing these financial statements, the directors are required to:

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

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

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements have been properly prepared in accordance with The Companies (Guernsey) Law,

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## Directors' Report continued

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2008. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The maintenance and integrity of the Company's website is the responsibility of the Directors. The work carried out by the auditors does not involve consideration of these matters and accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, although there is uncertainty around valuation of the Company's claim assets in the absence of an established market. The Investment Manager's report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Furthermore, to the best of our knowledge and belief, this annual report includes a fair review of the development and performance of the business and the position of the Group together with a description of the principal risks and uncertainties that the Group faces.

**Independent Auditors:**

The auditors, PricewaterhouseCoopers CI LLP, have expressed their willingness to continue in office and a resolution for their re-appointment will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors on 30 April 2009

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Director

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# Independent Auditor's Report

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We have audited the consolidated financial statements of Juridica Investments Limited for the period ended 31 December 2008 which comprise the Consolidated Income Statement, the Consolidated Balance Sheet, the Consolidated Statement of Changes in Equity, the Consolidated Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

## **Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the consolidated financial statements in accordance with applicable Guernsey law and International Financial Reporting Standards are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the consolidated financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 262 of The Companies (Guernsey) Law, 2008 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with The Companies (Guernsey) Law, 2008. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the consolidated financial statements.

In addition we report to you if, in our opinion, the Group has not kept proper accounting records or if we have not received all the information and explanations we require for our audit.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the consolidated financial statements. The other information comprises only the Corporate Information, the Chairman's Statement, the Investment Manager's Report and the Directors' Report and the Notice of Annual General Meeting.

## **Basis of audit opinion**

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

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

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## Independent Auditor's Report continued

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### **Opinion**

In our opinion:

- the consolidated financial statements give a true and fair view, in accordance with International Financial Reporting Standards, of the state of the Group's affairs as at 31 December 2008 and of its profit and cash flows for the period then ended;
- the consolidated financial statements have been properly prepared in accordance with The Companies (Guernsey) Law, 2008; and
- the information given in the Directors' Report is consistent with the consolidated financial statements.

### **Emphasis of Matter**

Without qualifying our opinion, we draw attention to Notes 2(h), 3(i) and 13(i) to the consolidated financial statements. As indicated in Notes 2(h), 3(i) and 13(i), the consolidated financial statements include non-current assets stated at their fair value of US\$69,951,765. Because of the inherent uncertainty associated with the valuation of such non-current assets and the absence of a liquid market, these fair values may differ from their realisable values, and the differences could be material.

### **PRICEWATERHOUSECOOPERS CI LLP**

*Chartered Accountants*

Guernsey, Channel Islands

30 April 2009

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# Consolidated Income Statement

period from 28 November 2007 to 31 December 2008

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|                                  | Notes | Period from<br>28 November<br>2007 to<br>31 December<br>2008<br>USD |
|----------------------------------|-------|---|
| <b>INCOME</b>                    |       |   |
| Interest income                  | 2(h)  | 4,092,740   |
| Realised gain on investments     | 5     | 5,190,276   |
| Realised loss on investments     |       | (44,696)  |
| Other income                     | 5, 6  | 2,501,186   |
| Total income                     |       | <u>11,739,506</u>   |
| <b>EXPENSES</b>                  |       |   |
| Accountancy                      |       | 7,598   |
| Administration fees              |       | 249,703   |
| Advisory fees                    |       | 105,684   |
| Asset management Fees            |       | 33,307  |
| Audit fees                       |       | 172,221   |
| Bank charges                     |       | 33,267  |
| Directors remuneration           | 10(g) | 463,165   |
| Due diligence costs              | 2(f)  | 567,095   |
| Foreign exchange loss            |       | 3,377,009   |
| Legal expenses                   |       | 19,464  |
| Licence fees                     |       | 4,696   |
| Management fee                   | 10(a) | 3,685,644   |
| Marketing expenses               |       | 24,047  |
| Options and warrants costs       | 2(p)  | 274,734   |
| Registrars fee                   |       | 15,382  |
| Sundry expenses                  |       | 261,724   |
| TOTAL EXPENSES                   |       | <u>9,294,740</u>  |
| <b>Profit for the period</b>     |       | <u><u>2,444,766</u></u>   |
| <b>Profit per Ordinary Share</b> |       |   |
| Basic                            |       | 3.06  |
| Fully diluted                    |       | 3.01  |

The notes on pages 19 to 31 form an integral part of these consolidated financial statements.

Independent Auditors' report on pages 13 and 14.

# Consolidated Balance Sheet

as at 31 December 2008

|   | <i>Notes</i> | <i>2008<br/>USD</i> |
|---|--------------|---------------------|
| <b>Non-current assets</b>                 |              |                     |
| Available for sale financial assets       | 5            | 16,518,357          |
| Loans and receivables                     | 6            | <u>53,433,408</u>   |
|   |              | 69,951,765          |
| <b>Current assets</b>                     |              |                     |
| Other receivables and prepayments         | 7            | 273,785             |
| Cash and cash equivalents                 | 8            | <u>82,511,937</u>   |
|   |              | <u>82,785,722</u>   |
| <b>Total assets</b>                       |              | <u>152,737,487</u>  |
| <b>Current liabilities</b>                |              |                     |
| Other payables                            | 9            | <u>383,972</u>      |
| <b>Total liabilities</b>                  |              | <u>383,972</u>      |
| <b>Net assets</b>                         |              | <u>152,353,515</u>  |
| <b>Capital and reserves</b>               |              |                     |
| Special reserve                           |              | 150,169,960         |
| Other reserve                             |              | (261,211)           |
| Revenue reserve                           |              | <u>2,444,766</u>    |
| <b>Total equity Shareholders' funds</b>   |              | <u>152,353,515</u>  |
| <b>Number of ordinary shares</b>          |              | <u>80,000,000</u>   |
| <b>Net Asset value per ordinary share</b> |              | \$1.9044            |

Approved by the Board of Directors on 30 April 2009 and signed on its behalf by:

\_\_\_\_\_  
R J Battey (Director)

\_\_\_\_\_  
Bordeaux Services (Guernsey) Limited  
Company Secretary

The notes on pages 19 to 31 form an integral part of these consolidated financial statements.  
Independent Auditors' report on pages 13 and 14.

