APPENDIX A

AGREEMENT AND PLAN OF MERGER

dated as of

September 11, 2006

among

PEACH HOLDINGS, INC.,

ORCHARD ACQUISITION COMPANY

and

ORCHARD MERGER SUBSIDIARY INC.

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AGREEMENT AND PLAN OF MERGER

AGREEMENT AND PLAN OF MERGER (this "**Agreement**") dated as of September 11, 2006 among Peach Holdings, Inc., a Florida corporation (the "**Company**"), Orchard Acquisition Company, a Delaware corporation ("**Buyer**"), and Orchard Merger Subsidiary Inc., a Florida corporation and a wholly-owned subsidiary of Buyer ("**Merger Subsidiary**").

The parties hereto agree as follows:

ARTICLE 1
DEFINITIONS

Section 1.01. *Definitions.* (a) As used herein, the following terms have the following meanings:

"**Acquisition Proposal**" means, other than the transactions contemplated by this Agreement and transactions constituting securitizations of assets or other sales of receivables or insurance policies (including the sale of a subsidiary used to title such receivables, assets or insurance policies) in financing transactions in the ordinary course of business consistent with past practice, any offer or proposal from any Third Party to the Company or any of its Subsidiaries (or any of their respective Advisors with respect to the Company or any of its Subsidiaries) relating to (A) any acquisition or purchase, direct or indirect, of at least 30% of the consolidated assets of the Company and its Subsidiaries, securities representing over 20% of the voting power of the capital stock of the Company, or any percentage of any class or classes of equity or voting securities of the Company or any of its Subsidiaries, if the same percentage of the assets of the issuer thereof represents, individually or in the aggregate, when combined with such Third Party's ownership of other assets or equity or voting securities of the Company and its Subsidiaries, at least 30% of the consolidated assets of the Company and its Subsidiaries, (B) any tender offer (including a self-tender offer) or exchange offer that, if consummated, would result in such Third Party beneficially owning securities representing over 20% of the voting power of the capital stock of the Company, or any percentage of any class or classes of equity or voting securities of the Company or any of its Subsidiaries, if the same percentage of the assets of the issuer thereof represents, individually or in the aggregate, when combined with such Third Party's ownership of other assets or equity or voting securities of the Company and its Subsidiaries, individually or in the aggregate, at least 30% of the consolidated assets of the Company and its Subsidiaries, (C) a merger, consolidation, share exchange, business combination, sale of substantially all the assets, reorganization, recapitalization, liquidation, dissolution or other similar transaction involving the Company or any of its Subsidiaries whose assets, individually or in the aggregate, constitute at least 30% of the consolidated assets of the Company or (D) any other transaction the consummation of which would reasonably be expected to impede, interfere with, prevent or materially delay the Merger or would reasonably be expected to dilute materially the benefits to Buyer of the transactions contemplated hereby.

"**Affiliate**" means, with respect to any Person, any other Person directly or indirectly controlling, controlled by, or under common control with such Person.

"**AIM**" means AIM, a market operated by London Stock Exchange plc.

"**AIM Rules**" means the AIM Rules for Companies dated August 2006, or any subsequent revision thereof.

"**Applicable Law**" means, with respect to any Person, any federal, state or local law (statutory, common or otherwise), constitution, treaty, convention, ordinance, code, rule, regulation, order, injunction, judgment, decree, ruling or other similar requirement enacted, adopted, promulgated or applied by a Governmental Authority that is binding upon or applicable to such Person, as amended unless expressly specified otherwise.

"**Board of Directors**" means the Board of Directors of the Company.

"**Business Day**" means a day, other than Saturday, Sunday or other day on which commercial banks in New York, New York or London, England are authorized or required by Applicable Law to close.

"**Buyer Disclosure Schedule**" means the disclosure schedule dated the date hereof regarding this Agreement that has been provided by Buyer and Merger Subsidiary to the Company.

"**Code**" means the Internal Revenue Code of 1986, as amended.

"**Company Admission Document**" means the Admission Document dated 24 March 2006 of the Company relating to the admission of the Company Stock to trading on the AIM, a copy of which is attached hereto as Exhibit A.

"**Company Balance Sheet**" means the combined balance sheet of the Peach Holdings, LLC (currently the sole direct wholly-owned subsidiary of the Company) and its combined affiliate as of December 31, 2005 and the footnotes thereto set forth in the audited combined financial statements of Peach Holdings, LLC and its combined affiliate as of December 31, 2005, a copy of which is attached hereto as Exhibit B.

"**Company Balance Sheet Date**" means December 31, 2005.

"**Company Disclosure Schedule**" means the disclosure schedule dated the date hereof regarding this Agreement that has been provided by the Company to Buyer and Merger Subsidiary.

"**Company Material Contract**" means each agreement, contract or commitment to which the Company or any of its Subsidiaries is a party that is of a type described in any of clauses (i) through (viii) of Section 4.13(a).

"**Company Stock**" means the common stock, $0.001 par value, of the Company.

"**Contribution and Voting Agreement**" means the Contribution and Voting Agreement dated as of the date hereof among the Participating Shareholders, DLJ Merchant Banking Partners IV, L.P., DLJ Offshore Partners IV, L.P., DLJ Merchant Banking Partners IV (Pacific), L.P., MBP IV Investors, L.P., CSFB LP Holding, Guernsey Branch and Buyer, a copy of which is attached hereto as Exhibit C.

"**Delaware Law**" means the General Corporation Law of the State of Delaware, as amended.

"**Employee Plan**" means any "employee benefit plan," as defined in Section 3(3) of ERISA, each employment, severance or similar contract or arrangement and each other or any plan, policy, fund, program or arrangement (written or oral) providing for compensation, insurance coverage (including any self-insured arrangements), workers' compensation, disability benefits, pension or other retirement benefits, deferred compensation, profit-sharing, bonuses, equity or equity-based compensation or other form of incentive compensation, vacation or post-retirement insurance, compensation or benefits which is maintained, administered or contributed to by the Company or any ERISA Affiliate and covers any current or former employee, independent contractor or director of the Company or any of its Subsidiaries, or with respect to which the Company or any of its Subsidiaries has any liability; *provided* that such term shall not include base salary and mandatory overtime, mandatory unemployment compensation, Social Security contributions or any other state or federal mandated programs.

"**Environmental Laws**" means any Applicable Laws or any agreement with any Governmental Authority or other third party relating to the effect of the environment on human health and safety, the environment or the use, manufacture, storage, presence, release, discharge, generation, transportation, treatment, disposal, handling, remediation, removal of, or exposure to, any contaminants, pollutants, waste or hazardous substances or materials.

"**Environmental Permits**" means all permits, licenses, franchises, certificates, approvals and other similar authorizations of Governmental Authorities relating to or required by Environmental Laws and affecting, or relating to, the business of the Company or any Subsidiary as currently conducted.

“**ERISA**” means the Employee Retirement Income Security Act of 1974, as amended.

“**ERISA Affiliate**” of any entity means any other entity that, together with such entity, would be treated as a single employer under Section 414 of the Code.

“**FBCA**” means the Florida Business Corporation Act, as amended.

“**GAAP**” means generally accepted accounting principles in the United States.

“**Governmental Authority**” means any transnational, domestic or foreign federal, state or local, governmental authority, department, court, agency or official, including any political subdivision thereof.

“**Hazardous Substance**” means any pollutant, contaminant, waste or chemical or any toxic, radioactive, ignitable, corrosive, reactive or otherwise hazardous substance, waste or material, or any substance, waste or material having any constituent elements displaying any of the foregoing characteristics, which is regulated under any Environmental Law, including asbestos in any form that is or could become friable, polychlorinated biphenyls and petroleum products or byproducts.

“**HSR Act**” means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended.

“**Knowledge**” means (i) with respect to the Company, the actual knowledge of any individual named in Section 1.01 of the Company Disclosure Schedule, after reasonable inquiry, and (ii) with respect to Buyer or Merger Subsidiary, the actual knowledge of the officers of the Buyer or Merger Subsidiary, as applicable, after reasonable inquiry.

“**Lien**” means, with respect to any property or asset, any mortgage, lien, pledge, charge, security interest, encumbrance or other adverse claim of any kind in respect of such property or asset. For purposes of this Agreement, a Person shall be deemed to own subject to a Lien any property or asset that it has acquired or holds subject to the interest of a vendor or lessor under any conditional sale agreement, capital lease or other title retention agreement relating to such property or asset.

“**Life Settlement Corporation**” means Life Settlement Corporation, a Georgia Corporation.

“**Material Adverse Effect**” means, with respect to any Person, a material adverse effect on the financial condition, business, assets or results of operations of, such Person and its Subsidiaries, taken as a whole; *provided*, *however*, that any effect resulting from (i) any change(s) in the economy or securities markets of the United States or the United Kingdom (or any region thereof) in general not having a disproportionate effect on such Person relative to other Persons in the same or similar lines of business, or (ii) any change(s) in the regulatory or legislative environment affecting any of the industries in which such Person conducts its business, (iii) any change(s) resulting from the impact of changes in the application of FTB-85-4-1 to the extent that such changes do not result in any default or event of default under any debt or other financing arrangements of the Company or any of its Subsidiaries or (iv) the execution and delivery of this Agreement, the transactions contemplated hereby or the announcement thereof shall not be considered when determining if a Material Adverse Effect has occurred or would be reasonably expected to occur, except that the enactment or adoption of any federal or state statute(s) or regulation(s), or any change to the Viatical Settlements Model Act of the National Association of Insurance Commissioners, that (a) would impose an excise tax on life settlements or structured settlements, (b) would extend the contestability period of life insurance policies to over five years or prohibit the transfer of life insurance policies until more than five years after the date of issuance or (c) has a significant material adverse effect on the transferability of life insurance policies or structured legal settlements generally, may be considered in determining whether a Material Adverse Effect on the Company or Life Settlement Corporation exists; *provided further* that any Material Adverse Effect on Life Settlement Corporation shall be considered a Material Adverse Effect on the Company; and *provided further* that any actions, suits, investigations or proceedings brought against the Company or any of its Subsidiaries before any court, arbitrator or other Governmental Authority that would reasonably be expected to result in damages, losses, penalties,

liabilities or expenses (net of insurance, indemnity or other recoveries from third parties, and assets held as collateral for such obligations that are available for payment thereof) to the Company and its Subsidiaries of more than $20 million in the aggregate to the extent attributable directly or indirectly to the incorrectness in any respect of the intended tax consequences of the Compbuilder®, Asset Advantage® or WealthBuilder™ transactions shall be considered a Material Adverse Effect on the Company.

"**1933 Act**" means the Securities Exchange Act of 1933, as amended.

"**1934 Act**" means the Securities Exchange Act of 1934, as amended.

"**Participating Shareholders**" means James Terlizzi, Timothy Trankina, Craig Lessner, Sergio Salani, Michael Popper, Paul Benk, Stephen Berenzweig, LLR Equity Partners, L.P., LLR Equity Partners Parallel, L.P., LLR Equity Partners II, L.P., LLR Equity Partners Parallel II, L.P., Greenhill Capital Partners, L.P., Greenhill Capital Partners (Cayman), L.P., Greenhill Capital Partners (Executives), L.P. and Greenhill Capital, L.P.

"**Permitted Exceptions**" means (i) Liens disclosed on the Company Balance Sheet, (ii) Liens for Taxes not yet due or being contested in good faith (and for which adequate accruals or reserves have been established on the Company Balance Sheet), (iii) zoning, entitlement, building and other land use regulations, (iv) covenants, conditions, restrictions, easements and other similar matters of record relating to real property, (v) Liens for workers' compensation, unemployment insurance and other benefits incurred in the ordinary course of business, and (vi) any Liens which do not materially detract from the value or materially interfere with any present use of such property or assets.

"**Person**" means an individual, corporation, partnership, limited liability company, association, trust or other entity or organization, including a government or political subdivision or an agency or instrumentality thereof.

"**Post-Closing Tax Period**" means any Tax period beginning after the day on which the Effective Time occurs; and, with respect to a Tax period that begins on or before the day on which the Effective Time occurs and ends thereafter, the portion of such Tax period beginning after the day on which the Effective Time occurs.

"**Pre-Closing Tax Period**" means any Tax period ending on or before the day on which the Effective Time occurs; and, with respect to a Tax period that begins on or before the day on which the Effective Time occurs and ends thereafter, the portion of such Tax period ending on the day on which the Effective Time occurs.

"**Representative**" means, with respect to any Person, such Person's officers, directors, employees, counsel, financial advisors, auditors and other authorized representatives.

"**SEC**" means the United States Securities and Exchange Commission.

"**Special Committee**" means a special committee of the Board of Directors presently composed of Messrs. Dermot Smurfit and Bruce Crockett.

"**Subsidiary**" means, with respect to any Person, any entity of which securities or other ownership interests having ordinary voting power to elect a majority of the board of directors or other persons performing similar functions are at any time directly or indirectly owned by such Person. Without limiting the effect of the foregoing, Life Settlement Corporation shall be deemed to be a Subsidiary of the Company for all purposes hereunder, other than Section 4.08(a).

"**Supplemental Agreement**" means the Supplemental Agreement to be entered into among Buyer, Peach Settlement Funding Corporation and Funding Investors, LLC, containing the terms and conditions described in Exhibit E.

"**Tax**" means (i) any tax, governmental fee or other like assessment or charge of any kind whatsoever (including, but not limited to, withholding on amounts paid to or by any Person), together with any interest, penalty, addition to tax or additional amount imposed by any governmental authority (a "**Taxing Authority**") responsible for the imposition of any such tax (domestic or foreign), and any liability for any of the foregoing as transferee, (ii) in the case of the Company or any of its Subsidiaries, liability for the payment of any amount of the type described in clause (i) as a result of being or having been before the Effective Date a member of an affiliated, consolidated, combined or unitary group, or a party to any agreement or arrangement, as a result of which liability of the Company or any of its Subsidiaries to a taxing authority is determined or taken into account with reference to the activities of any other Person and (iii) liability of the Company or any of its Subsidiaries for the payment of any amount as a result of being party to any Tax Sharing Agreement or with respect to the payment of any amount imposed on any person of the type described in (i) or (ii) as a result of any existing express or implied agreement or arrangement (including, but not limited to, an indemnification agreement or arrangement).

"**Tax Asset**" means any net operating loss, net capital loss, investment tax credit, foreign tax credit, charitable deduction or any other credit or tax attribute that could be carried forward or back to reduce Taxes (including without limitation deductions and credits related to alternative minimum Taxes).

"**Tax Sharing Agreements**" means all existing agreements or arrangements (whether or not written) binding the Company or any of its Subsidiaries that provide for the allocation, apportionment, sharing or assignment of any Tax liability or benefit, or the transfer or assignment of income, revenues, receipts, or gains for the purpose of determining any person's Tax liability.

"**Third Party**" means any Person, including as defined in Section 13(d) of the 1934 Act, other than Buyer or any of its Affiliates (including the parties to the Contribution and Voting Agreement and their respective Affiliates).

(b) Each of the following terms is defined in the Section set forth opposite such term:

Term	Section
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Buyer	Preamble
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Section 1.02. *Other Definitional and Interpretative Provisions.* The words "hereof", "herein" and "hereunder" and words of like import used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement. The captions herein are included for convenience of reference only and shall be ignored in the construction or interpretation hereof. References to Articles, Sections, Exhibits and Schedules are to Articles, Sections, Exhibits and Schedules of this Agreement unless otherwise specified. All Exhibits and Schedules annexed hereto or referred to herein are hereby incorporated in and made a part of this Agreement as if set forth in full herein. Any capitalized terms used in any Exhibit or Schedule but not otherwise defined therein, shall have the meaning as defined in this Agreement. Any singular term in this Agreement shall be deemed to include the plural, and any plural term the singular. Whenever the words "include", "includes" or "including" are used in this Agreement, they shall be deemed to be followed by the words "without limitation", whether or not they are in fact followed by those words or words of like import. "Writing", "written" and comparable terms refer to printing, typing and other means of reproducing words (including electronic media) in a visible form. References to any agreement or contract are to that agreement or contract as amended, modified or supplemented from time to time in accordance with the terms hereof and thereof; *provided* that with respect to any agreement or contract listed on any schedules hereto, all such amendments, modifications or supplements must also be listed in the appropriate schedule. References to any Person include the successors and permitted assigns of that Person. References from or through any date mean, unless otherwise specified, from and including or through and including, respectively. References to "law", "laws" or to a particular statute or law shall be deemed also to include any Applicable Law.

ARTICLE 2
THE MERGER

Section 2.01. *The Merger.* (a) At the Effective Time, Merger Subsidiary shall be merged (the "**Merger**") with and into the Company in accordance with, and subject to, the FBCA, whereupon the separate existence of Merger Subsidiary shall cease, and the Company shall be the surviving corporation (the "**Surviving Corporation**").

(b) As soon as practicable after satisfaction or, to the extent permitted hereunder, waiver of all conditions to the Merger, the Company and Merger Subsidiary shall file the articles of merger (the

"**Articles of Merger**") with the Secretary of State of the State of Florida and make all other filings or recordings required by the FBCA in connection with the Merger. The Merger shall become effective at such time (the "**Effective Time**") as the Articles of Merger are duly filed with the Secretary of State of the State of Florida (or at such later time as may be agreed by the parties hereto and specified in the Articles of Merger).

(c) From and after the Effective Time, the Surviving Corporation shall possess all the rights, powers, privileges and franchises and be subject to all of the obligations, liabilities, restrictions and disabilities of the Company and Merger Subsidiary, all as provided under the FBCA.

Section 2.02. *Effect on Capital Stock.* At the Effective Time, by virtue of the Merger and without any action on the part of Merger Subsidiary, the Company or the holders of any shares of Company Stock or any shares of capital stock of the Merger Subsidiary:

(a) Each share of capital stock of Merger Subsidiary issued and outstanding immediately prior to the Effective Time shall be converted into and become one validly issued, fully paid and nonassessable share of common stock of the Surviving Corporation.

(b) Any shares of Company Stock that are owned by the Company immediately prior to the Effective Time as treasury stock, and any shares of Company Stock owned by Buyer or the Merger Subsidiary immediately prior to the Effective Time (after giving effect to the contribution of Company Stock to Buyer pursuant to the Contribution and Voting Agreement), shall be automatically cancelled and shall cease to exist and no consideration shall be delivered in exchange therefor (the "**Cancelled Shares**"). Each share of Company Stock held by any Subsidiary of the Company prior to the Effective Time shall be converted into such number of validly issued, fully paid and nonassessable shares of stock of the Surviving Corporation such that each such Subsidiary owns the same percentage of Surviving Corporation immediately following the Effective Time as such Subsidiary owned in the Company immediately prior to the Effective Time (the "**Subsidiary Shares**").

(c) Except as provided in Section 2.04, each share of Company Stock issued and outstanding immediately prior to the Effective Time (other than the Cancelled Shares and Subsidiary Shares), shall be converted into the right to receive an amount in cash equal to £3.85, without interest (the "**Merger Consideration**"), subject to adjustment in accordance with Section 2.06. As of the Effective Time, all such shares of Company Stock shall no longer be outstanding and shall automatically be cancelled and shall cease to exist, and each holder of a certificate (or evidence of shares in book-entry form) which immediately prior to the Effective Time represented any such shares of Company Stock shall cease to have any rights with respect thereto, except the right to receive the Merger Consideration to be paid in consideration therefor upon surrender of such certificated or uncertificated shares in accordance with Section 2.03, without interest.

Section 2.03. *Surrender and Payment.* (a) Prior to the Effective Time, Buyer shall appoint a bank or trust company reasonably acceptable to the Company (the "**Exchange Agent**") for the purpose of exchanging for the Merger Consideration (i) certificates representing shares of Company Stock (the "**Certificates**") or (ii) uncertificated shares of Company Stock (the "**Uncertificated Shares**"). Buyer shall make available to the Exchange Agent, at or prior to the Effective Time, (x) the aggregate Merger Consideration to be paid in respect of the Certificates and the Uncertificated Shares (other than the Cancelled Shares and the Subsidiary Shares) and (y) the aggregate Option Consideration to be paid in respect of the Option. Such funds shall be invested by the Exchange Agent as directed by Buyer pending payment thereof by the Exchange Agent to the holders of Company Stock, *provided* that no such investment or losses resulting therefrom will affect the cash amounts payable to the holders of Company Stock. Earnings from such investments shall be the sole and exclusive property of Buyer and the Surviving Corporation, and no part of such earnings shall accrue to the benefit of holders of Company Stock. Promptly after the Effective Time, Buyer shall send, or shall cause the Exchange Agent to send, to each holder of Company Stock at the Effective Time a letter of transmittal and instructions in form and substance reasonably acceptable to the Company (which shall specify that the delivery shall be effected, and risk of loss and title shall pass, only upon proper delivery of the Certificates or transfer of the Uncertificated Shares to the Exchange Agent) for use in such exchange.

(b) Each holder of shares of Company Stock that have been converted into the right to receive the Merger Consideration shall be entitled to receive, upon (i) surrender to the Exchange Agent of a Certificate, together with a properly completed letter of transmittal, or (ii) receipt of an "agent's message" by the Exchange Agent (or such other evidence, if any, of transfer as the Exchange Agent may reasonably request) in the case of a book-entry transfer of Uncertificated Shares, the Merger Consideration payable for each share represented by a Certificate or for each Uncertificated Share, determined in accordance with Section 2.02(c). Until so surrendered or transferred, as the case may be, each such Certificate or Uncertificated Share shall represent after the Effective Time for all purposes only the right to receive such Merger Consideration.

(c) If any portion of the Merger Consideration is to be paid to a Person other than the Person in whose name the surrendered Certificate or the transferred Uncertificated Share is registered, it shall be a condition to such payment that (i) either such Certificate shall be properly endorsed or shall otherwise be in proper form for transfer or such Uncertificated Share shall be properly transferred and (ii) the Person requesting such payment shall pay to the Exchange Agent any transfer or other taxes required as a result of such payment to a Person other than the registered holder of such Certificate or Uncertificated Share or establish to the reasonable satisfaction of the Exchange Agent that such tax has been paid or is not payable.

(d) After the Effective Time, there shall be no further registration of transfers of shares of Company Stock. If, after the Effective Time, Certificates or Uncertificated Shares are presented to the Surviving Corporation, they shall be cancelled and exchanged for the Merger Consideration provided for, and in accordance with the procedures set forth, in this Article 2.

(e) Any portion of the Merger Consideration made available to the Exchange Agent pursuant to Section 2.03 (and any interest or other income earned thereon) that remains unclaimed by the holders of shares of Company Stock one year after the Effective Time shall be returned to Buyer, upon demand, and any such holder who has not exchanged such shares of Company Stock for the Merger Consideration in accordance with this Section 2.03 prior to that time shall thereafter look only to Buyer for payment of the Merger Consideration in respect of such shares of Company Stock, without any interest thereon. Notwithstanding the foregoing, Buyer shall not be liable to any holder of shares of Company Stock for any amount paid to a public official pursuant to applicable abandoned property, escheat or similar laws.

(f) Any portion of the Merger Consideration made available to the Exchange Agent pursuant to Section 2.03 to pay for shares of Company Stock for which appraisal rights have been perfected under the FBCA shall be returned to Buyer, upon demand.

Section 2.04. *Dissenting Shares of Company Stock.* Notwithstanding Section 2.02, shares of Company Stock outstanding immediately prior to the Effective Time and held by a holder who has not voted in favor of the Merger or consented thereto in writing and who has demanded appraisal for such shares of Company Stock in accordance with the FBCA shall not be converted into a right to receive the Merger Consideration, unless such holder fails to perfect, withdraws or otherwise loses the right to appraisal. If, after the Effective Time, such holder fails to perfect, withdraws or loses the right to appraisal, such shares of Company Stock shall be treated as if they had been converted as of the Effective Time into a right to receive the Merger Consideration (determined in accordance with Section 2.02(c)) in cash, without interest to the extent permitted by Applicable Law. The Company shall give Buyer prompt notice of any demands received by the Company for appraisal of shares of Company Stock, and Buyer shall have the right to participate in all negotiations and proceedings with respect to such demands. Except with the prior written consent of Buyer, the Company shall not make any payment with respect to, or offer to settle or settle, any such demands.

Section 2.05. *Stock Option.* At the Effective Time, the Option shall be cancelled in consideration for which the holder thereof shall thereupon be entitled to receive, promptly after the Effective Time, a

cash payment from the Surviving Corporation (subject to any tax withholding required by Applicable Law) in respect of such cancellation in an amount equal to the product of (x) the number of shares of Company Stock subject to such Option and (y) (i) £3.85 minus (ii) the exercise price per share of such Option (the "**Option Consideration**").

Section 2.06. *Adjustments.* If, during the period between the date of this Agreement and the Effective Time, any change in the outstanding shares of Company Stock shall occur, including by reason of any reclassification, recapitalization, stock split or combination, exchange or readjustment of shares of Company Stock, or stock dividend thereon with a record date during such period, the Merger Consideration and any other amounts payable pursuant to this Agreement shall be appropriately adjusted.

Section 2.07. *Withholding Rights.* Each of the Surviving Corporation and Buyer shall be entitled to deduct and withhold from the consideration otherwise payable to any Person pursuant to this Article 2 such amounts as it is required to deduct and withhold with respect to the making of such payment under any provision of federal, state, local or foreign tax law. If the Surviving Corporation or Buyer, as the case may be, so withholds amounts, such amounts shall be treated for all purposes of this Agreement as having been paid to the holder of the shares of Company Stock in respect of which the Surviving Corporation or Buyer, as the case may be, made such deduction and withholding.

Section 2.08. *Lost Certificates.* If any Certificate shall have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the Person claiming such Certificate to be lost, stolen or destroyed and, if required by the Surviving Corporation, the posting by such Person of a bond, in such reasonable amount as the Surviving Corporation may direct, as indemnity against any claim that may be made against it with respect to such Certificate, the Exchange Agent will issue, in exchange for such lost, stolen or destroyed Certificate, the Merger Consideration to be paid in respect of the shares of Company Stock represented by such Certificate, as contemplated by this Article 2.

ARTICLE 3
THE SURVIVING CORPORATION

Section 3.01. *Articles of Incorporation.* The articles of incorporation of Merger Subsidiary as in effect at the Effective Time shall be the articles of incorporation of the Surviving Corporation until amended in accordance with Applicable Law.

Section 3.02. *Bylaws.* The bylaws of Merger Subsidiary as in effect at the Effective Time shall be the bylaws of the Surviving Corporation until amended in accordance with Applicable Law.

Section 3.03. *Directors and Officers.* From and after the Effective Time, until successors are duly elected or appointed and qualified in accordance with Applicable Law, (i) the directors of Merger Subsidiary at the Effective Time shall be the directors of the Surviving Corporation and (ii) the officers of the Company at the Effective Time shall be the officers of the Surviving Corporation.

ARTICLE 4
REPRESENTATIONS AND WARRANTIES OF THE COMPANY

Except as set forth in the Company Disclosure Schedule or the Company Admission Document (other than Part III thereof), the Company hereby represents and warrants to Buyer and Merger Subsidiary as set forth in this Article 4. Each item disclosed in the Company Disclosure Schedule shall constitute an exception to the representations and warranties to which it makes reference and shall be deemed to be disclosed with respect to the representation and warranty to which it relates and to any other representation and warranty herein given, without the necessity of repetitive disclosure, so long as such item is fairly described with reasonable particularity and detail and such description provides a

cross-reference or other reasonable indication that the item applies to such other representation and warranty.

Section 4.01. *Corporate Existence and Power.* The Company is a corporation duly incorporated, validly existing and of active status under the laws of the State of Florida and has all corporate powers and all governmental licenses, authorizations, permits, consents and approvals required to carry on its business as now conducted, except for those licenses, authorizations, permits, consents and approvals the absence of which would not have, individually or in the aggregate, a Material Adverse Effect on the Company. The Company is duly qualified to do business as a foreign corporation and is in good standing as a foreign corporation in each jurisdiction where such qualification is necessary, except for those jurisdictions where failure to be so qualified would not have, individually or in the aggregate, a Material Adverse Effect on the Company. The Company has heretofore delivered to Buyer true and complete copies of the articles of incorporation and bylaws of the Company as currently in effect.

Section 4.02. *Corporate Authorization.* (a) The execution, delivery and performance by the Company of this Agreement and the consummation by the Company of the transactions contemplated hereby are within the Company's corporate powers and, except for the required approval of the Company's shareholders in accordance with the FBCA and the AIM Rules, have been duly authorized by all necessary corporate action on the part of the Company. The affirmative vote of the holders of a majority of the outstanding shares of Company Stock is the only vote of the holders of any of the Company's capital stock necessary in connection with the consummation of the Merger (the "**Company Shareholder Approval**"). This Agreement has been duly executed and delivered by the Company and, assuming the due authorization, execution and delivery of this Agreement by the other parties hereto, is a valid and binding agreement of the Company, enforceable against the Company in accordance with its terms, except as such enforceability is subject to the effect of (i) any applicable bankruptcy, insolvency, reorganization or similar laws relating to or affecting creditors' rights generally and (ii) general principles of equity, including concepts of materiality, reasonableness, good faith and fair dealing and other similar doctrines affecting the enforceability of agreements generally (regardless of whether considered in a proceeding in equity or at law).

(b) At a meeting held on September 11, 2006, the Special Committee unanimously determined that this Agreement and the transactions contemplated hereby are advisable and fair to and in the best interests of the Company's shareholders (other than the Participating Shareholders), and the Board of Directors has (i) unanimously determined that this Agreement and the transactions contemplated hereby are advisable and fair to and in the best interests of the Company's shareholders (other than the Participating Shareholders), (ii) unanimously approved and adopted this Agreement and the transactions contemplated hereby and (iii) unanimously resolved (subject to Section 6.03) to recommend approval and adoption of this Agreement by the Company's shareholders (such recommendation, the "**Company Board Recommendation**").

Section 4.03. *Governmental Authorization.* The execution, delivery and performance by the Company of this Agreement and the consummation by the Company of the transactions contemplated hereby require no action by or in respect of, or filing with, any Governmental Authority other than (i) the filing of the Articles of Merger with the Secretary of State of the State of Florida and appropriate documents with the relevant authorities of other states in which the Company is qualified to do business, (ii) compliance with any applicable requirements of the HSR Act, (iii) compliance with any applicable requirements of the 1934 Act and the AIM Rules and requirements to delist the Company from AIM, (iv) receipt of approval from the Florida Office of Insurance Regulation (and subsequent notice or similar filings with other state insurance regulatory authorities in states in which Life Settlement Corporation is licensed), and (v) any actions or filings the absence of which would not be reasonably expected to have, individually or in the aggregate, a Material Adverse Effect on the Company or materially to impair the ability of the Company to consummate the transactions contemplated by this Agreement.

Section 4.04. *Non-contravention.* The execution, delivery and performance by the Company of this Agreement and the consummation by the Company of the transactions contemplated hereby do not and will not (i) contravene, conflict with, or result in any violation or breach of any provision of the articles of incorporation or bylaws of the Company, (ii) assuming compliance with the matters referred to in Section 4.03, contravene, conflict with or result in a violation or breach of any provision of any Applicable Law, (iii) assuming compliance with the matters referred to in Section 4.03, require any consent or other action by any Person under, constitute a default, or an event that, with or without notice or lapse of time or both, would constitute a default, under, or cause or permit the termination, cancellation, acceleration or other change of any right or obligation or the loss of any benefit to which the Company or any of its Subsidiaries is entitled under any provision of any agreement or other instrument binding upon the Company or any of its Subsidiaries or any license, franchise, permit, certificate, approval or other similar authorization affecting, or relating in any way to, the assets or business of the Company and its Subsidiaries or (iv) result in the creation or imposition of any Lien on any asset of the Company or any of its Subsidiaries, with such exceptions, in the case of each of clauses (ii) through (iv), as would not be reasonably expected to have, individually or in the aggregate, a Material Adverse Effect on the Company.

Section 4.05. *Capitalization.* (a) The authorized capital stock of the Company consists of 150,000,000 shares of Company Stock. As of August 29, 2006, there were outstanding 104,277,832 shares of Company Stock and an option (the "**Option**") granted to Dermot Smurfit to purchase 1,038,900 shares of Company Stock at an exercise price of 309 pence per share pursuant to a Nonqualified Stock Option Agreement dated as of March 24, 2006 and amended as of the date hereof (subject to adjustment as provided in Section 9 thereof). All outstanding shares of Company Stock have been, and all shares that may be issued pursuant to the Option will be, when issued in accordance with the terms thereof, duly authorized and validly issued and are fully paid and nonassessable. Except as set forth in Section 4.05 of the Company Disclosure Schedule, no Subsidiary or Affiliate of the Company owns any shares of Company Stock or any Company Securities.

(b) Except as described in Section 4.05(a) and for changes since August 29, 2006 resulting from the exercise of the Option, there are no outstanding (i) shares of capital stock or voting securities of the Company, (ii) securities of the Company convertible into or exchangeable for shares of capital stock or voting securities of the Company or (iii) options (other than the Option) or other rights to acquire from the Company, or other obligations of the Company to issue, any capital stock, voting securities or securities convertible into or exchangeable for capital stock or voting securities of the Company (the items in clauses (i), (ii) and (iii) being referred to collectively as the "**Company Securities**"). There are no outstanding obligations of the Company or any of its Subsidiaries to repurchase, redeem or otherwise acquire any of the Company Securities.

Section 4.06. *Subsidiaries.* (a) Each Subsidiary of the Company is duly organized, validly existing and in good corporate (or similar) standing (or of active status) under the laws of its jurisdiction of organization, has all powers and all governmental licenses, authorizations, permits, consents and approvals required to carry on its business as now conducted, except for those licenses, authorizations, permits, consents and approvals the absence of which would not have, individually and in the aggregate, a Material Adverse Effect on the Company. Each such Subsidiary is duly qualified to do business as a foreign corporation (or other business entity) and is in good standing as a foreign corporation (or other business entity) in each jurisdiction where such qualification is necessary, except for those jurisdictions where failure to be so qualified would not have, individually or in the aggregate, a Material Adverse Effect on the Company. All Subsidiaries of the Company and their respective jurisdictions of organization are identified in Section 4.06 of the Company Disclosure Schedule.

(b) All of the outstanding capital stock of, and other voting securities and ownership interests in, each Subsidiary of the Company, are owned by the Company, directly or indirectly, free and clear of any Lien and any restriction on the right to vote, sell or otherwise dispose of such capital stock or

other voting securities or ownership interests (other than Permitted Exceptions and restrictions imposed under applicable securities laws). There are no outstanding (i) securities of the Company or any of its Subsidiaries convertible into or exchangeable for shares of capital stock or other voting securities or ownership interests in any Subsidiary of the Company or (ii) options or other rights to acquire from the Company or any of its Subsidiaries, or other obligation of the Company or any of its Subsidiaries to issue, any capital stock or other voting securities or ownership interests in, or any securities convertible into or exchangeable for any capital stock or other voting securities or ownership interests in, any Subsidiary of the Company (the items in clauses (i) and (ii) being referred to collectively as the "**Company Subsidiary Securities**"). There are no outstanding obligations of the Company or any of its Subsidiaries to repurchase, redeem or otherwise acquire any of the Company Subsidiary Securities.

Section 4.07. *AIM Filings; SEC Matters.* (a) The Company Admission Document and all other reports, announcements, circulars and other documents required to be published by the Company in accordance with the AIM Rules since March 27, 2006 (the documents referred to in this Section 4.07(a), collectively, the "**Company AIM Documents**") have been so published in accordance with the AIM Rules.

(b) As of its publication date, each Company AIM Document complied as to form in all material respects with the applicable requirements of the AIM Rules.

(c) As of its publication date, each Company AIM Document published in accordance with the AIM Rules complied in all material respects with Applicable Law and did not contain any untrue statement of a material fact or (in the case of the AIM Admission Document and the half-yearly report for the six months ended on June 30, 2006 required to be filed pursuant to the AIM Rules) omit any material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading.

(d) Neither the Company nor any of its Subsidiaries is, and neither the Company nor any of its Subsidiaries has been since its incorporation or organization, required to register any Company Securities, Company Subsidiary Securities or any other securities of the Company or any of its Subsidiaries with, or file any report pursuant to section 15(d) of 1934 Act with, the SEC.

Section 4.08. *Financial Statements.* (a) The audited combined balance sheet and related audited combined statements of operations, changes in members' equity and cash flows for the year ended December 31, 2005, and the unaudited interim combined balance sheet as of June 30, 2006 and the related unaudited interim combined statements of operations and cash flows for the six months ended June 30, 2006 of Peach Holdings, LLC and its combined affiliate, and the Company and its combined affiliate (as applicable), fairly present (or will fairly present when published), in conformity with GAAP consistently applied (except as indicated in the notes thereto), the combined financial position of Peach Holdings, LLC or the Company (as applicable) and its combined affiliate as of the dates thereof and their combined results of operations and cash flows for the periods then ended (subject to normal closing adjustments in the case of any unaudited interim financial statements). The audited balance sheet and related audited statements of operations and cash flows for the years ended December 31, 2005 and December 31, 2004 of Life Settlement Corporation, fairly present, in conformity with GAAP consistently applied (except as indicated in the notes thereto), Life Settlement Corporation's financial position as of such dates and results of operations and cash flows for the years then ended. The audited balance sheet of the Company as at March 6, 2006 included in the Company Admission Document, fairly presents, in conformity with GAAP, the financial position of the Company as of such date. The combined balance sheet and related combined statements of operations and cash flows of Peach Holdings, LLC and associated entities disclosed in Note 5.3 on page 68 of the Company Admission Document for the years ended December 31, 2003 and December 31, 2004, fairly present, in conformity with GAAP consistently applied (except as indicated in the notes thereto or Note 5.1 on page 56 of the Company Admission Document), the combined financial position of Peach Holdings

LLC and associated entities as of the dates thereof and their combined results of operations and cash flows for the years then ended.

(b) Since December 31, 2002, neither the Company nor any of its Subsidiaries nor, to the Company's Knowledge, any director, executive officer, employee of the Company or any of its Subsidiaries has received any written complaint, allegation or claim that the Company or any of its Subsidiaries has engaged in improper or misleading accounting.

Section 4.09. *Disclosure Documents.* The proxy statement of the Company to be distributed to the Company's shareholders in connection with the Merger (the "**Company Proxy Statement**") and any amendments or supplements thereto will comply as to form in all material respects with the requirements of the Applicable Law, including the FBCA and the AIM Rules. At the time the Company Proxy Statement or any amendment or supplement thereto is first mailed to shareholders of the Company, and at the time such shareholders vote on adoption of this Agreement and approval of the Merger and at the Effective Time, the Company Proxy Statement, as supplemented or amended, if applicable, will not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading. The representations and warranties contained in this Section 4.09 will not apply to statements or omissions included in the Company Proxy Statement based upon information furnished to the Company in writing by or on behalf of Buyer or Merger Subsidiary specifically for use therein.

Section 4.10. *Absence of Certain Changes.* Since the Company Balance Sheet Date, the business of the Company and its Subsidiaries has been conducted in the ordinary course consistent in all material respects with past practices and there has not been:

(a) any event, occurrence or development that has had or would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect on the Company;

(b) any amendment of the articles of incorporation, bylaws or other similar organizational documents (whether by merger, consolidation or otherwise) of the Company or its Subsidiaries;

(c) any splitting, combination or reclassification of any shares of capital stock of the Company or any of its Subsidiaries or declaration, setting aside or payment of any dividend or other distribution (whether in cash, stock or property or any combination thereof) in respect of its capital stock (other than a cash dividend as contemplated by Section 6.01(b) hereof), or redemption, repurchase or other acquisition or offer to redeem, repurchase, or otherwise acquire any Company Securities or any Company Subsidiary Securities.

(d) (i) any issuance, delivery or sale, or authorization of the issuance, delivery or sale, of any shares of any Company Securities or Company Subsidiary Securities, other than the issuance of (A) any shares of the Company Stock upon the exercise of the Option in accordance with the terms on the date of the Option and (B) any Company Subsidiary Securities to the Company or any other wholly-owned Subsidiary of the Company or (ii) amendment of any term of any Company Security or any Company Subsidiary Security (in each case, whether by merger, consolidation or otherwise);

(e) any incurrence of any capital expenditures or any obligations or liabilities in respect thereof by the Company or any of its Subsidiaries, except for (i) those contemplated by the capital expenditure budget for the Company and its Subsidiaries that is attached to Section 4.10(e) of the Company Disclosure Schedule (the "**Capex Budget**") and (ii) any unbudgeted capital expenditures not to exceed $500,000 individually or $3,000,000 in the aggregate;

(f) any acquisition (by merger, consolidation, acquisition of stock or assets or otherwise) by the Company or any of its Subsidiaries of any assets, securities, properties, interests or businesses, other than (i) acquisitions of assets, securities, properties or interests in the ordinary course of business of the Company and its Subsidiaries in a manner that is consistent with past practice and

(ii) acquisitions with a purchase price (including assumed indebtedness) that does not exceed $250,000 individually or $1,000,000 in the aggregate;

(g) any sale, lease or other transfer, or creation or incurrence of any Lien on, any assets, securities, properties, interests or businesses of the Company or any of its Subsidiaries, other than (i) sales of assets, securities, properties or interests in the ordinary course of business consistent with past practice, (ii) Permitted Exceptions and (iii) sales of assets, securities, properties, interests or businesses with a sale price (including any related assumed indebtedness) that does not exceed $500,000 individually or $1,000,000 in the aggregate;

(h) other than in connection with actions permitted by Section 4.10(d) or Section 4.10(f), the making by the Company or any of its Subsidiaries of any loans, advances or capital contributions to, or investments in, any other Person, other than in the ordinary course of business consistent with past practice;

(i) the creation, incurrence, assumption or sufferance to exist by the Company or any of its Subsidiaries of any indebtedness for borrowed money or guarantees thereof other than in the ordinary course of business and in amounts and on terms consistent with past practices;

(j) any damage, destruction or other casualty loss (whether or not covered by insurance) affecting the business or assets of the Company or any of its Subsidiaries that has had or would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect on the Company;

(k) any entering into of any agreement or arrangement by the Company or any Subsidiary that limits or otherwise restricts in any material respect the Company, any of its Subsidiaries or any of their respective Affiliates or that would, after the Effective Time, limit or restrict in any material respect the Company, any of its Subsidiaries, the Surviving Corporation, Buyer or any of their respective Affiliates, from engaging or competing in any line of business, in any location or with any Person;

(l) any entering into, amendment or modification in any material respect or termination of any Company Material Contract or waiver, release or assignment of any material rights, claims or benefits of the Company or any of its Subsidiaries thereunder (other than (A) in connection with the admission of shares of Company Stock to trading on AIM and the placing of shares of Company Stock as set forth in the AIM Admission Document, (B) in the ordinary course and which has not had and would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect on the Company or (C) as permitted after the date hereof pursuant to the terms of Section 6.01(i)(B));

(m) (i) any grant or increase of any severance or termination pay to (or amendment of any existing arrangement with) any employee, director or independent contractor of the Company or any of its Subsidiaries, (ii) any increase in benefits payable under any existing severance or termination pay policies or employment agreements, (iii) the entering into of any employment, consultancy, retirement, deferred compensation or other similar agreement (or amendment of any such existing agreement) with any employee, director or independent contractor of the Company or any of its Subsidiaries (except for the hiring of new employees or independent contractors in the ordinary course of business, in each case on terms that are consistent with past practices), (iv) the establishment, adoption or amendment (except as required by Applicable Law) of any collective bargaining, pension or other retirement benefit, deferred compensation, profit-sharing, bonus, equity or equity-based compensation or other form of incentive compensation, post-retirement insurance, compensation or benefit arrangement covering any employee, director or independent contractor of the Company or any of its Subsidiaries or (v) any increase in excess of $250,000 of compensation, bonus or other benefits payable to any employee, director or independent contractor of the Company or any of its Subsidiaries;

(n) any labor dispute, other than routine individual grievances, or any activity or proceeding by a labor union or representative thereof to organize any employees of the Company or any of its Subsidiaries, or any lockouts, strikes, slowdowns, work stoppages or threats thereof by or with respect to such employees;

(o) any change in the Company's methods of accounting, except as required by concurrent changes in GAAP or by the AIM Rules and agreed to by the Company's independent public accountants;

(p) any settlement, or offer or proposal to settle, by the Company or any of its Subsidiaries, of (i) any material litigation, investigation, arbitration, proceeding or other claim involving or against the Company or any of its Subsidiaries, other than settlements or offers or proposals to settle in the ordinary course of business, (ii) any shareholder litigation against the Company or any of its officers or directors or (iii) any litigation, arbitration, proceeding or dispute that relates to this Agreement or the transactions contemplated hereby;

(q) any Tax election made (except in the ordinary course of business consistent with past practices) or changed, any annual tax accounting period made or changed, any method of tax accounting adopted or changed, any Returns amended or claims for Tax refunds filed, any closing agreement entered into, any Tax claim, audit or assessment settled, or any right to claim a Tax refund, offset or other reduction in Tax liability surrendered; or

(r) other than documentation entered into in connection with the admission of the Company Stock to trading on AIM and the placing of shares of Company Stock as set forth in the AIM Admission Document and listed in Section 4.10(r) of the Company Disclosure Schedule, any transaction between the Company or any of its Subsidiaries with (i) any officer or director of the Company or any of its Subsidiaries (other than the Option and contracts or agreements relating to employment and letters of appointment relating to directors and listed in Section 4.10(r) of the Company Disclosure Schedule), (ii) any holder of more than 3% of the Company Stock or any of its Affiliates, or (iii) any "associate" or member of the "immediate family" (as such terms are respectively defined in Rule 12b-2 and Rule 16a-1 of the 1934 Act) of any of Person referenced in (i) or (ii) above.

Section 4.11. *No Undisclosed Material Liabilities.* There are no liabilities or obligations of the Company or any of its Subsidiaries of any kind whatsoever, whether accrued, contingent, absolute, determined, determinable or otherwise, and there is no existing condition, situation or set of circumstances that would reasonably be expected to result in such a liability or obligation, other than:

(a) liabilities or obligations reflected in the Company Balance Sheet or in the notes thereto or disclosed in the Company AIM Documents published prior to the date hereof, and

(b) liabilities or obligations incurred in the ordinary course of business consistent with past practices since the Company Balance Sheet Date that would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect on the Company.

Section 4.12. *Compliance with Laws and Court Orders.* The Company and each of its Subsidiaries is and, since December 31, 2003, has been, in compliance with all Applicable Laws, and to the Knowledge of the Company is not under investigation with respect to and has not been threatened to be charged with or given notice of any violation of, any Applicable Law, except for failures to comply or violations that have not had and would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect on the Company. The Company and each of its Subsidiaries is and has been, since December 31, 2003, in compliance with the terms of all material permits, licenses, variances, exemptions, consents, certificates, orders and approvals from Governmental Entities required to carry on their business as currently conducted, except for failures to comply that would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect on the Company.

Section 4.13. *Material Contracts.* (a) Except as set forth in Section 4.13 of the Company Disclosure Schedule, neither the Company nor any Subsidiary is a party to or bound by:

(i) any lease of real or personal property providing for annual rentals of $250,000 or more;

(ii) any agreement, contract or commitment (other than any agreement or other documentation relating to any loan facility or any receivable or insurance purchase transaction entered into in the ordinary course of business) that would reasonably be expected to require the payment of money in excess of $250,000 per annum or in excess of $1,000,000 in the aggregate from and after the Effective Time;

(iii) any partnership, joint venture or other similar agreement or arrangement;

(iv) any agreement relating to the acquisition or disposition of any business (whether by merger, sale of stock, sale of assets or otherwise);

(v) any agreement relating to indebtedness for borrowed money or other financing arrangements for the Company or any of its Subsidiaries or the deferred purchase price of property (in either case, whether incurred, assumed, guaranteed or secured by any asset), other than as excepted out under Section 4.13(a)(ii) above;

(vi) any option (other than the Option), license, franchise or similar agreement;

(vii) any agreement that in any material respect limits the ability of the Company or any of its Subsidiaries to compete in any line of business or with any Person or in any area or which would so limit in any material respect the ability of the Company or any Subsidiary to so compete after the Effective Time; or

(viii) other than documentation entered into in connection with the admission of the Company Stock to trading on AIM and the placing of shares of Company Stock as set forth in the AIM Admission Document and listed in Section 4.13(a) of the Company Disclosure Schedule, any agreement with (A) any officer or director of the Company or any of its Subsidiary (other than the Option and contracts or agreements relating to employment and letters of appointment relating to directors and listed in Section 4.13(a) of the Company Disclosure Schedule), (B) any Person that directly or indirectly owns, controls or holds the power to vote, at least 3% of the Company Stock, or (C) any "associate" or member of the "immediate family" (as such terms are respectively defined in Rule 12b-2 and Rule 16a-1 of the 1934 Act) of any Person described in clause (A) or (B).

(b) Section 4.13 of the Company Disclosure Schedule lists each Company Material Contract. Each Company Material Contract is a valid, binding and enforceable obligation of the Company or each Subsidiary party thereto, as the case may be, and is in full force and effect, except (i) where the failure to be valid, binding and enforceable and in full force and effect would not reasonably be expected to have a Material Adverse Effect on the Company and (ii) subject to the effect of (A) any applicable bankruptcy, insolvency, reorganization or similar laws relating to or affecting creditors' rights generally and (B) general principles of equity, including concepts of materiality, reasonableness, good faith and fair dealing and other similar doctrines affecting the enforceability of agreements generally (regardless of whether considered in a proceeding in equity or at law). None of the Company, any of its Subsidiaries or, to the Knowledge of the Company, any other party thereto, is in default or violation of any term, condition or provision of any Company Material Contract, and to the Knowledge of the Company, no event or circumstance has occurred that, with or without notice or lapse of time or both, would constitute an event of default thereunder, except for any defaults or violations that would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect on the Company.

(c) Neither the Company nor any of its Subsidiaries is a party to any written agreement, consent agreement or memorandum of understanding with, or is a party to any commitment letter or similar

undertaking to, or is subject to any order or directive by, or is a recipient of any supervisory letter from or has adopted any board resolution at the request of any Governmental Entity, that would reasonably be expected to restrict the conduct of its business by the Company or any of its Subsidiaries, or that requires, or would reasonably be expected to require, adverse actions by the Company or any of its Subsidiaries, except for such restrictions or requirements that are generally applicable to all Persons engaged in the same or substantially the same type of business as the Company or any of its Subsidiaries.

Section 4.14. *Litigation.* There is no action, suit, investigation or proceeding pending against, or, to the Knowledge of the Company, threatened in writing against, the Company, any of its Subsidiaries, any present or former officer, director or employee of the Company or any of its Subsidiaries in such capacity before any court or arbitrator or before or by any Governmental Authority, that, if determined or resolved adversely in accordance with the other party's demands, would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect on the Company or that in any manner challenges or seeks to prevent, enjoin, alter or materially delay the consummation of the Merger or any of the other transactions contemplated hereby.

Section 4.15. *Finders' Fees.* Except for Collins Stewart Limited, a copy of whose engagement agreement has been provided to Buyer, there is no investment banker, broker, finder, financial adviser or other intermediary that has been retained by or is authorized to act on behalf of the Company or any of its Subsidiaries who is entitled to any commission or similar fee from the Company or any of its Subsidiaries in connection with the transactions contemplated by this Agreement.

Section 4.16. *Opinion of Financial Advisor.* The Special Committee has received a written opinion of Collins Stewart Limited, financial advisor to the Special Committee, to the effect that, based on the assumptions, qualifications and limitations contained therein, as of the date of this Agreement, the Merger Consideration (together with the cash dividend amount referred to in Section 6.01(b) hereof) is fair to the Company's shareholders (other than the Participating Shareholders) from a financial point of view.

Section 4.17. *Taxes.* (a) *Filing and Payment.* Except as set forth on Section 4.17(a) of the Company Disclosure Schedule, (i) all material Tax returns, statements, reports and forms (including estimated tax or information returns and reports) required to be filed with any Governmental Authority (a "**Taxing Authority**") with respect to any Pre-Closing Tax Period by or on behalf of the Company or any of its Subsidiaries (collectively, the "**Returns**") have, to the extent required to be filed on or before the date hereof, been filed when due in accordance with Applicable Law; (ii) as of the time of filing, the Returns were true and complete in all material respects; and (iii) all Taxes shown as due and payable on the Returns that have been filed have been timely paid, or withheld and remitted to the appropriate Taxing Authority.

(b) *Financial Records.* Except as set forth on Section 4.17(b) of the Company Disclosure Schedule, the charges, accruals and reserves for Taxes with respect to the Company and its Subsidiaries reflected on the books of the Company and its Subsidiaries (excluding any provision for deferred income taxes reflecting either differences between the treatment of items for accounting and income tax purposes or carryforwards) are adequate to cover material Tax liabilities accruing through the end of the last period for which the Company and its Subsidiaries ordinarily record items on their respective books.

(c) *Procedure and Compliance.* Except as set forth on Section 4.17(c) of the Company Disclosure Schedule, (i) the income and franchise Returns of the Company and its Subsidiaries through the Tax year ended December 31, 2004 have been examined and closed or are Returns with respect to which the applicable period for assessment under Applicable Law, after giving effect to extensions or waivers, has expired; and (ii) there is no claim, audit, action, suit, proceeding or investigation now pending or threatened against or with respect to the Company or its Subsidiaries in respect of any Tax or Tax Asset.

(d) *Taxing Jurisdictions.* Section 4.17(d) of the Company Disclosure Schedule contains a list of all jurisdictions (whether foreign or domestic) in which the Company or any of its Subsidiaries currently files Returns.

(e) *Tax Sharing, Consolidation and Similar Arrangements.* Except as set forth on Section 4.17(e) of the Company Disclosure Schedule, (i) neither the Company nor any of its Subsidiaries has been a member of an affiliated, consolidated, combined or unitary group other than one of which the Company was the common parent; and (ii) neither the Company nor any of its Subsidiaries has entered into any agreement or arrangement with any taxing authority with regard to the Tax liability of the Company or any Subsidiary affecting any Tax period for which the applicable statute of limitations, after giving effect to extensions or waivers, has not expired.

(f) *Certain Elections, Agreements and Arrangements.* Except as set forth on Section 4.17(f) of the Company Disclosure Schedule, (i) no election has been made under Treasury Regulations Section 1.7701-3 or any similar provision of Tax law to treat the Company or any of its Subsidiaries as an association, corporation or partnership; (ii) neither the Company nor any of its Subsidiaries is disregarded as an entity for Tax purposes; and (iii) neither the Company nor any of its Subsidiaries has ever been a distributing corporation or a controlled corporation in a transaction intended to be governed by Section 355 of the Code.

(g) *Property and Leases.* Except as set forth on Section 4.17(g) of the Company Disclosure Schedule, (i) neither the Company nor any of its Subsidiaries owns an interest in real property in any jurisdiction in which a Tax is imposed, or the value of the interest is reassessed, on the transfer of an interest in real property and which treats the transfer of an interest in an entity that owns an interest in real property as a transfer of the interest in real property; and (ii) neither the Company nor any of its Subsidiaries is a party to any understanding or arrangement described in Section 6662(d)(2)(C)(ii) of the Code, or in a "reportable transaction" within the meaning of Treasury Regulations Section 1.6011-4.

(h) *Post-Closing Attributes.* Except as set forth on Section 4.17(h) of the Company Disclosure Schedule, (i) no Tax Asset of the Company or any of its Subsidiaries is currently subject to a limitation under Section 197(f)(9), Section 382 or Section 383 of the Code; and (ii) neither the Company nor any of its Subsidiaries will be required to include for a Post-Closing Tax Period taxable income attributable to income economically realized in a Pre-Closing Tax Period.

(i) *Withholding.* The Company and its Subsidiaries have withheld and paid all Taxes required to be withheld and paid with respect to amounts paid or owing to any employee, creditor, independent contractor or other third party.

Section 4.18. *Personnel Matters.* (a) Schedule 4.18(a) contains a correct and complete list identifying each material Employee Plan. Copies of such Employee Plans (and, if applicable, related trust or funding agreements or insurance policies) and all amendments thereto and written interpretations made by the Company or an ERISA Affiliate thereof have been furnished to Buyer together with the most recent annual report (Form 5500 including, if applicable, Schedule B thereto) and tax return (Form 990) prepared in connection with any such plan or trust.

(b) Neither the Company nor any ERISA Affiliate nor any predecessor thereof sponsors, maintains or contributes to, or has in the past sponsored, maintained or contributed to, any Employee Plan subject to Title IV of ERISA.

(c) Neither the Company nor any ERISA Affiliate nor any predecessor thereof contributes to, or has in the past contributed to, any multiemployer plan, as defined in Section 3(37) of ERISA.

(d) Each Employee Plan which is intended to be qualified under Section 401(a) of the Code has received a favorable determination letter (or if a prototype plan, is subject to a favorable opinion letter that may be relied on), or has pending or has time remaining in which to file, an application for such determination from the Internal Revenue Service, and the Company has no Knowledge of any reason why any such determination or opinion letter should be revoked or not be reissued. The Company has

made available to Buyer copies of the most recent Internal Revenue Service determination letters or opinion letters with respect to each such Employee Plan. Each Employee Plan has been maintained in material compliance with its terms and with the requirements prescribed by Applicable Law. No material events have occurred with respect to any Employee Plan that could result in payment or assessment by or against the Company of any material excise taxes under Sections 4972, 4975, 4976, 4977, 4979, 4980B, 4980D, 4980E or 5000 of the Code.

(e) Neither the Company nor any of its Subsidiaries has any liability in respect of post-retirement health, medical or life insurance benefits for, former or current employees of the Company or its Subsidiaries except as required to avoid excise tax under Section 4980B of the Code

(f) There has been no amendment to, written interpretation or announcement (whether or not written) by the Company or any of its Affiliates relating to, or change in employee participation or coverage under, an Employee Plan which would increase materially the expense of maintaining such Employee Plan above the level of the expense incurred in respect thereof for the fiscal year ended December 31, 2005.

(g) Neither the Company nor any of its Subsidiaries is a party to or subject to, or is currently negotiating in connection with entering into, any collective bargaining agreement or other contract or understanding with a labor union or organization.

(h) The consummation of the transactions contemplated by this Agreement will not (either alone or together with any other event) entitle any employee, director or independent contractor of the Company or any of its Subsidiaries to severance pay or accelerate the time of payment or vesting or trigger any payment of funding (through a grantor trust or otherwise) of compensation or benefits under, increase the amount payable or trigger any other obligation pursuant to, any Employee Plan, except as set forth in Section 4.18(h) of the Company Disclosure Schedule which sets forth the maximum aggregate dollar amount payable with respect to each such individual as a result of the transactions contemplated by this Agreement (either alone or together with any other event). There is no contract, plan or arrangement (written or otherwise) covering any employee or former employee of the Company or any of its Subsidiaries that, individually or collectively, could give rise to the payment of any amount that would not be deductible pursuant to the terms of Section 280G of the Code. There has been no amendment to, written interpretation or announcement (whether or not written) by the Company or any of its Affiliates relating to, or change in employee participation or coverage under, an Employee Plan which would increase materially the expense of maintaining such Employee Plan above the level of the expense incurred in respect thereof for the fiscal year ended December 31, 2005.

(i) All contributions and payments accrued under each Employee Plan, determined in accordance with prior funding and accrual practices, as adjusted to include proportional accruals for the period ending as of the date hereof, have been discharged and paid on or prior to the date hereof except to the extent reflected as a liability on the Company Balance Sheet or except as may be paid by an insurer under an insurance contract.

(j) There is no action, suit, investigation, audit or proceeding pending against or involving or, to the Knowledge of the Company, threatened against or involving, any Employee Plan before any Governmental Authority.

(k) Except for the Option, neither the Company nor any of its Subsidiaries maintains or contributes to, or has any liability with respect to, any Employee Plan that covers employees, independent contractors or directors residing outside the United States. All current employees and independent contractors of the Company and its Subsidiaries who are individuals are employed or perform services in the United States.

(l) The Company and its Subsidiaries have complied in all material respects with all material Applicable Laws relating to labor and employment, including those relating to wages, hours, overtime, collective bargaining, unemployment compensation, worker's compensation, equal employment opportunity, age and disability discrimination, immigration control, employee classification, employee information privacy and security, payment and withholding of taxes, non-discrimination requirements applicable to qualified employee benefit plans and continuation coverage with respect to group health plans. In the past three years, neither the Company nor any of its Subsidiaries has effectuated (i) a "plant closing" (as defined in the Worker Adjustment and Retraining Notification Act ("**WARN Act**")) affecting any site of employment or one or more facilities or operating units within any site of employment or facility of the Company or any of its Subsidiaries; (ii) a "mass layoff" (as defined in the WARN Act); or (iii) such other transaction, layoff, reduction in force or employment terminations sufficient in number to trigger application of any similar Applicable Law.

Section 4.19. *Environmental Matters.* (a) Except as would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect on the Company:

(i) no notice, notification, demand, request for information, citation, summons or order has been received, no complaint has been filed, no penalty has been assessed, and no investigation, action, claim, suit, proceeding or review (or any basis therefor) is pending or, to the Knowledge of the Company, is threatened by any Governmental Authority or other Person relating to the Company or any Subsidiary and relating to or arising out of any Environmental Law;

(ii) the Company and its Subsidiaries are and have been in compliance with all Environmental Laws and all Environmental Permits; and

(iii) there are no liabilities or obligations of the Company or any of its Subsidiaries of any kind whatsoever, whether accrued, contingent, absolute, determined, determinable or otherwise arising under or relating to any Environmental Law or any Hazardous Substance and there is no condition, situation or set of circumstances of which the Company has Knowledge that would reasonably be expected to result in or be the basis for any such liability or obligation.

(b) There has been no environmental investigation, study, audit, test, review or other analysis conducted of which the Company has Knowledge in relation to the current or prior business of the Company or any of its Subsidiaries or any property or facility now or previously owned or leased by the Company or any of its Subsidiaries that has not been delivered to Buyer at least five Business Days prior to the date hereof.

(c) The consummation of the transactions contemplated hereby require no filings to be made or actions to be taken pursuant to the New Jersey Industrial Site Recovery Act or the "Connecticut Property Transfer Law" (Sections 22a-134 through 22-134e of the Connecticut General Statutes).

(d) Schedule 4.19 sets forth all Environmental Permits.

(e) For purposes of this Section 4.19, the terms "**Company**" and "**Subsidiaries**" shall include any entity that is, in whole or in part, a predecessor of the Company or any of its Subsidiaries. Except as set forth in Sections 4.03, 4.04, 4.07, 4.09, 4.10 and 4.13, the representations in this Section 4.19 are the Company's sole and exclusive representations to Buyer and Merger Subsidiary relating to environmental matters.

Section 4.20. *Antitakeover Statutes.* Section 607.0901 (Affiliated Transactions) and Section 607.0902 (Control-Share Acquisitions) of the FBCA are not applicable to (or have been rendered inapplicable with respect to) the Merger, this Agreement, the Contribution and Voting Agreement and the transactions contemplated hereby and thereby. No other "control share acquisition," "fair price," "moratorium" or other antitakeover laws enacted under any Applicable Law

apply to this Agreement, the Contribution and Voting Agreement, or any of the transactions contemplated hereby and thereby.

Section 4.21. *Title to Properties; Leases; Sufficiency of Assets.* (a) Each of the Company and its Subsidiaries has fee simple good and marketable title or a valid and enforceable leasehold, as applicable, free and clear of all Liens, to all of the properties and assets, real and personal, tangible or intangible, which are reflected on the Company Balance Sheet or acquired after such date, except for (i) Permitted Exceptions and (ii) property and assets disposed of in the ordinary course of business consistent with past practice. Neither the Company nor any of its Subsidiaries owns any real property. Section 4.21(a) of the Company Disclosure Schedule lists all real property leased by the Company or any of its Subsidiaries. Each such lease of real property is valid and enforceable in accordance with its terms, except as such enforceability is subject to the effect of (i) any applicable bankruptcy, insolvency, reorganization or similar laws relating to or affecting creditors' rights generally and (ii) general principles of equity, including concepts of materiality, reasonableness, good faith and fair dealing and other similar doctrines affecting the enforceability of agreements generally (regardless of whether considered in a proceeding in equity or at law).

(b) None of the Company or any of its Subsidiaries has received written notice of default from a landlord under any lease under which the Company or its Subsidiary, as applicable, is the lessee of real or personal property, except for such defaults that have been cured or that would not reasonably be expected to result, individually or in the aggregate, in a Material Adverse Effect for the Company.

(c) The property and assets owned or leased by the Company and its Subsidiaries, or which they otherwise have the right to use, constitute all of the property and assets used or held for use in connection with the businesses of the Company and its Subsidiaries and are adequate to conduct such businesses as currently conducted.

Section 4.22. *Intellectual Property.* Section 4.22 of the Company Disclosure Schedule contains a true and complete list of all material Intellectual Property registrations and applications for registration of any Intellectual Property owned by the Company or any of its Subsidiaries. Except as, individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect on the Company: (i) the Company and each of its Subsidiaries owns, is licensed to use (in each case, free and clear of any Liens, other than Permitted Exceptions) or possesses the right to use all Intellectual Property used in or necessary for the conduct of its business as currently conducted; (ii) neither Company nor any of its Subsidiaries has infringed, misappropriated or otherwise violated the Intellectual Property rights of any Person; (iii) to the Knowledge of the Company, no Person has challenged, infringed, misappropriated or otherwise violated any Intellectual Property right owned by and/or licensed to the Company or any of its Subsidiaries; (iv) neither the Company nor any of its Subsidiaries has received any written notice of any pending claim, action, suit, order or proceeding with respect to any Intellectual Property used by the Company or any of its Subsidiaries or alleging that any services provided, processes used or products manufactured, used, imported, offered for sale or sold by the Company or any of its Subsidiaries infringes, misappropriates or otherwise violates any Intellectual Property rights of any Person; (v) the execution, delivery and performance of this Agreement by the Company and the consummation of the transactions contemplated hereby will not cause the forfeiture or termination or give rise to a right of forfeiture or termination of any Intellectual Property right of the Company or any of its Subsidiaries; and (vi) the Company and its Subsidiaries have at all times complied with Applicable Laws relating to privacy, data protection and the collection and use of personal information and user information gathered or accessed in the course of the operations of the Company or any of its Subsidiaries and all rules, policies and procedures established by the Company or any of its Subsidiaries from time to time with respect to the foregoing. For purposes of this Agreement, "**Intellectual Property**" shall mean trademarks, service marks, brand names, certification marks, trade dress, domain names and other indications of origin, the goodwill associated with the foregoing and registrations in any jurisdiction of, and applications in any jurisdiction to register, the

foregoing, including any extension, modification or renewal of any such registration or application; inventions and discoveries, whether patentable or not, in any jurisdiction; patents, applications for patents (including, without limitation, divisions, continuations and continuations in part), and any renewals, extensions or reissues thereof, in any jurisdiction; trade secrets and confidential information and rights in any jurisdiction to limit the use or disclosure thereof by any person; writings and other works of authorship, whether copyrightable or not, in any jurisdiction, and any and all copyright rights, whether registered or not; and registrations or applications for registration of copyrights in any jurisdiction, and any renewals or extensions thereof; moral rights, database rights, design rights, industrial property rights, publicity rights and privacy rights; and any similar intellectual property or proprietary rights.

Section 4.23. *Related Party Transactions.* Other than documentation entered into in connection with the admission of the Company Stock to trading on AIM and the placing of shares of Company Stock as set forth in the AIM Admission Document and listed in Section 4.23 of the Company Disclosure Schedule, there are no contracts, agreements, leases, licenses, commitments or other instruments (other than the Option and contracts or agreements relating to employment and letters of appointment relating to directors and listed in Section 4.23 of the Company Disclosure Schedule) between the Company or any of its Subsidiaries, on the one hand, and any of their respective officers, directors, employees, any holder of more than 3% of Company Stock or Affiliates, on the other hand. For purposes of this Section 4.23, the Affiliates of the Company or any of its Subsidiaries shall not include the Company or any of its Subsidiaries.

Section 4.24. *Licenses And Permits.* Section 4.24 of the Company Disclosure Schedule sets forth each material license, franchise, permit, certificate, approval or other similar authorization required by the Company or its Subsidiaries to carry on their business as now conducted, or affecting or relating in any way to, the assets or business of the Company and its Subsidiaries (the "**Permits**"), together with the name of the Governmental Authority issuing such Permit. Except as set forth on Section 4.24 of the Company Disclosure Schedule, (i) the Permits are valid and in full force and effect, (ii) neither the Company nor any of its Subsidiaries is in default under, and no condition exists that with notice or lapse of time or both would constitute a default under, the Permits and (iii) none of the Permits will be terminated or impaired or become terminable, in whole or in part, as a result of the transactions contemplated hereby.

Section 4.25. *Representations Complete.* Except for the representations and warranties contained in this Article 4, neither the Company nor any of its Subsidiaries makes any express or implied representation or warranty on behalf of the Company or any or its Subsidiaries to Buyer or Merger Subsidiary.

ARTICLE 5
REPRESENTATIONS AND WARRANTIES OF BUYER

Except as set forth in the Buyer Disclosure Schedule, Buyer and Merger Subsidiary, jointly and severally, represent and warrant to the Company as set forth in this Article 5. Each item disclosed in the Buyer Disclosure Schedule shall constitute an exception to the representations and warranties to which it makes reference and shall be deemed to be disclosed with respect to the representation and warranty to which it relates and to any other representation and warranty herein given, without the necessity of repetitive disclosure, so long as such item is fairly described with reasonable particularity and detail and such description provides a cross-reference or other reasonable indication that the item applies to such other representation and warranty.

Section 5.01. *Corporate Existence and Power.* Each of Buyer and Merger Subsidiary is a corporation duly incorporated, validly existing and in good standing under the laws of its jurisdiction of incorporation and has all corporate powers and all governmental licenses, authorizations, permits,

consents and approvals required to carry on its business as now conducted, except for those licenses, authorizations, permits, consents and approvals the absence of which would not have, individually or in the aggregate, a Material Adverse Effect on Buyer or Merger Subsidiary or materially impair the ability of Buyer or Merger Subsidiary to consummate the Merger and the other transactions contemplated by this Agreement. Buyer has heretofore delivered to the Company true and complete copies of the certificate of incorporation and bylaws of Buyer and the articles of incorporation and bylaws of Merger Subsidiary as currently in effect. Since the date of its incorporation, Merger Subsidiary has not engaged in any activities other than in connection with or as contemplated by this Agreement.

Section 5.02. *Corporate Authorization.* The execution, delivery and performance by Buyer and Merger Subsidiary of this Agreement and the consummation by Buyer and Merger Subsidiary of the transactions contemplated hereby are within the corporate powers of Buyer and Merger Subsidiary and have been duly authorized by all necessary corporate action. This Agreement constitutes a valid and binding agreement of each of Buyer and Merger Subsidiary, enforceable against Buyer and Merger Subsidiary in accordance with its terms, except as such enforceability is subject to the effect of (i) any applicable bankruptcy, insolvency, reorganization or similar laws relating to or affecting creditors' rights generally and (ii) general principles of equity, including concepts of materiality, reasonableness, good faith and fair dealing and other similar doctrines affecting the enforceability of agreements generally (regardless of whether considered in a proceeding in equity or at law).

Section 5.03. *Governmental Authorization.* The execution, delivery and performance by Buyer and Merger Subsidiary of this Agreement, the Contribution and Voting Agreement and the consummation by Buyer and Merger Subsidiary of the transactions contemplated hereby and thereby require no action by or in respect of, or filing with, any Governmental Authority, other than (i) the filing of the Articles of Merger with respect to the Merger with the Secretary of State of the State of Florida and appropriate documents with the relevant authorities of other states in which either Buyer or Merger Subsidiary is qualified to do business, (ii) compliance with any applicable requirements of the HSR Act, (iii) compliance with any applicable requirements of the 1933 Act, the 1934 Act and the AIM Rules, (iv) receipt of approval from the Florida Office of Insurance Regulation (and subsequent notice or similar filings with other state insurance regulatory authorities in states in which Life Settlement Corporation is licensed), and (v) any actions or filings the absence of which would not be reasonably expected to have, individually or in the aggregate, a Material Adverse Effect on Buyer or materially to impair the ability of Buyer or Merger Subsidiary to consummate the Merger and the other transactions contemplated by this Agreement and the Contribution and Voting Agreement.

Section 5.04. *Non-contravention.* The execution, delivery and performance by Buyer and Merger Subsidiary of this Agreement and the Contribution and Voting Agreement and the consummation by Buyer and Merger Subsidiary of the transactions contemplated hereby and thereby do not and will not (i) contravene, conflict with, or result in any violation or breach of any provision of the certificate of incorporation or bylaws of Buyer or the articles of incorporation or bylaws of Merger Subsidiary, (ii) assuming compliance with the matters referred to in Section 5.03, contravene, conflict with or result in a violation or breach of any provision of any Applicable Law, (iii) assuming compliance with the matters referred to in Section 5.03, require any consent or other action by any Person under, constitute a default, or an event that, with or without notice or lapse of time or both, would become a default, under, or cause or permit the termination, cancellation, acceleration or other change of any right or obligation or the loss of any benefit to which Buyer or any of its Subsidiaries is entitled under, any provision of any agreement or other instrument binding upon Buyer or any of its Subsidiaries or any license, franchise, permit, certificate, approval or other similar authorization affecting, or relating in any way to, the assets or business of the Buyer and its Subsidiaries or (iv) result in the creation or imposition of any Lien on any asset of the Buyer or any of its Subsidiaries, except for such contraventions, conflicts and violations referred to in clause (ii) and for such failures to obtain any such consent or other action, defaults, terminations, cancellations, accelerations, changes, losses or Liens

referred to in clauses (iii) and (iv) that would not be reasonably expected to have, individually or in the aggregate, a Material Adverse Effect on Buyer or materially to impair the ability of Buyer and Merger Subsidiary to consummate the transactions contemplated by this Agreement or the Contribution and Voting Agreement.

Section 5.05. *Litigation.* There is no action, suit, investigation or proceeding pending against, or, to the Knowledge of Buyer, threatened in writing against or affecting, Buyer, any of its Subsidiaries, any present or former officer, director or employee of Buyer or any of its Subsidiaries before any court or arbitrator or before any Governmental Authority that, if determined or resolved adversely in accordance with the other party's demands, would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect on Buyer or that in any manner challenges or seeks to prevent, enjoin, alter or materially delay the consummation of the Merger or any of the other transactions contemplated hereby.

Section 5.06. *Financing.* Buyer has delivered to the Company a copy of an executed letter dated the date hereof from Bear Stearns & Co. Inc., pursuant to which Bear Stearns & Co. Inc. has agreed to provide the debt financing ("**Financing**") described therein to Merger Subsidiary upon the terms and conditions set forth therein (the "**Commitment Letter**"). The aggregate proceeds of the Financing and of the equity financing to be provided pursuant to the Contribution and Voting Agreement, together with the cash held by the Company immediately prior to the Effective Time, shall be in an amount sufficient to consummate the transactions contemplated hereby, including payment of the Merger Consideration and related fees and expenses (such amounts, the "**Required Amounts**"). As of the date hereof, the Commitment Letter has not been withdrawn and Buyer does not know of any facts or circumstances that would reasonably be expected to result in any of the conditions set forth in the Commitment Letter not being satisfied.

Section 5.07. *Finders' Fees.* Except for Bear Stearns & Co. Inc. and DLJ Merchant Banking, Inc. and/or its Affiliates or designees, there is no investment banker, broker, finder, financial adviser or other intermediary that has been retained by or is authorized to act on behalf of Buyer who might be entitled to any fee or commission from Buyer, Merger Subsidiary, the Company, the Surviving Corporation or any of their Subsidiaries upon consummation of the transactions contemplated by this Agreement.

Section 5.08. *No Violation Of 1933 Act.* The execution, delivery and performance of this Agreement and the consummation of the Merger are not subject to, and do not and will not violate, the registration requirements of the 1933 Act.

Section 5.09. *Buyer's Due Diligence.* Each of Buyer and Merger Subsidiary acknowledges that, except for the matters that are expressly covered by the provisions of this Agreement, it is relying on its own investigation and analysis in entering into this Agreement and the transactions contemplated hereby. Each of Buyer and Merger Subsidiary is an informed and sophisticated participant to the transactions contemplated hereby and has undertaken such investigation, and has been provided with and has evaluated such documents and information, as it has deemed necessary in connection with the execution, delivery and performance of this Agreement and the Contribution and Voting Agreement. Each of Buyer and Merger Subsidiary acknowledges that it is consummating the transactions contemplated hereby without any representation or warranty, express or implied, by the Company or any of its Affiliates except as expressly set forth herein or the Contribution and Voting Agreement. Nothing contained in this Section 5.09 will be construed as a waiver or defense to any claims for fraud or similar causes of action.

Section 5.10. *Disclosure Documents.* None of the information supplied by or on behalf of Buyer or Merger Subsidiary for inclusion in the Company Proxy Statement (and any amendments or supplements thereto) will, at the time the Company Proxy Statement is first mailed to shareholders of the Company or at the time such shareholders vote on adoption of this Agreement and approval of the

Merger, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading.

ARTICLE 6
COVENANTS OF THE COMPANY

The Company agrees that:

Section 6.01. *Conduct of the Company.* From the date hereof until the Effective Time, except as expressly contemplated or permitted by this Agreement or otherwise with the prior written consent of Buyer (which consent shall not be unreasonably withheld or delayed), the Company shall, and shall cause each of its Subsidiaries to, conduct its business in the ordinary course consistent in all material respects with past practice and use its reasonable best efforts to (i) preserve intact its present business organization, (ii) maintain in effect all of its material foreign, federal, state and local licenses, permits, consents, franchises, approvals and authorizations, (iii) keep available the services of its directors, officers and key employees, and (iv) maintain satisfactory relationships with its customers, lenders, suppliers and others having material business relationships with it. Without limiting the generality of the foregoing, except as expressly contemplated or permitted by this Agreement or otherwise with the prior written consent of the Buyer (which shall not be unreasonably withheld with respect to the matters set forth in Section 6.01(i)(B)), the Company shall not, nor shall it permit any of its Subsidiaries to:

(a) amend its articles of incorporation, bylaws or other similar organizational documents (whether by merger, consolidation or otherwise);

(b) split, combine or reclassify any shares of capital stock of the Company or any of its Subsidiaries or declare, set aside or pay any dividend or other distribution (whether in cash, stock or property or any combination thereof) in respect of the capital stock of the Company or its Subsidiaries (except for the payment of a one-time dividend to holders of shares of Company Stock of an aggregate of $7.0 million), or redeem, repurchase or otherwise acquire or offer to redeem, repurchase, or otherwise acquire any Company Securities or any Company Subsidiary Securities;

(c) (i) issue, deliver or sell, or authorize the issuance, delivery or sale of, any shares of any Company Securities or Company Subsidiary Securities, other than the issuance of (A) any shares of the Company Stock upon the exercise of the Option in accordance with the terms of the Option on the date of this Agreement and (B) any Company Subsidiary Securities to the Company or any other Subsidiary or (ii) amend any term of any Company Security or any Company Subsidiary Security (in each case, whether by merger, consolidation or otherwise);

(d) incur any capital expenditures or any obligations or liabilities in respect thereof, except for (i) those contemplated by the Capex Budget and (ii) any unbudgeted capital expenditures not to exceed $150,000 individually or $700,000 in the aggregate;

(e) acquire (by merger, consolidation, acquisition of stock or assets or otherwise), directly or indirectly, any assets, securities, properties, interests or businesses, other than (i) acquisitions of assets, securities, properties, and interests in the ordinary course of business of the Company and its Subsidiaries in a manner that is consistent with past practice, (ii) acquisitions with a purchase price (including assumed indebtedness) that does not exceed $500,000 individually or $1,000,000 in the aggregate and (iii) premium finance loans acquired from Imperial Finance & Trading, LLC or its Affiliates pursuant to an agreement substantially in the form of the Loan Origination and Sale Agreement, by and among Peachtree SLPO Finance Company, LLC, New Age Capital Reserves, LLC and Imperial Finance & Trading, LLC contained in Section 6.01(e) of the Company Disclosure Schedule, amended to expressly exclude any product which would otherwise be covered thereunder to the extent such product is originated by, financed through or sold to, Credit Suisse Group or any of its Affiliates;

(f) sell, lease or otherwise transfer, or create or incur any Lien on, any of the Company's or its Subsidiaries' assets, securities, properties, interests or businesses, other than (i) sales of assets, securities, properties and interests in the ordinary course of business consistent with past practice, (ii) sales, transfers or assignments of premium finance loans to Imperial Finance & Trading, LLC or its Affiliates pursuant to an agreement substantially in the form of the Loan Origination and Sale Agreement, by and among Peachtree SLPO Finance Company, LLC, New Age Capital Reserves, LLC and Imperial Finance & Trading, LLC contained in Section 6.01(e) of the Company Disclosure Schedule, amended to expressly exclude any product which would otherwise be covered thereunder to the extent such product is originated by, financed through or sold to, Credit Suisse Group or any of its Affiliates, and (iii) sales of assets, securities, properties, interests or businesses with a sale price (including any related assumed indebtedness) that does not exceed $250,000 individually or $500,000 in the aggregate (except that such dollar limitations shall not apply to any loan or financing facility (including any SLPO financing with Barclays Capital and any pre-settlement funding financing with DZ Bank)), or any securitization transaction entered into in the ordinary course of business and consistent with past practice;

(g) other than in connection with actions permitted by Section 6.01(e) or Section 6.01(f), or loans or advances in the ordinary course of business, consistent with past practice, make any loans, advances or capital contributions to, or investments in, any other Person (other than wholly-owned Subsidiaries) exceeding $250,000 individually or $500,000 in the aggregate;

(h) create, incur, assume, suffer to exist or otherwise be liable with respect to any indebtedness for borrowed money or guarantees thereof other than in the ordinary course of business and in amounts and on terms in all material respects consistent with past practices;

(i) (A) enter into any agreement or arrangement that limits or otherwise restricts in any material respect the Company, any of its Subsidiaries or any of their respective Affiliates or that would, after the Effective Time, limit or restrict in any material respect the Company, any of its Subsidiaries, the Surviving Corporation, Buyer or any of their respective Affiliates, from engaging or competing in any line of business, in any location or with any Person or (B) enter into, amend or modify in any material respect or terminate any Company Material Contract or otherwise waive, release or assign any material rights, claims or benefits of the Company or any of its Subsidiaries;

(j) (i) grant or increase any severance or termination pay in excess of two weeks' salary for every year of service or part thereof to (or amend any existing arrangement with) any employee, director or independent contractor of the Company or any of its Subsidiaries, (ii) increase benefits payable under any existing severance or termination pay policies or employment agreements (except such increases as a result solely from increases in the compensation of such individuals in the ordinary course of business), (iii) enter into any employment, consultancy, retirement, deferred compensation or other similar agreement (or amend any such existing agreement) with any employee, director or independent contractor of the Company or any of its Subsidiaries, except in connection with the hiring of new employees (provided that the terms of such hirings are consistent with past practices) or to the extent required by Section 409A of the Code, (iv) establish, adopt or amend (except as required by Applicable Law) any collective bargaining, pension or other retirement benefit, deferred compensation, profit-sharing, bonus, equity or equity-based compensation or other form of incentive compensation, post-retirement insurance, compensation or benefit arrangement covering any employee, director or independent contractor of the Company or any of its Subsidiaries or (v) increase in excess of $200,000 compensation, bonus or other benefits payable to any employee, director or independent contractor of the Company or any of its Subsidiaries;

(k) change the Company's methods of accounting, except as required by concurrent changes in GAAP or the AIM Rules and agreed to by the Company's independent public accountants;

(l) settle, or offer or propose to settle, (i) any material litigation, investigation, arbitration, proceeding or other claim involving or against the Company or any of its Subsidiaries, other than in the ordinary course of business consistent with past practice, (ii) any shareholder litigation or dispute against the Company or any of its officers or directors or (iii) any litigation, arbitration, proceeding or dispute that relates to the transactions contemplated hereby;

(m) take any action that would make any representation or warranty of the Company hereunder, or omit to take any action necessary to prevent any representation or warranty of the Company hereunder from being, inaccurate in any material respect at, or as of any time before, the Effective Time; or

(n) agree or commit to do any of the foregoing.

