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Brookwell Limited  
Half-yearly report 2009



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## Contents

Chairman's statement	1
Investment Manager's report	2
Details of individual holdings	3
Income statements	4
Balance sheets	6
Statement of changes in shareholders' funds	9
Cash flow statements	10
Notes to the accounts	11
Directors, Investment Manager and advisers	inside back cover

## Investment objective

To realise value from a portfolio of AIM and Listed Securities and progressively return cash to shareholders.

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## Financial highlights

	A Shares	B Shares
Amount raised in placings	£25.5m	£13.0m
Amount returned to shareholders in the six months ended 31 December 2009	£2.7m	£5.5m
Amount returned to shareholders in the period from admission of shares to trading on AIM ("Admission")* to 31 December 2009	£8.2m	£7.9m
Number of securities acquired in the placing	84	62
Number of securities at 31 December 2009	13	21
Net asset value per Share at Admission**	97.00p	96.60p
Net asset value per Share at 31 December 2009	56.38p	114.09p
Weighted average net asset value*** at 31 December 2009	49.54p	112.56p

\*The A Shares were admitted to trading on AIM on 26 June 2008 and the B Shares were admitted to trading on AIM on 19 February 2009.

\*\*after share issue expenses

\*\*\*net assets and cash returned to shareholders  
shares issued in placing

# Chairman's statement

Brookwell Limited ("Brookwell") or ("the Company") has had a very successful period, returning £8.2 million in aggregate to its investors on 30 December 2009. The Investment Manager has continued to be extremely active with both the A and B Share portfolios. While the market has strengthened, liquidity has remained relatively low, as concerns about the UK economy, in particular excessive consumer and government borrowing, have meant investor sentiment has been marked by caution.

The recent concerns about sovereign debt, following the issues in Dubai, have spread to the Greek and other Latin Mediterranean economies, with the UK's economy being mentioned in the same breath. At the same time the UK banking crisis continues to cause liquidity issues for many UK smaller companies. Investors are increasingly aware that bank refinancings are often proving to be not only more expensive but also time consuming. Despite this background the Company was successful in finding liquidity and realising value for investors.

On 30 December 2009 the Company returned £2.7 million to A shareholders through the pro rata redemption of 4,774,523 A Shares at a price of 56.55p per A Share. This means that, to date, £8.2 million has been returned in aggregate, approximately 32 per cent of the placing value of the issued A Shares.

The Net Asset Value ("NAV") per A Share, as at 31 December 2009, was 56.38p and the number of holdings had been reduced to 13 from 25, at 30 June 2009.

Subsequently the NAV per A Share at 5 March 2010 was 56.98p and the number of holdings in the A portfolio had been reduced further to 11. A significant part of the A Share cash redemption at 30 December 2009 was due to the acceptance and settlement of the cash offer for Claimar Care, one of the largest holdings. The Investment Manager had been very active indeed on this holding, including successfully proposing the appointment of a non-executive director, which greatly assisted the Claimar Care board with the application of a strategic review. Despite the recent deteriorating market conditions, progress has continued and the A Share Class fund held cash and cash equivalents of £0.7 million at 5 March 2010.

On 30 December £5.5 million was returned to B shareholders through the pro rata redemption of 4,814,839 B Shares at a price of 114.23p per B Share. This means that £7.9 million has been returned to date representing approximately 61 per cent of the placing value of B Shares issued. The NAV per B Share at 31 December 2009 was 114.09p and a number of holdings had been reduced from 36 to 21.

Subsequently the NAV at 5 March 2010 was 115.82p and the number of holdings was further reduced to 15. The B Share Class fund held cash and cash equivalents of £1.9 million.

The next pro rata redemptions for the A Shares and B Shares are scheduled for the end of June 2010.

Further details on disposals and stock performance for the respective A Share and B Share portfolios are provided in the Investment Manager's report. Concentration of stock values within the portfolios tends to occur at this stage in the life of most work-out funds and Brookwell is no exception to this rule. Summary profiles of the key holdings are given in the Investment Manager's report.