## Consolidated Statements of Changes in Equity

period from 28 November 2007 to 31 December 2008

|  | <i>Share<br/>premium<br/>USD</i> | <i>Special<br/>reserve<br/>USD</i> | <i>Other<br/>reserve<br/>USD</i> | <i>Revenue<br/>reserve<br/>USD</i> | <i>Total<br/>USD</i> |
|--|----------------------------------|------------------------------------|----------------------------------|------------------------------------|----------------------|
| Net assets at<br>28 November 2007                              | –                                | –                                  | –                                | –                                  | –                    |
| Issue of shares  | 158,488,000                      | –                                  | –                                | –                                  | 158,488,000          |
| Formation costs  | (8,318,040)                      | –                                  | –                                | –                                  | (8,318,040)          |
| Cancellation of<br>share premium                               | (150,169,960)                    | 150,169,960                        | –                                | –                                  | –                    |
| Share option payment<br>reserve                                | –                                | –                                  | 27,828                           | –                                  | 27,828               |
| Warrant payment reserve  | –                                | –                                  | 246,906                          | –                                  | 246,906              |
| Fair value change in<br>available for sale<br>financial assets | –                                | –                                  | (535,945)                        | –                                  | (535,945)            |
| Profit for the period  | –                                | –                                  | –                                | 2,444,766                          | 2,444,766            |
| Net assets at<br>31 December 2008                              | –                                | 150,169,960                        | (261,211)                        | 2,444,766                          | 152,353,515          |

The notes on pages 19 to 31 form an integral part of these consolidated financial statements.

Independent Auditors' report on pages 13 and 14.

## Consolidated Cash Flow Statement

period from 28 November 2007 to 31 December 2008

|   | <i>Period from<br/>28 November 2007<br/>to 31 December 2008<br/>USD</i> |
|---|---|
| <b><i>Cash flows from operating activities</i></b>              |   |
| Profit for the period   | 2,444,766   |
| <b>Adjusted for:</b>  |   |
| Fair value change on financial assets and loans and receivables | (2,439,315)   |
| <b>Changes in working capital</b>                               |   |
| Increase in other receivables and prepayments                   | (273,785)   |
| Increase in trade and other payables                            | 383,972   |
| Increase in share option and warrant reserve                    | 274,734   |
| Realised gain on financial assets                               | (5,190,276)   |
| <b><i>Net cash outflow from operating activities</i></b>        | <u>(4,799,904)</u>  |
| <b><i>Cash flows from investing activities</i></b>              |   |
| Purchases of financial assets and loans and receivables         | (80,108,119)  |
| Sales of financial assets                                       | 17,250,000  |
| <b><i>Net cash used in investing activities</i></b>             | <u>(62,858,119)</u>   |
| <b><i>Financing activities</i></b>                              |   |
| Issue of shares   | 158,488,000   |
| Formation costs   | (8,318,040)   |
| <b><i>Net cash inflow from financing activities</i></b>         | <u>150,169,960</u>  |
| <b><i>Net increase in cash and cash equivalents</i></b>         | 82,511,937  |
| <b><i>Cash and cash equivalents at start of period</i></b>      | –   |
| <b><i>Cash and cash equivalents at 31 December 2008</i></b>     | <u><u>82,511,937</u></u>  |

The notes on pages 19 to 31 form an integral part of these consolidated financial statements.

Independent Auditors' report on pages 13 and 14.

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# Notes to the Consolidated Financial Statements

period from 28 November 2007 to 31 December 2008

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## 1. LEGAL FORM AND PRINCIPAL ACTIVITY

The Group consists of the Company which is a closed-ended investment company incorporated under The Companies (Guernsey) Law, 2008 (the "Law") and its wholly owned subsidiary Riverbend Investments Limited, a non-cellular company within the meaning of section 2(1)(c) of the Law, incorporated under the Law. The Law does not make a distinction between private and public companies. Shares in the Company were admitted to trading on AIM, a market operated by the London Stock Exchange, on 21 December 2007. The address of the Company's registered office is Bordeaux Court, Les Echelons, St Peter Port, Guernsey, GY1 6AW.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the financial statements are set out below.

### (a) Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) and all applicable requirements of The Companies (Guernsey) Law, 2008. They have been prepared under the historical cost convention, as modified by the revaluation of available for sale financial assets. The preparation of financial statements in conformity with IFRS require the use of certain critical accounting estimates. It also requires the Board of Directors to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

#### i. Interpretations effective in 2008 but not relevant:

- IFRS 11 IFRS 2-Group and share transactions;
- IFRS 12 Service concession arrangements;
- IFRS 13 Customer loyalty programmes; and
- IFRS 14 IAS 19-The limit on a defined benefit asset, minimum funding requirements and their interaction.

#### ii. Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the group:

- IAS 1 (revised), Presentation of financial statements (effective from 1 January 2009);
- IFRS 1 (amendment), First time adoption of IFRS and IAS 27, Consolidated and separate financial statements (effective from 1 January 2009);
- IAS 27 (revised), Consolidated and separate financial statements (effective from 1 July 2009);
- IFRS 5 (amendment), Non-current assets held for sale and discontinued operations (effective from 1 July 2009);
- IAS 36 (amendment), Impairment of assets (effective from 1 January 2009);
- IAS 39 (amendment), Financial instruments; Recognition and measurement (effective from 1 January 2009);
- IAS 1 (amendment), Presentation of financial statements (effective from 1 January 2009);

### (b) Consolidation

The consolidated financial statements comprise the financial statements of Juridica Investments Limited and its wholly owned subsidiary undertaking as stated in Note 4.

### Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible when assessing whether the Group controls another entity. Subsidiaries are fully

# Notes to the Consolidated Financial Statements

continued

consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases. The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group.

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

(c) *Geographical and segment reporting*

Since the Group is engaged in the provision of similar products and services within a particular economic environment, being subject to similar risks and returns, the management considers that the Group has only one business segment and geographical focus, being investments in legal claims in the US, and accordingly does not present additional business and geographical segment information.