Section 6.02. *Shareholder Meeting; Proxy Material.* The Company shall cause a meeting of its shareholders (the "**Company Shareholder Meeting**") to be duly called and held as soon as reasonably practicable after the date hereof, for the purpose of voting on the approval and adoption of this Agreement and the Merger. Subject to Section 6.03(b), the Board of Directors shall recommend approval and adoption of this Agreement and the Merger by the Company's shareholders. In connection with such meeting, the Company shall (i) as soon as reasonably practicable after the date hereof, but in no event later than 20 Business Days after the date hereof, prepare and mail to its shareholders the Company Proxy Statement and all other proxy and supplemental materials for such meeting, (ii) use its reasonable best efforts to obtain the Company Shareholder Approval until such time, if any, as it shall make an Adverse Recommendation Change and (iii) otherwise comply with all legal requirements applicable to such meeting and the AIM Rules. Without limiting the generality of the foregoing, unless this Agreement is terminated prior to the Company Shareholder Meeting, this Agreement and the Merger shall be submitted to the Company's shareholders at the Company Shareholder Meeting whether or not (i) an Adverse Recommendation Change shall have occurred or (ii) any Acquisition Proposal shall have been publicly proposed or announced or otherwise submitted to the Company or any of its Advisors.

Section 6.03. *No Solicitation; Other Offers.* (a) Subject to Section 6.03(b) and (c) below, neither the Company nor any of its Subsidiaries shall, nor shall the Company or any of its Subsidiaries authorize or permit any of its or their officers, directors, employees, investment bankers, attorneys, accountants, consultants or other agents or advisors (collectively "**Advisors**") to, directly or indirectly, (i) solicit, initiate or take any action to facilitate or knowingly encourage the submission of any Acquisition Proposal or any indication of interest relating to any Acquisition Proposal, (ii) enter into or participate in any discussions or negotiations with or furnish any nonpublic information relating to the Company or any of its Subsidiaries or afford access to the business, properties, assets, books or records of the Company or any of its Subsidiaries to, otherwise cooperate in any way with, or knowingly assist, participate in, facilitate or encourage any effort by any Third Party that is seeking to make, or has made, an Acquisition Proposal, (iii) fail to make, withdraw or modify in a manner adverse to Buyer the Company Board Recommendation (or recommend an Acquisition Proposal or make any statement with respect to the transactions contemplated by this Agreement or any Acquisition Proposal or take any other material action that is inconsistent with the Company Board Recommendation) (any of the foregoing in this clause (iii), an "**Adverse Recommendation Change**") or (iv) enter into any agreement in principle, letter of intent, term sheet or other similar instrument relating to an Acquisition Proposal.

(b) Notwithstanding the provisions of Section 6.03(a), the Special Committee, directly or indirectly through its Advisors, may (i) engage in negotiations or discussions with any Third Party that, without

breach by the Company or any of its Advisors of any of its obligations under the Non-Solicitation Agreement dated July 24, 2006 among the Company, DLJ Merchant Banking, Inc, and the other parties thereto, the Exclusivity Agreement dated September 7, 2006 between the Company and DLJ Merchant Banking, Inc., or this Agreement, has made a Superior Proposal, (ii) thereafter furnish to such Third Party nonpublic information relating to the Company or any of its Subsidiaries pursuant to a confidentiality agreement with terms not materially less favorable to the Company than those contained in the Confidentiality Agreement dated as of June 14, 2006 between the Company and Buyer (the "**Confidentiality Agreement**"), (iii) following receipt of such Superior Proposal, make an Adverse Recommendation Change (which Adverse Recommendation Change may thereafter be ratified and adopted by the Board of Directors) and/or (iv) take any action that any court of competent jurisdiction orders the Company to take, but in each case referred to in the foregoing clauses (i) through (iv) only if the Special Committee determines in good faith that it must take such action to comply with its fiduciary duties under Applicable Law.

(c) The Special Committee shall not take any of the actions referred to in any of clauses (i) through (iv) of Section 6.03(b) above unless the Company shall have delivered to Buyer a prior written notice advising Buyer that it intends to take such action. In addition, the Company shall notify Buyer promptly (but in no event later than two business days) after receipt by the Company (or any of its Advisors) of any Acquisition Proposal or of any request for information relating to the Company or any of its Subsidiaries or for access to the business, properties, assets, books or records of the Company or any of its Subsidiaries by any Third Party that may be considering making, or has made, an Acquisition Proposal. The Company shall provide such notice in writing and shall identify the Third Party making, and the terms and conditions of, any such Acquisition Proposal or indication or request. The Company shall keep Buyer fully informed, on a current basis, of the status and details of any such Acquisition Proposal or indication or request. Further, the Special Committee shall not make an Adverse Recommendation Change unless (x) the Company, after receiving a Superior Proposal, promptly notifies Buyer in writing at least five Business Days before taking that action, of its intention to do so in response to such Superior Proposal and attaches the most current version of any proposed agreement or a detailed summary of all material terms of any such Acquisition Proposal and the identity of the offeror, and (y) Buyer does not make, within five Business Days after its receipt of that written notification, an offer that is at least as favorable to the shareholders of the Company as such Superior Proposal.

The Company shall, and shall cause its Subsidiaries and their respective Advisors to, cease immediately and cause to be terminated any and all existing activities, discussions or negotiations, if any, with any Third Party conducted prior to the date hereof with respect to any Acquisition Proposal and to use all reasonable best efforts to cause any such Third Party (or its agents or advisors) in possession of confidential information about the Company that was furnished by or on behalf of the Company to return or destroy all such information.

"**Superior Proposal**" means any bona fide, written Acquisition Proposal for at least a majority of the outstanding shares of Company Stock on terms that the Special Committee determines in good faith by a majority vote, after considering the advice of a financial advisor of nationally recognized reputation (which term shall include Collins Stewart Limited) and taking into account all of the terms and conditions of the Acquisition Proposal, including any break-up fees, expense reimbursement provisions and conditions to consummation, are more favorable from a financial point of view to the Company's shareholders (other than the Participating Shareholders) than as provided hereunder and for which financing, if a cash transaction (whether in whole or in part), is then fully committed at least to the same extent as the Commitment Letter.

(d) Nothing in this Section 6.03 shall prohibit the Company or its Board of Directors (or any committee thereof) from at any time making any disclosures to the Company's shareholders required by Applicable Law.

Section 6.04. *Tax Matters.* Except for the proposed resolution of the inquiry disclosed in Section 4.10(p) of the Company Disclosure Schedule, from the date hereof until the Effective Time, except with the written consent of Buyer (which consent shall not be unreasonably withheld or delayed), neither the Company nor any of its Subsidiaries shall make (except in the ordinary course of business consistent with past practice) or change any Tax election, change any annual tax accounting period, adopt or change any method of tax accounting, file any amended Returns or claims for Tax refunds, enter into any closing agreement, surrender any Tax claim, audit or assessment, surrender any right to claim a Tax refund, offset or other reduction in Tax liability, consent to any extension or waiver of the limitations period applicable to any Tax claim or assessment or take or omit to take any other action, if any such action or omission would have the effect of increasing the Tax liability or reducing any Tax asset of the Company or any of its Subsidiaries.

Section 6.05. *Access To Information.* From the date hereof until the Effective Time and subject to Applicable Law and the Confidentiality Agreement, the Company shall (i) give to Buyer, its Representatives, any other parties to the Financing and their respective Representatives reasonable access to the offices, properties, books and records of such party, (ii) furnish to Buyer, its Representatives, any other parties to the Financing and their respective Representatives such financial and operating data and other information as such Persons may reasonably request and (iii) instruct its employees, counsel, financial advisors, auditors and other authorized representatives to reasonably cooperate with Buyer, its Representatives, any other parties to the Financing and their respective Representatives in connection with their investigations. Any investigation pursuant to this Section shall be conducted in such manner as not to interfere unreasonably with the conduct of the business of the other party. No information or knowledge obtained in any investigation pursuant to this Section shall affect or be deemed to modify any representation or warranty made by any party hereunder.

Section 6.06. *Confidentiality.* Prior to the Effective Time and after any termination of this Agreement, the Company agrees to hold, and shall use its reasonable best efforts to cause its officers, directors, employees, accountants, counsel, consultants, advisors and agents to hold, in confidence, unless compelled to disclose by Applicable Law (including, for the avoidance of doubt, the AIM Rules), all confidential documents and information concerning Buyer or any of its Affiliates furnished to the Company or its Affiliates in connection with the transactions contemplated by this Agreement, except to the extent that such information can be shown to have been (i) previously known on a nonconfidential basis by such party, (ii) in the public domain through no fault of such party or (iii) later lawfully acquired by such party from sources other than the other party; *provided* that the Company may disclose such information to its officers, directors, employees, accountants, counsel, consultants, advisors and agents in connection with the transactions contemplated by this Agreement so long as the Company informs such Persons of the confidential nature of such information and directs them to treat it confidentially. If this Agreement is terminated, the Company shall, and shall use its reasonable best efforts to cause its officers, directors, employees, accountants, counsel, consultants, advisors and agents to, destroy or deliver to the other party, upon request, all documents and other materials, and all copies thereof, that it or its Affiliates obtained, or that were obtained on their behalf, from Buyer in connection with this Agreement and that are subject to such confidence. Notwithstanding anything to the contrary in the Confidentiality Agreement, the Confidentiality Agreement shall remain in full force and effect after the date hereof until the earlier of (i) the Effective Time or (ii) June 14, 2008.

Section 6.07. *Cooperation With Financing.* Until the Effective Time, the Company agrees, and agrees to cause each of its Subsidiaries and its and their respective Representatives to reasonably

cooperate with Buyer and the other parties to the Financing and their respective Representatives in connection with the arrangement of the Financing, including (a) participation in meetings, due diligence sessions, bank and rating agency presentations, road shows and otherwise participating the in marketing efforts for the Financing, (b) preparation of offering memoranda, rating agency presentations and similar materials, (c) providing financial and other pertinent information with respect to the Company and its Subsidiaries and their respective businesses, including as required by the Commitment Letter, (d) satisfying conditions to the closing of the Financing that require action by the Company or any of its Subsidiaries and (e) providing and executing documents as may be reasonably be requested by Buyer (including definitive financing documents, pledge and security agreements, certificates (including solvency certificates) and other documents reasonably or customarily requested by similar financing sources); *provided* that the Financing may not require the payment of any commitment or similar fee by, or impose any obligation or liability on, any Participating Shareholders, the Company or any of its Subsidiaries or its other Affiliates prior to the Effective Time.

Section 6.08. *Delivery Of Certain Financial Information.* The Company shall, as promptly as practicable after the date hereof, deliver to Buyer the unaudited interim combined balance sheet of the Company and its combined affiliate as of June 30, 2006 and the related unaudited interim combined statements of operations and cash flows for the six months ended June 30, 2006 referred to in Section 4.08(a).

Section 6.09. *Additional Covenants Regarding Life Settlement Corporation.* The Company agrees that it will not, and it will not permit any of its Subsidiaries to, directly or indirectly amend, waive or otherwise modify (i) the Contribution Agreement dated as of December 21, 2004 among Funding Investors, LLC, Peachtree Settlement Funding Corporation and Peach Holdings, LLC, as amended by Amendment No. 1 to Contribution Agreement dated as of March 4, 2006 and the amendment contemplated by Exhibit E, or (ii) the Employee and Premises Lease Agreement dated July 1, 2000 between Settlement Funding, LLC and Life Settlement Corporation, as amended by the Lease Extension dated April 28, 2003, the Second Lease Extension dated December 29, 2004 and the amendment contemplated by Exhibit E. The Company further agrees that at all times prior to the Effective Time or the termination of this Agreement, it will use its reasonable best efforts to ensure that Funding Investors, LLC and Peachtree Settlement Funding Corporation perform all of their respective obligations under Sections 2 and 3 of the Contribution Agreement and, when executed, under the Supplemental Agreement, and to not permit Funding Investors, LLC or Peachtree Settlement Funding Corporation to sell, assign, exchange, pledge, encumber or otherwise transfer any of their respective interests in Life Settlement Corporation other than to the Company or any if its Subsidiaries.

ARTICLE 7
COVENANTS OF BUYER AND MERGER SUBSIDIARY

Buyer and Merger Subsidiary, jointly and severally, agree that:

Section 7.01. *Obligations of Merger Subsidiary.* Buyer and Merger Subsidiary shall take all actions necessary to perform their respective obligations under this Agreement and to consummate the Merger on the terms and conditions set forth in this Agreement.

Section 7.02. *Director and Officer Liability.* Buyer shall cause the Surviving Corporation, and the Surviving Corporation hereby agrees, to do the following:

(a) For six years after the Effective Time, the Surviving Corporation shall indemnify and hold harmless the present and former officers and directors of the Company and its Subsidiaries (each an "**Indemnified Person**") in respect of acts or omissions occurring at or prior to the Effective

Time to the fullest extent permitted by the FBCA or any other Applicable Law or provided under the Company's articles of incorporation and bylaws in effect on the date hereof; *provided* that such indemnification shall be subject to any limitation imposed from time to time under Applicable Law.

(b) The Surviving Corporation shall pay the necessary premium to purchase a six-year "Extended Reporting Period" officers' and directors' liability insurance policy (the "Tail Policy"). The Tail Policy shall provide coverage for wrongful acts of each such Indemnified Person currently covered by the Company's existing officers' and directors' liability insurance policy on terms with respect to coverage and limits of insurance no less favorable than those of such policy in effect on the date hereof; *provided* that, in satisfying its obligation under this Section 7.02(b), the Surviving Corporation shall not be obligated to pay an aggregate premium in excess of 300% of the current annual premium of the Company, which amount Company has disclosed to Buyer prior to the date hereof.

(c) If Buyer, the Surviving Corporation or any of its successors or assigns (i) consolidates with or merges into any other Person and shall not be the continuing or surviving corporation or entity of such consolidation or merger, or (ii) transfers or conveys all or substantially all of its properties and assets to any Person, then, and in each such case, to the extent necessary, proper provision shall be made so that the successors and assigns of Buyer or the Surviving Corporation, as the case may be, shall assume the obligations set forth in this Section 7.02.

(d) The rights of each Indemnified Person under this Section 7.02 shall be in addition to any rights such Person may have under the articles of incorporation or bylaws of the Company or any of its Subsidiaries, or under the FBCA or any other Applicable Law or under any agreement of any Indemnified Person with the Company or any of its Subsidiaries. These rights shall survive consummation of the Merger and are intended to benefit, and shall be enforceable by, each Indemnified Person.

Section 7.03. *Supplemental Agreement.* Buyer agrees that prior to the satisfaction of the conditions to the consummation of the Merger contained in Article 9 (excluding for this purpose Section 9.02(i)), it will negotiate in good faith, execute and deliver the Supplemental Agreement.

Section 7.04. *Voting Agreements.* Buyer and Merger Subsidiary agree that neither they, nor any of their respective Affiliates, shall, directly or indirectly, enter into any agreement or understanding with any Third Party (including any shareholder of the Company) relating to the voting, or withholding of voting, of shares of Company Stock with respect to the Merger (other than pursuant to the Contribution and Voting Agreement).

ARTICLE 8
COVENANTS OF BUYER AND THE COMPANY

The parties hereto agree that:

Section 8.01. *Reasonable Best Efforts.* (a) Subject to the terms and conditions of this Agreement, the Company and Buyer shall use their respective reasonable best efforts to take, or cause to be taken, all actions and to do, or cause to be done, all things necessary, proper or advisable under Applicable Law to consummate the transactions contemplated by this Agreement, including (i) preparing and filing as promptly as practicable with any Governmental Authority or other third party all documentation to effect all necessary filings, notices, petitions, statements, registrations, submissions of information, applications and other documents and (ii) obtaining and maintaining all approvals, consents, registrations, permits, authorizations and other confirmations required to be obtained from any

Governmental Authority or other third party that are necessary, proper or advisable to consummate the transactions contemplated by this Agreement; *provided* that the parties hereto understand and agree that the reasonable best efforts of any party hereto shall not be deemed to include (i) entering into any settlement, undertaking, consent decree, stipulation or agreement with any Governmental Authority in connection with the transactions contemplated hereby or (ii) divesting or otherwise holding separate (including by establishing a trust or otherwise), (or otherwise agreeing to do any of the foregoing) with respect to any of its or the Surviving Corporation's Subsidiaries or any of their respective Affiliates' businesses, assets or properties.

(b) In furtherance and not in limitation of the foregoing, each of Buyer and the Company shall make an appropriate filing of a Notification and Report Form pursuant to the HSR Act with respect to the transactions contemplated hereby as promptly as practicable and to supply as promptly as practicable any additional information and documentary material that may be requested pursuant to the HSR Act and to take all other actions reasonably necessary to cause the expiration or termination of the applicable waiting periods under the HSR Act as soon as practicable.

Section 8.02. *Certain Filings.* (a) The Company and Buyer shall cooperate with one another (i) in connection with the preparation of the Company Proxy Statement, (ii) in determining whether any action by or in respect of, or filing with, any Governmental Authority is required, or any actions, consents, approvals or waivers are required to be obtained from parties to any material contracts of the Company or any of its Subsidiaries, including the Company Material Contracts, in connection with the consummation of the transactions contemplated by this Agreement and (iii) in taking such actions or making any such filings, furnishing information required in connection therewith or with the Company Proxy Statement and seeking timely to obtain any such actions, consents, approvals or waivers.

(b) Buyer and its counsel shall be given a reasonable opportunity to review and comment on the Company Proxy Statement, before such document (or any amendment or supplement thereto) is filed with any Governmental Authority, and reasonable and good faith consideration shall be given to any comments made by Buyer and its counsel. Each of Buyer and the Company shall provide the other party and its counsel with (i) any comments or other communications, whether written or oral, that such party or its counsel may receive from time to time from any Governmental Authority or its staff with respect to the Company Proxy Statement promptly after receipt of those comments or other communications and (ii) a reasonable opportunity to participate in the response to those comments and to provide comments on that response (to which reasonable and good faith consideration shall be given), including by participating in any discussions or meetings with the relevant Governmental Authority.

Section 8.03. *Public Announcements.* Buyer and the Company shall consult with each other before issuing any press release, making any other public statement or scheduling any press conference or conference call with investors or analysts with respect to this Agreement or the transactions contemplated hereby and, except as may be required by Applicable Law (including the AIM Rules) or any listing agreement with or rule of any securities exchange or association, shall not issue any such press release, make any such other public statement or schedule any such press conference or conference call before such consultation. If any party shall issue any press release, make any such publication or schedule any such press conference or conference call without such consultation, it shall give the other parties hereto prior notice of its intention to do so.

Section 8.04. *Further Assurances.* At and after the Effective Time, the officers and directors of the Surviving Corporation shall be authorized to execute and deliver, in the name and on behalf of the Surviving Corporation or Merger Subsidiary, any deeds, bills of sale, assignments or assurances and to take and do, in the name and on behalf of the Surviving Corporation or Merger Subsidiary, any other actions and things to vest, perfect or confirm of record or otherwise in the Surviving Corporation any

and all right, title and interest in, to and under any of the rights, properties or assets of the Company acquired or to be acquired by the Surviving Corporation as a result of, or in connection with, the Merger.

Section 8.05. *Notices of Certain Events.* Each of the Company and Buyer shall promptly notify the other of:

(a) any notice or other communication from any Person alleging that the consent of such Person is or may be required in connection with the transactions contemplated by this Agreement;

(b) any notice or other communication from any Governmental Authority in connection with the transactions contemplated by this Agreement;

(c) any actions, suits, claims, investigations or proceedings commenced or, to its Knowledge, threatened against, relating to or involving or otherwise affecting the Company or any of its Subsidiaries or Buyer and any of its Subsidiaries, as the case may be, that, if it were pending on the date of this Agreement, would have been required to have been disclosed pursuant to Section 4.12, 4.14, 4.17, 4.18, 4.19, 4.22 or 5.05, as the case may be, or that relate to the consummation of the transactions contemplated by this Agreement;

(d) any inaccuracy of any representation or warranty contained in this Agreement at any time during the term hereof that would reasonably be expected to cause the conditions set forth in Section 9.02(a), 9.02(d) or 9.03(a) not to be satisfied; and

(e) any failure of that party to comply with or satisfy any covenant, condition or agreement to be complied with or satisfied by it hereunder;

provided, however, that the delivery of any notice pursuant to this Section 8.05 shall not limit or otherwise affect the remedies available hereunder to the party receiving that notice.

ARTICLE 9
CONDITIONS TO THE MERGER

Section 9.01. *Conditions to the Obligations of Each Party.* The obligations of the Company, Buyer and Merger Subsidiary to consummate the Merger are subject to the satisfaction of the following conditions:

(a) the Company Shareholder Approval shall have been obtained in accordance with the FBCA and the AIM Rules;

(b) no Applicable Law shall prohibit the consummation of the Merger;

(c) any applicable waiting period under the HSR Act relating to the Merger shall have expired or been terminated;

(d) all actions by or in respect of, filings with, or approvals by, any Governmental Authority, required to permit the consummation of the Merger shall have been taken, made or obtained; and

(e) None of Buyer, Merger Subsidiary or the Company shall be subject to any final order, decree or injunction of a court of competent jurisdiction within the United States that (i) prevents the consummation of the Merger, or (ii) would impose any material limitation on the ability of the Surviving Corporation effectively to exercise full rights of ownership or the assets or business of the Company and its Subsidiaries following the Effective Time.

Section 9.02. *Conditions to the Obligations of Buyer and Merger Subsidiary.* The obligations of Buyer and Merger Subsidiary to consummate the Merger are subject to the satisfaction (or waiver by the Buyer) of the following further conditions:

(a) (i) the Company shall have performed in all material respects all of its obligations hereunder required to be performed by it at or prior to the Effective Time, (ii) the representations and warranties of the Company contained in this Agreement (A) that are qualified by materiality or Material Adverse Effect shall be true at and as of the Effective Time as if made at and as of such time, and (B) that are not qualified by materiality or Material Adverse Effect shall be true in all material respects at and as of the Effective Time as if made at and as of such time and (iii) Buyer shall have received a certificate signed by a duly authorized executive officer of the Company to the foregoing effect;

(b) there shall not have been instituted or be pending any action or proceeding (or any formal investigation that would be reasonably likely to result in such action or proceeding) by any Governmental Authority, or by any other Person, domestic, foreign or supranational, before any Governmental Authority, (i) challenging or seeking to make illegal, to delay materially or otherwise to restrain or prohibit the consummation of the Merger, or seeking to obtain material damages relating to the Merger, (ii) seeking to restrain or prohibit Buyer's, Merger Subsidiary's or the Surviving Corporation's (A) ability effectively to exercise full rights of ownership of the shares of common stock of the Surviving Corporation received in the Merger, including the right to vote such shares following the Effective Time on all matters properly presented to the Surviving Corporation's shareholders, or (B) ownership or operation of all or any material portion of the business or assets of the Company and its Subsidiaries, taken as a whole, or (iii) seeking to compel Buyer or any of its Subsidiaries or Affiliates to dispose of or hold separate all or any material portion of the business or assets of the Company and its Subsidiaries, taken as a whole, or (iv) that otherwise, would be reasonably expected to have a Material Adverse Effect on the Company or Buyer;

(c) there shall not have been any Applicable Law enacted, enforced, promulgated or issued by any Governmental Authority, other than the application of the waiting period provisions of the HSR Act to the Merger, that would be reasonably expected to result in any of the consequences referred to in clauses (i) through (iv) of paragraph (b) above;

(d) except as set forth on Section 4.10(a) of the Company Disclosure Schedule, there shall not have occurred and be continuing as of or otherwise arisen before the Effective Time any event, occurrence, disclosure or state of circumstances or facts which, individually or in the aggregate, has had or would reasonably be expected to have a Material Adverse Effect on the Company; and

(e) The Company shall have obtained all consents, waivers or amendments set forth on Section 4.04 of the Disclosure Schedule, in each case in form and substance reasonably satisfactory to Buyer, and no such consent, waiver or amendment shall have been revoked.

(f) The proceeds of the Financing shall be available to Buyer on equivalent or more favorable terms and conditions as those set forth in the Commitment Letter.

(g) The last day on which shareholders of the Company may exercise rights pursuant to Section 607.1321 of the FBCA shall have occurred and the holders of Company Stock representing

no more than 10% of the outstanding Company Stock shall have exercised rights pursuant to Section 607.1321 of the FBCA.

(h) The Company shall have delivered a certification in the form attached as Exhibit D hereto dated not more than 30 days prior to the Effective Time and signed by the Company to the effect that the Company is not, nor has it been within five years of the date of the certification, a "United States real property holding corporation" as defined in Section 897 of the Code.

(i) Either Funding Investors, LLC and Peachtree Settlement Funding Corporation shall have entered into an agreement having the terms and conditions set forth in Exhibit E, including the amendments, consents and pledge referenced therein, or Life Settlement Corporation shall have become a direct or indirect 100%-owned Subsidiary of the Company.

(j) Dermot Smurfit and the Company shall have entered into the Amendment to Peach Holdings, Inc. Non Qualified Option Agreement substantially in the form attached hereto as Exhibit F.

(k) The sum of (i) $14,461,164 plus (ii) the U.S. Dollar amount of "income before taxes" as reflected on the unaudited interim combined statement of operations of the Company and its combined affiliate for the six-month period ended June 30, 2006 (delivered pursuant to Section 6.08) shall be no less than $17,500,000.

Section 9.03. *Conditions to the Obligations of the Company.* The obligations of the Company to consummate the Merger are subject to the satisfaction (or waiver by the Company) of the following further condition:

(a) (i) each of Buyer and Merger Subsidiary shall have performed in all material respects all of its obligations hereunder required to be performed by it at or prior to the Effective Time, (ii) the representations and warranties of Buyer contained in this Agreement and in any certificate or other writing delivered by Buyer pursuant hereto (A) that are qualified by materiality or Material Adverse Effect shall be true at and as of the Effective Time as if made at and as of such time, and (B) that are not qualified by materiality or Material Adverse Effect shall be true in all material respects at and as of the Effective Time as if made at and as of such time and (iii) the Company shall have received a certificate signed by a duly authorized officer of Buyer to the foregoing effect.

ARTICLE 10
TERMINATION

Section 10.01. *Termination.* This Agreement may be terminated and the Merger may be abandoned at any time prior to the Effective Time (notwithstanding any approval of this Agreement by the shareholders of the Company):

(a) by mutual written agreement of the Company and Buyer;

(b) by either the Company or Buyer, if:

(i) the Merger has not been consummated on or before February 15, 2007 (the "**End Date**"); *provided* that the right to terminate this Agreement pursuant to this Section 10.01(b)(i) shall not be available to any party whose breach of any provision of this Agreement results in the failure of the Merger to be consummated by such time;

(ii) there shall be any Applicable Law that (A) makes consummation of the Merger illegal or otherwise prohibited or (B) enjoins the Company or Buyer from consummating the Merger and such enjoinment shall have become final and nonappealable; or

(iii) at the Company Shareholder Meeting (including any adjournment or postponement thereof), the Company Shareholder Approval shall not have been obtained;

(c) by Buyer, if:

(i) an Adverse Recommendation Change shall have occurred;

(ii) the Company shall have entered into, or publicly announced its intention to enter into, a definitive agreement or an agreement in principle with respect to any Acquisition Proposal;

(iii) a breach of any representation or warranty or failure to perform any covenant or agreement on the part of the Company set forth in this Agreement shall have occurred that would cause the condition set forth in Section 9.02(a) not to be satisfied, and such condition is incapable of being satisfied by the End Date;

(iv) the Company shall have materially breached its obligations under Sections 6.02 and 6.03; or

(v) the condition set forth in Section 9.02(k) shall be incapable of being satisfied; *provided* that Buyer's right to terminate pursuant to the terms of this Section 10.01(c)(v) shall only be exercisable within the two-week period following the delivery by the Company to Buyer of the information required to be provided by the Company pursuant to the terms of Section 6.08.

(d) by the Company, if:

(i) a breach of any representation or warranty or failure to perform any covenant or agreement on the part of the Buyer or Merger Subsidiary set forth in this Agreement shall have occurred that would cause the condition set forth in Section 9.03(a) not to be satisfied, and such condition is incapable of being satisfied by the End Date; or

(ii) the Company shall have entered into a definitive agreement with respect to a Superior Proposal.

The party desiring to terminate this Agreement pursuant to this Section 10.01 (other than pursuant to Section 10.01(a)) shall give notice of such termination to the other party.

Section 10.02. *Effect of Termination.* Subject to Section 11.04, if this Agreement is terminated pursuant to Section 10.01, this Agreement shall become void and of no effect without liability of any party (or any shareholder, director, officer, employee, agent, consultant or representative of such party) to the other party hereto; *provided* that if such termination shall result from the willful (i) failure of either party to take any action or omit to take any action, which results in the non-occurrence of a condition to the performance of the obligations of the other party or (ii) failure of either party to perform a covenant hereof, such party shall be fully liable for any and all liabilities and damages incurred or suffered by the other party as a result of such failure, but the aggregate amount of such liabilities and damages for which Buyer and Merger Subsidiary together or the Company may be liable (and in the case of the Company, when added to any liability of the Company under Section 11.04(b)), shall not exceed $21,500,000 in the aggregate. The provisions of the Confidentiality Agreement, this Section 10.02 and Sections 6.06, 11.01, 11.04, 11.06, 11.07 and 11.08 shall survive any termination hereof pursuant to Section 10.01.

ARTICLE 11
MISCELLANEOUS

Section 11.01. *Notices.* All notices, requests and other communications to any party hereunder shall be in writing (including facsimile transmission and electronic mail ("**e-mail**") transmission, so long as a receipt of such e-mail is requested and received) and shall be given,

if to Buyer or Merger Subsidiary, to:

Orchard Acquisition Company
c/o DLJ Merchant Banking, Inc.
Eleven Madison Avenue
New York, NY 10010
Attention: Daniel Gewirtz
Facsimile No.: (212) 325-2663
E-mail: daniel.gewirtz@credit-suisse.com

with a copy to:

Davis Polk & Wardwell
450 Lexington Avenue
New York, New York 10017
Attention: Nancy L. Sanborn
Facsimile No.: (212) 450-3800
E-mail: sanborn@dpw.com

if to the Company, to:

Peach Holdings, Inc.
3301 Quantum Boulevard, 2nd Floor
Boynton Beach, Florida 33426-8622
Attention: James D. Terlizzi
Facsimile No: (561) 962-7213
E-mail: JTerlizzi@lumpsum.com

with a copy to:

Dermot F. Smurfit
Gloucester Lodge
12 Gloucester Gate
Regent's Park, London
NW1 4HG
Facsimile No.: 011-44-207-935-1541
E-mail: dermot@dsmurfit.com

and

Foley & Lardner LLP
321 North Clark Street
Suite 2800
Chicago, Illinois 60610-4764
Attention: Todd B. Pfister
Facsimile No.: (312) 832-4700
E-mail: tpfister@foley.com

or to such other address or facsimile number as such party may hereafter specify for the purpose by notice to the other parties hereto. All such notices, requests and other communications shall be deemed received on the date of receipt by the recipient thereof if received prior to 5:00 p.m. on a Business Day in the place of receipt. Otherwise, any such notice, request or communication shall be deemed to have been received on the next succeeding Business Day in the place of receipt.

Section 11.02. *Survival of Representations and Warranties.* The representations, warranties and agreements contained herein and in any certificate or other writing delivered pursuant hereto shall not

survive the Effective Time, except for the agreements set forth in Section 7.02 and any other covenant or agreement contained herein that, by its terms, contemplates performance after the Effective Time.

Section 11.03. *Amendments and Waivers.* (a) Any provision of this Agreement may be amended or waived prior to the Effective Time if, but only if, such amendment or waiver is in writing and is signed, in the case of an amendment, by each party to this Agreement or, in the case of a waiver, by each party against whom the waiver is to be effective; *provided* that, after the Company Shareholder Approval, no such amendment or waiver shall reduce the amount or change the kind of consideration to be received in exchange for the shares of Company Stock.

(b) No failure or delay by any party in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

Section 11.04. *Expenses.* (a) Except as otherwise provided herein, all costs and expenses incurred in connection with this Agreement shall be paid by the party incurring such cost or expense.

(b) If a Payment Event (as hereinafter defined) occurs, the Company shall pay Buyer (by wire transfer of immediately available funds), promptly following the occurrence of such Payment Event, $21,500,000.

"**Payment Event**" means a termination of this Agreement pursuant to any of the following:

(i) by Buyer pursuant to Section 10.01(c)(i) or 10.01(c)(iv) if, in the case of a termination pursuant to Section 10.01(c)(iv), such termination by Buyer relates to a breach by the Company of any of its obligations under Section 6.03;

(ii) by Buyer or the Company pursuant to Section 10.01(b)(iii), but in each case only if (A) prior to the Company Shareholder Meeting, an Acquisition Proposal shall have been made, and (B) within 12 months following the date of such termination, any Acquisition Proposal (other than an Acquisition Proposal described in clause (D) of the definition thereof that is not the same or substantially similar to an Acquisition Proposal made prior to such termination) is consummated;

(iii) by Buyer pursuant to Section 10.01(c)(ii), or by the Company pursuant to Section 10.01(d)(ii), but in each case only if within 12 months following the date of such termination, any Acquisition Proposal (other than an Acquisition Proposal described in clause (D) of the definition thereof that is not the same or substantially similar to an Acquisition Proposal made prior to such termination) is consummated;

(iv) by Buyer pursuant to Section 10.01(c)(iv) if such termination by Buyer relates to a breach by the Company of any of its obligations under Section 6.02; *provided* that such termination by Buyer may only be effected after Buyer has provided the Company with written notice of the relevant breach and if such breach remains uncured by the Company five Business Days following the giving of such notice;

(v) by Buyer or the Company pursuant to and in accordance with Section 10.01(b)(i), but only if (A) any breach by Buyer of any provision of this Agreement shall not have resulted in the failure of the Merger to be consummated by the End Date, (B) an Acquisition Proposal shall have been made prior to the End Date, and (C) within 12 months following the date of such termination, any Acquisition Proposal (other than an Acquisition Proposal described in clause (D) of the definition thereof that is not the same or substantially similar to an Acquisition Proposal made prior to such termination) is consummated.

(c) Upon any termination of this Agreement pursuant to Article 10 (other than a termination by Buyer or the Company pursuant to Section 10.01(a), 10.01(b)(i), 10.01(b)(ii) or 10.01(d)(i), a

termination by Buyer pursuant to Section 10.01(c)(v), or a termination by Buyer pursuant to Section 10.01(c)(iii), unless the breach of representation or warranty or failure to perform a covenant or agreement giving rise to the termination right is the result of a willful act or omission by the Company), the Company shall reimburse Buyer and its Affiliates (by wire transfer of immediately available funds), no later than two Business Days after demand, for all of their reasonable out-of-pocket fees and expenses (including reasonable fees and expenses of their counsel) up to $5,000,000 (in the aggregate) actually incurred by any of them in connection with this Agreement, the Contribution and Voting Agreement, the Financing and the transactions contemplated hereby and thereby including the arrangement of obtaining the commitment to provide or obtaining any financing for such transactions.

(d) Upon any termination of this Agreement by the Company pursuant (A) to Section 10.01(b)(i) but only if (1) any breach by the Company of any provision of this Agreement shall not have resulted in the failure of the Merger to be consummated by the End Date and (2) all the conditions set forth in Article 9 shall have been fulfilled other than the condition set forth in Section 9.02(f), or (B) to Section 10.01(d)(i), but only if the breach of representation or warranty or failure to perform a covenant or agreement giving rise to the termination right is the result of a willful act or omission by Buyer or Merger Subsidiary, Buyer shall reimburse the Company and its Subsidiaries, (by wire transfer of immediately available funds), no later than two Business Days after demand, for all of their reasonable out-of-pocket fees and expenses (including reasonable fees and expenses of their counsel) up to $2,500,000 (in the aggregate) actually incurred by them in connection with this Agreement and the transactions contemplated hereby; *provided* that any payment by Buyer to the Company pursuant to clause (A) above shall constitute the Company's sole and exclusive remedy against Buyer under this Agreement, and Buyer shall have no further obligation hereunder to the Company.

(e) The Parties acknowledge that the agreements contained in this Section 11.04 are an integral part of the transactions contemplated by this Agreement and that, without these agreements, the Parties would not enter into this Agreement. Accordingly, if a Party fails promptly to pay any amount due to the other Party pursuant to this Section 11.04, it shall also pay any reasonable costs and expenses incurred by the Party to whom such payment is due in connection with a legal action to enforce this Agreement that results in a judgment against the Party required to make such payment for such amount.

Section 11.05. *Binding Effect; Benefit; Assignment.* (a) The provisions of this Agreement shall be binding upon and, except as provided in Section 7.02, shall inure to the benefit of the parties hereto and their respective successors and assigns. Except as provided in Section 7.02, no provision of this Agreement is intended to confer any rights, benefits, remedies, obligations or liabilities hereunder upon any Person other than the parties hereto and their respective successors and assigns.

(b) No party may assign, delegate or otherwise transfer any of its rights or obligations under this Agreement without the consent of each other party hereto, except that Buyer or Merger Subsidiary may transfer or assign its rights and obligations under this Agreement, after the Effective Time, to any Person; *provided* that such transfer or assignment shall not relieve Buyer or Merger Subsidiary of its obligations hereunder or enlarge, alter or change any obligation of any other party hereto or due to Buyer or Merger Subsidiary.

Section 11.06. *Governing Law.* This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware, without regard to the conflicts of law rules of such state, except that the Merger shall be governed by the laws of the State of Florida.

Section 11.07. *Jurisdiction.* The parties hereto agree that any suit, action or proceeding seeking to enforce any provision of, or based on any matter arising out of or in connection with, this Agreement or the transactions contemplated hereby shall be brought in any federal court located in the

State of Delaware or any Delaware state court, and each of the parties hereby irrevocably consents to the jurisdiction of such courts (and of the appropriate appellate courts therefrom) in any such suit, action or proceeding and irrevocably waives, to the fullest extent permitted by law, any objection that it may now or hereafter have to the laying of the venue of any such suit, action or proceeding in any such court or that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum. Process in any such suit, action or proceeding may be served on any party anywhere in the world, whether within or without the jurisdiction of any such court. Without limiting the foregoing, each party agrees that service of process on such party as provided in Section 11.01 shall be deemed effective service of process on such party.

Section 11.08. *WAIVER OF JURY TRIAL.* EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

Section 11.09. *Counterparts; Effectiveness.* This Agreement may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument. This Agreement shall become effective when each party hereto shall have received a counterpart hereof signed by all of the other parties hereto. Until and unless each party has received a counterpart hereof signed by the other party hereto, this Agreement shall have no effect and no party shall have any right or obligation hereunder (whether by virtue of any other oral or written agreement or other communication).

Section 11.10. *Entire Agreement.* This Agreement and the Confidentiality Agreement constitute the entire agreement between the parties with respect to the subject matter of this Agreement and supersedes all prior agreements and understandings, both oral and written, between the parties with respect to the subject matter of this Agreement.

Section 11.11. *Severability.* If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction or other Governmental Authority to be invalid, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions of this Agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any party. Upon such a determination, the parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner in order that the transactions contemplated hereby be consummated as originally contemplated to the fullest extent possible.

Section 11.12. *Specific Performance.* The parties hereto agree that irreparable damage would occur if any provision of this Agreement were not performed in accordance with the terms hereof and that the parties shall be entitled to an injunction or injunctions to prevent breaches of this Agreement or to enforce specifically the performance of the terms and provisions hereof in any federal court located in the State of Delaware or any Delaware state court, in addition to any other remedy to which they are entitled at law or in equity.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

PEACH HOLDINGS, INC.

By: /s/ JAMES D. TERLIZZI

Name: James D. Terlizzi
Title: CEO

ORCHARD ACQUISITION COMPANY

By: /s/ KAMIL SALAME

Name: Kamil Salame
Title: President

ORCHARD MERGER SUBSIDIARY INC.

By: /s/ KAMIL SALAME

Name: Kamil Salame
Title: President

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APPENDIX B

OPINION OF COLLINS STEWART LIMITED

[LETTERHEAD OF COLLINS STEWART LIMITED]

11 September 2006

Special Committee of
the Board of Directors
6501 Park of Commerce Boulevard
Suite 140
Boca Raton, FL 33487
USA

Dear Members of the Special Committee of the Board of Directors:

You have asked us to advise you with respect to the fairness, from a financial point of view, to the holders of the common stock, par value $0.001 per share ("Company Common Stock"), of Peach Holdings, Inc. (the "Company"), other than the Rollover Holders (as defined below), of the Merger Consideration (as defined below) to be received by such holders pursuant to the terms of the Agreement and Plan of Merger (the "Merger Agreement"), dated as of September 11, 2006 among the Company, Orchard Acquisition Company, a Delaware corporation ("Buyer"), and Orchard Merger Subsidiary Inc., a Florida corporation and a wholly-owned subsidiary of Buyer. ("Merger Co"). The Merger Agreement provides for, among other things, the merger (the "Merger") of Merger Co with and into the Company pursuant to which the Company will be the surviving corporation (the "Surviving Corporation") and each outstanding share of Company Common Stock will be converted into the right to receive £3.85 per share in cash, payable as specified in the Merger Agreement (the "Merger Payment"). In addition, the Merger Agreement permits the Company to pay a cash dividend of $7 million in the aggregate (which represents approximately 3.5 pence per share as of the date hereof (the "Dividend Payment")) and we have with your permission assumed such dividend will be paid prior to the Merger. For purposes of this letter, the term "Merger Consideration" means the Merger Payment together with the Dividend Payment. We understand that agreements entered into in connection with the Merger between institutional investors affiliated with the Buyer and certain employees of the Company (collectively, the "Rollover Holders") provide that, immediately before the closing of the Merger, the Rollover Holders will contribute a portion of their shares of Company Common Stock and thereby invest in securities of the Surviving Corporation.

In arriving at our opinion, we have reviewed the Merger Agreement and certain related documents as well as certain publicly available business and financial information relating to the Company. We also have reviewed certain other information relating to the Company, including financial forecasts, provided to or discussed with us by the Company, and have met with the management of the Company to discuss the business and prospects of the Company. We also have considered certain financial and stock market data of the Company, and we have compared that data with similar data for other publicly held companies in businesses we deemed similar to that of the Company and we have considered, to the extent publicly available, the financial terms of certain other business combinations and other transactions which have been recently effected or announced. We also considered such other information, financial studies, analyses and investigations and financial, economic and market criteria which we deemed relevant.

In connection with our review, we have not assumed any responsibility for independent verification of any of the foregoing information and have relied on such information being complete and accurate in all material respects. With respect to the financial forecasts for the Company which we have reviewed, the management of the Company has advised us, and we have assumed, that such forecasts

have been reasonably prepared on bases reflecting the best currently available estimates and judgments of the Company's management as to the future financial performance of the Company. We also have assumed, with your consent, that in the course of obtaining any regulatory or third party consents, approvals or agreements in connection with the Merger, no modification, delay, limitation, restriction or condition will be imposed that would have an adverse effect on the Company or the Merger and that the Merger will be consummated in accordance with the terms of the Merger Agreement without waiver, modification, amendment or adjustment of any material term, condition or agreement therein. In addition, we have not been requested to make, and have not made, an independent evaluation or appraisal of the assets or liabilities (contingent or otherwise) of the Company, nor have we been furnished with any such evaluations or appraisals. Our opinion addresses only the fairness, from a financial point of view, to the holders of Company Common Stock (other than the Rollover Holders) of the Merger Consideration and does not address any other aspect or implication of the Merger or any other agreement, arrangement or understanding entered into in connection with the Merger or otherwise. Our opinion is necessarily based upon information made available to us as of the date hereof and upon financial, economic, market and other conditions as they exist and can be evaluated on the date hereof. Our opinion does not address the relative merits of the Merger as compared to alternative transactions or strategies that might be available to the Company, nor does it address the underlying business decision of the Company to proceed with the Merger.

We have acted as financial advisor to the Company in connection with the Merger and will receive a fee for our services, a significant portion of which is contingent upon the consummation of the Merger. We also will receive a fee for rendering this opinion. In addition, the Company has agreed to indemnify us for certain liabilities and other items arising out of our engagement. From time to time, we and our affiliates have in the past provided, are currently providing and in the future we may provide, investment banking and other financial services to the Company, as well as the private investment firms whose affiliates are stockholders of Merger Co, and their respective affiliates, for which we have received, and would expect to receive, compensation. We and certain of our affiliates and certain of our and their respective employees and certain private investment funds affiliated or associated with us have invested in private equity funds managed or advised by the private investment firms whose affiliates are stockholders of Merger Co. We are a full service securities firm engaged in securities trading and brokerage activities as well as providing investment banking and other financial services. In the ordinary course of business, we and our affiliates may acquire, hold or sell, for our own accounts and the accounts of customers, equity, debt and other securities and financial instruments (including bank loans and other obligations) of the Company, Merger Co, affiliates of the stockholders of Merger Co and any other company that may be involved in the Merger and, accordingly, may at any time hold a long or short position in such securities, as well as provide investment banking and other financial services to such companies.

It is understood that this letter is for the information of the Special Committee of the Board of Directors of the Company in connection with its consideration of the Merger and does not constitute a recommendation to any stockholder as to how such stockholder should vote or act on any matter relating to the proposed Merger and is not intended to, and does not, create any fiduciary or other obligations owed to the stockholders of the Company.

Based upon and subject to the foregoing, it is our opinion that, as of the date hereof, the Merger Consideration to be received by the holders of Company Common Stock (other than the Rollover Holders) is fair to such holders, from a financial point of view.

Very truly yours,

Collins Stewart Limited

APPENDIX C

CONTRIBUTION AND VOTING AGREEMENT

CONTRIBUTION AND VOTING AGREEMENT, dated as of September 11, 2006 (this "**Agreement**"), among (i) LLR Equity Partners, L.P., LLR Equity Partners Parallel, L.P., LLR Equity Partners II, L.P., LLR Equity Partners Parallel II, L.P., Greenhill Capital Partners, L.P., Greenhill Capital Partners (Cayman), L.P., Greenhill Capital Partners (Executives), L.P. and Greenhill Capital, L.P.**.** (collectively, the "**Co-Investor Shareholders**"), (ii) James Terlizzi ("**Terlizzi**"), Timothy Trankina ("**Trankina**"), Craig Lessner, Sergio Salani, Michael Popper, Paul Benk, Stephen Berenzweig and Peachtree Settlement Funding Corporation ("**PSFC**") (collectively, the "**Management Shareholders**"), (iii) DLJ Merchant Banking Partners IV, L.P., DLJ Offshore Partners IV, L.P., DLJ Merchant Banking Partners IV (Pacific), L.P. and MBP IV Investors, L.P. (collectively, the "**DLJMB Funds**"), (iv) **CSFB LP Holding, Guernsey Branch** ("**CS-Guernsey**" and together with the DLJMB Funds, the "**DLJ Investors**") and (iv) Orchard Acquisition Company, a Delaware corporation ("**Buyer**"). The Co-Investor Shareholders and the Management Shareholders are herein collectively referred to as the "**Participating Stockholders**." The Participating Stockholders and the DLJ Investors are herein collectively referred to as the "**Investors**." Unless expressly provided otherwise in this Agreement, capitalized terms defined in the Merger Agreement (as defined below) when used in this Agreement shall have the same meanings set forth in the Merger Agreement.

WHEREAS, Buyer has entered into an Agreement and Plan of Merger dated as of the date hereof (as may be amended from time to time, the "**Merger Agreement**"), among Peach Holdings, Inc., a Florida corporation (the "**Company**"), Buyer and Orchard Merger Subsidiary Inc., a Florida corporation (the "**Merger Subsidiary**"), pursuant to which, upon the terms and subject to the conditions set forth therein, the Merger Subsidiary, a wholly-owned subsidiary of Buyer, would merge with and into the Company, with the Company being the surviving corporation (the "**Merger**");

WHEREAS, in connection with the consummation of the Merger, each of the Investors desires to enter into a shareholders agreement, the principal terms and conditions of which are described on Exhibit A (the "**Shareholders Agreement**");

WHEREAS, in connection with the execution of the Merger Agreement, Buyer has received a Senior Credit Facilities Commitment Letter from Bear, Stearns & Co. Inc. and Bear Stearns Corporate Lending Inc. (together, the "**Lenders**") with respect to the provision of senior secured debt financing to effect the Merger (the "**Debt Financing Commitments**");

WHEREAS, the parties hereto desire to make certain agreements, representations, warranties and covenants in connection with the Merger, the Merger Agreement, the Shareholders Agreement, the Debt Financing Commitments and the transactions contemplated hereby and thereby (collectively, the "**Transactions**");

WHEREAS, in connection with the consummation of the Merger, the Company intends to enter into certain employment and equity arrangements with management and other key employees ("**Employment Arrangements**");

WHEREAS, the Investors intend for U.S. federal income tax purposes that the transactions described in Sections 1.01 and 1.02 (together, the "**Contributions**") be governed by Section 351 of the Internal Revenue Code of 1986, as amended (the "**Code**").

NOW, THEREFORE, in consideration of the mutual covenants and conditions as hereinafter set forth, the parties hereto do hereby agree as follows:

ARTICLE 1
CONTRIBUTIONS

Section 1.01. *DLJ Investors Purchases of Shares.* At the Contribution Closing (as defined below), upon the terms and subject to the conditions of this Agreement, each DLJ Investor hereby agrees, severally and not jointly, to purchase from Buyer, and Buyer agrees to issue and sell to such DLJ Investor, the number of shares of Common Stock, par value $0.01 per share ("**Buyer Common Stock**"), of Buyer equal to the percentage set forth opposite its name on Schedule I of an amount equal to (i) the amount in U.S. Dollars required for Buyer or the Surviving Corporation to pay the aggregate Merger Consideration *plus* the aggregate amount of all out-of-pocket fees and expenses incurred by or on behalf of the Buyer in connection with the Transactions (including the costs of any hedging arrangements and the fees and expenses of accountants, attorneys, financing sources, financial advisors, consultants and other advisors), *less* the proceeds of the Financing, *less* the excess cash on hand at the Company used to satisfy a portion of the aggregate Merger Consideration or such fees and expenses, *divided by* (ii) $100 (the "**DLJ Shares**"), for a cash purchase price of $100 per share.

Section 1.02. *Participating Stockholders Contributions in Exchange for Shares.* At the Contribution Closing, upon the terms and subject to the conditions of this Agreement, each Participating Stockholder hereby agrees, severally and not jointly, to transfer, contribute and deliver to Buyer the number of shares of Company Stock set forth opposite its name on Schedule II hereto, free and clear of any Liens (including any restriction on the right to vote, sell, transfer or otherwise dispose of such shares), other than any restrictions set forth in this Agreement. In consideration for its contribution of such shares of Company Stock to Buyer, Buyer hereby agrees to issue at the Contribution Closing to each Participating Stockholder the number of shares of Buyer Common Stock (the "**Participating Stockholders Shares**") equal to (i) the number of contributed shares, *multiplied* by £3.85 per share, *multiplied* by the most recent closing USD:GBP exchange rate as of the Contribution Closing (as provided by FactSet), *divided* by (ii) $100 per share.

Section 1.03. *Delivery of Funds and Certificates.* Subject to the satisfaction (or waiver by the parties entitled to the benefit thereof) of the conditions set forth in Section 1.04 of this Agreement, the closing of the transactions contemplation hereby (the "**Contribution Closing**") will take place at the offices of Davis Polk & Wardwell, 450 Lexington Avenue, New York, NY 10017, or at such other location as the parties may mutually agree, immediately prior to the Effective Time of the Merger on the date of the closing of the transactions set forth in the Merger Agreement (the "**Closing Date**"). At the Contribution Closing:

(a) each DLJ Investor will deliver to Buyer the purchase price for its DLJ Shares in accordance with Section 1.01, which will represent payment in full for the shares of Buyer Common Stock set forth opposite such DLJ Investor's name on Schedule I;

(b) each Participating Stockholder will deliver to Buyer a certificate or certificates representing the number of shares of Company Stock set forth opposite its name on Schedule II, together with executed instruments of transfer and any required transfer stamps affixed thereto, which will represent payment in full for the shares of Buyer Common Stock determined in accordance with Section 1.02;

(c) Buyer will deliver to each DLJ Investor a duly executed certificate, registered in the DLJ Investor's name, representing the shares of Buyer Common Stock set forth opposite its name on Schedule I; and

(d) Buyer will deliver to each Participating Stockholder a duly executed certificate, registered in the Participating Stockholder's name, representing the shares of Buyer Common Stock determined in accordance with Section 1.02.

Section 1.04. *Conditions to the Obligations of the Parties to Consummate the Contribution Closing.*

(a) *Conditions to Obligations of the Investors*. The obligations of each Investor to consummate the Contribution Closing are subject to the satisfaction (or waiver by such Investor) of all of the conditions to the consummation of the Merger contained in Article 9 of the Merger Agreement, and the expiration or termination of all waiting periods (and any extension thereof) applicable to the Investors under the HSR Act and the requirement that no Applicable Law shall prohibit the consummation of the transactions contemplated hereby.

(b) *Conditions to Obligations of the DLJ Investors*. The obligations of each DLJ Investor to consummate the Contribution Closing are further subject to (i) the representations and warranties of the Participating Stockholders contained in this Agreement being true at and as of the Closing Date as if made at and as of such date and (ii) the Participating Stockholders having performed in all material respects all the obligations required to be performed by them prior to such date.

(c) *Conditions to Obligations of the Participating Stockholders*. The obligations of each Participating Stockholder to consummate the Contribution Closing are further subject to (i) the representations and warranties of the DLJ Investors and the Buyer contained in this Agreement being true at and as of the Closing Date as if made at and as of such date and (ii) the DLJ Investors and the Buyer having performed in all material respects all the obligations required to be performed by them prior to such date.

ARTICLE 2
REPRESENTATIONS AND WARRANTIES

Section 2.01. *Representations and Warranties of Buyer.* Buyer represents and warrants to each of other parties hereto as follows:

(a) *Corporate Existence and Power.* Buyer is a corporation duly incorporated, validly existing and in good standing under the laws of Delaware and has all corporate powers and all material governmental licenses, authorizations, permits, consents and approvals required to carry on its business as now conducted.

(b) *Corporate Authorization.* The execution, delivery and performance by Buyer of this Agreement and the Shareholders Agreement and the consummation of the transactions contemplated hereby and thereby are within the corporate powers of Buyer and have been duly authorized by all necessary corporate action on the part of Buyer. This Agreement constitutes, and the Shareholders Agreement when executed will constitute, a valid and binding agreement of Buyer.

(c) *Governmental Authorization*. The execution, delivery and performance by Buyer of this Agreement and the Shareholders Agreement and the consummation of the transactions contemplated hereby and thereby require no material action by or in respect of, or material filing with, any Governmental Authority other than (i) the filing of a certificate of merger with respect to the Merger with the Delaware Secretary of State and appropriate documents with the relevant authorities of other states in which Buyer is qualified to do business, (ii) compliance with any applicable requirements of the HSR Act, (iii) compliance with any applicable requirements of the 1933 Act, the 1934 Act and the AIM Rules, and (iv) any actions or filings the absence of which would not be reasonably expected to have, individually or in the aggregate, a Material Adverse

Effect on Buyer or materially to impair the ability of Buyer to consummate the transactions contemplated by this Agreement.

(d) *Noncontravention*. The execution, delivery and performance by Buyer of this Agreement and the Shareholders Agreement and the consummation of the transactions contemplated hereby and thereby do not and will not (i) violate the certificate of incorporation or bylaws of Buyer, (ii) assuming compliance with the matters referred to in Section 2.01(c), violate any Applicable Law, (iii) violate any judgment, decree, order or award of any Governmental Authority applicable to Buyer or any of its properties or assets or (iv) require any consent or other action by any Person under, constitute a default under, or give rise to any right of termination, cancellation or acceleration of any right or obligation of Buyer or to a loss of any benefit to which Buyer is entitled under any provision of any agreement or other instrument binding upon Buyer.

(e) *Capitalization.* As of the date hereof the authorized capital stock of Buyer consists of 1,000 shares of Buyer Common Stock, one of which is issued and outstanding and held by DLJ Merchant Banking Partners IV, L.P. (the "**Initial Share**"). Immediately prior to the Contribution Closing, the authorized capital stock of Buyer shall consist of 5,000,000 shares of Buyer Common Stock. As of the date hereof, there are no outstanding securities convertible into or exchangeable for shares of Buyer Common Stock, or warrants to purchase or to subscribe for any shares of Buyer Common Stock or other securities of the Buyer except as expressly provided in this Agreement. Immediately after the Contribution Closing, (i) the only issued and outstanding shares of Buyer Common Stock will be the Initial Share, the DLJ Shares and the Participating Stockholders Shares, and (ii) there will be no outstanding securities convertible into or exchangeable for Buyer Common Stock, or warrants to purchase or to subscribe for any Buyer Common Stock or other securities of the Buyer, other than any issuances in connection with the Employment Arrangements and/or financing arrangements entered into to finance the aggregate Merger Consideration and any costs or expenses incurred in connection with the Transactions, which financing arrangements must be reasonably acceptable to Terlizzi (whose consent shall not be unreasonably denied, withheld, conditioned or delayed). The DLJ Shares and the Participating Stockholders Shares, when issued and delivered in accordance with the terms hereof and upon receipt of payment required to be made hereunder, will be duly authorized, validly issued, fully paid and nonassessable and free and clear of any Liens, except as may be otherwise set forth in the Shareholders Agreement.

(f) *Organization.* Buyer was organized solely for the purpose of effecting the Transactions and has engaged in no activity other than in connection therewith and, to the knowledge of Buyer, has not incurred liabilities in connection with its activities as of the date hereof or as of the Contribution Closing, other than as contemplated herein or by the Transactions, including, but not limited to, this Agreement, the Employment Arrangements, the Debt Financing Commitments, the Merger Agreement, the Supplemental Agreement referenced therein, any monitoring agreements with designees of the DLJMB Funds and the Co-Investor Shareholders as contemplated by the Shareholders Agreement (the "**Monitoring Agreements**"), any hedging agreements of the type described in Section 4.12 hereof, and any other liability or obligation imposed on the Buyer under Applicable Law or by any Governmental Authority.

Section 2.02. *Representations and Warranties of the Investors.* Each Investor, severally and not jointly, represents and warrants to the other parties hereto that:

(a) *Existence.* Except in the case of a Management Shareholder other than PSFC, such Investor (including PSFC) is a corporation or limited partnership duly organized, validly existing and in good standing under the laws of its jurisdiction of organization.

(b) *Authorization.* Except in the case of a Management Shareholder other than PSFC, the execution, delivery and performance by such Investor (including PSFC) of this Agreement and the

Shareholders Agreement and the consummation of the transactions contemplated hereby and thereby are within the powers of such Investor, as the case may be, and have been duly authorized by all necessary corporate or partnership action on the part of such Investor. No spousal consent is required with respect to any Management Shareholder to execute, deliver or perform his obligations under this Agreement and the Shareholders Agreement. This Agreement constitutes, and the Shareholders Agreement when executed will constitute, a valid and binding agreement of such Investor.

(c) *Governmental Authorization.* The execution, delivery and performance by such Investor of this Agreement and the Shareholders Agreement and the consummation of the transactions contemplated hereby and thereby require no material action by or in respect of, or material filing with, any Governmental Authority other than compliance with any applicable requirements of the HSR Act.

(d) *Noncontravention.* The execution, delivery and performance by such Investor of this Agreement and the Shareholders Agreement and the consummation of the transactions contemplated hereby and thereby do not and will not, (i) in the case of an Investor other than an Individual Investor, violate the certificate of incorporation, bylaws, partnership agreement or other governing document for such Investor, (ii) assuming compliance with the matters referred to in Section 2.02(c), violate any Applicable Law, (iii) violate any judgment, decree, order or award of any Governmental Authority applicable to such Investor or any of its or his properties or assets or (iv) require any consent or other action by any Person under, constitute a default under, or give rise to any right of termination, cancellation or acceleration of any right or obligation of such Investor or to a loss of any benefit to which such Investor is entitled under any provision of any agreement or other instrument binding upon such Investor.

(e) *Private Placement Representations.* Such Investor (i) is an "accredited investor" within the definition of Regulation D promulgated by the SEC pursuant to the 1933 Act, (ii) is experienced in evaluating and investing in private placement transactions of securities of companies in a similar stage of development and acknowledges that it or he can bear the economic risk of its investment in Buyer, and has such knowledge and experience in financial and business matters that such Investor is capable of evaluating the merits and risks of the investment in the Buyer Common Stock and can afford a complete loss of its investment, (iii) in the case of an Investor other than an Individual Investor, has not been organized for the purpose of acquiring the Buyer Common Stock, (iv) understands that no public market now exists for the Buyer Common Stock and there is no assurance that a public market will ever exist for the Buyer Common Stock and (v) understands that the Buyer Common Stock may not be sold, transferred, or otherwise disposed of without registration under the 1933 Act or an exemption therefrom, and that in the absence of an effective registration statement covering the Buyer Common Stock or an available exemption from registration under the 1933 Act, the Buyer Common Stock must be held indefinitely.

(f) *Finders' Fees.* Except in connection with the Monitoring Agreements and the engagement of Bear Stearns & Co. Inc., no Investor has any liability or obligation to pay any fees or commissions to any broker, investment banker, finder or agent with respect to the transactions contemplated by this Agreement or the Merger Agreement.

Section 2.03. *Additional Representation and Warranty of the Participating Stockholders.* Each Participating Stockholder represents and warrants to Buyer and each of the DLJ Investors that as of the date hereof and immediately prior to the Contribution Closing, such Participating Stockholder is the record and beneficial owner of the number of shares of Company Stock set forth opposite such Participating Stockholder's name on Schedule III, free and clear of any Liens and other limitations or restrictions (including restrictions on the right to vote, sell, transfer or otherwise dispose of such shares), except that Terlizzi has granted a warrant that gives Skyline Technologies, Limited ("**Skyline**")

a right to purchase up to 26,460,736 of his shares of Company Stock pursuant to a Warrant dated March 30, 2006 and an Amended and Restated Warrant Agreement dated as of March 30, 2006, as amended by Amendment No. 2 thereto dated as of September 11, 2006 (the "**Terlizzi Warrant**"). Except as set forth on Schedule III, such Participating Stockholder does not own any Company Securities or Company Subsidiary Securities. None of the shares of Company Stock set forth opposite such Participating Stockholder's name on Schedule III is subject to any voting trust or other agreement or arrangement with respect to the voting of such shares, other than with respect to the Warrant and this Agreement.

ARTICLE 3
VOTING AND EXCLUSIVITY

Section 3.01. *Voting.* Each Co-Investor Shareholder irrevocably and unconditionally agrees to vote or consent (or cause to be voted or consented), in person or by proxy, any and all shares of Company Stock beneficially owned or held of record by it or to which it has, directly or indirectly, the right to vote or direct the voting (the "**Subject Shares**") in favor of the Transactions and any other matter required to effect the Transactions at any meeting (whether annual or special and at each adjourned or postponed meeting) of stockholders of the Company called to consider such matters and in connection with any written consent of stockholders of the Company (a "**Transaction Vote**"). Each Co-Investor Shareholder further agrees that it will not vote any Subject Shares in favor of, or consent to, and will vote against and not consent to, the approval of any (i) Acquisition Proposal, (ii) reorganization, recapitalization, liquidation or winding-up of the Company or any other extraordinary transaction involving the Company, (iii) corporate action the consummation of which would frustrate the purposes, or prevent or delay the consummation, of the transactions contemplated by the Merger Agreement or (iv) other matter relating to, or in connection with, any of the foregoing matters (collectively, together with a Transaction Vote, the "**Subject Matters**").

Section 3.02. *Irrevocable Proxy.* Each Co-Investor Shareholder hereby revokes any and all previous proxies granted with respect to the Subject Shares. By entering into this Agreement, each Co-Investor Shareholder hereby grants a proxy appointing Buyer as the Co-Investor Shareholder's attorney-in-fact and proxy, with full power of substitution, for and in the Co-Investor Shareholder's name, to vote, express consent or dissent, or otherwise to utilize such voting power in the manner contemplated by Section 3.01 above as Buyer or its proxy or substitute shall, in Buyer's sole discretion, deem proper with respect to the Subject Shares; *provided* that such proxy shall apply only to the Subject Matters. The proxy granted by each Co-Investor Shareholder pursuant to this Section 3.02 is irrevocable and is granted in consideration of Buyer entering into this Agreement and the Merger Agreement and incurring certain related fees and expenses. The proxy granted by each Co-Investor Shareholder shall be revoked upon termination of this Agreement in accordance with its terms.

Section 3.03. *No Solicitation.* Each Co-Investor Shareholder agrees that it will not, and will not authorize or permit any of its Advisors to, directly or indirectly (i) solicit, initiate or take any action to facilitate or encourage the submission of any Acquisition Proposal, (ii) enter into or participate in any discussions or negotiations with, furnish any information relating to the Company or any of its Subsidiaries or afford access to the business, properties, assets, books or records of the Company or any of its Subsidiaries to, otherwise cooperate in any way with, or knowingly assist, participate in, facilitate or encourage any effort by any Third Party that is seeking to make, or has made, an Acquisition Proposal, (iii) grant any waiver or release under any standstill or similar agreement with respect to any class of equity securities of the Company or any of its Subsidiaries, (iv) enter into any agreement in principle, letter of intent, term sheet or other similar instrument relating to an Acquisition Proposal, or (v) enter into any agreement, commitment or arrangement that is inconsistent with any of the foregoing.

Section 3.04. *Fiduciary Duties.* For the avoidance of doubt, if at any time prior to the termination of this Agreement, any partner, officer or director of a Co-Investor Shareholder is a member of the Board of Directors of the Company ("**Director**") or an officer of the Company ("**Officer**"), nothing in this Agreement shall limit or restrict such partner, officer or director in acting in his capacity as a Director or Officer, as the case may be, and exercising his fiduciary duties and responsibilities as such, it being agreed and understood by the parties hereto that this Agreement shall apply to each Co-Investor Shareholder solely in its capacity as a stockholder of the Company and shall not apply to any actions, omissions, judgments or decisions of any individual as a Director or Officer, as the case may be.

Section 3.05. *No Proxies For Or Encumbrances On Shares.* Except pursuant to the terms of this Agreement, each Co-Investor Shareholder agrees that it will not, without the prior written consent of Buyer, directly or indirectly, (i) grant any proxies or enter into any voting trust or other agreement or arrangement with respect to the voting of any of such Co-Investor Shareholder's Subject Shares for the Subject Matters or (ii) acquire, sell, assign, transfer, encumber or otherwise dispose of, or enter into any contract, option or other arrangement or understanding with respect to the direct or indirect acquisition or sale, assignment, transfer, encumbrance or other disposition of, any of such Co-Investor Shareholder's Subject Shares. Subject to Section 3.04, each Co-Investor Shareholder shall not seek or solicit any such acquisition or sale, assignment, transfer, encumbrance or other disposition or any such contract, option or other arrangement or understanding and agrees to notify Buyer promptly, and to provide all details requested by Buyer, if such Co-Investor Shareholder shall be approached or solicited, directly or indirectly, by any Person with respect to any of the foregoing.

Section 3.06. *Appraisal Rights.* Each Co-Investor Shareholder agrees not to exercise any rights to demand appraisal of any shares of Company Stock which may arise with respect to the Merger.

ARTICLE 4
OTHER COVENANTS

Section 4.01. *Merger Agreement.* The parties hereto acknowledge and agree that Buyer will have sole discretion to negotiate and to take all actions and make all determinations to be taken or made by Buyer under or in connection with the Merger Agreement, including, with respect to (a) Buyer's determination of whether the conditions set forth in the Merger Agreement have been satisfied by the appropriate parties thereto and/or whether to waive any of such conditions pursuant to the terms of the Merger Agreement, (b) Buyer's determination of the manner and timing of the Company's compliance with the covenants applicable to the Company under the Merger Agreement, and (c) Buyer's determination of entering into any waiver or amendment of any provision of the Merger Agreement; *provided* that, without the consent of each Co-Investor Shareholder, Buyer shall not (i) extend the End Date to a date that is later than March 31, 2007, (ii) revise, waive or amend any condition set forth in Section 9.01(c) or 9.01(d) of the Merger Agreement, (iii) reduce the amount of Merger Consideration to an amount less than £3.85 per share of Common Stock and (v) permit the aggregate principal amount of the Financing after payment of the Merger Consideration and related fees and expenses to exceed $335 million.

Section 4.02. *Inconsistent Actions By the Parties.* (a) Each of the parties hereto agrees that it shall not take any action or omit to take any action that would result in the representations and warranties made in Article 2 of this Agreement by such party not being true as of the Closing Date.

(b) Subject to Section 3.04, none of the parties hereto shall take any action or enter into any agreements with any other person inconsistent with the terms of this Agreement or the Merger Agreement. For the avoidance of doubt, nothing in this Section 4.02(b) shall require the Management Shareholders to vote their shares of Common Stock in favor of the Transactions.

Section 4.03. *Financing Documents.* The parties hereto acknowledge and agree that Buyer will have sole discretion with respect to the negotiation of definitive documents for the Financing.

Section 4.04. *Shareholders Agreement.* Each Investor agrees that prior to the satisfaction of the conditions to the consummation of the Merger contained in Article 9 of the Merger Agreement, it will negotiate in good faith and, at the Contribution Closing, execute and deliver, a Shareholders Agreement that contains the terms and conditions described on Exhibit A and such other provisions as are not materially adverse to such Investor.

Section 4.05. *DLJMB Fees.* The parties hereto acknowledge that Buyer shall be entitled to receive payment of certain fees, and reimbursement of expenses, from the Company under certain circumstances pursuant to Sections 11.04(b) and 11.04(c) of the Merger Agreement, and that one or more Affiliates of the DLJ Investors shall be entitled to receive certain fees, and reimbursement of expenses from the Company in connection with the consummation of the Merger pursuant to the arrangements described on Exhibit A, and that no Investor (other than any DLJ Investors or any of their respective Affiliates) shall have any right to receive all or any portion of any such amounts (except to the extent expressly set forth on Exhibit A).

Section 4.06. *Agreement To Cooperate; Further Assurances.* Subject to Section 3.04, each of the parties hereto agrees to use its reasonable best efforts to take, or cause to be taken, all actions and to do, or cause to be done, all things necessary, proper or advisable under Applicable Law to consummate and make effective the Transactions, including providing information and using reasonable best efforts to obtain all necessary or appropriate waivers, consents and approvals, and effecting all necessary registrations and filings.

Section 4.07. *Fees And Expenses.* (a) If this Agreement is terminated prior to the Contribution Closing, the fees and expenses incurred by any party hereto in preparing this Agreement and the other documentation for the Transactions and in evaluating and negotiating the Transactions (including all attorneys' fees and costs relating thereto and any antitrust filing fees not previously paid by the Company) will be paid by the party incurring such fees and expenses.

(b) If the Merger occurs, Buyer shall or shall cause the Company to, simultaneously with the Closing, reimburse (i) the DLJ Investors for their reasonable out-of-pocket fees and expenses (including all fees of attorneys, accountants, consultants and other advisors) and (ii) the other Investors for their reasonable out-of-pocket expenses and fees of attorneys, in each case incurred in connection with the preparation of this Agreement and the other documentation for the Transactions and in evaluating and negotiating the Transactions.

Section 4.08. *Notification Of Certain Matters.* Each party to this Agreement shall give prompt notice to each other party of (a) the occurrence or non-occurrence of any event, the occurrence or non-occurrence of which is likely to cause any representation or warranty of such party contained in this Agreement to be untrue or inaccurate at or prior to the Contribution Closing and (b) any failure of such party to comply with or satisfy any covenant, condition or agreement to be complied with or satisfied by it hereunder; *provided*, *however*, that the delivery of any notice pursuant to this Section 4.08 shall not limit or otherwise affect any remedies available to the party receiving such notice. No disclosure by any party pursuant to this Section 4.08 shall prevent or cure any misrepresentations, breach of warranty or breach of covenant.

Section 4.09. *Public Statements.* Each party hereto shall consult with the other parties before issuing any press release, making any other public statement or scheduling any press conference or conference call with investors or analysts with respect to this Agreement or the transactions contemplated hereby and, except as may be required by Applicable Law (including the AIM Rules) or any listing agreement with or rule of any securities exchange or association, shall not issue any such press release, make any such other public statement or schedule any such press conference or conference call before such consultation.

Section 4.10. *Non-compete; Non-solicitation.* (a) Each Management Shareholder agrees that until the date that is the later of three years after the Contribution Closing and two years after such Management Shareholder's (or, in the case of PSFC, Trankina's) termination of employment with the Company or any of its subsidiaries, neither he nor any of his Affiliates shall:

(i) engage, either directly or indirectly, as a principal or for his own account or solely or jointly with others, or as equity interest owner in any Person, in any business that competes with any of the businesses of the Company or any of its Affiliates or any business the Company is actively contemplating entering (the "**Business**") as it exists on the date of termination of such Management Shareholder's (or in the case of PSFC, Trankina's) employment with the Company or any of its subsidiaries, within the United States;

(ii) employ or solicit, or receive or accept the performance of services by any then-current employee of the Company or any Subsidiary.

(b) If any provision contained in this Section shall for any reason be held invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions of this Section, but this Section shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein. It is the intention of the parties that if any of the restrictions or covenants contained herein is held to cover a geographic area or to be for a length of time which is not permitted by applicable law, or in any way construed to be too broad or to any extent invalid, such provision shall not be construed to be null, void and of no effect, but to the extent such provision would be valid or enforceable under Applicable Law, a court of competent jurisdiction shall construe and interpret or reform this Section to provide for a covenant having the maximum enforceable geographic area, time period and other provisions (not greater than those contained herein) as shall be valid and enforceable under such Applicable Law. Each Management Shareholder acknowledges that Buyer would be irreparably harmed by any breach of this Section and that there would be no adequate remedy at law or in damages to compensate Buyer for any such breach. Each Management Shareholder agrees that Buyer shall be entitled to injunctive relief requiring specific performance by such Management Shareholder of this Section, and such Management Shareholder consents to the entry thereof.

Section 4.11. *Tax Treatment.* The Investors agree that the Contributions are intended to be governed by Section 351 of the Code.

Section 4.12. *Hedging Arrangements.* The parties agree that Buyer in its discretion may enter into hedging transactions reasonably satisfactory to the DLJMB Funds at any time after the date hereof for the purpose of limiting Buyer's exposure to currency fluctuations in connection with the payment of the Merger Consideration.

ARTICLE 5
MISCELLANEOUS

Section 5.01. *Notices.* All notices, requests and other communications to any party hereto shall be in writing (including facsimile transmission and electronic mail ("e-mail") transmission, so long as receipt of such e-mail is requested and received) and shall be given:

(a) If to Buyer, to it at the following address:

c/o DLJ Merchant Banking, Inc.
Eleven Madison Avenue
New York, NY 10010
Attention: Daniel Gewirtz
Fax: (212) 325-2663
Email: daniel.gewirtz@credit-suisse.com

with a copy to:

Davis Polk & Wardwell
450 Lexington Avenue
New York, New York 10017
Attention: Nancy L. Sanborn
Fax: (212) 450-3800
Email: sanborn@dpw.com

(b) If to an Investor, to it at its address set forth below.

LLR Equity Partners, L.P., LLR Equity Partners Parallel, L.P.,
LLR Equity Partners II, L.P., or LLR Equity Partners Parallel II, L.P.
Cira Centre
2929 Arch Street
Philadelphia, PA 19104
Attention: Mr. Mitchell Hollin
Fax: (215) 717-2270
Email: mhollin@llrpartners.com

Greenhill Capital Partners, L.P., Greenhill Capital Partners (Cayman), L.P.,
Greenhill Capital Partners (Executives), L.P., or Greenhill Capital, L.P.
300 Park Avenue
New York, NY 10022-7405
Attention: Robert H. Niehaus
Fax: (212) 389-1750
Email: rniehaus@greenhill-co.com

James Terlizzi
908 Cypress Drive
Delray Beach, FL 33483
Fax: (561) 962-7213
Email: jterlizzi@lumpsum.com

Timothy Trankina
110 Nature Mill Court
Alpharetta, GA 30022
Fax: (770) 368-9161
Email: ttrankina@peachtreelbp.com

Craig Lessner
790 Andrews Avenue, C-304
Delray Beach, FL 33483
Fax: (800) 839-0784
Email: clessner@lumpsum.com

Sergio Salani
7285 Campana Court
Boca Raton, FL 33433
Fax: (561) 962-7205
Email: ssalani@lumpsum.com

Michael Popper
628 S.E. 5th Street, Unit No. 5
Delray Beach, FL 33483
Fax: 561-962-7216
Email: mpopper@lumpsum.com

Paul Benk
231 Cocoanut Row
Palm Beach, FL 33480
Fax: (908) 781-7887
Email: p.benk@att.net

Stephen Berenzweig
19753 Dinner Key Drive
Boca Raton, FL 33498
Fax: 561-962-3960
Email: sberenzweig@lumpsum.com

Peachtree Settlement Funding Corporation
110 Nature Mill Court
Alpharetta, GA 30022
Attn: Timothy Trankina
Fax: (770) 368-9161
Email: ttrankina@peachtreelbp.com

with a copy to (for each Management Shareholder):

Greenberg Traurig, P.A.
401 East Las Olas Boulevard
Fort Lauderdale, Florida 33301
Attention: Stanley G. Jacobs, Jr.
Fax: 954-759-5542
Email: jacobss@gtlaw.com

CSFB LP Holding, Guernsey Branch
South Esplanade
St Peter Port
Guernsey GY1 3YJ
Great Britain
Attention: Kenneth J. Lohsen
Fax: (212) 538-0619
Email: kenneth.lohsen@credit-suisse.com

with a copy to:

Davis Polk & Wardwell
450 Lexington Avenue
New York, New York 10017
Attention: Nancy L. Sanborn
Fax: (212) 450-3800
Email: sanborn@dpw.com

DLJ Merchant Banking Partners IV, L.P., DLJ Offshore Partners IV, L.P.,
DLJ Merchant Banking Partners IV (Pacific), L.P. and MBP IV Investors, L.P.
c/o Credit Suisse Private Equity
Eleven Madison Avenue
New York, NY 10010
Attention: Daniel Gewirtz
Fax: (212) 325-2663
Email: daniel.gewirtz@credit-suisse.com

with a copy to:

Davis Polk & Wardwell
450 Lexington Avenue
New York, New York 10017
Attention: Nancy L. Sanborn
Fax: (212) 450-3800
Email: sanborn@dpw.com

Section 5.02. *Termination.* (a) This Agreement shall automatically terminate if (i) at any time prior to the Contribution Closing the Merger Agreement shall have been terminated in accordance with its terms, or (ii) (A) the Merger has not been consummated prior to May 30, 2007 and (B) the Merger Agreement has not been terminated prior to May 30, 2007. If this Agreement shall terminate as provided in this Section 5.02(a), this Agreement shall forthwith become wholly void and of no further force or effect (except as set forth in Section 5.02(b)) and there shall be no liability hereunder on the part of any parties hereto, except as provided in Section 5.02(b). Notwithstanding the foregoing, no party hereto shall be relieved from liability for any willful breach of this Agreement.

(b) The provisions of Sections 4.07 and 4.09 and Article 5 shall survive termination of this Agreement indefinitely.

(c) The provisions of Article 3 shall terminate upon the Contribution Closing.

Section 5.03. *Governing Law; Consent to Jurisdiction.* This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware, without regard to the conflicts of law rules of such state. The parties hereto agree that any suit, action or proceeding seeking to enforce any provision of, or based on any matter arising out of or in connection with, this Agreement or the transactions contemplated hereby shall be brought in any federal court located in the State of Delaware or any Delaware state court, and each of the parties hereby irrevocably consents to the jurisdiction of such courts (and of the appropriate appellate courts therefrom) in any such suit, action or proceeding and irrevocably waives, to the fullest extent permitted by law, any objection that it may now or hereafter have to the laying of the venue of any such suit, action or proceeding in any such court or that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum. Process in any such suit, action or proceeding may be served on any party anywhere in the world, whether within or without the jurisdiction of any such court. Without limiting the foregoing, each party agrees that service of process on such party as provided in Section 5.01 shall be deemed effective service of process on such party.

Section 5.04. *Waiver of Jury Trial.* EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ALL RIGHTS TO TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM (WHETHER BASED UPON CONTRACT, TORT OR OTHERWISE) ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OF THE TRANSACTIONS CONTEMPLATED HEREBY.

Section 5.05. *Binding Effect; Assignment.* (a) The provisions of this Agreement shall be binding upon, and inure to the benefit of the parties hereto and their respective successors, at the time this

Agreement is executed by each such party. No provision of this Agreement is intended to confer any rights, benefits, remedies, obligations or liabilities hereunder upon any Person other than the parties hereto and their respective successors and assigns.

(b) No party may assign, delegate or otherwise transfer any of its rights or obligations under this Agreement without the consent of each other party hereto, except that the DLJ Investors may (i) assign any or all of their respective rights and obligations hereunder in one or more transactions to one or more Affiliates of Credit Suisse and/or (ii) assign all or part of their respective obligations to purchase (in the aggregate) up to 1,000,000 shares of Buyer Common Stock (and associated rights) in one or more transactions to any Person, in either case, without obtaining the consent of any other party hereto.

Section 5.06. *Counterparts.* This Agreement may be executed in two or more counterparts, and by different parties on separate counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

Section 5.07. *Survival.* The representations and warranties contained herein will survive the Contribution Closing.

Section 5.08. *Amendments And Waivers.* No amendment, modification or supplement to the Agreement shall be enforced against any party unless such amendment, modification or supplement is in writing and signed by Buyer and each of the Investors. Any waiver by any party of any term of this Agreement shall not operate as or be construed to be a waiver of any other term of this Agreement. Any waiver must be in writing and signed by the party charged therewith.

Section 5.09. *Integration.* This Agreement, the Merger Agreement, the Shareholders Agreement and the documents referred to herein and therein or delivered pursuant hereto or thereto contain the entire understanding of the parties with respect to the subject matter hereof and thereof. There are no agreements, representations, warranties, covenants or undertakings with respect to the subject matter hereof and thereof other than those expressly set forth herein and therein. This Agreement supersedes all prior agreements and understandings between the parties with respect to this subject matter. There are no third party beneficiaries having rights under or with respect to this Agreement.

Section 5.10. *Severability.* If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction or other Governmental Authority to be invalid, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions of this Agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any party. Upon such a determination, the parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner in order that the transactions contemplated hereby be consummated as originally contemplated to the fullest extent possible.

Section 5.11. *Specific Performance.* The parties hereto agree that irreparable damage would occur if any provision of this Agreement were not performed in accordance with the terms hereof and that the parties shall be entitled to an injunction or injunctions to prevent breaches of this Agreement or to enforce specifically the performance of the terms and provisions hereof in any federal court located in the State of Delaware or any Delaware state court, in addition to any other remedy to which they are entitled at law or in equity.

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IN WITNESS WHEREOF, Buyer and the Investors have executed this Agreement as of the day and year first above written.

ORCHARD ACQUISITION COMPANY

By: /s/ KAMIL M. SALAME

Name: Kamil M. Salame
Title: President

[Signature Page to Contribution and Voting Agreement]

DLJ MERCHANT BANKING
PARTNERS IV, L.P.

By: DLJ Merchant Banking IV, L.P., Its General Partner

By: DLJ Merchant Banking, Inc., Its General Partner

By: /s/ KENNETH LOHSEN

Name: Kenneth Lohsen
Title: Vice President

DLJ OFFSHORE PARTNERS IV, L.P.

By: DLJ Merchant Banking IV, L.P., Its General Partner

By: DLJ Merchant Banking, Inc., Its General Partner

By: /s/ KENNETH LOHSEN

Name: Kenneth Lohsen
Title: Vice President

DLJ MERCHANT BANKING PARTNERS IV (PACIFIC), L.P.

By: MBP IV Pacific, LLC, Its General Partner

By: DLJ Merchant Banking IV, L.P., Its Managing Member

By: DLJ Merchant Banking, Inc., Its General Partner

By: /s/ KENNETH LOHSEN

Name: Kenneth Lohsen
Title: Vice President

[Signature Page to Contribution and Voting Agreement]

MBP IV PLAN INVESTORS, L.P.

By: DLJ LBO Plans Management Corporation, Its General Partner

By: /s/ KENNETH LOHSEN

Name: Kenneth Lohsen
Title: Vice President

CSFB LP HOLDING, acting through its Guernsey Branch

By: /s/ KENNETH LOHSEN

Name: Kenneth Lohsen
Title: Authorized Signatory

By: /s/ EDWARD NADEL

Name: Edward Nadel
Title:

[Signature Page to Contribution and Voting Agreement]

LLR EQUITY PARTNERS, L.P.

LLR EQUITY PARTNERS PARALLEL, L.P.