Continued economic uncertainties suggest that many of the investee companies will face a challenging year in 2010. Following the above reported performance however, I remain confident that the Investment Manager will continue to identify and exploit opportunities to extract liquidity and value wherever possible.

**Christopher Clark**  
12 March 2010

# Investment Manager's report

The recovery in the AIM Index since the year end (30 June 2009) may have made some realisations easier, but liquidity in many micro cap companies (sub £50 million market cap), which dominate both portfolios, remains very difficult. In addition, whilst global equity markets have rallied, the general economic and banking environments still contain significant uncertainties.

Despite the rally in the UK equity market, the economic reality is that the UK economy continued to lag its international peers over the period and reported modest growth in GDP in the quarter to 31 December 2009. With no material resource stocks, both portfolios have a heavy exposure to the domestic UK economy and therefore the trading background for many of the holdings remained challenging during the period under review.

## A Share portfolio

At the end of June 2009 the number of holdings in the A portfolio had been reduced from an initial 84 to 25. By the end of December 2009 further progress had been made in realising value and liquidity and at the period end an additional 12 stocks had been sold, reducing the number of investments to 13.

As flagged in the Annual Report & Accounts, Claimar Care attracted an agreed bid which went wholly unconditional during the period under review. The final bid of 39p in cash represented a 30 per cent premium to our cost price, and was more than five times its 7.25p recent low. At the time the bid went unconditional, Claimar Care represented 30 per cent of the A portfolio. The good progress made on realisations inevitably has resulted in a further increase in the concentration within the portfolio, with the top 3 holdings (see below) accounting for more than 72 per cent of net assets at 31 December.

*Inland:* this company specialises in purchasing and developing brown field sites in the South East of England. It has recently announced some attractive disposals which were realised at prices significantly above book value and generated free cash flow;

*Hotel Corporation:* an owner, not an operator, of UK hotels which successfully renegotiated its bank facilities and raised £20 million of new equity;

*Shieldtech:* this company is a specialist in homeland security, providing body armour, mainly to UK police forces and the Ministry of Defence. It was re-financed in June 2009 and has returned to profitability at the operating level.

The number of holdings in the A Share portfolio has been reduced further to 11 and the top 3 holdings represented 81 per cent of the net assets as at 5 March 2010.

## B Share portfolio

At the end of June 2009 the number of holdings in the B portfolio had been reduced from an initial 62 to 36. By the end of December 2009 an additional 15 stocks had been sold, reducing the number of investments to 21.

During the period, the investment in Fusion IP was sold on the back of a successful fund raising and benefited from an agreed bid for Medical House. The Chairman of Medical House, who owned 34 per cent of the company, appears to have been concerned about the pressures being applied to small suppliers and the difficult outlook for the UK economy; views we shared.

As with the A portfolio, the continued reduction in the number of holdings has resulted in a further concentration in the portfolio, with the top 3 holdings (see below) accounting for 48 per cent of the net assets at 31 December 2009. The two largest holdings, Noble Investments and Futura Medical have both performed well, ironically increasing the portfolio concentration. Since 31 December 2009 we have sold more than a quarter of the original holdings in both companies.

*Noble Investments:* owns specialist coin and stamp dealers. Noble Investments is, in our opinion, a well run, conservative business with a very strong balance sheet. Unusually for an AIM company, Noble is not only profitable, but also pays a dividend. We have been impressed by both the quality of the management and the results delivered to date;

*Futura Medical:* this pharmaceutical company develops innovative products for consumer healthcare aimed mainly at the "Over The Counter" sexual health and topical pain relief markets. It is in the final stages of developing a product for distribution by SSL International plc. It is well financed, having raised approximately £1.5 million in November 2009;

*Patsystems:* provides high-performance electronic trading and exchange systems and risk management tools. Despite uncertainty in financial service markets over the last couple of years Patsystems has delivered impressive financial results and looks to be capable of achieving further growth over the next two years.