(d) *Financial instruments*

**i. Classification**

Unless otherwise determined by the Company, investments in claims will be categorised as available for sale financial instruments. The investments in claims will initially be measured as the cash sum provided to acquire an interest in a plaintiff's claim or as the cash advanced to law firms under loan agreements ("Qualifying Agreements"). Due diligence costs are capitalised into the cost of the investment.

**ii. Recognition, derecognition and measurement**

Regular purchases and sales of available for sale financial instruments are recognised on the trade date, being the date on which the Company commits to purchase or sell the asset.

The investments in claims will initially be measured as the cash sum provided to acquire an interest in a plaintiff's claim or as the cash advanced to law firms under loan agreements ("Qualifying Agreements").

Interest on performing investments in claims will be recognised using the effective interest rate method as explained in Note 5. No interest will be recognised on non-performing investments in claims.

Subsequent measurement of investments in claims will be at fair value utilising a fair value model developed by the Manager. The principal assumptions to be used in the fair value model are as follows:

- Risk free rate of loan interest;
- Duration of each investment in a claim;
- Best estimate of anticipated outcome; and
- Effective interest rate on nominal value of each investment in a claim.

Movements in fair value arising from changes in assumptions related to each legal claim will be taken to the Consolidated Income Statement. Movements in market based assumptions, due to market, credit and interest risk, will be taken directly to equity and only recognised in the Consolidated Income Statement on finalisation of the claim.

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# Notes to the Consolidated Financial Statements

continued

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### iii. Fair value estimation

Fair value will be reviewed quarterly on an individual investment basis. Events that will trigger changes to the fair value of each investment in a claim include the following;

- Changes in general US dollar interest rate assumptions (market assumption);
- Successful judgement in a claim in which the Company has an investment;
- Unsuccessful disposition or judgement in a claim in which the Company has an investment;
- Outstanding appeals against both successful and unsuccessful judgements;
- An investment in a claim is to be sold at a discount or premium, or to be settled out of Court by a binding agreement;
- Legal impediments to collectibility of claims (in the US Chapter 7 Bankruptcy or Chapter 11 Court Protection from Creditors); and
- An investment in a case that is dismissed with prejudice (meaning, it can never be re-filed anywhere).

### (e) Loans and receivables

Loans and receivables entered into by the Company will initially be measured as the cash sum advanced to a law firm. Due diligence costs are capitalised into the cost of the investment. Subsequent measurement of loans and receivables will be at amortised cost using effective interest rate method.

### (f) Due diligence costs

The due diligence costs attributable to cases that have resulted in an investment have been capitalised into the cost of the investment. Any other due diligence costs not directly relating to a claim investment have been expensed immediately.

### (g) Foreign currency translation

#### i. Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The functional currency of the Group as determined in accordance with IFRS is the United States Dollar because this is the currency that best reflects the economic substance of the underlying events and circumstances of the Group. The consolidated financial statements are presented in US Dollars, the presentation currency.

#### ii. Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rate prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such the transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated Income Statement.

### (h) Interest income

Interest income for all performing available for sale instruments and cash and cash equivalents is recognised in the Consolidated Income Statement on an accruals basis, using the effective interest rate method.

The effective interest rate method is a way of calculating the amortised cost of a financial asset and of allocating the interest income over the relevant period. In the case of assets this rate is the rate that

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## Notes to the Consolidated Financial Statements

continued

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takes the contract's initial value to the expected payout over the expected duration of the asset. The application of the method has the effect of recognising estimated income on the instrument evenly in proportion to the amount outstanding over the period to maturity or repayment.

In calculating effective interest, the Company estimates cash flows (using projections based on litigation experience and due diligence evaluations) considering all contractual terms and the likely outcome of the case. This impacts on the effective interest rate applied to contracts as seen in Notes 3(i), 5 and 13(i).

*(i) Cash and cash equivalents*

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

*(j) Taxation*

The Company has obtained exempt company status in Guernsey. The Company is, therefore, only liable to an annual exemption fee of £600.

With effect from 1 January 2008 the exempt company regime was, for the most part, abolished and the standard rate of income tax in Guernsey moved from 20% to 0%, however, Collective Investment Schemes remain eligible to apply for exemption status. The Directors intend to conduct the Group's affairs such that the Company will remain eligible for exemption.

To the extent that any foreign withholding taxes or any form of profits taxes become payable, these will be accrued on the basis of the event that created the liability to taxation.

*(k) Expenses*

Expenses are accounted for on an accruals basis. Expenses for monitoring claims will generally be paid by the Manager except in extraordinary circumstances approved by the Board of Directors of the Company.

*(l) Dividends*

Dividends paid during the period will be disclosed in equity. A final dividend proposed by the Board and approved by the shareholders prior to the period end will be disclosed as a liability. Dividends proposed and not approved will be disclosed in the notes.

*(m) Other receivables and prepayments*

These are recognised at fair value, less provision for impairments for non-recoverable amounts.

*(n) Other payables*

These are recognised at fair value.

*(o) Share capital*

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares is shown in equity as a deduction from the proceeds.

*(p) Share-based payments transactions*

The Company engages in equity settled share-based payment transactions in respect of the services received from one of its directors and from Cenkos Securities ("Nominated Adviser and Broker") as set out in the Company's Admission Document. The fair value of the services received is measured by reference to the fair value of the shares or share options granted on the date of the grant. The fair value of the share options is recognised in the Consolidated Income Statement over the period that the services are received, which is the vesting period. The fair value of the options granted is determined using the Black-Scholes option pricing model, which takes into account the exercise price of the option,

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# Notes to the Consolidated Financial Statements

continued

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the current share price, the risk free interest rate, the expected volatility of the share price over the life of the option and other relevant factors. Except for those which include terms to market conditions, vesting conditions included in the terms of the grant are not taken into account in estimating the fair value.