By: LLR Capital, L.P., as general partner of each of the foregoing limited partnerships

By: LLR Capital, LLC, its general partner

By: /s/ MITCHELL HOLLIN

Name: Mitchell Hollin
Title: Vice President

LLR EQUITY PARTNERS II, L.P.
LLR EQUITY PARTNERS PARALLEL II, L.P.

By: LLR Capital II, L.P., as general partner of each of the foregoing limited partnerships

By: LLR Capital II, LLC, its general partner

By: /s/ MITCHELL HOLLIN

Name: Mitchell Hollin
Title: Vice President

[Signature Page to Contribution and Voting Agreement]

GREENHILL CAPITAL PARTNERS, L.P.
GREENHILL CAPITAL PARTNERS (CAYMAN), L.P.
GREENHILL CAPITAL PARTNERS (EXECUTIVES), L.P.
GREENHILL CAPITAL, L.P.

By: GCP Managing Partner, L.P., as managing general partner of each of the foregoing partnerships

By: Greenhill Capital Partners, LLC, its general partner

By: /s/ ULRIKA EKMAN

Name: Ulrika Ekman
Title: Managing Director and General Counsel

[Signature Page to Contribution and Voting Agreement]

JAMES TERLIZZI

By: /s/ JAMES D. TERLIZZI

Name: James D. Terlizzi
Title: Chief Executive Officer

TIMOTHY TRANKINA

By: /s/ TIMOTHY TRANKINA

Name: Timothy Trankina
Title: President

CRAIG LESSNER

By: /s/ CRAIG LESSNER

Name: Craig Lessner
Title: Senior VP & General Counsel

SERGIO SALANI

By: /s/ SERGIO SALANI

Name: Sergio S. Salani
Title: Senior Vice President

MICHAEL POPPER

By: /s/ MICHAEL POPPER

Name: Michael Popper
Title: Senior Vice President

[Signature Page to Contribution and Voting Agreement]

PAUL BENK

By: /s/ PAUL BENK

Name: Paul Benk
Title: Vice President—Lottery

STEPHEN BERENZWEIG

By: /s/ STEPHEN BERENZWEIG

Name: Stephen Berenzweig
Title: Vice President—Lottery

PEACHTREE SETTLEMENT FUNDING CORPORATION

By: /s/ TIMOTHY TRANKINA

Name: Timothy J. Trankina
Title: President

[Signature Page to Contribution and Voting Agreement]

Schedule I

DLJ Investors and Percentages

DLJ Investor	Percentage
CSFB LP Holding, Guernsey Branch	59.5%
DLJ Merchant Banking Partners IV, L.P.	23.7%
DLJ Offshore Partners IV, L.P.	10.5%
DLJ Merchant Banking Partners IV (Pacific), L.P.	1.8%
MBP IV Investors, L.P.	4.5%

Schedule II

Company Stock Contributions

Participating Shareholder	Contributed Shares
LLR Equity Partners, L.P.	859,946
LLR Equity Partners Parallel, L.P.	87,274
LLR Equity Partners II, L.P.	2,841,658
LLR Equity Partners Parallel II, L.P.	315,740
Greenhill Capital, L.P.	564,950
Greenhill Capital Partners, L.P.	1,769,784
Greenhill Capital Partners (Cayman), L.P.	252,889
Greenhill Capital Partners (Executives), L.P.	272,450
James Terlizzi	5,292,172
Timothy Trankina	22,191
Craig Lessner	736,229
Sergio Salani	402,387
Paul Benk	467,974
Stephen Berenzweig	298,092
Michael Popper	1,338,578
Peachtree Settlement Funding Corp	2,660,415

Schedule III

Company Stock Owned by Participating Stockholders

Participating Shareholder	Shares of Common Stock Beneficially Owned
LLR Equity Partners, L.P.	2,225,621
LLR Equity Partners Parallel, L.P.	225,873
LLR Equity Partners II, L.P.	7,354,475
LLR Equity Partners Parallel II, L.P.	817,165
Greenhill Capital Partners, L.P.	3,539,568
Greenhill Capital Partners (Cayman)	505,778
Greenhill Capital Partners (Executives), L.P.	544,900
Greenhill Capital, L.P.	1,129,900
James Terlizzi	35,281,023(1)
Timothy Trankina	36,986
Craig Lessner	1,227,049
Sergio Salani	670,646
Michael Popper	2,230,964
Paul Benk	779,957
Stephen Berenzweig	496,821
Peachtree Settlement Funding Corporation	4,434,025

(1) Subject to the Terlizzi Warrant in favor of Skyline Technologies, Limited entitling Skyline to purchase 26,460,736 upon exercise.

EXHIBIT A

TERM SHEET FOR SHAREHOLDERS AGREEMENT(2)

Parties:	Orchard Acquisition Company (the "**Company**"), DLJ Merchant Banking Partners IV, L.P. (the "**DLJMB Main Fund**"), DLJ Offshore Partners IV, L.P., DLJ Merchant Banking Partners IV (Pacific), L.P. and MBP IV Shareholders, L.P. (the "**DLJMB Shareholders**"), CSFB LP Holding, Guernsey Branch (the "**CS Shareholder**"), LLR Equity Partners, L.P., LLR Equity Partners Parallel, L.P., LLR Equity Partners II, L.P., LLR Equity Partners Parallel II, L.P. (the "**LLR Shareholders**"), Greenhill Capital Partners, L.P., Greenhill Capital Partners (Cayman), L.P., Greenhill Capital Partners (Executives), L.P. and Greenhill Capital, L.P. (the "**Greenhill Shareholders**" and with the LLR Shareholders, the "**Co-Investor Shareholders**") and James Terlizzi, Timothy Trankina, Craig Lessner, Sergio Salani, Michael Popper, Paul Benk and Steve Gerenzweig (the "**Management Shareholders**"). The DLJMB Shareholders, the CS Shareholder and the Co-Investor Shareholders are referred to as the "**Institutional Shareholders.**" The Institutional Shareholders and the Management Shareholders are referred to as the "**Shareholders**". The Shareholders Agreement will cover all shares held by any Shareholder, whenever acquired (including upon exercise of options, warrants, etc.), and will also provide that Anthony Mitchell will become a "**Shareholder**" at any time when he acquires shares.
Board of Directors:	The Board of Directors (the "**Board**") will be comprised of 11 directors, 7 of whom (including the Chairman) will be nominated by the DLJMB Main Fund, 1 of whom will be nominated jointly by the LLR Shareholders and the Greenhill Shareholders and 3 of whom will be nominated by the Management Shareholders. All of the Shareholders will agree to vote for each such nominated director. The DLJMB Main Fund, the LLR Shareholders and the Greenhill Shareholders (jointly), and the Management Shareholders will each lose the right to nominate director(s) when the DLJMB Shareholders, the LLR Shareholders and the Greenhill Shareholders (jointly), or the Management Shareholders, as the case may be, hold less than either (i) 10% of the total number of shares of Common Stock held by them as of the date of the Shareholders Agreement or (ii) 5% of the outstanding shares of Common Stock.
Board Action:	Board action will require approval by a majority of the directors present and voting (in person or by proxy) at a meeting at which a quorum (at least 6 directors) is present.

(2) Capitalized terms used but not defined shall have the meaning assigned to them in the Merger Agreement.

Transfer Restrictions:

Prior to the effective date of the IPO and except for the DLJMB Shareholders and the CS Shareholder as set forth below, a Shareholder may transfer shares of Common Stock only as follows:

(1) to one or more of its Permitted Transferees (as defined below);

(2) in a tag-along sale initiated by another Shareholder;

(3) in a drag-along sale initiated by another Shareholder; or

(4) in a transaction approved by the holders of at least a majority of the outstanding shares of Common Stock, subject to the Right of First Offer, Tag-Along and Drag-Along Rights described below.

Prior to the effective date of the IPO but not later than one year after the anniversary of the Closing Date, the DLJMB Shareholders and the CS Shareholder may, in one or more transactions (the "**Exempt Sales**"), transfer shares of Common Stock with an aggregate value (measured at the time of entry into the Shareholders Agreement) of up to $100 million without complying with the transfer restrictions set forth above, the Right of First Offer or the Tag-Along Rights described below.

Any transferee of Common Stock prior to the IPO must agree in writing to be bound by the Shareholders Agreement.

"**Permitted Transferee**" means:

- for an Institutional Shareholder, any affiliate of such Institutional Shareholder; and
- for a Management Shareholder, any Person in his Family Group (as defined below)

"**Family Group**" shall mean, with respect to any Management Shareholder, (i) such Management Shareholder, (ii) the spouse and issue of such Management Shareholder (whether natural or adopted), (iii) the parents of such Management Shareholder (whether natural or adopted) and (iv) the siblings of such Management Shareholder (whether natural or adopted), and (A) any one or more trusts solely for the benefit of any one or more of the Persons described in clause (i) through clause (iv) above, including without limitation, a Florida Intangible Tax Trust, or (B) any one or more other entities (including limited liability partnerships, limited liability companies, limited partnerships or other entities) all of whose beneficial owners (at all times when its owns any shares of Common Stock) are Persons described in clauses (i) through (iv) above.

After the IPO, the shares would be freely transferable, subject to the Coordination Committee provisions below.

Coordination Committee: At the time of the IPO, the Institutional Shareholders will form a committee (the "**Coordination Committee**") that will be responsible for coordinating and facilitating the ability of the Shareholders to dispose of their shares in an orderly manner that does not unduly disrupt the then prevailing market conditions (including Rule 144 sales and distributions to fund partners) until the fifth anniversary of the IPO, other than sales to one or more Permitted Transferees or pursuant to registration rights described below. Coordination Committee approval will be required for any sale, distribution or other transfer by any Shareholder (subject to the withdrawal right described below under Term); *provided* that the Coordination Committee may not unreasonably withhold, delay or deny its approval to a request of any Shareholder to sell its shares.

Right of First Offer: Prior to the IPO, if any Shareholder (a "**Selling Shareholder**") proposes to sell any shares of Common Stock (other than in a transfer described in clauses (1), (2) and (3) of the "Transfer Restrictions" section), such Selling Shareholder must first inform the Company and the other Shareholders (the "**Non-Selling Shareholders**") of the material terms and conditions of the proposed sale, and offer to sell such shares to the Company and the Non-Selling Shareholders at the same price per share and other terms and conditions (the "**Offer Terms**"). The Company shall have priority over the Non-Selling Shareholders in determining whether to accept the offer. If the offer is not accepted in whole (*i.e.*, purchase of all of the shares offered) by the Company and/or the Non-Selling Shareholders within 45 days, the Selling Shareholder will be free to sell the shares within 45 days thereafter at a price and on terms that are no less favorable to the Selling Shareholder than the Offer Terms.

The Right of First Offer will terminate upon the effectiveness of the IPO.

Tag-Along Rights: Prior to the IPO, if any Shareholder (a "**Tag-Along Seller**") proposes to sell any shares of Common Stock (other than in a transfer described in clauses (1), (2) and (3) of the "Transfer Restrictions" section, and in the case of the DLJMB Shareholders and the CS Shareholder, in an Exempt Sale), the Tag-Along Seller must give notice of the sale to the other Shareholders (collectively, the "**Tagging Shareholders**"), and the Tagging Shareholders will have the right to participate in the sale (the "**Tag-Along Sale**") upon the same terms and conditions ("**Tag-Along Rights**"). If the number of shares that the Tag-Along Seller and the Tagging Shareholders propose to sell exceeds the number that can be sold on the terms and conditions proposed by the buyer, each such Shareholder will be entitled to sell up to its pro rata share (*i.e.*, the number of shares to be purchased in such Tag-Along Sale, divided by the number of shares owned by all Shareholders participating in such Tag-Along Sale) of the shares owned by such Shareholder.

The Tag-Along Seller and the Tagging Shareholders will have proportionate responsibility for any expenses, indemnities, holdbacks, escrows and other liabilities incurred in connection with a consummated Tag-Along Sale.

The Tag-Along Rights will terminate upon the effectiveness of the IPO.

Drag-Along Rights:

Prior to the IPO, if any one or more Shareholders (the "**Drag-Along Sellers**") that own at least 40% of the then-outstanding shares of Common Stock propose a sale of shares representing more than 20% of the then-outstanding shares of Common Stock, then the Drag Sellers will be entitled to compel the other Shareholders (the "**Dragged Shareholders**") to participate in the sale (the "**Drag-Along Sale**") upon the same terms and conditions ("**Drag-Along Rights**"). In the Drag-Along Sale, each Shareholder will be required to sell its pro rata share (*i.e.*, the number of shares to be purchased in such Drag-Along Sale, divided by the number of shares owned by all Shareholders) of the shares owned by such Shareholder.

The Drag-Along Sellers and Dragged Shareholders will have proportionate responsibility for any expenses, indemnities, holdbacks, escrows and other liabilities incurred in connection with a consummated Drag-Along Sale.

The Drag-Along Rights will terminate upon the effectiveness of the IPO.

Registration Rights:

After the IPO, the DLJMB Shareholders will have three demand registration rights, the CS Shareholder will have two demand registration rights, and the LLR Shareholders, the Greenhill Shareholders and the Management Shareholders will each have one demand registration right. No more than one demand may be made in any 180-day period without the consent of the Board.

The demand registration rights will be subject to customary limits, including a $50 million minimum offering size and a right of the Company to postpone the offering for up to 90 days, no more than once in any 6-month period, if the demand offering would materially and adversely affect another offering for which preparation has commenced or if the disclosure of material non-public information in the Company's possession would not be in the best interests of the Company.

Each Shareholder who at the time owns more than 0.25% of the then-outstanding shares of Common Stock will have pro rata piggyback rights, including piggyback rights with respect to demand registrations but excluding the IPO (unless approved by the Board).

Each Shareholder will be subject to a customary 180 day lock-up in connection with any public offering of Common Stock (90 days for any offering after the IPO), or such shorter period of time as may be determined in good faith by the underwriters.

Repurchase Rights:	If any Management Shareholder is terminated without "Cause" (as defined in his employment agreement or, if such Management Shareholder does not have an employment agreement, in any option or other equity plan of the Company) during the term of the Shareholders Agreement, the Company will work in good faith with such Management Shareholder to repurchase all of the shares of Common Stock then held by such Management Shareholder at the then fair market value (as determined in good faith by the Board) within 6 months after such termination, subject to the following limitations: • The Company will not be required to repurchase any such shares to the extent the aggregate amount of share repurchases from all Management Shareholders would exceed $10 million during any 12-month period or if prohibited by any credit agreement to which the Company or any of its subsidiaries is then a party. • The Company will not be required to repurchase any such shares unless the Board determines in its good faith that such repurchase would not be detrimental to the Company.
Preemptive Rights:	Each Shareholder will have a right to participate in a pro rata basis in any equity offerings by the Company, other than offerings to strategic partners, in merger or other acquisition transactions, to providers of debt financing, to employees or in financial restructurings. Preemptive rights will terminate upon the effectiveness of the IPO.
Information Rights:	The Company will be required to provide annual and quarterly financial statements and other customary information to each Shareholder.
Regulatory Compliance Covenants:	The Company will be subject to certain regulatory compliance covenants, to be acceptable to the DLJMB Shareholders.
Financing and Advisory Services:	The Company or any of its subsidiaries may engage Credit Suisse Securities (USA) LLC or any of its affiliates to provide debt financing, financial advisory or other investment banking services. Each Shareholder agrees to cause any director nominated by it to approve any such engagement or facility so long as the terms and conditions of such engagement or facility are no less favorable to the Company (or its subsidiaries) relative to those that would be available from a comparable provider that is not affiliated with the Company.

Transaction and Monitoring Fees:	The Company or a subsidiary of the Company will enter into monitoring agreements (the "**Monitoring Agreements**") with designees of the DLJMB Shareholders, the LLR Shareholders and the Greenhill Shareholders (collectively, the "**Monitors**"), pursuant to which the Company (or such subsidiary) will be required to pay: (i) to such designees of the DLJMB Shareholders, a transaction fee of $5 million at the time of the Merger and (ii) to the Monitors, an aggregate annual fee ("**Annual Fee**") equal to (A) the greater of $1.25 million and 1.5% of the Adjusted EBITDA of the Company and its subsidiaries (as defined in its credit agreement) for such year, minus (B) any fees paid to any affiliate of the DLJMB Shareholders or CS Shareholder pursuant to a consulting agreement, for a period of seven years. The Annual Fee shall not exceed $1,000,000 for the first full year that the Monitoring Agreement is in effect. The Annual Fee shall be allocated ratably among the Monitors based on the ownership of Common Stock of their affiliated Shareholders at closing (e.g., the ownership of all DLJMB Shareholders and the CS Shareholder shall determine the allocation to the Monitor designated by the DLJMB Shareholders). In the event an IPO or a sale of the Company to a third party the Monitoring Agreements and consulting agreement shall terminate.
Term:	The Shareholders Agreement will become effective upon the closing of the Merger. The provisions of the Shareholders Agreement set forth in the "Transfer Restrictions", "Right of First Offer", "Tag-Along Rights", "Drag-Along Rights", "Preemptive Rights" and "Information Rights" sections above will expire upon the effectiveness of the IPO. All other provisions will terminate when the Shareholders collectively cease to own at least 20% of the then-outstanding shares of Common Stock. After the IPO, any Shareholder that owns less than 3% of the then outstanding shares of Common Stock may withdraw from the Shareholders Agreement and thereby cease to be bound by any of its provisions.
Amendments:	Any amendment to the Shareholders Agreement or the certificate of incorporation or bylaws of the Company will require the approval of Shareholders holding at least 51% of the outstanding shares of Common Stock. However, any amendment to the Shareholders Agreement or the certificate of incorporation or bylaws of the Company that would subject any Shareholder to materially adverse differential treatment would require the consent of such Shareholder.

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APPENDIX D

PEACH ADMISSION DOCUMENT

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peachtree

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this Admission Document or as to the action you should take, you should consult a person authorised under the FSMA who specialises in advising on the acquisition of shares and other securities.

This document is an Admission Document prepared in accordance with the AIM Rules. This document has been prepared in connection with the application for trading of the Shares on AIM. This document does not comprise a prospectus for the purposes of the Prospectus Rules and a copy of it has not been, and will not be, delivered to the FSA or to any regulatory authority in any other EU Member State or EEA treaty adherent state for filing or approval.

APPLICATION HAS BEEN MADE TO THE LONDON STOCK EXCHANGE FOR THE ADMISSION OF ALL ISSUED AND TO BE ISSUED SHARES IN THE COMPANY TO TRADING ON AIM. IT IS EXPECTED THAT ADMISSION WILL BECOME EFFECTIVE AND DEALINGS IN THE SHARES WILL COMMENCE ON 30 MARCH 2006. AIM IS A MARKET DESIGNED PRIMARILY FOR EMERGING OR SMALLER COMPANIES TO WHICH A HIGHER INVESTMENT RISK TENDS TO BE ATTACHED THAN TO LARGER OR MORE ESTABLISHED COMPANIES. AIM SECURITIES ARE NOT ADMITTED TO THE OFFICIAL LIST OF THE UK LISTING AUTHORITY. A PROSPECTIVE INVESTOR SHOULD BE AWARE OF THE RISKS OF INVESTING IN SUCH COMPANIES AND SHOULD MAKE THE DECISION TO INVEST ONLY AFTER CAREFUL CONSIDERATION AND, IF APPROPRIATE, CONSULTATION WITH AN INDEPENDENT FINANCIAL ADVISER. LONDON STOCK EXCHANGE PLC HAS NOT ITSELF EXAMINED OR APPROVED THE CONTENTS OF THIS DOCUMENT.

THE WHOLE OF THIS DOCUMENT SHOULD BE READ. AN INVESTMENT IN THE COMPANY INVOLVES A SIGNIFICANT DEGREE OF RISK, MAY RESULT IN THE LOSS OF THE ENTIRE INVESTMENT AND MAY NOT BE SUITABLE FOR ALL RECIPIENTS OF THIS DOCUMENT. INVESTORS SHOULD CAREFULLY CONSIDER THE RISK FACTORS STARTING ON PAGE 36.

The Placing Shares are being offered to certain institutional investors and qualifying individuals in the United Kingdom and certain other jurisdictions. The Shares have not been and will not be registered under the Securities Act and may not be offered or sold in the United States or to US persons (as defined in Regulation S). The Placing Shares are being offered and sold only to non-US persons outside the United States in transactions exempt from the registration requirements of the Securities Act in reliance on Regulation S. The relevant clearances have not been, and will not be, obtained from the Securities Commission of any province or territory of Canada; no document in relation to the Placing has been, or will be, lodged with or registered by, the Australian Securities and Investment Commission; and no registration statement has been, or will be, filed with the Japanese Ministry of Finance in relation to the Placing or the Shares. Accordingly, subject to certain exceptions, the shares may not, directly or indirectly, be offered or sold within the United States, Canada, Australia or Japan or offered or sold to a resident of the United States, Canada, Australia or Japan. For a description of restrictions on offers, sales and transfers of the Shares, see Part VI — Transfer Restrictions starting on page 86 of this document.

The Directors of the Company, whose names appear on page 2 of this document, and the Company accept responsibility, individually and collectively, for the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

PEACH HOLDINGS, INC.

(incorporated in Florida under the Florida Business Corporation Act with company number P06000029255)

Placing of 38,888,889 Shares in the capital of the Company at 309 pence per Share
Admission to trading on AIM

Joint Lead Manager, Nominated Adviser and Joint Broker

COLLINS STEWART LIMITED

Joint Lead Manager

BEAR, STEARNS INTERNATIONAL LIMITED

Joint Broker

BEAR STEARNS INTERNATIONAL TRADING LIMITED

Share Capital following the Placing and Admission

Authorised			Issued and fully paid	
$150,000	Number – 150,000,000	Shares of Common Stock of par value $0.001 each	$103,889	Number – 103,888,889

Collins Stewart, which is authorised and regulated in the United Kingdom by the FSA, is acting exclusively for the Company as Nominated Adviser and is acting for the Company as Joint Lead Manager and Joint Broker in connection with the matters described herein and for no one else, and will not be responsible to anyone other than the Company for providing the protections afforded to its clients or providing advice in relation to the contents of this document or any matter or arrangements described in this document. Collins Stewart has not authorised the contents of any part of this document.

Bear, Stearns International Limited is acting for the Company as Joint Lead Manager and Bear Stearns International Trading Limited is acting for the Company as Joint Broker and no one else in connection with the matters described herein. Bear Stearns will not be responsible to anyone for providing the protections afforded to their clients or for providing any advice in relation to the contents of this document and/or the Admission or Placing. Bear Stearns has not authorised the contents of any part of this document.

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INFORMATION FOR INVESTORS

The Shares offered pursuant hereto have not been registered under the Securities Act, or the securities laws of any state of the United States, and may not be offered or sold except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

The Shares are being offered and sold only to non-US persons outside the United States in reliance on Regulation S. For a description of restrictions on offers, sales and transfers of the Shares and the distribution of this document, see Part VI — Transfer Restrictions.

Neither the Company nor the Joint Lead Managers are making an offer to sell the Shares in any jurisdiction where the offer or sale is not permitted. By purchasing the Shares, you will be deemed to have made the acknowledgements, representations, warranties and agreements set forth in this document under Part VI — Transfer Restrictions. The Shares are subject to restrictions on transferability and resale and may not be transferred or resold in the United States or to US persons except as permitted under applicable US federal and state securities laws and as permitted as set forth in this document under Part VI — Transfer Restrictions. Hedging transactions involving the Shares may not be conducted unless in compliance with the Securities Act. You should understand that you may be required to bear the financial risks of your investment for an indefinite period of time. See Part VI — Transfer Restrictions. The Placing Shares will be issued in the form of physical certificated shares and will not be eligible for clearing through CREST for at least one year. See Part I — Admission, Settlement and Dealings. The Company's Articles of Incorporation limits the number of persons who hold Shares to fewer than 500, and the Company may void the transfer or require the sale of Shares if any transfer violates this provision.

This document is being provided on a confidential basis only to non-US persons who are considering purchasing Shares in offshore transactions complying with Rule 903 or Rule 904 of Regulation S under the Securities Act. Its use for any other purpose is not authorised.

IMPORTANT NOTICE

Collins Stewart has been appointed as Joint Lead Manager, Nominated Adviser and Joint Broker to the Company. In accordance with the AIM Rules, Collins Stewart has confirmed to the London Stock Exchange that it has satisfied itself that the Directors have received satisfactory advice and guidance as to the nature of their responsibilities and obligations to ensure compliance by the Company with the AIM Rules; that, in its opinion and to the best of its knowledge and belief, all relevant requirements of the AIM Rules have been complied with; and that, in its opinion, it is satisfied that the Company and the Shares are appropriate to be admitted to AIM. No liability whatsoever is accepted by Collins Stewart or Bear Stearns, and neither is responsible for the accuracy of any information or opinions contained in this Admission Document or for the omission of any material information from this document.

Bear Stearns is acting for the Company as Joint Lead Manager and Joint Broker and no one else in connection with the matters described herein, and will not be responsible to anyone other than the Company for providing the protections afforded to its clients or for providing any advice in relation to the contents of this document and/or the Admission or Placing.

The contents of this document have been prepared by and are the sole responsibility of the Company. The Company, Collins Stewart and Bear Stearns have only communicated or caused to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of FSMA) in connection with the issue or sale of the Shares in circumstances in which Section 21(1) of FSMA does not apply.

The distribution of this document in jurisdictions other than the UK may be restricted by law and therefore persons into whose possession this document comes should inform themselves about, and observe, such restrictions. Any failure to comply with the restrictions may constitute a violation of the securities laws of any such jurisdiction. This document does not constitute an offer to sell or issue, or the solicitation of an offer to buy or subscribe for, Shares in any jurisdiction in which such offer or solicitation is unlawful.

The statements contained in this document are made as at the date of this document, unless some other time is specified in relation to them, and delivery of this document shall not give rise to any implication that there has been no change in the facts set out in this document since such date. Nothing contained in this document shall be deemed to be a forecast, projection or estimate of the future financial performance of the Company except where expressly otherwise stated.

This document has been prepared solely for the benefit of the limited number of prospective investors to whom it has been addressed and delivered and may not, in any circumstances, be used for any other purpose or be viewed as a document for the benefit of the public.

Neither the Company nor Collins Stewart nor Bear Stearns nor any of its or their representatives are making any representation to you regarding the legality of an investment in the Shares. In making an investment decision, you must rely on your own examination of the Company's business and the terms of the offering and of the Shares, including the merits and risks involved. You should contact Collins Stewart or Bear Stearns with any questions about the Placing or if you require additional information to verify the information contained in this document. You should not consider any information in this document to be investment, legal, business or tax advice. You should consult your own counsel, business adviser, accountant, tax adviser and other advisers for legal, financial, business, tax and related advice regarding an investment in the Shares.

The Placing is being made subject to the terms described in this document and the underwriting agreement relating to the Shares. The Company reserves the right to reject any commitment to subscribe for the Shares in whole or in part and to allot to any prospective investor less than the full amount of the Shares sought by such investor. Each of Collins Stewart and Bear Stearns and certain of their related entities may acquire Placing Shares for its own account.

Laws in certain jurisdictions may restrict the distribution of this document and the offer and sale of the Shares. Persons into whose possession this document or any of the Shares may be delivered must inform themselves about and observe those restrictions. You should read "Information for Investors" and Part VI — Transfer Restrictions for further information on some of those restrictions. Each prospective offeree or purchaser of the Shares must comply with all applicable laws and regulations in force in any jurisdiction in which it purchases, offers or sells the Shares or possesses or distributes this document, and must obtain any consent, approval or permission required under any regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers or sales, and neither the Company nor Bear Stearns nor Collins Stewart shall have any responsibility therefor.

No person has been authorised to give any information or make any representation other than those contained in this document and, if given or made, such information or representation must not be relied on as having been authorised by the Company or Collins Stewart or Bear Stearns. Neither the delivery of this document nor any subscription or acquisition made under it shall, in any circumstances, create any implication that there has been no change in the affairs of the Company since the date of this document or that the information in it is correct as of any subsequent date.

In connection with the Placing, Bear Stearns or its agent, as stabilising manager, or any person acting for it, may (but will be under no obligation to) effect transactions that stabilise, maintain or otherwise affect the market price of the Shares during the period starting on the date of this document and ending on the 30th calendar day thereafter ("Stabilisation Period"). Such transactions, if commenced, may be discontinued at any time and must be brought to an end at the end of the Stabilisation Period. Save as required by law or regulation, Bear Stearns does not intend to disclose the extent of any stabilisation transactions under the Placing.

Copies of this document will be available free of charge during normal business hours on any weekday (except public holidays) at the offices of Collins Stewart, 9th Floor, 88 Wood Street, London EC2V 7QR from the date of this document for the period of one month from Admission.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This document contains forward-looking statements. Forward-looking statements can be identified by words such as "anticipates", "intends", "plans", "seeks", "believes", "estimates", "expects" and similar references to future periods, or by the inclusion of forecasts or projections.

Forward-looking statements are based on the Company's current expectations and assumptions regarding its business, the economy and other future conditions. Because forward-looking statements relate to the future, by their nature, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict. The Company's actual results may differ materially from those contemplated by the forward-looking statements. The Company cautions you therefore that you should not rely on any of these forward-looking statements as statements of historical fact or as guarantees or assurances of future performance. Important factors that could cause actual results to differ materially from those in the forward-looking statements include the factors discussed under the headings "Risk Factors" in the Admission Document and regional, national or global political, economic, business, competitive, market and regulatory conditions.

INDUSTRY AND MARKET DATA

Information regarding markets, market size, market share, market position, growth rates and other industry data pertaining to the Company's business contained in this document consists of estimates based on data and reports compiled by professional organisations and analysts, on data from other external sources, and on the Company's knowledge of its industry. In many cases, there is no readily available external information (whether from trade associations, government bodies or other organisations) to validate market-related analyses and estimates, requiring the Company to rely on internally developed estimates. The Company takes responsibility for compiling, extracting and reproducing market or other industry data from external sources, including third parties or industry or general publications, but neither the Company nor the Joint Lead Managers have independently verified that data. The Company does not take responsibility for the contents of, and takes no further responsibility for, such data. Similarly, while the Company believes its internal estimates to be reasonable, they have not been verified by any independent sources and the Company cannot assure you as to their accuracy.

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PLACING STATISTICS

Placing Price	309 pence
Number of Placing Shares being allotted and issued by the Company	3,888,889
Number of Placing Shares being sold on behalf of Selling Shareholders	35,000,000
Total number of Placing Shares	38,888,889
Placing Shares as a percentage of the enlarged issued Share Capital of the Company immediately following Admission and the Placing	37.43%
Directors' interests in the share capital of the Company immediately following Admission and the Placing	40.6%
Number of Shares in issue following the Placing	103,888,889
Estimated gross proceeds to the Company of the Placing	£12 million
Amount and percentage of dilution resulting from the issue of the New Shares	3.74%

The above numbers, where relevant, assume that the over-allotment option described on page 26 of this document is not exercised.

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Admission and commencement of dealings in Shares	30 March 2006
Issuance of Share certificates to Shareholders	by 6 April 2006

(All references in this document to times are to London times unless otherwise stated)

DIRECTORS, SECRETARY AND ADVISERS

Directors	James Terlizzi Timothy Trankina Antony Mitchell Bruce Crockett Dermot Smurfit Mitchell Hollin all of: 6501 Park of Commerce Boulevard Suite 140 B Boca Raton Florida 33487 USA
Secretary	Craig Lessner of: 6501 Park of Commerce Boulevard Suite 140 B Boca Raton Florida 33487 USA
Principal Office	6501 Park of Commerce Boulevard Suite 140 B Boca Raton Florida 33487 USA
Nominated Adviser	Collins Stewart Limited 9th Floor 88 Wood Street London EC2V 7QR
Joint Lead Managers and Joint Brokers	Collins Stewart Limited 9th Floor 88 Wood Street London EC2V 7QR Bear, Stearns International Limited and Bear Stearns International Trading Limited One Canada Square London E14 5AD
Legal Advisers to the Company	US Counsel: Foley & Lardner LLP 321 North Clark, Suite 2800 Chicago IL 60610 USA English Counsel: Simmons & Simmons CityPoint One Ropemaker Street London EC2Y 9SS

Legal adviser to the Joint Brokers, Nominated Adviser and Joint Lead Managers	Weil, Gotshal & Manges One South Place London EC2M 2WG
Reporting Accountants	RSM Robson Rhodes LLP 30 Finsbury Square London EC2P 2YU
Auditors to the Group	McGladrey & Pullen, LLP 100 North East Third Avenue Suite 300 Fort Lauderdale Florida USA
Branch Registrars	Capita IRG (Offshore) Limited Victoria Chambers Liberation Square 1/3 The Esplanade St Helier Jersey

DEFINITIONS

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

"Abbey"	Abbey National Treasury Services or Abbey National plc as the context may require
"Accountants' Reports"	the reports prepared by RSM Robson Rhodes LLP in relation to the Group, which are set out in Part IV of this document
"Admission"	the admission of the entire issued common share capital of the Company to trading on AIM becoming effective in accordance with Rule 6 of the AIM Rules
"AIM"	AIM, a market operated by the London Stock Exchange
"AIM Rules"	the rules for the operation of AIM, and governing the companies and nominated advisers related thereto, as published by the London Stock Exchange from time to time
"Articles of Incorporation"	the amended and restated articles of incorporation of the Company, as amended and/or restated from time to time
"Barclays"	Barclays Capital
"B&B"	Babcock & Brown
"Bear Stearns"	Bear, Stearns International Limited and/or Bear Stearns International Trading Limited (as applicable)
"Board" or "Directors"	the directors of the Company named on page 2, further details of whom are set out in the section entitled "Directors, Senior Management and Employees" in Part II of this document
"Broker"	a person appointed by the Company as broker pursuant to rule 35 of the AIM Rules
"Business Day"	a day on which dealing in domestic securities may take place on AIM
"Bylaws"	the bylaws of the Company, as amended and/or restated from time to time
"Code"	The City Code on Takeovers and Mergers
"Collins Stewart"	Collins Stewart Limited
"Combined Code"	the Principles of Good Governance and Code of Best Practice produced by the Financial Reporting Council, as amended from time to time
"Company"	Peach Holdings, Inc.

"Contribution and Exchange Agreement"	the contribution and exchange agreement entered into by the Company, Peach LLC, James D. Terlizzi, and the common managers and members of Peach LLC, further details of which are set out in paragraph 15.1 of Part VII of this document
"CREST"	the system of paperless settlement of trades in securities and the holding of uncertificated securities operated by CRESTCo Limited in accordance with the Uncertificated Securities Regulations 2001 (SI 2001/3755)
"Enhance"	Enhance Financial Services Group
"Exchange Act, 1934"	US Securities Exchange Act of 1934, as amended
"Executive Directors"	the executive directors of the Company identified on page 30 of this document
"FBCA"	the Florida Business Corporation Act
"FSA"	the Financial Services Authority of the United Kingdom
"FSMA"	Financial Services and Markets Act 2000
"Greenhill"	Greenhill Capital Partners, L.P., Greenhill Capital Partners (Cayman), L.P., Greenhill Capital Partners (Executives), L.P., Greenhill Capital, L.P.
"HVB"	HypoVereinsBank
"HVBFF"	HVBFondsFinance
"Instalment Sale Transaction Structure"	Peachtree's patented instalment sale transaction structure, details of which are set out in paragraph 5.2 of Part IVb of this document
"ISIN"	International Securities Identification Number
"LLR"	LLR Equity Partners, L.P., LLR Equity Partners Parallel, L.P., LLR Equity Partners II, L.P., & LLR Equity Partners Parallel II, L.P.
"London Stock Exchange"	London Stock Exchange plc
"NAIC"	National Association of Insurance Commissioners
"NAIC Model Act"	the Viatical Settlements Model Act produced by the NAIC
"NAIC Model Regulations"	the Viatical Settlements Model Regulation produced by the NAIC
"New Shares"	the 3,888,889 Shares being issued and allotted by the Company pursuant to the Placing
"NOMAD Agreement"	the Nominated Adviser Agreement dated 24 March 2006 entered into between the Company and Collins Stewart
"Nominated Adviser" or "NOMAD"	Collins Stewart

"Non-executive Directors"	the non-executive directors of the Company identified on page 32 of this document
"Official List"	the Official List of the FSA
"Peachtree Group" or "Group" or "Peachtree"	the Company and its subsidiaries and subsidiary undertakings from time to time or any one or more of them as the context may require, including Life Settlement Corporation (save as qualified in the paragraph headed "Reorganisation; Transfer of Life Settlement Corporation" in the Key Information section and the Business Description section of Part I of this document)
"Peach LLC"	Peach Holdings, LLC
"Placing"	the underwritten placing by Bear Stearns and Collins Stewart of the Placing Shares pursuant to the Underwriting Agreement
"Placing Price"	309 pence per Placing Share, the price at which each Placing Share is to be sold or issued pursuant to the Placing
"Placing Shares"	the 38,888,889 Shares, being the New Shares and the Sale Shares, which are the subject of the Placing
"Prospectus Rules"	the Prospectus Rules of the UK Listing Authority made under section 89(1) of FSMA, as amended from time to time
"QSPE"	a qualifying special purpose entity as such term is defined in the US Financial Accounting Standards Board Statement No.140
"Regulation S"	Regulation S under the Securities Act
"Regulatory Information Service"	a regulatory information service that is approved by the FSA and that is on the list of regulatory information services maintained by the FSA
"Related Party"	a related party, as such term is defined in the AIM Rules
"Reorganisation"	the transaction contemplated by the Contribution and Exchange Agreement and the warrant transactions referred to in paragraph 15.8 of Part VII of this document
"Sale Shares"	the 35,000,000 Shares being sold in the Placing by the Selling Shareholders, pro-rata (other than James Terlizzi and Skyline) to their total holding of Shares in the Company
"SEC"	US Securities and Exchange Commission
"Securities Act"	US Securities Act of 1933, as amended
"Selling Shareholders"	those persons and entities (details of whom are set out in paragraph 12.4 of Part VII of this document) who are selling Shares in the Placing
"Share Capital"	the issued common share capital of the Company immediately following Admission, including the Shares

"Share Dealing Code"	the share dealing code adopted by the Company to ensure compliance with the rule 21 of the AIM Rules
"Shareholders"	the holders of Shares
"Shares"	shares of common stock of the Company, having a par value of $0.001
"Singer"	Singer Asset Finance Company, LLC
"Skyline"	Skyline Technologies Limited
"SLPO"	senior leveraged policy ownership
"SRF #3"	Structured Receivables Finance #3, LLC
"SRF #4"	Structured Receivables Finance #4, LLC
"this document"	the entire contents of this document
"UK Listing Authority"	the Financial Services Authority acting in its capacity as the competent authority for the purposes of Part VI of FSMA
"UK" or "United Kingdom"	the United Kingdom of Great Britain and Northern Ireland
"Underwriter"	each of Collins Stewart and Bear Stearns acting as joint Underwriters
"Underwriting Agreement"	the underwriting agreement dated 24 March 2006 entered into between the Company, the Directors, the Selling Shareholders, Collins Stewart and Bear Stearns
"US" or "United States"	the United States of America, its territories and possessions
"VAT"	value added tax
"WestLB"	West Deutsche LandesBank

Unless otherwise indicated, all references in this document to "pounds sterling", "sterling", "£", "pence" or "p" are to the lawful currency of the United Kingdom, all references to "$", "US$" or "US dollars" are to the lawful currency of the United States.

KEY INFORMATION

This information is a summary of more detailed information included in other sections of this document. Prospective investors should read the whole of this document, including the risk factors set out in Part III, and not rely solely on the summary information contained in this section.

Peachtree

Peachtree is a US specialty finance company that purchases high-quality deferred payment obligations from individual holders. Obligations purchased by Peachtree include structured settlements, lottery winnings, and selected insurance products. Many individuals holding these assets have liquidity needs that the Directors and the management team believe are under-served by more traditional lenders. In general, Peachtree does not retain the assets it acquires. Following acquisition, the assets are typically sold by Peachtree either in their entirety or through securitisation. Peachtree's target markets are large and highly fragmented with predominantly small, under-capitalised competitors. The Directors believe that Peachtree has the number 1 or number 2 market share in its primary lines of business.

Peachtree's revenue consists primarily of (i) origination fees from contractual sale arrangements with third parties and (ii) gains derived from the sale of assets at a discount rate lower than the discount rate at which such assets were purchased. Peachtree maintains credit facilities with multiple financial institutions to fund its originations. Most of Peachtree's financing facilities are non-recourse to Peachtree (other than to the entity which is party to the facility). As of 31 December 2005, Peachtree had obtained, cumulatively, more than $2 billion in financing for its business lines from major financial institutions, including Barclays Bank, Abbey, WestLB, HVB and SunTrust Bank. Peachtree has been the exclusive originator for two German life settlement funds and is rated "AA+" by Scope Rating Service, a German closed-end fund rating organisation, in respect of its life settlement business. Peachtree acts as primary servicer for the majority of the assets it originates. Peachtree currently services over 10,000 transactions.

As of the date of this document, Peachtree has 253 employees, of whom 233 work in Peachtree's Boca Raton, Florida office and 20 work in Peachtree's Norcross, Georgia office.

Financial Information

For the twelve months ending 31 December 2004, Peachtree generated pre-tax income of $17.5 million on total revenue of $92.6 million. In the six months to 30 June 2005, Peachtree generated pre-tax income of $22.6 million on total revenue of $54.5 million. The Directors estimate, following due and careful enquiry, that, in the absence of unforeseen circumstances, pre-tax income is expected to be approximately $36.5 million for the twelve months ended 31 December 2005. This profit estimate has been determined based on unaudited management accounts and may change as a result of the year end process of preparing audited financial statements. The Directors' estimate is based upon certain estimates and those accounting policies as disclosed in the Accountants' Report contained in Part IVb of this document. In addition, a new policy has been applied in the recognition of income from insurance commission which has not previously been significant. The new policy will disclose that insurance commissions are recognised from the date that the underlying insurance policies are in force.

Key strengths

The Directors consider the competitive strengths of Peachtree to be:

- focus on high quality and high margin receivables;
- industry leading positions in large and addressable target markets;
- strength and depth of management with a proven track record;
- well diversified mix of businesses;
- participation in markets with material barriers to entry;
- scalable and flexible origination infrastructure;
- multiple low cost financing sources;
- strong organic growth;
- tax-efficient business model; and
- significant regulatory experience.

Strategy

The core aspects of Peachtree's business/growth strategy are to:

- increase penetration in its current markets;
- develop new products with visible cash flows that leverage Peachtree's existing origination infrastructure; and
- continue to secure new financing sources with enhanced economics.

Reorganisation; Transfer of Life Settlement Corporation

Immediately prior to Admission and pursuant to the transactions contemplated by the Reorganisation, the Company will become the parent company of the Group. Pursuant to the Reorganisation, the members of Peach LLC (holding 100 per cent. of the membership interests of Peach LLC) will contribute their respective membership interests in Peach LLC, the current holding company of the Group, to the Company in exchange for newly issued Shares in the Company. Funding Investors, LLC, in turn, will immediately distribute the newly issued Shares in the Company received thereby to its members, who (together with the remaining exchanging members of Peach LLC) will be Selling Shareholders, pursuant to the Placing. Following the Reorganisation, (i) Peach LLC will become a wholly-owned subsidiary of the Company, (ii) the Sale Shares will be held by the Selling Shareholders and (iii) all the businesses comprising the Group (other than Life Settlement Corporation as described below) will be indirect subsidiaries of the Company. For more information, see paragraphs 15.1 and 15.8 in Part VII of this document.

One of the Group companies, Life Settlement Corporation, is a life settlement provider, the activities of which are highly regulated and require licensing or registration in most jurisdictions in which it operates. Certain jurisdictions, including Florida, a state in which the Group does a significant amount of business, require that a direct or indirect transfer of 10 per cent. or more of the interest in a life settlement company must be approved by the appropriate regulatory body prior to the effectiveness of such transfer. Currently, Life Settlement Corporation is owned by Funding Investors, LLC and Peachtree Settlement Funding Corporation. Following the completion of the Placing, the present shareholders of Life Settlement Corporation are obligated to submit to the appropriate Florida regulatory body an application relating to the transfer of the respective ownership interests of Funding Investors, LLC and Peachtree Settlement Funding Corporation in Life Settlement Corporation to Peach LLC, which transfer shall be effective immediately upon approval of the transfer by such regulatory body and the making of notice filings with other states. Following such regulatory approval and notice filings, Life Settlement Corporation will become an indirect subsidiary of the Company.

Investors should note that the financial information for the Group included in the Accountants' Report in Part IVb of this document includes Life Settlement Corporation as though it were wholly owned by the Group, even though it will not be legally owned by the Group unless regulatory approval is obtained. For more information, see the risk factors set out in Part III of this document.

Change in Tax Status

Peach LLC, the current holding company of the Group, is a Limited Liability Company ("LLC"), as are most of its subsidiaries. Most of these LLCs are disregarded for tax purposes. The results of their operations are allocated to the individual members for inclusion in their federal and state income tax returns. Accordingly, the financial information included in Part IVb of this document does not contain a provision for income taxes for Peach LLC and its non-taxable subsidiaries.

As a result of the Reorganisation, Peach LLC will become a direct wholly-owned subsidiary of the Company, which will be subject to federal and state income taxes. Accordingly, the Company will make an opening balance sheet adjustment to record a deferred tax liability and asset for the future tax consequences of events that already have been recognised in the Group's financial statements or tax returns. Such adjustment will be made and determined at the time of reorganisation. On a going forward basis, the Company will record a deferred tax liability or asset for the estimated future tax effects attributable to temporary differences and carryforwards.

Nature and Presentation of Financial Information

The Company is a newly formed corporation, formed on 27 February 2006 primarily for the purpose of serving as the holding company for the Group. As described above, the Company will become the parent company of the entities comprising the Group (except for Life Settlement Corporation) immediately prior to Admission. The Company has no history or financial statements as an operating company.

Historically, no consolidated audit has been performed for the Group as a whole, although certain Group entities have been audited for a number of years. In compiling information for the Placing, the Group compiled information based on audited and unaudited components of the Group to present a consolidated financial presentation of the Group. Investors should note that not all figures were audited and the compilation involves the use of certain estimates. In addition, this compilation includes Life Settlement Corporation as if it were wholly owned by the Group, even though it will not be legally owned by the Group unless regulatory approval is obtained and certain notice filings are made. See the risk factors set out in Part III of this document.

Peach LLC, was formed on 13 December 2004 and became the parent company of the Group on 21 December 2004. A consolidated audit of the Group was conducted for the period ended 30 June 2005.

The unaudited pro forma net asset statement for the Group included in Part IVc of this document is based on the balance sheet of the Company as at 6 March 2006 and the consolidated balance sheet of Peach LLC as at 30 June 2005. The unaudited pro forma net asset statement is presented for illustrative purposes only and does not purport to represent the Group's financial position at those dates. The Group's future financial position will differ from the unaudited pro forma amounts set forth in this document.

The summary financial information set out below has been extracted without material adjustments from the Accountants' Report set out in Part IVb of this document:

	Year ended 31 December			*6 months ended 30 June*
	2002 $'000	*2003 $'000*	*2004 $'000*	*2005 $'000*
Total Revenues	48,041	84,753	92,559	54,523
Net Income	1,187	8,538	17,420	22,497
Total Assets	195,506	309,984	375,777	387,407
Total Liabilities	176,102	279,359	324,772	313,384
Total Members' Equity	19,404	30,625	51,005	74,023

Revenue

Included in total revenue are amounts in respect of the Instalment Sale Transaction Structure. In return for funds from customers, Peachtree issues instalment notes that provide investment returns based on specified investment profiles. The funds are then invested in assets with the same investment profiles and accordingly the changes in the instalment note liabilities are matched by the investment returns.

Although the investment fluctuations from this structure have not had an impact on net income, the total revenue has fluctuated according to the investment returns on this product. Total revenue excluding the gross revenues from the Instalment Sale Transaction Structure is as follows:

	Year ended 31 December			*6 months ended 30 June*
	2002 $'000	*2003 $'000*	*2004 $'000*	*2005 $'000*
Total Revenue	48,041	84,753	92,559	54,523
Less: Interest and dividend income from Instalment Sale Transaction Structure investments	3,673	4,762	8,319	3,226
Less: Instalment note gain	13,591	—	—	—
Less: Net realised and unrealised gains on investments	—	31,572	16,893	—
Total revenue excluding Instalment Sale Transaction Structures revenues	30,777	48,419	67,347	51,297

Current Trading and Prospects

The Directors estimate, following due and careful enquiry, that, in the absence of unforeseen circumstances, pre-tax income is expected to be approximately $36.5 million for the twelve months ended 31 December 2005. This profit estimate has been determined based on unaudited management accounts and may change as a result of the year end process of preparing audited financial statements. The Directors' estimate is based upon certain estimates and those accounting policies as disclosed in the Accountants' Report contained in Part IVb of this document. In addition, a new policy has been applied in the recognition of income from insurance commission which has not previously been significant. The new policy will disclose that insurance commissions are recognised from the date that the underlying insurance policies are in force.

Recognition of revenue in Peachtree's business is determined by provisions of US GAAP including Financial Accounting Standards Board ("FASB") Statement No. 140. Due to anticipated changes in US GAAP, Peachtree will recognise revenue in 2006 differently than it has in the past. Prior to 2006, Peachtree recognised revenue on the sale of structured settlements and life settlements twice per month when such assets were sold to third parties or QSPEs, used in connection with the Group's off-balance sheet financing facilities. Under the anticipated change in US GAAP, revenue will be recognised only at the time of a term securitisation.

First Quarter 2006 Securitisation

A securitisation anticipated to be completed in the first quarter of 2006 will include structured settlements originated in 2005 for which Peachtree has already recognised revenue in 2005 under the previous US GAAP revenue recognition method.

Fourth Quarter 2006 Securitisations

Anticipated securitisations in the fourth quarter of 2006 will include securitisations of structured settlements and life settlements originated in 2006. Assuming that the anticipated changes are made to US GAAP, no revenue will be recognised for such assets in 2006, prior to these securitisations.

Because the pool of assets to be securitised must be fixed well in advance of the closing of a securitisation, not all structured settlements or life settlements originated by Peachtree in 2006 can be securitised in 2006. Accordingly, it is estimated that revenue with regard to structured and life settlement originations in the final two months of 2006 will not be recognised in 2006, but will instead be recognised in 2007 and Peachtree's revenues in 2006 will reflect approximately ten months of actual 2006 originations. Moreover, all expenses associated therewith will be recognised in 2006. The Directors believe that this will be a one-time distortion in revenue recognition created by the aforementioned changes in US GAAP.

Dividend Policy

The Directors intend to adopt a progressive dividend policy that will reflect the long-term earnings and cash flow potential of the Company, whilst maintaining an appropriate level of dividend cover.

It is intended that the Company will pay a dividend in respect of the year ended 31 December 2006. In the absence of unforeseen circumstances, the Directors are intending that an aggregate dividend of $20 million will be paid for the year to 31 December 2006. All dividends will be paid in US dollars.

Use of Proceeds

The Directors intend to use the net proceeds of the Placing receivable by the Company for general corporate purposes, including, but not limited to, research and development of new products which leverage Peachtree's existing origination platform. The Company will not receive any portion of the proceeds of the Placing due to Selling Shareholders.

Reasons for Placing and Admission

Obtaining a market quotation for the Shares will provide existing investors with a market for their Shares and an opportunity to realise part of their investment. In addition, the Company will raise additional capital for growth and general corporate purposes. The Company is also seeking Admission to provide a trading platform for its Shares, to raise its profile with investors and analysts, and to provide a platform for accessing capital in the future.

Summary of the Placing and Lock-In Arrangements

A total of 38,888,889 Shares are being placed, of which 3,888,889 are being issued directly to placees by the Company and of which 35,000,000 are being sold by the Selling Shareholders. The Placing will raise approximately £10.8 million (net of expenses) for the Company.

The Selling Shareholders have undertaken not to dispose of any interest in the Shares held by them following Admission until the date upon which the 2006 audited accounts of the Company are published, save in certain limited circumstances. For further details on the lock-in arrangements please see the summary of the Lock-in Agreement in paragraph 13.1.1 of Part VII of this document.

Admission is expected to take place and unconditional dealings in Shares are expected to commence on AIM at 8:00 a.m. (London time) on 30 March 2006.

PART I

INFORMATION ON THE PEACHTREE GROUP

BUSINESS OVERVIEW

Peachtree is a US specialty finance group that primarily purchases high-quality deferred payment obligations (e.g. annuities) from individual holders, a process which is referred to in this document as "origination". Obligations purchased by Peachtree fall into three principal business lines — structured settlements, life settlements and lottery prize winnings. In addition Peachtree has three smaller business lines — SLPO, pre-settlement funding and the Leveraged Bonus Plan. All of these lines are discussed below in more detail. Following the Reorganisation, the Company will be the ultimate holding company of the Peachtree Group.

Many individuals holding assets of the kinds that the Group purchases have liquidity needs that the Directors believe are under-served by more traditional lenders, which gives Peachtree access to a large potential market. In general, Peachtree does not retain the assets it acquires. Following acquisition, the assets are typically sold by Peachtree either in their entirety or through securitisations. Peachtree's target markets are large and highly fragmented with predominantly small, under-capitalised competitors. The Directors believe that Peachtree has the number 1 or number 2 market share in its three principal lines of business.

Peachtree's revenue consists primarily of (i) origination fees from contractual sale arrangements with third parties and (ii) gains derived from the sale of assets at a discount rate lower than the discount rate at which such assets were purchased. Peachtree maintains credit facilities with multiple financial institutions to fund its originations. Most of Peachtree's financing facilities are non-recourse to Peachtree (other than to the entity which is party to the facility).

From its inception, Peachtree's business strategy has focused on (i) establishing a flexible and scalable origination platform that could process a diverse mix of deferred payment receivables (e.g., structured settlements, insurance products, lottery prize winnings) and (ii) securing institutional financing and access to the capital markets to finance its originations. Peachtree has secured financing facilities with large national and global financial institutions, including Barclays, Abbey, WestLB, HVB, and SunTrust Bank.

HISTORY OF THE PEACHTREE GROUP

Peachtree's current President, Timothy Trankina, started Peachtree's structured settlement brokering business in September 1996. James Terlizzi, Peachtree's current CEO, joined Peachtree in May 1998. In 1997, Settlement Funding, LLC (the main operating subsidiary of The Peachtree Group) was formed and began to develop the ability to originate structured settlements. In May 1998, Settlement Funding, LLC secured its first structured settlement financing facility from Barclays Capital. The Group carried out its first securitisation of structured settlements receivables in January 2004, and has since completed two additional securitisations in March 2005 and September 2005 which were rated "AAA" by Standard & Poor's.

In 1999, Peachtree began to originate lottery prize winnings after securing its first lottery credit facility with Barclays Capital. In 2001, Peachtree secured a financing facility from Abbey to originate life settlement policies. In 2003, Peachtree obtained a financing facility for the life settlement business from a subsidiary of HVB.

As of 31 December 2005, Peachtree had obtained, cumulatively, more than $2 billion in financing for its business lines from major financial institutions, including Barclays, Abbey, WestLB, HVBFF, and SunTrust Bank. Peachtree has been the exclusive originator for two German life settlement funds and is rated "AA+" by Scope Rating Service, a German closed-end fund rating organisation in respect of its life settlement business. Peachtree acts as primary servicer for the majority of the assets it originates. Peachtree currently services over 10,000 transactions.

BUSINESS STRATEGY

Peachtree will seek to create value for its Shareholders by continuing to deliver earnings growth. In particular, the Group will endeavour to:

- increase penetration in structured settlements, life settlements, lottery prize winnings, and other types of annuities;
- access new asset classes, particularly those that will permit Peachtree to leverage existing origination infrastructure; and
- secure new financing sources with enhanced economics.

KEY STRENGTHS

In order to implement its strategies, Peachtree intends to leverage its key strengths, namely:

Focus on high quality and high margin receivables

Peachtree's core business consists of purchasing deferred payment obligations, such as structured settlements, lottery prize winnings and selected insurance products, on a discounted basis from individual holders. The obligors of these receivables are predominantly highly-rated insurance companies and US state governments. There is limited prepayment risk and credit exposure associated with any of Peachtree's purchased receivables. Furthermore, for the majority of its products, Peachtree recognises a "gain on sale" through either (a) selling-on the originated receivable in its entirety immediately or shortly after origination or (b) securitising the assets. In addition, in the case of a securitisation, Peachtree also retains a small residual interest in the securitised pool of receivables.

Industry leading positions in large and addressable target markets

Peachtree generally participates in large, highly fragmented markets with predominantly small, under-capitalised competitors. The Directors believe that Peachtree has the number 1 or number 2 market share in the US in each of its core businesses.

- **Structured Settlements** According to the National Structured Settlement Trade Association (US), between 1979 and 2004 the structured settlements industry had sold between $70 and $80 billion in premium in the US. Based on the assumption that this amount is increasing by more than $6 billion per annum, this figure is likely to have risen to over $90 billion by the end of 2005. Peachtree therefore calculates that the number of claimants currently holding structured settlements in the US is greater than 1.8 million, assuming that the average premium paid for a structured annuity is $50,000. Peachtree estimates that less than $2 billion, or 2.2 per cent., of structured settlement receivables in the US have been purchased to date by Peachtree and all other market participants combined. The Directors believe that Peachtree is the second largest acquirer of structured settlements, in terms of dollar transaction volume, in the US.
- **Life Settlements** According to A.M. Best research, the current value of all insurance products in the US market is approximately $14 trillion. Of this amount, individuals 65 years and over hold insurance policies valued at $490 billion. Peachtree estimates that approximately $5 billion, or 1.1 per cent. of the total dollar value of such policies were purchased in 2005. The Directors believe Peachtree is the second largest originator of life settlements in the US by net death benefit. Furthermore, the Directors believe that the life settlements market in the US will grow significantly over the coming years based on the growth in the US population over the age of 65, elimination or reduction of estate taxes, and increased awareness by financial planners of the life settlement industry.
- **Lottery Prize Winnings** Peachtree estimates that the current value of all outstanding lottery prize winnings is approximately $12 billion in the US. Twenty-three states and the District of Columbia currently allow for the assignment of lottery prize winnings, resulting in an addressable market comprised of approximately 10,000 individuals who are currently receiving lottery prize payments in instalments. The Directors estimate that approximately $3 billion of such lottery prize winnings have been purchased by all market participants.

Strength and depth of management with a proven track record

The senior management team at Peachtree has over 100 years of combined industry experience, and average senior management tenure with Peachtree is more than 7 years. Several members of the

management team previously worked together in the mid 1990s at Singer, where they were pioneers in several of Peachtree's targeted asset classes, as they completed some of the earliest structured settlement and lottery transactions in the marketplace. In 1997, Singer was acquired by Enhance and several members of Peachtree's senior management team left Enhance to join Peachtree.

Well diversified mix of businesses

Peachtree originates receivables across multiple asset classes. Unlike many of its principal competitors, Peachtree has sought to diversify its product lines. For the six months ended 30 June 2005, Peachtree's structured settlement and life settlement lines of business represented 52.2 per cent. and 30.4 per cent. of total revenue respectively.

Peachtree further supports its origination efforts with specialised purchasing teams that navigate sellers through the often complex origination process and converts prospects into new business. In recent years, Peachtree has expanded its origination and servicing platform to include structures that are intended to provide tax-efficient liquidity to individual holders of assets such as legal fees as well as a proprietary, turnkey executive deferred compensation programme.

Participation in markets with barriers to entry

The Directors believe that Peachtree's principal business lines present certain material barriers to entry. For example, in structured settlements, the need for relationships with legal professionals throughout the US and the fact that each transaction must be reviewed by a court after extensive fact finding, make the market unattractive to many large institutions, particularly when coupled with the fact that the average annuity is fairly modest in size. Similarly, the Directors believe regulatory approvals, licensing and compliance constitute material barriers to entry in the life settlement industry.

Multiple low-cost financing sources

As of 31 December 2005, Peachtree had obtained, cumulatively, more than $2 billion in financing for its business lines from major financial institutions including Barclays, Abbey, WestLB, HVB, and SunTrust Bank. Peachtree has completed three S&P "AAA" rated securitisations of structured settlement assets, and the terms of the financing that Peachtree has obtained from its finance providers have greatly improved over time.

Strong organic growth

Peachtree has, primarily, grown organically from inception. Retained earnings have been reinvested in the Group to enhance its capital base, which has grown steadily since incorporation. Peachtree has, in accordance with its pre-determined strategy plan, added new divisions to capitalise on new asset classes which also has contributed to its organic growth.

Tax-efficient business model

Generally, Peachtree has structured its credit relationships as "financings" for the purposes of calculating both tax and sales for US GAAP. Accordingly, revenue and cash flow for such transactions are disregarded for tax purposes as they are characterised as the proceeds of a loan made by the financing counter-party. The Directors believe Peachtree's cash tax rate will be 15 per cent. or less over the next 7-10 years.

Significant regulatory experience

Peachtree maintains an active dialogue with industry regulators. Peachtree was involved in the creation of both the National Association of Settlement Purchasers and the Life Settlement Institute. These organisations work with industry regulators on various issues, including the formulation of new legislation. Peachtree was instrumental in working toward the passage in 2002 of US federal legislation creating a court-ordered process for the transfer of structured settlements.

BUSINESS DESCRIPTION

Key Revenue Streams

Peachtree derives the majority of its revenue from the following business lines:

- Structured settlements;
- Life settlements; and
- Lottery prize winnings.

Structured Settlements

Market Overview

A structured settlement is a contract between a plaintiff and defendant whereby the plaintiff agrees to settle a lawsuit (usually a personal injury, product liability or medical malpractice claim) in exchange for periodic payments over time. Generally, the settling defendant (either a self-insured corporation or its liability insurer) arranges to discharge its payment obligation to an individual plaintiff by purchasing a commercial annuity from an investment-grade annuity provider, such as a life insurance company, thereby guaranteeing a low-risk stream of payments to the plaintiff. The settling defendant's insurance company is motivated to seek a structured settlement as it is often less costly than the up-front payment alternative.

Recipients of structured settlements are permitted to sell their deferred payment streams to a structured settlement originator such as Peachtree pursuant to a US state transfer protocol and provided the sales have received US state court judge approval. Through such a sale, the originator purchases the settlement payments on a discounted basis in exchange for a single lump sum payment.

According to the National Structured Settlement Trade Association, between 1979 and 2004, the structured settlements industry had sold between $70 and $80 billion in premium in the US. Based on the assumption that this amount is increasing by more than $6 billion per annum, this figure is likely to have risen to over $90 billion by the end of 2005. Peachtree therefore calculates that the number of claimants currently holding structured settlements in the US is greater than 1.8 million, based on an average premium paid for a structured annuity of $50,000. The Directors believe that less than $2 billion, or 2.2 per cent., of structured settlement receivables in the US have been purchased to date by Peachtree and all other market participants combined. The use of structured settlements is growing and certain legislation may be enacted by the US Congress mandating the use of structured settlements in some cases.

Competition

The Directors believe that Peachtree is the second largest acquirer of structured settlements in the US. J.G. Wentworth, which focuses exclusively on structured settlements and annuity purchases, is the largest originator. Somewhat smaller players in the industry include Novation Capital (a subsidiary of Encore Financial Services), Settlement Capital, and Stone Street Capital.

Regulatory Environment

Prior to 1982, US federal tax law regarding periodic payments for the settlement of lawsuits was unclear. In 1982, the US Internal Revenue Service ruled that claimants receiving instalment payments as compensation for a personal injury were free of all federal taxation, provided certain conditions were met. This ruling, and its subsequent codification into US federal tax law, resulted in the proliferation of structured settlements as a means of settling lawsuits. Structured settlements were originally used as a means to settle large personal injury claims involving grievously injured plaintiffs. However, the favourable tax benefits and economics that structured settlements offered the insurance industry resulted in widespread use as a means of resolving common tort claims as well. In the mid 1990s, institutions began financing the acquisition of structured settlements as a result of some claimants' desire to generate liquidity for their settlement payments. In 1999, insurance companies, concerned that favourable tax treatment of structured settlements would be compromised by the on-sale to structured settlement originators, waged an aggressive campaign against companies that were providing liquidity to the recipients of structured settlement payment streams. This campaign was waged in numerous venues, including the judicial system, state legislatures and the US Congress.

In response to this campaign against the structured settlement industry, Peachtree led an industry initiative to pass legislation which clarified the tax treatment of purchases and sales of structured

settlements, and to adopt a state by state transfer protocol, which served to validate the sale of structured settlements pursuant to court order. In January 2002, President Bush signed into law 26 U.S.C. 5891, et seq., which provides that certain beneficial provisions of the US Internal Revenue Code shall apply to a structured settlement factoring transaction. Moreover, the passing of this legislation recognises that people require the ability to refinance such assets and the need for a state court process to facilitate this transfer. Legislation, which was lobbied for by Peachtree with the assistance of other members of the National Association of Settlement Purchasers (a trade organisation co-founded by Peachtree), has now been passed in 43 US states to allow for the voluntary, court-ordered assignment of structured settlement payments.

Each structured settlement transaction requires a court order approving the transaction. These "transfer petitions", as they are known, are brought pursuant to specific, state by state structured settlement transfer acts. These acts vary somewhat but generally require (i) that the seller receive detailed disclosure statements regarding all key transaction terms; (ii) a 3-10 day "cooling-off period" before the expiry of which the seller cannot sign an agreement to sell their structured settlement payments; and (iii) a requirement that the entire transaction be reviewed and approved by a state court judge. The parties to the transaction must satisfy the court that the proposed transfer is in the best interests of the seller, taking into consideration the welfare and support of his dependants. Once an order approving the sale is issued, the payments from the annuity provider are made directly to the purchaser of the structured settlement pursuant to the terms of the order.

Marketing, Sales and Financing

- ***Marketing/Sales.*** Peachtree uses national television advertising to generate telephone and internet enquiries. Peachtree currently has a database of approximately 25,000 structured settlement leads. Peachtree also uses a monthly mailing programme.

- ***Financing.*** Historically, Peachtree's structured settlement assets were sold to warehouse facilities within 10 to 15 days of origination and Peachtree's management recognised a gain at the time of each sale. Once a critical volume of receivables (usually $80-100 million) was acquired in the warehouse facility, Peachtree executed a term securitisation which generated additional gain on sale revenue. Funds from the term securitisation were used to repay the warehouse credit facility. In addition Peachtree retained a residual interest in the receivables sold in the term securitisation, which is realised over time.

  Since the start of 2006, in anticipation of certain changes to US GAAP, Peachtree has started holding receivables on balance sheet and financing them with a warehouse facility. Once a critical amount of receivables is accumulated, Peachtree expects to execute a term securitisation and recognise a gain on sale revenue with respect to each such securitisation.

  Peachtree has successfully securitised over $275 million of structured settlements through the completion of three private placements since January 2004. The securities issued in all three of these securitisations are "AAA" rated by Standard & Poors without a financial guarantee and were completed with the assistance of either SunTrust Robinson Humphrey or Barclays. Peachtree has experienced increasing demand for its term securitised investments, with the last placement being more than three times over-subscribed. In addition, Peachtree has achieved improved economics on each term securitisation. The September 2005 placement experienced a decrease in subordination from the March 2005 placement, and a further decrease as compared to January 2004. Peachtree closed a further securitisation on 16 March 2006 comprising more than $100 million of bonds.

Sources of Revenue

Peachtree generates revenue in this business line from four main sources:

- **Gain on Sale from Securitisation.** Upon securitisation of structured settlements, Peachtree recognises revenue in accordance with Financial Accounting Standards Board (FASB) Statement No. 140. The gain on sale is derived from the sale of assets at a discount rate lower than the discount rate at the time of origination. Traditional concerns regarding "gain on sale" accounting (i.e., credit and convexity risk) do not apply to Peachtree's business. This is because the structured settlement assets purchased by Peachtree have zero convexity, as these assets cannot be pre-paid, redeemed or refinanced. Moreover, the assets are obligations of highly-rated diversified insurance companies, so default risks are relatively low.

- **Securitisation Residual.** After a term securitisation is executed, Peachtree retains a subordinated interest in the receivables. Given that this subordinated interest represents obligations of a diverse group of high quality insurance credits, Peachtree believes that, absent unforeseen circumstances, the residual interests are generally collectible.
- **Servicing Income.** Peachtree generates servicing income as primary servicer for the vast majority of the structured settlement transactions it originates. As primary servicer, Peachtree's responsibilities include collection, reconciliation and distribution of cash flows associated with a particular transaction and communicating with the customer regarding the status of the transaction. Peachtree's primary servicer status is reviewed annually by its credit facility partners and independent auditors, and periodically by Moody's and/or Standard & Poor's. Peachtree is paid a servicing fee of 50 basis points per annum on the value of the structured settlements it services. Servicing income is a source of recurring revenue that Peachtree believes will continue to grow if origination volumes increase.
- **Interest Income Prior to Securitisation.** Peachtree earns interest income on warehoused assets by virtue of the "buy in" discount rate.

Life Settlements

Market Overview

A life settlement is the sale of an existing life insurance policy to an unrelated investor for an amount greater than the policy's cash surrender value, but lower than the face amount of the policy. The investor assumes the obligation of making premium payments until the face amount of the policy is realised. Individuals and companies enter into life settlement transactions for a variety of reasons such as:

- the retirement of an executive;
- the availability of more attractive insurance or financial products;
- the policy is no longer affordable;
- the policyholder's liquidity needs; or
- changes in estate planning.

Life settlements have created an organised secondary market for an insurance contract that is otherwise illiquid. The market for life insurance settlements has grown at a 53 per cent. compound annual growth rate since 1999 according to Erich Sippel and Co, a life insurance consulting firm. The Directors believe that in the absence of adverse regulatory changes, this market will continue to grow for the foreseeable future as life settlements become an increasingly mainstream financial planning tool.

The estimated value of all insurance products in the US market is $14 trillion. Individuals 65 years and older hold insurance policies valued at approximately $490 billion. According to an article published by Conning Research & Consulting Inc., the potential market for life settlements is an estimated $108 billion. Erich Sippel and Co. published an article stating its belief that the purchasable face amount of life insurance policies had grown from $200 million in 1998 to approximately $12 billion in 2005.

Competition

The Directors believe that Peachtree is the second largest provider of life settlements in the US behind Coventry First based on statistics from the Florida Office of Insurance Regulation. Other large providers of life settlements in the US include Life Equity, Living Benefits, Life Settlement Solutions and Maple Life Financial. The remaining providers of life settlements tend to be smaller, more regional companies.

Regulatory Environment

Life settlements are subject to regulation in the US on a state by state basis. Twenty-six states have enacted legislation regulating life settlements. Peachtree is licensed in all states in which it does business that require licensure (currently thirteen states) and seeks licensure in other states as business needs dictate.

A majority of the state laws and regulations concerning life settlements are based on the Model Act and Model Regulations adopted by the NAIC. The NAIC Model Act and Model Regulations include provisions which relate to: (i) provider and broker licensing requirements; (ii) reporting requirements; (iii) required contract provisions and disclosures; (iv) privacy requirements; (v) fraud prevention measures; (vi) insurance company practices; and (vii) prohibited practices.

Marketing, Sales and Financing

- ***Marketing/Sales.*** Peachtree began purchasing life insurance policies, which had been taken out on the lives of high net worth individuals, in 2000. Peachtree has only purchased life insurance policies from individuals aged 65 and over whose life expectancy is between 36 and 144 months. Peachtree utilises third-party medical underwriters specified by the facility providers to evaluate the medical condition and life expectancy of each life settlement candidate. Peachtree only originates life settlements which meet the standards outlined by its financing providers.

  Peachtree markets life settlements through seminars, direct mail, print advertising and direct solicitation. The Company targets insurance brokers, financial planners, and bank trust departments. Peachtree acquires insurance policies directly from the owner of the policy and only purchases policies that it has verified, with the insurance providers, are beyond their contestability periods. Peachtree pays a lump sum amount to the policy owner and is assigned ownership of the policy. Purchased policies are immediately sold to trusts that are funded by financial institutions. As a result, Peachtree does not hold originated assets on its balance sheet and has no responsibility for the payment of ongoing premiums or the performance of the underlying payment stream.

  Peachtree also acts as primary servicer for the life settlements it originates. As servicer, Peachtree's obligations include tracking certain policy performance metrics such as premium due dates and amounts, mortality tracking and filing claims. Peachtree is rated "AA+" by Scope, a German closed-end fund rating service. Peachtree's final score was 0.9 per cent. below the threshold for a "AAA" rating. The Directors believe that Scope will re-rate Peachtree in 2006.

  Since 2000, Peachtree has originated in excess of $820 million in net death benefit receivables.

- ***Financing.*** When it entered this business line in 2000, Peachtree partnered, on a non-exclusive basis, with B&B to assist in arranging life settlement financing. B&B helped to secure, from Abbey, a $100 million credit facility for acquisitions of policies and a $150 million facility for ongoing policy expenses. In late 2003, B&B assisted Peachtree in establishing a $260 million fund through HVBFF, a subsidiary of HVB Group which is a German financial services institution and one of the largest banks in Europe. A follow-on fund was established in mid 2004 and raised $195 million. Peachtree has been the exclusive originator of life settlements for both of these funds. In December 2005 Peachtree obtained a new $225 million life settlement financing facility. This facility offers improved criteria, pricing and terms. Peachtree is presently in advanced negotiations for a significant credit facility for the acquisition of long dated life settlements (i.e., life settlements with a life expectancy of 12-18 years).

Sources of Revenue

Peachtree earns an origination fee on the purchase of insurance policies into the HVBFF trusts. The origination fees under this facility are currently shared roughly (60/40) between Peachtree and B&B. Peachtree will retain the entirety of origination fees on deals done under the December 2005 facility, which was not arranged by B&B. In addition, a residual interest should inure to Peachtree's benefit under this new arrangement. Peachtree also acts as primary servicer, earning a servicing fee based on the value of the assets being serviced.

Lottery Prize Winnings

Market Overview

Lottery prize payments are typically paid in instalments over a period of 20 to 30 years. Approximately 10,000 individuals are currently receiving lottery prize payments in instalments in the US. Peachtree estimates the present value of all outstanding lottery prize payment streams to be approximately $12 billion in the US. To date, Peachtree estimates that approximately $3 billion of such lottery prize winnings have been purchased by all market participants.

Competition

Peachtree is one of the largest purchasers of lottery prize winnings in the US. Principal competitors include Encore Financial Services, Prosperity Partners, Seneca One and Stone Street Capital. The Directors believe that the remaining purchasers of lottery prize winnings are smaller, local companies.

Regulatory Environment

Currently, more than 39 states in the US operate lottery programs. Although some states allow winners to receive a lump sum payment at the time of the initial award, state lottery programs do not allow its prize winners presently receiving instalments to "cash-out" directly from the lottery program. Many of these states permit assignment of prize winnings to third parties, and Peachtree operates in all of these states. While the requirements vary from state to state, purchases are generally subject to specific criteria:

- Written disclosure of key terms of the sale, including discount rate used to calculate the present value of future lottery payments;
- Lottery winners must be independently represented by legal counsel; and
- Purchaser must provide lottery winner with a three-day right of rescission.

In addition, as part of the sale of a lottery receivable, a US state court in the applicable state must review and approve the transfer petition, which is typically presented by the lottery winner and the purchaser. Once the court is satisfied the transfer meets the statutory requirements, an order is issued approving the sale and directing the state lottery commission to pay the assigned payments to the purchaser. This order is then served on the lottery commission, which issues a letter acknowledging the order of the court and confirming the new payee. All payments thereafter are made directly from the state lottery commission to either the original purchaser (e.g. Peachtree) or its assignee.

Marketing, Sales and Financing

- ***Marketing/Sales.*** Peachtree purchases lottery prize payments from the winner and offers either a lump sum or a tailored instalment obligation. Peachtree is assigned a lottery prize winning and immediately transfers the receivable to a third party whole loan investor (typically an insurance company) or a QSPE wholly-owned by Peachtree. The due diligence process is similar to the process for structured settlements. This diligence process focuses on obtaining clear title to the receivable and confirming the representations of the seller. Peachtree also conducts Uniform Commercial Code, judgment, tax lien and bankruptcy searches against the seller in an attempt to ensure that no claims exist on the receivables being assigned.

  Peachtree purchases lottery prize winnings through two structures:

  (1) Cash-outs. Peachtree pays a lump sum to the seller, is assigned the lottery prize winnings and immediately transfers the right to receive lottery payments in their entirety to third parties or a QSPE wholly-owned by Peachtree.

  (2) Asset Advantage. Lottery winners sell lottery payments in exchange for an instalment obligation (the "Obligation") issued by Peachtree and guaranteed by a platform partner. These platform partners have included, Smith Barney (a subsidiary of Citigroup) and Raymond James and Associates (a large US broker/dealer). The Obligation is payable to the lottery winner on an instalment basis according to a pre-determined payment schedule and has an initial principal value equal to the agreed purchase price negotiated with the winner. The Obligation earns interest at a rate equal to the rate of return on an index (the "Index") which is comprised of stocks, bonds and mutual funds chosen by the lottery winner.

  Peachtree developed this instalment sales transaction structure in 2000 to address the fact that: (i) the majority of lottery winners often do not have an immediate need for capital and (ii) outright sales of lottery payments under cash-out transactions often result in a substantial and immediate US Federal and State tax liability. Peachtree has a patent until 2023 over the method used by PSF Holdings LLC and its related trusts in its Asset Advantage programme.

  As in cash-out transactions, Peachtree sells the lottery prize winnings in their entirety to third parties or a QSPE wholly-owned by Peachtree. The funds received from the sale of the receivable are placed by Peachtree in a compensating balance account that is invested to mirror the Index. Accordingly, the Obligation is completely defeased by the value of the compensating balance account. The future value of the Obligation varies according to the performance of the Index. No Obligation has a maturity of more than 30 years.

  Since 2002, Peachtree has originated in excess of $312 million in lottery prize payments (discounted present value), of which $126.9 million were cash-out transactions and $185 million were Asset Advantage transactions.

- ***Financing.*** Historically Peachtree sold its lottery prize originations principally to insurance companies for an immediate lump sum. The insurance company then owned the asset outright and Peachtree had no continuing obligations or rights in respect of such receivables. For a limited period of time prior to January 2000, Peachtree originated certain lottery prize receivables into an on balance sheet special purpose entity. In November 2005, Peachtree obtained a new $100 million credit facility with WestLB for the acquisition of lottery prize receivables. This credit facility offers lower cost of funds compared to the traditional "whole loan" sale. The historical method of financing will continue to be offered alongside the new WestLB method.

Sources of Revenue

Peachtree earns a spread between the purchase and sale price in both cash-out and Asset Advantage transactions. Until recently, Peachtree purchased the receivable and immediately re-sold the assets to a third party. Under the WestLB arrangement, Peachtree will sell receivables to a QSPE financed by WestLB. Such entity is required to purchase originations from Peachtree that fit its preset guidelines. Peachtree will be paid an origination fee for each receivable sold in this manner.

The historical method for calculation of sources of revenue will continue to be operated alongside the new WestLB method.

Other Business Lines

Senior Leveraged Policy Ownership

Senior leveraged policy ownership is a method by which qualifying high net worth seniors can obtain life insurance for a period of two or more years, at minimal to no cost. Senior leveraged policy ownership is typically used to provide a source of funds (the death benefit) for estate tax liquidity.

Under this programme, Peachtree provides a non-recourse loan to an individual (through an irrevocable life insurance trust established by the insured) to fund the payment of premiums on the life insurance policy. Peachtree earns a commission on the placement of the policy and interest spread on the loan amount. After 24 months have elapsed, the individual has several options including: (i) extending the loan; (ii) retaining the insurance coverage; or (iii) selling the insurance policy. Either funds from the sale of the policy or funds from the insured (if the individual elects to retain the policy) are used to pay interest and the loan balance owed to Peachtree.

Presently, Peachtree finances senior leveraged policy ownership with retained earnings. The Company is currently evaluating a term sheet from a major financial institution for financing this business.

Pre-Settlement Funding

Pre-settlement funding provides personal injury plaintiffs with a payment in exchange for an assignment of a portion of the proceeds of their pending case. Accident victims often are unable to work for a prolonged period of time and therefore incur high expenses which they find difficult to meet. As a result, accident victims often accept quick, minimal settlements. The pre-settlement funding payment provides a victim and their attorney with the flexibility to continue litigating a case by satisfying the victim's immediate need for funds.

Peachtree launched its pre-settlement funding business in January 2005 following an acquisition of a portfolio from Lancaster Financial Corporation. Peachtree generally pays a maximum of 15 per cent. to 20 per cent. of the estimated value of the case. Peachtree only purchases cases in which: (i) the defendant is adequately insured; (ii) accident liability is clear; and (iii) legal counsel is involved who meet Peachtree's specific criteria. At any given time, there are hundreds of billions of dollars of pending personal injury claims in the US, representing a significant growth opportunity.

Peachtree currently charges a processing fee on each transaction and earns a spread equal to 10 per cent. of the amount paid for each six-month period (or portion thereof) the transaction is outstanding. The typical transaction size is about $8,000.

Peachtree finances the payments made under this business with internally generated cash and a $5 million credit line provided by SunTrust Bank. Peachtree is currently negotiating a significant facility to finance the pre-settlement funding business.

Leveraged Bonus Plans

Leveraged Bonus Plans are individually owned non-qualified executive deferred compensation plans funded with life insurance. Leveraged Bonus Plans utilise leveraged insurance policy ownership to fund

a high cash value insurance policy owned by the executive. Leveraged Bonus Plans are designed to ensure the executive does not incur any direct expenses, as all expenses are covered by the structure's features and/or the executive's employer.

In a Leveraged Bonus Plan transaction, Peachtree makes a non-recourse long-term loan to the executive which is used by the executive to purchase an insurance policy. The loan is secured by the policy's cash surrender value. Peachtree's loan is always over-collateralised (by a minimum of 10 per cent.) by the cash surrender value. The life insurance policies are obligations of highly-rated insurance carriers; therefore, the probability of default is low.

Peachtree currently generates revenue from four sources: (i) spread income on the loan to the executive, (ii) an origination fee of 2 per cent. of the total loan commitment amount, (iii) a servicing fee of 0.25 per cent. of the average loan amount balance over the life of the plan, and (iv) a commission on the establishment of the life policy. Peachtree expects that the Leveraged Bonus Plan loans will be outstanding for 10 years on average. A significant term securitisation opportunity exists for these loans, provided that sufficient loan volumes can be achieved.

Due to recent changes in legislation regarding split dollar insurance and deferred compensation plans (e.g., section 409A of the US Internal Revenue Code), many non-qualified deferred compensation plans have been disrupted. To facilitate recruitment and retention of senior employees, firms are seeking alternatives to traditional structures, resulting in a significant market for non-qualified deferred compensation. Peachtree believes that the Leveraged Bonus Plan product may be well-placed to fill this need.

Peachtree has a US patent application pending for this structure. The Leveraged Bonus Plan product is currently funded through a $50 million credit facility with a major US commercial bank.

Reorganisation: Transfer of Life Settlement Corporation

Immediately prior to Admission and pursuant to the transactions contemplated by the Reorganisation, the Company will become the parent company of the Group. Pursuant to the Reorganisation, the members of Peach LLC (holding 100 per cent. of the membership interests of Peach LLC) will contribute their respective membership interests in Peach LLC to the Company in exchange for newly issued Shares in the Company. Funding Investors, LLC, in turn, will immediately distribute the newly issued Shares in the Company received thereby to its members, who (together with the remaining exchanging members of Peach LLC) will be Selling Shareholders pursuant to the Placing. Following the Reorganisation, (i) Peach LLC will become a wholly-owned subsidiary of the Company, (ii) the Sale Shares will be held by the Selling Shareholders and (iii) all the businesses comprising the Group (other than Life Settlement Corporation as described below) will be indirect subsidiaries of the Company. For more information, see paragraphs 15.1 and 15.8 in Part VII of this document. Unless the context otherwise requires, all information in this document gives effect to the transactions contemplated by the Reorganisation which will be completed immediately prior to Admission.

One of the Group companies, Life Settlement Corporation, is a life settlement provider, the activities of which are highly regulated and require licensing or registration in most jurisdictions in which it operates. Certain jurisdictions, including Florida, a state in which the Group does a significant amount of business, require that a direct or indirect transfer of 10 per cent. or more of the interest in a life settlement company must be approved by the appropriate regulatory body prior to the effectiveness of such transfer. Currently, Life Settlement Corporation is owned by Funding Investors, LLC and Peachtree Settlement Funding Corporation. Following the completion of the Placing, the present shareholders of Life Settlement Corporation are obligated to submit to the appropriate Florida regulatory body an application relating to the transfer of the respective ownership interests of Funding Investors, LLC and Peachtree Settlement Funding Corporation in Life Settlement Corporation to Peach LLC, which transfer shall be effective immediately upon approval of the transfer by such regulatory body and the making of notice filings with other states. Following such regulatory approval and notice filings, Life Settlement Corporation will become an indirect subsidiary of the Company.