Since the period end the number of holdings in the B Share portfolio has been reduced by a further 6 holdings to 15 and the top 3 holdings represented 54 per cent of the net assets as at 5 March 2010.

Whilst recent economic data suggests the UK recession has finally ended, we remain cautious about the pace of the recovery. Nonetheless we continue to explore all opportunities to realise further value for Shareholders.

Progressive AIM Realisation Limited

12 March 2010

# Details of individual holdings

## A Share portfolio

As at 31 December 2009			
Company	Percentage of relevant capital owned	By valuation £'000	Percentage of portfolio (%)
Inland	5.3%	1,501	36.0%
Hotel Corporation	2.0%	1,000	24.0%
Shieldtech	15.5%	703	16.9%
The Mission Marketing	2.5%	200	4.8%
Dawson International	5.1%	171	4.1%
DCD Media	3.5%	159	3.8%
Rotala	0.9%	142	3.4%
Western & Oriental	1.7%	98	2.3%
Real Good Food Company	3.0%	77	1.8%
CareCapital Group	2.6%	55	1.3%
<b>Top ten holdings</b>		<b>4,106</b>	<b>98.4%</b>
Other holdings		65	1.6%
<b>Total holdings</b>		<b>4,171</b>	<b>100.0%</b>

## B Share portfolio

As at 31 December 2009			
Company	Percentage of relevant capital owned	By valuation £'000	Percentage of portfolio (%)
Noble Investments UK	9.4%	1,443	22.4%
Futura Medical	4.8%	1,197	18.6%
Patsystems	1.6%	586	9.1%
Cello Group	2.9%	478	7.4%
Digital Marketing Group	1.4%	417	6.4%
Plant Impact	4.3%	336	5.2%
Armour Group	3.5%	320	5.0%
Portrait Software	1.3%	281	4.4%
Prologic	8.0%	240	3.7%
Individual Restaurant Company	2.7%	215	3.3%
<b>Top ten holdings</b>		<b>5,513</b>	<b>85.5%</b>
Other holdings		937	14.5%
<b>Total holdings</b>		<b>6,450</b>	<b>100.0%</b>

# Income statements

## Company

	Unaudited 6 months to 31 December 2009 Revenue £'000	Unaudited 6 months to 31 December 2009 Capital £'000	Unaudited 6 months to 31 December 2009 Total £'000	Unaudited 28 May 2008 to 31 December 2008 Revenue £'000	Unaudited 28 May 2008 to 31 December 2008 Capital £'000	Unaudited 28 May 2008 to 31 December 2008 Total £'000
Gains/(losses) on investments designated at fair value through profit or loss						
Disposal of investments	–	1,006	1,006	–	(1,792)	(1,792)
Investments held	–	2,189	2,189	–	(11,835)	(11,835)
Net investment gains/ (losses)	–	3,195	3,195	–	(13,627)	(13,627)
Investment income	37	–	37	185	–	185
Investment management fees	(133)	(228)	(361)	(86)	(86)	(172)
Other expenses	(173)	–	(173)	(158)	–	(158)
<b>(Loss)/profit on ordinary activities before taxation</b>	<b>(269)</b>	<b>2,967</b>	<b>2,698</b>	<b>(59)</b>	<b>(13,713)</b>	<b>(13,772)</b>
Taxation	(11)	–	(11)	–	–	–
<b>(Loss)/profit attributable to shareholders</b>	<b>(280)</b>	<b>2,967</b>	<b>2,687</b>	<b>(59)</b>	<b>(13,713)</b>	<b>(13,772)</b>
<b>(Loss)/earnings per A Share</b>	<b>(0.97)p</b>	<b>15.02p</b>	<b>14.05p</b>	<b>(0.23p)</b>	<b>(53.80)p</b>	<b>(54.03)p</b>
<b>(Loss)/earnings per B Share</b>	<b>(1.47)p</b>	<b>10.03p</b>	<b>8.56p</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>

The total column of this statement represents the Company's Income Statement, prepared under IFRS. The revenue and capital columns, including the revenue and capital earnings per share data, are supplementary information prepared under guidance published by the Association of Investment Companies.