Non market vesting conditions are taken into account by adjusting the number of shares or share options included in the measurement of the cost of the services so that ultimately, the amount recognised in the Consolidated Income Statement reflects the number of vested shares or share options. Where vesting conditions are related to market conditions, the charges for the services received are recognised regardless of whether or not the market conditions related vesting condition is met, provided that the non-market vesting conditions are met. The assumptions used to determine the fair values are, a risk free interest rate per annum of 2.993% which has been based on the UK FTSE Gilt Indices as at 31 December 2008 and a volatility rate of 15% per annum which has been determined using a price-weighted index of other companies with some similar characteristics to the Company.

*(q) Impairment of assets*

The carrying amounts of assets are assessed on a quarterly basis to determine whether there is any indication of impairment. If such indication exists, the Company estimates the recoverable amount of the asset, being the higher of the assets net selling price and its value in use. Any impairment loss is recognised for the decline of the assets' recoverable amount below its carrying value and the difference being taken to the Consolidated Income Statement.

### 3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

#### Critical accounting estimates and assumptions

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

#### i. Critical accounting judgements in applying the Company's accounting policies

In the process of applying the Company's accounting policies, which are described in Note 2, the Directors have relied upon the Manager's assessment of claim investments including the probability of success on the merits of each claim, likelihood of settlement and claim duration. This is most evident in the assessment of the effective interest rate applied to contracts entered into by the Company, as disclosed in Note 5 below.

#### ii. Determination of functional currency

The determination of the functional currency of the Company is critical since recording of transactions and exchange differences arising there from are dependent on the functional currency selected. As described in Note 2, the Directors have considered those factors described therein and have determined that the functional currency of the Company is the United States Dollar (US\$).

### 4. INVESTMENT IN SUBSIDIARY

Riverbend Investments Limited

2008  
USD

1

During the period, the Company owned 100% of the ordinary shares of Riverbend Investments Limited, a Company incorporated on 8 October 2008, in Guernsey, Channel Islands.

## Notes to the Consolidated Financial Statements

continued

### 5. AVAILABLE FOR SALE FINANCIAL ASSETS

| Case reference                                    | Opening balance | Additions  | Disposals    | Realised Gain/<br>Fair value<br>movement due<br>to effective<br>interest | 2008<br>USD     |
|---|-----------------|------------|--------------|--|-----------------|
|   |                 |            |              |  | Closing balance |
| Investments in claims                             |                 |            |              |  |                 |
| 0108-S  | –               | 1,054,149  | –            | 17,839   | 1,071,988       |
| 0208-G (settled)                                  | –               | 12,050,211 | (13,750,000) | 1,699,789  | –               |
| 0308-R (settled)                                  | –               | 9,513      | (3,500,000)  | 3,490,487  | –               |
| 0408-W  | –               | 1,085,784  | –            | 70,654   | 1,156,438       |
| 0608-S  | –               | 1,496,091  | –            | 63,124   | 1,559,215       |
| 0708-B  | –               | 678,109    | –            | 29,071   | 707,180         |
| 0808-C  | –               | 3,444,102  | –            | 138,775  | 3,582,877       |
| 0908-U  | –               | 3,119,371  | –            | 1,200,000  | 4,319,371       |
| 1608-T  | –               | 480,513    | –            | 37,966   | 518,479         |
| 6308-F  | –               | 1,189,757  | –            | 13,047   | 1,202,804       |
| Sub total Investments in claims                   |                 | 24,607,600 | (17,250,000) | 6,760,752  | 14,118,352      |
| Investment in Juridica Capital Management Limited | –               | 2,935,950  | –            | (535,945)  | 2,400,005       |
| At 31 December 2008                               |                 | 27,543,550 | (17,250,000) | 6,224,807  | 16,518,357      |

Claim investments have been accounted for using the effective interest method of calculation. Effective interest rates on these investments ranged between 3.62 and 100.14 percent at 31 December 2008. At 31 December 2008 the Company had invested in eleven claims. Two of these claims had been determined at 31 December 2008 resulting in a profit on the investment of \$5,190,276.

The fair value of the Company's investment in Juridica Capital Management Limited was assessed as at 31 December 2008 to be \$2,400,005, a change in value of (\$535,945).

Further details on the sensitivity of the Company's asset value to assumptions in the effective interest rate are detailed in Note 13.

### 6. LOANS AND RECEIVABLES

| Case reference | Opening balance | Drawdown   | Repayment | Movement due<br>to effective<br>interest | 2008<br>USD     |
|----------------|-----------------|------------|-----------|--|-----------------|
|                |                 |            |           |  | Closing balance |
| 3608-A         | –               | 52,564,569 | –         | 868,839                                  | 53,433,408      |

Note 13(f) details arrangements between the Group and FSS. The Loan and the swap have been aggregated on consolidation and treated as a single claim asset. Returns on the loan and the swap are dependant on returns in claims financed by FSS. As detailed in Note 13, there remains risk that there is considerable variability in possible outcomes and the effective interest rate will not be as expected.

### 7. OTHER RECEIVABLES

|                  | 2008<br>USD    |
|------------------|----------------|
| Debtors          | 72,755         |
| Accrued Interest | 201,030        |
|                  | <u>273,785</u> |

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# Notes to the Consolidated Financial Statements

continued

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## 8. CASH & CASH EQUIVALENTS

|                | <i>2008</i><br><i>USD</i> |
|----------------|---------------------------|
| Treasury Bills | 21,608,129                |
| Cash at Bank   | 60,903,808                |
|                | <hr/>                     |
|                | 82,511,937                |
|                | <hr/>                     |

For the purpose of the Cash Flow Statement, the above items represent the period end cash and cash equivalents.

## 9. CURRENT LIABILITIES

|                            | <i>2008</i><br><i>USD</i> |
|----------------------------|---------------------------|
| Sundry Creditors           | 225,363                   |
| Legal and Professional Fee | 43,734                    |
| Audit Fees                 | 114,875                   |
|                            | <hr/>                     |
| Commitments                | 383,972                   |
|                            | <hr/>                     |

Under the terms of some of its investment contracts, JIL provides a line of credit to counterparties. As at 31 December 2008, the maximum commitment under these lines of credit was \$27.5 million.