Investors should note that the financial information for the Group included in the Accountants' Report in Part IVb of this document includes Life Settlement Corporation as though it were wholly-owned by the Group, even though it will not be legally owned by the Group unless regulatory approval is obtained. For more information, see the risk factors set out in Part III of this document.

Reorganisation of Finance Function

The Group has had an historic focus on origination, originations management and origination systems. Effective January 2005, management commenced a full review of its finance, accounting and servicing functions. The review was intended to identify priority areas for reorganisation/alignment of personnel and responsibilities, as well as to identify priority areas for accounting system automation and integration with the Group's origination systems. By 1 June 2005, management had determined a reorganisation plan and an IT Accounting Integration plan, the latter including an enterprise reporting solution to meet management's financial and operational reporting needs, and the Group has begun implementing such plans.

Change in Tax Status

Peach LLC, the current holding company of the Group, is a Limited Liability Company ("LLC"), as are most of its subsidiaries. Most of these LLCs are disregarded for tax purposes. The results of their operations are allocated to the individual members for inclusion in their federal and state income tax returns. Accordingly, the financial information included in Part IVb of this document does not contain a provision for income taxes for Peach LLC and its non-taxable subsidiaries.

As a result of the Reorganisation, Peach LLC will become a direct wholly-owned subsidiary of the Company, which will be subject to federal and state income taxes. Accordingly, the Company will make an opening balance sheet adjustment to record a deferred tax liability and asset for the future tax consequences of events that already have been recognised in the Group's financial statements or tax returns. Such adjustment will be made and determined at the time of reorganisation. On a going forward basis, the Company will record a deferred tax liability or asset for the estimated future tax effects attributable to temporary differences and carryforwards.

Nature and Presentation of Financial Information

The Company is a newly formed corporation, formed on 27 February 2006 primarily for the purpose of serving as the holding company for the Group. As described above, the Company will become the parent company of the entities comprising the Group (except for Life Settlement Corporation) immediately prior to Admission. The Company has no history or financial statements as an operating company.

Historically, no consolidated audit has been performed for the Group as a whole, although certain Group entities have been audited for a number of years. In compiling information for the Placing, the Group compiled information based on audited and unaudited components of the Group to present a consolidated financial presentation of the Group. Investors should note that not all figures were audited and the compilation involves the use of certain estimates. In addition, this compilation includes Life Settlement Corporation as if it were wholly-owned by the Group, even though it will not be legally owned by the Group unless regulatory approval is obtained and certain notice filings are made. See the Risk Factors set out in Part III of this document.

Peach LLC, (which, after the Reorganisation, will be the direct wholly-owned subsidiary of the Company), was formed on 13 December 2004 and became the parent company of the Group on 21 December 2004. A consolidated audit of the Group was conducted for the period ended 30 June 2005. The profit estimate for the year ended 31 December 2005 set out in Part V(a) of this document is based on the unaudited management accounts for the year ended 31 December 2005.

Pro Forma Financial Information

The unaudited pro forma net asset statement for the Group included in Part IVc of this document is based on the balance sheet of the Company as at 6 March 2006 and the consolidated balance sheet of Peach LLC as at 30 June 2005. The unaudited pro forma net asset statement is presented for illustrative purposes only and does not purport to represent the Group's financial position at those dates. The Group's future financial position will differ from the unaudited pro forma amounts set forth in this document.

Summary Financial Information

The summary financial information set out below has been extracted without material adjustments from the Accountants' Report set out in Part IVb of this document:

	Year ended 31 December			*6 months ended 30 June*
	2002 $'000	*2003 $'000*	*2004 $'000*	*2005 $'000*
Total Revenues	48,041	84,753	92,559	54,523
Net Income	1,187	8,538	17,420	22,497
Total Assets	195,506	309,984	375,777	387,407
Total Liabilities	176,102	279,359	324,772	313,384
Total Members' Equity	19,404	30,625	51,005	74,023

Revenue

Included in total revenue are amounts in respect of the Instalment Sale Transaction Structure. In return for funds from customers, Peachtree issues instalment notes that provide investment returns based on specified investment profiles. The funds are then invested in assets with the same investment profiles and accordingly the changes in the instalment note liabilities are matched by the investment returns.

Although the investment fluctuations from this structure have not had an impact on net income, the total revenue has fluctuated according to the investment returns on this product. Total revenue excluding the gross revenues from the Instalment Sale Transaction Structure is as follows:

	Year ended 31 December			*6 months ended 30 June*
	2002 $'000	*2003 $'000*	*2004 $'000*	*2005 $'000*
Total Revenue	48,041	84,753	92,559	54,523
Less: Interest and dividend income from Instalment Sale Transaction Structure investments	3,673	4,762	8,319	3,226
Less: Instalment note gain	13,591	—	—	—
Less: Net realised and unrealised gains on investments	—	31,572	16,893	—
Total revenue excluding Instalment Sale Transaction Structures revenues	30,777	48,419	67,347	51,297

Current Trading and Prospects

The Directors estimate, following due and careful enquiry, that, in the absence of unforeseen circumstances, pre-tax income is expected to be approximately $36.5 million for the twelve months ended 31 December 2005. This profit estimate has been determined based on unaudited management accounts and may change as a result of the year end process of preparing audited financial statements. The Directors' estimate is based upon certain estimates and those accounting policies as disclosed in the Accountants' Report contained in Part IVb of this document. In addition, a new policy has been applied in the recognition of income from insurance commission which has not previously been significant. The new policy will disclose that insurance commissions are recognised from the date that the underlying insurance policies are in force.

Recognition of revenue in Peachtree's business is determined by provisions of US GAAP including Financial Accounting Standards Board ("FASB") Statement No. 140. Due to anticipated changes in US GAAP, Peachtree will recognise revenue in 2006 differently than it has in the past. Prior to 2006, Peachtree recognised revenue on the sale of structured settlements and life settlements twice per month when such assets were sold to third parties or QSPEs. Under the anticipated change in US GAAP, revenue will be recognised only at the time of term securitisation.

First Quarter 2006 Securitisation

The securitisation which closed on 16 March 2006 included structured settlements originated in 2005 for which Peachtree has already recognised revenue in 2005 under the prior US GAAP revenue recognition method.

Fourth Quarter 2006 Securitisations

Anticipated securitisations in the fourth quarter of 2006 will include securitisations of structured settlements and life settlements originated in 2006. Assuming that the anticipated changes are made to US GAAP, no revenue will be recognised for such assets in 2006, prior to these securitisations.

Because the pool of assets to be securitised must be fixed well in advance of the closing of a securitisation, not all structured settlements or life settlements originated by Peachtree in 2006 can be securitised in 2006. Accordingly, it is estimated that revenue with regard to structured and life settlement originations in the final two months of 2006 will not be recognised in 2006, but will instead be recognised in 2007 and Peachtree's revenues in 2006 will reflect approximately ten months of actual 2006 originations. Moreover, all expenses associated therewith will be recognised in 2006. The Directors believe this will be a one-time distortion in revenue recognition created by the aforementioned changes in US GAAP.

DIVIDEND POLICY

The Directors intend to adopt a progressive dividend policy that will reflect the long-term earnings and cash flow potential of the Company, whilst maintaining an appropriate level of dividend cover.

It is intended that the Company will pay a dividend in respect of the year ended 31 December 2006. In the absence of unforeseen circumstances, the Directors are intending that an aggregate dividend of $20 million will be paid for the year to 31 December 2006. All dividends will be paid in US dollars.

However, the actual payment of future dividends, if any, and the amounts thereof, will depend upon a number of factors including, but not limited to, the amount of the Group's distributable profits, its capital expenditure, investment plans, performance against financial covenants and any other factors that the directors of the Company may deem relevant. As a result, the Company's ability to pay dividends in the future may be limited or its dividend policy may change.

USE OF PROCEEDS

The Directors intend to use the net proceeds of the Placing receivable by the Company for general corporate purposes, including, but not limited to, research and development of new products which leverage Peachtree's existing origination platform. The Company will not receive any portion of the proceeds of the Placing due to Selling Shareholders.

REASONS FOR PLACING AND ADMISSION

Obtaining a market quotation for the Shares will provide existing investors with a market for their Shares and an opportunity to realise part of their investment. In addition, the Company will raise additional capital for growth and general corporate purposes. The Company is also seeking Admission to provide a trading platform for its Shares, to raise its profile with investors and analysts and to provide a platform for accessing capital in the future.

ADMISSION, SETTLEMENT AND DEALINGS

A total of 38,888,889 Shares are being placed, of which 3,888,889 are being issued directly to placees by the Company and of which 35,000,000 are being sold by the Selling Shareholders. The Placing will result in proceeds to the Company of approximately £10.8 million (net of expenses).

Application will be made to the London Stock Exchange for the Shares to be admitted to trading on AIM. It is expected that Admission will become effective and that dealings will commence in the Shares on 30 March 2006.

CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by certificate and transferred other than by written instrument. However due to restrictions on transfer under US securities laws, the Shares will be issued in and trade only in certificated form for an indefinite period of time, but in no event for less than the Compliance Period (as defined in Part VI — Transfer Restrictions). The Shares are not registered under the Securities Act and the certificates will bear a legend to that effect. Accordingly, settlement of transactions in the Shares will not take place within the CREST system.

The Company has obtained a derogation from the London Stock Exchange from Rule 36 of the AIM Rules which requires that securities traded on AIM are capable of electronic settlement.

The Company's Articles of Incorporation contain restrictions on any transfer of the Shares that would result in there being 500 or more shareholders of record (or such other number as would require the Company to register the Shares under the Exchange Act, 1934). For more information, see "Articles of Incorporation" in paragraph 3.1 of Part VII of this document and the Risk Factors in Part III of this document.

The Selling Shareholders have undertaken not to dispose of any interest in the Shares held by them following Admission until the date upon which the 2006 audited accounts of the Company are published, save in certain limited circumstances. For further details on the lock-in arrangements please see the summary of the Lock-in Agreement in paragraph 13.1.1 of Part VII of this document.

STABILISATION

In connection with the Placing, Bear Stearns or its agent, as stabilising manager, or any person acting for it, may (but will be under no obligation to) effect transactions that stabilise, maintain or otherwise affect the market price of the Shares during the period starting on the date of this document and ending on the 30th calendar day thereafter (the "Stabilisation Period"). Such transactions, if commenced, may be discontinued at any time and must be brought to an end at the end of the Stabilisation Period. Save as required by law or regulation, Bear Stearns does not intend to disclose the extent of (or otherwise notify persons of) any stabilisation transactions under the Placing.

Over-Allotment Arrangements

The Selling Shareholders and the Company have granted Bear Stearns and Collins Stewart an option, exercisable for a limited period following Admission, to procure purchasers for, or to purchase for themselves, up to 3,889,000 Shares at the Placing Price in order to enable them to meet over-allotments in connection with the Placing. Save as required by law or regulation, Bear Stearns and Collins Stewart do not intend to disclose the extent of (or otherwise notify persons of) any over-allotment transactions under the Placing.

CORPORATE GOVERNANCE

The Directors support high standards of corporate governance and confirm that following Admission the Company intends, where practicable, having regard to the current stage of development of the Company, to comply with the main principles of the Combined Code. The Company will adopt and operate a Common Stock dealing code for Directors and senior employees on substantially the same terms as the Model Code.

The Board has established an Audit Committee, a Remuneration Committee and a Nomination Committee with formally delegated duties and responsibilities. Upon Admission, Bruce Crockett, Mitchell Hollin and Timothy Trankina will be members of the Audit Committee and the Remuneration Committee, and Bruce Crockett, Mitchell Hollin and James Terlizzi will be members of the Nomination Committee. Bruce Crockett will chair the Audit Committee and the Remuneration Committee and Mitchell Hollin will chair the Nomination Committee.

The Audit Committee will normally meet three times a year and has responsibility for, amongst other things, planning and reviewing the Group's annual report and accounts and interim statements and involve, where appropriate, the Group's auditors. The Committee will focus particularly on compliance with legal requirements and accounting standards. It is also responsible for ensuring that an effective system of internal controls is maintained. The ultimate responsibility for reviewing and approving the annual accounts and interim statement remains with the board of the Company.

The Remuneration Committee, which will meet three times a year, has responsibility for making recommendations to the board of the Company on the compensation of senior executives and determining, within agreed terms of reference, the specific remuneration packages for each of the executive directors. It will also have responsibility for reviewing the size and composition of the board of the Company and appointment of replacement and/or additional directors and making appropriate recommendations to the board of the Company.

The Nomination Committee amongst other matters, is responsible for considering and making recommendations on the appointment of additional directors, the retirement of existing directors and for reviewing the size, structure and composition of the board of the Company and membership of board committees.

The Combined Code states that the board of directors of a UK public company should include a balance of executives and non-executive directors. Smaller UK public companies (being those that are below the FTSE 350 throughout the year immediately prior to the reporting year) should have at least two independent non-executive directors and one of those independent non-executive directors shall be appointed as senior non-executive director. The Combined Code further provides that a majority of non-executive directors should be independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement.

On Admission, the board of the Company will comprise six members, three of whom will be non-executive directors. The Company considers Bruce Crockett will be independent for the purposes of the Combined Code but that Dermot Smurfit, because he has options over common stock, and Mitchell Hollin, because he has a relationship with a significant shareholder, will not be independent. It is for this reason that the Company does not fully comply with the Combined Code. Bruce Crockett will be the senior non-executive director on Admission. As soon as practicable following Admission, the Directors intend to appoint another non-executive director to the board who will be independent.

In addition, the Directors are satisfied that the Company currently complies with any corporate governance requirements under the FBCA.

APPLICATION OF US AND UK LEGISLATION

The Company is incorporated under the laws of the State of Florida, USA. Accordingly, a significant amount of the legislation in England and Wales regulating the operation of companies does not apply to the Company. In addition, the laws of the State of Florida will apply in respect of the Company and these laws may provide for mechanisms and procedures that would not otherwise apply to companies incorporated in England and Wales.

TAKEOVER REGULATION

The Company is incorporated in and subject to the laws of the State of Florida in the US. Accordingly, the Company and transactions in its shares are not subject to the provisions of the Code.

US securities laws may regulate certain takeover activities with respect to transactions in the Shares.

US AND UK TAX

US Tax

Material United States Federal Income Tax Consequences for Non-US Holders

Subject to the limitations set forth below, the following is a discussion of the material US federal income and estate tax consequences of the ownership and disposition of the Company's common stock applicable to "Non-US Holders." As used herein, a Non-US Holder means a beneficial owner of the Company's common stock that is *not* a US person or a partnership for US federal income tax purposes, and that will hold shares of the Company's common stock as capital assets (i.e., generally, for investment). For US federal income tax purposes, a US person includes:

- an individual who is a citizen or resident of the United States;
- a corporation (or other business entity treated as a corporation) created or organised in the United States or under the laws of the United States, any state thereof or the District of Columbia;
- an estate the income of which is subject to US federal income taxation regardless of its source; or
- a trust that (A) is subject to the primary supervision of a court within the United States and the control of one or more US persons, or (B) otherwise has elected to be treated as a US domestic trust.

If a partnership (or an entity treated as a partnership for US federal income tax purposes) holds shares of the Company's common stock, the tax treatment of a partner will generally depend on the status of the partner and the activities of the partnership. Persons who are partners in partnerships holding shares of the Company's common stock should consult their tax advisors.

This discussion does not consider specific facts and circumstances that may be relevant to a particular Non-US Holder's tax position and does not consider US state and local or non-US tax consequences. It

also does not consider Non-US Holders subject to special tax treatment under the US federal income tax laws (including partnerships or other pass-through entities, banks and insurance companies, dealers in securities, holders of the Company's common stock held as part of a "straddle," "hedge," "conversion transaction" or other risk-reduction transaction, controlled foreign corporations, passive foreign investment companies, companies that accumulate earnings to avoid US federal income tax, foreign tax-exempt organisations, former US citizens or residents and persons who hold or receive common stock as compensation). This summary is based on provisions of the US Internal Revenue Code of 1986, as amended, or the Code, applicable Treasury regulations, administrative pronouncements of the US Internal Revenue Service, or the IRS, and judicial decisions, all as in effect on the date hereof, and all of which are subject to change, possibly on a retroactive basis, and different interpretations. The authorities on which this summary is based are subject to various interpretations, and any views expressed within this summary are not binding on the IRS or the courts. No assurance can be given that the IRS or the courts will agree with the tax consequences described in this prospectus.

This summary is included herein as general information only. Each prospective Non-US Holder is urged to consult its tax adviser with respect to the US federal, state, local and non-US income, estate and other tax consequences of holding and disposing of the Company's common stock.

US Trade or Business Income

For purposes of this discussion, dividend income and gain on the sale or other taxable disposition of the Company's common stock will be considered to be "US trade or business income" if such income or gain is (i) effectively connected with the conduct by a Non-US Holder of a trade or business within the United States and (ii) in the case of a Non-US Holder that is eligible for the benefits of an income tax treaty with the United States, attributable to a permanent establishment (or, for an individual, a fixed base) maintained by the Non-US Holder in the United States. Generally, US trade or business income is not subject to US federal withholding tax (provided the Non-US Holder complies with applicable IRS certification and disclosure requirements); instead, US trade or business income is subject to US federal income tax on a net income basis at regular US federal income tax rates in the same manner as a US person. Any US trade or business income received by a Non-US Holder that is a corporation also may be subject to a "branch profits tax" at a 30 per cent. rate, or at a lower rate prescribed by an applicable income tax treaty, under specific circumstances.

Dividends

If the Company makes a distribution of cash or property on its common stock, any such distributions of cash or property that the Company pays on its common stock will be taxable as dividends for US federal income tax purposes to the extent paid from the Company's current or accumulated earnings and profits (as determined under US federal income tax principles). A Non-US Holder generally will be subject to US federal withholding tax at a 30 per cent. rate, or at a reduced rate prescribed by an applicable income tax treaty (e.g., 15% rate generally applicable for certain UK residents under the Income Tax Treaty currently in force between the US and the UK), on any dividends received in respect of the Company's common stock. If the amount of a distribution exceeds the Company's current and accumulated earnings and profits, such excess first will be treated as a tax-free return of capital to the extent of the Non-US Holder's tax basis in the Company's common stock, and thereafter will be treated as capital gain. In order to obtain a reduced rate of US federal withholding tax under an applicable income tax treaty, a Non-US Holder will be required to provide a properly executed IRS Form W-8BEN (or appropriate substitute or successor form) certifying its entitlement to benefits under the treaty. A Non-US Holder of the Company's common stock that is eligible for a reduced rate of US federal withholding tax under an income tax treaty may obtain a refund or credit of any excess amounts withheld by timely filing an appropriate claim for a refund with the IRS. A Non-US Holder should consult its own tax advisor regarding its possible entitlement to benefits under an income tax treaty.

The US federal withholding tax does not apply to dividends that are US trade or business income, as defined above, of a Non-US Holder who provides a properly executed IRS Form W-8ECI (or appropriate substitute or successor form), certifying that the dividends are effectively connected with the Non-US Holder's conduct of a trade or business within the United States.

Dispositions of The Company's Common Stock

A Non-US Holder generally will not be subject to US federal income or withholding tax in respect of any gain on a sale or other disposition of the Company's common stock unless:

1. the gain is US trade or business income, as defined above;
2. the Non-US Holder is an individual who is present in the United States for 183 or more days in the taxable year of the disposition and meets certain other conditions; or
3. the Company is or has been a "US real property holding corporation," or USRPHC, under Section 897 of the Code at any time during the shorter of the five-year period ending on the date of disposition and the Non-US Holder's holding period for the Company's common stock.

In general, a corporation is a USRPHC if the fair market value of its "US real property interests" equals or exceeds 50 per cent. of the sum of the fair market value of its worldwide (domestic and foreign) real property interests and its other assets used or held for use in a trade or business. For this purpose, real property interests include land, improvements and associated personal property. The Company believes that it currently is not a USRPHC. In addition, based on the Company's financial statements and current expectations regarding the value and nature of the Company's assets and other relevant data, the Company is not and, does not, anticipate becoming a USRPHC. If the Company becomes a USRPHC, a Non-US Holder nevertheless will not be subject to US federal income tax if the Company's common stock is regularly traded on an established securities market, within the meaning of applicable Treasury regulations, and the Non-US Holder does not hold more than five per cent. of the Company's outstanding common stock, directly or indirectly, during the five-year testing period for USRPHC status identified above. These regulations provide that an established securities market includes a "foreign national securities exchange which is officially recognised, sanctioned or supervised by a governmental authority." The Company expects that its common stock will be listed on AIM and may be regularly traded on an established securities market so long as it is so quoted and there exists a certain level of trading activity. No assurances can be given that a regular trading market for the Shares will develop, or, if developed, that it will be maintained.

US Federal Estate Tax

Shares of the Company's common stock owned or treated as owned by an individual who is a Non-US Holder at the time of death will be included in the individual's gross estate for US federal estate tax purposes, and may be subject to US federal estate tax, unless an applicable estate tax treaty provides otherwise.

Information Reporting and Backup Withholding Requirements

The Company must annually report to the IRS and to each Non-US Holder any dividend income that is subject to US federal withholding tax, or that is exempt from such withholding tax pursuant to an income tax treaty. Copies of these information returns also may be made available under the provisions of a specific treaty or agreement to the tax authorities of the country in which the Non-US Holder resides. Under certain circumstances, the Code imposes a backup withholding obligation (currently at a rate of 28 per cent.) on certain reportable payments for which the Company will be responsible. Dividends paid to a Non-US Holder of the Company's common stock generally will be exempt from backup withholding if the Non-US Holder provides a properly executed IRS Form W-8BEN (or appropriate substitute or successor form) or otherwise establishes an exemption.

The payment of the proceeds from the disposition of common stock to or through the US office of any broker, US or foreign, will be subject to information reporting and possible backup withholding unless the owner certifies as to its non-US status under penalties of perjury or otherwise establishes an exemption, *provided* that the broker does not have actual knowledge or reason to know that the holder is a US person or that the conditions of any other exemption are not, in fact, satisfied. The payment of the proceeds from the disposition of common stock to or through a non-US office of a non-US broker will not be subject to information reporting or backup withholding unless the non-US broker has certain types of relationships with the United States, referred to as a US related person. In the case of the payment of the proceeds from the disposition of the Company's common stock to or through a non-US office of a broker that is either a US person or a US related person, the Treasury regulations require information reporting (but not the backup withholding) on the payment unless the broker has documentary evidence in its files that the owner is a Non-US Holder and the broker has no knowledge to the contrary. Non-US Holders should consult their own tax advisors on the application of information reporting and backup withholding to them in their particular circumstances (including upon their disposition of the Company's common stock).

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules from a payment to a Non-US Holder may be allowed as a refund or credit against the Non-US Holder's US federal income tax liability, if any, if the Non-US Holder timely provides the required information to the IRS.

UK Tax

The following is only a summary of the main UK tax consequences, based on current UK law and HM Revenue and Customs practice, which will apply to Shareholders who are either resident and, in the case of individuals only, ordinarily resident in the United Kingdom for tax purposes. It does not purport to be a comprehensive analysis of all the tax consequences applicable to Shareholders and may not apply to certain classes of Shareholders, such as dealers in securities, or to Shareholders who are not absolute beneficial owners of their Shares. **Any Shareholder who is in doubt as to its tax position or who is or may be subject to tax in a jurisdiction other than the United Kingdom should consult an appropriate independent professional adviser without delay.**

Taxation of Dividends

The Company will not be obliged to make any withholding on account of UK tax on payment of any dividends in respect of the Shares.

UK resident individual Shareholders who are higher rate taxpayers and who are also domiciled in the UK will be liable to UK income tax on the gross dividend paid by the Company at a rate of 32.5 per cent.. However, relief may be available for any US withholding tax imposed on the dividend to the extent that such withholding tax cannot be reclaimed under the double taxation treaty between the US and the UK. Any such relief cannot, however, exceed the amount of UK income tax payable on the dividend.

Shareholders may only benefit from the reduced rate of US withholding tax under the double taxation treaty between the US and the UK if they have provided a properly executed IRS Form W-8BEN (or appropriate substitute or successor form) as described on page 28.

UK resident corporate Shareholders will be liable to UK tax on the gross dividend paid by the Company at a rate of 30 per cent. (unless the company is a 'small' company for UK tax purposes). However, relief may be available for any US withholding tax imposed on the dividend to the extent that it cannot already be reclaimed under the double taxation treaty between the US and the UK. Any such relief cannot, however, exceed the UK corporation tax payable on the dividend.

Furthermore, UK resident corporate Shareholders who control (directly or indirectly) at least 10 per cent of the voting rights of the Company should be entitled to credit against UK corporation tax chargeable in respect of dividends paid to them by the Company for certain underlying US tax (tax borne by the Company and its subsidiaries on the profits out of which the dividend is paid) associated with the dividend.

Disposal of Shares

An individual who is resident and ordinarily resident in the UK will be liable to UK capital gains tax on any gain arising on the disposal of chargeable assets situated anywhere in the world (including Shares held as an investment) subject to any available relief (for example taper relief) or exemption. Capital gains tax is charged at the rate equivalent to the rate of income tax applied to an individual's top slice of income, such rate being 40 per cent. for higher rate taxpayers. An individual Shareholder who is not domiciled in the UK and to whom gains arise on the disposal of Shares may be subject to alternative tax rules and should seek advice.

A company which is resident in the UK for tax purposes will be liable to corporation tax on the disposal of chargeable assets situated anywhere in the world (including Shares held as an investment) at a rate of 30 per cent. (unless the company is a 'small' company for UK tax purposes) subject to any available relief (for example an allowance for inflation) or exemption (for example the substantial shareholding exemption).

Accordingly, Shareholders who are resident (and in the case of individuals only, ordinarily resident) for tax purposes in the UK may, depending upon their individual circumstances, be liable to UK taxation on any gain arising on a disposal of Shares.

A Shareholder who is not resident (or, in the case of individuals only, ordinarily resident) for tax purposes in the UK will not be liable to UK taxation on chargeable gains unless the Shareholder carries on a trade, profession or vocation in the UK through a branch or agency (or, in the case of a company, a permanent establishment) in the UK and the Shares are, or have been, used, held or acquired for the purposes of such trade, profession or vocation or for the purposes of such branch or agency (or permanent establishment).

Inheritance Tax

The Shares are not assets situated in the UK for the purposes of UK inheritance tax. A gift of Shares by, or the death of, an individual Shareholder should not therefore give rise to a liability to UK inheritance tax provided the Shareholder is neither domiciled nor deemed to be domiciled in the UK.

Stamp Duty and Stamp Duty Reserve Tax

No stamp duty or stamp duty reserve tax ("SDRT") should be payable by placees on the issue of Shares by the Company pursuant to the Placing. Moreover, for so long as the Shares are held in certificated form, are not situated in the UK and the Share register is kept outside the UK, no stamp duty or SDRT should be due by placees on the transfer of (or agreement to transfer) Placing Shares by the Selling Shareholders pursuant to the Placing.

RISK FACTORS

Your attention is drawn to the risk factors in Part III of this document.

PART II

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Directors and Group Senior Management

Peachtree's highly experienced management team is composed of industry pioneers in Peachtree's target asset classes with over 100 years of combined industry experience. The Board has notable senior executives with experience in the speciality niche finance and factoring industry.

The Board of Directors currently consists of six members divided into three classes, with the members of each class serving staggered three year terms (except for the current terms, which expire as set forth in the table below) expiring in successive years on the date of the annual meeting of shareholders.

The current Directors are as follows:

Name	*Age*	*Position*	*Term as Director Expires*
Dermot Smurfit	61	Non-executive Chairman	2009
James Terlizzi	41	Chief Executive Officer and Director	2007
Timothy Trankina	44	President and Director	2008
Antony Mitchell	40	Chief Operating Officer and Director	2009
Mitchell Hollin	43	Non-executive Director	2007
Bruce Crockett	61	Non-executive Director	2008

Executive Directors

James Terlizzi, Chief Executive Officer (age 41)

In 1993, while a partner with a New Jersey law firm, Mr. Terlizzi formed JUA Funding Corporation, a company that focused on purchasing settled personal injury claims. Subsequently, Mr. Terlizzi arranged for a joint venture between JUA Funding Corp. and Enhance, a then NYSE listed insurance holding company that is currently part of the Radian Group. In 1995 Mr. Terlizzi was hired by Enhance to create, develop and manage Enhance's structured settlements department through their subsidiary, Singer. In 1998, Mr. Terlizzi left Singer and joined Peachtree as COO and later became CEO. Mr. Terlizzi's responsibilities include overseeing the development and deployment of all credit facilities for existing and new business activities. Mr. Terlizzi graduated from Rutgers College at Rutgers University with a B.A. in economics in 1986 and then attended Rutgers University Law School where he earned his J.D. in 1989.

Timothy Trankina, Founder and President (age 44)

Mr. Trankina founded Peachtree in 1996 and is currently the Company's President. Prior to founding Peachtree, Mr. Trankina was employed by Price Waterhouse, where he provided tax consulting and transactional structuring advice to major corporations and high net worth individuals. Mr. Trankina also has experience at IBM and Arthur Andersen LLP. His current responsibilities at Peachtree include managing ISP operations, deployment of the Leveraged Bonus Plan business line and financing and structuring certain other business opportunities. Mr. Trankina is also actively involved in managing the Company's accounting and servicing departments and is directing significant improvements in these areas. Mr. Trankina has a B.A. in Economics from Rutgers College at Rutgers University and a law degree and M.B.A. from Georgia State University. Mr. Trankina is also a Certified Public Accountant.

Antony Mitchell, Chief Operating Officer (age 40)

In 1993, Mr. Mitchell co-founded Singer and entered into an exclusive funding arrangement with Enhance. In 1997 Enhance acquired Singer; Mr. Mitchell remained an officer of the new entity and held a seat on the company's board of directors. Over the next two years, Singer purchased over $300 million of receivables. Mr. Mitchell was a key member of the team that first securitised assets in the lottery prize winnings and structured settlements asset classes. In February 2001, Mr. Mitchell joined Peachtree as Chief Operating Officer. His current responsibilities include overseeing personnel related issues and the management and operations of the Company's structured settlements business. Mr. Mitchell is also involved in the Company's life settlements business.

Non-executive Directors

Dermot Smurfit, Chairman (age 61)

Dr. Smurfit is the recently retired Chairman of Smurfit Europe (paper, paperboard, and packaging). He was joint deputy Chairman of Jefferson Smurfit Group PLC from January 1994 to January 2003; Chairman and chief executive of Jefferson Smurfit's European operations from 1994 to 1997, and Director of sales and marketing from 1997 to 2003. Additionally Dr Smurfit has held a number of senior positions within Jefferson Smurfit. Dr. Smurfit is President of FEFCO and Chairman of WCO both paper related trade bodies and recently retired from the board of the Confederation of European paper industries (CEPI). Dr. Smurfit is Chairman of Eurolink Motorways Operations Ltd (toll road operator) and Powerflute Oy (paper mfg.) and a director of ACE Ltd. (insurance/reinsurance). During 2005 Dermot Smurfit resigned as Chairman of Anker PLC (an AIM listed electronic point of sale company) following its acquisition. Dr. Smurfit has also agreed to become Chairman of Wire-One, Inc a US company in the video conferencing business currently seeking a listing on AIM.

Mitchell Hollin, Director (age 43)

Mr. Hollin has served as a Director of Peach Holdings, LLC since 2004. Mr. Hollin is a Partner of LLR Partners Inc., an independent private equity firm, which he joined in 2000. LLR Partners, Inc. manages a series of affiliated funds totalling $620 million of capital. From 1994, until joining LLR Partners Inc., Mr. Hollin was a founder and Managing Director of Advanta Partners LP, a private equity firm affiliated with Advanta Corporation. Prior to his involvement with Advanta Partners LP, Mr. Hollin was a Vice President at Cedar Point Partners LP, a middle market buyout firm and before that an Associate at Patricof & Co. Ventures, Inc., an international venture capital firm. Mr. Hollin is a member of the board of directors of various public and private companies. Mr. Hollin received a B.S. in Economics and a M.B.A. from the Wharton School of the University of Pennsylvania.

Bruce Crockett, Director (age 61)

Mr. Crockett is Chairman of Crockett Technologies Associates (consulting) and a private investor. Mr. Crockett served as President and Chief Executive Officer of Comsat Corporation (COMSAT) (information services) from February 1992 to July 1996 and as President and Chief Operations Officer of COMSAT from April 1991 to February 1992. As an employee of COMSAT since 1980 Mr. Crockett held various other operational and financial positions including Vice President and Chief Financial Officer. Mr. Crockett is Chairman of the AIM family of Mutual Funds, is Chairman of the board of Captaris Inc. and a director of ACE Ltd. Mr. Crockett is also a senior trustee of the University of Rochester.

Group Senior Management

Craig Lessner, Senior Vice President and General Counsel (age 44)

Mr. Lessner began practising law in 1989, focusing over the following nine years on bankruptcy, mergers and acquisitions and securities law. Mr. Lessner joined Peachtree in 1998, Mr. Lessner is Senior Vice President of the Company and his current responsibilities include managing the legal affairs of the Company. Mr. Lessner graduated from Rutgers College at Rutgers University in 1984 with a B.A. in Business Administration (Certified Public Accounting option) and a B.A. in English and earned his J.D. with honours in 1989 from Rutgers University Law School.

Sergio Salani, Senior Vice President (age 38)

Mr. Salani was employed by Singer from 1996 to 1997, where he was associated with the structured settlements department. Mr. Salani assisted in the growth and development of the structured settlements division, including the establishment of Singer's first credit facility for structured settlement annuities. Mr. Salani joined Peachtree in October 1997 and his current responsibilities include managing the financing relationship with HVBFF, developing new businesses and structuring more attractive financing for existing businesses. Mr. Salani graduated from Drexel University with a B.S. in Finance and Economics. Mr. Salani also graduated with a M.B.A. from Drexel University in 1990. He received his J.D. in 1995 from Temple University School of Law.

Daryl Clark, Chief Financial Officer (age 47)

Mr. Clark has an M.B.A. from the University of Miami and a B.S. in Chemical Engineering from the University of Florida. Mr. Clark has more than 20 years of domestic and international business

experience. Mr. Clark joined Peachtree in 2001 as Chief Financial Officer and is currently responsible for managing Peachtree's accounting, corporate finance and servicing functions.

Jonathan Neuman, Director of Life Settlements (age 32)

Mr. Neuman is a graduate of the University of California, Santa Cruz, with a B.A. in History. Mr. Neuman was previously employed as the Chief Operating Officer of PLF, Inc., a specialty finance company that focused on purchasing lottery prize winnings. Subsequently, Mr. Neuman was employed as a Vice President in the Lottery Division of Singer. Mr. Neuman currently owns and operates specialty finance companies which provide life settlements brokerage services as well as life insurance premium financing. Mr. Neuman is currently responsible for all day-to-day operations of Peachtree's life settlements business and SLPO.

Lori Wengatz, Vice President and Director of Operations for Settlement Funding (age 38)

Ms. Wengatz has a B.B.A. in Finance from the University of Florida. Ms. Wengatz was employed at Singer from 1996 to 1998 in that company's structured settlements division. Ms. Wengatz joined Peachtree in 1999 and has served as Vice President and Director of Operations since 2001. Although her duties extend into several areas, Ms. Wengatz is mainly involved in the Company's financing and securitisation activities.

Deborah Benaim, Director & Vice President of Structured Settlements (age 49)

Ms. Benaim began her career on Wall Street establishing an institutional crude oil client base and was the first female oil broker on the New York Mercantile Exchange. In January 2003, Ms. Benaim joined Peachtree as Vice President and Director of the structured settlements business. Ms. Benaim is responsible for implementing and overseeing the entire structured settlements department including a significant advertising budget. Ms. Benaim holds a Masters in Political Science and Economics from Boston University.

Debbie Isles, Director of Pre-Settlement Funding LLC (age 35)

Following her admittance to the Massachusetts Bar, Ms. Isles was employed by Liberty Mutual Insurance Company and Travelers Insurance Company, where she focused primarily on the defence of personal injury lawsuits. Ms. Isles currently oversees Peachtree's Pre-Settlement Funding department and reviews and researches litigation matters as they relate to this area. Ms. Isles graduated from Brandeis University in 1992 with a B.A. in Politics, and earned a J.D. from Suffolk University Law School in 1995.

Amy Kaufman, Vice President and Director for Lottery (age 34)

As a Certified Public Accountant and auditor in the New York office of PricewaterhouseCoopers, Ms. Kaufman focused on entertainment, media and publishing businesses. At Peachtree, Ms. Kaufman is responsible for the day-to-day operations and management of the lottery prize winnings and research divisions in addition to marketing the Company's patented Asset Advantage structure. Ms. Kaufman graduated from the Honors Tutorial College of Ohio University with a B.B.A. in Accounting, Management and Business Law.

Jeff Nipp, Vice President — Information Systems (age 40)

Mr. Nipp began his career designing business automation systems while working at the core testing facility for the NIH-funded multi-centre clinical TRAP study at Emory University. This study encompassed some 9,000 patients and nearly one million data points. In 1996, Mr. Nipp formed CSCS, a computer supply and network consulting company that featured Peachtree as a major customer. Through CSCS, Mr. Nipp developed most of the Company's existing network, software and telephone infrastructure. After joining Peachtree as a full-time staff member in 1998, he was responsible for leading the technical aspects of Peachtree's rapid growth and the move to the Peachtree's Boca Raton, Florida office. Mr. Nipp graduated from Lenoir-Rhyne with a B.S. in Biology and pursued his Doctorate degree in Cellular and Molecular Biology at the University of Alabama at Birmingham.

Todd Dion, Vice President — Technology (age 42)

Mr. Dion joined Peachtree in December 2002. Mr. Dion has over 15 years of technology management experience including large data centre/network operations centre implementations. Mr. Dion has held the positions of Director of Operations with Advanced Data Centers Inc. and Director of Information

Technologies with publicly traded Ameripath Corporation. Prior to his work in information systems, Mr. Dion was a teacher of mathematics and computer science. Mr. Dion graduated from Temple University.

Employees

As of the date of this document, Peachtree has 253 employees, of whom 233 work in Peachtree's Boca Raton, Florida office and 20 employees work in Peachtree's Norcross, Georgia office.

The following table shows the total number of staff by department at the date of this document:

Executive	7
Legal	5
Structured Settlements	96
Lottery	19
Life Settlements/SLPO	37
Pre-Settlement	8
LBP/ISP	7
Information Technology	21
Accounting	32
Administrative/Research	21

PART III

RISK FACTORS

Prior to making an investment decision in respect of the Placing Shares, prospective investors should consider carefully all of the information within this document, including the following risk factors.

The Directors believe the following risks to be the most significant for potential investors. However, the risks listed do not necessarily comprise all those associated with an investment in the Group. In particular, the Group's performance may be affected by changes in market or economic conditions and in legal, regulatory and tax requirements. The risks listed are not set out in any particular order of priority.

If any of the following risks were to materialise, the Group's business, financial conditions, results or future operations could be materially adversely affected. In such cases, the market price of the Shares could decline and an investor may lose part or all of its investment. Additional risks and uncertainties not presently known to the Directors, or which the Directors currently deem immaterial, may also have an adverse effect upon the Group. The information set out below does not purport to be an exhaustive summary of the risks that may affect the Group.

RISK FACTORS RELATING TO THE GROUP'S BUSINESS

Dependence on warehouse financing

The Group depends on warehouse credit facilities with financial institutions to finance the Group's activities, including the purchase of structured settlements and life settlements until securitisation.

The Group cannot guarantee that its existing financing resources will continue to be available beyond the current maturity dates at reasonable terms. The availability of these financing sources depends, in part, on factors outside of the Group's control, including regulatory capital treatment for unfunded bank lines of credit and the availability of bank liquidity in general. If the Group is unable to extend or replace these facilities and arrange new warehouse credit facilities or other types of interim financing, the Group will have to curtail its activities, including structured settlement and life settlement purchasing activities, which would have a material adverse effect on the Group's financial position and results of operations.

The Group's warehouse credit facilities contain restrictions and covenants that require the Group to maintain specified financial ratios and satisfy specified financial tests, including maintenance of asset quality and portfolio performance tests. Failure to meet any of these covenants, financial ratios or financial tests could result in an event of default under these agreements. If an event of default occurs under these agreements, the lenders could elect to declare all amounts outstanding under these agreements to be immediately due and payable, enforce their interests against collateral pledged under these agreements and restrict or terminate the Group's ability to obtain additional borrowings under these agreements, any of which would likely have a material adverse effect on the Group's business, financial condition and results of operations. Additionally, a default on one facility may constitute a default on some or many of the other facilities. The Group's ability to meet those financial ratios and tests may be affected by events beyond the Group's control, and the Group cannot provide any assurances that it will meet those financial ratios and tests.

Dependence on securitisations

In its structured settlements business, the Group has historically relied upon securitisations to generate cash proceeds to repay warehouse credit facilities and finance the purchase of additional assets. The Group anticipates that it will also begin to rely significantly upon securitisations with respect to its life settlements business. The Group anticipates that gain on sale upon securitisation of structured settlements and life settlements will represent a significant portion of revenue for each of these business lines. The Group's ability to complete securitisations is affected by the following factors, among others:

- conditions in the markets generally;
- prevailing interest rates;
- conditions in the asset-backed securities market specifically; and
- the credit quality and performance of the Group's securitised assets.

If the Group is unable to securitise profitably a sufficient number of structured settlements or life settlements in a particular financial reporting period, the Group's revenue for that period will decline and

result in lower income or a loss for that period. Unanticipated delays in closing a securitisation could also increase the Group's interest rate risk by increasing the warehousing period for the Group's securitised assets. There is additionally no guarantee that the Group will continue to be able to perform such securitisations.

The Group's securitisation of structured settlement receivables originated since 31 December 2005 is not contemplated to take place until the fourth quarter of 2006. Consequently, the Group's GAAP Financial Statements will report a net loss until such securitisation occurs. A structured settlement receivables securitisation is expected to occur in the first quarter of 2006. However, the vast majority of the revenue associated with this securitisation was already recorded in the year ended 31 December 2005.

In its life settlements business, the Group has historically brokered eligible life settlement policies to third party investors earning brokerage fee revenue. The brokerage approach has been preferred because under historic US GAAP, the purchaser of a life insurance policy was required to record the asset at its cash surrender value only and expense the excess of the purchase price over the cash surrender value. Now, under proposed FSP TB 85-4-a, the purchaser of a life settlement should record the asset at the greater of cost or fair value. The language of the proposed rule was approved by FASB at a board meeting held on 25 January 2006 and is scheduled for issuance prior to 31 March 2006. The rule is understood to apply retroactive to 1 January 2006.

The Group negotiated a new life settlement credit facility that permits the Group to purchase and hold life settlements for subsequent securitisation, in a manner similar to the Group's structured settlement business. The new institutional facility was specifically structured in anticipation of issuance of the new rule. In the event the new rule is not issued by 31 December 2006, then for US GAAP purposes, the difference between the purchase price paid for a life settlement and the cash surrender value of the underlying policy will represent an unanticipated material expense the recovery of which will occur upon securitisation. In the event a securitisation did not occur within the same reporting period of the expense, the Group could sustain a substantial loss for book purposes for that period. Group cash flows are not affected by this rule. No assurance can be given that such rule will be adopted or that, if adopted it will not be changed in the future.

Dependence upon key executives and personnel

The Group's success is substantially dependent upon its senior management. The loss of any Executive Director or any member of the Group's senior management, or the inability to recruit and retain additional qualified personnel as the Group grows, could harm or delay the plans of the business either whilst management time is directed to finding suitable replacements or if no suitable replacement is available to the Group. In either case, this may have a material adverse effect on the Group's business, financial condition and results of operations. Certain senior management will own Shares which the Company believes will encourage them to remain with the Group. However, the retention of the services of these people cannot be assured. Peachtree maintains only limited ($1,000,000) keyman insurance on James Terlizzi and Timothy Trankina although the Directors have agreed to obtain increased cover on these individuals, to the extent reasonably available, as soon as practicable following Admission.

Limited historical performance data on life settlements

There is limited historical performance data available on the performance of life settlements. Therefore, the historical performance of the Group's operations may be of limited relevance to an investor seeking to predict the Group's future performance. If the actual performance of life settlements differs materially from investor expectations, the Group may not be able to secure financing for life settlements at reasonable terms or at all.

Changes in tax or accounting policies applicable to the Group or its business

As the Group operates in a financial sector, acquiring financial assets, changes to tax or accounting policies could have a material adverse effect on its future profitability or the presentation of its results. These changes could impact the origination of the assets acquired by the Group, or could impact adversely on the Group itself (e.g. resulting in losses of revenue and profit). The Group has forecasted its cash flow and other metrics according to guidance received from its tax advisors consistent with current US tax law and practices. No assurance can be given that any change in tax laws, rules, regulations or interpretations will not adversely affect the Group.

Potential for negative press from media or consumer advocacy groups

The industries in which the Group operates periodically receive negative press from the media and consumer advocacy groups. A sustained campaign of such negative press could adversely affect the

public's perception of these industries as a whole, and lead to reluctance to sell assets to the Group. This would adversely affect the Group's revenue streams.

Regulation, licensing and legislative risks

Changes to statutory, licensing and regulatory regimes could result in the enforcement of stricter compliance measures on the Group or on the obligors of the assets that the Group purchases (insurance companies and annuity providers). Either or both of these could have a materially adverse impact on the Group's activities and revenues. Some of the Group's revenue sources relate to the purchase of life insurance products and annuities. Any change to the regulatory regime governing the purchase and sale of these assets could restrict the volume of assets available for the Group to acquire. Additionally, any change to the regulatory regime covering the resale of any of these asset classes, including any change specifically applicable to the Group's activities, could restrict the Group's ability to acquire these assets or could lead to significantly increased compliance costs for the Group.

There is additional regulatory risk with respect to the Group's purchase of certain select insurance products including life settlements and senior leveraged policy ownership transactions. Regulatory and/or legislative changes in these areas could materially and adversely affect the Group's ability to participate in these asset classes and could significantly increase the costs of compliance, resulting in lower revenue for the Group. In addition, changes in licensing requirements could also adversely affect the Group. No assurance can be given that any such changes will not occur. In addition, in this arena, regulatory action for statutory or regulatory infractions could involve fines or licence suspension or revocation. No assurance can be given that the necessary licences will be maintained, or that any such licences will not be suspended or revoked.

Legislative and regulatory agency actions related to "investor-initiated" leveraged life insurance products could have an adverse effect on the Group's SLPO business

The legality and merit of "investor-initiated" leveraged life insurance products have been questioned by members of the industry and certain life insurance providers. In addition, the New York Department of Insurance recently issued a General Counsel's opinion concluding that arrangements intended to facilitate the procurement of life insurance policies for resale violated New York's insurable interest statute and may also constitute a violation of New York state's prohibition against premium rebates/free insurance. While management is of the view that the SLPO products of Peachtree SLPO Finance Company, LLC ("SLPO Finance") are governed solely by Georgia law, there is a possibility that the Georgia Office of Insurance and Safety Fire Commissioner, or other state insurance regulators, may conclude, similar to the New York General Counsel's opinion, that SLPO Finance does not have an insurable interest in the lives of the insureds at issue. Such opinions could render the underlying life insurance policies securing the loans issued by SLPO Finance void. There have also been recent press reports to the effect that state insurance regulators plan to discuss the regulation of "investor-initiated" leveraged life insurance products at their national meeting in March 2006. Any resulting regulatory initiatives may have a material adverse effect on the SLPO business. In addition many insurance companies have indicated that they disfavour this type of transaction and may resist them in the future.

Certain of the Group's financing agreements contain termination provisions in the event that one or more members of senior mangagement, including James Terlizzi or Timothy Trankina, cease to be actively involved in the Group

Certain of the Group's financing agreements contain provisions that would result in their automatic termination in the event of a "change of control". For example, in some cases, a change of control provision can be triggered by the departure of one or more members of senior management including (without limitation) James Terlizzi or Timothy Trankina. There is no guarantee that these individuals will remain actively involved in its business. If the Group undergoes a change of control under its financing agreements, it could experience a material and adverse effect on its business, operations and financial condition. See paragraph 14 of Part VII of this document for further details in respect of these provisions.

Need for additional accounting resources

The Group believes that its internal accounting function may benefit from incremental staffing and increased automation. The Group is implementing plans to address this issue, scheduled to be completed by 30 June 2006. However, the Group cannot assure investors that it will be successful in this regard. The failure or delay to implement all identified changes could adversely affect the Group's ability to fulfil its financial reporting obligations on a timely basis.

Sensitivity to adverse economic, political and market factors

The markets in which the Group operates are directly affected by many national and international factors that are beyond its control. Any one of the following factors, among others, may cause a substantial decline in the financial markets in which the Group operates; legislative and regulatory changes; economic and political conditions in the UK, the US, and elsewhere in the world; concerns about terrorism and war; the level and volatility of equity, property and commodity markets; the level and volatility of interest rates and foreign currency exchange rates and concerns over inflation and changes in institutional and consumer confidence levels. In recent years, the financial markets have been adversely affected by acts of war, terrorism and other armed hostilities. They have also been affected by natural disasters. Uncertain economic prospects or declines in investment markets for the foregoing reasons could adversely affect the Group's business, financial performance and results of operations.

Life settlement broker concentration

The Group estimates that approximately 90 per cent. of originations in the US life settlement industry are attributable to 25 life settlement brokers. Furthermore, approximately 55 per cent. of the Group's life settlement business is attributable to five insurance brokers. Accordingly the Group's business depends on a small pool of suppliers, and could be adversely affected by any loss of business suffered by suppliers in the pool.

Loss of business continuity

The majority of the Group's operations take place at the Group's corporate headquarters currently in Boca Raton, but are expected to relocate to Boynton Beach, Florida in Q2 2006. The Group has in place disaster recovery plans for this site, including data redundancy and remote information back-up systems, but if this location was severely damaged by a catastrophic event, such as a hurricane, flood, power outage or act of terror, the Group's operations could be significantly disrupted and the Group's business, results of operations and financial condition could be adversely impacted.

Litigation

Any litigation, by the Group or against it, may be costly and there can be no assurance that the Group would prevail. Litigation could also involve a significant diversion of resources and management attention. The extent and complexity of the legal and regulatory environment in which the Group operates and the business lines in which the Group engages mean that many aspects of the business involve substantial risks of liability. Any current or future litigation involving the Group could have a material adverse effect on the Group. The Group's insurance may not necessarily cover any of the claims that customers or others may bring against the Group or may not be adequate to protect it against all the liability that may be imposed.

The Group may be involved in litigation against third parties in the normal course of business and the probable outcome of all such litigation may be taken in the assessment of the Group's liabilities. If the outcome of such litigation is incorrectly estimated, the Group's results could be negatively affected.

Potential for increased competition

The sectors in which the Group operates and may in the future operate, could prove attractive to new entrants. As a consequence, competition in such sectors may be increased. In addition, existing competitors of the Group may increase their market penetration and purchasing activities in one or more of the sectors in which the Group participates. Increased competition could result in reduced origination volume, adversely affecting the revenue generated by the Group. Although the Group has been successful in the past there can be no guarantee that it will continue to be able to do so in the future.

Yield compression

A primary source of the Group's revenues are derived from the difference or "spread" between the discount rate at which it purchases the assets it originates and the discount or interest rate at which it can either resell or finance those assets. A variety of factors can materially and adversely affect the discount rate across all asset classes purchased by the Group. These factors include, without limitation, increased competition, regulatory and legislative changes, the views of the courts and other regulatory bodies, the efforts of consumer advocacy groups, the performance of the underlying assets and the view of the capital

markets respecting the performance and attractiveness of the assets originated. In the event that the spread between the discount rate at which the Group purchases its assets and the interest or discount rate at which the Group can finance or resell its assets narrows, the revenue of the Group will be adversely affected. While the Group currently enjoys fairly wide yield spreads, no assurance can be given that these will not narrow materially in the future.

Risk of interest rate increases

The Group's profitability may be directly affected by the level of, and fluctuations in, interest rates, which affects the spread between the discount rate at which the Group is able to purchase assets and the discount rate at which the Group is able to sell or securitise assets. As the level of interest rates increases, the spread may decline because the discount rate at which the Group is able to purchase assets may not increase to a level which will offset the interest rate increases. Furthermore, an increase in short term interest rates will increase the cost of the Group's warehouse facilities, which are generally priced off a spread to LIBOR.

Markets size and maturity

While generally the Group participates in growing markets, some asset classes, notably lottery prize receivables, are static or decreasing. In addition, regulatory and/or other legal, legislative or tax changes, as well as perception of the markets and other factors, could influence the rate of growth of other asset classes originated by the Group, resulting in a material and adverse affect on the revenues of the Group.

Life Settlement Corporation transfer limitations; potential impact on Shares

One of the Group companies (Life Settlement Corporation) is a life settlement provider, the activities of which are highly regulated and licensing or registration is required in most jurisdictions in which it operates. Certain jurisdictions, including Florida, a state in which the Group does a significant amount of business, require that a direct or indirect transfer of 10 per cent. or more of the interest in a life settlement company must be approved by the appropriate regulatory body prior to the effectiveness of such transfer.

Currently, Life Settlement Corporation is owned by Funding Investors, LLC and Peachtree Settlement Funding Corporation, which will be (or, in the case of Funding Investors, LLC, its members will be) Selling Shareholders following the Reorganisation. Following the completion of the Placing, the Group will submit to the appropriate Florida regulatory body an application for the transfer of all ownership interests in Life Settlement Corporation to the Group, which transfer shall be effective immediately upon approval of such transfer by such regulatory body. In addition, until such approvals are obtained, the owners of Life Settlement Corporation have agreed to maintain in place the existing arrangement between Life Settlement Corporation and the Group, which pays over to the Group the vast majority of the revenue generated by Life Settlement Corporation. Notwithstanding this, there can be no assurance that regulatory approval of the transfer will be obtained on a timely basis or at all.

Assuming that the transfer of Life Settlement Corporation to the Group is approved as set forth above, under the same regulatory regime, any person owning 10 per cent. or more of the outstanding Shares must submit themselves to review and approval by the appropriate regulatory body. In the event that approval of such person is denied, that person would be required to divest itself below the 10 per cent. threshold. In the absence of such divestiture, Life Settlement Corporation could be subject to adverse regulatory action including, without limitation, the suspension of its license to do business in certain jurisdictions. These limitations and approvals may adversely affect valuation and liquidity of the Shares. No assurance can be given that these approvals can be attained nor can any assurance be given that such rules will not be changed and made more restrictive in the future.

Information document request and federal tax audits

In connection with certain Instalment Sales Transaction Structures involving lottery receivables, the Group is presently involved in an audit by the US Internal Revenue Service. This audit relates to a member of the Group which is taxed as a corporation but the focus thereof could relate to other subsidiaries of the Group and to other aspects of the Group's operations. Specifically, the Group uses mark-to-market tax accounting with respect to certain hedging transactions entered into in connection with its Instalment Sale Transaction Structure. This audit was initiated four years ago and has not resulted in any tax adjustment to the Group although the Internal Revenue Service has indicated that this Group

member is not eligible to use mark-to-market accounting in its federal corporate income tax return. In connection with this audit, the Group has received certain information document requests over the years with which it has complied. Although the Group believes it has appropriately accounted for its tax liabilities in connection with these transactions, no assurance can be given that mark-to-market or hedge accounting will be determined to be available for the tax treatment of these transactions. If it is finally determined that mark-to-market tax accounting and hedge accounting methods are not available for use by the entire Group, this could have a material adverse impact on the Group's economic performance as well as the viability of its instalment sale purchase transaction structures.

Stemming from the same audit, the Internal Revenue Service is currently engaged in an IRC Section 6700 (Promoting Abusive Tax Shelters) investigation of certain of the Group's activities related to instalment sale transactions regarding certain bonus and compensation based payments referred to by the Group as CompBuilder® transactions. Although the Group is not itself subject to the inquiry directly, the Group is aware that several current employees and one former employee received letters from the Internal Revenue Service inquiring primarily as to their respective activities in connection with the Group's CompBuilder® activities. The Group has now ceased CompBuilder® transaction activities. Although the Group does not believe there is any material economic risk associated with this inquiry, no assurance can be given that the Internal Revenue Service will not find that a Section 6700 violation has occurred, nor can any assurance be given that the Internal Revenue Service will not expand its inquiry.

US Federal Income Tax Law Risks

The Company's business lines depend, in whole or in part, upon certain US federal income tax consequences. The determination of these tax consequences requires an analysis of various factual matters and circumstances, some of which are beyond the Group's control and some of which involve questions of interpretation. The tax laws which are applicable to the Group's business lines are highly technical and complex. There can be no assurance that the IRS or a court would agree with the positions which are taken by the Group or sellers in connection with these business lines. To the extent that the IRS challenges the tax treatment claimed by sellers, it is possible that they could assert claims against the Group under one or more legal theories relating to their transactions with the Group. As discussed above, litigation of claims can be costly and no assurance can be given as to the outcome of any such claims.

Furthermore, Congress and the IRS might make changes to the tax laws and regulations, and the courts might issue new rulings, that adversely change the tax consequences realised by the Group and sellers and hence make it more difficult, or impossible, for the Company to continue to operate part or all of one or more of its business lines. No assurance can be given that any change in tax laws, rules, regulations or interpretations will not adversely affect the Group.

Increasing costs

The Group may face increasing costs in the future. These costs may include marketing and origination expense relating to the acquisition of receivables including, but not limited to, costs of compliance with statutory requirements relating to obtaining court orders, outside counsel costs and related transaction fees. In addition, the cost of compliance with current public company regulations and any other regulations, which may become applicable to the Group in the UK, the US or elsewhere, could impose significant additional costs on the Group. These additional costs could have an adverse impact on the Group.

Intellectual property risks

The success of the Group's business depends in part on its intellectual property, and intellectual property rights, including existing and future trademarks and patents. This part of the Group's business could be harmed if it is not able to protect its intellectual property. The Group has taken measures to protect its intellectual property, such as requiring its employees with access to its proprietary information to execute confidentiality agreements. In the future, the Group may sue competitors or other parties who the Group believes to be infringing its intellectual property. The Group may in the future find it necessary to assert claims regarding its intellectual property. These measures may not be sufficient or effective to protect the Group's intellectual property. The Group also relies on laws, including those regarding patents and trademarks, to protect its intellectual property rights. Current laws may not adequately protect its intellectual property. Others may develop technologies that are similar or superior to the Group's technology. Any significant impairment of the Group's intellectual property rights could harm its business.

Indemnification, repurchase and guarantee obligations

In the ordinary course of business, the Group provides an indemnity to counterparties in certain of its transactions. Although the Group believes these risks to be minimal, no assurance can be given that these counterparties will not call upon the Group to discharge these obligations in the certain circumstances under which they are owed.

In addition, in connection with its financing and securitisation transactions, the Group retains customary repurchase obligations with respect to any assets sold into or financed by those transactions that fail to meet the represented objective eligibility criteria. Although the Group believes its origination practices are sufficient to assure compliance with such criteria, no guarantee can be made in this regard.

Also, in connection with its instalment sale transaction structure, one member of the Group provides a guarantee of the instalment obligations owed by another member of the Group. Although the instalment obligations are matched with compensating balance accounts, no assurance can be given that a loss, if suffered, would not be reimbursable by the Group under the related guarantee.

Finally, in certain instalment obligation transactions, a member of the Group has agreed to reimburse the holder of the instalment obligation for costs associated with defending the tax treatment of the transaction. These defence reimbursements are capped in amount, but no assurance can be given that the Group will not have to pay the amounts agreed.

Ability of existing owners to exert control

The Selling Shareholders will retain a majority stake in the Company following the completion of the Placing. Accordingly, they may continue to exert significant control over the Group's activities and conduct. James Terlizzi will, on Admission, hold a significant stake in the Company and may be able to exert significant control over the Group's activities and conduct. A significant part of James Terlizzi's holding will be subject to a warrant in favour of Skyline. As a consequence, upon the exercise of such warrant, Skyline may, therefore, be able to exert significant control over the Group's activities and conduct.

Dilution risk

The Company currently intends to adopt an option plan within the next year involving a maximum of 5 per cent. of the Shares to reward senior management. In addition, the Company has granted Dermot Smurfit, the Company's non-executive chairman, an option to purchase up to 1 per cent. of the Shares for an exercise price per share equal to the Placing Price. The existence of these options may have a dilutive effect on Shareholders.

Financial covenants and ability to pay dividends

Certain provisions of the Group's financial credit facilities require the maintenance by the Group of financial covenants and coverage ratios. The inability of the Group to comply with these provisions could affect its ability to pay dividends. Although the Group anticipates that it will be able to remain in compliance with all financial covenants and coverage ratios, no assurance can be given that this will be the case and, if the Group is unable to do so, the ability of the Group to pay dividends could be compromised.

Pro forma financial information

The unaudited pro forma net asset statement for the Group included in Part IVc of this document is based on the balance sheet of the Company as at 6 March 2006 and the consolidated balance sheet of Peach LLC as at 30 June 2005. The unaudited pro forma net asset statement is presented for illustrative purposes only and does not purport to represent the Group's financial position at those dates. The Group's future financial position will differ from the unaudited pro forma amounts set forth in this document.

The profit estimate included in this document may differ from actual results

The profit estimate included herein for the year ended 31 December 2005 has been determined based on unaudited management accounts and may change as a result of the year end process of preparing audited financial statements. The Directors' estimate is based upon certain estimates and those accounting policies as disclosed in the Accountants' Report contained in Part IVb of this document. In addition, a new policy has been applied in the recognition of income from insurance commission which has not previously been

significant. The new policy will disclose that insurance commissions are recognised from the date that the underlying insurance policies are in force. Consequently, the Group's actual audited results for the year ended 31 December 2005 will differ from the profit estimate.

Provisions inhibiting potential acquisition bids

The Articles of Incorporation and Bylaws of the Company include a number of provisions that may enable the Board of Directors to resist a change of control of the Company even if a change of control were to be considered favourable by certain Shareholders. These provisions include:

- advance notice procedures required for Shareholders to nominate candidates for election as directors or to bring matters before an annual meeting of Shareholders;
- special meetings may be called by Shareholders holding not less than forty (40) per cent. of all votes entitled to be cast;
- no cumulative voting for directors; and
- a requirement that vacancies in directorships are to be filled by the affirmative vote of a majority of directors then in office and the number of directors is to be fixed by the Board.

These and other provisions contained in the Articles of Incorporation and Bylaws could delay or discourage transactions involving an actual or potential change in control of the Company or its management, including transactions in which Shareholders might otherwise receive a premium for their Shares over then current prices, and may limit the ability of Shareholders to remove the Company's current management or approve transactions that Shareholders may deem in their best interests and, therefore, could adversely affect the price of the Shares.

In addition, the Company may be subject to control share acquisitions provisions and affiliated transaction provisions of the Florida Business Corporation Act, the applications of which may have the effect of delaying or preventing a merger, takeover or other change of control of the Company and therefore could discourage attempts to acquire the Company.

State tax liability

The Group operates its business throughout the US. The Group files state income tax returns in only those states that the Group believes it is required to by law. However, no assurances can be given that a state taxing body, in any jurisdiction in which the Group has not filed a state income tax return, will not levy a state income tax assessment against the Group. Such an assessment may have a material adverse effect on the Group's financial condition.

Deductibility of warrant transaction payments

James Terlizzi and Skyline are parties to a Warrant Agreement, effective 30 May 2000, (the "Existing Warrant") pursuant to which Skyline has the right to purchase approximately 65 per cent. of Funding Investors, LLC. Funding Investors, LLC will own a substantial majority of the Company prior to the Placing.

For US federal income tax purposes, amounts realised by a service provider under a compensatory option or warrant are generally deductible by the service recipient. In connection with the Placing, Skyline will exercise the Existing Warrant in part for Shares and immediately resell all but 100 of the Shares received in the Placing. It is anticipated that Skyline will receive substantial proceeds from this sale. Although US federal income tax law is not entirely clear on the matter, the Company believes that it, and not Mr. Terlizzi, will be entitled to the tax deduction resulting from this transaction equal to the amount of the proceeds realised by Skyline from the Placing. This result is believed to occur because the Company and/or its subsidiaries were the primary recipients of the services rendered by Skyline or its affiliates relating to the grant of the Existing Warrant. In addition, to the extent that part or all of the Existing Warrant is exercised in the future, the Company believes that it may also receive the benefit of any US federal income tax deduction associated with such exercise. Given the magnitude of this deduction and the lack of clear US federal income tax guidance on this matter, no assurances can be given that this deduction will be realised by the Company.

Uncertainty exists regarding the deductibility of this item for tax purposes. Accordingly, no account has been made for the deferred tax asset that would arise from this deduction.

RISK FACTORS ASSOCIATED WITH THE SHARES

Investment in AIM traded securities

Investment in shares traded on AIM is perceived to involve a higher degree of risk and be less liquid than investment in companies whose shares are listed on the Main Market of the London Stock Exchange. An investment in the Shares may be difficult to realise. Prospective investors should be aware that the value of an investment in the Group may go down and that the market price of the Shares may not reflect the underlying value of the Group. Investors may therefore realise less than, or lose all of, their investment.

Share price volatility and limited liquidity

The share price of quoted companies can be highly volatile and shareholdings illiquid. The price at which the Shares are quoted and the price which investors may realise for their Shares will be influenced by a large number of factors, some specific to the Group and its operations and some which may affect quoted companies generally. These factors could include the performance of the Group, large purchases or sales of the Shares, currency fluctuations, legislative changes and general economic, political or regulatory conditions.

Restrictions on transfer under the Securities Act

The Shares have not been registered under the Securities Act and may not be offered or sold in the United States or to US persons. The Shares are being offered and sold only to non-US persons outside the United States in transactions exempt from the registration requirements of the Securities Act in reliance on Regulation S.

Only the Group is entitled to register the Shares under the Securities Act and the Group has no obligation to do so. The Group can give no assurances that an exemption from registration will be available to any subscribers for or purchasers of the Shares. The Shares will bear a legend describing restrictions on transfer to US Persons and prohibiting hedging transactions in the Group's shares unless in compliance with the Securities Act. Each subscriber for Shares, by subscribing for such Shares, agrees to re-offer or resell them only in accordance with the provisions of Regulation S, pursuant to registration under the Securities Act, or pursuant to an available exemption from registration and agrees not to engage in hedging transactions, directly or indirectly, with regard to such securities unless in compliance with the Securities Act.

The above restrictions severely restrict purchasers of Shares from reselling Shares in the United States or to, or for the account or benefit of, a US person. The Shares will not be admitted for trading on any US securities exchange in connection with the Placing. For further detail of these restrictions, please see Part VI of this document — Transfer Restrictions.

The Company's Articles of Incorporation contain transfer restrictions on the Shares that could adversely affect the liquidity and market price of the Shares

The Company expects that most of its Shareholders will initially reside outside the United States. Therefore, in order to avoid the requirement of having to register the Company's Common Stock under the Exchange Act, 1934 and thereby becoming a reporting company under the Exchange Act, 1934, the Company's Articles of Incorporation contain transfer restrictions restricting transfers of Shares that would result in there being 500 or more holders of record of the Shares (or such other number as would require the Company to register its Common Stock under the Exchange Act, 1934).

The Board of Directors may waive the transfer restrictions if in the future the Board determines that it would be in the Company's best interests to register the Common Stock under the Exchange Act, 1934. In the absence of such waiver, the transfer restrictions in the Company's Articles of Incorporation could prevent a Shareholder from liquidating his or her investment in the Company. The Company's Board of Directors may require the transferee of Shares transferred in violation of the transfer restrictions to sell such Shares at any time during the six-month period following the prohibited transfer to an existing Shareholder or to the Company at a price equal to the lesser of the price paid by the transferee or the fair market value of the Shares on the date of the required sale. Additionally, the transferee will not be entitled to receive any dividends or other distributions on such Shares, which will be deemed held in trust for the benefit of the Company. These transfer restrictions could adversely affect the liquidity and market price of the Shares. See "Transfer Restrictions" contained in Part VI of this document.

There is currently no market for the Shares and, notwithstanding the Company's intention to be admitted for trading on AIM, a market for the Shares may not develop which could adversely affect the liquidity and price of the Shares

There is currently no market for the Shares. Therefore, investors should be aware that they cannot benefit from information about prior market history when making their decisions to invest. In addition, the price of Shares following the Placing may vary due to general economic conditions and forecasts, the Group's general business condition and the release of the Group's financial reports. Furthermore, and notwithstanding the Shares being admitted to trading on AIM, an active market for the Shares may never develop, or if developed, it may not be maintained. Investors may be unable to sell their Shares unless a market can be established and maintained. The market price of the Shares may not reflect the underlying value of the Company. The price at which investors may sell their Shares may be influenced by a range of factors. Investors may realise less than their initial investment.

There are certain risks inherent in a company whose securities are listed on AIM

The Company and the Shares will be regulated by the AIM Rules. An investment in shares traded on AIM is perceived to carry a higher risk and may be less liquid than an investment in shares quoted on exchanges with more stringent listing requirements, such as the London Stock Exchange, the Luxembourg Stock Exchange, the New York Stock Exchange or the NASDAQ National Market. This is because AIM imposes less stringent corporate governance and ongoing reporting requirements. AIM also requires only semi-annual, rather than quarterly, financial update reports. As such, investors may be subjected to risks inherent in a company whose securities are listed on AIM which it would not face were it listed on certain alternative stock exchanges. Admission to AIM should not be taken as implying that there will be a liquid market for the Shares.

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

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

The price of the Shares may be volatile and may be affected by market conditions beyond the Group's control

The Share price is likely to fluctuate in the future because of the volatility of the market in general and a variety of factors, many of which are beyond the Group's control, including:

- quarterly variations in actual or anticipated results of the Group's operations;
- changes in financial estimates by securities analysts;
- regulatory actions;
- changes in the market outlook for the funded settlements business;
- departure of the Group's key personnel;
- future sales of the Shares;
- US Securities law restrictions on transfer; and
- longer settlement times associated with physical certificates.

Investors should also be aware that price volatility may be greater if the public float and trading volume of the Shares is low.

Transfers of the Shares are subject to stringent transfer requirements under the Securities Act

The Shares have not been registered under the Securities Act or any US state securities laws. The Shares are being offered and sold only to non-US persons outside the United States in transactions exempt from the registration requirements of the Securities Act in reliance on Regulation S. As a result, the Shares may be transferred or resold in the US or to a US Person (as defined under Regulation S of the Securities Act) only in transactions registered under the Securities Act, or in accordance with the provisions of Rule

144A, Rule 144 (if available) or Regulation S of the Securities Act and exemptions under applicable state securities laws. Further, the Shares are subject to the conditions listed under section 903(b)(3), or Category 3, of Regulation S of the Securities Act. Under Category 3, Offering Restrictions (as defined under Regulation S) must be in place in connection with the offering and additional restrictions are imposed on re-sales of the securities as described elsewhere in this document.

Thus, re-sales of the Shares will be subject to stringent transfer restrictions. The above restrictions severely restrict purchasers of Shares from selling the Shares in the United States or to, or for the account or benefit of, a US Person. The Shares will not be admitted for trading on any US securities exchange in connection with the Placing. See the section titled "Transfer Restrictions" for further information.

The Shares will trade only in certificated form, which may affect the liquidity of the Shares

CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by certificate and transferred otherwise than by written instrument. However, due to restrictions on transfer under the Securities Act, the Shares must be held in physical certificated form for a period of at least 12 months following the closing of the offering and so the Shares will not be eligible for settlement through CREST during that time. The Shares are not registered in the United States and the certificates will bear a legend to that effect and purchasers and sellers will be required to confirm certain matters relating to their Shares under US Securities law in connection with the transfer of Shares during the restricted period that will be at least 12 months from the closing of the Placing. Accordingly, settlement of transactions in the Shares following Admission will not take place within the CREST system and investors will experience extended settlement periods ranging from 2 to 8 weeks, and may experience delays in settlement. Investors are asked to consult with their brokers. The absence of electronic trading may reduce the liquidity of the Shares.

Risk of being subject to US Securities law registration

Under Section 12(g) and Rule 12g-1 of the Exchange Act, 1934, any company which has $10 million or more in assets on the last day of its most recent fiscal year and any class of it equity securities held of record by 500 or more persons is required to register under the Exchange Act, 1934. Such registration obligates a company to file annual and other reports with the SEC under the Exchange Act, 1934 and to comply with various substantive provisions of such Act (including various requirements under the Sarbanes-Oxley Act of 2002).

This registration and compliance is required even if the issuer has conducted no registered offering in the United States and has not listed its securities on any US market.

Non-US companies which qualify as "foreign private issuers" may be exempt from this requirement under Exchange Act, 1934 Rule 12g3-2 if they perfect their exemption before they have 300 or more US-resident shareholders.

US companies do not qualify for such exemption. In order to avoid having to register its Shares under the Exchange Act, 1934, the Company's Articles of Incorporation contain restrictions on any transfer of the Shares that would result in there being 500 or more shareholders of record (or such other number as would require the Company to register the Shares under the Exchange Act, 1934).

Please see Part VI of this document for further information.

ACCOUNTANTS' REPORT ON THE COMPANY

RSM Robson Rhodes

RSM Robson Rhodes LLP
30 Finsbury Square, London EC2P 2YU

24 March 2006

The Directors
Peach Holdings, Inc.
6501 Park of Commerce Boulevard
Suite 140B
Boca Raton, Florida
33487 USA

The Directors
Peach Holdings, LLC
3720 DaVinci Court, Suite 450
Norcross
Georgia
30092 USA

The Directors
Collins Stewart Limited
9th Floor
88 Wood Street
London EC2V 7QR

The Directors
Bear, Stearns International Limited
One Canada Square
London
E14 5AD

Dear Sirs

Peach Holdings, Inc. (the "Company")

Introduction

We report on the financial information relating to the Company, as set out below, prepared for inclusion in the Admission Document dated 24 March 2006 of the Company (the "Admission Document") relating to the admission of the Company's share capital to trading on AIM, a market operated by London Stock Exchange plc. This financial information has been prepared for inclusion in the Admission Document and is based on the transactions of the company from incorporation on 27 February 2006 to 6 March 2006. The Company has not completed its first accounting period. No financial statements have been prepared or audited since its incorporation. This report is required by paragraph a) of Schedule Two to the AIM Rules and is given for the purpose of complying with that requirement and no other purpose.

Responsibility

The Directors of the Company are responsible for preparing the financial information in accordance with US GAAP.

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

Basis of opinion

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

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

Opinion

In our opinion, the financial information set out below gives, for the purposes of the Admission Document dated 24 March 2006, a true and fair view of the state of affairs of the Company.

Financial information

The Company was incorporated on 27 February 2006.

The authorised share capital of the Company on incorporation was $150,000 comprising 150,000,000 shares of common stock having a par value of $0.001 per share.

Following incorporation, one subscriber share of $0.001 was issued fully paid.

Prior to Admission, the Company will acquire 100% of the membership interest of Peach Holdings, LLC ("Holdings"), the current parent company of the Group, in exchange for the issue of shares of common stock of the Company. The one subscriber share issued will be cancelled.

As at today's date, the Company has carried out no trading.

Balance sheet

	As at 6 March 2006
	$
Assets	
Accrued interest	—
Cash at bank and in hand	—
Total assets	—
Members' equity	
Paid in capital	—
Retained earnings	—
	—

Declaration

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

Yours faithfully

RSM ROBSON RHODES LLP

ACCOUNTANTS' REPORT ON THE GROUP

RSM Robson Rhodes

RSM Robson Rhodes LLP
30 Finsbury Square, London EC2P 2YU

24 March 2006

The Directors
Peach Holdings Inc
6501 Park of Commerce Boulevard
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33487 USA

The Directors
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30092 USA

The Directors
Collins Stewart Limited
9th Floor
88 Wood Street
London
EC2V 7QR

The Directors
Bear, Stearns International Limited
One Canada Square
London
E14 5AD

Dear Sirs

PEACH HOLDINGS LLC

Introduction

We report on the financial information set out below. The financial information has been prepared for inclusion in the admission document of Peach Holdings, Inc. (the "Company") dated 24 March 2006 (the "Admission Document") relating to the proposed acquisition by Peach Holdings Inc. of Peach Holdings LLC and associated admission of Peach Holdings Inc.'s shares to trading on AIM, a market regulated and operated by London Stock Exchange plc. This financial information has been prepared for inclusion in the Admission Document on the basis of the accounting policies set out in the Notes to the financial information set out therein. This report is required by Paragraph (a) of Schedule Two to the AIM rules and is given for the purpose of complying with that requirement and no other purpose.

Peach Holdings LLC ("Holdings") was formed and became the parent company of the group on 21 December 2004 as part of an operating agreement with the shareholders. Prior to that date its subsidiaries and associated entities (the "Peach Entities"), as disclosed in Note 5.3, operated as separate companies under common ownership and management.

Holdings and the Peach Entities together form the Peach Group.

Certain of the Peach Entities were not subject to audit for the years ended 31 December 2002, 31 December 2003 and 31 December 2004. For the period ended 30 June 2005, the consolidated financial statements were audited as a whole but no separate financial statements were prepared for individual entities. For the year ended 31 December 2002, 2003 and 2004 individual audited financial statements were only issued for the following entities which form part of the Peach Group:

Settlement Funding LLC
Life Settlement Corporation
TATS Licensing Company LLC
Peachtree LW Receivables I LLC.

Financial information in respect of all the other Peach Entities was not subject to audit. Such financial information has been extracted from management ledgers as adjusted for management estimates.

The auditors for the audited Peach Entities for the year ended 31 December 2002 were PricewaterhouseCoopers LLP, 10 Tenth Street, Suite 1400, Atlanta, Georgia, USA. For the year ended 31 December 2003 the Peach Entities engaged Gerstle, Rosen & Associates P.A., 3835 NW Boca Raton Blvd, Boca Raton, Florida, USA as auditors for Life Settlement Corporation and McGladrey & Pullen LLP, 100 North East Third Avenue, Suite 300, Fort Lauderdale, Florida, USA as auditors to the other audited Peach Entities. The sole auditors for the audited Peach Entities for the year ended 31 December 2004 and for the consolidated financial statements for the six months ended 30 June 2005 were McGladrey & Pullen LLP, Fort Lauderdale, Florida, USA. All of the audit firms named above are members of the American Institute of Certified Public Accountants.

Basis of preparation

The financial information set out in this report is based on the audited financial statements and unaudited financial information of the Peach Entities for the years ended 31 December 2002, 31 December 2003 and 31 December 2004 and the audited consolidated financial statements of Holdings for the six months ending 30 June 2005. This report has been prepared after making such adjustments as we considered necessary.

On 21 December 2004, the Peach Entities (excluding Life Settlement Corporation) were acquired by a new parent company, Holdings. The transaction was treated as a pooling of interests under generally accepted accounting practice in the United States of America ("US GAAP"). No fair value adjustments were made as a result of the business combination and no goodwill was recognised in the consolidated balance sheet. In addition, there were no changes in accounting policy arising as a result of the business combination.

For the years ended 31 December 2002, 31 December 2003 and 31 December 2004, the statement of operations, balance sheet and cashflows of the Peach Group have been presented as a combination of the results of the Peach Entities and Holdings. The aggregated results are a consolidation of the audited financial statements and the unaudited financial information.

Settlement Funding LLC, one of the audited entities, is the sole member of several special purpose entities ("SPEs"). The audited financial statements of Settlement Funding LLC for the year ended 31 December 2002 excluded the results of all SPEs. For the year ended 31 December 2003 and until 21 December 2004, the SPEs were treated as not meeting the criteria to be treated as qualifying SPEs ("QSPEs") under Statement of Financial Accounting Standards No. 140 "Accounting for transfers and Servicing of Financial Assets and Extinguishment of Liabilities" ("FAS 140") and accordingly were consolidated in the audited financial statements of Settlement Funding LLC.

On 21 December 2004, the agreements between the SPEs (with the exception of the sole non-qualifying SPE set out in Note 5.3) and Settlement Funding LLC were amended, such that the nature of the relationships met the necessary criteria under US GAAP to be treated as QSPEs. Consequently, the audited financial statements for the year ending 31 December 2004 and the six months ending 30 June 2005, have been prepared excluding the results of all QSPEs from 21 December 2004, but including those of the sole non-qualifying SPE.

As a result of the above factors, the treatment adopted in respect of gains recognised on the sale of financial assets from the Peach Entities to the SPEs, the exclusion of external borrowings held by the SPEs and the elimination of intra group transactions/balances between the entities is not consistent in the audited financial statements for the period of this financial information.

In accordance with the accounting treatment currently adopted by Holdings and to provide a consistent presentation of the results of the Peach Group, the audited financial statements for the years ending 31 December 2003 and 31 December 2004 have been adjusted to deconsolidate all entities that at 30 June 2005 met the criteria to be considered QSPEs for the entire periods. A reconciliation of the aggregated balance sheets, statements of operations and statements of cashflows for these years to their adjusted position is given in Note 5.1.

In August 2005, the Financial Accounting Standards Board issued a new consultation draft for FAS 140 seeking to clarify certain interpretational issues. Amongst other items it proposed that, for an SPE with the ability to roll over (retire or re-issue) beneficial interests, to meet the conditions to be a qualifying SPE, no party (including that party's consolidated affiliates or agents) may have two or more involvements

with the qualifying SPE that provide that party with the opportunity to obtain a more than trivial incremental benefit relative to the benefit that would be obtained if separate parties had those same involvements. As a result of this proposed change, which is presently expected to be applied prospectively for transfers of financial assets from 1 October 2006, the Peach Group does not expect to be able to recognise gains on sale at the point that they are initially transferred into an SPE. Periodically, the assets will be transferred to new SPEs, which are securitised to term without the ability for further refinancing, at which point the Peach Group expects to be able to recognise the gains on sale.

Responsibility

The Directors of the Company are responsible for preparing the financial information in accordance with the basis of preparation set out above and in the Notes to the financial information set out therein and in accordance with US GAAP.

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

Basis of opinion

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

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

Opinion

In our opinion, the financial information gives, for the purposes of the Admission Document dated 24 March 2006, a true and fair view of the state of affairs of Peach Holdings LLC and its combined affiliates as at the dates stated, and the results of their operations and their cash flows for the periods then ended, in accordance with the basis of preparation set out above and in accordance with accounting principles generally accepted in the United States of America as described in Note 5.3.

1. Combined Statement of Operations

The combined statement of operations of the Peach Group for the periods ended 31 December 2002, 31 December 2003, 31 December 2004 and 30 June 2005 are set out below.

	Note	*Year ended 31 December*			*6 months ended 30 June*
		2002	*2003*	*2004*	*2005*
	Note	*$'000*	*$'000*	*$'000*	*$'000*
Revenues					
Gain on sales of receivables	5.6	11,704	28,383	36,597	25,795
Life settlement origination fee income		3,421	1,719	12,234	9,269
Share of gain on sale of residual interest in life settlement trust	5.14	—	—	—	7,125
Other fee income		11,333	13,104	12,647	5,318
Net realised and unrealised gains on investments		—	31,572	16,893	—
Interest and dividend income		7,420	8,835	12,501	5,951
Swap gain		—	434	437	121
Servicing and other revenue		572	706	1,250	944
Instalment note gain		13,591	—	—	—
Total Revenues		**48,041**	**84,753**	**92,559**	**54,523**
Operating Expenses					
Salaries and related costs		10,676	15,509	19,466	11,047
Consulting fees		2,175	2,564	4,390	2,125
General and administrative		3,940	4,968	6,454	3,564
Professional fees and broker fee expense		3,527	2,523	5,668	3,894
Occupancy		1,297	1,706	1,683	789
Marketing and advertising		2,946	7,340	9,359	6,031
Postage and courier		524	560	504	245
Interest expense		1,512	1,044	1,195	471
Provision for loss on receivables and retained interests		2,178	3,641	1,147	520
Net realised and unrealised losses on investments		17,264	—	—	1,769
Swap loss		764	—	—	—
Instalment note expense		—	36,334	25,212	1,457
Total Operating Expenses		**46,803**	**76,189**	**75,078**	**31,912**
Income before taxes		**1,238**	**8,564**	**17,481**	**22,611**
Provision for income taxes		51	26	61	114
Net Income		**1,187**	**8,538**	**17,420**	**22,497**

2. Combined Balance Sheets

The combined balance sheets of the Peach Group as at 31 December 2002, 31 December 2003, 31 December 2004 and 30 June 2005 are set out below.