All revenue and capital items in the above statement derive from continuing operations. No operations were acquired or discontinued during the period.

The Company was incorporated on 28 May 2008 and its A Shares commenced trading on AIM on 26 June 2008 and the B Shares commenced trading on AIM on 19 February 2009.

**A Share**

	Unaudited 6 months to 31 December 2009 Revenue £'000	Unaudited 6 months to 31 December 2009 Capital £'000	Unaudited 6 months to 31 December 2009 Total £'000	Unaudited 28 May 2008 to 31 December 2008 Revenue £'000	Unaudited 28 May 2008 to 31 December 2008 Capital £'000	Unaudited 28 May 2008 to 31 December 2008 Total £'000
Gains/(losses) on investments designated at fair value through profit or loss						
Disposal of investments	–	(488)	(488)	–	(1,792)	(1,792)
Investments held	–	2,463	2,463	–	(11,835)	(11,835)
Net investment gains/ (losses)	–	1,975	1,975	–	(13,627)	(13,627)
Investment income	20	–	20	185	–	185
Investment management fees	(77)	(77)	(154)	(86)	(86)	(172)
Other expenses	(62)	–	(62)	(158)	–	(158)
<b>(Loss)/profit on ordinary activities before taxation</b>	<b>(119)</b>	<b>1,898</b>	<b>1,779</b>	<b>(59)</b>	<b>(13,713)</b>	<b>(13,772)</b>
Taxation	(4)	–	(4)	–	–	–
<b>(Loss)/profit attributable to shareholders</b>	<b>(123)</b>	<b>1,898</b>	<b>1,775</b>	<b>(59)</b>	<b>(13,713)</b>	<b>(13,772)</b>
<b>(Loss)/earnings per A Share</b>	<b>(0.97)p</b>	<b>15.02p</b>	<b>14.05p</b>	<b>(0.23p)</b>	<b>(53.80)p</b>	<b>(54.03)p</b>

**B Share**

	Unaudited 6 months to 31 December 2009 Revenue £'000	Unaudited 6 months to 31 December 2009 Capital £'000	Unaudited 6 months to 31 December 2009 Total £'000
Gains/(losses) on investments designated at fair value through profit or loss			
Disposal of investments	–	1,494	1,494
Investments held	–	(274)	(274)
Net investment gains	–	1,220	1,220
Investment income	17	–	17
Investment management fees	(56)	(151)	(207)
Other expenses	(111)	–	(111)
<b>(Loss)/profit on ordinary activities before taxation</b>	<b>(150)</b>	<b>1,069</b>	<b>919</b>
Taxation	(7)	–	(7)
<b>(Loss)/profit attributable to shareholders</b>	<b>(157)</b>	<b>1,069</b>	<b>912</b>
<b>(Loss)/earnings per B Share</b>	<b>(1.47)p</b>	<b>10.03p</b>	<b>8.56p</b>

There are no comparatives as the B Shares commenced trading on AIM on 19 February 2009.

# Balance sheets

## Company

	Unaudited At 31 December 2009 £'000	Unaudited At 31 December 2008 £'000	Audited At 30 June 2009 £'000
<b>Non-current assets</b>			
Investments designated at fair value through profit and loss	10,621	6,804	16,112
<b>Current assets</b>			
Sales for future settlement	–	–	31
Other receivables	2	25	47
Cash and cash equivalents	824	652	656
	826	677	734
<b>Total assets</b>	<b>11,447</b>	<b>7,481</b>	<b>16,846</b>
<b>Current liabilities</b>			
Other payables	313	94	199
	313	94	199
<b>Total</b>	<b>11,134</b>	<b>7,387</b>	<b>16,647</b>
<b>Capital and reserves attributable to shareholders</b>			
Share capital and share premium	21,180	21,159	29,380
Capital reserve – disposal of investments	(6,501)	(1,878)	(7,279)
Capital reserve – investments held	(3,057)	(11,835)	(5,247)
Revenue reserve	(488)	(59)	(207)
<b>Total shareholders' funds</b>	<b>11,134</b>	<b>7,387</b>	<b>16,647</b>