## 10. RELATED PARTY TRANSACTIONS

The principals of Juridica Capital Management Limited are Richard Fields and Timothy Scrantom. Each of Tim Scrantom and Richard Fields, Directors of JCML, acquired 50,000 Ordinary Shares in the Company (0.0625 per cent. equity interest each) as reimbursement of 100,000 pounds sterling of pre IPO costs.

### (a) *Management fee*

The Company is managed by Juridica Capital Management Limited, an investment management company incorporated in Guernsey in which the Company holds a 15 percent equity interest. Under the terms of the Management Agreement, the Company appointed Juridica Capital Management Limited as an Manager to provide management services to the Company. The Manager receives a fee based on the adjusted net asset value of the Company, payable quarterly in advance using the annual rate of 2.5 percent. The adjusted net asset value is the net asset value of the Company at the relevant time, after accruing for the annual management fee but not taking into account any liability of the Company for accrued performance fees and after;

(i) deducting any unrealised gains on investments, (ii) adding the amount of any write downs with respect to investments which have not been written off and (iii) deducting the value of the Company's investment in JCML. The Investment Management fee for 2008 is based upon the Net Asset Value of the Company immediately after listing which was \$147,234,010. In the period to 31 December, 2008 management fees totalling \$3,685,644 were paid to Juridica Capital Management Limited. As at 31 December the management fee creditor was \$ Nil.

## Notes to the Consolidated Financial Statements

continued

*(b) Investment in Juridica Capital Management Limited*

The Company acquired 15 percent of Juridica Capital Management Limited on Admission. The investment is measured at fair value. An impairment review has been performed as part of the fair value assessment and an impairment review will be carried out on an annual basis.

*(c) Performance fee*

The Manager is entitled to a performance fee based on the adjusted net asset value (being the NAV of the Company before taking into account any performance fee payable less any unrealised gains on investments plus the value of any writedowns in any investments that have been written down but not written off) of the Company. The performance fee will equal 20 percent of the annualised increase in the net asset value between a hurdle rate of 8 percent and 20 per cent, furthermore a fee of 35 percent of the increase between a hurdle of 20 percent and 40 percent and 50 percent of the same increase over a hurdle of below 40 percent. The fees are subject to a high water mark such that no performance fee will be paid if the performance of the Company does not exceed the net asset value at the end of the previous year in which the performance fee was paid. Payment of the performance fee is subject to the condition set out in (d), below. For the purposes of calculating the performance fee at 31 December 2008, the adjusted net asset value was:

|   | <i>As at</i><br><i>31 Dec 2008</i> |
|---|------------------------------------|
| Net asset value   | 152,353,515                        |
| Less fair value movement in Available for sale assets and loan to FSS | (2,439,315)                        |
| Less carrying value of investment in JCML                             | (2,400,005)                        |
| Adjusted net asset value  | <u>147,514,195</u>                 |

As at 31 December 2008, the hurdle rate was not achieved, therefore, no performance fee was paid or payable for the period.

*(d) Trust account*

Of the performance fee, 50 percent of any payment within the first four years from the date of Admission will be retained by the Company in a trust account. During that period if, at any given year end, the annualised increase in net asset value of the Company is less than 8 percent, the Company may claw back 20 percent of the difference between the actual net asset value and the net asset value assuming an 8 percent increase from the net asset value for the previous period. As at 31 December 2008, the balance in the trust account was \$Nil.

*(e)* On 20 November 2008, the Company agreed to provide \$1.475 million to FaceVu LLC, a company not related to the Company. \$525,000 of this will be paid to Turtle Bay Technologies Limited, a company ultimately owned and controlled by Juridica Capital Management Limited, for services to be provided to FaceVu by Turtle Bay Technologies Limited.

*(f) Facility agreement and Collateral Account*

The Company has entered into a facility agreement (the "Facility") with which it agrees to loan to Fields Scrantom Sullivan PLLC ("FSS") money for funding cases in which FSS is to act under a Co-counsel Agreement. The Company expects to enter into loan arrangements with other law firms (which may include other law firms established by the Principals) on terms and conditions similar to those contained in the Facility. The Facility available to FSS will be for up to approximately 50 percent of the net proceeds of the capital raised less any loans made to other law firms. The Facility will remain outstanding and available until the earlier of (i) termination of the Management Agreement, (ii) the date on which Richard Fields and Tim Scrantom cease to own a controlling interest in FSS, (iii) the winding up of the

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# Notes to the Consolidated Financial Statements

continued

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Company, an event of default of the Facility documents, or (v) ten years from Admission. Under the Facility drawdowns may be requested by FSS from time to time up to the maximum principal amount, but subject always to approval by the Company in its sole discretion.

No more than \$10 million may be drawn down in respect of the same case investment (unless the Board agrees).

The Company agreed to loan FSS \$62 million at a compounding annual interest rate of 12 percent pursuant to a loan agreement and promissory note (the "Note"). The Note and the Swap have superseded the Facility, although the principal terms remain. At 31 December 2008, \$52 million had been drawn down. The Loan and Note are repayable over 10 years and are secured by FSS's economic interests in the Partnership and outcomes of the initial portfolio of cases. In light of the fact that the Loan and Note are with recourse to FSS (but not the FSS members) at the end of the term of the Loan, FSS has entered into a swap agreement with Riverbend Investments Limited ("Riverbend"), a wholly-owned subsidiary of JIL (the "Swap").

Under the Swap, Riverbend will pay FSS any amounts payable under the Loan or Note at the end of the term of the Loan, to the extent that FSS does not have sufficient income from the Partnership to allow such payment. As consideration, Riverbend will be entitled to an annual amount equal to the greater of US\$3.5 million or 36 percent of the principal and interest then due under the Note (subject to FSS having sufficient income received from the Partnership to pay the same). Under a standby support arrangement, JIL has agreed to provide Riverbend with funding to enable Riverbend to perform its obligation under the Swap.

All Relevant Revenues (before deduction of any tax) received by and belonging to FSS shall on the date received be paid or placed into a specified account. Save as permitted by the Agreement, FSS may only withdraw amounts from a specified account to pay any tax arising on the Relevant Revenues.