		As at 31 December			*As at 30 June*
	Note	*2002 $'000*	*2003 $'000*	*2004 $'000*	*2005 $'000*
ASSETS					
Cash		2,003	2,500	8,734	20,352
Restricted cash	5.19	1,203	1,464	2,095	7,631
Investments: trading securities		153,373	256,330	293,262	288,864
Finance receivables held for sale, net	5.4	10,559	11,546	16,098	11,126
Finance receivables, net	5.5	910	862	1,565	3,078
Advances receivable, net	5.5	1,489	1,476	1,869	1,789
Other receivables		1,014	3,925	5,664	2,258
Due from QSPE affiliates, net		4,414	5,556	5,907	4,206
Retained interests in receivables sold	5.6	19,347	24,910	34,855	45,025
Equipment and leasehold improvements, net	5.7	424	516	1,190	1,952
Other assets		770	899	4,538	1,126
Total Assets		**195,506**	**309,984**	**375,777**	**387,407**
LIABILITIES & MEMBERS' EQUITY					
Liabilities					
Accounts payable and accrued expenses		5,415	6,516	9,227	4,742
Unremitted asset servicing collections		1,193	1,461	1,756	2,719
Escrows held on contracts		393	571	512	529
Swap liabilities		1,667	1,233	796	675
Other liabilities		564	642	3,294	6,196
Instalment notes payable	5.8	153,373	256,334	296,627	288,864
Borrowings under lines of credit	5.9	13,497	12,602	12,560	9,659
Total Liabilities		**176,102**	**279,359**	**324,772**	**313,384**
Members' Equity					
Paid-in capital		190	192	5,202	5,202
Retained earnings		11,328	19,866	33,549	47,046
Accumulated other comprehensive income		7,886	10,567	12,254	21,775
Total Members' Equity		19,404	30,625	51,005	74,023
Total Liabilities and Members' Equity		**195,506**	**309,984**	**375,777**	**387,407**

3. Combined Statements of Changes in Members' Equity

The combined statements of changes in members' equity for the Peach Group for the periods ended 31 December 2003, 31 December 2004 and 30 June 2005 are set out below.

	Note	*Paid in Capital $'000*	*Retained Earnings $'000*	*Accum. Other Comprehensive Income $'000*	*Total Member's Equity $'000*
Balance, 31 December 2002		190	11,328	7,886	19,404
Comprehensive income					
Net income		—	8,538	—	8,538
Other comprehensive income					
Unrealised gain on retained interests in receivables sold	5.6	—	—	2,681	2,681
Total comprehensive income		—	8,538	2,681	11,219
Dividends paid		—	—	—	—
Net member contributions		2	—	—	2
Balance, 31 December 2003		192	19,866	10,567	30,625
Comprehensive income					
Net income		—	17,420	—	17,420
Permanent difference arising from deconsolidation of QSPEs	5.1	—	763	—	763
Other comprehensive income					
Unrealised gain on retained interests in receivables sold	5.6	—	—	1,687	1,687
Total comprehensive income		—	18,183	1,687	19,870
Dividends paid		—	(4,500)	—	(4,500)
Net member contributions		5,010	—	—	5,010
Balance, 31 December 2004		5,202	33,549	12,254	51,005
Comprehensive income					
Net income		—	22,497	—	22,497
Other comprehensive income					
Unrealised gain on retained interests in receivables sold	5.6	—	—	9,521	9,521
Total comprehensive income		—	22,497	9,521	32,018
Dividends paid		—	(9,000)	—	(9,000)
Balance, 30 June 2005		5,202	47,046	21,775	74,023

4. Combined Statement of Cash Flows

The combined statements of cash flows of the Peach Group for the periods ended 31 December 2002, 31 December 2003, 31 December 2004 and 30 June 2005 are set out below.

	Year ended 31 December			*6 months ended 30 June*
	2002	*2003*	*2004*	*2005*
	$'000	*$'000*	*$'000*	*$'000*
Cash flows from operating activities				
Net income	1,187	8,538	17,420	22,497
Adjustments to reconcile net income to net cash provided by operating activities				
Permanent difference arising from deconsolidation of QSPEs	—	—	763	—
Depreciation and amortisation	(469)	(4,067)	(8,756)	(1,053)
Provision for losses on receivables and retained interests	2,178	3,641	1,147	520
Mark to market swap prepayment/(accrual)	497	(434)	(437)	(121)
Proceeds from sale of finance receivables held for sale	32,185	68,849	94,900	62,068
Gain on sale of finance receivables held for sale	(11,704)	(28,383)	(36,597)	(25,795)
Purchase of finance receivables held for sale	(20,249)	(45,089)	(63,712)	(31,658)
(Increase)/decrease in trading securities	(26,678)	(102,957)	(36,932)	4,398
Instalment note (gain)/expense	(13,591)	36,334	25,212	1,457
Net decreases/(increases) in assets				—
Restricted cash	227	(261)	(631)	(5,536)
Advances receivable	1,525	8	(683)	52
Other receivables	(908)	(2,911)	(1,739)	37
Due from affiliates	(3,683)	(1,142)	(351)	1,701
Other assets	42	(129)	(3,639)	3,412
Net increases/(decreases) in liabilities				—
Accounts payable and accrued expenses	(679)	1,101	3,602	(1,426)
Unremitted asset servicing collections	(237)	268	295	963
Escrows held on contracts	219	178	(59)	17
Other liabilities	1,448	78	1,761	2,902
Net cash (used in)/provided by operating activities	(38,690)	(66,378)	(8,436)	34,435
Cash flows from investing activities				
Originations and collections on finance receivables, net	(732)	48	(703)	(1,653)
Payment for purchase of presettlement receivables business	—	—	—	(3,059)
Collections of retained interest in receivables sold	2,368	1,373	803	621
Purchases of equipment and leasehold improvements	(235)	(280)	(979)	(974)
Net cash provided by/(used in) investing activities	1,401	1,141	(879)	(5,065)
Cash flows from financing activities				
Repayments under lines of credit, net	(2,470)	(895)	(42)	(2,901)
Issuance/(repayment) of instalment notes payable, net	40,310	66,627	15,081	(9,221)
Cash received for instalment notes payable	—	—	—	3,370
Cash received from owners	—	2	40,010	—
Cash distribution to owners	—	—	(39,500)	(9,000)
Net cash provided by/(used in) financing activities	37,840	65,734	15,549	(17,752)
Increase in cash	**551**	**497**	**6,234**	**11,618**
Cash at beginning of year	1,452	2,003	2,500	8,734
Cash at end of year	**2,003**	**2,500**	**8,734**	**20,352**
Supplemental disclosure of cash flow information				
Cash paid for interest	1,512	1,044	1,195	452
Cash paid for income taxes	—	51	26	65
Supplemental disclosure of non-cash investing and financing activity				
Retained interests in receivables sold recognised upon sale of finance receivables	2,150	5,192	8,752	5,072
Adjustment of retained interests in receivables sold to fair value	240	2,681	1,687	9,521

5 Notes to the financial information

Notes to the financial information for the Peach Group for the periods ended 31 December 2002, 31 December 2003, 31 December 2004 and 30 June 2005 are set out below. Disclosure information in respect of balance sheet notes is given as at 31 December 2003, 31 December 2004 and 30 June 2005 unless otherwise stated. Financial information in respect of the supporting notes for the operations statement and cash flow statement is given for the years ended 31 December 2002, 31 December 2003, 31 December 2004 and the six months ended 30 June 2005.

5.1 Reconciliation of accounting presentation

Holdings was formed and became the parent company of the Peach Group on 21 December 2004. Prior to that date the Peach Entities operated as separate companies under common ownership and management.

The audited financial statements of the Peach Entities for the year ended 31 December 2003, consolidated the results of all SPEs for the first time. On 21 December 2004, certain of the SPEs met the criteria to be considered QSPEs in accordance with the provisions of Statement of Financial Accounting Standards No. 140 "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities" and as a consequence were deconsolidated from the audited financial statements as at that date.

In accordance with the accounting treatment currently adopted by the Peach Group and to provide a consistent presentation of the results of the Peach Group, the audited financial statements for the years ending 31 December 2003 and 31 December 2004 have been adjusted to deconsolidate all QSPEs for these periods. For the years ended 31 December 2002, 31 December 2003 and 31 December 2004, the statement of operations, balance sheet and cashflows of the Peach Group have been presented as an aggregation of the audited and unaudited results of the Peach Entities and Holdings. A reconciliation of the aggregated balance sheets, statement of operations and statement of cashflows for these years to their adjusted position is set out below.

As a result of the consolidation and deconsolidation of QSPEs at different times, a permanent timing difference of $763,000 arises between the consistent presentation set out herein and the audited financial statements. This difference was adjusted in drawing up the balance sheets at 31 December 2004 and shows as a permanent difference arising from deconsolidation of QSPEs in the Combined Statement of Changes in Members' Equity during 2004.

5.1 Reconciliation of accounting presentation (continued)

Combined statement of operations

	Year ended 31 December 2002		
	Aggregated $'000	*Adjustments $'000*	*Adjusted $'000*
Revenues			
Gain on sales of receivables	11,704	—	11,704
Life settlement origination fee income	3,421	—	3,421
Other fee income	11,333	—	11,333
Net realised and unrealised gains on investments	—	—	—
Interest and dividend income	7,420	—	7,420
Swap gain	—	—	—
Servicing and other revenue	572	—	572
Instalment note gain	13,591	—	13,591
Total Revenues	**48,041**	**—**	**48,041**
Operating Expenses			
Salaries and related costs	10,676	—	10,676
Consulting fees	2,175	—	2,175
General and administrative	3,940	—	3,940
Professional fees and broker fee expense	3,527	—	3,527
Occupancy	1,297	—	1,297
Marketing and advertising	2,946	—	2,946
Postage and courier	524	—	524
Interest expense	1,512	—	1,512
Provision for loss on receivables and retained interests	249	1,929	2,178
Net realised and unrealised losses on investments	17,264	—	17,264
Swap loss	764	—	764
Instalment note expense	—	—	—
Total Operating Expenses	**44,874**	**1,929**	**46,803**
Income before taxes	**3,167**	**(1,929)**	**1,238**
Provision for income taxes	51	—	51
Net Income	**3,116**	**(1,929)**	**1,187**

5.1 Reconciliation of accounting presentation (continued)

Combined statement of operations

	Year ended 31 December 2003		
	Aggregated $'000	*Adjustments $'000*	*Adjusted $'000*
Revenues			
Gain on sales of receivables	—	28,383	28,383
Life settlement origination fee income	1,719	—	1,719
Other fee income	13,104	—	13,104
Net realised and unrealised gains on investments	31,572	—	31,572
Interest and dividend income	24,536	(15,701)	8,835
Swap gain	2,474	(2,040)	434
Servicing and other revenue	92	614	706
Instalment note gain	—	—	—
Total Revenues	**73,497**	**11,256**	**84,753**
Operating Expenses			
Salaries and related costs	14,228	1,281	15,509
Consulting fees	2,564	—	2,564
General and administrative	4,353	615	4,968
Professional fees and broker fee expense	2,670	(147)	2,523
Occupancy	1,706	—	1,706
Marketing and advertising	7,272	68	7,340
Postage and courier	403	157	560
Interest expense	11,773	(10,729)	1,044
Provision for loss on receivables and retained interests	3,833	(192)	3,641
Net realised and unrealised losses on investments	—	—	—
Swap loss	—	—	—
Instalment note expense	36,334	—	36,334
Total Operating Expenses	**85,136**	**(8,947)**	**76,189**
(Loss)/Income before taxes	**(11,639)**	**20,203**	**8,564**
Provision for income taxes	26	—	26
Net (Loss)/Income	**(11,665)**	**20,203**	**8,538**

5.1 Reconciliation of accounting presentation (continued)

Combined statement of operations

	Year ended 31 December 2004		
	Aggregated $'000	*Adjustments $'000*	*Adjusted $'000*
Revenues			
Gain on sales of receivables	90,644	(54,047)	36,597
Life settlement origination fee income	12,234	—	12,234
Other fee income	12,647	—	12,647
Net realised and unrealised gains on investments	16,893	—	16,893
Interest and dividend income	36,684	(24,183)	12,501
Swap gain	2,653	(2,216)	437
Servicing and other revenue	228	1,022	1,250
Instalment note gain	—	—	—
Total Revenues	**171,983**	**(79,424)**	**92,559**
Operating Expenses			
Salaries and related costs	17,684	1,782	19,466
Consulting fees	4,390	—	4,390
General and administrative	5,677	777	6,454
Professional fees and broker fee expense	5,869	(201)	5,668
Occupancy	1,683	—	1,683
Marketing and advertising	9,340	19	9,359
Postage and courier	284	220	504
Interest expense	14,874	(13,679)	1,195
Provision for loss on receivables and retained interests	3,917	(2,770)	1,147
Net realised and unrealised losses on investments	—	—	—
Swap loss	—	—	—
Instalment note expense	25,212	—	25,212
Total Operating Expenses	**88,930**	**(13,852)**	**75,078**
Income before taxes	**83,053**	**(65,572)**	**17,481**
Provision for income taxes	61	—	61
Net Income	**82,992**	**(65,572)**	**17,420**

5.1 Reconciliation of accounting presentation (continued)

Combined balance sheets

	As at 31 December 2002		
	Aggregated $'000	*Adjustments $'000*	*Adjusted $'000*
ASSETS			
Cash	2,003	—	2,003
Restricted cash	1,203	—	1,203
Investments: trading securities	153,373	—	153,373
Finance receivables held for sale, net	10,559	—	10,559
Finance receivables, net	910	—	910
Advances receivable, net	1,489	—	1,489
Other receivables	1,014	—	1,014
Due from QSPE affiliates, net	4,664	(250)	4,414
Retained interests in receivables sold	25,466	(6,119)	19,347
Equipment and leasehold improvements, net	424	—	424
Other assets	770	—	770
Total Assets	**201,875**	**(6,369)**	**195,506**
LIABILITIES & MEMBERS' EQUITY			
Liabilities			
Accounts payable and accrued expenses	5,415	—	5,415
Unremitted asset servicing collections	1,193	—	1,193
Escrows held on contracts	393	—	393
Swap liabilities	1,667	—	1,667
Other liabilities	564	—	564
Instalment notes payable	153,373	—	153,373
Borrowings under lines of credit	13,497	—	13,497
Total Liabilities	**176,102**	**—**	**176,102**
Members' Equity			
Paid-in capital	190	—	190
Retained (deficit)/earnings	17,697	(6,369)	11,328
Accumulated other comprehensive income	7,886	—	7,886
Total Members' Equity	25,773	(6,369)	19,404
Total Liabilities and Members' Equity	**201,875**	**(6,369)**	**195,506**

5.1 Reconciliation of accounting presentation (continued)

Combined balance sheets

	As at 31 December 2003		
	Aggregated $'000	*Adjustments $'000*	*Adjusted $'000*
ASSETS			
Cash	2,513	(13)	2,500
Restricted cash	3,971	(2,507)	1,464
Investments: trading securities	256,330	—	256,330
Finance receivables held for sale, net	146,095	(134,549)	11,546
Finance receivables, net	862	—	862
Advances receivable, net	1,476	—	1,476
Other receivables	3,925	—	3,925
Due from QSPE affiliates, net	—	5,556	5,556
Retained interests in receivables sold	—	24,910	24,910
Equipment and leasehold improvements, net	516	—	516
Other assets	1,241	(342)	899
Total Assets	**416,929**	**(106,945)**	**309,984**
LIABILITIES & MEMBERS' EQUITY			
Liabilities			
Accounts payable and accrued expenses	7,209	(693)	6,516
Unremitted asset servicing collections	2,650	(1,189)	1,461
Escrows held on contracts	571	—	571
Swap liabilities	10,354	(9,121)	1,233
Other liabilities	642	—	642
Instalment notes payable	256,334	—	256,334
Borrowings under lines of credit	183,654	(171,052)	12,602
Total Liabilities	**461,414**	**(182,055)**	**279,359**
Members' Equity			
Paid-in capital	192	—	192
Retained (deficit)/earnings	(44,677)	64,543	19,866
Accumulated other comprehensive income	—	10,567	10,567
Total Members' Equity	(44,485)	75,110	30,625
Total Liabilities and Members' Equity	**416,929**	**(106,945)**	**309,984**

5.1 Reconciliation of accounting presentation (continued)

Combined balance sheets

	As at 31 December 2004		
	Aggregated *$'000*	*Adjustments* *$'000*	*Adjusted* *$'000*
ASSETS			
Cash	8,734	—	8,734
Restricted cash	2,095	—	2,095
Investments: trading securities	293,262	—	293,262
Finance receivables held for sale, net	16,098	—	16,098
Finance receivables, net	1,565	—	1,565
Advances receivable, net	1,869	—	1,869
Other receivables	5,664	—	5,664
Due from QSPE affiliates, net	5,907	—	5,907
Retained interests in receivables sold	34,855	—	34,855
Equipment and leasehold improvements, net	1,190	—	1,190
Other assets	4,538	—	4,538
Total Assets	**375,777**	—	**375,777**
LIABILITIES & MEMBERS' EQUITY			
Liabilities			
Accounts payable and accrued expenses	9,227	—	9,227
Unremitted asset servicing collections	1,756	—	1,756
Escrows held on contracts	512	—	512
Swap liabilities	796	—	796
Other liabilities	3,294	—	3,294
Instalment notes payable	296,627	—	296,627
Borrowings under lines of credit	12,560	—	12,560
Total Liabilities	**324,772**	—	**324,772**
Members' Equity			
Paid-in capital	5,202	—	5,202
Retained earnings	33,549	—	33,549
Accumulated other comprehensive income	12,254	—	12,254
Total Members' Equity	51,005	—	51,005
Total Liabilities and Members' Equity	**375,777**	—	**375,777**

5.1 Reconciliation of accounting presentation (continued)

Combined statement of cash flows

	Year ended 31 December 2002		
	Aggregated $'000	*Adjustments $'000*	*Adjusted $'000*
Cash flows from operating activities			
Net income/(loss)	3,116	(1,929)	1,187
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation and amortisation	(469)	—	(469)
Provision for losses on receivables and retained interests	249	1,929	2,178
Gain on deconsolidation	—	—	—
Mark to market swap accrual	497	—	497
Proceeds from sale of finance receivables held for sale	32,185	—	32,185
Gain on sale of finance receivables held for sale	(11,704)	—	(11,704)
Purchase of finance receivables held for sale	(20,249)	—	(20,249)
(Increase)/decrease in trading securities	(26,678)	—	(26,678)
Structured note (gain)/expense	(13,591)	—	(13,591)
Net changes in assets and liabilities	(2,046)	—	(2,046)
Net cash used in operating activities	(38,690)	—	(38,690)
Cash flows from investing activities			
Originations and collections on finance receivables, net	(732)	—	(732)
Collections of retained interest in receivables sold	2,368	—	2,368
Purchases of equipment and leasehold improvements	(235)	—	(235)
Net cash provided by investing activities	1,401	—	1,401
Cash flows from financing activities			
Repayments under lines of credit, net	(2,470)	—	(2,470)
Issuance of instalment notes payable	40,310	—	40,310
Net cash provided by financing activities	37,840	—	37,840
Increase in cash	**551**	**—**	**551**
Cash at beginning of year	1,452	—	1,452
Cash at end of year	**2,003**	**—**	**2,003**

5.1 Reconciliation of accounting presentation (continued)

Combined statement of cash flows

	Year ended 31 December 2003		
	Aggregated $'000	*Adjustments $'000*	*Adjusted $'000*
Cash flows from operating activities			
Net (loss)/income	(11,665)	20,203	8,538
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation and amortisation	(4,067)	—	(4,067)
Provision for losses on receivables and retained interests	3,833	(192)	3,641
Mark to market swap accrual	(2,474)	2,040	(434)
Proceeds from sale of finance receivables held for sale	—	68,849	68,849
Gain on sale of finance receivables held for sale	—	(28,383)	(28,383)
Purchase of finance receivables held for sale	(45,089)	—	(45,089)
(Increase)/decrease in trading securities	(102,957)	—	(102,957)
Structured note (gain)/expense	36,334	—	36,334
Net changes in assets and liabilities	2,426	(5,236)	(2,810)
Net cash used in by operating activities	(123,659)	57,281	(66,378)
Cash flows from investing activities			
Originations and collections on finance receivables, net	48	—	48
Collections of retained interest in receivables sold	—	1,373	1,373
Purchases of equipment and leasehold improvements	(280)	—	(280)
Net cash (used in)/provided by investing activities	(232)	1,373	1,141
Cash flows from financing activities			
Borrowings under lines of credit, net	57,772	(58,667)	(895)
Issuance of instalment notes payable	66,627	—	66,627
Cash received from owners	2	—	2
Net cash provided by financing activities	124,401	(58,667)	65,734
Increase in cash	**510**	**(13)**	**497**
Cash at beginning of year	2,003	—	2,003
Cash at end of year	**2,513**	**(13)**	**2,500**

5.1 Reconciliation of accounting presentation (continued)

Combined statement of cash flows

	Year ended 31 December 2004		
	Aggregated $'000	*Adjustments $'000*	*Adjusted $'000*
Cash flows from operating activities			
Net income/(loss)	82,992	(65,572)	17,420
Adjustments to reconcile net income to net cash provided by operating activities			
Permanent difference arising from deconsolidation of QSPEs	—	763	763
Depreciation and amortisation	(8,756)	—	(8,756)
Provision for losses on receivables and retained interests	3,917	(2,770)	1,147
Mark to market swap accrual	(2,653)	2,216	(437)
Proceeds from sale of finance receivables held for sale	1	94,899	94,900
Gain on sale of finance receivables held for sale	(90,644)	54,047	(36,597)
Purchase of finance receivables held for sale	(63,712)	—	(63,712)
(Increase)/decrease in trading securities	(36,932)	—	(36,932)
Structured note (gain)/expense	25,212	—	25,212
Net changes in assets and liabilities	13,263	(14,707)	(1,444)
Net cash used in operating activities	(77,312)	68,876	(8,436)
Cash flows from investing activities			
Originations and collections on finance receivables, net	(703)	—	(703)
Collections of retained interest in receivables sold	—	803	803
Purchases of equipment and leasehold improvements	(979)	—	(979)
Net cash used in investing activities	(1,682)	803	(879)
Cash flows from financing activities			
Borrowings under lines of credit, net	69,624	(69,666)	(42)
Issuance of instalment notes payable	15,081	—	15,081
Cash received from owners	40,010	—	40,010
Cash distribution to owners	(39,500)	—	(39,500)
Net cash provided by financing activities	85,215	(69,666)	15,549
Increase in cash	**6,221**	**13**	**6,234**
Cash at beginning of year	2,513	(13)	2,500
Cash at end of year	**8,734**	**—**	**8,734**

5.2 Organisation and Description of Business Activities

Holdings was formed pursuant to an Operating Agreement dated 21 December 2004 between Peachtree Settlement Funding Corporation ("PSFC"), Funding Investors, LLC ("FI"), LLR Equity Partners, LP and its affiliates ("LLR"), and Greenhill Capital Partners, LP and its affiliates ("Greenhill"). On 21 December 2004, PSFC and FI contributed 100% of their existing ownership interests in Holdings subsidiaries in exchange for 7.0% and 70.5% interests in Holdings, respectively, represented by 697,500 and 7,052,500 common units of membership. Simultaneously, a 22.5% equity interest in Holdings was sold to LLR and Greenhill (the "Investment Partners"), represented by 2,250,000 Series A convertible preferred units of membership for $40,000,000 in cash. PSFC and FI are wholly owned by members of Holdings' management group.

The Peach Group is a specialty finance and factoring business with offices in Boca Raton, Florida and Atlanta, Georgia. The Peach Group provides liquidity to individuals with financial assets such as structured settlements, lottery prize receivables, life insurance policies, annuities, business receivables, compensation-based receivables, and others by either purchasing these financial assets for a lump-sum payment, issuing instalment obligations payable over time, or serving as a broker to other purchasers of financial assets. The Peach Group also provides premium financing to purchasers of life insurance policies, pre-settlement funding, and warehousing or securitisation of certain of these financial assets. The Peach Group purchases receivables throughout the United States of America.

Structured Settlements

A structured settlement refers to the settlement of a personal injury claim with a series of future instalment payments. In many instances claimants wish to monetise some or all of their future structured settlement payments in exchange for an immediate lump sum. This is accomplished through a court proceeding whereby the seller and buyer seek the court's approval of the transaction. Upon issuance of a court order approving the sale and ordering the settlement obligor to make the structured settlement payments to the Peach Group, the Peach Group effectuates the purchase of the structured settlement. The purchase price for a structured settlement represents the present value of the future payments purchased using a discount rate negotiated with the seller.

Generally on a semi-monthly basis, all structured settlements purchased are sold and transferred to an affiliated QSPE. The proceeds from the sale consist of cash and a retained interest in the receivables sold. Both the cash proceeds and the amount of the retained interest are determined based on the present value of the payments purchased by the QSPEs. The discount rate used to determine the cash proceeds to Peachtree is based on rates specified by the respective QSPEs funding source. The discount rate used to determine the amount of the retained interest is generally based on market rates commensurate with the risk involved.

The Peach Group provides cash collection and payment services to the QSPEs for a fee that is considered to be adequate compensation for the services provided. Servicing revenue is included in servicing and other revenue.

Life Settlements

Through Life Settlement Corporation, the Peach Group provides liquidity to persons or entities that own life insurance policies by facilitating the sale of their policies to trusts in which the Peach Group owns no interest. In turn, the trusts transfer Special Undivided Beneficial Interests in the policies to unrelated parties to raise funds for the purchase of the policies. The Peach Group earns origination fees related to the life settlement transactions.

The Peach Group also performs servicing functions related to mortality tracking and monthly reporting. The servicing fees are included in servicing and other income. Fees are based on a percentage of the net death benefit of the underlying life insurance policies.

Lottery Winnings

The purchase of annuitised lottery winnings is substantially similar to the purchase of structured settlement payments. In addition to purchases of annuitised lottery winnings, the Group may facilitate the making of a loan by a third-party lender to lottery winners. Such loans are collateralised by the related annuitised lottery winnings.

Lottery annuities purchased and loans collateralised by lottery annuities are typically sold to third party institutional investors with no interest retained by the Peach Group. The Peach Group earns

5.2 Organisation and Description of Business Activities (continued)

broker's fees for facilitating these transactions which are included in other fee income. In prior periods, such receivables were sold and transferred to a separate affiliated special-purpose entity, Peachtree LW Receivables I ("PLW"). PLW does not meet the criteria to be considered a QSPE. Therefore those receivables are included in finance receivables held for sale in the accompanying balance sheets. The Peach Group did not transfer any lottery receivables to PLW in the years ending 31 December 2002, 31 December 2003, 31 December 2004 or the six months ending 30 June 2005.

Instalment Sale Transaction Structure

Through its patented instalment sale transaction structure (the "Structure"), the Peach Group provides financing alternatives and deferred tax treatment for certain transactions that qualify for instalment sale treatment under the federal tax code (such as the sale of real estate, business assets, certain compensation related receivables, and lottery winnings). In the case of lottery winnings, the Structure is marketed under the name Asset Advantage by the Peach Group's internal sales personnel. For transactions involving compensation related receivables, the Structure is marketed under the name CompBuilder and for all other transactions, the Structure is marketed under the name WealthBuilder via a network of financial consultants.

Assets involved in these transactions are acquired by Delaware statutory trusts and the proceeds from the monetisation of these assets are invested. The trusts issue long-term instalment note obligations to the transferors of the assets. The Peach Group earns initial facilitation fees and other ongoing fees in connection with these transactions which are included in other fee income.

The investments are recorded on the balance sheet gross of the corresponding liability for the instalment note obligations. The instalment notes provide returns based on specified investment profiles. The Group invests assets with the same investment profiles and accordingly the changes in the instalment note liabilities have been matched by equivalent investment returns.

Pre-Settlement Funding

The Peach Group makes advances to litigants or attorneys in exchange for an assignment of a portion of the proceeds of pending litigation before a matter has been settled. The Peach Group earns fees for such advances based on the amount of the advance and the time to recovery of the proceeds advanced, included in other fee income.

Other Business Activities

The Peach Group lends money or arranges for loans to life insurance trusts to purchase life insurance policies insuring older, high net worth individuals. The Peach Group earns a broker fee on each transaction which will be included in other fee income as well as interest on the advances. These transactions may be later converted to life settlement transactions at the discretion of the insured and trustee of the life insurance trust.

In addition, the Peach Group makes loans to executives to purchase universal life insurance policies. Interest on these loans is typically paid out of executive bonuses and the principal repaid through accumulated cash surrender value. This business line is financed with proceeds from a revolving line of credit. The Peach Group earns origination fees on each loan in addition to interest.

5.3 Summary of Significant Accounting Policies

Principles of Combination

The combined financial statements include the accounts of Holdings and its wholly-owned subsidiaries, excluding those subsidiaries that at 30 June 2005 met the criteria to be considered QSPEs in accordance with the provisions of Statement of Financial Accounting Standards No. 140 "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities".

Under the terms of an agreement, the present shareholders of Life Settlement Corporation ("LSC") are obligated to transfer 100% of LSC to Peach Group for no additional consideration. On this basis the combined financial statements also include the accounts of LSC for all of the periods, a company formerly affiliated through common ownership and management. LSC was a wholly owned by FI and PSFC, which together own 77.5% of the Peach Group.

5.3 Summary of Significant Accounting Policies (continued)

In January 2005, the Group acquired the assets of Lancaster Financial Corporation, an entity formerly under common control with the Group, for $3,059,000 in cash. The consolidated financial statements include the balances and activity related to the assets acquired, consisting primarily of pre-settlement advances receivable, from the earliest date presented at their historical cost. The difference between the amount of cash paid and the historical cost of the receivables totalling $1,705,000 was charged to retained earnings at the beginning of the presented periods.

The wholly-owned subsidiaries and joint ventures are;

Company Name	Holding Company
Trading companies	
Senior Settlement Holding Corporation	Peach Holdings LLC
Peachtree Financial Solutions LLC	Peach Holdings LLC
PSF Holdings LLC	Peach Holdings LLC
TATS Licensing Company LLC	Peach Holdings LLC
Settlement Funding LLC	Peach Holdings LLC
Wealth Link Advisers LLC	Peach Holdings LLC
Peachtree LBP Finance Company LLC	Peach Holdings LLC
Peachtree SLPO Finance Company LLC	Peach Holdings LLC
Peachtree Pre-Settlement Funding LLC	Peach Holdings LLC
Peachtree SLPO Funding LLC	Peachtree SLPO Finance Company LLC
Peachtree LBP Warehouse LLC	Peachtree LBP Finance Company LLC
Peachtree Life & Annuity Group LLC	Peachtree Financial Solutions LLC
Non-trading companies	
Senior Settlement Holding Euro LLC	Peach Holdings LLC
PSF Illinois Corporation	Peach Holdings LLC
Settlement Funding of New York LLC	Peach Holdings LLC
Tort Victims Assistance Finance Company LLC	Peach Holdings LLC
Tort Victims Assistance Finance Company of West Virginia LLC	Peach Holdings LLC
Peachtree LBP Holding Company LLC	Peach Holdings LLC
Marketing Company of America LLC	Peach Holdings LLC
Non-qualifying Special Purpose Entities	
Peachtree LW Receivables I LLC	Settlement Funding LLC
Qualifying Special Purpose Entities	
Peachtree Finance Company LLC	
Peachtree Finance Company #2 LLC	
Structured Receivables Finance #1 LLC	
Structured Receivables Finance #2 LLC	
Structured Receivables Finance #3 LLC	
Joint ventures	
LBP Licencing Company LLC	
Life Receivables Holdings LLC	
Life Receivables I LLC	
Life Receivables II LLC	
Life Receivables Euro LLC	
Life Receivables Euro II LLC	

The Peach Group is required to consolidate all variable interest entities for which the Peach Group has been determined to be the primary beneficiary under Financial Accounting Standards Board Interpretation No. 46 (FIN 46). FIN 46 defines the primary beneficiary of a variable interest entity as the entity that is subject to a majority of the risk of loss from that variable interest entity's activities

5.3 Summary of Significant Accounting Policies (continued)

or entitled to receive a majority of the variable interest entity's residual returns or both. All of the entities required to be consolidated under FIN 46 are included in the combined statements.

PSF Holdings LLC is also the residual beneficiary in relation to certain trusts, which hold the funds received from the instalment sale transaction structure business and which issue the note to the individual party to the transaction. In addition, the group has given guarantees to the note holders. As residual beneficiary of the trusts, PSF Holdings LLC will receive any surplus assets that remain in the trust following the settlement of all outstanding loan obligations. The activities included within these trusts have been consolidated into the Peach Group results for all of the periods.

All material inter-company balances and transactions are eliminated in the combined statements.

Interest in joint ventures

Interests in joint ventures are accounted for on a net equity investment basis. Where the joint ventures are in negative equity positions the Peach Group's share of losses is limited to its cost of investment, unless it has agreed to make good these losses.

Transfers of Financial Assets

Transfers of financial assets are accounted for as sales when control over the assets has been surrendered. Control over transferred assets is deemed to be surrendered when (1) the assets have been isolated from the Peach Group, (2) the transferee (or the beneficial interest holder, if the transferee is a QSPE) obtains the right (free of conditions that constrain it from taking advantage of that right) to pledge or exchange the transferred assets (or the beneficial interests, if the transferee is a QSPE), and (3) the Peach Group does not maintain effective control over the transferred assets through an agreement to repurchase them before their maturity, or the ability to unilaterally cause the holder to return specific assets (or the beneficial interests, if the transferee is a QSPE). Transfers that do not meet the criteria to be accounted for as sales are accounted for as secured borrowings. For the purposes of this financial information, those entities that at 30 June 2005 met the criteria to be considered QSPEs have been treated as such throughout all periods presented.

Gains or Losses on Sales of Receivables

Gains or losses on sales of receivables are recognised based on the difference between the cash proceeds from the sale and the allocated portions of the carrying values of the receivables sold, are determined by the relative fair value of the portion sold and the portion retained.

Interest income on retained interests in receivables sold is recognised by accreting the discount associated with the retained interests over the contractual lives of the receivables. The discount rate is adjusted periodically to recognise changes in the estimated future residual cash flows.

Restricted Cash

Restricted cash represents payments received by the Peach Group, as servicer, on the purchased structured settlement payments or lottery annuities. Amounts, less the servicing fee due to the Peach Group, are due to QSPEs, lenders or, in the case of excess payments received, to the structured settlement claimant or lottery winner. Payments are made from the restricted cash accounts to the lenders and other appropriate parties on a monthly basis in accordance with the applicable loan agreements or indentures.

Investments

Assets acquired through the Peach Group's instalment sale transaction structure are invested in a diverse portfolio of debt and marketable equity securities. Management has classified these investments as trading securities. Trading securities are held for resale in anticipation of fluctuations in market prices. Trading securities are stated at fair value with realised and unrealised gains and losses included in the Combined Statement of Operations.

Interest on debt securities is recognised in income as earned and dividend income on marketable equity securities is recognised in income on the ex-dividend date.

5.3 Summary of Significant Accounting Policies (continued)

Advances Receivable

Advances receivable represent cash payments made to sellers prior to the Peach Group's funding the purchase of receivables from those sellers.

Finance Receivables

The Peach Group acquires receivables associated with structured settlement payments and lottery winnings from individuals in exchange for cash (purchase price). The difference between the gross cash to be received in the future and the purchase price represents unearned income to be recognised over the term of the receivable at a constant effective interest rate. Interest earned on finance receiveables held on balance sheet by the Peach Group is included in interest and dividend income.

Other finance receivables include pre-settlement funding advances and insurance premium financing. Interest income on premium loans and pre-settlement advances is recognised over the terms of the loans using the interest method based on principal amounts outstanding.

Fees charged upon the origination of finance receivables and certain direct origination costs, including personnel, travel, postage, legal fees and other associated costs, are deferred and the net amount is amortised on an interest basis over the contractual life of the related finance receivables.

Finance receivables held for sale are carried at the lower of cost or market, in the aggregate. Additions to the allowance for losses for structured settlement and lottery payments held for sale that are not believed to be collectible are recognised as a reduction of cost, as though those payments have been charged-off.

Allowance for Losses on Receivables

The Peach Group on an ongoing basis reviews the ability to collect all outstanding receivables.

Management has established a set of policies it utilises on a routine basis to determine the ability to collect all outstanding structured settlement and lottery payments receivable. These policies take into account the length of time a receivable is delinquent, the existence of a court order, the amount of excess collateral available to recover missed payments, historical loss experience and other subjective criteria. When the Peach Group has determined that a scheduled payment receivable is impaired, the Peach Group suspends the recognition of income on that receivable and establishes an allowance equal to the present value of the receivable, based on the discount rate utilised to determine the initial purchase price of the receivable.

The collectibility of other receivables is evaluated based on historical experience, evaluation of collateral, if applicable, and other subjective criteria.

Retained Interests in Receivables Sold

Retained interests in receivables sold represent subordinated interests retained by the Group upon sales of structured settlement payments to QSPEs. After initial recording at date of sale, the present value discounts determined at time of sale are accreted to interest income over the expected periods of collection. As from 31 December 2004, the carrying amounts of the retained interests are compared to the estimated market values determined using discount rates commensurate with the risks involved. Differences between the carrying values and estimated market values represent unrealised appreciation or depreciation which is recorded as a component of other comprehensive income or loss similar to accounting for available for sale securities pursuant to FAS No. 115, "Accounting for Certain Investments in Debt and Equity Securities."

The Peach Group generally retains the right to service finance receivables sold to others. The fees received are believed to represent adequate compensation for the services performed and, therefore no servicing asset or liability has been recognised.

Equipment and Leasehold Improvements

Equipment and leasehold improvements is stated at cost less accumulated depreciation. Depreciation is provided using the straight-line method based on management's estimate of useful lives, which

range from three to ten years. Leasehold improvements are amortised using the straight-line method over the shorter of the term of the respective lease or the life of the improvement.

Deferred Financing Costs

Costs incurred to obtain financing are deferred and amortised by the interest method over the expected life of the related credit facility and are included in other assets in the accompanying balance sheets. Amortisation expense is included in interest expense in the statement of operations.

Income Taxes

Holdings is a Limited Liability Company ("LLC"), as are most of its subsidiaries. Most of these LLC's are disregarded for tax purposes. The results of their operations are allocated to the individual members for inclusion in their federal and state income tax returns. Therefore, no provision for income taxes related to these entities is included in the accompanying financial information.

However, LSC and two of Holdings' wholly-owned subsidiaries are subject to income taxes and file separate income tax returns. Additionally, the trusts holding the assets acquired through the instalment sale transaction structure are taxable entities. Income tax expense for these entities is recorded using an asset and liability method; whereby, deferred tax assets are recognised for deductible temporary differences and operating loss and tax credit carryforwards, and deferred tax liabilities are recognised for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their income tax bases. Deferred tax assets are reduced by a valuation allowance, when in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realised. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

Swap Liability

One of the Peach Group's line of credit agreements contains a derivative instrument that is "embedded" in the financial instrument. The embedded swaps are designed by the lender as perfectly matched amortising fixed for floating rate notional contracts which hedge interest rate risk. However, under current generally accepted accounting principles, it was determined that (1) the embedded derivative possesses economic characteristics that are not clearly and closely related to the economic characteristics of the host contract, and (2) a separate instrument with the same terms would qualify as a derivative instrument, therefore the embedded derivative is separated from the host contract, designated as a derivative instrument, and carried at fair value.

Interest rate swaps are recognised on the balance sheet at estimated fair value and changes in their fair value are recorded in current-period earnings. Since the Peach Group has not designated the derivatives as hedges, changes in the fair value of derivatives are recorded in swap loss or gain on the statement of operations.

Other Revenue Recognition

Fee income in the combined statement of operations generally includes broker fees and origination fees. Broker fee income is recognised when the contract between the purchasing finance company and the seller is closed. Origination fee revenue from life settlement transactions is recognised upon the transfer of life insurance policies to trusts, which coincides with the culmination of the earnings process. Servicing fee revenue is recognised as services are provided.

Marketing and Advertising Expenses

Marketing and advertising costs are expensed as incurred.

Use of Estimates

The preparation of combined financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

5.3 Summary of Significant Accounting Policies (continued)

The most significant balance sheet account that could be affected by such estimates is the retained interests in receivables sold. Actual results could differ from these estimates.

In addition the method by which the estimates have been arrived at are different between the periods ended 31 December 2002 and 31 December 2003, and the periods ended 31 December 2004 and 30 June 2005. It has not been possible to calculate the estimates on the same method throughout all of the periods.

5.4 Finance Receivables Held for Sale

	As at 31 December		*As at 30 June*
	2003 *$'000*	*2004* *$'000*	*2005* *$'000*
Structured settlement and lottery payments receivable	21,904	35,971	24,316
Less unearned discount	(9,794)	(18,481)	(11,419)
Discounted receivables	12,110	17,490	12,897
Capitalised origination costs, net	206	369	307
Reserve for doubtful accounts	(770)	(1,761)	(2,078)
Finance receivables held for sale, net	11,546	16,098	11,126

The contractual maturities of structured settlement and lottery payments receivable were as follows:

	As at 31 December		*As at 30 June*
	2003 *$'000*	*2004* *$'000*	*2005* *$'000*
1 July 2005 – 31 December 2005	—	—	1,628
Twelve Months Ending 31 December			
In one year	1,802	3,632	2,687
In two years	3,353	3,569	2,883
In three years	3,463	3,838	2,529
In four years	2,327	3,377	2,076
In five years	2,149	2,573	1,980
After five years	7,813	17,358	9,097
	20,907	34,347	22,880
Delinquent Payments	997	1,624	1,436
	21,904	35,971	24,316

Activity in the reserve for doubtful accounts was as follows for the periods under review:

	Year ended 31 December		*6 months ended 30 June*
	2003 *$'000*	*2004* *$'000*	*2005* *$'000*
Balance, beginning	249	770	1,761
Provision for loss	538	1,002	352
Receivables charged off	(17)	(11)	(35)
Balance, ending	770	1,761	2,078

There were approximately $1,300,000 of delinquent lottery payment receivables held at 30 June 2005 (31 December 2004: $1,500,000, 31 December 2003: $997,000). Fifteen transactions with approximately $1,300,000 of the delinquent receivables and approximately $1,150,000 of future receivables with a discounted value of $670,000, were identified as impaired at 30 June 2005. Fourteen transactions with approximately $1,125,000 of the delinquent receivables and approximately $1,185,000 of future receivables with a discounted value of $635,000, were identified as impaired at 31 December 2004. Seven transactions with approximately $460,000 of the delinquent receivables and approximately

5.4 Finance Receivables Held for Sale (continued)

$393,000 of future receivables with a discounted value of $308,000, were identified as impaired at 31 December 2003. The Group fully reserved for these receivables at the discounted value as of 30 June 2005, 31 December 2004 and 31 December 2003.

There were approximately $114,000 of delinquent structured settlement payment receivables held at both 30 June 2005 and 31 December 2004 and 31 December 2003. The Group reserved approximately $112,000 of these receivables at 30 June 2005 and $Nil at 31 December 2004 and 31 December 2003.

5.5 Finance and Advances Receivable

Finance receivables consist of the following:

	As at 31 December		*As at 30 June*
	2003	*2004*	*2005*
	$'000	*$'000*	*$'000*
Finance receivables	862	1,615	3,237
Less deferred revenue	—	(50)	(119)
Less reserve for doubtful accounts	—	—	(40)
Finance receivables	862	1,565	3,078

Activity in the reserve for doubtful accounts for finance receivables was as follows:

	Year ended 31 December		*6 months ended 30 June*
	2003	*2004*	*2005*
	$'000	*$'000*	*$'000*
Balance, beginning	—	—	—
Provision for loss	—	—	140
Receivables charged off	—	—	(100)
Balance, ending	—	—	40

Pre-settlement receivables are usually outstanding for a period of time exceeding one year. Based on historical portfolio experience, the Peach Group has reserved 1.5% of the outstanding balance, which equalled $40,000 as of 30 June 2005.

Advances receivable consist of the following:

	As at 31 December		*As at 30 June*
	2003	*2004*	*2005*
	$'000	*$'000*	*$'000*
Lottery advances	1,010	1,806	1,769
Structured settlement advances	483	304	274
Other advances	168	29	44
	1,661	2,139	2,087
Less reserve for doubtful accounts	(185)	(270)	(298)
Advance receivables, net	1,476	1,869	1,789

5.5 Finance and Advances Receivable (continued)

Activity in the reserve for doubtful accounts for advances receivable was as follows:

	Year ended 31 December		*6 months ended 30 June*
	2003	*2004*	*2005*
	$'000	*$'000*	*$'000*
Balance, beginning	196	185	270
Provision for loss	5	145	28
Receivables charged off	(16)	(60)	—
Balance, ending	185	270	298

The Peach Group's lottery and structured settlements businesses in some cases will advance a portion of the purchase price to a customer prior to the closing of the transaction. These transactions usually close within 90 days and the advances are repaid at the time of closing. Based on historical experience, as transactions exceed the 90-day period, there is an increased risk the transaction will not close and the advance will not be repaid. The Peach Group reserves 50% of all structured settlement advances over 90 days and 100% of all advances over 180 days outstanding. In the case of lottery, the Peach Group reserves 100% of all advances over 180 days outstanding.

5.6 Sales of Structured Settlement Payments and Retained Interests

	Year ended 31 December			*6 months ended 30 June*
	2002	*2003*	*2004*	*2005*
	$'000	*$'000*	*$'000*	*$'000*
Proceeds of sale	32,185	68,849	94,900	62,068
Carrying amount of receivables sold	23,469	45,658	66,805	43,491
Less: Retained interest	2,988	5,192	8,502	7,218
Allocated cost of receivables sold	20,481	40,466	58,303	36,273
Gain on sale	11,704	28,383	36,597	25,795

When the Peach Group sells structured settlement payments to its QSPEs, it recognises a gain or loss on the sale and it retains an interest in the sold receivables. The gain or loss on sale of the receivables is based on the cost of the financial assets involved in the transfer, allocated between the assets sold and the retained interests based on their relative fair value at the date of transfer. The retained interests are subordinated to the repayment of the financial institutions or investors that provide financing to the QSPEs.

In 2003, provisions of $3,100,000 were recognised against the retained interests in receivables sold.

On 21 November 2004 one of the Peach Group's QSPEs, Peachtree Finance Company LLC ("PFC"), entered into a National Class Action Settlement ("the Class Settlement") to settle litigation between it and various claimants and insurance companies. The Class Settlement calls for PFC to refund certain future payments receivable based upon the level of obligor consent obtained during the consent period. The Class Settlement also deals with certain receivables which are in default.

The net effect of the Class Settlement was a substantial positive impact on the collectability of both delinquent and future PFC receivables.

In addition in 2004, there was also a change in method for the valuation of the retained interests in the receivables sold and the retained interests, net of provisions were revalued under the new method.

5.6 Sales of Structured Settlement Payments and Retained Interests (continued)

The impact of these provisions on the retained interests is as follows:

	As at 31 December		*As at 30 June*
	2003 Actual $'000	*2004 Audited $'000*	*2005 Audited $'000*
Gross retained interests	34,598	34,855	45,025
Provision at beginning of the year	6,119	9,688	—
Movement in year	3,100	(9,688)	—
Transfer from Due from Affiliates	469	—	—
Provision at end of the year	9,688	—	—
Net retained interests	24,910	34,855	45,025

The carrying amounts at 30 June 2005 and 31 December 2004 are derived based on the scheduled collections of annuity or loan payments by the QSPEs and the assumed amortisation of amounts payable to the financial institution or investors using interest rates in effect at those respective dates. To obtain fair values, quoted market prices are used if available. However, quotes are generally not available for retained interests, so the Peach Group generally estimates fair value based on the present value of future expected cash flows estimated using management's best estimates of the key assumptions-credit losses, prepayment speeds, forward yield curves, and discount rates commensurate with the risks involved. Key economic assumptions used in measuring the retained interests at 30 June 2005 and 31 December 2004 (no information is available in respect of earlier periods) are as follows:

Factor	*31 Dec 2004*	*30 Jun 2005*	*Basis*
Prepayment Speed (annual rate)	0.00%	0.00%	Prepayments are not permitted
Expected credit losses (a)	0.00%	0.00%	Experience with court-ordered payment assignments
Residual cash flows discounted at	7.75%	6.96%	Approximate market rate based on BBB rating

(a) Except for Peachtree Finance Company LLC, for which uncollectible delinquent payments of approximately $500,000 have been assumed as of 30 June 2005 and 31 December 2004.

The actual amounts could vary significantly from those shown depending on changes in the amounts, terms or providers of funding to the QSPEs. At 30 June 2005 and 31 December 2004 (no information is available in respect of earlier periods), key economic assumptions and the sensitivity of the current fair value of residual cash flows to immediate adverse changes in those assumptions are as follows ($ in millions):

	31 December 2004	*30 June 2005*
Carrying amount/fair value of retained interests	$34.9	$45.0
Weighted average life (in years)	13.9	13.7
Credit losses (annual rate)		
Impact on fair value for a 0.5% credit loss	$ 1.1	$ 1.3
Impact on fair value for a 1% credit loss	$ 2.2	$ 2.5
Residual cash flows discount rate		
Impact on fair value for a 10% adverse change	$ 3.0	$ 3.6
Impact on fair value for a 20% adverse change	$ 5.7	$ 6.7

These sensitivities are hypothetical and should be used with caution. As the figures indicate, changes in fair value based on a 10 percent variation in assumptions generally cannot be extrapolated because the relationship of the change in assumption to the change in fair value may not be linear. Also, in this table, the effect of a variation in a particular assumption on the fair value of the retained interest

5.6 Sales of Structured Settlement Payments and Retained Interests (continued)

is calculated without changing any other assumption; in reality, changes in one factor may result in changes in another (for example, increases in market interest rates may result in increased credit losses), which might magnify or counteract the sensitivities.

In September 2005, the Peach Group received approximately $14.5 million in return for the transfer of approximately 60% of its retained interest in Peachtree Finance Company LLC to a new QSPE.

The Peach Group accounts for retained interests in receivables sold similar to available for sale securities. As such, unrealised gains or losses related to those interests are recognised as a separate component of other comprehensive income. Activity in other comprehensive income was as follows:

	Year ended 31 December			*6 months ended 30 June*
	2002 *$'000*	*2003* *$'000*	*2004* *$'000*	*2005* *$'000*
Fair value of retained interests received upon sale of receivables	3,276	7,873	12,811	8,491
Less allocated cost of receivables sold	2,150	5,192	8,752	5,072
	1,126	2,681	4,059	3,419
Unrealised (loss)/gain on retained interests held	—	—	(1,724)	8,420
Less gain realised on sale of retained interest	886	—	648	2,318
	(886)	—	(2,372)	6,102
Other comprehensive income movement	240	2,681	1,687	9,521

The unrealised loss of $1,724,000 in 2004 in part reflects a change in method of calculating gains on sales of receivables effected at the end of 2004. It has not been possible to allocate this movement between valuation differences and the change in method.

Retained interests increased in fair value during the period to 30 June 2005 primarily due to a decrease in the discount rate, which was based on decreases in fixed rates available to the QSPEs under term financing arrangements.

5.7 Equipment and Leasehold Improvements

Equipment and Leasehold improvements is summarised as follows:

	As at 31 December		*As at 30 June*
	2003 *$'000*	*2004* *$'000*	*2005* *$'000*
Computer software and equipment	861	976	1,712
Furniture, fixtures and equipment	403	630	810
Leasehold improvements	288	452	510
	1,552	2,058	3,032
Less: accumulated depreciation	(1,036)	(868)	(1,080)
Equipment and leasehold improvements, net	516	1,190	1,952

Depreciation expense for the six months ended 30 June 2005 was $212,000 (Year ended 31 December 2004: $305,000, Year ended 31 December 2003: $188,000, Year ended 31 December 2002: $193,000).

5.8 Instalment Notes Payable

Instalment note obligations issued by PSF Holdings trusts under the Structure totalled $288,864,000 at 30 June 2005 (31 December 2004: $296,627,000, 31 December 2003: $256,334,000. Under the terms of the Structure, the notes earn income or losses based on investment options selected by the obligee, which may be based on equity or debt indices. Each note has an instalment payment schedule agreed to by the obligee at the time of issuance of the note. An obligee may request an unscheduled

5.8 Instalment Notes Payable (continued)

instalment payment which must be agreed to by the Peach Group, and if so agreed the Peach Group is entitled to charge a penalty up to 10% of the unscheduled instalment amount. In addition, note balances are charged on a quarterly basis for a guarantee fee and an administration fee, both of which are paid to PSF Holdings, a wholly-owned subsidiary of Holdings. The obligations of the respective trusts under the notes are guaranteed by Settlement Funding, LLC, another wholly-owned subsidiary of Holdings.

The actual maturities of the notes depends on market conditions. Estimated maturities for the next five years are as follows:

	As at 31 December		*As at 30 June*
	2003	*2004*	*2005*
	$'000	*$'000*	*$'000*
1 July 2005 – 31 December 2005	—	—	14,575
Twelve months ending 31 December			
In one year	21,870	29,962	23,653
In two years	23,520	23,847	23,879
In three years	20,019	21,414	24,461
In four years	18,502	21,503	24,726
In five years	18,642	21,544	14,035
After five years	153,781	178,357	163,535
	256,334	296,627	288,864

5.9 Borrowings Under Lines of Credit

Settlement Funding, LLC, a wholly-owned subsidiary of Holdings, has a revolving credit facility with a bank providing for a $10 million working capital line, and a $3 million lottery advance line. Up to $5 million of the working capital line is available for pre-settlement advances. The facility bears interest at prime plus 0.5% (6.75% at 30 June 2005) and has a termination date of 28 April 2006. Interest on the working capital line is payable monthly in arrears; interest on the lottery advance lines is payable at maturity of the advances made under the facility. The lottery advance line is secured by related lottery advance receivables. The working capital line is secured by a blanket lien on substantially all of the assets of Settlement Funding, LLC. A fee equal to 2.5% per annum on the average daily unused commitment is payable quarterly. The facility contains certain restrictive covenants and is guaranteed by another wholly-owned subsidiary of Holdings. At 30 June 2005, $1,190,000 was outstanding under the lottery advance line, while there was nothing outstanding with respect to the working capital line. At 31 December 2004, $2,500,000 and $1,066,000 were outstanding on the working capital and lottery advance lines, respectively. At 31 December 2003, $1,500,000 and $775,000 were outstanding on the working capital and lottery advance lines, respectively.

PLW is the borrower under a non-committed credit facility with a financial institution. At 30 June 2005, advances under the facility totalled $7,995,000 (31 December 2004: $8,670,000, 31 December 2003: $10,327,000), and bore interest at fixed rates ranging from 7.4% to 8.2% and has a termination date of 30 September 2006. Advances under the facility are collateralised by PLW's right, title and interest in, to and under the lottery receivables, including the Lockbox and Lockbox Account, as defined in the credit agreement. The credit facility is guaranteed by one of the Peach Group's QSPEs.

LSC is the borrower under two revolving loan agreements with an investment bank. The agreements have an interest rate of one-month LIBOR plus 2.50% (5.84% at 30 June 2005), are collateralised by all assets of LSC except life insurance policies and are payable on ten days written notice. At 30 June 2005, there was an outstanding balance of $473,000 (31 December 2004: $324,000, 31 December 2003: $Nil) under one of the agreements. Interest on advances under the revolving loan agreements is paid by an affiliate.

Peachtree LBP Warehouse, LLC, a wholly-owned subsidiary of Holdings, has a $50 million revolving line of credit with a financial institution to fund premium loans. Proceeds under the line may be

5.9 Borrowings Under Lines of Credit (continued)

disbursed up to a maximum of $10 million per year for five years. The line bears interest at the one-year LIBOR rate plus 1.5% (4.84% at 30 June 2005). A commitment fee of 0.25% per annum on the daily average unused commitment is payable monthly. Advances under the line are due on maturity of the underlying premium loans. The line is secured by the underlying premium loans. There were no borrowings under this line of credit at 30 June 2005.

5.10 Interest Rate Swaps

Under the terms of the credit agreement with PLW, the lender enters into interest-rate swaps to manage its exposure to changes in interest rates related to PLW's borrowings. Under the terms of the credit facility, if the Lender realises a gain on termination of the swaps as a result of any payment of principal on outstanding advances, the Lender will pay the gain to PLW, and if the Lender realises a loss on termination of the swap, PLW will reimburse the Lender for such loss. These embedded derivative instruments have been separated from the host contract and carried at fair value. Hedge accounting has not been applied to these interest rate swaps. At 30 June 2005, PLW had $8,515,000 (31 December 2004: $9,159,000, 31 December 2003: $10,327,000) in notional amount of embedded interest rate swaps. However, there is no credit risk to the Peach Group because any gain to be received from the embedded swaps will be offset against principal payments made on outstanding advances.

5.11 Members' Equity

Members' equity is comprised of 7,750,000 common units of membership, of which 697,500 are owned by PSFC and 7,052,500 are owned by FI, and 2,250,000 Series A convertible preferred units of membership, owned by the Investment Partners. The Series A convertible preferred units provide for certain preference rights through 21 December 2009 in the event of a transfer of all of the common units ("Sale Condition") to a non-affiliate of FI or PSFC. The Sale Condition specifies the following minimum distribution of Sale Condition proceeds to the Series A convertible preferred unit holders:

Sale Condition Date	*Minimum Proceeds*
On or before 31 December 2005	$ 80,000,000
On or before 30 June 2006 but after 31 December 2005	$100,000,000
On or before 21 December 2009 but after 30 June 2006	$120,000,000

The Series A convertible preferred units also provide for certain Mandatory Conversion and Redemption rights. If at any time the Peach Group enters into a firm commitment for an underwritten public offering of shares exceeding $100 million of which the gross proceeds to the Peach Group would exceed $50 million, then the Series A convertible preferred units would automatically convert to Common Units ("Mandatory Conversion"), and the conversion would be treated as if it was a Liquidating Transaction. In addition after 21 December 2009, the Series A convertible preferred unit holders may upon written notice redeem all of their units as if the Peach Group were sold at fair market value ("Mandatory Redemption"), and the distribution of proceeds from such fair market value would be treated as a Liquidating Transaction.

Under a Liquidating Transaction, the Series A convertible preferred unit holders would first receive 100% of their total capital contributions made to the Peach Group ("Series A Return Amount"). Secondly, the Common Unit holders would receive 100% of the Series A Return Amount. Thirdly, any remaining proceeds would be shared pro-rata between the Series A convertible preferred unit holders and the Common Unit holders.

In July 2005 the Peach Group paid an additional $9.0 million in dividends.

5.12 Income Taxes

The provision for income taxes for the six months ended 30 June 2005 has been computed by applying the estimated annual effective income tax rate for 2005 to pre-tax income of those entities subject to income taxes. For the six months ended 30 June 2005, income tax expense computed at the Federal statutory income tax rate for taxable entities differs from the recorded amount of income tax

5.12 Income Taxes (continued)

expense due to utilisation of net operating loss carry forwards. There were no material net deferred tax assets or liabilities included in the accompanying balance sheets at 30 June 2005 or 31 December 2004 or 31 December 2003.

5.13 Related Party Transactions

The Group furnishes certain services (including administration and overhead) and performs certain product servicing for the QSPEs under servicing and administrative agreements. For the six months ended 30 June 2005, the Group received $906,000, (year ended 31 December 2004: $1,246,000, year ended 31 December 2003: $704,000 and year ended 31 December 2002: $397,000), which is included in servicing revenue. Subsequent to 21 December 2004, no further advances have been made to the QSPEs.

The Peach Group entered into a consulting agreement in 2003 for assistance with the development of financing facilities. Under the terms of the agreement, the Peach Group will pay from $150,000 to $200,000 per month through March 2006 and also pay up to $1 million per year related to successful securitisations. For the six months ended 30 June 2005, the Peach Group paid $2,125,000 under this agreement. The sole equity owner of the consulting company, through another company, also holds a warrant from James Terlizzi enabling the holder to acquire an interest in the Company.

5.14 Interest in Life Settlement Joint Ventures

In 2001, the Peach Group entered into a joint venture in the Life Settlement business with an unrelated third party. In June 2005, the joint venture received proceeds of $14,250,000 in connection with the transfer of residual interests in life insurance policies held by a subsidiary. The Peach Group recognised fee income of $7,125,000 as its share of the joint venture.

Under the terms of the HVB facilities, the Peach Group does not have a residual interest in the arrangements. However, Life Receivables Euro, LLC has an interest of 26.67% in the excess returns over the 9.25% projected returns used in pricing the purchase of life settlements for the first HVB facility, Life GmbH & Co. Erste KG and Life Receivables Euro II, LLC has an interest in the excess returns over the 9.25% projected returns used in pricing the purchase of life settlements for the second HVB facility, Life GmbH & Co. Zweite KG. At present no excess is anticipated, and hence no value has been recognised in this regard.

With a 50% joint venture interest in Life Receivables Holdings, LLC, Life Receivables Euro, LLC and Life Receivables Euro II, LLC, the Peach Group is required to equity account for its interest in these entities. As noted above, Life Receivables Euro does not recognise any likely assets accruing from its interests at present.

Further, under US GAAP, insurance policies, which include mortality risk are valued at their policy surrender value which is less than the original cost. Accordingly, even though Life Receivables Holdings, LLC was able to sell and realise its residual interest, this was valued at zero on the basis that the surrender value of all of the policies remained below the amount outstanding under the loan.

5.15 Risks and Uncertainties

At 30 June 2005, the Peach Group's finance receivables balances are primarily lottery winnings (which are obligations of state governments) and the obligations of insurance companies. Therefore, the exposure to concentration of credit risk with respect to its receivables is generally limited due to the number of insurance companies and states comprising the receivable base, their dispersion across geographical areas, and state insurance guarantee funds. However, as of 30 June 2005, approximately 12%, and 7% of total finance receivables are due from two states. The Peach Group is subject to risks associated with purchasing structured settlement receivables, which include, but are not limited to, restrictions on assignability of receivables, sellers' diversion of payments due to the Peach Group, insolvency of an insurance company, and potential risks of regulations and changes in legislation.

As discussed in Note 5.1, the Peach Group facilitates the sale of life insurance policies to affiliates. The affiliates, in turn, issue trust interests respecting those policies to a single investor. The Peach Group's revenue stream is dependent upon its affiliates' continued relationship with this investor.

5.15 Risks and Uncertainties (continued)

During the six months ended 30 June 2005, approximately $9.2 million of the Peach Group's revenue was earned in connection with the sale of trust interests to this investor. The Peach Group is subject to risks associated with purchasing life insurance contracts, which include, but are not limited to, insolvency of a life insurance contract issuer, and potential risks of regulations and changes in legislation.

The Peach Group maintains cash balances at financial institutions in excess of FDIC insurance limits. Management does not believe the Peach Group is exposed to significant risk of loss related to uninsured deposits.

5.16 Fair Value of Financial Instruments

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value:

Investments — The estimated fair value of investments in marketable securities is based on quoted market prices.

Finance receivables, net — The estimated fair value of finance receivables (including finance receivables held for sale), net is estimated by discounting the expected cash flows at market interest rates for comparable investments.

Advances receivable, net and other receivables — The estimated fair value of advances receivable and other receivables, which are generally recovered in less than three months, is equal to the carrying amount.

Due from affiliates — The estimated fair value of due from affiliates and due to affiliates, which bear interest at a variable rate equal to current short-term rates, is equal to the carrying amount.

Retained interests in receivables sold — The estimated fair value of retained interest in receivables sold is determined by discounting the expected residual cash flows at estimated market interest rates for comparable investments.

Unremitted asset servicing collections — The estimated fair value of unremitted asset servicing collections is equal to the carrying amount.

Notes payable — Notes payable are reported at fair value determined based on changes in the investment indices selected by the obligees under the terms of the notes over the lives of the notes.

Borrowings under line of credit — Based on the borrowing rates currently available to the Group for debt with similar terms and remaining maturities, the Peach Group estimates that the carrying value of its borrowings approximate fair value.

Swap liability — The estimated fair value of interest rate swaps is based upon market quotes from a large US bank.

5.16 Fair Value of Financial Instruments (continued)

The estimated fair values of the Peach Group's financial instruments are as follows:

	As at 31 December 2003		*As at 31 December 2004*		*As at 30 June 2005*	
	Estimated Fair Value	*Carrying Amount*	*Estimated Fair Value*	*Carrying Amount*	*Estimated Fair Value*	*Carrying Amount*
	$'000	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*
Financial assets						
Investments.	256,330	256,330	293,262	293,262	288,864	288,864
Finance receivables held for sale, net.	15,424	11,546	24,637	16,098	16,186	11,126
Finance receivables, net . .	862	862	1,565	1,565	3,078	3,078
Advance receivables, net .	1,476	1,476	1,869	1,869	1,789	1,789
Other receivables.	3,925	3,925	5,664	5,664	2,258	2,258
Due from affiliates, net. . .	5,556	5,556	5,907	5,907	4,206	4,206
Retained interest in receivables sold	24,910	24,910	34,855	34,855	45,025	45,025
Financial liabilities						
Unremitted asset servicing collections.	1,461	1,461	1,756	1,756	2,719	2,719
Instalment notes payable .	256,334	256,334	296,627	296,627	288,864	288,864
Borrowings under line of credit	12,602	12,602	12,560	12,560	9,659	9,659
Swap liability	1,233	1,233	796	796	675	675

5.17 Commitments and Contingencies

In the normal course of business, the Peach Group is subject to various legal proceedings and claims, the resolution of which, in management's opinion, will not have a material adverse effect on the financial position or the results of operations of the Group.

The Peach Group has had discussions with the Internal Revenue Service (the "IRS") relating to certain federal income tax matters arising from Peachtree's ordinary business activities. The discussions pertained to (i) a refund of the federal income tax withheld on two purchased lottery prizes and (ii) the issuance by Peachtree of a series of instalment obligations in exchange for purchased lottery prizes and other non-lottery receivables. On 30 March 2004, the Office of Chief Counsel issued a Chief Counsel Advice, which resolved the majority of the issues raised as to the aforementioned lottery transactions.

Thereafter, the IRS issued a series of Information Document Requests primarily regarding (i) the manner in which Peachtree accounted for its instalment obligation liability and (ii) Peachtree's use of instalment obligations to purchase certain non-lottery receivables, including the structure's legal rationale, manner of operation, creation, development, and marketing. The Peach Group has provided responses to all Information Document Requests. The Peach Group and the IRS have exchanged a form of settlement agreement to resolve the matter. The Peach Group has not accrued any liability for any potential settlement because management does not believe a loss is probable. Management does not believe any potential settlement of this matter will have a material adverse effect on the financial position or the results of operations of the Peach Group.

The Peach Group has indemnified a non-affiliated lending institution for all costs and damages associated with legal actions related to loans made by the entity which are collateralised by structured settlement payments. No significant costs have been incurred to date related to this indemnification.

5.17 Commitments and Contingencies (continued)

The Peach Group leases office space and equipment under varying lease arrangements. None of the agreements contain unusual renewal or purchase options. Leases for office space and equipment having an initial or remaining non-cancellable term in excess of one year at 30 June 2005 require the following minimum future rental payments:

	As at 31 December		*As at 30 June*
	2003	*2004*	*2005*
	$'000	*$'000*	*$'000*
1 July 2005 – 31 December 2005	—	—	397
Twelve Months Ending 31 December			
In one year	969	745	786
In two years	726	350	674
In three years	342	161	692
In four years	—	—	599
In five years	—	—	560
After five years	—	—	94
	2,037	1,256	3,802

Rental expense for the six months ended 30 June 2005 was $401,000 (Year ended 31 December 2004 — $823,000, Year ended 31 December 2003 — $1,250,000, Year ended 31 December 2002-$899,000).

5.18 Employee Benefit Plan

The Peach Group maintains a Savings Plan under Section 401(k) ("the Plan") under the Internal Revenue Code, which was established effective 1 January 1998. The Plan covers all eligible employees. The Peach Group's contributions to the Plan are based upon a percentage of employee contributions. Plan expense for the six months ended 30 June 2005 was $44,000 and $65,000 for the year ended 31 December 2004, $57,000 for the year ended 31 December 2003 and $42,000 for the year ended 31 December 2002.

5.19 Restricted Cash

At 30 June 2005 restricted cash also includes approximately $4.4 million of income tax refunds received and held pending a determination of the amount to be allocated to the respective investment account in conjunction with a corresponding instalment note to be issued under the Asset Advantage programme.

Declaration

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

Yours faithfully

RSM ROBSON RHODES LLP

PART IVc

UNAUDITED PRO-FORMA STATEMENT OF NET ASSETS

The unaudited pro forma statement of net assets for the Group set out below is based on the balance sheet of Peach Holdings Inc as at 6 March 2006, as set out in Part IVa of this document and the consolidated balance sheet of Peach Holdings LLC as at 30 June 2005, as set out in Part IVb of this document and has been adjusted for taxation (as explained in Part I) and the proposed Placing.

This unaudited pro forma net asset statement has been prepared for illustrative purposes only and does not include any adjustment for trading undertaken since the last audited balance sheet date set out above for Peach Holdings LLC.

	Peach Holdings Inc At 6 March 2006 $'000	*Peach Holdings LLC At 30 June 2005 $'000*	*Taxation (Note 3) $'000*	*Net Placing Proceeds (Note 4) $'000*	*Unaudited Pro forma Group $'000*
ASSETS					
Cash	—	20,352	—	21,000	41,352
Restricted cash	—	7,631	—	—	7,631
Investments	—	288,864	—	—	288,864
Finance receivables held for sale, net	—	11,126	—	—	11,126
Finance receivables, net	—	3,078	—	—	3,078
Advances receivable, net	—	1,789	—	—	1,789
Other receivables	—	2,258	—	—	2,258
Due from QSPE affiliates, net	—	4,206	—	—	4,206
Retained interests in receivables sold	—	45,025	—	—	45,025
Equipment and leasehold improvements, net	—	1,952	—	—	1,952
Other assets	—	1,126	—	—	1,126
Total Assets	—	**387,407**	—	21,000	408,407
LIABILITIES & MEMBERS EQUITY					
Liabilities					
Accounts payable and accrued expenses	—	4,742	—	2,175	6,917
Unremitted asset servicing collections	—	2,719	—	—	2,719
Escrows held on contracts	—	529	—	—	529
Swap liabilities	—	675	—	—	675
Other liabilities	—	6,196	—	—	6,196
Instalment notes payable	—	288,864	—	—	288,864
Borrowings under lines of credit	—	9,659	—	—	9,659
Deferred tax	—	—	10,700	—	10,700
Total Liabilities	—	**313,384**	10,700	2,175	326,259
Members' Equity					
Paid-in capital	—	5,202	—	21,000	26,202
Retained earnings	—	47,046	(10,700)	(2,175)	34,171
Accumulated other comprehensive income	—	21,775	—	—	21,775
Total Members' Equity	—	74,023	(10,700)	18,825	82,148
Total Liabilities and Members' Equity	—	**387,407**	—	21,000	408,407

Notes:

1. The net assets of Peach Holdings Inc are extracted from the balance sheet at 6 March 2006 contained in Part IVa of this document.

2. The net assets of Peach Holdings LLC are extracted from the balance sheet at 30 June 2005 contained in Part IVb of this document.

3. A net deferred tax liability at 30 June 2005 has been estimated by management in respect of temporary differences. For the purposes of the unaudited pro forma statement of net assets, the calculation of the allocation of deferred tax between retained earnings and accumulated other comprehensive income has not been performed and so the balance has been allocated entirely to retained earnings. No account has been taken of any potential deferred tax asset that may arise in the event that the exercise of the Skyline warrant referred to in Part III results in a deduction for tax purposes.

   There are net operating losses that have not been recognised as deferred tax assets due to uncertainties regarding the extent and timing of realisation of these items. To the extent that the deferred tax assets had been recognised then they would have been entirely offset by a valuation allowance.

4. This adjustment represents the receipt of proceeds from the Placing of New Shares being allotted and issued by the Company of $21.0 million less Placing expenses attributable to the Company of $2.175 million.

PART Va

PROFIT ESTIMATE

Director's Profit Estimate

The Directors estimate, following due and careful enquiry, that, in the absence of unforeseen circumstances, pre-tax income is expected to be approximately $36.5 million for the twelve months ended 31 December 2005. This profit estimate has been determined based on unaudited management accounts and may change as a result of the year end process of preparing audited financial statements. The Directors' estimate is based upon certain estimates and those accounting policies as disclosed in the Accountants' Report contained in Part IVb of this document. In addition, a new policy has been applied in the recognition of income from insurance commission which has not previously been significant. The new policy will disclose that insurance commissions are recognised from the date that the underlying insurance policies are in force.

PART Vb

RSM ROBSON RHODES LLP'S LETTER

24 March 2006

The Directors
Peach Holdings, Inc
6501 Park of Commerce Boulevard,
Suite 140 B,
Boca Raton, Florida
33487 USA

The Directors
Peach Holdings, LLC
3720 DaVinci Court, Suite 450
Norcross, Georgia
30092 USA

The Directors
Collins Stewart Limited
9th Floor
88 Wood Street
London EC2V 7QR

The Directors
Bear, Stearns International Limited
One Canada Square
London E14 5AD

Dear Sirs

PEACH HOLDINGS, LLC ("PEACHTREE")

We report on the profit estimate comprising the estimate of profit on ordinary activities before taxation of Peachtree and its affiliated entities (together "the Group") for the period ended 31 December 2005 (the "profit estimate"). The profit estimate and the basis on which it is prepared is set out above in Part V(a) of the AIM admission document (the "Admission Document") issued by the Company dated 24 March 2006. Our report is made pursuant to Schedule Two to the AIM Rules and for no other purpose.

Responsibilities

It is the responsibility of the Directors of the Company to prepare the profit estimate in accordance with the requirements of the AIM Rules.

It is our responsibility to form an opinion as to the proper compilation of the profit estimate and to report that opinion to you.

Basis of Preparation of the Profit Estimate
The profit estimate has been prepared on the basis stated in Part V(a) of the Admission Document and is based on the unaudited management accounts for the year ended 31 December 2005. The profit estimate is required to be presented on a basis consistent with the accounting policies of the Group.

Basis of Opinion
We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included evaluating the basis on which the historical financial information included in the profit estimate has been prepared and considering whether the profit estimate has been accurately computed using that information and whether it is consistent with the accounting policies of the Group.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the profit estimate has been properly compiled on the basis stated.

However, the profit estimate has not been audited. The actual results reported may be affected by required revisions to accounting estimates due to changes in circumstances or the impact of unforeseen events and we can express no opinion as to whether the actual results achieved will correspond to those shown in the profit estimate and differences may be material.

Opinion
In our opinion, the profit estimate has been properly compiled on the basis stated and the basis of accounting used is consistent with the accounting policies of the Group.

Declaration
We are responsible for this report as part of the Admission Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import.

Yours faithfully

RSM ROBSON RHODES LLP

PART VI

TRANSFER RESTRICTIONS

This Admission Document has been prepared by the Company in making offers of the Placing Shares only to, or for the account or benefit of, non-US Persons outside the United States in transactions exempt from the registration requirements of the Securities Act in reliance on Regulation S. The Shares have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to a US Person (as defined in Regulation S).

The Shares are "restricted securities" as defined in Rule 144 promulgated under the Securities Act. A purchaser of the Shares may not offer, sell, pledge or otherwise transfer the Shares in the United States or to, or for the account or benefit of, any US Person, except (a) pursuant to an effective registration statement under the Securities Act, (b) to a person whom the seller reasonably believes is a qualified institutional buyer in a transaction meeting the requirements of Rule 144A under the Securities Act ("Rule 144A"), (c) pursuant to an exemption from the registration requirements of the Securities Act provided by Rule 144 thereunder (if available), or (d) in certain transactions specified in Regulation S. Hedging transactions involving the Shares may not be conducted, directly or indirectly, unless in compliance with the Securities Act. The certificates evidencing the Shares will bear a legend to the following effect, unless the Company decides otherwise in accordance with applicable law:

PRIOR TO INVESTING IN THE SECURITIES OR CONDUCTING ANY TRANSACTIONS IN THE SECURITIES, INVESTORS ARE ADVISED TO CONSULT PROFESSIONAL ADVISERS REGARDING THE RESTRICTIONS ON TRANSFER SUMMARISED BELOW AND ANY OTHER RESTRICTIONS.

THE SECURITIES REPRESENTED BY THIS CERTIFICATE WERE ORIGINALLY ISSUED IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER THE US SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT, AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT IF SUCH TRANSFER IS EFFECTED (1) IN A TRANSACTION MEETING THE REQUIREMENTS OF REGULATION S UNDER THE SECURITIES ACT, (2) IN THE UNITED STATES TO A PERSON WHOM THE SELLER REASONABLY BELIEVES TO BE A QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (3) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 (IF AVAILABLE) OR (4) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS, INCLUDING ANY STATE SECURITIES LAWS OF THE UNITED STATES. HEDGING TRANSACTIONS INVOLVING THE SECURITIES MAY NOT BE CONDUCTED, DIRECTLY OR INDIRECTLY, UNLESS IN COMPLIANCE WITH THE SECURITIES ACT. EACH PURCHASER OF THESE SECURITIES IS HEREBY NOTIFIED THAT THE SELLER OF THESE SECURITIES MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A OR REGULATION S THEREUNDER.

THE SECURITIES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO TRANSFER RESTRICTIONS PURSUANT TO CATEGORY 3 OF REGULATION S UNDER THE SECURITIES ACT, WHICH REQUIRE THAT IN ADDITION TO ANY CERTIFICATIONS REQUIRED FROM A TRANSFEROR AS SET FORTH ON THE REVERSE OF THIS CERTIFICATE, PRIOR TO THE EXPIRATION OF THE ONE YEAR DISTRIBUTION COMPLIANCE PERIOD, THE TRANSFEREE CERTIFIES THAT IT IS NOT A US PERSON WITHIN THE MEANING OF REGULATION S AND PROVIDES CERTAIN OTHER CERTIFICATIONS AND AGREEMENTS. PRIOR TO PERMITTING ANY TRANSFER, THE COMPANY MAY REQUEST AN OPINION OF COUNSEL REASONABLY SATISFACTORY TO THE COMPANY THAT SUCH TRANSFER IS TO BE EFFECTED IN A TRANSACTION MEETING THE REQUIREMENTS OF REGULATION S UNDER THE SECURITIES ACT OR IS EXEMPT FROM REGISTRATION.

THE HOLDER OF THESE SECURITIES AGREES FOR THE BENEFIT OF THE COMPANY THAT (A) THESE SECURITIES MAY BE OFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED, ONLY (I) IN THE UNITED STATES TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN

RULE 144A UNDER THE SECURITIES ACT) IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (II) OUTSIDE OF THE UNITED STATES IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 904 UNDER THE SECURITIES ACT, (III) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE) OR (IV) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH OF CASES (I) THROUGH (IV) IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES, AND (B) THE HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER OF THESE SECURITIES FROM IT OF THE RESALE RESTRICTIONS REFERRED TO IN (A) ABOVE.

Category 3 Offering — Compliance Period

The Shares offered hereby are subject to the conditions listed under section 903(b)(3), or Category 3, of Regulation S of the Securities Act. Under Category 3, Offering Restrictions (as defined under Regulation S) must be in place in connection with the offering and additional restrictions are imposed on re-sales of the Shares as described below. Prior to one year after the later of (1) the time when the Shares are first offered to persons other than distributors in reliance upon Regulation S or (2) the date of closing of the offering (the "Compliance Period"):

(a) every purchaser of the Shares other than a distributor will be required to certify that it is not a US Person and is not acquiring the securities for the account or benefit of any US Person or is a US Person who purchased securities in a transaction that did not require registration under the Securities Act;

(b) every purchaser of the Shares will be required to agree to resell such Shares only in accordance with the provisions of Rule 144A, Rule 144 (if available) or Regulation S, or pursuant to registration under the Securities Act, and will be required to agree to not engage in hedging transactions with regard to the Shares, directly or indirectly, unless in compliance with the Securities Act;

(c) each distributor selling securities to a distributor, a dealer (as defined in Section 2(a)(12) of the Securities Act), or a person receiving a selling concession, fee or other remuneration will be required to send a confirmation or other notice to the purchaser stating that the purchaser is subject to the same restrictions on offers and sales that apply to a distributor;

(d) pursuant to the Company's bylaws, the Company will be required to refuse to register any transfer of the Shares not made in accordance with the provisions of Rule 144A, Rule 144 (if available) or Regulation S, or pursuant to registration under the Securities Act; and

(e) certificates evidencing the Shares will contain a legend to the effect that transfer is prohibited except in accordance with the restrictions set forth in (b) above during the Compliance Period.

Representations and Warranties of Each Purchaser

Each purchaser of the Shares sold in the offering will be deemed to have represented and agreed as follows:

(1) (a) the purchaser is not a US person and is not acting for the account or benefit of a US person (other than a distributor), and (b) the purchaser is purchasing the Shares in an offshore transaction pursuant to Regulation S;

(2) the purchaser understands that the Shares have not been and will not be registered under the Securities Act and may not be offered, resold, pledged or otherwise transferred by such purchaser except (a) (i) in the United States to a person whom the seller reasonably believes is a qualified institutional buyer in a transaction meeting the requirements of Rule 144A, (ii) outside the United States in a transaction complying with the provisions of Rule 903 or Rule 904 of Regulation S, (iii) pursuant to an exemption from registration under the Securities Act provided by Rule 144 (if available), or (iv) pursuant to an effective registration statement under the Securities Act, and (b) in accordance with any applicable securities laws of any state of the United States and other jurisdictions. No representation can be made as to the availability of the exemption provided by Rule 144 for resale of the Shares;

(3) the purchaser understands and agrees that, if in the future it decides to resell, pledge or otherwise transfer the Shares or any beneficial interests in any Shares prior to the date which is one year after the later of (1) the date when the Shares are first offered to persons (other than distributors) pursuant to Regulation S and (2) the date of closing of the offering, it will do so only (i) in compliance with the restrictions set forth under "Category 3 Offering — Compliance Period" above, (ii) pursuant to an effective registration statement under the Securities Act, or (iii) in accordance with the provisions of Rule 144A, Rule 144 (if available) or Regulation S, and in each of such cases in accordance with any applicable securities laws of any state of the United States;

(4) the purchaser agrees to, and each subsequent holder is required to, notify any purchaser of the Shares from it of the resale restrictions referred to in paragraphs (2) and (3) above, if then applicable;

(5) the purchaser acknowledges that, prior to any proposed transfer of the Shares other than pursuant to an effective registration statement, the transferee of the Shares may be required to provide certifications and other documentation relating to the non-US Person status of such transferee;

(6) the purchaser acknowledges that the Company, Bear Stearns, Collins Stewart and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and warranties and agrees that if any such acknowledgement, representation or warranty deemed to have been made by virtue of its purchase of the Shares is no longer accurate, it shall promptly notify the Company, Bear Stearns and Collins Stewart;

(7) the purchaser acknowledges that the Shares will bear a restrictive legend to the effect referred to above, unless the Company determines otherwise in compliance with applicable law; and

(8) the purchaser is purchasing the Shares for its own account, or for one or more investor accounts for which it is acting as fiduciary or agent, in each case, not with a view to, or for offer or sale in connection with, any distribution thereof in violation of the Securities Act, subject to any requirement of law that the disposition of its property or the property of such investor account or accounts be at all times within its or their control and subject to its or their ability to resell, reoffer or otherwise transfer such Shares pursuant to Rule 144A, Regulation S or Rule 144 (if available) under the Securities Act.

This document does not constitute an offer of or a solicitation of an offer to buy, any Shares by on behalf of the Company, Collins Stewart or Bear Stearns, in any jurisdiction or in any circumstances where it is not authorised or lawful to make such an offer or solicitation.

The distribution of this document and the Shares may be restricted by law in certain jurisdictions. Persons into whose possession this document comes are required by the Company, Collins Stewart and Bear Stearns to inform themselves about such restrictions and to observe any such restrictions.

PART VII

ADDITIONAL INFORMATION

1 Incorporation and registered office

1.1 The Company was incorporated in the State of Florida in the United States of America on 27 February 2006 under the FBCA with the name Peach Holdings, Inc. and the registered number P06000029255.

1.2 The principal legislation under which the Company operates is the FBCA. The liability of the Shareholders is limited.