**A Share**

	Unaudited At 31 December 2009 £'000	Unaudited At 31 December 2008 £'000	Audited At 30 June 2009 £'000
<b>Non-current assets</b>			
Investments designated at fair value through profit and loss	4,171	6,804	5,090
<b>Current assets</b>			
Sales for future settlement	–	–	–
Other receivables	1	25	33
Cash and cash equivalents	344	652	314
	345	677	347
<b>Total assets</b>	<b>4,516</b>	<b>7,481</b>	<b>5,437</b>
<b>Current liabilities</b>			
Other payables	71	94	67
	71	94	67
<b>Total</b>	<b>4,445</b>	<b>7,387</b>	<b>5,370</b>
<b>Capital and reserves attributable to shareholders</b>			
Share capital and share premium	16,560	21,159	19,260
Capital reserve – disposal of investments	(8,189)	(1,878)	(7,623)
Capital reserve – investments held	(3,630)	(11,835)	(6,094)
Revenue reserve	(296)	(59)	(173)
<b>Total shareholders' funds</b>	<b>4,445</b>	<b>7,387</b>	<b>5,370</b>
Net assets per A Share	56.38p	43.03p	42.42p
Number of A Shares in issue	7,883,850	17,168,210	12,658,373

## Balance sheets (continued)

### B Share

	Unaudited At 31 December 2009 £'000	Audited At 30 June 2009 £'000
<b>Non-current assets</b>		
Investments designated at fair value through profit and loss	6,450	11,022
<b>Current assets</b>		
Sales for future settlement	–	31
Other receivables	1	14
Cash and cash equivalents	480	342
	481	387
<b>Total assets</b>	<b>6,931</b>	<b>11,409</b>
<b>Current liabilities</b>		
Other payables	242	132
	242	132
<b>Total</b>	<b>6,689</b>	<b>11,277</b>
<b>Capital and reserves attributable to shareholders</b>		
Share capital and share premium	4,620	10,120
Capital reserve – disposal of investments	1,688	344
Capital reserve – investments held	573	847
Revenue reserve	(192)	(34)
<b>Total shareholders' funds</b>	<b>6,689</b>	<b>11,277</b>
Net assets per B Share	114.09p	105.61p
Number of B Shares in issue	5,862,692	10,677,531

The B Shares commenced trading on 19 February 2009. Therefore, there is no comparative data as at 31 December 2008.

# Statement of changes in shareholders' funds

## Company

	Unaudited 6 months to 31 December 2009 £'000	Unaudited 28 May 2008 to 31 December 2008 £'000	Audited 28 May 2008 to 30 June 2009 £'000
Opening shareholders' funds	16,647	–	–
Issue of shares	–	25,525	38,486
Share issue expenses	–	(766)	(1,206)
Purchases and redemption of shares	(8,200)	(3,600)	(7,900)
Profit/(loss) for the period	2,687	(13,772)	(12,733)
<b>Closing shareholders' funds</b>	<b>11,134</b>	<b>7,387</b>	<b>16,647</b>

## A Shares

	Unaudited 6 months to 31 December 2009 £'000	Unaudited 28 May 2008 to 31 December 2008 £'000	Audited 28 May 2008 to 30 June 2009 £'000
Opening shareholders' funds	5,370	–	–
Issue of shares	–	25,525	25,525
Share issue expenses	–	(766)	(765)
Purchases and redemption of shares	(2,700)	(3,600)	(5,500)
Profit/(loss) for the period	1,775	(13,772)	(13,890)
<b>Closing shareholders' funds</b>	<b>4,445</b>	<b>7,387</b>	<b>5,370</b>