The order of payment under the Note is as follows:

- (i) first, FSS shall pay to JIL all unpaid Interest due under the Note, if any, to the full extent of available revenues received by FSS in connection with a defined source (Relevant Revenues); and then
- (ii) second, of any Relevant Revenues remaining after the payment under subsection (i) above, the FSS shall pay to JIL all unpaid Interest due under the Note to the full extent of available Relevant Revenues; and then
- (iii) third, of any Relevant Revenues remaining after the payments under subsections (i) and (ii) above ("**Remaining Relevant Revenues**"), the Borrower shall pay:
  - 33% (thirty-three per cent) of such Remaining Relevant Revenues to JIL to make a repayment of principal on the Note up to the remaining unpaid principal on the Note at the date of such payment, and
  - up to 67% (sixty-seven per cent) of such Remaining Relevant Revenues to a third party approved in advance by JIL, for the sole purpose of hedging the FSS' risk under the Agreement and the Note, up to the full amount of such payments then due under any such hedging arrangements; and then
- (iv) fourth, any Relevant Revenues remaining after the payments under subsections (i), (ii) and (iii) above shall be paid into and held in a specified account to make payments the Note and any hedging arrangements approved by JIL in future years.

# Notes to the Consolidated Financial Statements

continued

(g) *Directors' Fees*

|                     | 2008<br>USD    |
|---------------------|----------------|
| Lord Daniel Brennan | 203,490        |
| Richard Battey      | 121,953        |
| Kermit Birchfield   | 137,722        |
|                     | <u>463,165</u> |

No pension contributions were paid or were payable on behalf of the Directors.

Lord Daniel Brennan has an interest in 400,000 shares under a Share Option Agreement, details of which were disclosed in the Admission Document. These have been valued at US\$27,828 for which a provision has been made.

The other Directors have no beneficial interest in the share capital of the Company.

(h) *Cenkos Warrant*

Cenkos Securities plc has an interest in 800,000 shares under a Deed of Warrant Grant at a price of 130p exercisable until 21 December 2012. These have been valued at \$246,906 for which a provision has been made.

## 11. FUNCTIONAL AND PRESENTATION CURRENCY / EXCHANGE RATES

The financial statements are presented in United States Dollar ("US\$") which is also the Company's functional currency. The following rate was applicable as at 31 December 2008.

|                            | 2008<br>USD         |
|----------------------------|---------------------|
|                            | <u>Closing rate</u> |
| Great Britain pounds (GBP) | 1.4578              |

## 12. SHARE CAPITAL

### As at 31 December 2008:

Authorised share capital: Unlimited number of ordinary shares of no par value. Issued share capital: 80,000,000 shares were issued at a premium of £1 per share.

The Company's Capital is represented by Ordinary Shares of no par value and share premium. Each share carries one vote and is entitled to dividends when declared. The relevant movements on capital are shown on the Consolidated Statement of Changes in Equity.

The Company has authority to make market purchases of up to 14.99 percent of its own issued Ordinary Shares. This authority will expire on the earlier of 18 months from the date of grant of the authority and the conclusion of the first annual general meeting of the Company. A renewal of the authority to make purchases of Ordinary Shares will be sought from Shareholders at each annual general meeting of the Company. The timing of any purchases will be decided by the Board.

The Share Premium Reserve of the Company was cancelled on 25 January 2008.

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# Notes to the Consolidated Financial Statements

continued

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## 13. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's activities expose it to a variety of financial risks: market risk (including price risk, currency risk, fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk.

The Company's overall risk management programme seeks to maximise the returns derived for the level of risk to which the Company is exposed and seeks to minimise potential adverse effects on the Company's financial performance.

All investments in legal claims and loans to the law firm present a risk of loss of capital, the maximum loss of capital is limited to the fair value.

The management of these risks is carried out by the Manager under policies approved by the Board of Directors. The Board provides written principles for overall risk management, as well as written policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity.

The Company uses different methods to measure Manage the various types of risk to which it is exposed, these methods are explained below.

### Market risk

#### i. Price risk

There is no established market for the Company's assets. The Manager's assessment of the quantum and timing of returns is subjective and based on the Manager's experience and due diligence. The estimates of the outcome and financial effect on the Company of the assets from which respective effective interest rates are derived is determined by the judgement of the Manager. In coming to its best estimate of the effective interest rates on the assets, the Manager has estimated the probability, timing and quantum of particular outcomes. The respective effective interest rates on non-fixed income investments are then derived as the mean internal rate of return from a Monte-Carlo type simulation of expected outcomes. Based on the Manager's valuation models, the table below presents a sensitivity analysis of the Company's overall income as at 31 December 2008 assuming each non fixed-income investment returns respectively the minimum expected return, a return of one standard deviation less than expected, the expected return, one standard deviation in excess of expected and the maximum return.

Due to the anticipated lack of correlation of asset returns, the volatility represented by this analysis would not be expected to be representative of the volatility of the entire portfolio.

|                  | <i>Minimum</i> | <i>-1 Std DEV</i> | <i>Mean</i> | <i>+1 Std Dev</i> | <i>Maximum</i> |
|------------------|----------------|-------------------|-------------|-------------------|----------------|
| Effect on Income | (\$25,325,544) | (\$3,630,337)     | –           | \$2,681,141       | \$5,340,700    |

#### ii. Foreign Currency Risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group's policy is not to manage the Group's exposure to foreign exchange movements (both monetary and non-monetary) by entering into any foreign exchange hedging transactions.

#### Currency exposure

The Company holds assets denominated in currencies other than the US dollar, the functional currency. It is therefore exposed to currency risk, as values of the assets denominated in other currencies will fluctuate due to changes in exchange rates. The Company may hedge future non-US Dollar investments back into the functional currency.

## Notes to the Consolidated Financial Statements

continued

As at 31 December 2008 a proportion of the net financial assets of the Company are denominated in currencies other than USD as follows:

|          | <i>2008<br/>USD</i> |
|----------|---------------------|
| USD      | 148,443,828         |
| Sterling | 4,293,659           |
|          | <u>152,737,487</u>  |

At 31 December 2008, if exchanges rates had moved by 5% with all other variables remaining constant, the change in net assets attributable to holders of ordinary shares for the period would amount to approximately +/- USD 352,880. Management assess the risk of exposure to the general banking system, and specific banks, and invest cash in US government securities when there is perceived risk to principal.