1.3 The Company's principal office, head office and principal place of business are all located at 6501 Park of Commerce Boulevard, Suite 140 B, Boca Raton, Florida 33487 (USA). The telephone number is +1 561 962 3900.

2 Share capital

2.1 Upon incorporation, the authorised share capital of the Company was $150,000 divided into 150,000,000 Shares. Following incorporation, 1 Share was issued fully paid to James Terlizzi on 4 March 2006.

2.2 Immediately prior to Admission, following the Reorganisation, the authorised and issued share capital of the Company (the issued of which will be fully paid) will be as follows:

Authorised share capital		*Issued share capital*	
Par value	*Number of Shares*	*Par value*	*Number of Shares*
$0.001	150,000,000	$0.001	100,000,000

2.3 Immediately following Admission, the authorised and issued share capital of the Company (the issued of which will be fully paid) will be as follows:

Authorised share capital		*Issued share capital (excluding treasury shares)*	
Par value	*Number of Shares*	*Par value*	*Number of Shares*
$0.001	150,000,000	$0.001	103,888,889

2.4 No Shares are held in treasury by the Company.

2.5 Prior to Admission, the Company intends to enter into a Nonqualified Stock Option Agreement with Dermot Smurfit, pursuant to which the Company will grant Dr. Smurfit an option to purchase Shares representing 1 per cent. of the aggregate number of Shares outstanding upon completion of the Placing, at a per Share exercise price equal to the Placing Price. Please see paragraph 15.2 of this Part VII for further details.

2.6 Save as set out in this document, there are no arrangements for involving employees in the capital of the Company.

2.7 Save in respect of the Placing, none of the Shares have been marketed or are available in whole or in part to the public in conjunction with the application for the Shares to be admitted to AIM.

2.8 The Shares will be traded in certificated form with effect from Admission.

2.9 In connection with the Placing, temporary documents of title will not be issued. However, it is expected that share certificates will be posted on 6 April 2006 or as soon as practicable thereafter. None of the Company's share capital is in bearer form.

2.10 Save as disclosed in this document:

2.10.1 there has been no change in the amount of the issued share or loan capital of the Company and no material change in the amount of the issued share or loan capital of any member of the Group (other than intra-group issues by wholly-owned subsidiaries) in the three years preceding the date of this document;

2.10.2 no commission, discounts, brokerages or other special terms have been granted by the Company or any other member of the Group in connection with the issue or sale of any share or loan capital of the Company or any other member of the Group in the three years preceding the date of this document; and

2.10.3 there are no acquisition rights or obligations over authorised but unissued share capital of the Company and there is no undertaking to increase the share capital.

2.11 The Board resolved on 24 March 2006, in connection with the Admission, to authorise the execution, delivery and performance by the Company of the transactions contemplated by the Contribution and Exchange Agreement and the issuance by the Company of the New Shares as part of the Placing pursuant to the Underwriting Agreement. Such transactions will be effective immediately prior to Admission.

3 Constitution of the Company

3.1 Articles of Incorporation and commentary

3.1.1 **Principal activities**

The Company may, and is authorised by Article 2 of its Articles of Incorporation, to engage in any business now or hereafter permitted under the laws of the United States and of the State of Florida.

3.1.2 **Authorised Shares — Preemptive rights**

The Articles of Incorporation provide that the Company has the authority to issue 150,000,000 Shares of common stock having a par value of $0.001 per Share.

The Company's Articles of Incorporation do not authorise the issuance of any class of stock other than the Shares. Holders of Shares are entitled to one vote per Share and to vote as a single class on all matters requiring shareholder approval under the FBCA or the Articles of Incorporation, including the election of directors. Holders of Shares are not entitled to cumulative voting in the election of directors. Holders of Shares are entitled to receive dividends on an equal basis but only if and in the amount declared by the board of directors of the Company (the "board") from time to time. On liquidation, holders of Shares will participate equally in the net assets of the corporation available for distribution to Shareholders after the payment of all of the Company's liabilities. The affirmative vote of a majority of the outstanding Shares is required in order to amend the Articles of Incorporation to change the rights of the holders of Shares, including the creation of a class of preferred stock senior to the Shares as to the payment of dividends or liquidating distributions or an increase in authorised Shares of common stock. This vote is higher than the minimum vote required by the FBCA. The Shares are not mandatorily redeemable by the Company and are not convertible into any other securities of the Company.

Holders of Shares have preemptive rights, subject to certain exceptions, to subscribe for their pro rata share, based on their relative Share ownership, of any additional Shares proposed to be sold by the Company for cash. The Company is required to give holders of record of Shares at least 21 days' prior notice of any such proposed sale, offering them the opportunity to purchase the additional Shares on the same or more favourable terms as proposed to be sold to others. Shareholders may assign their preemptive rights to others. Preemptive rights do not apply to (i) the issuance of Shares under plans for employees, directors or consultants, (ii) sales of Shares for consideration that includes non-cash consideration, such as Shares issued in a business combination, (iii) sales of not more than an aggregate of 5 per cent. of the issued Shares during any 12-month period, or (iv) where the offer and sale would violate applicable law or in the reasonable judgment of the board, compliance with the securities registration or similar requirements of applicable law would be unduly burdensome on the Company.

3.1.3 **Directors**

The Articles of Incorporation provide that the board is classified, with directors serving staggered three-year terms. The number of directors shall be at least one but no greater than eleven (11). The board may appoint a new director to fill a vacancy due to death, resignation, retirement, or otherwise for the balance of the unexpired term (subject to Section 607.0805(4) of the FBCA). The affirmative vote of at least sixty six and two-thirds per cent. (66⅔%) or more of the combined voting power of the then issued and outstanding Shares entitled to vote on the election of directors is required to amend the sections in the Articles of Incorporation pertaining to the number, term and removal of directors.

3.1.4 **Liquidation**

The Articles of Incorporation provide that the vote of at least sixty six and two-thirds per cent. (66⅔%) or more of the combined voting power of the then issued and outstanding Shares entitled to vote is required to liquidate or dissolve the Company or to sell, lease, transfer, license or otherwise dispose of all or substantially all of the Company's properties and assets.

3.1.5 **Transfer of stock — Restrictions**

3.1.5.1 Upon surrender to the Company or the transfer agent of the Company of a certificate for Shares duly endorsed or accompanied by proper evidence of transfer, the Company will issue a new certificate to the person entitled thereto, cancel the old certificate and record the transaction upon its books. All transfers of Shares may be effected by an instrument of transfer in writing in any usual or common form or in such other form as the board may approve.

3.1.5.2 However, the Articles of Incorporation contain restrictions on transfer of the Shares by Shareholders. If the Company has 500 or more Shareholders of record, the Company will be required to register the Shares under Section 12(g) of the Exchange Act, 1934. To avoid the requirement of having to register its Shares under the Exchange Act, 1934, the Articles of Incorporation contain transfer restrictions restricting transfers of the Shares that would result in there being 500 or more Shareholders of record (or such other number as would require the Company to register its Shares under the Exchange Act, 1934).

3.1.5.3 The board may waive the foregoing transfer restrictions if in the future it determines that it would be in the Company's best interests to register the Shares under Section 12(g) of the Exchange Act, 1934. In the absence of such waiver, the transfer restrictions in the Articles of Incorporation could prevent a Shareholder from transferring Shares to anyone other than the Company or another Shareholder of record, and thus could prevent the Shareholder from liquidating his or her investment in the Company. If the transfer restrictions are applicable and a Shareholder wishes to liquidate his or her investment but another Shareholder is not interested in purchasing the selling Shareholder's Shares, the selling Shareholder may be forced to wait until such time as another Shareholder is interested in purchasing the selling Shareholder's Shares unless the Company has sufficient capital and is willing to redeem such Shares.

3.1.5.4 The board may require the transferee of Shares transferred in violation of the transfer restrictions to sell such Shares at any time during the six-month period following the prohibited transfer to the Company or to an existing Shareholder at a price equal to the lesser of the price paid by the transferee or the fair market value of the Shares on the date of the required sale, as determined in good faith by the board. Additionally, the transferee will not be entitled to receive any dividends or other distributions on such Shares, which shall be deemed held in trust for the benefit of the Company.

3.1.6 **Share ownership notice requirements and related restrictions**

3.1.6.1 To the extent permitted by applicable law:

(i) if the aggregate amount of the Shares in which a person is interested (A) exceeds three per cent. of the entire issued and outstanding capital stock of the Company or (B) changes from an aggregate amount which exceeded three per cent. of the entire issued and outstanding capital stock of the Company, then in either such case such person shall make a notification to the Company (within the period and including any particulars the Company may specify);

(ii) on the Company's written request, a registered holder of the Shares is obliged to notify the Company (within the period and including any particulars the Company may specify) of any person interested in the Shares; and

unless otherwise directed by the board, for so long as a person is in default of his obligations under (i) or (ii) above, he shall not be entitled to vote at any meeting

nor receive dividends in respect of his Shares; and, for the purposes of (i) and (ii) above, interest shall be construed in accordance with the provisions of Section 208 of the Companies Act 1985.

3.1.7 **Indemnification of directors and officers**

3.1.7.1 The Articles of Incorporation also provide that directors and officers of the Company shall be indemnified to the fullest extent permitted by Florida law. The FBCA authorises Florida corporations to indemnify any person who was or is a party to any proceeding other than an action by, or in the right of, the corporation, by reason of the fact that the person is or was a director, officer, employee, or agent of the corporation. The indemnity also applies to any person who is or was serving at the request of the corporation as a director, officer, employee, or agent of another corporation or other entity. The indemnification applies against liability incurred in connection with such a proceeding, including any appeal, if the person acted in good faith and in a manner he reasonably believed to be in, or not opposed to, the best interests of the corporation. To be eligible for indemnity with respect to any criminal action or proceeding, the person must have had no reasonable cause to believe his conduct was unlawful.

3.1.7.2 In the case of an action by or on behalf of a corporation, indemnification may not be made if the person seeking indemnification is found liable, unless the court in which the action was brought determines such person is fairly and reasonably entitled to indemnification.

3.1.7.3 The indemnification provisions of the FBCA require indemnification if a director, officer, employee or agent has been successful in defending any action, suit or proceeding to which he or she was a party by reason of the fact that he or she is or was a director, officer, employee or agent of the corporation. The indemnity covers expenses actually and reasonably incurred in defending the action.

3.1.7.4 Under the FBCA, a director is not personally liable for monetary damages to the corporation or to any other person for acts or omissions in his or her capacity as a director except in certain limited circumstances. Those circumstances include violations of criminal law and transactions in which the director derived an improper personal benefit. As a result, Shareholders may be unable to recover monetary damages against directors of the Company for actions taken by them which constitute negligence or gross negligence or which are in violation of their fiduciary duties, although injunctive or other equitable relief may be available.

3.1.8 **Amendment**

Except for any amendment pursuant to Section 607.1002 of the FBCA and the provisions pertaining to the number, term and removal of directors, the Shareholders may not amend, alter, change, or repeal any provision of the Articles of Incorporation without the approval of Shareholders holding a majority of the voting power of all of the Shares entitled to vote.

3.2 Bylaws and commentary

3.2.1 **Directors**

3.2.1.1 The number of directors will be fixed from time to time by resolution of the board, within the limits specified in the Articles of Incorporation. Directors will usually be elected at the annual meeting of the Shareholders, although the board may appoint a new director to fill a vacancy due to death, resignation, retirement, or otherwise until the next annual meeting of Shareholders. The quorum for meetings of the board is a majority. If the board fills a vacancy, the new director must stand for election at the next annual meeting of Shareholders.

3.2.1.2 Except as provided under applicable law, all corporate powers are exercised by or under the authority of, and the business and affairs of the Company shall be managed under the direction of, the board. By resolution, the board may delegate its powers to committees with two or more members except where the action of the full board is required by law. The board may appoint one of its members as Chairman of the board and any member may hold any other employment or executive office with the Company for such period and on such terms as it may determine.

3.2.1.3 Directors may be paid their expenses, if any, of attendance at each meeting of the board and may be paid a fixed sum for attendance at each meeting or a stated salary as a director. Members of special or standing committees may also be allowed like compensation for attending committee meetings.

3.2.2 **Dividends**

The board may from time to time declare dividends on its outstanding Shares in cash, property or its own Shares pursuant to Florida law and the Articles of Incorporation out of profits or capital. Under the FBCA, a dividend may not be declared or paid if after giving effect to the dividend (i) the Company would not be able to pay its debts as they become due in the ordinary course of business, or (ii) the Company's total asset would be less than its total liabilities. Dividends will be paid only if and as declared by the board, in its discretion. There is no requirement to pay a dividend at a specified rate on fixed dates, nor is there a provision for dividends to accumulate over time. Any unclaimed dividends will be subject to applicable abandoned property laws.

3.2.3 **Voting of Shares**

Except as otherwise provided in the Articles of Incorporation or by law, each Shareholder is entitled to one (1) vote for each outstanding Share held by him on each matter voted at a Shareholders' meeting. Shareholders are entitled to receive notice of, and attend and vote at, in person or by proxy, meetings of the Shareholders. Directors shall be elected by a plurality of the votes cast by the Shares entitled to vote a meeting of Shareholders in which a quorum is present. Other than amendment to the Bylaws and except as required by law or the Articles of Incorporation, if a quorum exists, action on a matter is approved by the Shareholders if the votes cast favouring the action exceed the votes cast opposing the action. Shareholder action may only be taken at an annual or special meeting of Shareholders and may not be taken by written consent in lieu of a meeting unless the action to be effected by written consent and the taking of action by written consent has been expressly approved in advance by the board.

3.2.4 **Shareholder meetings**

Annual meetings of the Shareholders shall be held on an annual basis at such date and at such time fixed, from time to time, by the board. Special meetings of the Shareholders may be called only by (i) the President, (ii) Chairman of the board (iii) resolution of a majority of the directors then on the board, or (iv) Shareholders holding not less than forty per cent. (40%) of all votes entitled to be cast on any issue proposed to be considered at a special meeting. The Shareholders shall elect members of the board at the annual meeting and transact such other business as may properly be brought before the meeting. Except as provided by law, written or printed notice stating the time, place, day and hour of the Shareholder meeting, and in the case of a special meeting, the purpose of the meeting, shall be delivered not less than ten (10) nor more than sixty (60) days before the date of the meeting. Except as otherwise provided in the Articles of Incorporation or by law, a majority of the Shares entitled to vote on a matter represented in person or by proxy, shall constitute a quorum.

3.2.5 **Amendment to Bylaws**

Unless otherwise provided by law, the Bylaws may be altered, amended or repealed by action of the board or by Shareholders holding at least sixty six and two-thirds per cent. (66⅔%) or more of the combined voting power of the then issued and outstanding Shares entitled to vote thereon.

3.3 Anti-Takeover provisions

3.3.1 The Code will not apply to the Company. If the Company is an issuing public corporation as defined in the FBCA, the Company will be subject to several anti-takeover provisions under Florida law, unless the Company has elected to opt out of those provisions in its Articles of Incorporation or Bylaws. The Company has not elected to opt out of those provisions. Under the FBCA, an "issuing public corporation" is defined as a corporation that has (i) one hundred (100) or more shareholders, (ii) its principal place of business, its principal office, or substantial assets within the State of Florida; and (iii) either (a) more

than ten per cent. (10%) of its shareholders resident in the State of Florida, (b) more than ten per cent. (10%) of its shares owned by shareholders resident in the State of Florida, or (c) one thousand (1,000) of its shareholders resident in the State of Florida. The FBCA prohibits the voting of shares in a publicly-held Florida corporation that are acquired in a "control share acquisition" unless the holders of a majority of the corporation's voting shares (exclusive of shares held by officers of the corporation, inside directors, or the acquiring party) approve the granting of voting rights as to the shares acquired in the control share acquisition. A "control share acquisition" is defined in the FBCA as an acquisition that immediately thereafter entitles the acquiring party to vote in the election of directors within each of the following ranges of voting power: one-fifth or more but less than one-third of such voting power, one-third or more but less than a majority of such voting power, and more than a majority of such voting power. However, an acquisition of a publicly-held Florida corporation's shares is not deemed to be a control-share acquisition if it is either (i) approved by such corporation's board of directors, or (ii) made pursuant to a merger agreement to which such Florida corporation is a party. In accordance with the FBCA, the Bylaws provide that if a person acquiring control shares of the Company does not file an acquiring person statement with the Company, the Company may redeem the control shares at fair market value at any time during the sixty (60) day period after the last acquisition of control shares by such acquiring person. However, if a person acquiring control shares files an acquiring person statement with the Company, the control shares may be redeemed by the Company only if such shares are not accorded full voting rights by the Shareholders as provided by the FBCA.

3.3.2 The FBCA also contains an "affiliated transaction" provision that prohibits a Florida corporation with more than three hundred (300) shareholders of record from engaging in a broad range of business combinations or other extraordinary corporate transactions with any person who, together with affiliates and associates, beneficially owns more than 10 per cent. of the corporation's outstanding voting shares, otherwise referred to as an "interested shareholder," unless:

- the transaction is approved by a majority of disinterested directors before the person becomes an interested shareholder,
- the interested shareholder has owned at least 80 per cent. of the corporation's outstanding voting shares for at least five years,
- the transaction is approved by the holders of two-thirds of the corporation's voting shares other than those owned by the interested shareholder, or
- certain other exceptions apply.

3.3.3 The Articles of Incorporation and Bylaws include a number of provisions that may have the effect of deterring hostile takeovers or delaying or preventing changes in control or management, including, but not limited to, the following:

- The Bylaws provide that Shareholders seeking to present proposals before a meeting of Shareholders or to nominate candidates for election as directors at a meeting of Shareholders must provide timely notice in writing and also specify requirements as to the form and content of a Shareholder's notice. These provisions may delay or preclude Shareholders from bringing matters before a meeting of Shareholders or from making nominations for directors at a meeting of Shareholders, which could delay or deter takeover attempts or changes in management.
- The Bylaws provide that special meetings of the Shareholders may be called only by (i) the President, (ii) Chairman of the board (iii) resolution of a majority of the directors then on the board, or (iv) Shareholders holding not less than forty per cent. (40%) of all votes entitled to be cast on any issue proposed to be considered at a proposed special meeting.
- The Bylaws provide that all vacancies, including newly created directorships, may, except as otherwise required by law, be filled by the affirmative vote of a majority of directors then in office, even if less than a quorum. In addition, the Bylaws provide that the board may fix the number of directors by resolution.

- The Articles of Incorporation do not provide for cumulative voting for directors. The absence of cumulative voting may make it more difficult for shareholders who own an aggregate of less than a majority of the Shares to elect any directors to the board.

- The Bylaws provide that if a person acquiring control shares of the Company does not file an acquiring person statement with the Company, the Company may redeem the control shares at fair market value at any time during the sixty (60) day period after the last acquisition of control shares by such acquiring person. However, if a person acquiring control shares files an acquiring person statement with the Company, the control shares may be redeemed by the Company only if such shares are not accorded full voting rights by the Shareholders as provided by the FBCA.

3.3.4 These and other provisions contained in the Articles of Incorporation and Bylaws could delay or discourage transactions involving an actual or potential change in control of the Company or its management, including transactions in which the Shareholders might otherwise receive a premium for their Shares over then current prices, and may limit the ability of Shareholders to remove the Company's current management or approve transactions that the Shareholders may deem to be in their best interests and, therefore, could adversely affect the price of the Shares.

4 Interests of Directors and other major Shareholders

4.1 The beneficial interests of the Directors and of persons connected to them in the share capital of the Company, as they are expected to be immediately prior to Admission (following the Reorganisation) are set out below:

Name	*Number of Shares*	*Percentage of Shares*
Mitchell Hollin	0[(1)]	0%
James Terlizzi	42,307,997[(2)]	42.3%
Timothy Trankina	7,269,827[(3)]	7.3%
Dermot Smurfit	0	0%
Antony Mitchell	0	0%
Bruce Crockett	0	0%

(1) Excludes an aggregate of 17,273,149 Shares owned by LLR.

(2) Includes 27,966,269 Shares which will be subject to a warrant in favour of Skyline

(3) Includes 7,209,691 Shares held by Peachtree Settlement Funding Corporation, which is wholly owned by Mr. Trankina

4.2 All of the above Shareholders hold only Shares conferring, on a poll, one vote per Share.

4.3 No Director or member of the Director's family has a related financial product referenced to the Shares.

4.4 In addition to the interests disclosed above, so far as the Company is aware, the interests, direct or indirect, of persons (other than the Directors and senior managers) in three per cent. or more of the Company's issued share capital, as they are expected to be, immediately prior to Admission (following the Reorganisation), are as follows:

Name	*Number of Shares*	*Percentage of Shares*
Skyline	43,025,184[(1)]	43.0%
LLR	17,273,149	17.3%
Greenhill	9,300,925	9.3%

(1) Includes 27,966,269 Shares which Skyline will have a presently exercisable right to acquire from James Terlizzi

4.5 All of the above Shareholders hold only Shares conferring, on a poll, one vote per Share.

4.6 So far as the Company is aware, the interests, direct or indirect, of Directors or persons other than Directors, in three per cent. or more of the Company's issued share capital immediately following Admission are expected to be as follows:

Name	Number of Shares	Percentage of Shares
Skyline	27,966,369[1]	26.9%
James Terlizzi	37,288,392[2]	35.9%
LLR	11,227,548	10.8%
Greenhill	6,045,600	5.8%
Timothy Trankina	4,725,389[3]	4.5%

(1) Includes 27,966,269 Shares which Skyline will have a presently exercisable right to acquire from James Terlizzi

(2) Includes 27,966,269 Shares which will be subject to a warrant in favour of Skyline

(3) Includes 4,686,300 Shares held by Peachtree Settlement Funding Corporation, which is wholly owned by Mr. Trankina

4.7 All of the above Shareholders will hold only Shares conferring, on a poll, one vote per Share.

4.8 James Terlizzi will on Admission hold a significant stake in the Company and may be able to exert significant control over the Group's activities and conduct. A significant part of James Terlizzi's holding will be subject to a warrant in favour of Skyline, that will be currently exerciseable for value, and therefore Skyline upon exercising such warrant may be able to exert significant control over the Group's activities and conduct.

4.9 Save as disclosed in this paragraph 4, none of the Directors, their immediate families, nor any person connected with any Director will, at Admission, have any interest, whether beneficial or non-beneficial, in any share or loan capital of the Company or any of its subsidiaries.

4.10 Save as disclosed in this paragraph 4, the Company is not aware of any person who will, immediately following Admission, directly or indirectly, jointly or severally, exercise or could exercise control over the Company and there are no currently subsisting arrangements of which the Company is aware which may result in a change in the control of the Company at any future date.

4.11 Save as disclosed in paragraph 2.5 of this Part VII, no share or loan capital of the Company or any of its subsidiary undertakings is under option or is or will immediately following Admission be agreed conditionally or unconditionally to be put under option and no convertible or exchangeable securities of the Company are or will be in issue.

4.12 No outstanding loans or guarantees have been granted or provided to or for the benefit of any Director by the Company or any of its subsidiaries.

5 Directors' service agreements, letters of appointment and emoluments

5.1 The Directors and their functions in the Company are set out in Part II of this document under the heading "Directors, Senior Management and Employees".

5.2 Each of the Directors can be contacted through the Company's principal place of business.

5.3 During the five years immediately prior to the date of this document, the Directors have held or currently hold the following directorships and partnerships:

Director	Current directorships and partnerships	Former directorships and partnerships
Mitchell Hollin	Healthcare Finance Group, Inc. Tammac Holdings Corporation National Guardian Security Services, Inc. Peach Holdings, LLC Princeton Softech, Inc. CyberShift Holdings, Inc. Heartland Payment Systems, Inc. (NYSE:HPY) LLR Equity Partners, Inc LLR Equity Partners, L.P. LLR Equity Partners Parallel, L.P. LLR Equity Partners II, L.P. LLR Equity Partners Parallel II, L.P.	Prophet 21, Inc. Novient, Inc. Eureka Broadband Corporation

Director	*Current directorships and partnerships*	*Former directorships and partnerships*
James Terlizzi	1 Warwick Road, NJ, LLC JDT Holdings, LLC 254 Pluckemin, LLC LCSS, LLC Lancaster Financial Corporation Strategic Asset Acquisition Corporation 14 Fulton Street Corporation Settlement Funding LLC Funding Investors, LLC Life Settlement Corporation Peach Holdings, Inc PSF Illinois Corporation Senior Settlement Holding Corporation	FRC Corporation 3810 N.E. 27th Avenue, LLC Free Expression, Inc. Fast Funding.com, LLC Tort Claim Financing Corporation Capital First Financing Corporation Assisted Beta Capital, LLC Intrepid Investment Corporation Marketing Company of America, LLC WealthLink Advisors, LLC
Timothy Trankina	Peachtree Settlement Funding Corp. Funding Investors, LLC Settlement Funding, LLC American Travel Nurse, LLC BUYINCOGNITO.COM, LLC Trankina Brothers, Inc New Millennium Marketing Group, LLC Peach Holdings, Inc PSF Illinois Corporation Senior Settlement Holding Coporation	My Private Planet, Inc Nexus Telecommunications, LLC Marketing Company of America, LLC WealthLink Advisors, LLC
Dermot Smurfit	ACE Limited, Bermuda Eurolink Motorway Operations Limited (Chairman) Powerful (OY) — Savon Sellu (Chairman)	Smurfit Europe (Chairman) Anker Plc (Chairman) Netherlands Smurfit — Stone Container Corp Inc., USA Jefferson Smurfit Group plc (Deputy Chairman) Smurfit Continental Europe (Chairman) World Containerboard Organization (Chairman) Confederation of Europe Paper Industries
Antony Mitchell	Ameratrust, Inc Maverick Farms, Inc. Maverick Enterprise Group Cats Club Charity Peach Holdings, Inc.	
Bruce Crockett	ACE Limited Crockett Technologies Associates (Chairman) AIM Family of Mutual Funds (Chairman) Captaris, Inc. (Chairman) University of Rochester Senior Trustee	Eagle Eye Technologies, Inc Para Protect Services, Inc Telefonics, Inc.

James Terlizzi, Timothy Trankina and Antony Mitchell are currently also partners of the Company's subsidiary undertakings listed in rows 51 to 75 (inclusive) in the table shown at paragraph 6.1 of this Part VII.

5.4 Save as set out above, none of the Directors has any business interests nor performs any activities outside the Group which are significant with respect to the Group.

5.5 None of the Directors has been a director of a company which has, in the five years ending on the date of this document, been placed in receivership, compulsory liquidation, creditors voluntary liquidation or administration or entered into a company voluntary arrangement or any compensation or arrangements with its creditors while they were a director or senior manager of that company or within the twelve months preceding such events.

5.6 Save as set out above, none of the Directors:

5.6.1 has been a director or partner of any company or partnership at any time in the previous five years;

5.6.2 has been convicted of any offences involving fraud or any other indictable offence;

5.6.3 has been declared bankrupt or entered into an individual voluntary arrangement;

5.6.4 was a director of any company at the time of or within twelve months prior to any receivership, compulsory liquidation, creditors voluntary liquidation, administration, company voluntary arrangement or any composition or arrangement with that company's creditors generally or with any class of its creditors;

5.6.5 has been a partner in a partnership at the time of or within 12 months preceding any compulsory liquidation, administration or partnership voluntary arrangements of such partnership;

5.6.6 has had his assets the subject of any receivership or has been a partner of a partnership at the time of or within 12 months preceding any assets thereof being the subject of such receivership; or

5.6.7 has been the subject of any public criticism or sanction by any statutory or regulatory authority (including any recognised professional body) or has been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company.

5.7 The following are details of the service agreements of each of the Executive Directors and details of the letters of appointment of the Non-executive Directors:

(A) **James Terlizzi — Executive Director**

Settlement Funding, LLC has entered into an Executive Employment Agreement dated 17 December 2004 with James Terlizzi. The agreement provides for Mr. Terlizzi to be employed as a Chief Executive Officer at a base salary of $125,000 (anticipated to increase to $300,000 upon approval of the Remuneration Committee) per year. In addition, Mr Terlizzi may receive a discretionary bonus of between 0 and 3 times his base salary, and he is entitled to such other employment benefits as are offered to all other senior executives of Settlement Funding, LLC.

The agreement had an initial term of one year from the date of election and will renew automatically for successive one year terms unless notice of non-renewal is given by either party. The agreement may also be terminated by either party giving ninety days notice.

During the term of the agreement, Mr Terlizzi will not engage in any business activities or business ventures that compete with Settlement Funding, LLC, except that he may own up to five per cent. of the stock of any business which has traded stock. For two years after the termination of the agreement, Mr Terlizzi will not solicit any employee or customer (including prospective customers) of Settlement Funding, LLC.

(B) **Timothy Trankina — Executive Director**

Settlement Funding, LLC has entered into an Executive Employment Agreement dated 17 December 2004 with Timothy Trankina. The agreement provides for Mr Trankina to be employed as an Executive Director at a base salary of $150,000 per year. In addition, Mr Trankina is entitled to incentive compensation equal to 10 per cent. of the Settlement Funding, LLC's Structured Settlement Division net cash income (excluding incentive compensation for senior executives). Mr Trankina is also entitled to incentive compensation equal to 5 per cent. of net cash income (exclusive of the net cash income attributable the Structured Settlement division) for the calendar year; provided, however, that incentive compensation shall not exceed $1.0 million per calendar year.

The agreement has an initial term of three years from the date of execution and will renew automatically for successive one year terms unless notice of non-renewal is given by either party. The agreement may also be terminated by either party giving ninety days notice.

During the term of the agreement, Mr Trankina will not engage in any business activities or business ventures that compete with the Company, except that he may own up to five per. cent of the stock of any business which has traded stock. For two years after the termination of the agreement, Mr Trankina will not solicit any employee or customer (including prospective customers) of the Company.

(C) **Antony Mitchell — Executive Director**

Antony Mitchell is an owner of Warburg Investment Corp ("Warburg"). Settlement Funding, LLC and Warburg are parties to an Administrative Services, Lease and Consulting Agreement dated 15 January 2004 (the "Warburg Agreement"). Pursuant to the Warburg Agreement, the Company provides Warburg with (i) office space; (ii) equipment; and (iii) personnel, so far as these are available in Palm Beach County, Florida. The value of the provision of these facilities shall not exceed $5,000 per month. In exchange, Warburg

provides consulting services to Peachtree and currently receives a consulting fee of $15,000 per month which is expected to increase to $25,000 per month. In addition it is expected that this agreement will be modified to provide for a discretionary bonus of $0 to $900,000, all such changes being subject to approval by the Remuneration Committee.

The Warburg Agreement shall last for one year and will renew automatically for successive one year terms. The Warburg Agreement provides that Antony Mitchell shall be Chief Operating Officer of Settlement Funding, LLC and that Settlement Funding, LLC may terminate the Warburg Agreement at such time as Antony Mitchell no longer has a significant interest in Warburg. Save as disclosed above, the Warburg Agreement may only be terminated by one party if the other party is in breach of the agreement.

(D) **Dermot Smurfit – Non-executive Chairman**

Dermot Smurfit is engaged to be Non-executive Chairman of the Company, such appointment commencing on Admission. Unless terminated earlier by either party in accordance with the Letter of Appointment, Dr. Smurfit's initial appointment shall expire on the date of the Company's 2009 annual general meeting. Thereafter, Dr. Smurfit will be required to retire by rotation every three years. Dr. Smurfit receives a fee of £100,000 per annum. The Company will also reimburse Dr. Smurfit for all expenses reasonably incurred in the proper performance of his duties. Dr. Smurfit also has the benefit of an option to purchase Shares equal to 1 per cent. of the aggregate number of Shares outstanding immediately after Admission at the Placing Price.

(E) **Bruce Crockett – Non-executive Director**

Bruce Crockett is engaged to be a Non-executive Director of the Company, such appointment commencing on Admission. Unless terminated earlier by either party in accordance with the Letter of Appointment, Mr Crockett's initial appointment shall expire on the date of the Company's 2008 annual general meeting. Thereafter, Mr Crockett will be required to retire by rotation every three years. Mr Crockett receives a fee of £30,000 per annum (plus £20,000 for chairing the Audit and Remuneration Committees). The Company will also reimburse Mr Crockett for all expenses reasonably incurred in the proper performance of his duties.

(F) **Mitchell Hollin – Non-executive Director**

Mitchell Hollin is engaged to be a Non-executive Director of the Company, such appointment commencing on Admission. Unless terminated earlier by either party in accordance with the Letter of Appointment, Mr Hollin's initial appointment shall expire on the date of the Company's 2007 annual general meeting. Thereafter, Mr Hollin will be required to retire by rotation every three years. Should the aggregate shareholding of LLR and Greenhill fall below 12 per cent. of the issued share capital of the Company; or the shareholding of LLR fall below 7.5 per cent., then Mr Hollin may be required to retire without delay or compensation. Mr Hollin receives a fee of £30,000 per annum. The Company will also reimburse Mr Hollin for all expenses reasonably incurred in the proper performance of his duties.

5.8 Laura Kodner has been employed at Peachtree since October 1997 as an Account Executive. Since March 2005, Ms Kodner has been the wife of James Terlizzi, Chief Executive Officer. Ms. Kodner receives a base annual salary of $50,000 per annum and is entitled to commission on lottery winnings obligations purchased by Peachtree. The terms of Ms. Kodner's employment are consistent with other similarly employed persons.

5.9 No member of the Company's administrative, management or supervisory bodies has a service contract with the Company or any member of the Group which provides benefits upon termination of employment.

5.10 Save as stated above, there are no existing or proposed service agreements between any of the Directors and the Company or any of its subsidiaries.

5.11 Save as otherwise disclosed in this document, no Non-executive Director is eligible to participate in any incentive or pension arrangements.

5.12 There is no arrangement under which any Director has waived or agreed to waive future emoluments nor has there been any waiver of emoluments during the financial year ending 31 December 2005.

5.13 In the financial year ended 31 December 2005, the aggregate emoluments, including benefits in kind, to James Terlizzi, Timothy Trankina, Mitchell Hollin and Antony Mitchell paid by Peachtree was approximately $1,830,000.

5.14 Save as otherwise disclosed in this document, none of the Directors or senior managers has or has had any interest, whether direct or indirect, in any transaction or proposed transaction with the Group which remains in any respect outstanding or unperformed.

5.15 Save as otherwise disclosed in this document, none of the Directors or senior managers has, or has had any interest whether direct or indirect, in any assets which have been acquired by, disposed of by, or leased to, any member of the Group or which are proposed to be acquired by, or leased to, any member of the Group.

5.16 All Directors and senior managers who hold Shares have entered into the lock-in agreements as further described below.

5.17 There are no arrangements or understandings with major Shareholders, customers, suppliers or others, pursuant to which any Director or senior manager was selected as a Director or senior manager, respectively.

6 Subsidiary undertakings

6.1 The Company is the holding company of the Group. The principal subsidiary undertakings of the Company, their registered offices, countries of incorporation and summaries of their principal activities are set out in the table below.

Table Ref.	*Name & Tax ID #*	*Country of Incorporation*	*Registered Office*	*Principal Activity*
1	Peach Holdings Inc	USA	6501 Park of Commerce Blvd. Suite 140B Boca Raton, FL 33487	Holding company
2	Life Settlement Corp.: 58-2548204	USA	3720 DaVinci Court Suite 450-A Norcross, GA 30092	Life Settlements
3	Life Receivables Eurotrust: 43-6905040	USA	c/o Bank of New York Delaware Trustee 502 White Clay Center RT 273 Newark, DE 19714	Long term owner of Life Settlements
4	Life Receivables Eurotrust II: 27-6018825	USA	c/o Bank of New York Delaware Trustee 502 White Clay Center RT 273 Newark, DE 19714	Long term owner of Life Settlements
5	DLP Master Trust: 20-3393146	USA	3720 DaVinci Court Suite 450 Norcross, GA 20071	Trust that holds life insurance policies for new life settlement facility (per J. Sutherland)
6	PSF Illinois Corporation: 75-3153823	USA	3720 DaVinci Court Suite 450 Norcross, GA 30092	Issues instalment obligations and defeases same with compensating balance accts.
7	PSF Trust 2000-1: 58-6424540	USA	3720 DaVinci Court Suite 450 Norcross, GA 30092	Issues instalment obligations and defeases same with compensating balance accts.
8	PSF Trust 2000-2: 58-6428219	USA	3720 DaVinci Court Suite 450 Norcross, GA 30092	Issues instalment obligations and defeases same with compensating balance accts.
9	PSF Trust 2000-3: 58-2593563	USA	3720 DaVinci Court Suite 450 Norcross, GA 30092	Issues instalment obligations and defeases same with compensating balance accts.
10	PSF Trust 2000-4: 58-6430867	USA	3720 DaVinci Court Suite 450 Norcross, GA 30092	Issues instalment obligations and defeases same with compensating balance accts.
11	PSF Trust 2000-5: 58-6431613	USA	3720 DaVinci Court Suite 450 Norcross, GA 30092	Issues instalment obligations and defeases same with compensating balance accts.
12	PSF Trust 2001-1: 58-2597510	USA	3720 DaVinci Court Suite 450 Norcross, GA 30092	Issues instalment obligations and defeases same with compensating balance accts.
13	PSF Trust 2001-2: 58-2597508	USA	3720 DaVinci Court Suite 450 Norcross, GA 30092	Issues instalment obligations and defeases same with compensating balance accts.
14	PSF Trust 2001-3: 58-2601027	USA	3720 DaVinci Court Suite 450 Norcross, GA 30092	Issues instalment obligations and defeases same with compensating balance accts.

Table Ref.	*Name & Tax ID #*	*Country of Incorporation*	*Registered Office*	*Principal Activity*
15	PSF Trust 2001-4: 58-2607122	USA	3720 DaVinci Court Suite 450 Norcross, GA 30092	Issues instalment obligations and defeases same with compensating balance accts.
16	PSF Trust 2001-5: 58-2607124	USA	3720 DaVinci Court Suite 450 Norcross, GA 30092	Issues instalment obligations and defeases same with compensating balance accts.
17	PSF Trust 2001-6: 58-2609164	USA	3720 DaVinci Court Suite 450 Norcross, GA 30092	Issues instalment obligations and defeases same with compensating balance accts.
18	PSF Trust 2001-7: 58-2627402	USA	3720 DaVinci Court Suite 450 Norcross, GA 30092	Issues instalment obligations and defeases same with compensating balance accts.
19	PSF Trust 2001-8: 58-2638448	USA	3720 DaVinci Court Suite 450 Norcross, GA 30092	Issues instalment obligations and defeases same with compensating balance accts.
20	PSF Trust 2001-9: 58-2646073	USA	3720 DaVinci Court Suite 450 Norcross, GA 30092	Issues instalment obligations and defeases same with compensating balance accts.
21	PSF Trust 2002-1: 58-2664530	USA	3720 DaVinci Court Suite 450 Norcross, GA 30092	Issues instalment obligations and defeases same with compensating balance accts.
22	PSF Trust 2002-2: 58-2657125	USA	3720 DaVinci Court Suite 450 Norcross, GA 30092	Issues instalment obligations and defeases same with compensating balance accts.
23	PSF Trust 2002-3: 80-0004309	USA	3720 DaVinci Court Suite 450 Norcross, GA 30092	Issues instalment obligations and defeases same with compensating balance accts.
24	PSF Trust 2002-4: 80-0032485	USA	3720 DaVinci Court Suite 450 Norcross, GA 30092	Issues instalment obligations and defeases same with compensating balance accts.
25	PSF Trust 2002-5: 80-0032413	USA	3720 DaVinci Court Suite 450 Norcross, GA 30092	Issues instalment obligations and defeases same with compensating balance accts.
26	PSF Trust 2002-6: 71-0865839	USA	3720 DaVinci Court Suite 450 Norcross, GA 30092	Issues instalment obligations and defeases same with compensating balance accts.
27	PSF Trust 2002-7: 01-6187956	USA	3720 DaVinci Court Suite 450 Norcross, GA 30092	Issues instalment obligations and defeases same with compensating balance accts.
28	PSF Trust 2002-8: 01-6187964	USA	3720 DaVinci Court Suite 450 Norcross, GA 30092	Issues instalment obligations and defeases same with compensating balance accts.
29	PSF Trust 2002-9: 01-0679136	USA	3720 DaVinci Court Suite 450 Norcross, GA 30092	Issues instalment obligations and defeases same with compensating balance accts.

Table Ref.	Name & Tax ID #	Country of Incorporation	Registered Office	Principal Activity
30	PSF Trust 2003-1: 16-1644816	USA	3720 DaVinci Court Suite 450 Norcross, GA 30092	Issues instalment obligations and defeases same with compensating balance accts.
31	PSF Trust 2003-2: 16-1644824	USA	3720 DaVinci Court Suite 450 Norcross, GA 30092	Issues instalment obligations and defeases same with compensating balance accts.
32	PSF Trust 2003-3: 48-1291003	USA	3720 DaVinci Court Suite 450 Norcross, GA 30092	Issues instalment obligations and defeases same with compensating balance accts.
33	PSF Trust 2003-4: 48-1291005	USA	3720 DaVinci Court Suite 450 Norcross, GA 30092	Issues instalment obligations and defeases same with compensating balance accts.
34	PSF Trust 2003-5: 58-2674233	USA	3720 DaVinci Court Suite 450 Norcross, GA 30092	Issues instalment obligations and defeases same with compensating balance accts.
35	PSF Trust 2003-6: 58-2674237	USA	3720 DaVinci Court Suite 450 Norcross, GA 30092	Issues instalment obligations and defeases same with compensating balance accts.
36	PSF Trust 2003-7: 26-6017320	USA	3720 DaVinci Court Suite 450 Norcross, GA 30092	Issues instalment obligations and defeases same with compensating balance accts.
37	PSF Trust 2004-1: 51-0491711	USA	3720 DaVinci Court Suite 450 Norcross, GA 30092	Issues instalment obligations and defeases same with compensating balance accts.
38	PSF Trust 2004-2: 57-6211586	USA	3720 DaVinci Court Suite 450 Norcross, GA 30092	Issues instalment obligations and defeases same with compensating balance accts.
39	PSF Trust 2004-3: 73-6351507	USA	3720 DaVinci Court Suite 450 Norcross, GA 30092	Issues instalment obligations and defeases same with compensating balance accts.
40	PSF Trust 2004-MA: 35-2235096	USA	3720 DaVinci Court Suite 450 Norcross, GA 30092	Holds collateral for Asset Advantage & WealthBuilder Notes Special purpose trust: MASS lottery transactions only
41	PSF Trust 2004-OH: 65-1214793	USA	3720 DaVinci Court Suite 450 Norcross, GA 30092	Holds collateral for AssetAdvantage and WealthBuilder Notes Ohio transactions only
42	PSF Trust 2005-1: 42-1656419	USA	3720 DaVinci Court Suite 450 Norcross, GA 30092	Issues instalment obligations and defeases same with compensating balance accts.
43	PSF Trust 2005-2: 42-1656480	USA	3720 DaVinci Court Suite 450 Norcross, GA 30092	Issues instalment obligations and defeases same with compensating balance accts.
44	PSF Trust 2006-1: 20-3543767	USA	3720 DaVinci Court Suite 450 Norcross, GA 30092	Issues instalment obligations and defeases same with compensating balance accts.

Table Ref.	*Name & Tax ID #*	*Country of Incorporation*	*Registered Office*	*Principal Activity*
45	PSF Trust 2006-2: 20-3543872	USA	3720 DaVinci Court Suite 450 Norcross, GA 30092	Issues instalment obligations and defeases same with compensating balance accts.
46	Peachtree Lottery Master Trust: 20-3433710	USA	6501 Park of Commerce Blvd Suite 140 Boca Raton, FL 33487	Owner of Lottery receivables via its subsidiary sub trusts
47	Peachtree Lottery Subtrust 1: 20-3431385	USA	P.O. Box 102415 Atlanta, GA 30368-2415 Peachtree Lottery Subtrust 1 — Lockbox 102415 100 Southcrest Drive Stockbridge, GA 30281	Sub Trust of Lottery Master Trust
48	Peachtree Lottery Subtrust 2: 20-3431451	USA	P.O. Box 102615 Atlanta, GA 30368-2615 Peachtree Lottery Subtrust 2 — Lockbox 102615 100 Southcrest Drive Stockbridge, GA 30281	Sub Trust of Lottery Master Trust
49	Peachtree Lottery Subtrust 3: 20-3431518	USA	P.O. Box 102816 Atlanta, GA 30368-2816 Peachtree Lottery Subtrust 3 — Lockbox 102816 100 Southcrest Drive Stockbridge, GA 30281	Sub Trust of Lottery Master Trust
50	Peachtree Lottery Subtrust 4: 20-3431557	USA	P.O. Box 102794 Atlanta, GA 30368-2794 Peachtree Lottery Subtrust 4 — Lockbox 102794 100 Southcrest Drive Stockbridge, GA 30281	Sub Trust of Lottery Master Trust
51	Senior Settlement Holding Euro, LLC: 27-0098343	USA	3720 DaVinci Court Suite 450-A Norcross, GA 30092	Holding company for Life Settlement
52	Life Receivables Euro, LLC: 20-0405108	USA	c/o Bank of New York Delaware Trustee 502 White Clay Center RT 273 Newark, DE 19714	Sponsor of Subsidiary Trust
53	Life Receivables Euro II, LLC: 20-1002368	USA	c/o Bank of New York Delaware Trustee 502 White Clay Center RT 273 Newark, DE 19714	Sponsor of Subsidiary Trust
54	Peachtree Financial Solutions, LLC: 58-2558092	USA	3720 DaVinci Court Suite 450 Norcross, GA 30092	Receives structured fees for WealthBuilder transactions
55	Peachtree Life & Annuity Group, LLC: 58-2631277	USA	3720 DaVinci Court Suite 450 Norcross, GA 30092	Insurance products for WealthBuilder clients
56	Discount Life Holdings, LLC: Tax ID: 20-4332852	USA	3720 DaVinci Court Suite 450 Norcross, GA 20071	Holding company
57	DLP Funding, LLC: 83-0440632	USA	3720 DaVinci Court Suite 450 Norcross, GA 20071	Trust that holds life insurance policies for new life settlement facility (per J. Sutherland)
58	PSF Holdings LLC: 58-2563853	USA	3720 DaVinci Court Suite 450 Norcross, GA 30092	Owner of Subsidiary Trust
59	TATS Licensing Company, LLC: 58-2558091	USA	3720 DaVinci Court Suite 450 Norcross, GA 30092	Holding company for Tax Advantaged Transaction Structure (TATS) Intellectual property

Table Ref.	Name & Tax ID #	Country of Incorporation	Registered Office	Principal Activity
60	Settlement Funding LLC: d/b/a Peachtree Settlement Funding: 58-2292928	USA	3720 DaVinci Court Suite 450 Norcross, GA 30092	Main Operating Company
61	Peachtree Finance Company, LLC: 58-2387719	USA	3720 DaVinci Court Suite 450 Norcross, GA 30092	Owner of structured settlement receivables
62	Peachtree Finance Company #2, LLC: 78-3152022	USA	3720 DaVinci Court Suite 450 Norcross, GA 30092	Owner of structured settlement receivables
63	Peachtree LW Receivables I, LLC: 58-2425453	USA	3720 DaVinci Court Suite 450 Norcross, GA 30092	Owner of lottery receivables and borrower of funds used to finance lottery
64	Settlement Funding of New York, LLC: 45-0488314	USA	6501 Park of Commerce Blvd., Suite 140B Boca Raton, FL 33487	Purchases in New York structured settlements from sellers
65	Tort Victims Assistance Finance Company of West Virginia, LLC: 04-3649385	USA	6501 Park of Commerce Blvd. Suite 140B Boca Raton, FL 33487	Purchases structured settlements from sellers in West Virginia
66	Tort Victim's Assistance Finance Company, LLC: 58-2666390	USA	3720 DaVinci Court Suite 450 Norcross, GA 30092	Purchases structured settlements from sellers in Virginia
67	Structured Receivables Finance #1, LLC: 03-0398281	USA	6501 Park of Commerce Blvd Suite 140 Boca Raton, FL 33487	Owner of structured settlement receivables
68	Structured Receivables Finance #2, LLC: 41-2117603	USA	6501 Park of Commerce Blvd Suite 140 Boca Raton, FL 33487	Owner of structured settlement receivables
69	Structured Receivables Finance #3, LLC: 35-2241601	USA	6501 Park of Commerce Blvd Suite 140 Boca Raton, FL 33487	Owner of structured settlement receivables
70	Structured Receivables Finance #4, LLC: 02-0762831	USA	6501 Park of Commerce Blvd Suite 140 Boca Raton, FL 33487	Owner of structured settlement receivables
71	Peachtree LBP Finance Company, LLC: 34-1985886	USA	3720 DaVinci Court Suite 450 Norcross, GA 30092	Premium Financing
72	Peachtree LBP Warehouse, LLC: 34-1985889	USA	3720 DaVinci Court Suite 450 Norcross, GA 30092	Premium Financing
73	Peachtree LBP Holding Company, LLC: 34-1985885	USA	3720 DaVinci Court Suite 450 Norcross, GA 30092	Holding company
74	LBP Licensing Company, LLC: 34-1985890	USA	3720 DaVinci Court Suite 450 Norcross, GA 30092	Holds LBP intellectual property rights
75	Peachtree SLPO Finance Company, LLC: 87-0739999	USA	3720 DaVinci Court Suite 450 Norcross, GA 30092	Premium Financing
76	Peachtree SLPO Funding, LLC: Not applied	USA	3720 DaVinci Court Suite 450 Norcross, GA 30092	Premium Financing
77	Peachtree Pre-Settlement Funding, LLC: 20-2070479	USA	3720 DaVinci Court Suite 450 Norcross, GA 30092	Pre-settlement

6.2 All subsidiary undertakings of the Company are beneficially wholly owned by the Group, with the exception of the following:

(A) Life Receivables Euro, LLC, which is owned 50 per cent. by Senior Settlement Holding Euro, LLC and 50 per cent. by Babcock & Brown Holdings, Inc;

(B) Life Receivables Euro II, LLC, which is owned 50 per cent. by Senior Settlement Holding Euro, LLC and 50 per cent. by Babcock & Brown Holdings, Inc;

(C) LBP Licensing Company, LLC, which is owned 50 per cent. by Peachtree LBP Holding Company, LLC and 50 per cent. by agentLIFE, Inc; and

(D) Life Settlement Corporation, which is owned 91 per cent. by Funding Investors, LLC and 9 per cent. by Peachtree Settlement Funding Corporation. As discussed in paragraph 15.7 of this Part VII, Life Settlement Corporation will be contributed to the Company following approval from the Florida Office of Insurance Regulation.

6.3 Other than in respect of the following, none of the Company's subsidiary undertakings have any issued share capital, being statutory trusts, limited liability companies or limited partnerships:

(A) 100 per cent. of the issued share capital of PSF Illinois Corporation is owned by PSF Holdings, LLC. PSF Illinois Corporation is an inactive subsidiary and has no assets.

(B) 100 per cent. of the issued share capital of Senior Settlement Holding Corporation is owned by Peach Holdings, LLC. Senior Settlement Holding Corporation does not own any assets other than a 50 per cent. membership interest in Life Receivables Holdings, LLC.

The remainder of the wholly-owned subsidiaries are limited liability companies, which have no issued share capital.

7 Other undertakings

7.1 There are no other undertakings in which the Company holds a proportion of the capital likely to have a significant effect on the assessment of its own assets and liabilities, financial position or profits and losses.

8 Property, plant and equipment

8.1 The following are the principal premises occupied (or to be occupied) by the Group:

Location	*Country*	*Freehold/ Leasehold*	*Current Annual Rent*	*Lease Term Ends*	*Approx. Size (in square feet)*
Florida, 6501 Park of Commerce Blvd., Suite 140 B Boca Raton, Florida 33487	USA	Leasehold	$556,796.52	April 2006	26,385
Florida, 3301 Quantum Blvd. Boynton Beach, Florida 33426	USA	Leasehold	$499,992.00	March 2011	50,000
Georgia, 3720 DaVinci Court Suite 450 Norcross, GA 30092	USA	Leasehold	$156,115.08	May 2009	8,503

8.2 There are no environmental issues that may affect the Company's utilisation of its tangible fixed assets.

9 Intellectual property

9.1 Details of material Group intellectual property are set forth below:

Patent No. and Issue Date	*Patent Application Number and Application Filing Date*	*Name of Invention*	*Country*	*Owner*
6,578,016 10 June 2003	09/475,826 30 December 1999	Tax Advantage Transaction Structure (TATS) and Method	United States	TATS Licensing Company, LLC.
(Pending Application)	10/616,458 10 July 2003	Method & System for Inverse Life Annuity	United States	James D. Terlizzi (inventor) No assignment has been recorded.
(Pending Application)	10/860,639 4 June 2003 (Claiming priority to 60/475,510, now abandoned)	Mortality Linked Bond Obligation	United States	TATS Licensing Company, LLC.
(Pending Application)	10/707,144 (Unknown)	Method for Providing an Employee Benefit Plan	United States	LBP Licensing Company, LLC

9.2 The Group utilises certain intellectual property principally related to its patented instalment sale program in connection with originating certain kinds of assets. Predominantly, this relates to the purchase of lottery prize payments under the instalment method and marketed under the name Asset Advantage. The patent (no. 6,578,016) was granted on 10 June 2003 and is effective until 10 June 2023. The Group has other patent applications pending, but currently does not materially rely on the intellectual property covered thereby.

10 Pensions

10.1 There are no occupational pension schemes available to directors and employees of Peachtree.

11 Taxation

Please see the discussion of tax consequences for holders of Shares set out in Part I of this document.

12 Placing arrangements

12.1 By the Underwriting Agreement, (conditionally on Admission taking place not later than 30 March 2006, or such later date as Collins Stewart, Bear Stearns and the Company may agree, but not later than 14 April 2006), Collins Stewart and Bear Stearns have agreed as agents for the Company and the Selling Shareholders to procure placees to subscribe for or purchase the Placing Shares, failing which they shall themselves subscribe for or purchase all such Placing Shares in such proportions as they have agreed among themselves.

12.2 Under the Underwriting Agreement:

12.2.1 the Company and the Selling Shareholders have agreed to pay all costs and expenses of the Placing and the related arrangements (other than the commissions and fee referred to in paragraph 12.2.2 below), together with value added tax on such costs;

12.2.2 the Company and the Selling Shareholders have agreed to pay Collins Stewart and Bear Stearns a commission of 5 per cent. of the aggregate value of the Placing Shares sold and/or issued at the Placing Price (including, for the avoidance of doubt, under the over-allotment option referred to in Part I of this document) and the Company has agreed to pay a corporate finance fee of £150,000;

12.2.3 the Company, its Directors and the Selling Shareholders have given certain representations and warranties to Collins Stewart and Bear Stearns as to the accuracy of the information in this document and as to other matters relating to the Group and its business and an indemnity to Collins Stewart and Bear Stearns for themselves and as trustee for their associated companies, Directors and employees in respect of certain liabilities arising out of or in connection with the carrying out by Collins Stewart and Bear Stearns of their obligations under the Underwriting Agreement and/or out of or in connection with or by reason of the Placing;

12.3 The Underwriting Agreement may be terminated by Collins Stewart and Bear Stearns if certain circumstances occur prior to Admission, including a breach of the representations and warranties referred to above.

12.4 The Selling Shareholders are selling the following Placing Shares:

Name	*Address*	*Number of Sale Shares*
James Terlizzi	6501 Park of Commerce Boulevard Suite 140B Boca Raton Florida 33487 U.S.A.	5,019,605
Timothy Trankina	3720 DaVinci Court Suite 450 Norcross Georgia 30092 U.S.A.	21,047
Peachtree Settlement Funding Corporation	110 Nature Mill Court Alpharetta, GA 30022 U.S.A	2,523,391
Michael Popper	6501 Park of Commerce Boulevard Suite 140B Boca Raton Florida 33487 U.S.A.	1,269,635
Sergio Salani	6501 Park of Commerce Boulevard Suite 140B Boca Raton Florida 33487 U.S.A.	381,662
Stephen Berenzweig	6501 Park of Commerce Boulevard Suite 140B Boca Raton Florida 33487 U.S.A.	282,739
Paul Benk	6501 Park of Commerce Boulevard Suite 140B Boca Raton Florida 33487 U.S.A.	443,869
Craig Lessner	6501 Park of Commerce Boulevard Suite 140B Boca Raton Florida 33487 U.S.A.	698,311
LLR Partners Inc.	Cira Centre 2929 Arch Street, Philadelphia, PA 19104-2868 U.S.A.	6,045.601
Greenhill	300 Park Avenue New York, NY 10022	3,255,325
Skyline	British Colonial Center of Commerce 1 Bay Street – 3rd Floor Suite 303 Nassau, Bahamas	15,058,815

12.5 The following Selling Shareholders have had material relationships with the Group, during the last three years:

(A) Each of James Terlizzi, Timothy Trankina, Michael Popper, Sergio Salani, Craig Lessner, Paul Benk and Stephen Berenzweig are employees of Peachtree. James Terlizzi and Timothy Trankina are Directors.

(B) Prestige Corporate Holdings, an affiliate of Skyline, has had a consulting arrangement with Peachtree for the past six years which was terminated on 23 March 2006.

13 Group material contracts

13.1 With the exception of the Underwriting Agreement referred to in paragraph 12 of this Part VII, the following are the only contracts not entered into in the ordinary course of business which have been entered into by any member of the Group within the two years immediately preceding the date of this document and which are or may be material to the Group, or which may contain any provision under which any member of the Group has any obligation or entitlement which is material to the Group as at the date of this document:

13.1.1 Lock-in Agreements

On or before Admission, each of the Sellling Shareholders (on behalf of themselves and their related parties (as such term is defined in the AIM Rules)) (the "Covenantors") will enter into a lock-in deed with the Company and the Underwriters whereby they covenant that they will not dispose of any interest in any Shares (whensoever such Shares are acquired) during the period from Admission until the date upon which the 2006 audited accounts of the Company are published, other than as consented to in writing by the Underwriters and the Company (in the case of LLR, Greenhill and Skyline, only the consent of the Underwriters is required and such consent not unreasonably to be withheld or delayed after the date six months from Admission) or pursuant to a takeover offer, a court order, a testamentary disposition or a repurchase and cancellation of such Shares by the Company. The deed also requires that, for a further year following the lock-in period, any disposal by a Covenantor (other than by LLR, Greenhill and Skyline) of any Shares must be made through the Underwriters, in order to ensure an orderly market in the Company's securities.

13.1.2 NOMAD Agreememt

Pursuant to the NOMAD Agreement, Collins Stewart is appointed as the Company's nominated adviser and broker for the purposes of the AIM Rules and generally authorised to take actions on the Company's behalf for such purpose and accordingly Collins Stewart undertakes responsibility for fulfilling the responsibilities set out in Rule 39 of the AIM Rules. The Company undertakes to pay Collins Stewart an annual retainer of £45,000 plus VAT (commencing on the date of Admission) together with Collins Stewart's reasonable expenses (plus VAT) incurred after Admission in connection with its appointment as nominated adviser and broker of the Company.

Collins Stewart may terminate the NOMAD Agreement (i) immediately if the Company is in material breach of its terms or the Company suffers an insolvency event, and (ii) on reasonable notice if a conflict of interest arises between Collins Stewart and the Company (other than as a result of a breach by Collins Stewart of the terms of the NOMAD Agreement) or if the Company fails to accept Collins Stewart's reasonable advice on a material matter concerning its conduct under the AIM Rules. Either party may terminate the agreement, after an initial period of 12 months, by giving 3 months' notice to the other party.

The NOMAD Agreement contains certain undertakings given by the Company in respect of, amongst other things, providing Collins Stewart with certain information while it remains the Company's nominated adviser and broker. Subject to certain limited exceptions, the Company agrees to indemnify Collins Stewart in respect of losses suffered by Collins Stewart in connection with the performance of Collins Stewart's role as nominated adviser and broker and certain other matters.

13.1.3 Related party transactions

Please see paragraph 15 of this Part VII.

14 Change of control provisions

Peachtree maintains numerous credit, receivable securitisation and receivable origination facilities (hereafter collectively referred to as the "Facilities"). Most of the Facilities contain varying prohibitions against certain changes in the executive management, majority ownership or majority control of the Company (hereafter collectively referred to as the "Change of Control Prohibitions").

Where necessary, each of the Facilities have been, or are in the process of being, amended to ensure that (i) the substitution of the Company for Peach Holdings, LLC as the investor holding company, and (ii) the Placing (collectively, the "Transactions"), are permitted (collectively, the "Amendments").

Upon entering into the Amendments, each of the Facilities will contain any one or more of the following restrictions:

- No Change of Control Prohibition.
- Requirement that, *inter alia*, James Terlizzi and Timothy Trankina maintain their respective roles as executive officers in the daily management of Peachtree.
- Prohibition against the acquisition of ownership by any one person or group of persons (acting in concert) (other than by Settlement Funding, LLC's senior management, Peach Holdings, LLC or Peach Holdings, Inc) of equity interests representing more than fifty per cent. (50%) of the aggregate ordinary voting power represented by the issued and outstanding equity interest of Settlement Funding, LLC, Peach Holdings, LLC or Peach Holdings, Inc. Where the receivables pool or notes issued in connection with a particular Facility are rated by a rating agency, the new Change of Control Prohibition will not apply in the event that (i) the applicable rating agency confirms, in writing, that the violation by Peachtree of the Change of Control Prohibition will not result in a reduction or withdrawal of the then current rating of the receivable pool or notes (as applicable), and (ii) the event resulting in the Change of Control is consented to by the requisite percentage of holders of the notes (if applicable).
- In addition to requiring that James Terlizzi and Timothy Trankina maintain their respective roles as executive officers in the daily management of Peachtree, the Facilities also (i) require that James Terlizzi and Timothy Trankina own, on a combined basis, equity interests representing not less than 10 per cent. of the ordinary voting power represented by the issued and outstanding equity interests of Settlement, Funding, LLC, and (ii) prohibit the acquisition of ownership by any one person or group of persons (acting in concert) (other than by Settlement Funding, LLC's senior management, Peach Holding, LLC or Peach Holdings, Inc) of equity interests representing more than fifty per cent. (50%) of the aggregate ordinary voting power represented by the issued and outstanding equity interest of Settlement Funding, LLC, Peach Holdings, LLC or Peach Holdings, Inc.

In addition, where the Facilities include one or more special purpose entities, Peachtree must own 100 per cent. of such special purpose entity (and any subsidiaries of any such special purpose entity).

Most of the Facilities also prohibit the sale, lease, exchange or transfer of all or substantially all of Peachtree's assets without prior consent.

To the extent applicable, the rating agencies have confirmed that the Amendments to the Facilities permitting the Transactions will not result in a reduction or withdrawal of the then current rating of the receivables pool or notes with respect to such Facility.

15 Group related party transactions

15.1 Contribution and Exchange Agreement

Prior to the execution of the Underwriting Agreement, the Company will enter into a Contribution and Exchange Agreement with Peach Holdings, LLC, the common managers of Peach Holdings

LLC and the owners (the "Exchanging Members") of 100 per cent. of the issued and outstanding Units (consisting of Common Units and Series A Preferred Units) of Peach Holdings, LLC (the "LLC Units").

Pursuant to the Contribution and Exchange Agreement, effective immediately prior to Admission, and the satisfaction or waiver of all other conditions precedent under the Underwriting Agreement, (a) each of the Exchanging Members will contribute, grant, sell, assign, transfer, and deliver to the Company, and the Company will receive from each of the Exchanging Members, all right, title, and interest of such Exchanging Member in and to the Exchanging Member's LLC Units, (b) the Company will issue Shares to each Exchanging Member, and (c) the one (1) outstanding Share currently held by James Terlizzi will be cancelled and will thereafter constitute an authorised but unissued Share.

In addition, under the Contribution and Exchange Agreement, each Exchanging Member agrees to waive any and all of its rights and the obligations of any other parties under the Amended and Restated Operating Agreement of Peach Holdings, LLC, dated as of 21 December 2004 with respect to the transactions contemplated by the Contribution and Exchange Agreement.

15.2 Option Agreement

Prior to the date of Admission, the Company will enter into a Nonqualified Stock Option Agreement with Dermot Smurfit, a Director (and the Chairman of the Company).

The Nonqualified Stock Option Agreement provides for the grant to Dermot Smurfit, effective upon the Admission, of an option to purchase that number of Shares equal to one per cent. (1%) of the aggregate number of Shares outstanding upon completion of the Placing. The option will be exercisable in full by Dermot Smurfit on the first anniversary of the date of Admission. The exercise price per Share under the option will be the Placing Price.

Pursuant to such agreement, the option shall terminate in full in the event that Dermot Smurfit is dismissed as a Director of the Company for misconduct, or resigns as a Director of the Company within 12 months of Admission.

15.3 Lancaster Asset Purchase Agreement

Peachtree Pre-Settlement Funding, LLC and Lancaster Financial Corporation are parties to an Asset Purchase Agreement dated 6 January 2005 (the "Lancaster Purchase Agreement'), whereby Peachtree Pre-Settlement Funding, LLC purchased all of the pre-settlement funding assets of Lancaster Financial Corporation. The purchase price for the assets was $3,000,000, subject to certain adjustments, and no liabilities were expressly assumed by Peachtree Pre-Settlement Funding, LLC.

The Lancaster Purchase Agreement provided that Lancaster Financial Corporation generally agreed to indemnify Peachtree Pre-Settlement Funding, LLC for breaches of representations, warranties and covenants for a 12-month period following closing, with a minimum indemnification amount of $100,000 and a maximum of $1,000,000, such indemnification being the exclusive remedy of Peachtree Pre-Settlement Funding, LLC. Lancaster Financial Corporation was subject to a non-competition restriction, but such restriction expired on 6 January 2006.

James Terlizzi (a Director) is the sole shareholder of Lancaster Financial Corporation.

15.4 LCSS, LLC

Pursuant to a Sale and Servicing Agreement, dated 24 June 2005, Settlement Funding, LLC sold a portfolio of "Receivables" (defined as obligations owed under various settlement agreements, annuity contract, guaranties or performance bonds which have been purchased by Settlement Funding, LLC in connection with Settlement Funding, LLC's purchase of life contingent settlements, each as identified on the schedule to the Sale and Servicing Agreement) and other conveyed property relating thereto to LCSS, LLC for a cash purchase price of $3,280,677 and agreed to act as Servicer of the Receivables for a fee. The discount rate in determining the purchase price was 10.5 per cent.

The Operating Agreement of LCSS, LLC states that the owners of LCSS, LLC include James Terlizzi, Sergio Salani, Craig Lessner and Timothy Trankina (through his 100 per cent. owned

company, Peachtree Settlement Funding Corporation). Combined, they own approximately ⅓ of the equity interests of LCSS, LLC.

On 22 June 2005 all of the "disinterested directors" of Peach, LLC, as the sole equity holder of Settlement Funding, LLC, approved the transaction with LCSS, LLC. This was required by Georgia law because James Terlizzi (a Director), Craig Lessner (Senior Management), Sergio Salani (Senior Management) and Timothy Trankina (a Director) were beneficiaries of the transaction and as such, could not approve the entry by Settlement Funding, LLC in the transaction.

15.5 Acquisition relating to Life Receivables II, LLC

On or about 9 June 2005, Life Receivables Ireland Limited ("LRIL"), an entity not affiliated with Peachtree, purchased 100% of the economic interest in Life Receivables II, LLC from Life Receivables Holdings, LLC ("Life Holdings"). This was achieved through a conversion of Life Receivables II, LLC into a limited liability partnership, whereby, in consideration of $14,250,000.00 equity contribution by LRIL into Life Receivables II, LLP, LRIL acquired 100% of Life Holdings' economic interest in Life Receivables II, LLP from Life Holdings' owners (Senior Settlement Funding Corp, a Peachtree subsidiary ("SSH"), and Babcock & Brown Investment Management Partners, LP, a B&B subsidiary ("B&BIMP"). The $14,250,000.00 equity contribution was distributed equally (50%/50%) by Life Holdings to SSH and B&BIMP.

As a result, while Life Holdings is, technically, still an equity owner of Life Receivables II, LLP, it does not have any economic interest in the same. The entire economic interest is owned by LRIL through its equity ownership in Life Receivables II, LLP. In addition, although LRIL is not the managing partner of Life Receivables II, LLP, any all material actions will be taken by Life Holdings with respect to Life Receivables II, LLP require LRIL's prior consent.

15.6 LLR and Greenhill transaction

Pursuant to an Operating Agreement dated 21 December 2004 between Peachtree Settlement Funding Corporation ("PSFC"), Funding Investors, LLC ("FI"), LLR Equity Partners, LP and certain affiliates ("LLR entities"), and Greenhill Capital Partners, LP and certain affiliates ("Greenhill entities"), PSFC and FI contributed 100 per cent. of their existing ownership interests in Peach Holdings, LLC's subsidiaries in exchange for 70 per cent. and 70.5 per cent. interests in Peach Holdings, LLC, respectively, represented by 697,500 and 7,050,500 common units of membership. Simultaneously, a 22.5 per cent. equity interest in Peach Holdings, LLC was sold to the LLR entities and the Greenhill entities (the "Investment Partners"), represented by 2,250,000 Series A convertible preferred units of membership for $40,000,000 in cash. PSFC and FI are wholly owned by members of Peach Holdings, LLC's management group.

15.7 Original Contribution Agreement and Amendment Summary

On 21 December 2004, in connection with the formation of Peach Holdings, LLC ("PHL"), Funding Investors, LLC ("Funding Investors"), Peachtree Settlement Funding Corporation ("Peachtree Settlement") and PHL entered into a Contribution Agreement. Pursuant to such agreement, Funding Investors and Peachtree Settlement contributed to PHL their ownership interests (91 per cent. and 9 per cent., respectively) in several subsidiaries. In exchange, Funding Investors was issued 7,052,500 Common Units of PHL and Peachtree Settlement was issued 697,500 Common Units of PHL. The equity interests of Life Settlement Corporation held by Funding Investors and Peachtree Settlement were not contributed on 21 December 2004, pending certain Florida regulatory approvals and the making of notice filings with other states. On 4 March 2006, PHL, Funding Investors and Peachtree Settlement entered into Amendment No 1 to Contribution Agreement. Pursuant to such amendment, Funding Investors and Peachtree Settlement provided additional representations and warranties, covenants and assurances regarding the contribution of Life Settlement Company to PHL. Such contribution of Life Settlement Corporation is to be effected following, and subject to, receipt of such Florida regulatory approvals, which will be sought promptly following the Admission and completion of the Placing.

15.8 Warrant Transactions

James Terlizzi and Skyline are parties to a Warrant Agreement, effective 30 May 2000 (the "Existing Warrant"), pursuant to which Skyline has the right to purchase, an approximately 65 per

cent. beneficial interest in Funding Investors, LLC which is wholly-owned by James Terlizzi. The Existing Warrant also gives further economic rights including the receipt of dividend payments in respect of the shares the subject of the Existing Warrant in certain circumstances.

In connection with the transactions contemplated by the Contribution and Exchange Agreement, Skyline will exercise the Existing Warrant in part, such that it will receive, pursuant to the distribution of shares by Funding Investors, LLC, such number of shares equal to its Sale Shares as provided therein, plus 100 additional shares. Also in connection with the transactions contemplated by the Contribution and Exchange Agreement, Funding Investors, LLC will redeem, for nominal considerations, the beneficial interest therein acquired by Skyline in connection with its partial exercise of the Existing Warrant. Mr Terlizzi and Skyline will simultaneously amend and restate the remaining portion of the existing Warrant such that (1) Skyline's right to purchase any beneficial interest in Funding Investors, LLC will be terminated in full, and (2) Skyline will have the right to purchase an amount of Shares equivalent to a percentage of James Terlizzi's shareholding following the Admission and completion of the Placing, exercisable in whole or part at any time commencing upon the completion of the Placing and ending on a date to be determined in the amended and restated warrant.

16 Key operational financing facilities

16.1 **Structured Settlements:** Peachtree's current operations are funded through a credit facility provided to its special purpose subsidiary, SFR#4. The credit facility is provided by an affiliate of a large US bank institution. This credit facility provides financing for eligible structured settlement receivables originated by Peachtree and its affiliates. The facility limit is $120 million as reduced by the outstanding balance on the SRF#3 credit facility. Interest rate risk is managed with fixed for floating interest rate swap contracts.

16.2 **Life Settlements:** Peachtree currently has financing relationships with two large international financial institutions. The first facility is most accurately described as whole loan sale arrangement to a closed end German fund established and managed by that financial institution. This facility has a limit of approximately $195 million. This facility is fixed rate.

The second arrangement for life settlements is a financing facility provided by a large international bank. This credit facility allows Peachtree to finance eligible life settlement transactions originated by it. This facility has a limit of $225 million. Interest rate exposure is not hedged under this credit agreement.

16.3 **Lottery Prize Receivables:** Peachtree currently has a financing facility provided by a large international banking institution. This facility allows Peachtree to finance the acquisition of eligible lottery receivables originated by it. The facility limit is $100 million. Interest rate risk is managed with fixed for floating interest rate swap contracts.

16.4 **LBP:** Peachtree has a credit facility provided by a large US bank. This facility is dedicated to premium finance loans originated by Peachtree regarding its Leveraged Bonus Plan structure. This facility has a limit of $50 million. Interest rate exposure is not hedged under this credit agreement but the underlying loan assets are also floating rate.

16.5 **Working Capital:** Peachtree maintains a $13 million working capital line of credit provided by a large US bank. The working capital line is utilised for general liquidity and portions of it are dedicated to financing pre-settlement funding transactions up to $5 million and advances on lottery contracts up to $3million.

Pursuant to the terms of the financing documents relating to the Group's working capital line, the lender under such financing facility has been granted a lien on all of the borrower's assets. Consequently, the shares and membership interests of the subsidiaries of Peachtree are encumbered.

16.6 **Tobacco Transition Payments:** Peachtree has a credit facility for the acquisition of US Government tobacco transition payments which is provided by a large international financial institution. The facility is most accurately described as whole loan sale arrangement to trust established and managed by that financial institution. This facility has a limit of approximately $500 million.

17 Working capital

17.1 The Company and the Directors, having made due and careful enquiry, are of the opinion that, (taking into account bank facilities available to it, existing cash resources and the assumed net proceeds of the Placing to be received by the Company,) the Company and the Group have sufficient working capital for its present requirements, that is, for at least the next 12 months following Admission.

18 Significant change

18.1 Save as disclosed in this document under the heading "Current Trading and Prospects" set out in Part I of this document, and save for total dividends of $9 million and $14 million paid respectively in July 2005, and December 2005, there has been no significant change in the financial or trading position of the Group since 30 June 2005, the date to which the Group's last audited financial statements have been published.

19 Material litigation

19.1 No member of the Group is or has been engaged in nor, so far as the Company is aware, is there pending or threatened by or against any member of the Group, any governmental, legal or arbitration proceedings which may have, or have had during the 12 months preceding the date of this document, a significant effect on the Group's financial position or profitability other than as disclosed in this paragraph 19.

19.2 *Settlement Funding, LLC v. John P. Foster, IV and Kristy Foster, Case No. 03-C-276, Circuit Court of Marion County, West Virginia.* A collection action by a member of the Group against a structured settlement transferor. In response to the collection allegations, the transferor has raised various claims seeking rescission and additional damages. The Company has obtained a summary disposition in its favour; however, the appeal period has not yet expired. Transaction value is approximately $157,000.

19.3 *J.G. Wentworth S.S.C. LP v. Settlement Funding, LLC, United States District Court, Eastern District of Pennsylvania,* A Group company was sued by one of its competitors for engaging in the "Ad Words" program offered by Google, Inc. and thereby allegedly infringing J.G. Wentworth's alleged trademark and causing it damages. While damages are not specified in the Complaint, management believes that J.G. Wentworth would estimate damages at an amount exceeding $150,000.

19.4 *Settlement Funding, LLC d/b/a Peachtree Settlement Funding, as seller/servicer for Peachtree Finance Company, LLC, Plaintiff v. Rose Garcia, Transamerica Occidental Life Insurance Company and United States of America, Defendants Civil Action No. W-04-CA339 in the United States District Court for the Western District of Texas, Waco Division.* The Company filed a collection action relating to a loan agreement on which Ms. Garcia defaulted. Transamerica responded with an interpleader, claiming no interest in the proceeds, but seeking guidance on whom to pay. The United States filed its answers and objections. Cross motions for summary disposition have been filed by all parties and the case has been ordered to mediation.

Although an order was previously entered by a United States District Court stating that as between the Group company and Ms. Garcia, the Group company is entitled to the payments, the United States, which is the owner of the annuity purchased to fund the structured settlement payments, has directed Transamerica not to make the payments. The present value of the payments at issue in this case is approximately $269,000. The United States has taken similar positions in other cases and with the Group's competitors. The Group does not presently purchase structured settlements where the annuity funding the payment stream is owned by the United States. The aggregate present value of all other structured settlement payments owned by the Group where the United States is the owner of the annuity is approximately $558,000.

19.5 *Christopher Scalzi as guardian of James T. Baker, an incapacitated individual, Plaintiff v. Richard T. Pettit, Ethan J. Loeb, Bricklemyer, Smolker & Bolves, P.A., a Florida professional association, F. Wallace Pope, Jr. and Johnson, Pope, Bokor, Ruppel & Burns, P.A., a Florida professional association. Case No. 05-4506-CI-15 in the Circuit Court of the Sixth Judicial Circuit in and for Pinellas County, Florida.* None of the Group companies are a party to this action, nor are any of the Group companies expected to be named as parties in this action, but because defendant Petitt and his firm were retained by a Group company in connection with the transfer of the structured

settlement, the Company, discloses the particulars as follows: The Plaintiff alleges negligence and malpractice on the part of the defendants, claiming damages in excess of $250,000. While no Group company has been named as a defendant, management has been advised that the defendant will demand that the Group company be placed on the verdict form as a "Fabre" defendant — not as an actual defendant, but as a means to allow a jury to apportion fault to a non-party.

19.6 *Prosperity Partners, Inc. v. Osvaldo Perez and Peachtree Settlement Funding Corporation, in the Circuit Court of the Fifteenth Judicial Circuit in and for Palm Beach County, Florida.* One of the Group company's competitors, Prosperity Partners, Inc. ("Prosperity"), alleges, among other claims, that the Group company tortiously interfered with one of Prosperity's contracts with a Spanish speaking lottery winner. The lottery winner has represented to the Group company that he does not read English and the agreement with Prosperity was in English. Moreover, the Group Company's position is that (a) it was not aware of Prosperity's agreement when the Group company entered into its agreement with the lottery winner; and (b) upon subsequent review, Prosperity's agreement appears, on its face, not to be compliant with the applicable transfer statute. The matter is ongoing and is in the discovery phase. Damages claimed are approximately $800,000.

19.7 *Seneca One, LLC v. Settlement Funding et al., Garen P. Suzan and Paul J. Dacri, in the United States District Court of Massachusetts.* Plaintiff alleges that one or more of the Group companies, has breached Plaintiff's rights of first refusal in certain lottery contracts and intentionally interfered with its contractual relations. On 25 January 2006, the Group filed its Answer, Affirmative Defenses and Counterclaims to Seneca One, LLC's Complaint, denying the allegations against it, raising certain affirmative defenses and seeking declaratory judgments against Plaintiff that Plaintiff's actions violated Massachusetts law relating to the sale of lottery winnings. In January 2006, one of the defendants (Garen Suzan) filed a motion to dismiss plaintiff's claim against it on the grounds that plaintiff's actions violated Massachusetts's law relating to the sale of lottery winnings. Damages sought are competitor's lost profit, which management estimates would not have been greater than $525,000.

19.8 *Lifespring Financial v. Life Settlement Corporation.* In a Complaint filed on 24 January 2006, Plaintiff (a life settlement broker) alleges breach of contract by Life Settlement Corporation, one of the Group companies. The relevant agreement contained a customary financing contingency. When Life Settlement Corporation was unable to obtain satisfactory financing for its purchase of the life insurance policy, it decided not to purchase the life insurance policy, exercising its right under the financing contingency. Damages sought in the action are approximately $2,000,000.

19.9 Leveraged Bonus Plan ("LBP") is a method whereby a certain percentage of premiums due under a high-cash value life insurance policy are financed, with the intent to provide a leveraged insurance policy that can be used by an executive for retirement cash flow.

The LBP method has a patent application pending with the US Patent and Trademark Office, Application No. 10/707144.

In 2004, a Group company's joint venturor in LBP, agentLIFE, Inc., received a letter from counsel representing a subsidiary of Hartford Life Insurance advising that this Hartford Life subsidiary was the holder of patent issued to them relating to a transaction named "ISOP". The notification letter asked agentLIFE, Inc. to compare the patent to the LBP process and determine if LBP needed a licence for the use of ISOP to continue using LBP. The Group company compared the LBP components to those of the ISOP transaction and hired counsel to provide guidance. Upon review, counsel issued an unqualified non-infringement opinion relating to LBP.

Representatives for the Group company and the ISOP patent holders have had discussions and provided various written position statements relating to any claims of infringement. The last of such writings was from LBP representatives in August 2005 requesting certain supporting documentation from the ISOP representatives. LBP has not received a response to its August 2005 request; there have been no further communications.

20 Share Dealing Code

20.1 The Directors intend to comply with Rule 21 of the AIM Rules relating to Directors' and applicable employees' dealings in the Shares and to this end, the Company has adopted an appropriate Share Dealing Code.

20.2 The Share Dealing Code provides that, *inter alia*, a Director or an applicable employee cannot deal in the Company's Shares in the following circumstances, unless otherwise permitted by the London Stock Exchange:

20.2.1 during the two month period prior to notification of the Company's annual results and half-yearly results; during the one month period prior to the notification of its quarterly results or, if shorter, the period from the relevant financial period end up to and including the time of notification;

20.2.2 whilst the Company is in possession of unpublished price-sensitive information; or

20.2.3 at any other time when it has become reasonably probable that such information will be required to be notified to a Regulatory Information Service under the AIM Rules.

20.3 The Company will also be subject to UK legislation prohibiting market abuse and insider dealing under the FSMA.

21 General

21.1 Expenses

21.1.1 The total costs and expenses of and incidental to the Placing, including the UK Listing Authority fee and the fees of the London Stock Exchange, commissions and fees payable and the costs of printing and distribution of documents are estimated to amount to approximately $15 million (approximately £8.6 million) (exclusive of VAT). Peachtree and the Selling Shareholders have agreed to share certain costs and expenses in the proportion of 25 per cent. to 75 per cent. respectively.

21.2 Nature of financial information

21.2.1 The financial information in this document relating to the Group and, in particular, contained within the Accountants' Reports do not comprise statutory accounts within the meaning of section 240(5) of the UK Companies Act 1985.

21.3 Consents

21.3.1 Each of Bear Stearns and Collins Stewart, who have no material interest in the Company, have given and have not withdrawn their written consent to the issue of this document with the inclusion herein of the references to their names in the form and context in which they appear.

21.3.2 RSM Robson Rhodes LLP, who are the reporting accountants for the purposes of the Placing, has given and has not withdrawn its written consent to the inclusion of its name and the reports and letter in Parts IVa, IVb and Vb of this document in the respective forms and contexts in which they appear.

21.4 Benefits received from the Company

Except as disclosed in this document, no person (excluding professional advisers named in this document and trade suppliers) has received directly or indirectly from the Company within the 12 months preceding the date of application for Admission or entered into contractual arrangements (not otherwise disclosed in this document) to receive, directly or indirectly from the Company on or after Admission either: fees totalling £10,000 or more; or securities in the Company with a value of £10,000 or more calculated by reference to the Placing Price; or any other benefit with a value of £10,000 or more at the date of Admission.

21.5 External sources

The Company confirms that where information has been sourced from a third party it has been accurately reproduced and as far as the Company is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

21.6 Miscellaneous

21.6.1 The Shares being placed pursuant to the Placing are expected to be fully underwritten by Collins Stewart and Bear Stearns.

21.6.2 The Shares being placed pursuant to the Placing have a nominal value of $0.001 each.

21.6.3 Directors' and Officers' liability insurance has been effected by the Company in respect of each of the Directors for an aggregate sum assured of $20 million.

21.6.4 Directors' and Officers' Prospectus liability insurance has been effected by the Company in respect of each of the Directors for an aggregate sum assured of $20 million.

21.6.5 The accounting reference date of the Company is 31 December each year.

21.6.6 There have not been any interruptions to the business of the Group which may have, or have had, a significant effect on the Company's financial position in the last 12 months.

21.6.7 There are no promoters of any member of the Group and no cash securities or benefits were paid, issued or given or proposed to be paid issued or given to any promoters within the two years immediately preceding the date of this document.

21.6.8 The Directors are not aware of any arrangement under which future dividends are waived or agreed to be waived.

21.6.9 The ISIN number of the Shares will be USU704941066.

22 Documents available for inspection

22.1 Copies of the following documents may be inspected at the offices of Simmons & Simmons, CityPoint, One Ropemaker Street, London EC2Y 9SS during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) for a period of 1 month from the date of this document:

22.1.1 this document;

22.1.2 the constitutional documents of the Company referred to in paragraph 3 of this Part VII;

22.1.3 the Executive Directors' service agreements and Non-executive Directors' letters of appointment referred to in paragraph 5 of this Part VII;

22.1.4 the material contracts referred to in paragraph 13 of this Part VII;

22.1.5 the Underwriting Agreement; and

22.1.6 the audited financial statements of the Company as referred to in Part IV of this document together with the statement of adjustments.

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APPENDIX E

PEACH HOLDINGS, LLC ANNUAL REPORT AND ACCOUNTS 2005

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PEACH HOLDINGS, LLC
ANNUAL REPORT AND ACCOUNTS 2005

HELPING TOMORROW'S DREAMS COME TRUE TODAY

CORPORATE STATEMENT

Peachtree is a specialty finance company focused on illiquid, yet high credit quality assets. Peachtree provides financial solutions for individuals holding high quality illiquid assets. We are the leading US buyer of deferred payment obligations, such as structured legal settlements, life insurance policies and lottery prize payments. Peachtree is focused on expanding its leading market position in each of these product groups and is the only company that originates with scale across multiple asset classes. Peach Holdings, Inc. trades publicly on AiM (LSE: PSF).

BUSINESS STRATEGY

Peachtree will seek to create value for its shareholders by continuing to deliver earnings growth. In particular, the Group will endeavor to:

➜ increase penetration in structured settlements, life settlements, lottery prize winnings, and other types of annuities;

➜ access new asset classes, particularly those that will permit Peachtree to leverage existing origination infrastructure; and

➜ secure new financing sources with enhanced economics.

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CORPORATE INFORMATION

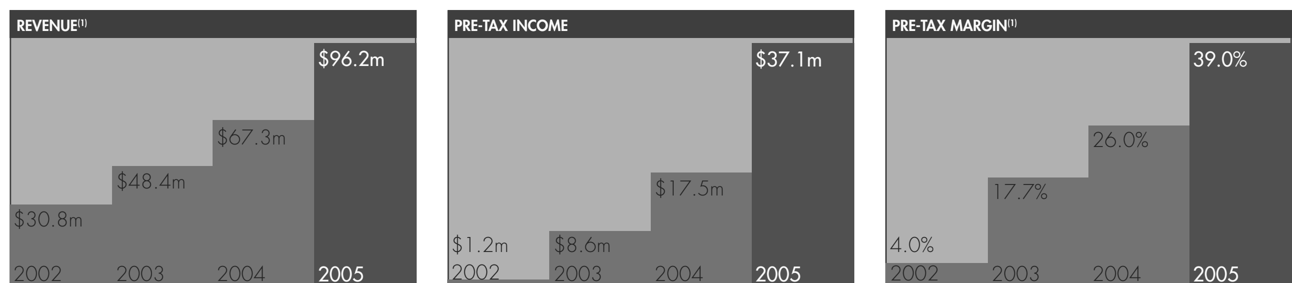
HIGHLIGHTS

FINANCIAL

- results in line with expectations at IPO
- adjusted revenues increased by 43% to US$96.2 million (2004: US$67.3 million)
- PBT of US$37.1 million, an increase of 112% (2004: US$17.5 million)
- pre-tax margin on adjusted revenues of 39% (2004: 26%)
- forecast dividend of US$20 million for current year
- strongly cash generative (cash position post-IPO US$32 million)

OPERATIONAL

- leader in personal factoring
- strong growth in existing business lines
- early success from new product offerings
- new credit facilities of US$325 million to support growth
- completed two securitizations in 2005 and three expected in 2006
- successful AiM listing in March 2006



[1] excludes installment obligation gain/loss from installment sales transaction structure

COMPANY DIVISIONS

Peachtree's core business consists of purchasing deferred payment obligations, such as structured settlements, lottery prize winnings and selected insurance products, on a discounted basis from individual holders. The obligors of these receivables are predominately highly-rated insurance companies and US state governments. There is a limited prepayment risk and credit exposure associated with any of Peachtree's purchased receivables.

Peachtree generally participates in large, highly fragmented markets with predominantly small, under-capitalized competitors. The Directors of Peachtree believe that Peachtree has the number one (1) or number two (2) market share in the US in each of its core businesses.

STRUCTURED SETTLEMENTS

A structured settlement is a contract between a plaintiff and defendant whereby the plaintiff agrees to settle a lawsuit (usually a personal injury, product liability or medical malpractice claim) in exchange for periodic payments over time. Generally, the settling defendant (either a self-insured corporation or its liability insurer) arranges to discharge its payment obligation to an individual plaintiff by purchasing a commercial annuity from an investment-grade annuity provider, such as a life insurance company, thereby guaranteeing a low-risk stream of payments to the plaintiff. The settling defendant's insurance company is motivated to seek a structured settlement as it is often less costly than the up-front payment alternative.

www.settlementfunding.com

LIFE SETTLEMENTS

A life settlement is the sale of an existing life insurance policy to an unrelated investor for an amount greater than the policy's cash surrender value, but lower than the face amount of the policy. The investor assumes the obligation of making premium payments until the face amount of the policy is realized.

www.life-settlementco.com

LOTTERY

Lottery prize payments are typically paid in installments over a period of 20 to 30 years. Approximately 10,000 individuals are currently receiving lottery prize payments in installments in the US. Peachtree estimates the present value of all outstanding lottery prize payment streams to be approximately $12 billion in the US. To date, Peachtree estimates that approximately $3 billion of such lottery prize winnings have been purchased by all market participants.

www.peachtreefunding.com

PRE-SETTLEMENT FUNDING

Pre-settlement funding provides personal injury plaintiffs with a payment in exchange for an assignment of a portion of the proceeds of their pending case. Accident victims often are unable to work for a prolonged period of time and therefore incur high expenses which they find difficult to meet. As a result, accident victims often accept quick, minimal settlements. The pre-settlement funding payment provides a victim and their attorney with the flexibility to continue litigating a case by satisfying the victim's immediate need for funds.

www.presettlementfunds.com

LEVERAGED BONUS PLAN

A Leveraged Bonus Plan is an individually owned non-qualified executive deferred compensation plan funded with life insurance. A Leveraged Bonus Plan utilizes leveraged insurance policy ownership to fund a high cash value insurance policy. A Leveraged Bonus Plan is designed to ensure that the executive does not incur any direct expenses, as all expenses are covered by the structure's features and/or the executive's employer. A Leveraged Bonus Plan may also serve as a solution to the "safe harbor" costs associated with an employer's 401k plan.

www.peachtreelbp.com

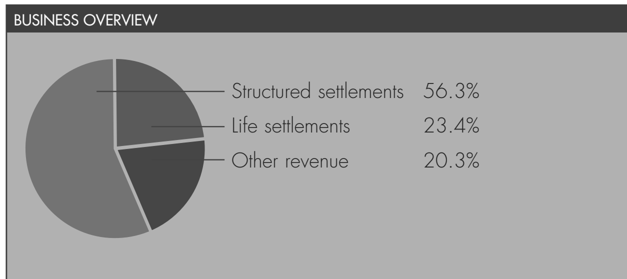
TOBACCO FUNDING

Through the Tobacco Transition Payment Program of the US government, tobacco farmers have been provided with a deferred schedule of tobacco quota buyout payments. These payments may be sold to a third party for a present lump sum of money.

www.tobaccofunding.com

SUMMARY OF CHAIRMAN AND CHIEF EXECUTIVE'S STATEMENT

- Achieved a year of significant development and growth
- Net income was US$37,456,799 on adjusted revenue of US$96.2 million (39% total margin)
- Business is strongly cash generative and the Board anticipates paying a dividend of at least US$0.192 per share in the current year
- Increasing our penetration of key markets (Life Settlements, Structured Settlements) while continuing to innovate (Premium Financing, Pre-Settlements) and maintaining market leading positions
- Successful AiM listing in March 2006



We are very happy to release our maiden set of annual results for the period ending 31 December 2005 after successfully joining AiM in March 2006. These results are in line with management's estimates. Management is pleased to report that 2005 was a year of significant growth for Peachtree. Net income was US$37,456,799 on adjusted revenue of US$96.2 million (39% total margin). As a limited liability company no actual shares were outstanding through 31 December 2005. Notwithstanding, assuming that the post flotation shares outstanding were outstanding as of 31 December 2005, earnings per share would have been US$0.36.

BUSINESS OVERVIEW

Peachtree is active in various speciality factoring markets, which although similar in some respects, are distinct. For 2005 the main drivers of revenue were the purchase of structured legal settlement payments, lottery prize payments and life insurance policies. In addition, Peachtree launched a pre-settlement funding division, and commenced a life insurance premium finance business in 2005.

Structured Settlements

A structured settlement is the settlement of a personal injury claim for a series of installments payments. The settling party typically purchases a commercial annuity to satisfy the ongoing payment obligation to the injured plaintiff. Often, post-settlement, an individual will desire liquidity and will seek to sell some or all of the future payments due under the structured settlement. Peachtree provides this liquidity to individuals throughout the United States. Each transfer of structured settlement payments must be approved by a court finding that the

> Peachtree has been able to achieve significant returns on investment in relatively large but under penetrated markets

transfer is in the best interest of the selling party. In 2005, Peachtree processed transactions generating revenue of US$52.4 million from the purchase and resale of structured legal settlement payments. This represents growth of approximately 43% over 2004 and is a result of our continued efforts to more deeply penetrate the structured settlement marketplace through direct marketing activities. Through more focused and broader marketing activity, Peachtree believes it can increase its market penetration in the structured settlement arena. Moreover, certain tort reform measures (which may or may not ever become law) actually mandate the use of structured settlements. The growing use of structured settlements to resolved litigation means that the total addressable market for this aspect of our business continues to grow.

Annuities

As part of its marketing efforts for the purchase of structured settlement payments, Peachtree often comes in contact with and will purchase immediate and other type of annuities (owned annuities) from individuals. This market is truly enormous with estimates ranging in the many hundreds of billions of dollars. We are planning on expanding our marketing efforts throughout 2006 to focus on this extremely large and untapped market.

Life Settlements

A life settlement is the purchase of a life insurance policy that is no longer needed or wanted from an insured age 65 or above. Peachtree believes it is the second largest life settlement provider in the United States and is licensed in all jurisdictions in which is does business which require such licensure.

For 2005, Peachtree's life settlement operations generated gross revenue of US$22.5 million. This represents an increase of 84% over 2004. In addition, in January 2006 Peachtree closed on a substantial credit facility for the acquisition of life settlements. This facility provides materially better terms than previously available. Peachtree's strategy is to continue expanding its life settlement origination activities through organic marketing and purchasing activities, and expanding penetration with insurance marketing organizations and brokers.

Lottery Prize Payments

For 2005 the lottery division contributed US$8.4 million in revenue. As a mature business, Peachtree did not forecast nor experience any significant growth in this department versus 2004. Peachtree purchases lottery prize payments from an individual pursuant to a court order transfer process as permitted by state law.

We are also pleased to report that Peachtree closed on a US$100 million credit facility for the acquisition of lottery prize payments in late 2005. This credit facility provides better terms than previously available to the Company.

Pre-Settlement Funding

Pre-settlement funding is a relatively new business for Peachtree but not for Peachtree management. Pre-settlement funding is the purchase of an interest in the proceeds of a pending personal injury case. In January of 2005 Peachtree purchased the assets of Lancaster Financial Corp, a provider of pre-settlement

KEY STRENGTHS

Peachtree is active in various speciality factoring markets and the leader in personal factoring. For 2005 the main drivers of revenue were the purchase of structured legal settlement payments, lottery prize payments and life insurance policies.

- ➜ STRUCTURED SETTLEMENTS
  Peachtree processed transactions generating revenue of US$52.4 million from the purchase and resale of structured legal settlement payments which represents growth of approximately 43% over 2004. The growing use of structured settlements to resolved litigation means that the total addressable market for this aspect of our business continues to grow.

- ➜ LIFE SETTLEMENTS
  Peachtree believes it is the second largest life settlement provider in the United States and is licensed in all jurisdictions in which is does business which require such licensure. For 2005, Peachtree's life settlement operations generated gross revenue of US$22.5 million. This represents an increase of 84% over 2004.

- ➜ LOTTERY PRIZE PAYMENTS
  For 2005 the lottery division contributed US$8.4 million in revenue. Peachtree closed on a US$100 million credit facility for the acquisition of lottery prize payments in late 2005.

funding financing. Peachtree has rapidly grown its pre-settlement origination activity. Peachtree currently conducts pre-settlement funding transactions in 16 states. The US tort markets are deep and wide and accordingly present a ripe area for growth. Peachtree believes it is the low cost provider of pre-settlement funding in the US. We are investing in marketing and transaction processing for this asset class and believe that continued significant growth in this sector is likely.

NEW INITIATIVES

Class Action Litigation Funding

Certain class action or mass tort settlements present unique opportunities for Peachtree. The inherent complexity of mass tort or class action settlements means that they take time to work their way through the judicial system. Although the dollar amounts of the settlement are typically known, the date of payment is far less clear. Peachtree believes that many individuals holding these settlement rights are interested in immediate cash for all or a portion of their settlement proceeds. Peachtree is evaluating and screening potential class action and mass tort settlements to determine which warrant its attention.

Leverage Bonus Plan (LBP)

Peachtree's Leverage Bonus Plan is a solution for firms seeking to provide non-qualified executive deferred compensation plans without the complexity, tax and compliance risks which typically come from same given the current US regulatory and tax environment. LBP is a turn key solution for firms and executives in this situation. We have recently identified a particularly good application for LBP with regard to companies utilizing the so called "401K safe harbor" provisions of the tax code to permit greater retirement savings for senior

> Peach enjoys a leading competitive position that will drive strong return on equity

and highly compensated executives. We are hopeful that this application will see significant market take up in the coming year.

NEW FINANCING FACILITIES:
As stated in the Group's AiM admission document, Peachtree in January 2006 closed on a new credit facility for US$225 million to facilitate purchases of life settlement policies.

Subsequent to year end, Peachtree also signed a term sheet for a US$50 million facility to fund its growing pre-settlement funding business indicating that the product demand has grown to warrant a dedicated credit facility rather than use of its own funds. This facility will allow us to refinance and immediately monetize over US$10 million of receivables currently held on balance sheet.

Peachtree has also amended a US$30 million structured facility to enhance its existing facility allowing us to finance certain non-conforming receivables. This facility will allow Peachtree to refinance and immediately monetize another US$8 million of receivables currently held on balance sheet.

OUTLOOK:
By focusing on high quality illiquid assets that are individually held, Peachtree has been able to capitalize on liquidity mis-matches which often exist. By bringing the capital markets to bear in these areas Peachtree has been able to achieve significant returns on investment in relatively large but under penetrated markets. By continuing to improve on our access to the capital markets, financing rates and terms available to us, and by focusing on customer service, Peachtree can continue to be the leader in personal factoring.

We are dedicated to increasing our penetration of key markets (Life Settlements, Structured Settlements) while continuing to innovate (Premium Financing, Pre-Settlements).

The new facility put in place in the life settlement division has greatly strengthened our competitive position and the early indications are that this is greatly assisting in the growth of the business. Originations in structured settlements and our other lines of business are in line with the Board's expectations. The Company completed a structured settlement securitization in March 2006, and the Board anticipates two securitizations in the second half of the current year, one in structured settlements, one in life settlements, which under the accounting guidelines to be adopted in 2006 will result in profits in the current year being weighted towards the second half. The business is strongly cash generative and the Board anticipates paying a dividend of at least US$0.192 per share in the current year.

Our strategy of diversification (but not at the expense of product specific focus) has enabled Peachtree to grow robustly while maintaining market leading positions. 2006 has started off well and we anticipate continued growth in our core divisions and substantial expansion in some of our newer business lines.

Dermot Smurfit
Chairman

James D. Terlizzi
CEO

FINANCIAL REVIEW

SUMMARY OF FINANCIAL REVIEW

➜ Adjusted revenues increased by 43% to US$96.2 million (2004: US$67.3 million)

➜ PBT of US$37.1 million increased 112% (2004: US$17.5 million)

➜ The Group generated cash flow from operating activities of $53.4 million in 2005

➜ Structured Settlement revenue increased by 43% to US$52.4 million (2004: US$36.6 million)

➜ Life Settlement revenue increased by 84% to US$22.5 million (2004: US$12.2 million)

➜ Board's intention to pay a dividend of not less than US$20 million in the current year

EARNINGS PER UNIT:	
EARNINGS PER UNIT: NUMERATOR – NET INCOME PER THE COMBINED STATEMENT OF OPERATIONS	$37,456,799
ADJUST FOR NET LOSS OF LIFE SETTLEMENT CORPORATION, OWNED BY OTHER SHAREHOLDERS	946,806
NET INCOME AVAILABLE TO UNIT HOLDERS	$38,403,605
DENOMINATOR FOR BASIC AND DILUTED EARNINGS PER UNIT – WEIGHTED-AVERAGE UNITS OUTSTANDING	10,000,000
BASIC AND DILUTED EARNINGS PER UNIT	$3.84
PRO FORMA EARNINGS PER COMMON SHARE: DENOMINATOR FOR BASIC AND DILUTED EARNINGS PER COMMON SHARE – WEIGHTED-AVERAGE SHARES OUTSTANDING	100,000,000
BASIC AND DILUTED EARNINGS PER COMMON SHARE	$0.384

The year ending December 31, 2005 was a highly successful period for the Peachtree Group as we substantially increased net income, sustained continued growth in our pre-tax margin and improved our ability to generate cash. Our business is strong and we are well positioned to add shareholder value through continued solid earnings growth and strong operational efficiency.

OPERATING RESULTS

Revenues of $114.7 million reflect an increase of $22.2 million or 24% in calendar year 2005 (2004: $92.6 million). Adjusted revenue[1] of $96.2 million increased $28.8 million or 43% (2004: $67.3 million). Approximately 80% of our revenues were derived from the Structured Settlement and Life Settlement divisions, which generated $52.4 million and $22.5 million, respectively. Revenue from the purchase and resale of Structured Settlements increased $15.8 million or 43% over the prior year (2004: $36.6 million) and Life Settlement revenue increased $10.2 million or 84% over the prior year (2004: $12.2 million).

Operating expenses of $77.7 million reflect an increase of $2.6 million or 3% in calendar year 2005 (2004: $75.1 million). Adjusted operating expenses of $59.1 million[1] increased $9.2 million or 19% (2004: $49.9 million). Salaries and Related Costs, and Marketing and Advertising are our two largest categories of expense at $22.6 million and $12.9 million, respectively. These expense categories increased 16% and 38%, respectively, against prior year expenditures. Combined, these two categories represent 60% of total adjusted operating expense for the year (2004: 58%).

> 2006 has started off well and we anticipate continued growth in our core divisions and expansion of our newer business lines

$000's	2005	2004	2003	2002
TOTAL REVENUE	**114,723**	92,559	84,753	48,041
ADJUSTED REVENUE	**96,166**	67,347	48,419	30,777
NET INCOME	**37,457**	17,420	8,538	1,187
TOTAL ASSETS	**391,371**	375,778	309,984	195,506
TOTAL LIABILITIES	**329,800**	324,773	279,359	176,102
TOTAL MEMBERS' EQUITY	**61,571**	51,005	30,625	19,404

Income before taxes for the year was $37.1 million representing an increase of $19.6 million or 112% over the prior year (2004: $17.5 million). Our pre-tax margin on adjusted revenue for 2005 was 39% (2004: 26%). Our continued focus on growth, improving operational efficiency and leveraging our scalable originations platform produced a 51% improvement in our pre-tax margin. After-tax net income of $37.5 million reflects an increase of $19.6 million or 115% (2004: $17.4 million).

TAXATION

At December 31, 2005, the Peachtree Group consisted primarily of limited liability companies most of which are disregarded for income tax purposes. The Peachtree Group includes approximately five taxable entities for which the cumulative 2005 tax provision resulted in a tax benefit of $385,000.

EARNINGS PER UNIT / EARNINGS PER SHARE

At December 31, 2005, the Peachtree Group was organized as a limited liability company with 10 million units of membership outstanding. On March 30, 2006, immediately prior to flotation as Peach Holdings, Inc. ("PHI") on the AiM of the London Stock Exchange, the Peachtree Group completed a restructuring resulting in the issuance of 10 shares of PHI in exchange for each unit of Peach Holdings, LLC. The table on page 8 sets forth the computation of basic and diluted earnings per unit for the year ended December 31, 2005 and the pro forma earnings per share as though the above-referenced exchange of shares occurred on December 31, 2005. The table on page 8 does not reflect earnings per share based on shares outstanding after commencement of dealings in PHI shares on AiM.

DIVIDEND

The Peachtree Group paid dividends of $32 million in 2005. The Company's progressive dividend policy reflects its long-term earnings and cash flow potential, while maintaining an appropriate level of dividend cover. Absent unforeseen circumstances, the Company intends to pay an aggregate dividend of $20 million for the year ended December 31, 2006.

FINANCING AND CASH FLOW

The Peachtree Group generated cash flow from operating activities of $53.4 million in 2005. The Peachtree Group's unrestricted cash position at year end was $5.8 million (2004: $8.7 million).

During the period, the Peachtree Group incurred capital expenditures of $2.3 million (2004: $1 million) and had a depreciation charge of $0.6 million. The Peachtree Group has modest capital expenditure requirements and will commit to major items of capital investment only after thorough analysis. The capital expenditures relate primarily to the acquisition of technology equipment and certain furniture and fixtures related to the relocation of corporate headquarters completed April 7, 2006.

EVENTS SUBSEQUENT TO YEAR END

Flotation – On March 30, 2006 the Peachtree Group was admitted to the AiM of the London Stock Exchange. Immediately prior to flotation, the Peachtree Group completed a restructuring resulting in the issuance of 10 shares of stock of Peach Holdings, Inc., a Florida corporation formed in February 2006, in exchange for each membership unit of Peach Holdings, LLC. The restructuring also caused Peach Holdings, Inc. to become the sole

We continue to focus on growth, improving operational efficiency and leveraging our scalable originations platform.

ADJUSTED REVENUE EXCLUDING ISTS	2005	2004	2003	2002
TOTAL REVENUE	$114,723,311	$92,559,000	$84,753,000	$48,041,000
LESS: INTEREST & DIVIDEND FROM ISTS	(8,905,900)	(8,319,000)	(4,762,000)	(3,673,000)
LESS: INSTALLMENT OBLIGATION GAIN				(13,591,000)
LESS: NET REALIZED AND UNREALIZED GAINS ON ISTS INVESTMENTS	(9,650,950)	(16,893,000)	(31,572,000)	—
ADJUSTED REVENUE EXCLUDING ISTS REVENUES	$96,166,461	$67,347,000	$48,419,000	$30,777,000

shareholder of Peach Holdings, LLC. For the benefit of the shareholders of Peach Holdings, Inc. and in order to provide a more informative comparison of current year performance against prior years, the data presented for years prior to 2005 is consistent with the presentation of results for such prior years as set forth in the Prospectus and admission to AiM document.

Securitization – The Company completed its 4th asset-backed securitization of structured settlement receivables in March 2006 in the amount of $105 million. The securitization was rated AAA by Standard & Poor's and was nearly four times over subscribed.

Accounting Change – On or about March 27, 2006, the staff of the Financial Accounting Standards Board (FASB) issued FASB Staff Position No. FTB 85-4-1. The FASB Staff Position (FSP) provides initial and subsequent measurement guidance and financial statement presentation and disclosure guidance for purchases by third-party investors in life settlement contracts.

Pursuant to FTB 85-4-1, the Peachtree Group, as purchaser of life settlement contracts may elect to account for its purchases using the "fair value method". The fair value method provides that the purchaser shall recognize the initial investment at the transaction price. In subsequent periods, the investor shall re-measure the investment at fair value in its entirety at each reporting period and shall recognize changes in fair value in earnings. Under the prior method, Peachtree was required to recognize the purchase at the cash surrender value of the policy which is a value that is typically materially below the transaction price. The difference between the transaction price and the cash surrender value is expensed in the period the life settlement contract is acquired.

The Peachtree Group is making an election to account for its purchases of life settlement contracts using the fair value method.

Timothy Trankina
President

Notes:

1) Included in total revenue are amounts in respect of the Installment Sale Transaction Structure ("ISTS"). Peachtree issues installment obligations as consideration on the purchase of certain lottery prize winnings and other assets. Peachtree subsequently sells the assets generating cash. The installment obligations provide investment returns based on the specified index profiles selected by the obligation holders. Funds generated from Peachtree's sale of the assets are invested by Peachtree in the same index profiles and accordingly the changes in the installment obligation liabilities are matched by the investment returns.

Although the investment fluctuations from this structure have not had an impact on net income (ISTS revenue is offset by an equal ISTS expense), the total revenue has fluctuated according to the investment returns on this program. Over the four year period ended December 31, 2005, adjusted revenue excluding ISTS revenues are shown in the table above.

2) Historically, no consolidated audit has been performed for the Group as a whole, although a number of the companies making up the Group have been audited. For 2005, a combination of Life Settlement Corporation and the remaining consolidated group was completed. In order to provide a consistent view of the Group's performance over the prior years, the information contained herein has been presented in the manner set forth in the Group's documents submitted in conjunction with its admission to the AiM of the London Stock Exchange (Admission Document). The Admission Document is available for inspection by contacting the Company's Nominated Advisor, Collins Stewart Limited.

BOARD OF DIRECTORS

DERMOT SMURFIT
Non-Executive Chairman

Dr. Smurfit is the recently retired Chairman of Smurfit Europe (paper, paperboard and packaging). He was joint deputy Chairman of Jefferson Smurfit Group PLC (paper, paperboard and packaging) from January 1994 to January 2003, Chairman and chief executive of Jefferson Smurfit's European operations from 1994 to 1997, and Director of sales and marketing from 1997 to 2003. Additionally, Dr. Smurfit had held a number of senior positions within Jefferson Smurfit. Dr. Smurfit is President of FEFCO and Chairman of WCO, both paper related trade bodies, and recently retired from the board of the Confederation of European Paper Industries (CEPI). Dr. Smurfit is Chairman of Eurolink Motorways Operations Ltd (toll road operator) and Powerflute Oy (paper mfg.) and a director of ACE Ltd. (insurance/reinsurance). During 2005 Dr. Smurfit resigned as Chairman of Anker PLC (an AiM listed electronic point-of-sale company) following its sale.

JAMES TERLIZZI
Chief Executive Officer – Executive Director

In 1993, Mr. Terlizzi formed JUA Funding Corporation, a company that focused on purchasing settled personal injury claims. Subsequently, Mr. Terlizzi arranged for a joint venture between JUA Funding Corporation and Enhance Financial Services Group ("Enhance") a then NYSE listed insurance holding company that is currently part of the Radian Group. In 1995 Mr. Terlizzi was hired by Enhance to create, develop and manage Enhance's structure settlements department through their subsidiary, Singer Asset Finance Company, LLC ("Singer"). In 1998, Mr. Terlizzi left Singer and joined Peachtree and COO and later became CEO. Mr. Terlizzi's responsibilities include overseeing the development and deployment of all credit facilities for existing and new business activities. Mr. Terlizzi graduated from Rutgers College at Rutgers University with a B.A. in economics in 1986 and then attended Rutgers University Law School where he earned his J.D. in 1989.

TIMOTHY TRANKINA
President – Executive Director

Mr. Trankina founded Peachtree in 1996 and is currently the Company's President. Prior to founding Peachtree, Mr. Trankina was employed by PriceWaterhouse, where he provided tax consulting and transactional structuring advice to major corporations and high net worth individuals. Mr. Trankina also has experience at IBM and Arthur Andersen LLP. His current responsibilities at Peachtree include managing ISP operations, deployment of the Leveraged Bonus Plan business line and financing and structuring certain other business opportunities. Mr. Trankina is also actively involved in managing the Company's accounting and servicing departments and is directing significant improvements in these areas. Mr. Trankina has a B.A. in Economics from Rutgers College at Rutgers University and a law degree and M.B.A. from Georgia State University. Mr. Trankina is also a Certified Public Accountant.

ANTONY MITCHELL
Chief Operating Officer – Executive Director

In 1993, Mr. Mitchell co-founded Singer and entered into an exclusive funding arrangement with Enhance. In 1997, Enhance acquired Singer. Mr. Mitchell remained an officer of the new entity and held a seat on the company's board of directors. Over the next two years, Singer purchased over $300 million of receivables. Mr. Mitchell was a key member of the team that first securitized assets in the lottery prize winnings and structured settlements asset classes. In February 2001, Mr. Mitchell joined Peachtree as Chief Operating Officer. His current responsibilities include overseeing personnel related issues and the management and operations of the Company's structured settlements business. Mr. Mitchell is also involved in the Company's life settlements business.

MITCHELL HOLLIN
Non-Executive Director

Mr. Hollin served as a Director of Peach Holdings, LLC since 2004. Mr. Hollin is a Partner of LLR Partners Inc., an independent private equity firm, which he joined in 2000. LLR Partners, Inc. manages a series of affiliated funds totalling $620 million of capital. From 1994 until joining LLR Partners Inc., Mr. Hollin was a founder and Managing Director of Advanta Partners, LP, a private equity firm affiliated with Advanta Corporation. Prior to his involvement with Advanta Partners, LP, Mr. Hollin was a Vice President of Cedar Point Partners LP, a middle market buyout firm and before that, an Associate at Patricof & Co. Ventures, Inc., an international venture capital firm. Mr. Hollin received a B.S. in Economics and a M.B.A. from the Wharton School of the University of Pennsylvania.

BRUCE CROCKETT
Non-Executive Director

Mr. Crockett is Chairman of Crockett Technologies Associates (consulting) and a private investor. Mr. Crockett served as President and Chief Executive Officer of Comsat Corporation (COMSAT) (information services) from February 1992 to July 1996 and as President and Chief Operations Officer of COMSAT from April 1991 to February 1992. As an employee of COMSAT since 1980, Mr. Crockett held various other operational and financial positions including Vice President and Chief Financial Officer. Mr. Crockett is Chairman of the AiM family of Mutual Funds, is Chairman of the board of Captaris, Inc. and a director of ACE Ltd. Mr. Crockett is also a senior trustee of the University of Rochester.

DIRECTORS' REPORT

PRINCIPAL ACTIVITIES

The principal activities of the Company have been the acquisition of high-quality deferred payment obligations/receivables from the individual holders of same. The receivables purchased fall into three principal business lines – structured settlements, life settlements and lottery prize winnings. In addition, the Company has three smaller business lines – senior premium financing, pre-settlement funding and the Leveraged Bonus Plan®.

REVIEW OF BUSINESS AND FUTURE PROSPECTS

The Company and Group have performed satisfactorily during the year and performance is in line with the Directors' expectations. The Directors expect the Group's activity levels to be sustained through the foreseeable future. A detailed review of the Group's performance, financial results and future development are contained within the Chairman and Chief Executive's Statement and the Financial Review.

DIVIDENDS

The Directors intend to adopt a progressive dividend policy that will reflect the long-term earnings and cash flow potential of the Company, while maintaining an appropriate level of dividend cover.

Prior to its listing on AiM .
The details of this dividend are found in the statement of accounts ending December 31, 2005 and found herein.

It is intended that the Company will pay a dividend in respect of current activities. In the absence of unforeseen circumstances, the Directors are intending an aggregate minimum dividend of $20 million will be paid. All dividends will be paid in US Dollars.

However, the actual payment of future dividends, if any, and the amounts thereof, will depend upon a number of factors including, but not limited to, the amount of the Group's distributable profits, its capital expenditure, investment plans, performance against financial covenants and any other factors that the directors of the Company may deem relevant. As a result, the Company's ability to pay dividends in the future may be limited or its dividend policy may change.

DIRECTORS

The following directors have held office since the initial AiM listing:

Dermot Smurfit – Non-executive director and Chairman

Bruce Crockett – Non-executive director

Mitchell Hollin – Non-executive director

James Terlizzi – Chief Executive Officer and Executive Director

Timothy Trankina – President and Executive Director

Antony Mitchell – Chief Operating Officer and Executive Director

None of the directors had a material interest in any contract of significance to which the Company, or its subsidiaries, was a part during the financial year. There were no contractual relationships between the non-executive directors and their companies and the Group since the flotation on AiM. Mitchell Hollin has a relationship with a significant shareholder (LLR) and thus will not be considered an independent director for purposes of the Combined Code. Dermot Smurfit is a shareholder and han
Combined Code.

DIRECTORS' REMUNERATION

Companies trading on AiM are not required to provide a formal remuneration report. However, in line with current best practice, the Directors provide the following information to enable a better understanding as to how Directors' remuneration is determined.

The Board of Directors' Remuneration Committee is comprised of two non-executive directors and one executive director and meets at least three times per year. The Remuneration Committee is chaired by Bruce Crockett, an independent non-executive director (as defined under the Combined Code).

Benefit packages awarded
a mix of performance-related and non-performance related remuneration designed to provide incentive but not detract from the goals of good corporate governance. The total remuneration for the Executive Directors for the year ending December 31, 2005 was US$1,660,000.00. The specifics of the Directors' remuneration are set forth below:

JAMES TERLIZZI – EXECUTIVE DIRECTOR

Settlement Funding, LLC has entered into an Executive Employment Agreement dated December 17, 2004 with James Terlizzi. The agreement provides for Mr. Terlizzi to be employed as the Chief Executive Officer at a base salary of $125,000.00 (anticipated to increase to $300,000.00 upon approval of the Remuneration Committee) per year. In addition, Mr. Terlizzi may receive a discretionary bonus of between 0 and 3 times his base salary, and he is entitled to such other employment benefits as are offered to all other senior executives of Settlement Funding, LLC. The agreement has an initial term of one (1) year from the date of election and will renew automatically for successive one (1) year terms unless notice of non-renewal is given by either party. The agreement may also be terminated by either party by giving ninety (90) days notice. During the term of the agreement, Mr. Terlizzi will not engage in any business activities or business ventures that compete with Settlement Funding, LLC, except that he may own up to five (5) percent of the stock of any business which has traded stock. For two (2) years after the termination of the agreement, Mr. Terlizzi will not solicit any employee or customer (including prospective customers) of Settlement Funding, LLC.

TIMOTHY TRANKINA – EXECUTIVE DIRECTOR

Settlement Funding, LLC has entered into an Executive Employment Agreement dated December 17, 2004 with Timothy Trankina. The agreement provides for Mr. Trankina to be employed as an Executive Director at a base salary of $150,000.00 per year. In addition, Mr. Trankina is entitled to incentive compensation equal to ten (10) percent of Settlement Funding, LLC's Structured Settlement Division net cash income (excluding incentive compensation for senior executives). Mr. Trankina is also entitled to incentive compensation equal to five (5) percent of net cash income (exclusive of the net cash income attributable to the Structured Settlement Division) of the calendar year; provided, however, that incentive compensation shall not exceed $1.0 million per calendar year.

The agreement has an initial term of three (3) years from the date of execution and will renew automatically for successive one (1) year terms unless notice of non-renewal is given by either party. The agreement may also be terminated by either party by giving ninety (90) days notice. During the term of the agreement, Mr. Trankin

own up to five (5) percent of the stock of any business which has traded stock. For two (2) years after the termination of the agreement, Mr. Trankina will not solicit any employee or customer (including prospective customers) of Settlement Funding, LLC.

ANTONY MITCHELL – EXECUTIVE DIRECTOR

Antony Mitchell is an owner of Warburg Investment Corporation ("Warburg"). Settlement Funding, LLC and Warburg are parties to an Administrative Services, Lease and Consulting Agreement dated January 15, 2004 (the "Warburg Agreement"). Pursuant to the Warburg Agreement, the Company provides Warburg with (i) office space; (ii) equipment; and (iii) personnel, so far as these are available in Palm Beach County, Florida. The value of the provision of these facilities shall not exceed $5,000.00 per month. In exchange, Warburg provides consulting services to Peachtree and currently receives a consulting fee of $15,000.00 per month which is expected to increase to $25,000.00 per month. In addition, it is expected that the Warburg Agreement will be modified to provide for a discretionary bonus of $0 to $900,000, such change being subject to approval of the Remuneration Committee. The Warburg Agreement shall last for one (1) year and will renew automatically for successive one (1) year terms. The Warburg Agreement provides that Antony Mitchell shall be the Chief Operating Officer of Settlement Funding, LLC and that Settlement Funding, LLC may terminate the Warburg Agreement at such time as Antony Mitchell no longer has a significant interest in Warburg. Save as disclosed above, the Warburg Agreement may only be terminated by one party if the other party is in breach of the agreement.

DERMOT SMURFIT – NON-EXECUTIVE DIRECTOR; CHAIRMAN

Dermot Smurfit is engaged to be Non-Executive Director – Chairman of the Company, such appointment commencing on Admission. Unless terminated earlier by either party in accordance with the Letter of Appointment, Dr. Smurfit's initial appointment shall expire on the date of the Company's 2009 annual general meeting. Thereafter, Dr. Smurfit will be required to retire by rotation every three (3) years. Dr. Smurfit receives a fee of £100,000 per annum. The Company will also reimburse Dr. Smurfit for all expenses reasonably incurred in the proper performance of his duties. Dr. Smurfit also has the benefit of an option to purchase

BRUCE CROCKETT – NON-EXECUTIVE DIRECTOR

Bruce Crockett is engaged to be a Non-Executive Director of the Company, such appointment commencing on Admission. Unless terminated earlier by either party in accordance with the Letter of Appointment, Mr. Crockett's initial appointment shall expire on the date of the Company's 2008 annual general meeting. Thereafter, Mr. Crockett will be required to retire by rotation every three (3) years. Mr. Crockett receives a fee of £30,000 per annum (plus £20,000 for chairing the Audit and Remuneration Committees). The Company will also reimburse Mr. Crockett for all expenses reasonably incurred in the proper performance of his duties.

MITCHELL HOLLIN – NON-EXECUTIVE DIRECTOR

Mitchell Hollin is engaged to be a Non-Executive Director of the Company, such appointment commencing on Admission. Unless terminated earlier by either party in accordance with the Letter of Appointment, Mr. Hollin's initial appointment shall expire on the date of the Company's 2007 annual general meeting. Thereafter, Mr. Hollin will be required to retire by rotation every three (3) years. Should the aggregate shareholding of LLR and Greenhill fall below twelve (12) percent of the issued share capital of the Company, or the shareholding of LLR falls below seven and one-half (7.5) percent, Mr. Hollin may be required to retire without delay or hesitation. Mr. Hollin receives a fee of £30,000 per annum. The Company will also reimburse Mr. Hollin for all expenses reasonably incurred in the proper performance of his duties.

DIRECTORS' REPORT

DIRECTORS' INTEREST IN SHARES

The interests of the Directors in the shares of the Company were as follows:

Name	June 21, 06	December 31, 05[1]
James Terlizzi	35,281,023	0
Timothy Trankina	4,471,011	0
Dermot Smurfit	161,812	0
Antony Mitchell	0	0
Mitchell Hollin	0	0
Bruce Crockett	0	0

[1] The Company was not formed until February 27, 06, and thus, as of December 31, 05, no Director held any shares of Peach Holdings, Inc.

EMPLOYEE POLICY

The Group places considerable value on the involvement of its employees and keeps them informed on matters affecting them as employees and on the various factors affecting the performance of the Group.

The Group's employment policies include a commitment to equal opportunities regardless of sex, age, race, ethnic origin or other forms of discrimination.

It is the policy of the Group to g
of the applicants concerned. In the event an employee becomes disabled, every effort is made to ensure their continued employment within the Group and to provide specialized training where appropriate.

CREDITOR PAYMENT POLICY

It is the Group's policy to agree to terms with suppliers which are appropriate for the markets in which they operate and to abide by such terms when the supplier has also met their obligations.

DIRECTORS' RESPONSIBILITIES

The Directors are, among other things, required to review and approve the financial statements prepared by the Company's auditors. These financial statements and the review process is intended to confirm that the financial statements for each fiscal year give a true and fair view of the state of the financial affairs of the Company and the profit and loss of the Group for that period. The Directors' review also serves to confirm that the financial statements of the Group have been prepared on a going concern basis unless it would be inappropriate to presume that the Group would continue in business.

The Directors confirm that suitable accounting policies have been used and applied consistently throughout the year. They confirm that reasonable and prudent judgments and estimates have been made in preparing the financial statements for the year ending December 31, 2005 and that applicable accounting standards have been followed. The financial statements have been prepared in accordance with US GAAP.

The Directors are also respo
and other irregularities.

AUDITORS

McGladrey & Pullen, LLP have indicated their willingness to continue in office and a resolution proposing their reappointment will be made at the AGM.

By order of the Board.

Craig M. Lessner
Company Secretary
June 22, 2006

CORPORATE GOVERNANCE

INTRODUCTION

The Company was listed on AiM on March 30, 2006. Although the rules of AiM do not require the Company to comply with the Combined Code on Corporate Governance (the "Code"), the Company fully supports the principles set out in the Code and will seek to comply with them whenever practical, given both the size and resources available to the Company. Details are provided below of how the Company applies those parts of the Code which it believes to be appropriate.

THE BOARD

The Company has appointed non-executive directors to be an independent view to the Board of Directors (the "Board"), and to provide a balance to the executive directors. The Board comprises three (3) executive directors and three (3) non-executive directors, one of whom is the chairman.

The Company considers Bruce Crockett to be independent within the meaning of the Code. The Company does not consider Dermot Smurfit and Mitchell Hollin to be truly independent within the meaning of the Code due to Dr. Smurfit's ownership of and option to purchase shares of the Company and Mr. Hollin's close relationship with a significant shareholder. As soon as practical, the Directors intend to appoint another non-executive director to the Board who will be independent.

The Board generally meets quarterly and receives a board pack comprising any relevant and timely individual reports from each of the executive directors together with any other materials deemed necessary for the Board to discharge its duties. The Board has responsibility for formulating, reviewing and approving the Group's strategy, budgets, major items of expenditure and acquisitions.

BOARD COMMITTEES

On March 24, 2006 the Board established three (3) committees: audit, remuneration and nomination. All committees have written terms of delegated responsibilities.

AUDIT COMMITTEE

The Audit Committee consists of Bruce Crockett, Mitchell Hollin and Timothy Trankina, and is chaired by Bruce Crockett. It meets at least three (3) times per year and is responsible for, amongst other things, planning and reviewing the Company's annual report and accounts and interim statements and involve, where appropriate, the Company's auditors. The Committee will focus primarily on compliance with legal requirements and accounting standards. It is also responsible for ensuring that an effective system of internal controls is maintained. The ultimate responsibility for reviewing and approving the annual accounts and the interim statement remains with the Board of the Company.

REMUNERATION COMMITTEE

The Remuneration Committee consists of Bruce Crockett, Mitchell Hollin and Timothy Trankina, and is chaired by Bruce Crockett. It meets three (3) times per year and has responsibility for making recommendations to the Board on the compensation of senior executives and determining, within agreed terms of reference, the specific remuneration packages for each of the executive directors.

NOMINATION COMMITTEE

The Nomination Committee consists of Bruce Crockett, Mitchell Hollin and James Terlizzi, and is chaired by Mitchell Hollin. Amongst other matters, it is responsible for considering and making recommendations on the appointment of additional directors, the retirement of existing directors and for reviewing the size, structure and composition of the Board and membership of the Board Committees.

SHAREHOLDER RELATIONS

The Company meets
shareholders. The Company welcomes feedback from investors about its published reports. Please address your feedback to the investor relations team by e-mail to investors@peachholdings.com, or in writing to the Corporate Headquarters, Attn: Investor Relations.

INTERNAL CONTROLS AND RISK MANAGEMENT

The Board is responsible for the system of internal controls, for reviewing their effectiveness and intends to continue to develop and review such systems in accordance with the appropriate Code guidelines. The internal controls system will be designed to manage rather than eliminate the risk of failure to

The Company does not have an internal audit function due to the high level of executive review and authorization of transactions.

The Board recognizes that an essential part of its responsibilities is the effective safeguarding of Company assets, the proper recognition of liabilities and the accurate reporting of results. The Company has a comprehensive system for regular reporting to the Board. This includes annual planning and budgeting systems. The financial reporting system compares against budget and prior year and reconsiders its financial year forecast on a quarterly basis.

The Board has established a formal policy of determining matters which requires its express approval and which matters and authority may be designated to the executive directors.

In compliance with
and connected persons.

The Company maintains
the Group, and it regularly reviews the adequacy of cover for such items.

CONSOLIDATED BALANCE SHEETS

as at December 31, 2005

	Note	2005	2004
ASSETS	8		
Cash		$5,818,693	$8,734,014
Restricted cash		3,232,930	2,095,327
Marketable securities		307,772,266	293,261,743
Finance receivables held for sale, net	3	18,328,064	16,097,515
Finance receivables, net	4	9,950,592	1,565,470
Advances receivable, net	4	1,082,055	1,869,266
Other receivables		5,492,038	5,664,317
Due from affiliates	12	1,562,583	5,907,236
Retained interest in receivables sold	5	31,344,950	34,854,633
Equipment and leasehold improvements, net	6	2,929,784	1,190,401
Other assets		3,857,126	4,537,816
Total assets		$391,371,081	$375,777,738
LIABILITIES AND MEMBERS' EQUITY			
Liabilities			
Accounts payable and accrued expenses		$10,564,406	$9,227,069
Unremitted asset servicing collections		994,519	1,756,222
Escrows held on contracts		615,156	512,259
Swap liabilities	9	403,069	796,192
Other liabilities		1,173,691	3,294,412
Installment obligations payable	7	308,221,416	296,627,199
Borrowing under line of credit	8	7,827,430	12,559,585
Total liabilities		$329,799,687	$324,772,938
Members' equity	10		
Paid-in capital		$5,201,886	$5,201,886
Retained earnings		39,005,610	33,548,811
Accumulated other comprehensive income		17,363,898	12,254,103
Total members' equity		$61,571,394	$51,004,800
Total liabilities and members' equity		$391,371,081	$375,777,738

CONSOLIDATED STATEMENT OF OPERATIONS

for the year ended December 31, 2005

	Note	2005
REVENUES		
Gain on sales of receivables	5	$54,105,743
Life settlement origination fee income	13	22,472,421
Other fee income		11,465,421
Interest and dividend income		14,316,822
Net realized and unrealized gains on investments		9,650,950
Servicing and other revenue	12	2,711,954
Total revenues		$114,723,311
OPERATING EXPENSES		
Salaries and related costs		$22,587,145
Consulting fees		3,025,000
General and administrative		7,148,021
Professional fees		7,514,716
Broker fee expense		205,748
Occupancy		1,768,695
Marketing and advertising		12,882,198
Postage and courier		715,500
Interest expense		904,265
Provision for loss on receivables		384,499
Losses on acquisition of life settlements		1,958,626
Installment obligation expense		18,556,850
Total operating expenses		$77,651,263
INCOME BEFORE TAXES		$37,072,048
Provision for income taxes (benefit)	11	(384,751)
NET INCOME		$37,456,799

COMBINED STATEMENT OF CHANGES IN MEMBERS' EQUITY
for the year ended December 31, 2005

	Note	Members' equity	Retained earnings	Accumulative other comprehensive income	Total members' equity
Balance, December 31, 2004		$5,201,886	$33,548,811	$12,254,103	$51,004,800
Comprehensive income					
Net income		—	37,456,799	—	37,456,799
Other comprehensive income					
Unrealized gain on retained interest on receivables sold	5	—	—	5,109,795	5,109,795
Total comprehensive income					$42,566,594
Dividends paid		—	(32,000,000)	—	(32,000,000)
Balance, December 31, 2005		$5,201,886	$39,005,610	$17,363,898	$61,571,394

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended December 31, 2005

	2005
Cash flows from operating activities	
Net income	$37,456,799
Adjustments to reconcile net income to net cash provided by operating activities	
Depreciation and amortization	584,992
Provision for losses on receivables and life settlements	2,343,125
Mark to market swap accrual	(393,123)
Deferred income taxes	(688,000)
Proceeds from sale of finance receivables held for sale	136,787,699
Gain on sale of finance receivables held for sale	(54,105,743)
Purchase of finance receivables held for sale	(74,536,485)
Increase in trading securities	(14,510,523)
Interest accretion on retained interests	(2,117,202)
Installment obligation expense	18,556,850
Net decreases (increases) in assets	
Restricted cash	(1,137,603)
Advances receivable	818,364
Other receivables	(3,197,493)
Due from affiliates	4,344,653
Other assets	1,531,065
Net increases (decreases) in liabilities	
Accounts payable and accrued expenses	4,396,573
Unremitted asset servicing collections	(761,703)
Escrows held on contracts	102,897
Other liabilities	(2,120,721)
Net cash provided by operating activities	$53,354,421
Cash flows from investing activities	
Originations and collections on finance receivables, net	$(9,061,405)
Payment for purchase of pre-settlement receivables business	(3,059,236)
Collections of retained interest in receivables sold	621,290
Purchase of life settlements	(2,121,000)
Purchases of equipment and leasehold improvements	(2,324,375)
Net cash used in investing activities	$(15,944,726)

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended December 31, 2005

	2005
CASH FLOWS FROM FINANCING ACTIVITIES	
Borrowings under lines of credit	$27,325,470
Repayments under lines of credit	(32,057,625)
Issuance of installment obligations payable	32,512,980
Repayments of installment obligations payable	(39,475,613)
Cash received for installment obligations payable	3,369,772
Cash distribution to owners	(32,000,000)
Net cash used in financing activities	$(40,325,016)
Decrease in cash	$(2,915,321)
Cash at beginning of year	8,734,014
Cash at end of year	$5,818,693
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION	
Cash paid for interest	$900,377
Cash paid for income taxes	$92,927
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITY:	
Retained interests in receivables sold recognized upon sale of finance receivables	$10,380,031
Adjustment of retained interests in receivables sold to fair value	5,109,795
Recognition of receivables and derecognition of retained interest from Peachtree Finance Company upon disqualification of status as qualified special purpose entity	$7,961,274

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. ORGANIZATION AND DESCRIPTION OF BUSINESS ACTIVITIES

Peach Holdings, LLC (the "Company") was formed pursuant to an Operating Agreement dated December 21, 2004 between Peachtree Settlement Funding Corporation ("PSFC"), Funding Investors, LLC ("FI"), LLR Equity Partners, LP and its affiliates ("LLR"), and Greenhill Capital Partners, LP and its affiliates ("Greenhill") (colle
in the Company's subsidiaries (with the exception of Life Settlement Corporation) in exchange for 7.0% and 70.5% interests in the Company, respectively, represented by 697,500 and 7,052,500 common units of membership. Simultaneously, a 22.5% equity interest in the Company was sold to LLR and Greenhill (the "Investment Partners"), represented by 2,250,000 Series A convertible preferred units of membership for $40,000,000 in cash, of which $35,000,000 was distributed to the common unit holders in accordance with the agreement with the Investment Partners. Members of the Company's management group wholly own PSFC and FI.

Subsequent to December 31, 2005, the members of the Company formed a new holding company, Peach Holdings, Inc. ("PHI"), and contributed 100% of their membership interests in the Company, resulting in PHI becoming sole owner of the Company.

The Company, operating through its subsidiaries and affiliates, is a specialty finance and factoring company with offices in Boynton Beach, Florida (prior to April 7, 2006, Boca Raton, Florida) and Norcross, Georgia. The Company provides liquidity to individuals with financial assets such as structured settlements, lottery prize receivables, life insurance policies, annuities, business receivables, and others by either purchasing these financial assets for a lump-sum payment, issuing installment obligations payable over time, or serving as a broker to other purchasers of financial assets. The Company also provides premium financing to purchasers of life insurance policies, pre-settlement funding, and warehousing or securitization of certain of these financial assets. The Company purchases receivables throughout the United States of America.

Structured Settlements

A structured settlement refers to the settlement of a personal injury claim with a series of future installment payments. In many instances claimants wish to monetize some t proceeding whereby the seller and buyer seek the court's approval of the transaction. Upon issuance of a court order approving the sale and ordering the settlement obligor to make the structured settlement payments to the Company, the Company effectuates the purchase of the structured settlement. The purchase price for a structured settlement represents the present value of the future payments purchased using a discount rate negotiated with the seller.

Generally on a semi-monthly basis, all structured settlements purchased are sold and transferred to a qualified special-purpose entity ("QSPE"). The proceeds from the sale consist o mined based on the present value of the payments purchased by the QSPE. The discount rate used to determine the cash proceeds is based on rates specified by the QSPE's funding source, the beneficial interest holder in the QSPE. The discount rate used to determine the amount of the retained interest is generally based on market rates commensurate with the risk involved.

The Company provides cash collection and payment services to the QSPEs for a fee that is considered to be adequate compensation for the services provided.

Lottery Winnings

The purchase of annuitized lottery winnings is substantially similar to the purchase of structured settlement payments.

Lottery prize payments are purchased and are either sold to third party institutional investors with no interest retained by the Company or sold and transferred to an affiliated qualified special-purpose entity ("QSPE"). The Company earns broker's fees for facilitating sales to third party investors.

The proceeds from the sale to the affiliated QSPE consist of cash and a retained interest in the receivables sold. Both the cash proceeds and the amount of the retained interest are determined based on the present value of the payments purchased by the QSPE. The discount rate used to determine the cash proceeds is based on rates specified by the QSPE's funding source, the beneficial interest holder in the QSPE. The discount rate used to determine the amount of the retained interest is generally based on market rates commensurate with the risk involved.

In prior periods, such receivables were sold and transferred to a separate affiliated special-purpose entity, Peachtree LW Receivables I ("PLW"). Those transfers did not meet the criteria to be accounted for as sales and PLW does not meet the criteria to be considered a QSPE, therefore those receivables are included in finance receivables held for sale in the accompanying financial statements. In 2005, the Company did not transfer any lottery receivables to PLW.

Life Settlements

Through Life Settlement Corporation, the Company provides liquidity to persons or entities that own life insurance policies by facilitating the sale of their policies to trusts in which the Company owns the Unified Trust Interest. In turn, the trusts transfer Special Undivided Beneficial Interests (of which the Company has no interest) in the policies to unrelated parties to raise funds for the purchase of the policies. The Company also performs servicing functions related to mortality tracking and monthly reporting. The Company earns origination and servicing fees related to the life settlement transactions. Fees are based on a percentage of the net death benefit of the underlying life insurance policies.

The Company formed DLP, a special-purpose entity and subsidiary effective December 23, 2005. DLP will obtain funding from unrelated third parties for the purpose of acquiring and holding life settlements.

Installment Sale Transaction Structure

Through its patented installment sale transaction structure (the "Structure"), the Company provides financing alternatives and deferred tax treatment for certain transactions that qualify for installment sale treatment under the federal tax code (such as the sale of real estate, business assets, certain services-based receivables, and lottery winnings). In the case of lottery winnings, the Structure is marketed under the name Asset Advantage® by the Company's internal purchasing personnel. For transactions involving all other assets, the Structure is marketed under the name WealthBuilder® via a network of CPAs and financial consultants. Assets involved in these transactions are acquired by Delaware statutory trusts and the proceeds from the monetization of these assets are invested. The trusts issue long-term installment obligations to the transferors of the assets. The Company earns initial facilitation fees and other ongoing fees in connection with these transactions.

1. ORGANIZATION AND DESCRIPTION OF BUSINESS ACTIVITIES (CONTINUED)

Pre-Settlement Funding

The Company makes payments to litigants or attorneys in exchange for an assignment of a portion of the proceeds of pending litigation before a matter has been settled. The Company earns fees for such payments based on the amount of the payment and the time to recovery of the proceeds. Although these payments are not loans, fees are reported as interest income in the accompanying statement of operations.

Premium Finance

The Company makes loans to life insurance trusts established by executives to purchase universal or whole life insurance policies. Interest on these loans is typically paid out of executive bonuses and the principal repaid through accumulated cash surrender value. This business line is financed with proceeds from a revolving line of credit. The Company earns origination fees and interest on each loan in addition to insurance commissions. In addition, the Company lends money or arranges for loans to life insurance trusts to purchase life insurance policies insuring older, high net worth individuals. The Company earns a broker fee on each transaction as well as interest on the advances. These transactions may be later converted to life settlement transactions at the discretion of the insured and trustee of the life insurance trust.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Combination

The combined financial statements include the accounts of the Company, its wholly-owned subsidiaries, excluding those subsidiaries that meet the criteria
t ransfers and Servicing
of Financial Assets and Extinguishments of Liabilities," and Life Settlement Corporation ("LSC"), a company affiliated through common ownership and management.

LSC is wholly owned by FI and PSFC, which companies own 77.5% of the Company. In addition, LSC is under common management with the Company.
LSC's assets totaled appfl
approximately $2.8 and 1.8 million at December 31, 2005 and 2004, respectively. Substantially all of LSC's assets are pledged as collateral for LSC's obligations. LSC's creditors have no recourse to the general credit of the Company. The net loss of LSC included in the combined statement of operations for the year ended December 31, 2005 was approximately $947,000.

Wholly owned subsidiaries included in the combined financial statements are as follows:

Company name	Holding company
FIRST TIER SUBSIDIARIES	
DLP Funding, LLC	Peach Holdings LLC
Senior Settlement Holdings Corp	Peach Holdings LLC
Peachtree Financial Solutions LLC	Peach Holdings LLC
PSF Holdings LLC	Peach Holdings LLC
TATS Licensing Company LLC	Peach Holdings LLC
Settlement Funding LLC	Peach Holdings LLC
WealthLink Advisers LLC	Peach Holdings LLC
Peachtree LBP Finance Company LLC	Peach Holdings LLC
Peachtree SLPO Finance Company	Peach Holdings LLC
Peachtree Pre-Settlement Funding	Peach Holdings LLC
SECOND TIER SUBSIDIARIES	
Peachtree LW Receivables I LLC	Settlement Funding LLC
Peachtree Finance Company LLC	Settlement Funding LLC
Peachtree LBP Warehouse	Peachtree LBP Finance Company LLC
Peachtree Life & Annuity Group LLC	Peachtree Financial Solutions LLC

All material intercompany balances and transactions are eliminated in combination.

The Company is required to consolidate all variable interest entities for which the Company has been determined to be the primary beneficiary under Financial Accounting Standards Board Interpretation No. 46 (FIN 46). FIN 46 defines the primary beneficiary of a variable interest entity as the entity that is subject to a majority of the risk of loss from that variable interest entity's activities or entitled to receive a majority of the variable interest entity's residual returns or both. Life Settlement Corporation is required to be consolidated under FIN 46 and is included in the combined financial statements.

Transfers of Financial Assets

Transfers of financial assets are accounted for as sales when control over the assets has been surrendered. Control over transferred assets is deemed to be surrendered when (1) the assets have been isolated from the Company, (2) the transferee (or the beneficial interest holder, if the transferee is a QSPE) obtains the right (free of conditions that constrain it from taking advantage of that right) to pledge or exchange the transferred assets (or the beneficial interests, if the transferee is a QSPE), and (3) the Company does not maintain effective control over the transferred assets through an agreement to repurchase them before their maturity, or the ability to unilaterally cause the holder to return specific assets (or the beneficial interests, if the transferee is a QSPE). Transfers that do not meet the criteria to be accounted for as sales are accounted for as secured borrowings.

Gains or Losses on Sales of Receivables

Gains or losses on sales of receivables are recognized based on the difference between the cash proceeds from the sale and the allocable portions of the carrying values of the receivables sold, determined based on the relative fair value of the portion sold and the portion retained.

Interest income on retained interest
of the receivables. The dis ows.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Restricted Cash

Restricted cash represents payments received by the Company, as servicer, on the purchased structured settlement payments or lottery prize payments. Amounts, less the servicing fee due to the Company, are due to QSPE's, lenders or, in the case of excess payments received, to the structured settlement claimant or lottery winner. Payments are made from the restricted cash accounts to the lenders and other appropriate parties on a monthly basis in accordance with the applicable loan agreements or indentures. At December 31, 2005, restricted cash also includes approximately $1.2 million of income tax refunds received and held pending a determination of the amount to be allocated between the Company and the respective investment account in conjunction with a corresponding installment obligation to be issued under the Asset Advantage® transaction.

Marketable Securities

Assets acquired through the Company's installment sale transaction structure are invested in a diverse portfolio of debt and marketable equity securities. Management has classified these investments as trading securities. Trading securities are held for resale in anticipation of fluctuations in market prices. Trading securities are stated at fair value with realized and unrealized gains and losses included in income.

Interest on debt securities is recognized in income as earned and dividend income on marketable equity securities is recognized in income on the ex-dividend date.

Advances Receivable

Advances receivable represent cash payments made to sellers prior to the Company's funding the purchase of receivables from those sellers.

Finance Receivables

The Company acquires receivables associated with structured settlement payments and lottery winnings from individuals in exchange for cash (purchase price). The difference between the gross cash to be received in the future and the purchase price represents unearned income to be recognized over the term of the receivable at a constant effective interest rate. These receivables are generally held for sale.

Other finance receivables include pre-settlement funding payments and insurance premium financing. Interest income on premium loans and pre-settlement payments is recognized over the terms of the loans or advances using the interest method based on principal amounts outstanding.

Fees charged upon the origination of finance receivables and certain direct origination costs, including personnel, travel, postage, legal fees and other associated costs, are deferred and the net amount is amortized on an interest basis over the contractual life of the related finance receivables.

Finance receivables held for sal
and lottery payments held for sale that are not believed to be collectible are recognized as a reduction of cost, as though those payments have been charged-off.

Allowance for Losses on Receivables

The Company on an ongoing basis reviews the ability to collect all outstanding receivables.

Management has established a set of policies it utilizes on a routine basis to determine the ability to collect all outstanding structured settlement and lottery payments receivable. These policies take into account the length of time a receivable is delinquent, the existence of a court order, the amount of excess collateral available to recover missed payments, historical loss experience and other subjective criteria. When the Company has determined that a scheduled payment receivable is impaired, the Company s
based on the discount rate utilized to determine the initial purchase price of the receivable.

The collectibility of other receivables is evaluated based on historical experience, evaluation of collateral, if applicable, and other subjective criteria, as described more fully in Note 4.

Retained Interests in Receivables Sold

Retained interests in receivables sold represent subordinated interests retained by the Company upon sales of structured settlement payments to QSPEs. After initial recording at date of sale, the present value discounts determined at time of sale are accreted to interest income over the expected periods of collection. At each balance sheet date, the carrying amounts of the retained interests are compared to the estimated market values determined using discount rates commensurate with the risks involved. Differences between the carrying values and estimated market values represent unrealized appreciation or depreciation which is rec AS No. 115, "Accounting for Certain Investments in Debt and Equity Securities."

The Company generally retains the right to service finance receivables sold to others. The fees received are believed to represent adequate compensation for the services performed and, therefore no servicing asset or liability has been recognized.

Equipment and Leasehold Improvements

Equipment and leaseho
on management's estimate of useful lives, which range from three to ten years. Leasehold improvements are amortized using the straight-line method over the shorter of the term of the respective lease or the life of the improvement.

Deferred Financing Costs

Costs incurred to obtain financing are deferred and amortized by the interest method over the expected life of the related credit facility and are included in other assets in the accompanying balance sheets. Amortization expense is included in interest expense in the statement of operations.

Income Taxes

The Company is a Limited Liability Company ("LLC"), as are most of its subsidiaries. LLCs are not subject to federal or state income taxes; rather, the results of their operations are allocated to the individual members for inclusion in their federal and state income tax returns. Therefore, no provision for income taxes related to these entities is included in the accompanying financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

However, LSC and two of the Company's wholly owned subsidiaries are subject to income taxes and file separate income tax returns. Additionally, three trusts holding assets acquired through th
and liability method; whereby, deferred tax assets are recognized for deductible temporary differences and operating loss and tax credit carry forwards and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their income tax bases. Deferred tax assets are reduced by a valuation allowance, when in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

Swap Liability

One of the Company's line of credit agreements contains a derivative instrument that is "embedded" in the financial instrument. The embedded swaps are designed by the lender as perfectly matched amortizing fixed for floating rate notional contracts which hedge interest rate risk. However, under current generally accepted accounting principles, it was determined that (1) the embedded derivative possesses economic characteristics that are not clearly and closely related to the economic characteristics of the host contract, and (2) a separate instrument with the same terms would qualify as a derivative instrument, therefore

Interest rate swaps are recognized on the balance sheet at estimated fair value and changes in their fair value are recorded in current-period earnings. Since the Company has not de
of operations.

Other Revenue Recognition

Fee income in the combined
between the purchasing finance company and the seller is closed for the sale of finance receivables or upon the issuance of a life insurance policy for the origination of insurance policies. Origination fee revenue from life settlement transactions is recognized upon the transfer of life insurance policies to trusts, which coincides with the culmination of the earnings process. Servicing fee revenue is recognized as services are provided.

Marketing and Advertising Expenses

Marketing and advertising costs are expensed as incurred.

Earnings Per Unit

Earnings per unit has beQ
converted to commona

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The most significant balance sheet account that could be affected by such estimates is the retained interests in receivables sold. Actual results could differ from these estimates.

Transactions Between Entities Under Common Control

In a transfer of assets or exchange of shares between entities under common control, the assets and liabilities transferred are initially recognized by the acquirer at their carrying amounts in the accounts of the transferring entity at the date of transfer. Results of operations for the period in which the transfer occurs are reported as thou
the predecessor's cost and the cash disbursed or liability incurred is charged to retained earnings as dividends or credited to additional paid-in capital as a capital contribution.

Recently Issued Accounting Statements

The Financial Accounting Standards Board issued FASB Staff Position No. FTB 85-4-1, "Accounting for Life Settlement Contracts by Third-Party Investors," (the FSP) on March
to acquisition. Under the FSP, the Company may elect to account for life settlements using either the investment method or the fair value method. Under the investment method, a life settlement contract will be carried at the total of the acquisition cost plus any continuing costs to keep the policy in force. Under the fair value method, a life settlement contract will be carried at its fair value. The Company will elect the investment method or the fair value method on an instrument-by-instrument basis and such election is irrevocable. The FSP is effective for fiscal years beginning after June 15, 2006. Earlier application is permitted as of the beginning of the Company's fiscal year (January 1, 2006). The Company will be assessing the impact of this accounting standard on the Company.

In May 2005, the FASB issued Statement of Financial Accounting Standards No. 154 ("SFAS 154"), Accounting Changes and Error Corrections – a replacement of APB Opinion No. 20 and FASB Statement No. 3, which eliminates the requirement to reflect changes in accounting principles as cumulative adjustments to net income in the period of the change and requires retrospective application to prior periods' financial statements for voluntary changes in accounting principle, unless it is impracticable to determine either the period-specific effects or the cumulative effect of the change. If it is impracticable to determine the cumulative effect of the change to all prior periods, SFAS 154 requires that the new accounting principle be adopted prospectively. For new accounting pronouncements, the transition guidance in the pronouncement should be followed.

In February 2006, the FASB issued SFAS 155, which applies to certain "hybrid financial instruments," which are instruments that contain embedded derivatives. The new standard establishes a requirement to evaluate beneficial interests in securitized financial assets to determine if the interests represent freestanding derivatives or are hybrid financial instruments containing embedded derivatives requiring bifurcation. This new standard also permits an election for fair value re-measurement of any hybrid financial instrument containing an embedded derivative that otherwise would require bifurcation under SFAS 133. The fair value election can be applied on an instrument-by-instrument basis to existing instruments at the date of adoption and can be applied to new instruments on a prospective basis. This pronouncement will apply to the Company's financial statements for the period beginning January 1, 2007. Management will be assessing how SFAS 155 may impact the Company's financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In March 2006, the FASB issued SFAS 156, Accounting for Servicing of Financial Assets, which amends FASB Statement No. 140, Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities, with respect to the accounting for separately recognized servicing assets and servicing liabilities. This statement requires among other things that an entity recognize a servicing asset or liability whenever it enters into a servicing contract, that all servicing assets and liabilities be initially measured at fair value, permits an entity to amortize servicing assets or liabilities in proportion to and over the period of net servicing income or measure servicing assets or servicing liabilities at fair value at each reporting date and report changes in fair value in earnings in the period in which the changes occur. The statement also permits (at its initial adoption) a one-time reclassification of available-for-sale securities to trading securities by entities with recognized servicing rights. This statement is effective for fiscal years beginning after September 15, 2006. Management will be assessing how SFAS 156 may impact the Company's financial statements.

3. FINANCE RECEIVABLES HELD FOR SALE

Finance receivables held for sale as of December 31, 2005 and 2004 consist of the following:

	December 31, 2005	December 31, 2004
Finance receivables	$36,641,055	$35,971,037
Less unearned discount	(16,614,962)	(18,480,881)
Discounted receivables	20,026,093	17,490,156
Capitalized origination costs, net	309,108	368,376
Reserve for doubtful accounts	(2,007,137)	(1,761,017)
Finance receivables, net	$18,328,064	$16,097,515

Peachtree Finance Company (PFC), which previously met the requirements to be considered a QSPE, sold a majority of its receivables to a new QSPE on September 7, 2005 (at the request of its lender) and used the proceeds from the sale to retire its debt to the lender. As a result of this transaction, PFC no longer meets the requi
were reacquired

Activity in the reserve for doubtful accounts was as follows for the years ended December 31, 2005 and 2004:

	December 31, 2005	December 31, 2004
Balance, beginning	$1,761,017	$2,393,584
Provision for loss	(260,631)	4,546,721
Receivable sale adjustments	517,132	(763,978)
Settlements and judgments	(10,381)	(4,415,310)
Balance, ending	$2,007,137	$1,761,017

There was approximately $1,200,000 and $1,500,000 of delinquent lottery payment receivables held at December 31, 2005 and 2004, respectively. Eleven transactions with approximately $990,000 of delinquent receivables and approximately $510,000 of future receivables with a discounted value of $387,000 were identified as impaired at December 31, 2005. Fourteen transactions with approximately $1,125,000 of the delinquent receivables and approximately $1,185,000 of future receivables with a discounted value of $635,000 were identified as impaired at December 31, 2004. The Company fully reserved for these receivables at the discounted value as of December 31, 2005 and 2004. The Company had approximately $275,000 of interest foregone on the impaired lottery receivables during the year ended December 31, 2005.

There was a
approximately $629,000 and $112,000 of which were identified as impaired and fully reserved at December 31, 2005 and 2004, respectively. No income was recognized on impaired structured settlement payment receivables during the year ended December 31, 2005.

4. FINANCE AND ADVANCES RECEIVABLE

Finance receivables as of December 31, 2005 and 2004 consist of the following:

	December 31, 2005	December 31, 2004
Pre-settlement receivables	$7,453,447	$1,615,488
Less: deferred revenue	(527,344)	(50,018)
	6,926,103	1,565,470
Life insurance premium financing	3,600,772	—
	10,526,875	1,565,470
Less: reserve for doubtful accounts	(576,283)	—
Finance receivables, net	$9,950,592	$1,565,470

4. FINANCE AND ADVANCES RECEIVABLE (CONTINUED)

Activity in the reserve for doubtful accounts for finance receivables was as follows for the year ended December 31, 2005:

	December 31, 2005
Balance, beginning	—
Provision for loss	676,283
Receivables charged off	(100,000)
Balance, ending	$576,283

Pre-settlement receivables are usually outstanding for a period of time exceeding one year. Based on historical portfolio experience, the Company has reserved approximately $66,000 as of December 31, 2005. No reserve for losses was recognized as of December 31, 2004. Reserves for life insurance premium finance receivables are
receivables were determined to be impaired, with specific reserves of approximately $510,000 included in the reserve for doubtful accounts. No interest income was recognized on impaired receivables for the year ended December 31, 2005.

Advances receivable as of December 31, 2005 and 2004 consist of the following:

	2005	2004
Lottery advances	$1,028,184	$1,805,728
Structured settlement advances	222,856	304,417
Other advances receivable	—	28,688
	1,251,040	2,138,833
Less: reserve for doubtful accounts	(168,985)	(269,567)
Advances receivables, net	$1,082,055	$1,869,266

Activity in the reserve for doubtful accounts for advances receivable was as follows for the years ended December 31, 2005 and 2004:

	December 31, 2005	December 31, 2004
Balance, beginning	$269,567	$128,229
Provision for loss (recovery)	(31,153)	208,145
Receivables charged off	(69,429)	(66,807)
Balance, ending	$168,985	$269,567

The Company's lottery and structured settlements businesses in some cases will advance a portion of the purchase price to a customer prior to the closing of the transaction. These transactions usually close within 90 days and the advances are repaid at the time of closing. Based on historical experience, as transactions exceed th ves
y, the Company reserves
100% of all advances over 180 days outstanding.

5. SALES OF STRUCTURED SETTLEMENT, LOTTERY AND TOBACCO PAYMENTS AND RETAINED INTERESTS

Information regarding sales of structured settlement, lottery and tobacco payments is as follows for the year ended December 31, 2005:

	2005
Proceeds of sale	$136,787,699
Carrying amount of receivables sold	102,394,621
Less: retained interest	19,712,665
Basis in receivables sold	82,681,956
Gain on sale	$54,105,743

When the Company sells structured
Gain or loss on sale of the receivables depends in part on the previous carrying amount of the financial assets involved in the transfer, allocated between the assets sold and the retained interests based on their relative fair value at the date of transfer. The retained interests are subordinated to the repayment of the financial institutions or investors that provide financing to the QSPEs. The carrying amounts at December 31, 2005 and 2004 are derived based on the scheduled collections of purchased receivables held by the QSPEs and the assumed amortization of amounts payable to the financial institution or investors using interest rates in effect at those respective dates. To obtain fair values, quoted market prices are used if available. However, quotes are generally not available for retained interests, so the Company generally estimates fair value based on the present value of future expected cash flows estimated using management's best estimates of the key assumptions-credit losses, prepayment speeds, forward yield curves, and discount rates commensurate with the risks involved.

5. SALES OF STRUCTURED SETTLEMENT, LOTTERY AND TOBACCO PAYMENTS AND RETAINED INTERESTS (CONTINUED)

Key economic assumptions used in measuring the retained interests at the date of the financial statements are as follows:

	Assumptions		
Factor	December 31, 2005	December 31, 2004	Basis
Prepayment speed (annual rate)	0.00%	0.00%	Prepayments are not permitted
Expected credit losses [a]	0.00%	0.00%	Experience with court-ordered payment assignments
Residual cash flows discounted at	7.57%	7.75%	Approximate market rate based on BBB rating

[a]

The actual amounts could vary significantly from those shown depending on changes in the amounts, terms or providers of funding to the QSPEs.
At December 31, 2005, key economic assumptions and the sensitivity of the current fair value of residual cash flows to immediate adverse changes in those assumptions are as follows ($ in millions):

	PLMT	PFC2	SRF #1	SRF #2	SRF #3	Total
Carrying amount/fair value of retained interests	$0.4	$6.2	$4.1	$3.8	$16.8	$31.3
Weighted average life (in years)	9.6	11.7	13.9	15.9	14.8	13.6
Credit losses (annual rate)						
Impact on fair value for a 0.5% credit loss	$0.0	$0.4	$0.2	$0.2	$0.5	$1.3
Impact on fair value for a 1% credit loss	$0.0	$0.9	$0.3	$0.4	$1.0	$2.6
Residual cash flows discount rate						
Impact on fair value for a 10% adverse change	$0.0	$0.6	$0.4	$0.4	$1.4	$2.8
Impact on fair value for a 20% adverse change	$0.1	$1.1	$0.7	$0.7	$2.7	$5.3

These sensitivities are hypothetical and should be used with caution. As the figures indicate, changes in fair value based on a 10% variation in assumptions generally cannot be extrapolated because the relationship of the change in assumption to the change in fair value may not be linear. Also, in this table, the effect of a variation in a particular assumption on the fair value of the retained interest is calculated without changing any other assumption; in reality, changes in one factor may result in changes in another (for example, increases in market interest rates may result in increased credit losses), which might magnify or counteract the sensitivities.

In March 2006, the Company received approximately $14.6 million in return for the transfer of approximately 80% of its retained interest in SRF #3 to an unrelated party.

The Company accounts for retained interests in receivables sold similar to available for sale securities. As such, unrealized gains or losses related to those interests are recognized
December 31, 2005:

	2005
Fair value of retained interests received upon sale of receivables	$18,150,855
Less allocated cost of receivables sold	10,380,031
	7,770,824
Unrealized gain on retained interests held	8,926,209
Less gain realized on sale of retained interest	11,504,363
	(2,578,154)
Amortization of unrealized gain on PFC receivables	(82,875)
Other comprehensive income	$5,109,795

Unrealized gains increased during the period primarily due to a decrease in the discount rate applied to retained interests from December 31, 2004 to the date of term financing transactions entered into during 2005.

6. EQUIPMENT AND LEASEHOLD IMPROVEMENTS

Equipment and leasehold improvements at December 31, 2005 and 2004 is summarized as follows:

	December 31, 2005	December 31, 2004
Computer software and equipment	$2,021,481	$976,461
Furniture, fixtures and equipment	891,991	629,922
Leasehold improvements	1,469,083	451,797
	4,382,555	2,058,180
Less: accumulated depreciation	(1,452,771)	(867,779)
Equipment and leasehold improvements, net	$2,929,784	$1,190,401

Depreciation expense for the year ended December 31, 2005 was $584,992.

7. INSTALLMENT OBLIGATIONS PAYABLE

Installment obligations issued by PSF Holdings LLC trusts under the Structure totaled $308,221,416 and $296,627,199 at December 31, 2005 and 2004, respectively. Under the terms of the Structure, the obligations earn income or losses based on indexing options selected by the obligee, which may be based on equity or debt i
An obligee may request an unscheduled installment payment which must be agreed to by the Company, and if so agreed the Company may charge a penalty up to 15% of the unscheduled installment amount. In addition, obligation balances are charged on a quarterly basis for a guarantee fee and an administration fee, both of which are paid to PSF Holdings LLC, a wholly owned subsidiary of the Company. The obligations of the respective trusts under the obligations are guaranteed by Settlement Funding, LLC, another wholly owned subsidiary of the Company. A majority of the obligations are also guaranteed by bank letters of credit to the extent of assets held in related trust accounts.

The actual maturities of the obligations depend on market conditions. Estimated maturities for the next five years are as follows:

	Twelve months ending December 31,
2006	$31,475,449
2007	24,984,174
2008	24,864,425
2009	25,136,736
2010	26,827,437
Thereafter	174,933,195
	$308,221,416

8. BORROWINGS UNDER LINES OF CREDIT

Settlement Funding, LLC, a wholly owned subsidiary of the Company, has a revolving credit facility with a bank providing for a $10 million working capital line, and a $3 million lottery advance li
plus 0.5% (7.75% at December 31, 2005) and has a termination date of July 31, 2006. Interest on the working capital line is payable monthly in arrears; interest on the lottery advance lines is payable at maturity of the advances made under the facility. The lottery advance line is secured by related lottery advance receivables. The working capital line is secured by a blanket lien on substantially all of the assets of Settlement Funding, LLC. A fee equal to 25% per annum on the average daily unused commitment is payable quarterly. The facility contains certain restrictive covenants and is guaranteed by another wholly owned subsidiary of the Company. At December 31, 2005, $482,408 was outstanding under the lottery advance line, while there was nothing outstanding with respect to the working capital line. At December 31, 2004, $2,500,000 and $1,065,600 were outstanding on the working capital and lottery advance lines, respectively.

PLW is the borrower under a non-committed credit facility with a financial institution. At December 31, 2005 and 2004, advances under the facility totaled $6,941,022 and $8,669,985, respectively, and bore interest at fixed rates ranging from 7.4% to 8.2%. The facility has a termination date of September 30, 2006, which is expected to be extended. Advances under the facility are collateralized by PLW's right, title and interest in, to and under the lottery receivables, including the Lockbox and Lockbox Account, as defined in the credit agreement. The credit facility is guaranteed by one of the Company's affiliated QSPEs.

LSC is the borrower under two revolving loan agreements with an investment bank. The agreements have an interest rate of one-month LIBOR plus 2.50% (6.87% at December 31, 2005), are collateralized by all assets of LSC except life insurance policies and are payable on ten days written notice. At December 31, 2005 and 2004, there were outstanding balances of $404,000 and $324,000, respectively, under one of the agreements. Interest on advances under the revolving loan agreements is paid by an affiliate.

On December 23, 2005, DLP Funding, LLC ("DLP"), a wholly-owned subsidiary of the Company, obtained a $225 million revolving line of credit with a financial institution to fund the acquisition and associated carrying costs of life insurance policies. The line bears interest at the one-month Eurodollar Rate plus 1.5% (5.93% at December 31, 2005). The line is secured by all of the life insurance assets acquired by DLP. The facility has a termination date of December 23, 2006. There were no borrowings under this line of credit at December 31, 2005.

Peachtree LBP Warehouse, LLC, a wholly-owned subsidiary of the Company, obtained a $50 million revolving line of credit with a financial institution to fund premium loans, originally effective January 1, 2004 and modified to be effective January 1, 2006. Proceeds under the line may be disbursed up to a maximum of $10 million per year for five years from the effective date, as modified. The line bears interest at the one-year LIBOR rate plus 1.5% (6.34% at December 31, 2005). A commitment fee of .25% per annum on the daily average unused commitment is payable monthly. Advances under the line are due on maturity
of credit at December 31, 2005 or December 31, 2004.

9. INTEREST RATE SWAPS

Under the terms of its revolving LOC agreement with PLW, the lender enters into interest-rate swaps to manage its exposure to changes in interest rates related to PLW's borrowings under the Loan Agreement. Under the terms of the LOC, if the Lender realizes a gain on termination of the swaps as a result of any payment of principal on outstanding advances, the Lender will pay the gain to PLW, and if the Lender realizes a loss on termination of the swap, PLW will reimburse the Lender for such loss. These embedded derivative instruments have been separated from the host contract and carried at fair value. Hedge accounting has not been applied to these interest rate swaps. At December 31, 2005 and 2004, PLW had $7,775,017 and $9,158,767 in notional amount of embedded interest rate swaps, respectively. However, there is no credit risk to the Company because any gain to be received from the embedded swaps will be offset against principal payments made on outstanding advances.

10. MEMBERS' EQUITY

As of Decemb
and 7,052,500 are directly owned by FI, and 2,250,000 Series A convertible preferred units of membership, owned by the Investment Partners. Subsequent to December 31, 2005, a new holding company, Peach Holdings, LLC ("PHI") was formed. At that time, all of the Series A convertible preferred units were first converted to common units, and then each of the members of the Company exchanged each of their common units of membership in the Company for 10 shares of common stock issued by PHI. On March 30, 2006, PHI completed an offering on the Alternative Investment Market of the London Stock Exchange, under which the sto
stock at a price of $5.42 per share, resulting in proceeds of approximately $20.7 million, net of offering costs.

11. INCOME TAXES

The provision for income taxes for the year ended December 31, 2005 reflects current income taxes, computed by applying the estimated annual effective income tax rate for 2005 to tax
year ended December 31, 2005, income tax expense computed at the Federal statutory income tax rate for taxable entities differs from the recorded amount of income tax expense due to changes in the valuation allowance related to deferred tax assets, primarily related to utilization of net operating loss carry forwards.

The provision for income taxes (benefit) charged to operations for the year ended December 31, 2005 consists of the following:

	2005
CURRENT:	
Federal	$286,071
State	17,178
	303,249
DEFERRED:	
Federal	(675,000)
State	(13,000)
	(688,000)
Income tax (benefit) expense	$(384,751)

Deferred tax assets, which are included in other assets in the combined balance sheets, are comprised of the tax effect of the difference between the book and tax bases of the Company's investment in life settlements and total approximately $722,000 and $34,000 at December 31, 2005 and 2004.

As of December 31, 2005, one of the company's taxable subsidiaries had net operating loss carry forwards for federal income tax purposes of approximately $4,000,000 expiring through 2024. The deferred tax asset resulting from net operating loss carry forwards of this entity that remain at December 31, 2005, in the amount of approximately $1,500,000, has been entirely offset by a valuation allowance because utilization of those carry forwards in the future is not likely.

12. RELATED PARTY TRANSACTIONS

The Company furnishes certain services (including administration and overhead) and performs certain product servicing for the QSPEs under servicing and administra vicing
revenue. The Company has also advanced funds to the QSPEs as needed in years prior to 2005. At December 31, 2005 and 2004, balances due from these affiliates were $1,560,722 and $5,906,236, respectively. Amounts due from other affiliates were not significant at December 31, 2005 or December 31, 2004. Amounts due from affiliates bear interest at the one-month LIBOR rate (4.39% at December 31, 2005).