### iii. Cash flow and fair value interest rate risk

Interest rate risk arises from the effects of fluctuations in the prevailing levels of market interest rates on the fair value of financial assets and liabilities and future cash flows. The Company holds fixed and variable rate interest securities that expose the Company to fair value interest rate risk.

The Company is exposed to interest rate risk related to its cash balances as set out below. The Company does not actively manage this risk as it invests only in low risk securities.

| <b>31 December 2008</b>               | <i>Fixed<br/>interest<br/>USD</i> | <i>Variable<br/>Interest<br/>USD</i> | <i>Non interest<br/>bearing<br/>USD</i> | <i>Total<br/>USD</i> |
|---------------------------------------|-----------------------------------|--------------------------------------|---|----------------------|
| <b>Assets</b>                         |                                   |                                      |   |                      |
| Available for sale financial assets   | –                                 | 14,118,352                           | 2,400,005                               | 16,518,357           |
| Loans and receivables                 | –                                 | 53,433,408                           | –                                       | 53,433,408           |
| Other receivables and prepayments     | –                                 | –                                    | 273,785                                 | 273,785              |
| Cash and cash equivalents             | 20,108,175                        | 45,903,808                           | 16,499,954                              | 82,511,937           |
| <b>Total Assets</b>                   | <u>20,108,175</u>                 | <u>113,455,568</u>                   | <u>19,173,744</u>                       | <u>152,737,487</u>   |
| <b>Liabilities</b>                    |                                   |                                      |   |                      |
| Other payables                        | –                                 | –                                    | 383,972                                 | 383,972              |
| <b>Total Liabilities</b>              | <u>–</u>                          | <u>–</u>                             | <u>383,972</u>                          | <u>383,972</u>       |
| <b>Total interest sensitivity gap</b> | <u>20,108,175</u>                 | <u>113,455,568</u>                   | <u>18,789,772</u>                       | <u>152,353,515</u>   |

At 31 December 2008, if interest rates had moved by 75 basis points with all other variables remaining constant, the change in net assets attributable to holders of ordinary shares for the period would amount to approximately +/-USD 345,510 , arising substantially from the cash and cash equivalents.

### Credit risk

The Company is exposed to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when they fall due.

The main concentration to which the Company is exposed arises from the Company's loan to FSS. The Company is also exposed to counterparty credit risk on trading financial assets available for sale, cash and cash equivalents and other receivables.

In accordance with the Company's policy, the Manager monitors the Company's credit position on a daily basis, and the Board of Directors reviews it on a quarterly basis.

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# Notes to the Consolidated Financial Statements

continued

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The Company is also exposed to material credit risk in respect of the investments and cash and cash equivalents. The credit risk of the cash and cash equivalents is mitigated as all cash is placed with reputable banking institutions with a sound credit rating. The maximum credit risk exposure is limited to the carrying amount of financial assets recognised at the Balance Sheet date, which amounted to USD 152,737,487.

## Liquidity Risk

The Company is exposed to liquidity risk. The investments are acquisitions of claims, as well as loans to lawyers to fund participation in claims on a contingency fee basis, and therefore require significant capital contributions with little or no immediate return and no guarantee of return or repayment. The market for such investments is not active and cash realisation of capital is only expected in the long-term. In the opinion of the Directors the current liquidity risk at 31 December 2008 is low as cash and cash equivalents exceed unmatched liabilities or other contractual commitments.

## Maturity Analysis

### 31 December 2008

| <i>Other payable</i>        | <i>&lt; 3 months</i> | <i>&lt; 6 months</i> | <i>&lt; 12 months</i> | <i>Total</i>   |
|-----------------------------|----------------------|----------------------|-----------------------|----------------|
| Sundry creditors            | 46,700               | 178,663              | –                     | 225,363        |
| Legal and Professional fees | –                    | 43,734               | –                     | 43,734         |
| Audit fees                  | –                    | 114,875              | –                     | 114,875        |
| Total                       | <u>46,700</u>        | <u>337,272</u>       | <u>–</u>              | <u>383,972</u> |

## Capital risk management

The capital of the Company is represented by the net assets attributable to holders of ordinary shares. The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Company.

The Company is closed-ended and therefore the capital risk is reduced as shareholder funds are locked in until the closure of the Company.

## Fair value estimation

The fair value of financial assets and liabilities that are not traded in an active market is determined by using valuation techniques.

The carrying value less impairment provision of other receivables and payables is assumed to approximate their fair value. The fair value of financial liabilities for disclosure purpose is not discounted as the Company does not expect material difference.

## 14. POST BALANCE SHEET EVENTS

### Fundraising

At an Extraordinary General Meeting held on 26 March 2009 the Company approved the issue of 30,701,754 new ordinary shares of no par value at £1.14 per share. This issue raised £32.97 million after payment of all issue expenses and funds were received on 6 April 2009. The funds are to be deployed in making further investments in claims. The new shares issued rank "pari passu" with the existing shares in issue except in respect of the dividend to be paid on 24 April 2009 and noted below.

### Dividend

The Directors proposed a dividend of 4.6p per share on 3 March 2009. The ex date was 1 April 2009, the record date was 3 April 2009 and the dividend was paid on 24 April 2009. This dividend was paid on those shares in issue prior to the fund raising mentioned above.

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# Notice of Annual General Meeting

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## **JURIDICA INVESTMENTS LIMITED (“the Company”)**

**NOTICE IS HEREBY GIVEN pursuant to sections 207 and 210 of The Companies (Guernsey) Law, 2008 that the FIRST ANNUAL GENERAL MEETING of the members of JURIDICA INVESTMENTS LIMITED will be held at Bordeaux Court, Les Echelons, St Peter Port, Guernsey on 28 May 2009 at 9.00am for the purpose of transacting the following business.**

### **Ordinary Business**

1. To receive and consider the Directors’ Report, Auditors’ Report and Consolidated Financial Statements for the period from 28 November 2007 to 31 December 2008.
2. To approve the remuneration of the Directors in respect of the period ended 31 December 2008.
3. To re-elect Lord Daniel Brennan QC, John Kermit Birchfield and Richard John Battey as Directors of the Company.
4. To re-appoint PricewaterhouseCoopers CI LLP as auditors.
5. To authorise the Directors to fix the remuneration of the auditors.