In January 2005, the Company acquired the assets of Lancaster Financial Corporation, an entity formerly under common control with the Company, for $3,059,236 in cash. The consolidated financial statements include the balances and activity related to the assets acquired, consisting primarily of pre-settlement payments receivable, from the earliest date presented at their historical cost. The difference between the amount of cash paid and the historical cost of the receivables totaling $1,523,083 was charged to beginning retained earnings as dividends.

13. EQUITY IN EARNINGS OF JOINT VENTURE

In 2001, the Company entered into a joint venture in the Life Settlement business with an unrelated third party. In June 2005, the joint venture received proceeds of $14,250,000 in connection with the transfer of residual interests in life insurance policies held by a subsidiary. The Company recognized fee income of $7,125,000 as its share of the joint venture's revenue, which is included in life settlement origination fee income in the accompanying statement of operations.

14. RISKS AND UNCERTAINTIES

At December 31, 2005, the Company's balance of finance receivables held for sale are primarily lottery winnings (which are obligations of state governments) and obligations of insurance compa
number of insurance companies and states comprising the receivable base, their dispersion across geographical areas, and state insurance guarantee funds. However, as of December 31, 2005, approximately 7.9% of total finance receivables are due from one insurance company. The Company is subject to risks associa , and potential risks of
regulations and changes in legislation.

14. RISKS AND UNCERTAINTIES (CONTINUED)

As discussed in Note 1, the Company facilitates the sale of life insurance policies to affiliates. The affiliates, in turn, issue trust interests respecting those policies to a single investor. During the year ended December 31, 2005, approximately $21.4 million of the Company's revenue was earned in connection with the sale of trust interests to this investor. Subsequent to December 31, 2005, the Company has begun retaining its interests in certain of these policies. The Company is subject to risks associated with purchasing life insurance contracts, which include, but are not limited to, insolvency of a life insurance contract issuer, and potential risks of regulations and changes in legislation.

The Company maintains cash balances at financial institutions in excess of FDIC insurance limits. Management does not believe the company is exposed to significant risk of loss related to uninsured deposits.

15. EARNINGS PER UNIT

At December 31,
stock in exchange for each unit of membership in Peach Holdings, LLC. The following table sets forth the computation of basic and diluted earnings per unit for the year ended December 31, 2005 and the pro forma earnings per share as though the Peach Holdings Inc. exchange occurred on December 31, 2005:

Earnings per unit:	
Numerator – net income per the combined statement of operations	$37,456,799
Adjust for net loss of Life Settlement Corporation, owned by other shareholders	946,806
Net income available to unit holders	$38,403,605
Denominator for basic and diluted earnings per unit – weighted-average units outstanding	10,000,000
Basic and diluted earnings per unit	$3.84
Pro forma earnings per common share:	
Denominator for basic and diluted earnings per common share – weighted-average shares outstanding	100,000,000
Basic and diluted earnings per common share	$0.38

16. FAIR VALUE OF FINANCIAL INSTRUMENTS

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value:

Investments
The estimated fair value of investments in marketable securities is based on quoted market prices.

Finance Receivables, Net
The estimated fair value of finance receivables, net (including finance receivables held for sale) is estimated by discounting the expected cash flows at market interest rates for comparable investments.

Advances Receivable, Net and Other Receivables
The estimated fair value of advances receivable and other receivables, which are generally recovered in less than three months, is equal to the carrying amount.

Due From Affiliates
The estimated fair value of due from affiliates and due to affiliates, which bear interest at a variable rate equal to current short-term rates, is equal to the carrying amount.

Retained Interests in Receivables Sold
The estimated fair value of retained interest in receivables sold is determined by discounting the expected residual cash flows at estimated market interest rates for comparable investments.

Unremitted Asset Servicing Collections
The estimated fair value of unremitted asset servicing collections is equal to the carrying amount.

Installment Obligations Payable
Obligations payable are reported at fair value determined based on changes in the measuring indices selected by the obligees under the terms of the obligations over the lives of the obligations.

Borrowings Under Line of Credit
Based on the borrowing rates currently available to the Company for debt with similar terms and remaining maturities, the Company estimates that the carrying value of its borrowings approximate fair value.

Swap Liability
The estimated fair value of interest rate swaps is based upon market quotes from a large US bank.

16. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

The estimated fair values of the Company's financial instruments are as follows at December 31, 2005 and 2004:

	December 31, 2005		December 31, 2004	
	Estimated fair value	Carrying amount	Estimated fair value	Carrying amount
FINANCIAL ASSETS				
Investments	$307,772,266	$307,772,266	$293,261,743	$293,261,743
Finance receivables held for sale, net	22,409,265	18,328,064	24,637,329	16,097,515
Finance receivables, net	9,950,592	9,950,592	1,565,470	1,565,470
Advances receivable, net	1,082,055	1,082,055	1,869,266	1,869,266
Other receivables	5,492,038	5,492,038	5,664,317	5,664,317
Due from affiliates	1,562,583	1,562,583	5,907,236	5,907,236
Retained interest in receivables sold	31,344,950	31,344,950	34,854,633	34,854,633
FINANCIAL LIABILITIES				
Unremitted asset servicing collections	994,519	994,519	1,756,222	1,756,222
Installment obligations payable	308,221,416	308,221,416	296,627,199	296,627,199
Borrowings under line of credit	7,827,430	7,827,430	12,559,585	12,559,585
Swap liability	403,069	403,069	796,192	796,192

17. COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Company is subject to various legal proceedings and claims, the resolution of which, in management's opinion, will not have a material adverse effect on the financial position or the results of operations of the Company.

The Company has had discussions with the Internal Revenue Service (the "IRS") relating to certain federal income tax matters arising from Peachtree's ordinary business activities. The discussions pertained to (i) a refund of the federal income tax withheld on two purchased lottery prizes and (ii) the issuance by Peachtree of a series of installment obligations in exchange for purchased lottery prizes and other non-lottery receivables. On March 30, 2004, the Office of Chief Counsel issued a Chief Counsel Advice, which resolved the majority of the issues raised as to the aforementioned lottery transactions.

Thereafter, the IRS issued a series of Information Document Requests primarily regarding (i) the manner in which Peachtree accounted for its installment obligation liability and (ii) Peachtree's use of installment obligations to purchase certain non-lottery receivables, including the structure's legal rationale, manner of operation, creation, development, and marketing. The Company has provided responses to all Information Document Requests. The subject matter of the inquiry concerns issu . The Company has not accrued any liability for any potential settlement because management does not believe any material loss is probable. Management does not believe any potential settlement of this matter will have a material adverse effect on the financial position or the results of operations of the Company.

The Company has indemnified a non-affiliated lending institution for all costs and damages associated with legal actions related to loans made by the entity which are collateralized by structured settlement payments. No significant costs have been incurred to date related to this indemnification.

The Company entered into a consulting agreement with an unrelated company in 2003 for assistance with the development of financing facilities. Under the terms of the agreement, the Company will pay from $150,000 to $200,000 per month through March 2006 and also pay up to $1 million per year related to successful securitizations. For the year ended December 31, 2005, the Company paid $3,025,000 under this agreement.

The Company leases office space and equipment under varying lease arrangements. None of the agreements contain unusual renewal or purchase options. Leases for office space and equipment having an initial or remaining non-cancelable term in excess of one year at December 31, 2005 require the following minimum future rental payments:

	Twelve months ending December 31,
2006	$710,907
2007	674,557
2008	689,890
2009	596,019
2010	557,500
2011 and thereafter	187,666
	$3,416,539

Rental expense for the year ended December 31, 2005 was $858,328.

18. EMPLOYEE BENEFIT PLAN

The Company maintains a Savings Plan under Section 401(k) ("the Plan") under the Internal Revenue Code which was established effective January 1, 1998. The Plan covers all eligible employees. The Company's contributions to the Plan are based upon a percentage of employee contributions. Plan expense for the year ended December 31, 2005 was $77,718.

INDEPENDENT AUDITORS' REPORT

to the members of Peach Holdings, LLC.

TO THE BOARD OF DIRECTORS, PEACH HOLDINGS, LLC, BOYNTON BEACH, FLORIDA

We have audited the accompanying combined balance sheets of Peach Holdings, LLC and its combined affiliate as of December 31, 2005 and 2004, and the related combined statements of operations, changes in members' equity and cash flows for the year ended December 31, 2005. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our auditsO
and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and enclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of Peach Holdings, LLC and its combined affiliate as of December 31, 2005 and 2004, and the results of their operations and their cash flows for the year ended December 31, 2005, in conformity with accounting principles generally accepted in the United States of America.

As described in Note 2 to the financial statements, on January 1, 2005 the Company changed its method of accounting for consolidated subsidiaries to adopt Financial Accounting Standards Board Interpretation No. 46 (Revised).

McGladrey & Pullen
Certified Public Accountants
Fort Lauderdale, Florida

June 7, 2006

CORPORATE INFORMATION

In addition to the Board, the Company has an Executive Committee which consists of James Terlizzi (Chief Executive Officer), Timothy Trankina (President) and Antony Mitchell (Chief Operating Officer).

GLOSSARY

"Combined Code" – the Principles of Good Governance and Code of Best Practice produced by the Financial Reporting Council, as amended from time to time

"Company" or "Peachtree Group" or "Group" – Peachtree

"Peachtree" – Peach Holdings, LLC, the predecessor company of Peach Holding, Inc., and also refers to all entities owned by Peach Holdings, LLC prior to March 30, 2006, or all entities owned by Peach Holdings, Inc. on or after March 30, 2006

"Settlement Funding, LLC" – the main operating company of the Group

ADVISORS AND OFFICES

Registered Office
3301 Quantum Boulevard, 2nd Floor
Boynton Beach, FL 33426 USA

Other USA office
3720 DaVinci Court, Suite 450
Norcross, Georgia 30092 USA

ANNUAL GENERAL MEETING

The annual general meeting (AGM) of the Company will take place at the Company's headquarters, 3301 Quantum Boulevard, 2nd Floor, Boynton Beach, Florida 33426 USA, on August 15, 2006 at 10:00am.

EVENT CALENDAR

15 August	Annual General Meeting
30 September	2006 Interim Results

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INVESTOR ENQUIRIES

For investor enquiries please contact us at the above address, or via email at investors@peachholdings.com

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FORWARD-LOOKING STATEMENTS

Certain statements contained in these materials, including statements regarding the Company's future operations, and other statements contained herein regarding matters that are not historical facts, are "forward-looking" statements. These forward-looking statements can generally be identified as such because the context of the sta

meaning. Similarly, statements that describe future plans, objectives, outlooks, targets or goals are also forward-looking statements. Because such statements are subject to risks and uncertainties, actual results may differ materially from those expressed or implied by such forward-looking statements. Factors that could cause actual results to differ materially from those expressed or implied by such forward-looking statements include, but are not limited to, the availability of adequate financing at reasonable terms, the ability of the Company to securitize its financial assets on a timely basis, changes in tax or accounting policies applicable to the Company and its subsidiaries, adverse changes in regulatory or licensing requirements, adverse changes in political, economic or market conditions, increased competition in one or more of the Company's business lines, a loss of business continuity due to severe weather, acts of terror or other catastrophes, the occurrence of material litigation, fluctuations in interest rates, and increasing costs. Any forward-looking statements included in these materials are on ward-looking statements to reflect subsequent events or circumstances.

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APPENDIX F

PEACH UNAUDITED INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2006

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Press Release **25 September 2006**

Peach Holdings, Inc.

(“Peachtree” and, together with its subsidiaries, “the Group”)

Unaudited Interim Results

Peach Holdings, Inc. (AIM: PSF), a US specialty finance company, announces its unaudited interim results for the six months ended 30 June 2006.

Financial Highlights

- results in line with expectations at IPO
- cash flow and origination levels remain strong
- adjusted revenues decreased 14% to US$43.5 million (2005 US$52.8 million)
- PBT of US$4.3 million, a decrease of 81% (2005: US$22.6 million)
- pre-tax margin on adjusted revenues of 10% (2005: 43%)
- interim dividend of US$7 million (3.5 pence per share)
- cash generative (cash position at 30 June US$45.5 million)

Operational Highlights

- leader in personal factoring
- growth in primary business lines
- early success from new product offerings
- new credit facilities of US$250 million to support growth
- completed securitisation in March 2006 and one or more expected second half 2006
- successful AiM listing in March 2006

- Ends -

For further information:

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Chairman's Statement & Chief Executive's Review

We are very pleased to report our unaudited interim financial results for the period ended 30 June 2006. Once again, cash flow and origination levels are in line with management's expectations. Adjusted revenue of US$43.5 million and pre-tax profit of US$4.3 million were higher than expected principally due to a change in accounting rules impacting our life settlement business (FTB 85-4-1). Consistent with our results, we are pleased to announce an interim dividend of US$7 million or US$0.067128 (3.5 pence) per share, to be paid on 15 November 2006 to shareholders on the register on 6 October 2006.

Implementation of the above-referenced accounting rule has caused a significant portion of life settlement revenues originally expected to be deferred to the second half of 2006 to be recognised in the interim period when such receivables were originated. Consequently, while our overall underlying origination activity was in line with management's expectations for the period, our revenue and profit before tax are greater than expected. Original management estimates provided for a loss at 30 June 2006 due to the prevailing US GAAP revenue recognition rules. As a result of this rule change, life settlement revenue will be earned more evenly through out the fiscal year, rather than in a 'lumpy' manner tied to periodic securitisations.

The revenue recognition rules applicable to our structured settlement business for 2006 result in the deferral of structured settlement revenue until such receivables are securitised, next scheduled for 4th quarter 2006. In years prior to 2006, the accounting rules permitted Peachtree to recognise revenue as we originated the receivables through out the year. For 2006, we are unable to recognise the revenue until we securitise the underlying receivables, thus making a comparison of our 2005 and 2006 figures at 30 June more difficult. Management estimates that our structured settlement origination activity through 30 June generated approximately US$20 million of deferred revenue that will be recognised when such receivables are securitised in the second half of 2006.

Business Overview

Peachtree is active in various specialty factoring markets, which although similar in some respects, are distinct. The main drivers of revenue were the purchase of structured legal settlement payments and life insurance policies. In addition, Peachtree's more recently launched pre-settlement funding division has been growing nicely in accordance with management's expectations.

Structured Settlements

A structured settlement is the settlement of a personal injury claim for a series of instalment payments. The settling party typically purchases a commercial annuity to satisfy the ongoing payment obligation to the injured plaintiff. Often, post-settlement, an individual will desire liquidity and will seek to sell some or all of the future payments due under the structured settlement. Peachtree provides this liquidity to individuals throughout the United States. Each transfer of structured settlement payments must be approved by a court finding that the transfer is in the best interests of the selling party. For the first half of 2006 Peachtree processed approximately 1,000 such transactions. Due to the revenue recognition rules which mandate that gain only be recognised upon term securitisation, no new origination revenue is included in our interim results for 2006. Management expects to conduct a term securitisation in the fourth quarter of 2006 when that revenue will be recognised.

Through continued refinement and focus on our marketing efforts, Peachtree believes it can continue to increase its market penetration in the structured settlement arena. The growing use of structured settlements to resolve litigation means that the total addressable market for this aspect of our business continues to grow.

Life Settlements

A life settlement is the purchase of a life insurance policy that is no longer needed or wanted from an insured age 65 or above.

In the first half of 2006, Peachtree purchased policies with a face value of US$400 million generating gross revenue of US$24 million. In order to maintain strong growth in

Life Settlements, Peachtree requires continuous access to significant credit facility capacity. In early September 2006, Peachtree closed on a substantial increase to an existing credit facility for the acquisition of life settlements which is intended to provide capacity sufficient to fund originations through the end of the year. The Company believes that the ability to securitise an existing portfolio of Life Settlements is important to continued access to warehouse financing. Management is working to achieve this but several factors (e.g. rating agency guidance) have caused delays and imposed more uncertainty on the timing for the life settlements securitisation originally projected to occur in the 4th quarter which may now occur in 2007.

Peachtree's strategy is to continue expanding its life settlement origination activities through organic marketing and purchasing activities, and expanding penetration with insurance marketing organisations and brokers.

Lottery Prize Payments

Peachtree purchases lottery prize payments from an individual pursuant to a court order transfer process as permitted by state law. This is a mature and competitive business which was projected to have flat growth for 2006, but yet contribute approximately 8% of our total revenue for the year. Unfortunately, lottery revenue has fallen significantly short of expectations thus far in 2006 generating revenue for the period of only US$2.1 million which is less than half of 2005 revenue for the same period. Although the number of lottery transactions closed is actually up for the period, the average transaction size and margin on each transaction is down significantly. Management is in the process of implementing several initiatives to help reverse this trend.

Pre-Settlement Funding

Pre-settlement funding is the purchase of an interest in the proceeds of a pending personal injury case. Peachtree has rapidly grown its pre-settlement origination activity and we currently conduct pre-settlement funding transactions in 16 states. The U.S. tort markets are deep and wide and accordingly present a ripe area for growth. Peachtree believes that it is the lowest cost provider of pre-settlement funding in the U.S.

For the interim period, Peachtree originated nearly 900 transactions for total origination volume of US$5.7 million. Peachtree is in the process of closing a US$50 million credit facility to finance the continued growth of this business.

New Initiatives

Senior Leverage Policy Ownership (SLPO)
This is a new business for Peachtree launched in late 2005 and involves the financing of life insurance premiums for high net worth individuals aged 70 and above. For the first six months of 2006, SLPO generated revenue of US$3.6 million on policies with a net death benefit of US$67.45 million. There are, however, significant regulatory and legislative issues appertaining to this area and because of the close relationship SLPO has to life settlements, the prospect that legislative initiatives may adversely impact both SLPO and life settlements is significant.

Class Action Litigation Funding

Certain class action or mass tort settlements present unique opportunities for Peachtree. The inherent complexity of mass tort or class action settlements means that they take time to work their way through the judicial system. Although the dollar amounts of the settlement are typically known, the date of payment is far less clear. Peachtree believes that many individuals holding these settlement rights are interested in immediate cash for all or a portion of their settlement proceeds. Peachtree is presently purchasing certain Exxon gasoline dealer settlements and is evaluating other mass tort/class action settlements.

Leverage Bonus Plan (LBP)

Peachtree's Leverage Bonus Plan is a solution for firms seeking to provide executive retirement benefits without the complexity, tax and compliance risks which typically come from traditional arrangements. LBP is a turn key solution that uses premium-financed life insurance to emulate traditional retirement arrangements at a fraction of the cost. We have recently identified a particularly strong application for LBP with regard to companies utilising the so called '401K safe harbor' provisions of the tax code to permit greater retirement savings for senior and highly compensated executives. Through the

first six months of 2006, revenue has been modest and well below management expectations. We have seen an increase in our pipeline activity over the past 90 days with our new LBP 401K Plus solution and management is optimistic based on this market feedback. However, the timing, actual closing statistics and hence revenue generation are still unknown.

New financing facilities

As referenced above, in early September 2006 the Company closed on an increase to an existing credit facility for US$250 million to facilitate continued purchases of life settlement policies.

Peachtree is near closing on a US$50 million facility to fund its growing pre-settlement funding business. This facility will allow us to refinance and immediately monetise over US$12 million of receivables currently held on balance sheet.

Peachtree is also near closing on a US$50 million facility to financing SLPO premium finance transactions. This facility should allow the Company to refinance and immediately monetise US$8-10 million of receivables currently held on balance sheet and expand its SLPO origination activity.

Taxes

The interim financial results reflect a material book tax expense related to the formation of Peach Holdings, Inc. ("PHI") consummated in conjunction with the IPO in March of this year. PHI was formed as a taxable entity under US tax laws and, under US GAAP, PHI is required to establish a deferred tax account upon formation. In the aggregate, the formation of PHI resulted in a material net deferred tax asset. However, under US GAAP, the deferred tax liability portion of our deferred tax account is reported in income in the current period. Please reference the notes to the attached financial statements for a detailed analysis of the deferred tax account. As set forth in PHI's March 2006 admission document, Peachtree typically structures its credit relationships as 'financings' for tax purposes. Accordingly, revenue and cash flow from such transactions are generally disregarded for tax purposes as they are characterised as the proceeds of a

loan. Consequently, while Peachtree is required to reflect a tax expense for US GAAP purposes, management expects actual cash tax expense to remain relatively low over the next 7-10 years.

Outlook

Peachtree's rapid growth, particularly in the life settlement area, creates some tension for management to timely add new credit capacity to meet the demands of our distribution networks and origination platform. By continuing to seek broader access to the capital markets with competitive financing rates and terms and by maintaining a high level of service to our customers, Peachtree believes it can continue to be the leader in personal factoring.

We are dedicated to increasing our penetration of key markets (Structured Settlements, Life Settlements) while continuing to innovate (Premium Financing, Pre-Settlements). Although these areas offer good opportunities for growth, legislative and regulatory risks are not insignificant particularly in the Life Settlement and SLPO areas.

Originations in the material lines of business (Structured Settlements, Life Settlements) are in accordance with the Board's expectations. The Board anticipates one securitisation in the second half of the current year in Structured Settlements. Although possible, a securitisation of Life Settlements in 2006 is looking far less likely and may now occur in 2007. The business remains strongly cash generative.

As previously announced on 12 September 2006 the special committee of the Directors is recommending that Peach Holding's stockholders approved a merger agreement to be acquired by Orchard Acquisition Company, an affiliate of DLJ Merchant Banking Partners. The Directors anticipate that the proxy statement relating to the transaction will be issued to shareholders in early October.

Dermot Smurfit **James D. Terlizzi**
Chairman **CEO**

Combined Balance Sheets
June 30, 2006 and 2005, and December 31, 2005

	Unaudited June 30, 2006 US$	**Audited June 30, 2005 US$**	**Audited December 31, 2005 US$**
ASSETS (note 7**)**			
Cash	45,514,207	20,352,452	5,818,693
Restricted cash	1,704,083	7,631,557	3,232,930
Marketable securities	295,069,292	288,863,533	307,772,266
Finance receivables held for sale, net (note 1)	44,047,879	11,126,297	18,328,064
Finance receivables, net (note 3)	21,547,068	3,077,755	9,950,592
Life Receivables Net (note 2)	161,851,370	-	-
Advances receivable, net (note 3)	964,334	1,788,560	1,082,055
Other receivables	6,107,577	2,257,882	5,492,038
Due from affiliates (note 11)	714,111	4,205,747	1,562,583
Retained interests in receivables sold (note 4)	18,848,943	45,024,773	31,344,950
Equipment and leasehold improvements, net (note 5)	5,447,722	1,952,189	2,929,784
Deferred Taxes (note 10)	13,856,468	-	722,000
Other assets	4,384,321	1,125,567	3,135,126
Total Assets	**620,057,375**	**387,406,312**	**391,371,081**
LIABILITIES & MEMBERS' EQUITY			
Liabilities			
Accounts payable and accrued expenses	14,718,904	4,742,306	10,564,406
Unremitted asset servicing collections	528,883	2,718,872	994,519
Escrows held on contracts	659,861	528,331	615,156
Swap liabilities (note 8)	191,597	675,362	403,069
Other liabilities	1,205,238	6,195,544	1,173,691
Installment obligations payable (note 6)	295,518,101	288,863,533	308,221,416

Combined Balance Sheets cont.
June 30, 2006 and 2005, and December 31, 2005

Borrowings under lines of credit (note 7)	211,034,553	9,658,957	7,827,430
Total Liabilities	523,857,137	313,382,905	329,799,687
Stockholders' Equity (note 9)			
Capital stock (104,277,832 shares issued with a par value of $.001)	104,278	-	-
Additional paid-in capital	51,953,951	5,201,886	5,201,886
Retained earnings	31,939,725	47,046,196	39,005,610
Accumulated other comprehensive income	12,202,285	21,775,325	17,363,898
Total Stockholders' Equity	96,200,238	74,023,407	61,571,394
Total Liabilities and Stockholders' Equity	**620,057,375**	**387,406,312**	**391,371,081**

Combined Statement of Operations
Six-months ended June 30, 2006 and 2005, and year ended December 31, 2005

	Unaudited June 30, 2006 US$	Audited June 30, 2005 US$	Audited December 31, 2005 US$
Revenues			
Gain on sales of receivables (note 4)	7,255,907	25,795,481	54,105,743
Life settlement origination fee income	24,020,319	16,392,906	22,472,421
Other fee income	4,400,399	5,318,296	11,465,421
Interest and dividend income	8,599,674	5,951,271	14,316,822
Net realised and unrealised gains on investments	6,374,010	-	9,650,950
Servicing and other revenue (note 11)	2,438,882	1,065,168	2,711,954
Total Revenues	53,089,191	54,523,122	114,723,311
Operating Expenses			
Salaries and related costs	15,524,992	11,046,963	22,587,145
Consulting fees	1,600,000	2,125,000	3,025,000
General and administrative	4,068,310	3,563,621	7,148,021
Professional fees	5,090,425	3,688,080	7,514,716
Broker fee expense	239,554	205,748	205,748
Occupancy	1,144,174	789,107	1,768,695
Marketing and advertising	7,138,475	6,030,897	12,882,198
Postage and courier	357,840	244,904	715,500
Interest expense	3,819,107	470,778	904,265
Provision for loss on receivables	175,003	520,989	384,499
Losses on acquisition of life settlements			1,958,626
Net realised and unrealised losses on investments	-	1,769,104	
Installment note expense	9,610,217	1,457,047	18,556,850
Total Operating Expenses	48,768,097	31,912,238	77,651,263
Income before taxes	**4,321,094**	**22,610,884**	**37,072,048**
Provision for income taxes (benefit) (note 10):			
Current taxes (benefit)	1,515,919	113,499	(384,751)
Income tax expense recognised in connection with change in tax status of reporting entity	11,210,000	-	-
Net Income	**(8,404,825)**	**22,610,884**	**37,456,799**

Combined Statement of Changes in Stockholders' Equity
Six-months ended June 30, 2006 (Unaudited)

	Paid-In Capital	Retained Earnings	Accum. Other Comprehensive Income	Total Stockholders' Equity
	US$	US$	US$	US$
Balance, December 31, 2005	5,201,886	39,005,610	17,363,898	61,571,394
Comprehensive income				
Net income (loss)	-	(8,404,825)	-	(8,404,825)
Other comprehensive income				
Unrealised gain on retained interest on receivables sold (note 5)	-	-	(5,161,613)	(5,161,613)
Total comprehensive income				(13,566,438)
Cumulative effect of change in accounting for life settlements	-	1,338,939	-	1,338,939
Income tax benefit of exercise of stock warrants	26,194,000	-	-	26,194,000
Sale of 4,277,778 shares of common stock (note 8)	20,662,343	-	-	20,662,343
Balance, June 30, 2006	52,058,229	31,939,724	12,202,285	96,200,238

Combined Statement of Cash Flows
Six-months ended June 30, 2006 and 2005, and year ended December 31, 2005

	Unaudited June 30, 2006	Audited June 30, 2005	Audited December 31, 2005
Cash flows from operating activities	**US$**	**US$**	**US$**
Net income	(8,404,825)	22,497,385	37,456,799
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation and amortisation	587,391	(1,052,874)	584,992
Provision for losses on receivables and life settlements	286,003	520,989	2,343,125
Mark to market swap accrual	(539,472)	(120,830)	(393,123)
Deferred income taxes	12,337,532	-	(688,000)
Proceeds from sale of finance receivables held for sale	27,445,489	62,068,230	136,787,700
Gain on sale of finance receivables held for sale	(7,255,907)	(25,795,481)	(54,105,744)
Purchase of finance receivables held for sale	(37,843,073)	(31,658,103)	(74,536,484)
Fair value adjustment for life settlements	(22,897,470)	-	-
Increase (decrease) in trading securities	12,702,974	4,398,210	(14,510,523)
Interest accretion on retained interests	(798,026)	-	(2,117,202)
Structured note expense	9,610,217	1,457,047	18,556,850
Net decreases (increases) in assets			
Restricted cash	1,528,847	(5,536,230)	(1,137,603)
Advances receivable	110,021	51,829	818,364
Other receivables	(615,539)	36,663	(3,197,493)
Due from affiliates	848,472	1,701,489	4,344,653
Other assets	(1,260,643)	3,412,249	1,531,064
Net increases (decreases) in liabilities			
Accounts payable and accrued expenses	4,154,498	(1,425,527)	4,396,573
Unremitted asset servicing collections	(465,636)	962,650	(761,703)
Escrows held on contracts	44,705	16,072	102,897
Other liabilities	31,547	2,901,132	(2,120,721)
Net cash provided by operating activities	(10,392,896)	34,434,900	53,354,421
Cash flows from investing activities			
Originations and collections on finance receivables, net	(11,763,779)	(1,652,783)	(9,061,405)

Combined Statement of Cash Flows cont.
Six-months ended June 31, 2006 and 2005, and year ended December 31, 2005

Payment for purchase of presettlement receivables business	-	(3,059,236)	(3,059,236)
Collections of retained interest in receivables sold	-	621,290	621,290
Purchase of life settlements	(136,664,513)	-	(2,121,000)
Purchases of equipment and leasehold improvements	(3,039,233)	(974,164)	(2,324,375)
Net cash used in investing activities	(151,467,525)	(5,064,893)	(15,944,726)
Cash flows from financing activities			
Borrowings under lines of credit	233,433,835	25,887,027	27,325,470
Repayments under lines of credit	(30,226,712)	(28,787,655)	(32,057,625)
Issuance of installment notes payable	10,305,330	8,985,095	32,512,980
Repayments of installment notes payable	(32,618,862)	(18,205,808)	(39,475,613)
Cash received for installment notes payable	-	3,369,772	3,369,772
Common stock issued	20,662,343	-	-
Cash distribution to owners	-	(9,000,000)	(32,000,000)
Net cash used in financing activities	201,555,934	(17,751,569)	(40,325,016)
Increase in cash	39,695,514	11,618,438	(2,915,321)
Cash at beginning of year	5,818,693	8,734,014	8,734,014
Cash at end of year	45,514,207	20,352,452	5,818,693

Combined Statement of Cash Flows
Six-months ended June 30, 2006 and 2005, and year ended December 31, 2005

	Unaudited June 30, 2006 US$	Audited June 30, 2005 US$	Audited December 31, 2005 US$
Supplemental disclosure for cash flow information			
Cash paid for interest	2,679,201	452,103	900,377
Cash paid for income taxes	272,000	65,176	92,927
Supplemental disclosure of noncash investing and financing activity:			
Retained interests in receivables sold recognised upon sale of finance receivables	321,876	5,072,225	10,380,031
Adjustment of retained interests in receivables sold to fair value	(5,161,613)	9,521,222	5,109,795
Recognition of receivables and derecognition of retained interest from Peachtree Finance Company upon disqualification of status as qualified special purpose entity	-	-	7,961,274
Income tax benefit of warrant exercise	26,194,000	-	-

Notes to Combined Financial Statements
Six-months ended June 30, 2006 and 2005, and year ended December 31, 2005

1. Finance Receivables Held For Sale

Finance receivables held for sale consist of the following:

	June 30, 2006	June 30, 2005	December 31, 2005
	US$	US$	US$
Finance receivables	116,922,467	24,316,323	36,641,055
Less unearned discount	(72,948,047)	(11,418,883)	(16,614,962)
Discounted receivables	43,974,420	12,897,440	20,026,093
Capitalised origination costs, net	2,080,596	306,876	309,108
Reserve for doubtful accounts	(2,007,137)	(2,078,019)	(2,007,137)
Finance receivables, net	44,047,879	11,126,297	18,328,064

Activity in the reserve for doubtful accounts was as follows:

	June 30, 2006	June 30, 2005	December 31, 2005
Balance, beginning	2,007,137	1,761,017	1,761,017
Provision for loss	-	351,614	(260,631)
Receivable sale adjustments	-	-	517,132
Settlements and judgments	-	(34,612)	(10,381)
Balance, ending	2,007,137	2,078,019	2,007,137

There was approximately US$1,100,000 and US$1,200,000 of delinquent lottery payment receivables held at June 30, 2006 and December 31, 2005 respectively. The Company fully reserved for these receivables at the discounted value as of June 30, 2006 and December 31, 2005 respectively. There was approximately US$1,115,000 and US$1,400,000 of delinquent structured settlement payment receivables held at June 30, 2006 and December 31, 2005 approximately US$629,000 which were identified as impaired and fully reserved at June 30, 2006 and December 31, 2005, respectively. No income was recognised on impaired lottery or structured settlement payment receivables during the period ended June 30, 2006.

2. Life Receivables

Through Life Settlement Corporation, PHI provides liquidity to persons or entities that own life insurance policies by facilitating the sale of their policies to trusts in which PHI owns the Unified Trust Interest. PHI also performs servicing functions related to mortality tracking and monthly reporting. PHI earns origination and servicing fees related to the life settlement transactions. Fees are based on a percentage of the net death benefit of the underlying life insurance policies.

PHI formed DLP Funding, LLC (“DLP”), a special-purpose entity and a wholly owned subsidiary effective December 23, 2005 to obtain funding from unrelated third parties for the purpose of

acquiring and holding life settlements. In March 2006, the Financial Accounting Standards Board issued FASB Staff Position No. FTB 85-4-1, which provides the initial and subsequent measurement guidance for purchases of life settlement contracts by third party investors. Beginning in January 2006, PHI began utilising DLP to purchase life settlement contracts through PHI's affiliate, Life Settlement Corporation. Pursuant to FTB 85-4-1 DLP accounts for the purchases of these contracts under the 'fair value method'. Under the fair value method DLP accounts for these contacts initially at the transaction price and re-measures the investment at fair value at each subsequent reporting period. Under FTB 85-4-1, any change in fair value is recognised through earnings. For the period ending June 30, 2006, of the US$24.0 million of life settlement origination fee income, US$23.0 million resulted from fair value adjustments.

3. Finance and Advances Receivable

Finance receivables consist of the following:

	June 30, 2006	June 30, 2005	December 31, 2005
	US$	US$	US$
Pre-settlement receivables	12,572,088	2,699,894	7,453,447
Less: Deferred revenue	(892,499)	(118,807)	(527,344)
	11,679,589	2,581,087	6,926,103
Life insurance premium financing	10,611,066	537,167	3,600,772
	22,290,655	3,118,254	10,526,875
Less: Reserve for doubtful accounts	(743,586)	(40,498)	(576,283)
Finance receivables, net	21,547,068	3,077,755	9,950,592

Activity in the reserve for doubtful accounts for finance receivables was as follows:

	June 30, 2006	June 30, 2005	December 31, 2005
	US$	US$	US$
Balance, beginning	576,283	-	-
Provision for loss	167,303	140,498	676,283
Receivables charged off	-	(100,000)	(100,000)
Balance, ending	743,586	40,498	576,283

Pre-settlement receivables are usually outstanding for a period of time exceeding one year. Based on historical portfolio experience, the Company has reserved approximately US$66,000 as of June 30, 2006 and December 31, 2005. Reserves for life insurance premium finance receivables are based on the estimated fair value of the underlying insurance policies. At June 30, 2006 and December 31, 2005, approximately US$1,874,000 and US$1,262,000 of those receivables were determined to be impaired, with specific reserves of approximately US$677,000 and US $510,000 included in the reserve for doubtful accounts respectively. No interest income was recognised on impaired receivables for the period ended June 30, 2006.

Advances receivable consist of the following:

	June 30, 2006 US$	June 30, 2005 US$	December 31, 2005 US$
Lottery advances	893,536	1,769,185	1,028,184
Structured settlement advances	226,314	273,952	222,856
Other advances receivable	21,169	43,867	-
	1,141,019	2,087,004	1,251,040
Less: Reserve for doubtful accounts	(176,685)	(298,444)	(168,985)
Advances receivables, net	964,334	1,788,560	1,082,055

Activity in the reserve for doubtful accounts for advances receivable was as follows:

	June 30, 2006 US$	June 30, 2005 US$	December 31, 2005 US$
Balance, beginning	168,985	269,567	269,567
Provision for loss (recovery)	7,700	28,877	(31,153)
Receivables charged off	-	-	(69,429)
Balance, ending	176,685	298,444	168,985

The Company's lottery and structured settlements businesses in some cases will advance a portion of the purchase price to a customer prior to the closing of the transaction. These transactions usually close within 90 days and the advances are repaid at the time of closing. Based on historical experience, as transactions exceed the 90-day period, there is an increased risk the transaction will not close and the advance will not be repaid. The Company reserves 50% of all structured settlement advances over 90 days and 100% of all advances over 180 days outstanding. In the case of lottery, the Company reserves 100% of all advances over 180 days outstanding.

4. Sales of Structured Settlement, Lottery and Tobacco Payments and Retained Interests

Information regarding sales of structured settlement, lottery and tobacco payments is as follows for the six-month period ended June 30, 2006:

	US$	US$
Proceeds of sale		27,445,489
Carrying amount of receivables sold	22,721,107	
Less: Retained interest	2,531,525	
Basis in receivables sold		20,189,582
Gain on sale		7,255,907

When the Company sells structured settlement payments to its QSPEs, it recognises a gain or loss on the sale and it retains an interest in the sold receivables. Gain or loss on sale of the

receivables depends in part on the previous carrying amount of the financial assets involved in the transfer, allocated between the assets sold and the retained interests based on their relative fair value at the date of transfer. The retained interests are subordinated to the repayment of the financial institutions or investors that provide financing to the QSPEs. The carrying amounts at June 30, 2006 are derived based on the scheduled collections of purchased receivables held by the QSPEs and the assumed amortisation of amounts payable to the financial institution or investors using interest rates in effect at those respective dates. To obtain fair values, quoted market prices are used if available. However, quotes are generally not available for retained interests, so the Company generally estimates fair value based on the present value of future expected cash flows estimated using management's best estimates of the key assumptions-credit losses, prepayment speeds, forward yield curves, and discount rates commensurate with the risks involved.

Key economic assumptions used in measuring the retained interests at the date of the financial statements are as follows:

	Assumptions			
Factor	**June 30, 2006**	**June 30, 2005**	**Dec. 31, 2005**	**Basis**
Prepayment Speed (annual rate)	0.00%	0.00%	0.00%	Prepayments are not permitted
Expected credit losses (a)	0.00%	0.00%	0.00%	Experience with court-ordered payment assignments
Residual cash flows discounted at	7.82%	6.96%	7.57%	Approximate market rate based on BBB rating

The actual amounts could vary significantly from those shown depending on changes in the amounts, terms or providers of funding to the QSPEs. At June 30, 2006, key economic assumptions and the sensitivity of the current fair value of residual cash flows to immediate adverse changes in those assumptions are as follows (US$ in millions):

	PLMT	**PFC2**	**SRF #1**	**SRF #2**	**SRF #3**	**Total**
Carrying amount/fair value of retained interests	$0.7	$6.4	$4.3	$3.8	$3.6	$18.8
Weighted average life (in years)	8.6	14.4	13.4	15.4	17.9	15.3
Credit losses (annual rate)						
Impact on fair value for a .5% credit loss	$0.0	$0.4	$0.1	$0.2	$0.2	$1.0
Impact on fair value for a 1% credit loss	$0.0	$0.8	$0.3	$0.4	$0.4	$2.0
Residual cash flows discount rate						
Impact on fair value for a 10% adverse change	$0.0	$0.6	$0.3	$0.4	$0.4	$1.7
Impact on fair value for a 20% adverse change	$0.2	$1.1	$0.7	$0.7	$0.7	$3.4

These sensitivities are hypothetical and should be used with caution. As the figures indicate, changes in fair value based on a 10 percent variation in assumptions generally cannot be extrapolated because the relationship of the change in assumption to the change in fair value

may not be linear. Also, in this table, the effect of a variation in a particular assumption on the fair value of the retained interest is calculated without changing any other assumption; in reality, changes in one factor may result in changes in another (for example, increases in market interest rates may result in increased credit losses), which might magnify or counteract the sensitivities.

The Company accounts for retained interests in receivables sold similar to available for sale securities. As such, unrealised gains or losses related to those interests are recognized as a separate component of other comprehensive income. Activity in other comprehensive income was as follows:

	Six months ended June 30, 2006	**Six months ended June 30, 2005**	**Twelve months ended December 31, 2005**
	US$	**US$**	**US$**
Fair value of retained interests received upon sale of receivables	352,107	8,491,050	18,150,855
Less allocated cost of receivables sold	321,876	5,072,225	10,380,031
	30,232	3,418,825	7,770,824
Unrealised gain on retained interests held	1,030,545	8,420,413	8,926,209
Less gain realised on sale of retained interest	6,114,458	2,318,016	11,504,363
	(5,083,913)	6,102,397	(2,578,154)
Amortisation of unrealised gain on PFC receivables	(107,932)	-	(82,875)
Other comprehensive income	(5,161,613)	9,521,222	5,109,795

5. Equipment and Leasehold Improvements

Equipment and leasehold improvements is summarised as follows:

	June 30, 2006	**June 30, 2005**	**December 31, 2005**
	US$	**US$**	**US$**
Computer software and equipment	3,303,904	1,712,703	2,021,481
Furniture, fixtures and equipment	1,129,020	809,912	891,991
Leasehold improvements	2,988,864	509,729	1,469,083
	7,421,788	3,032,344	4,382,555
Less: accumulated depreciation	(1,974,066)	(1,080,155)	(1,452,771)
Equipment and leasehold improvements, net	5,447,722	1,952,189	2,929,784

Depreciation expense for the period ended June 30, 2006 was US$521,295.

6. Installment Obligations Payable

Installment obligations issued by PSF Holdings trusts under the Structure totaled US$295,518,101 at June 30, 2006. Under the terms of the Structure, the obligations earn income or losses based on indexing options selected by the obligee, which may be based on equity or debt indices. Each obligation has an installment payment schedule agreed to by the obligee at the time of issuance of the obligation. An obligee may request an unscheduled installment payment which must be agreed to by the Company, and if so agreed the Company may charge a penalty up to 15% of the unscheduled installment amount. In addition, obligation balances are charged on a quarterly basis for a guarantee fee and an administration fee, both of which are paid to PSF Holdings, LLC, a wholly owned subsidiary of the Company. The obligations of the respective trusts under the installment obligations are guaranteed by Settlement Funding, LLC, another wholly owned subsidiary of the Company. A majority of the obligations are also guaranteed by bank letters of credit to the extent of assets held in related trust accounts.

The actual maturities of the obligations depend on market conditions. Estimated maturities for the next five years are as follows:

July 1, 2006 -December 31, 2006	23,346,475
Twelve Months Ending December 31,	**US$**
2007	26,207,165
2008	24,795,854
2009	25,040,794
2009	26,523,920
2010	27,602,506
Thereafter	142,001,387
	295,518,101

7. Borrowings Under Lines of Credit

Settlement Funding, LLC (“PSF”), a wholly owned subsidiary of the Company, has a revolving credit facility with a bank providing for a $10 million working capital line, and a $3 million lottery advance line. Up to $5 million of the working capital line is available for pre-settlement payments. The facility bears interest at prime plus 0.5% (8.75% at June 30, 2006) and has a termination date of September 30, 2006. Interest on the working capital line is payable monthly in arrears; interest on the lottery advance lines is payable at maturity of the advances made under the facility. The lottery advance line is secured by related lottery advance receivables. The working capital line is secured by a blanket lien on substantially all of the assets of Settlement Funding, LLC. A fee equal to .25% per annum on the average daily unused commitment is payable quarterly. The facility contains certain restrictive covenants and is guaranteed by another wholly owned subsidiary of the Company. At June 30, 2006, $0 was outstanding under the lottery advance line, while there was $4,500,000 outstanding with respect to the working capital line. At December 31, 2005, $0 and $482,408 were outstanding on the working capital and lottery advance lines, respectively.

Peachtree LW Receivables I ("PLW"), a wholly owned subsidiary of the Company is the borrower under a non-committed US$25 million revolving credit facility (“LOC”) with a financial institution. At June 30, 2006 and December 31, 2005, advances under the facility totaled US$6,081,328 and US$6,941,022, respectively, and bore interest at fixed rates ranging from 7.4% to 8.2%. The facility has a termination date of September 30, 2006, which is expected to be extended. Advances under the facility are collateralised by PLW’s right, title and interest in, to and under the

lottery receivables, including the Lockbox and Lockbox Account, as defined in the credit agreement. The credit facility is guaranteed by another wholly owned subsidiary of the Company.

LSC is the borrower under a revolving loan agreement with an investment bank. The agreement has an interest rate of one-month LIBOR plus 2.50% (7.75% at June 30, 2006), and is collateralised by all assets of LSC except life insurance policies and are payable on ten days written notice. At June 30, 2006 and December 31, 2005, there were outstanding balances of US$214,000 and US$404,000, respectively, under the agreement. Interest on advances under the revolving loan agreements is paid by an affiliate.

DLP Funding, LLC ("DLP"), a wholly-owned subsidiary of the Company, is the borrower under a US$225 million revolving line of credit with a financial institution to fund the acquisition and associated carrying costs of life insurance policies. The line bears interest at the one-month Eurodollar Rate plus 1.5% (6.87% at June 30, 2006). The line is secured by all of the life insurance assets acquired by DLP. The facility has a termination date of December 23, 2006. At June 30, 2006, borrowings under this line of credit totaled US$168,786,389. There were no borrowings as of December 31, 2005.

Peachtree LBP Warehouse, LLC, a wholly-owned subsidiary of the Company, obtained a US$50 million revolving line of credit with a financial institution to fund premium loans, originally effective January 1, 2004 and modified to be effective January 1, 2006. Proceeds under the line may be disbursed up to a maximum of US$10 million per year for five years from the effective date, as modified. The line bears interest at the one-year LIBOR rate plus 1.5% (7.19% at June 30, 2006). A commitment fee of .25% per annum on the daily average unused commitment is payable monthly. Advances under the line are due on maturity of the underlying premium loans. The line is secured by the underlying premium loans. There were no borrowings under this line of credit at June 30, 2006 or December 31, 2005.

Structured Receivables Finance #4, LLC ("SRF4"), a wholly owned subsidiary of the Company entered into a revolving line of credit agreement (the "Loan Agreement") with a financial institution (the "Lender") to fund US$145 million (the "Facility Limit") for the purchase of receivables from PSF. Borrowings bear interest at a floating rate, which is equal to the Lender's cost of funds rate (5.224.52% at June 30, 20064). The Loan Agreement is collateralized by SRF4's rights, title and interest in, to and under the structured receivables, including the Collection Account, the Reserve Account, the Lockbox and the Lockbox Account, as defined.

The Loan Agreement also requires PSF and SRF4 to maintain certain debt covenants. SRF4 is required to pay Lender and Liquidity Fees as follows:

Unused Fee – The unused fee is equal to 0.20% (annual rate) times the difference between 102% times the Facility Limit and the aggregate outstanding principal and is calculated daily. This amount is paid monthly in arrears to the Lender on each Distribution Date, as defined, through the Termination Date.

Administrative Fee – The administrative fee is equal to 0.10% (annual rate) times the difference between the Facility Limit and the aggregate outstanding principal and is calculated daily. This amount is paid monthly in arrears to a member of the Lender on each Distribution Date, until the first date, after the Termination Date, that all obligations have been paid in full.

8. Interest Rate Swaps

Under the terms of a revolving LOC agreement with PLW, the lender enters into interest-rate swaps to manage its exposure to changes in interest rates related to PLW's borrowings under the Loan Agreement. Under the terms of the LOC, if the Lender realises a gain on termination of the swaps as a result of any payment of principal on outstanding advances, the Lender will pay the gain to PLW, and if the Lender realises a loss on termination of the swap, PLW will reimburse the

Lender for such loss. These embedded derivative instruments have been separated from the host contract and carried at fair value. Hedge accounting has not been applied to these interest rate swaps. At June 30, 2006, PLW had US$7,110,762 in notional amount of embedded interest rate swaps, with an unfavorable fair value of US$196,069.

SRF4 enters into interest-rate swaps to manage its exposure to changes in interest rates related to its borrowings under the Loan Agreement. At June 30, 2006, SRF4 had approximately US$31,731,640 in notional amount of interest rate swaps. However, the notional amount of interest rate swaps does not measure the credit risk exposure of SRF4; it is substantially less than the notional amount. The maximum credit risk is the estimated cost of replacing favorable interest rate swaps if the counterparty defaults. Since SRF4 was in an overall favorable interest rate swap position to the counterparty at June 30, 2006 in the amount of US$328,000, SRF4 had a credit risk exposure from them. However, there is no credit risk to the Company because any gain to be received from the embedded swaps will be offset against principal payments made on outstanding advances. Additionally, as of June 30, 20064, SRF4 held no collateral from its counterparty.

9. Stockholders' Equity

As of December 31, 3005, members' equity of Peach Holdings LLC ("PHL") was comprised of 7,750,000 common units of membership, of which 697,500 were directly owned by Peachtree Settlement Funding Corporation ("PSFC"), and 7,052,500 were directly owned by Funding Investors, LLC ("FI"), and 2,250,000 Series A convertible preferred units of membership, owned by LLR Equity Partners, LP and its affiliates ("LLR"), and Greenhill Capital Partners, LP and its affiliates ("Greenhill") (collectively the "Investment Partners").

On February 27, 2006, Peach Holdings, Inc. ("PHI") was formed. Contemporaneously with the offering of PHI shares on the London Stock Exchange, all of the Series A convertible preferred units were first converted to common units, and then each of the members of PHL exchanged each of their common units of membership in PHL for 10 shares of common stock issued by PHI. On March 30, 2006, PHI completed an offering on the Alternative Investment Market of the London Stock Exchange plc, under which the stockholders sold approximately 40% of their shares of common stock and the Company issued and sold 4,277,832 new shares of common stock at a price of US$5.42 per share, resulting in proceeds of approximately US$20.7 million, net of offering costs.

10. Income Taxes

The provision for income taxes for the period ended June 30, 2006 reflects current income taxes, computed by applying the estimated annual effective income tax rate for 2006 to taxable income of those entities subject to income taxes during the period, and the change in deferred income taxes for those same entities. For the period ended June 30, 2006, income tax expense computed at the Federal statutory income tax rate for taxable entities differs from the recorded amount of income tax expense due primarily to the change in the tax status of the reporting entity on March 30, 2006. In March 2006, the formation of PHI resulted in the reporting entity becoming a tax paying entity. The recognition of deferred tax liabilities existing at the date of the change in tax status is included in the provision for income taxes for the period ended June 30, 2006.

The provision for income taxes for the six months ended June 30, 2005 and the year ended December 31, 2005 reflects current income taxes, computed by applying the estimated annual effective income tax rate for 2005 to taxable income of those entities subject to income taxes, and the change in deferred income taxes for those same entities. For the year ended December 31, 2005, income tax expense computed at the Federal statutory income tax rate for taxable entities differs from the recorded amount of income tax expense due to changes in the valuation allowance related to deferred tax assets, primarily related to utilisation of net operating loss carry forwards.

The provision for income taxes (benefit) charged to operations consists of the following:

	Six months ended June 30, 2006 US$	Six months ended June 30, 2005 US$	Year ended December 31, 2005 US$
Current:			
Federal	348,552	101,859	286,071
State	39,834	11,641	17,178
	388,386	113,500	303,249
Deferred taxes related to current period:			
Federal	1,011,888	-	(675,000)
State	115,645	-	(13,000)
	1,127,533	-	(688,000)
Income tax expense (benefit) on current earnings	1,515,919	113,500	(384,751)
Deferred tax liabilities recognised in connection with change in tax status:			
Federal	10,060,256	-	-
State	1,149,744	-	-
	11,210,000	-	-
Income tax (benefit) expense	12,725,919	113,500	(384,751)

A summary of the deferred tax assets is as follows:

Deferred Income Taxes:	June 30, 2006 US$	June 30, 2005 US$	December 31, 2005 US$
Receivables held for sale	(58,190,000)	-	-
Life receivables	(3,255,000)	34,000	722,000
Asset basis adjustment			
LLR-Greenhill transaction	14,855,000	-	-
Peach Holdings Inc. formation	32,125,000	-	-
Net operating loss carry forward	28,321,468	-	-
Total deferred tax asset	13,856,468	34,000	722,000

The receivables held for sale and the basis adjustments related to the transactions noted are primarily a result of the tax effect of the difference between the book and tax basis of the

Company's investment in structured settlement receivables. The net operating loss carry forward is a result of additional tax-deductible expenses associated with the formation of PHI.

11. Related Party Transactions and Servicing Revenue

The Company furnishes certain services (including administration and overhead) and performs certain product servicing for the QSPEs under servicing and administrative agreements. For the period ended June 30, 2006, the Company received approximately $932,600, which is included in servicing revenue. The Company has also advanced funds to the QSPEs as needed in years prior to 2005. At June 30, 2006, balances due from these affiliates were $713,025. Amounts due from other affiliates were not significant at June 30, 2006. Amounts due from affiliates bear interest at the one-month LIBOR rate (5.35% at June 30, 2006).

12. Equity in Earnings of Joint Venture

In 2001, the Company entered into a joint venture in the Life Settlement business with an unrelated third party. In June 2005, the joint venture received proceeds of US$14,250,000 in connection with the transfer of residual interests in life insurance policies held by a subsidiary. The Company recognised fee income of US$7,125,000 as its share of the joint venture's revenue, which is included in life settlement origination fee income in the accompanying statement of operations for the six months ended June 30, 2005 and the year ended December 31, 2005.

13. Risks and Uncertainties

At June 30, 2006, the Company's balance of finance receivables held for sale are primarily lottery winnings (which are obligations of state governments) and obligations of insurance companies. Therefore, the exposure to concentration of credit risk with respect to these receivables is generally limited due to the number of insurance companies and states comprising the receivable base, their dispersion across geographical areas, and state insurance guarantee funds. However, as of June 30, 2006 the highest concentrations, approximately 15.01% and 10.90% of total finance receivables, are due from two insurance companies. The Company is subject to risks associated with purchasing structured settlement receivables, which include, but are not limited to, insolvency of an insurance company, and potential risks of regulations and changes in legislation.

The Company facilitates the sale of life insurance policies to affiliates. Through December 31, 2005, the affiliates, in turn, issued trust interests respecting those policies to a single investor. During the year ended December 31, 2005, approximately US$21.4 million of the Company's revenue was earned in connection with the sale of trust interests to this investor. Beginning in 2006, the Company has begun retaining its interests in a majority of these policies. The Company is subject to risks associated with purchasing life insurance contracts, which include, but are not limited to, insolvency of a life insurance contract issuer, and potential risks of regulations and changes in legislation. As of June 30, 2006, approximately 34% of total purchased life insurance contracts are issued from five insurance companies.

The Company maintains cash balances at financial institutions in excess of FDIC insurance limits. Management does not believe the company is exposed to significant risk of loss related to uninsured deposits.

14. Earnings Per Share

On March 30, 2006, Peach Holdings Inc. issued 10 shares of common stock in exchange for each unit of membership in Peach Holdings, LLC. The following table sets forth the computation for the period ended June 30, 2006 the pro forma earnings per share for Peach Holdings Inc. as though the exchange had occurred on January 1, 2006:

Earnings per share:	**US$**
Numerator - Net income (loss) per the combined statement of operations	(8,404,825)
Adjust for net income of Life Settlement Corporation, owned by other shareholders	477,298
Net income (loss) available to common stockholders	(8,882,123)
Pro forma earnings per common share:	
Denominator for basic and diluted earnings per common share – weighted-average shares outstanding	102,138,916
Basic and diluted earnings (loss) per common share	(0.09)

15. Fair Value of Financial Instruments

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value:

Investments – The estimated fair value of investments in marketable securities is based on quoted market prices.

Finance receivables, net – The estimated fair value of finance receivables, net (including finance receivables held for sale) is estimated by discounting the expected cash flows at market interest rates for comparable investments.

Life receivables, net – The estimated fair value of life receivables, net is equal to the carrying amount.

Advances receivable, net and other receivables – The estimated fair value of advances receivable and other receivables, which are generally recovered in less than three months, is equal to the carrying amount.

Due from affiliates – The estimated fair value of due from affiliates and due to affiliates, which bear interest at a variable rate equal to current short-term rates, is equal to the carrying amount.

Retained interests in receivables sold – The estimated fair value of retained interest in receivables sold is determined by discounting the expected residual cash flows at estimated market interest rates for comparable investments.

Unremitted asset servicing collections – The estimated fair value of unremitted asset servicing collections is equal to the carrying amount.

Installment Obligations payable – Obligations payable are reported at fair value determined based on changes in the measuring indices selected by the obligees under the terms of the obligations over the lives of the obligations.

Borrowings under line of credit – Based on the borrowing rates currently available to the Company for debt with similar terms and remaining maturities, the Company estimates that the carrying value of its borrowings approximate fair value.

Swap liability -- The estimated fair value of interest rate swaps is based upon market quotes from a large U.S. bank.

The estimated fair values of the Company's financial instruments are as follows:

	June 30, 2006 US$	**US$**	**June 30, 2005 US$**	**US$**	**December 31, 2005 US$**	**US$**
	Estimated Fair Value	**Carrying Amount**	**Estimated Fair Value**	**Carrying Amount**	**Estimated Fair Value**	**Carrying Amount**
Financial assets						
Investments	295,069,292	295,069,292	288,863,533	288,863,533	307,772,266	307,772,266
Finance receivables held for sale, net	70,043,547	44,047,879	16,185,733	11,126,297	22,409,265	18,328,064
Life Receivables Net	161,851,370	161,851,370	-	-	-	-
Finance receivables, net	21,547,068	21,547,068	3,077,755	3,077,755	9,950,592	9,950,592
Advances receivable, net	964,334	964,334	1,788,560	1,788,560	1,082,055	1,082,055
Other receivables	6,107,577	6,107,577	2,257,882	2,257,882	5,492,038	5,492,038
Due from affiliates	714,111	714,111	4,205,747	4,205,747	1,562,583	1,562,583
Retained interest in receivables sold	18,848,943	18,848,943	45,024,773	45,024,773	31,344,950	31,344,950
Financial liabilities						
Unremitted asset servicing collections	528,883	528,883	2,718,872	2,718,872	994,519	994,519
Installment obligations payable	295,518,101	295,518,101	288,863,533	288,863,533	308,221,416	308,221,416

Borrowings under line of credit	211,034,553	211,034,553	9,658,957	9,658,957	7,827,430	7,827,430
Swap liability	191,597	191,597	675,362	675,362	403,069	403,069

16. Commitments and Contingencies

In the normal course of business, the Company is subject to various legal proceedings and claims, the resolution of which, in management's opinion, will not have a material adverse effect on the financial position or the results of operations of the Company.

The Company has had discussions with the Internal Revenue Service (the "IRS") relating to certain federal income tax matters arising from Peachtree's ordinary business activities. The discussions pertained to (i) a refund of the federal income tax withheld on two purchased lottery prizes and (ii) the issuance by Peachtree of a series of installment obligations in exchange for purchased lottery prizes and other non-lottery receivables. On March 30, 2004, the Office of Chief Counsel issued a Chief Counsel Advice, which resolved the majority of the issues raised as to the aforementioned lottery transactions.

Thereafter, the IRS issued a series of Information Document Requests primarily regarding (i) the manner in which Peachtree accounted for its installment obligation liability and (ii) Peachtree's use of installment obligations to purchase certain non-lottery receivables, including the structure's legal rationale, manner of operation, creation, development, and marketing. The Company has provided responses to all Information Document Requests. The subject matter of the inquiry concerns issues the IRS has described as "debatable." The Company and the IRS are currently working toward a settlement to resolve the matter. The Company has not accrued any liability for any potential settlement because management does not believe any material loss is probable. Management does not believe any potential settlement of this matter will have a material adverse effect on the financial position or the results of operations of the Company.

The Company has indemnified a non-affiliated lending institution for all costs and damages associated with legal actions related to loans made by the entity which are collateralised by structured settlement payments. No significant costs have been incurred to date related to this indemnification.

The Company entered into a consulting agreement with an unrelated company in 2003 for assistance with the development of financing facilities. Under the terms of the agreement, the Company will pay from US$150,000 to US$200,000 per month through March 2006 and also pay up to US$1 million per year related to successful securitizations. For the period ended June 30, 2006, the Company paid US$1,600,000 under this agreement.

The Company leases office space and equipment under varying lease arrangements. None of the agreements contain unusual renewal or purchase options. Leases for office space and equipment having an initial or remaining non-cancelable term in excess of one year at June 30, 2006 require the following minimum future rental payments:

	US$
July 1, 2006 -December 31, 2006	226,827
Twelve Months Ending December 31,	
2007	674,557
2008	689,890

2009	596,019
2010	557,500
2011 and thereafter	187,667
	2,932,459

Rental expense for the period ended June 30, 2006 was US$404,415

17. Employee Benefit Plan

The Company maintains a Savings Plan under Section 401(k) ("the Plan") under the Internal Revenue Code which was established effective January 1, 1998. The Plan covers all eligible employees. The Company's contributions to the Plan are based upon a percentage of employee contributions. Plan expense for the Period ended June 30, 2006 was US$155,522.

18. Subsequent Event

On September 12, 2006, PHI announced that it executed a definitive merger agreement to be acquired by Orchard Acquisition Company, an affiliate of DLJ Merchant Banking Partners ("DLJMB"). Under the terms of the merger agreement all shareholders will receive £3.85 per share in cash. Orchard Acquisition Company is a newly formed company to be owned by an investor group that is led by DLJMB and also includes the senior management of Peach Holdings, Credit Suisse, LLR Equity Partners and Greenhill Capital Partners.

The board of directors of Peach Holdings, on the recommendation of a special committee of directors, has approved the merger agreement and recommended that Peach Holding's stockholders approve the merger. The transaction, together with an expected cash dividend of approximately US$7 million (approx. 3.5 pence per share) in the aggregate permitted under the Merger Agreement, values Peach Holdings at approximately £404 million as of the date of the definitive agreement.

In the event the merger agreement is terminated under certain circumstances, including the execution of a definitive agreement for a superior proposal, Peach Holdings would be required to pay Orchard Acquisition Company a break-up fee of US$21.5 million plus certain related expenses.

The transaction is currently expected to close in the fourth quarter of 2006. The transaction will be financed through a combination of equity contributed by DLJ Merchant Banking Partners and the investor group and debt financing, and is subject to receipt of debt financing, approval of Peach Holding's shareholders and other closing conditions.

- Ends -

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APPENDIX G

FLORIDA APPRAISAL RIGHTS STATUTES
(SECTIONS 607.1301-607.1333)

607.1301 Appraisal rights; definitions.—The following definitions apply to ss. 607.1302-607.1333:

(1) "Affiliate" means a person that directly or indirectly through one or more intermediaries controls, is controlled by, or is under common control with another person or is a senior executive thereof. For purposes of s. 607.1302(2)(d), a person is deemed to be an affiliate of its senior executives.

(2) "Beneficial shareholder" means a person who is the beneficial owner of shares held in a voting trust or by a nominee on the beneficial owner's behalf.

(3) "Corporation" means the issuer of the shares held by a shareholder demanding appraisal and, for matters covered in ss. 607.1322-607.1333, includes the surviving entity in a merger.

(4) "Fair value" means the value of the corporation's shares determined:

(a) Immediately before the effectuation of the corporate action to which the shareholder objects.

(b) Using customary and current valuation concepts and techniques generally employed for similar businesses in the context of the transaction requiring appraisal, excluding any appreciation or depreciation in anticipation of the corporate action unless exclusion would be inequitable to the corporation and its remaining shareholders.

(c) For a corporation with 10 or fewer shareholders, without discounting for lack of marketability or minority status.

(5) "Interest" means interest from the effective date of the corporate action until the date of payment, at the rate of interest on judgments in this state on the effective date of the corporate action.

(6) "Preferred shares" means a class or series of shares the holders of which have preference over any other class or series with respect to distributions.

(7) "Record shareholder" means the person in whose name shares are registered in the records of the corporation or the beneficial owner of shares to the extent of the rights granted by a nominee certificate on file with the corporation.

(8) "Senior executive" means the chief executive officer, chief operating officer, chief financial officer, or anyone in charge of a principal business unit or function.

(9) "Shareholder" means both a record shareholder and a beneficial shareholder.

History.—s. 118, ch. 89-154; s. 21, ch. 2003-283; s. 2, ch. 2005-267.

607.1302 Right of shareholders to appraisal.—

(1) A shareholder of a domestic corporation is entitled to appraisal rights, and to obtain payment of the fair value of that shareholder's shares, in the event of any of the following corporate actions:

(a) Consummation of a conversion of such corporation pursuant to s. 607.1112 if shareholder approval is required for the conversion and the shareholder is entitled to vote on the conversion under ss. 607.1103 and 607.1112(6), or the consummation of a merger to which such corporation is a party if shareholder approval is required for the merger under s. 607.1103 and the shareholder is entitled to vote on the merger or if such corporation is a subsidiary and the merger is governed by s. 607.1104;

(b) Consummation of a share exchange to which the corporation is a party as the corporation whose shares will be acquired if the shareholder is entitled to vote on the exchange, except

that appraisal rights shall not be available to any shareholder of the corporation with respect to any class or series of shares of the corporation that is not exchanged;

(c) Consummation of a disposition of assets pursuant to s. 607.1202 if the shareholder is entitled to vote on the disposition, including a sale in dissolution but not including a sale pursuant to court order or a sale for cash pursuant to a plan by which all or substantially all of the net proceeds of the sale will be distributed to the shareholders within 1 year after the date of sale;

(d) An amendment of the articles of incorporation with respect to the class or series of shares which reduces the number of shares of a class or series owned by the shareholder to a fraction of a share if the corporation has the obligation or right to repurchase the fractional share so created;

(e) Any other amendment to the articles of incorporation, merger, share exchange, or disposition of assets to the extent provided by the articles of incorporation, bylaws, or a resolution of the board of directors, except that no bylaw or board resolution providing for appraisal rights may be amended or otherwise altered except by shareholder approval; or

(f) With regard to a class of shares prescribed in the articles of incorporation prior to October 1, 2003, including any shares within that class subsequently authorized by amendment, any amendment of the articles of incorporation if the shareholder is entitled to vote on the amendment and if such amendment would adversely affect such shareholder by:

1. Altering or abolishing any preemptive rights attached to any of his or her shares;

2. Altering or abolishing the voting rights pertaining to any of his or her shares, except as such rights may be affected by the voting rights of new shares then being authorized of any existing or new class or series of shares;

3. Effecting an exchange, cancellation, or reclassification of any of his or her shares, when such exchange, cancellation, or reclassification would alter or abolish the shareholder's voting rights or alter his or her percentage of equity in the corporation, or effecting a reduction or cancellation of accrued dividends or other arrearages in respect to such shares;

4. Reducing the stated redemption price of any of the shareholder's redeemable shares, altering or abolishing any provision relating to any sinking fund for the redemption or purchase of any of his or her shares, or making any of his or her shares subject to redemption when they are not otherwise redeemable;

5. Making noncumulative, in whole or in part, dividends of any of the shareholder's preferred shares which had theretofore been cumulative;

6. Reducing the stated dividend preference of any of the shareholder's preferred shares; or

7. Reducing any stated preferential amount payable on any of the shareholder's preferred shares upon voluntary or involuntary liquidation.

(2) Notwithstanding subsection (1), the availability of appraisal rights under paragraphs (1)(a), (b), (c), and (d) shall be limited in accordance with the following provisions:

(a) Appraisal rights shall not be available for the holders of shares of any class or series of shares which is:

1. Listed on the New York Stock Exchange or the American Stock Exchange or designated as a national market system security on an interdealer quotation system by the National Association of Securities Dealers, Inc.; or

2. Not so listed or designated, but has at least 2,000 shareholders and the outstanding shares of such class or series have a market value of at least $10 million, exclusive of the value of such shares held by its subsidiaries, senior executives, directors, and beneficial shareholders owning more than 10 percent of such shares.

(b) The applicability of paragraph (a) shall be determined as of:

1. The record date fixed to determine the shareholders entitled to receive notice of, and to vote at, the meeting of shareholders to act upon the corporate action requiring appraisal rights; or

2. If there will be no meeting of shareholders, the close of business on the day on which the board of directors adopts the resolution recommending such corporate action.

(c) Paragraph (a) shall not be applicable and appraisal rights shall be available pursuant to subsection (1) for the holders of any class or series of shares who are required by the terms of the corporate action requiring appraisal rights to accept for such shares anything other than cash or shares of any class or any series of shares of any corporation, or any other proprietary interest of any other entity, that satisfies the standards set forth in paragraph (a) at the time the corporate action becomes effective.

(d) Paragraph (a) shall not be applicable and appraisal rights shall be available pursuant to subsection (1) for the holders of any class or series of shares if:

1. Any of the shares or assets of the corporation are being acquired or converted, whether by merger, share exchange, or otherwise, pursuant to the corporate action by a person, or by an affiliate of a person, who:

   a. Is, or at any time in the 1-year period immediately preceding approval by the board of directors of the corporate action requiring appraisal rights was, the beneficial owner of 20 percent or more of the voting power of the corporation, excluding any shares acquired pursuant to an offer for all shares having voting power if such offer was made within 1 year prior to the corporate action requiring appraisal rights for consideration of the same kind and of a value equal to or less than that paid in connection with the corporate action; or

   b. Directly or indirectly has, or at any time in the 1-year period immediately preceding approval by the board of directors of the corporation of the corporate action requiring appraisal rights had, the power, contractually or otherwise, to cause the appointment or election of 25 percent or more of the directors to the board of directors of the corporation; or

2. Any of the shares or assets of the corporation are being acquired or converted, whether by merger, share exchange, or otherwise, pursuant to such corporate action by a person, or by an affiliate of a person, who is, or at any time in the 1-year period immediately preceding approval by the board of directors of the corporate action requiring appraisal rights was, a senior executive or director of the corporation or a senior executive of any affiliate thereof, and that senior executive or director will receive, as a result of the corporate action, a financial benefit not generally available to other shareholders as such, other than:

   a. Employment, consulting, retirement, or similar benefits established separately and not as part of or in contemplation of the corporate action;

   b. Employment, consulting, retirement, or similar benefits established in contemplation of, or as part of, the corporate action that are not more favorable than those existing

before the corporate action or, if more favorable, that have been approved on behalf of the corporation in the same manner as is provided in s. 607.0832; or

c. In the case of a director of the corporation who will, in the corporate action, become a director of the acquiring entity in the corporate action or one of its affiliates, rights and benefits as a director that are provided on the same basis as those afforded by the acquiring entity generally to other directors of such entity or such affiliate.

(e) For the purposes of paragraph (d) only, the term "beneficial owner" means any person who, directly or indirectly, through any contract, arrangement, or understanding, other than a revocable proxy, has or shares the power to vote, or to direct the voting of, shares, provided that a member of a national securities exchange shall not be deemed to be a beneficial owner of securities held directly or indirectly by it on behalf of another person solely because such member is the recordholder of such securities if the member is precluded by the rules of such exchange from voting without instruction on contested matters or matters that may affect substantially the rights or privileges of the holders of the securities to be voted. When two or more persons agree to act together for the purpose of voting their shares of the corporation, each member of the group formed thereby shall be deemed to have acquired beneficial ownership, as of the date of such agreement, of all voting shares of the corporation beneficially owned by any member of the group.

(3) Notwithstanding any other provision of this section, the articles of incorporation as originally filed or any amendment thereto may limit or eliminate appraisal rights for any class or series of preferred shares, but any such limitation or elimination contained in an amendment to the articles of incorporation that limits or eliminates appraisal rights for any of such shares that are outstanding immediately prior to the effective date of such amendment or that the corporation is or may be required to issue or sell thereafter pursuant to any conversion, exchange, or other right existing immediately before the effective date of such amendment shall not apply to any corporate action that becomes effective within 1 year of that date if such action would otherwise afford appraisal rights.

(4) A shareholder entitled to appraisal rights under this chapter may not challenge a completed corporate action for which appraisal rights are available unless such corporate action:

(a) Was not effectuated in accordance with the applicable provisions of this section or the corporation's articles of incorporation, bylaws, or board of directors' resolution authorizing the corporate action; or

(b) Was procured as a result of fraud or material misrepresentation.

History.—s. 119, ch. 89-154; s. 5, ch. 94-327; s. 31, ch. 97-102; s. 22, ch. 2003-283; s. 1, ch. 2004-378; s. 3, ch. 2005-267.

607.1303 Assertion of rights by nominees and beneficial owners.—

(1) A record shareholder may assert appraisal rights as to fewer than all the shares registered in the record shareholder's name but owned by a beneficial shareholder only if the record shareholder objects with respect to all shares of the class or series owned by the beneficial shareholder and notifies the corporation in writing of the name and address of each beneficial shareholder on whose behalf appraisal rights are being asserted. The rights of a record shareholder who asserts appraisal rights for only part of the shares held of record in the record shareholder's name under this subsection shall be determined as if the shares as to which the record shareholder objects and the record shareholder's other shares were registered in the names of different record shareholders.

(2) A beneficial shareholder may assert appraisal rights as to shares of any class or series held on behalf of the shareholder only if such shareholder:

(a) Submits to the corporation the record shareholder's written consent to the assertion of such rights no later than the date referred to in s. 607.1322(2)(b)2.

(b) Does so with respect to all shares of the class or series that are beneficially owned by the beneficial shareholder.

History.—s. 23, ch. 2003-283.

607.1320 Notice of appraisal rights.—

(1) If proposed corporate action described in s. 607.1302(1) is to be submitted to a vote at a shareholders' meeting, the meeting notice must state that the corporation has concluded that shareholders are, are not, or may be entitled to assert appraisal rights under this chapter. If the corporation concludes that appraisal rights are or may be available, a copy of ss. 607.1301-607.1333 must accompany the meeting notice sent to those record shareholders entitled to exercise appraisal rights.

(2) In a merger pursuant to s. 607.1104, the parent corporation must notify in writing all record shareholders of the subsidiary who are entitled to assert appraisal rights that the corporate action became effective. Such notice must be sent within 10 days after the corporate action became effective and include the materials described in s. 607.1322.

(3) If the proposed corporate action described in s. 607.1302(1) is to be approved other than by a shareholders' meeting, the notice referred to in subsection (1) must be sent to all shareholders at the time that consents are first solicited pursuant to s. 607.0704, whether or not consents are solicited from all shareholders, and include the materials described in s. 607.1322.

History.—s. 120, ch. 89-154; s. 35, ch. 93-281; s. 32, ch. 97-102; s. 24, ch. 2003-283.

607.1321 Notice of intent to demand payment.—

(1) If proposed corporate action requiring appraisal rights under s. 607.1302 is submitted to a vote at a shareholders' meeting, or is submitted to a shareholder pursuant to a consent vote under s. 607.0704, a shareholder who wishes to assert appraisal rights with respect to any class or series of shares:

(a) Must deliver to the corporation before the vote is taken, or within 20 days after receiving the notice pursuant to s. 607.1320(3) if action is to be taken without a shareholder meeting, written notice of the shareholder's intent to demand payment if the proposed action is effectuated.

(b) Must not vote, or cause or permit to be voted, any shares of such class or series in favor of the proposed action.

(2) A shareholder who does not satisfy the requirements of subsection (1) is not entitled to payment under this chapter.

History.—s. 25, ch. 2003-283; s. 7, ch. 2004-378.

607.1322 Appraisal notice and form.—

(1) If proposed corporate action requiring appraisal rights under s. 607.1302(1) becomes effective, the corporation must deliver a written appraisal notice and form required by paragraph (2)(a) to all shareholders who satisfied the requirements of s. 607.1321. In the case of a merger under s. 607.1104, the parent must deliver a written appraisal notice and form to all record shareholders who may be entitled to assert appraisal rights.

(2) The appraisal notice must be sent no earlier than the date the corporate action became effective and no later than 10 days after such date and must:

(a) Supply a form that specifies the date that the corporate action became effective and that provides for the shareholder to state:

1. The shareholder's name and address.

2. The number, classes, and series of shares as to which the shareholder asserts appraisal rights.

3. That the shareholder did not vote for the transaction.

4. Whether the shareholder accepts the corporation's offer as stated in subparagraph (b)4.

5. If the offer is not accepted, the shareholder's estimated fair value of the shares and a demand for payment of the shareholder's estimated value plus interest.

(b) State:

1. Where the form must be sent and where certificates for certificated shares must be deposited and the date by which those certificates must be deposited, which date may not be earlier than the date for receiving the required form under subparagraph 2.

2. A date by which the corporation must receive the form, which date may not be fewer than 40 nor more than 60 days after the date the subsection (1) appraisal notice and form are sent, and state that the shareholder shall have waived the right to demand appraisal with respect to the shares unless the form is received by the corporation by such specified date.

3. The corporation's estimate of the fair value of the shares.

4. An offer to each shareholder who is entitled to appraisal rights to pay the corporation's estimate of fair value set forth in subparagraph 3.

5. That, if requested in writing, the corporation will provide to the shareholder so requesting, within 10 days after the date specified in subparagraph 2., the number of shareholders who return the forms by the specified date and the total number of shares owned by them.

6. The date by which the notice to withdraw under s. 607.1323 must be received, which date must be within 20 days after the date specified in subparagraph 2.

(c) Be accompanied by:

1. Financial statements of the corporation that issued the shares to be appraised, consisting of a balance sheet as of the end of the fiscal year ending not more than 15 months prior to the date of the corporation's appraisal notice, an income statement for that year, a cash flow statement for that year, and the latest available interim financial statements, if any.

2. A copy of ss. 607.1301-607.1333.

History.—s. 26, ch. 2003-283.

607.1323 Perfection of rights; right to withdraw.—

(1) A shareholder who wishes to exercise appraisal rights must execute and return the form received pursuant to s. 607.1322(1) and, in the case of certificated shares, deposit the shareholder's certificates in accordance with the terms of the notice by the date referred to in the notice

pursuant to s. 607.1322(2)(b)2. Once a shareholder deposits that shareholder's certificates or, in the case of uncertificated shares, returns the executed forms, that shareholder loses all rights as a shareholder, unless the shareholder withdraws pursuant to subsection (2).

(2) A shareholder who has complied with subsection (1) may nevertheless decline to exercise appraisal rights and withdraw from the appraisal process by so notifying the corporation in writing by the date set forth in the appraisal notice pursuant to s. 607.1322(2)(b)6. A shareholder who fails to so withdraw from the appraisal process may not thereafter withdraw without the corporation's written consent.

(3) A shareholder who does not execute and return the form and, in the case of certificated shares, deposit that shareholder's share certificates if required, each by the date set forth in the notice described in subsection (2), shall not be entitled to payment under this chapter.

History.—s. 27, ch. 2003-283.

607.1324 Shareholder's acceptance of corporation's offer.—

(1) If the shareholder states on the form provided in s. 607.1322(1) that the shareholder accepts the offer of the corporation to pay the corporation's estimated fair value for the shares, the corporation shall make such payment to the shareholder within 90 days after the corporation's receipt of the form from the shareholder.

(2) Upon payment of the agreed value, the shareholder shall cease to have any interest in the shares.

History.—s. 28, ch. 2003-283.

607.1326 Procedure if shareholder is dissatisfied with offer.—

(1) A shareholder who is dissatisfied with the corporation's offer as set forth pursuant to s. 607.1322(2)(b)4. must notify the corporation on the form provided pursuant to s. 607.1322(1) of that shareholder's estimate of the fair value of the shares and demand payment of that estimate plus interest.

(2) A shareholder who fails to notify the corporation in writing of that shareholder's demand to be paid the shareholder's stated estimate of the fair value plus interest under subsection (1) within the timeframe set forth in s. 607.1322(2)(b)2. waives the right to demand payment under this section and shall be entitled only to the payment offered by the corporation pursuant to s. 607.1322(2)(b)4.

History.—s. 29, ch. 2003-283.

607.1330 Court action.—

(1) If a shareholder makes demand for payment under s. 607.1326 which remains unsettled, the corporation shall commence a proceeding within 60 days after receiving the payment demand and petition the court to determine the fair value of the shares and accrued interest. If the corporation does not commence the proceeding within the 60-day period, any shareholder who has made a demand pursuant to s. 607.1326 may commence the proceeding in the name of the corporation.

(2) The proceeding shall be commenced in the appropriate court of the county in which the corporation's principal office, or, if none, its registered office, in this state is located. If the corporation is a foreign corporation without a registered office in this state, the proceeding shall be commenced in the county in this state in which the principal office or registered office of the domestic corporation merged with the foreign corporation was located at the time of the transaction.

(3) All shareholders, whether or not residents of this state, whose demands remain unsettled shall be made parties to the proceeding as in an action against their shares. The corporation shall serve a copy of the initial pleading in such proceeding upon each shareholder party who is a resident of this state in the manner provided by law for the service of a summons and complaint and upon each nonresident shareholder party by registered or certified mail or by publication as provided by law.

(4) The jurisdiction of the court in which the proceeding is commenced under subsection (2) is plenary and exclusive. If it so elects, the court may appoint one or more persons as appraisers to receive evidence and recommend a decision on the question of fair value. The appraisers shall have the powers described in the order appointing them or in any amendment to the order. The shareholders demanding appraisal rights are entitled to the same discovery rights as parties in other civil proceedings. There shall be no right to a jury trial.

(5) Each shareholder made a party to the proceeding is entitled to judgment for the amount of the fair value of such shareholder's shares, plus interest, as found by the court.

(6) The corporation shall pay each such shareholder the amount found to be due within 10 days after final determination of the proceedings. Upon payment of the judgment, the shareholder shall cease to have any interest in the shares.

History.—s. 2, ch. 2004-378.

607.1331 Court costs and counsel fees.—

(1) The court in an appraisal proceeding shall determine all costs of the proceeding, including the reasonable compensation and expenses of appraisers appointed by the court. The court shall assess the costs against the corporation, except that the court may assess costs against all or some of the shareholders demanding appraisal, in amounts the court finds equitable, to the extent the court finds such shareholders acted arbitrarily, vexatiously, or not in good faith with respect to the rights provided by this chapter.

(2) The court in an appraisal proceeding may also assess the fees and expenses of counsel and experts for the respective parties, in amounts the court finds equitable:

(a) Against the corporation and in favor of any or all shareholders demanding appraisal if the court finds the corporation did not substantially comply with ss. 607.1320 and 607.1322; or

(b) Against either the corporation or a shareholder demanding appraisal, in favor of any other party, if the court finds that the party against whom the fees and expenses are assessed acted arbitrarily, vexatiously, or not in good faith with respect to the rights provided by this chapter.

(3) If the court in an appraisal proceeding finds that the services of counsel for any shareholder were of substantial benefit to other shareholders similarly situated, and that the fees for those services should not be assessed against the corporation, the court may award to such counsel reasonable fees to be paid out of the amounts awarded the shareholders who were benefited.

(4) To the extent the corporation fails to make a required payment pursuant to s. 607.1324, the shareholder may sue directly for the amount owed and, to the extent successful, shall be entitled to recover from the corporation all costs and expenses of the suit, including counsel fees.

History.—s. 30, ch. 2003-283; s. 98, ch. 2004-5.

607.1332 Disposition of acquired shares.—Shares acquired by a corporation pursuant to payment of the agreed value thereof or pursuant to payment of the judgment entered therefor, as provided in this chapter, may be held and disposed of by such corporation as authorized but unissued shares of the corporation, except that, in the case of a merger or share exchange, they may be held and disposed of

as the plan of merger or share exchange otherwise provides. The shares of the surviving corporation into which the shares of such shareholders demanding appraisal rights would have been converted had they assented to the merger shall have the status of authorized but unissued shares of the surviving corporation.

History.—s. 31, ch. 2003-283.

607.1333 Limitation on corporate payment.—

(1) No payment shall be made to a shareholder seeking appraisal rights if, at the time of payment, the corporation is unable to meet the distribution standards of s. 607.06401. In such event, the shareholder shall, at the shareholder's option:

(a) Withdraw his or her notice of intent to assert appraisal rights, which shall in such event be deemed withdrawn with the consent of the corporation; or

(b) Retain his or her status as a claimant against the corporation and, if it is liquidated, be subordinated to the rights of creditors of the corporation, but have rights superior to the shareholders not asserting appraisal rights, and if it is not liquidated, retain his or her right to be paid for the shares, which right the corporation shall be obliged to satisfy when the restrictions of this section do not apply.

(2) The shareholder shall exercise the option under paragraph (1)(a) or paragraph (b) by written notice filed with the corporation within 30 days after the corporation has given written notice that the payment for shares cannot be made because of the restrictions of this section. If the shareholder fails to exercise the option, the shareholder shall be deemed to have withdrawn his or her notice of intent to assert appraisal rights.

History.—s. 32, ch. 2003-283.

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