### **Special Business**

6. In accordance with Article 4(2) of the Company’s Articles **THAT** the Company generally be and is hereby authorised for the purposes of section 315 of The Companies (Guernsey) Law, 2008 (the “**Law**”) to make one or more market acquisitions (as defined in the Law) of ordinary shares in the capital of the Company (“**Shares**”), provided that:
  - i. The aggregate maximum number of Shares hereby authorised to be purchased shall be 14.99% of the Company’s issued share capital;
  - ii. The minimum price (exclusive of expenses) which may be paid for a Share is £0.01;
  - iii. The maximum price (exclusive of expenses) payable by the Company which may be paid for Shares shall not be higher than 10 per cent. above the average of the mid-market values of the Shares for the 5 business days prior to the date the purchase is made;
  - iv. The authority hereby conferred shall (unless previously renewed or revoked) expire at the earlier of the conclusion of the Company’s next annual general meeting or in eighteen (18) months from the date of this resolution;
  - v. The Company may make a contract to purchase Shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiry of such authority, and may make a purchase of Shares in pursuance of any such contract after such expiry; and
  - vi. The purchase price may be paid by the Company to the fullest extent permitted by the Law.The timing of any purchases in accordance with the above authority will be decided by the board of directors of the Company.

Dated 30 April 2009

By Order of the Board

Registered Office:  
Bordeaux Court  
Les Echelons  
St Peter Port  
Guernsey

Bordeaux Services (Guernsey) Limited  
*Company Secretary*

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## Notice of Annual General Meeting continued

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**Notes:**

1. A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote in his stead. A proxy need not be a member of the Company. The appointment of a proxy will not preclude a member from being present at the meeting and voting in person if he or she should subsequently decide to do so.
2. A proxy form is enclosed and to be valid proxy forms together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power or authority must be lodged not later than 48 hours before the time of the meeting with the Company's Registrars at: Capita Registrars, Proxy Department, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU. A proxy delivered to the Company's registered office in accordance with the Articles of Incorporation of the Company shall also be valid.
3. A shareholder may attend, speak and vote at the meeting. A shareholder's voting entitlement will depend on the number of shares held at that time.
4. Where no instruction is given, either generally or in relation to any resolution, your proxy may vote at his or her discretion or refrain from voting as he or she sees fit. The Chairman of the meeting will decide any unclear voting instructions he receives. His decision will be final.
5. Changes to written proxy voting instructions for the Chairman must be made in writing and signed by the shareholder. The voting instruction received last (but not later than 48 hours before the time of the meeting) will be the one that is followed. The Chairman's decision concerning changes to proxy voting will be final. Alternatively, shareholders wishing to change their proxy voting instructions may do so by attending the meeting and voting in person.
6. Joint shareholders may attend the meeting. Any one shareholder may sign a proxy form or poll card on behalf of all joint shareholders. If more than one joint shareholder fills in a proxy form or poll card, the most recent voting instruction of the shareholder named first in the register of members will be accepted, whenever instructions from another joint holder are received.

**JURIDICA INVESTMENTS LIMITED**  
**FORM OF PROXY FOR USE AT THE ANNUAL GENERAL MEETING**  
**(to be held at 9.00am on 28 May 2009)**

I .....  
of .....  
being a member of Juridica Investments Limited, hereby appoint .....

.....  
or failing him/her the Chairman of the meeting as my proxy to vote in my name and on my behalf at the Annual General Meeting of Juridica Investments Limited to be held on 28 May 2009 and at any adjournment thereof.

I instruct my proxy to vote on the resolutions as follows:

|  | FOR | AGAINST | ABSTAIN |
|--|-----|---------|---------|
| Resolution 1 (adopt Directors' report and consolidated financial statements)                 |     |         |         |
| Resolution 2 (approve Directors' remuneration)   |     |         |         |
| Resolution 3 (re-elect Lord D Brennan, J K Birchfield and R J Battey as Directors)           |     |         |         |
| Resolution 4 (re-appoint PwC CI LLP as auditors)   |     |         |         |
| Resolution 5 (authorise Directors to fix auditors' remuneration)                             |     |         |         |
| Resolution 6 (approve Directors' authority to authorise market purchases of ordinary shares) |     |         |         |

Unless otherwise instructed the proxy may vote as he thinks fit or abstain from voting.

Signed this ..... day of ..... 2009

Signed .....

**Notes:**

1. A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote in his stead. A proxy need not be a member of the Company. The appointment of a proxy will not preclude a member from being present at the meeting and voting in person if he or she should subsequently decide to do so.
2. A proxy form is enclosed and to be valid proxy forms together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power or authority must be lodged not later than 48 hours before the time of the meeting with the Company's Registrars at: Capita Registrars, Proxy Department, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU. A proxy delivered to the Company's registered office in accordance with the Articles of Incorporation of the Company shall also be valid.
3. A shareholder may attend, speak and vote at the meeting. A shareholder's voting entitlement will depend on the number of shares held at that time.
4. Where no instruction is given, either generally or in relation to any resolution, your proxy may vote at his or her discretion or refrain from voting as he or she sees fit. The Chairman of the meeting will decide any unclear voting instructions he receives. His decision will be final.
5. Changes to written proxy voting instructions for the Chairman must be made in writing and signed by the shareholder. The voting instruction received last (but not later than 48 hours before the time of the meeting) will be the one that is followed. The Chairman's decision concerning changes to proxy voting will be final. Alternatively, shareholders wishing to change their proxy voting instructions may do so by attending the meeting and voting in person.
6. Joint shareholders may attend the meeting. Any one shareholder may sign a proxy form or poll card on behalf of all joint shareholders. If more than one joint shareholder fills in a proxy form or poll card, the most recent voting instruction of the shareholder named first in the register of members will be accepted, whenever instructions from another joint holder are received.



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Proxy Dept.  
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Kent  
BR3 4BR**

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