## B Shares

	Unaudited 6 months to 31 December 2009 £'000	Unaudited 28 May 2008 to 30 June 2009 £'000
Opening shareholders' funds	11,277	–
Issue of shares	–	12,961
Share issue expenses	–	(441)
Purchases and redemption of shares	(5,500)	(2,400)
Profit for the period	912	1,157
<b>Closing shareholders' funds</b>	<b>6,689</b>	<b>11,277</b>

# Cash flow statements

	Unaudited 6 months to 31 December 2009 A Share £'000	Unaudited 6 months to 31 December 2009 B Share £'000	Unaudited 6 months to 31 December 2009 Company £'000	Unaudited 28 May 2008 to 31 December 2008 A Share £'000	Unaudited 28 May 2008 to 31 December 2008 B Share £'000	Unaudited 28 May 2008 to 31 December 2008 Company £'000
<b>Operating activities</b>						
Cash inflow from investment income and interest	49	25	74	165	–	165
Cash outflow from management and other expenses	(214)	(209)	(423)	(241)	–	(241)
Cash inflow from disposal of investments	2,895	5,822	8,717	5,094	–	5,094
<b>Net cash inflow from operating activities</b>	<b>2,730</b>	<b>5,638</b>	<b>8,368</b>	<b>5,018</b>	<b>–</b>	<b>5,018</b>
<b>Financing</b>						
Expenses of issue of share capital	–	–	–	(766)	–	(766)
Payments to purchase own shares	(2,700)	(5,500)	(8,200)	(3,600)	–	(3,600)
<b>Net cash outflow from financing activities</b>	<b>(2,700)</b>	<b>(5,500)</b>	<b>(8,200)</b>	<b>(4,366)</b>	<b>–</b>	<b>(4,366)</b>
<b>Increase in cash and cash equivalents</b>	<b>30</b>	<b>138</b>	<b>168</b>	<b>652</b>	<b>–</b>	<b>652</b>
Opening balance	314	342	656	–	–	–
Cash flow	30	138	168	652	–	652
<b>Closing balance</b>	<b>344</b>	<b>480</b>	<b>824</b>	<b>652</b>	<b>–</b>	<b>652</b>

# Notes to the accounts

## 1 Status

The Company is a closed-ended investment company incorporated and resident in Guernsey.

## 2 Accounting policies

The Company presents its accounts in accordance with applicable International Financial Reporting Standards ("IFRS"). The Company has also taken the guidance of Statement of Recommended Practice issued by the Association of Investment Companies into account to the extent that it is appropriate and compatible with IFRS.

The accounting policies applied are consistent with those of the annual financial statements for the year ended 30 June 2009, as described in those annual financial statements.

## 3 Comparatives

The Company was incorporated on 28 May 2008 and its A Shares commenced trading on AIM on 26 June 2008. The B Shares commenced trading on AIM on 19 February 2009.

## 4 Investments

Investments are listed on the London Stock Exchange or quoted on AIM. All investments have been classified at "fair value through profit and loss". At the period end all listed and quoted investments have been valued at market bid prices at that time. Securities, whose listings have been suspended, have been valued at fair value as determined by the directors.

## 5 Investment management fees

In accordance with the policy stated in the Company's admission document of June 2008 one half of basic and capital return fees have been charged to capital and the entirety of the equity appreciation fee has been charged to capital.

	31 December 2009 Revenue £'000	31 December 2009 Capital £'000	31 December 2009 Total £'000
Investment management fees			
Basic	96	96	192
Capital return fee	37	37	74
Equity appreciation fee	–	95	95
<b>Total</b>	<b>133</b>	<b>228</b>	<b>361</b>

	31 December 2008 Revenue £'000	31 December 2008 Capital £'000	31 December 2008 Total £'000
Investment management fees			
Basic	68	68	136
Capital return fee	18	18	36
Equity appreciation fee	–	–	–
<b>Total</b>	<b>86</b>	<b>86</b>	<b>172</b>

## 6 Share capital and share premium

The Company's issued share capital consists entirely of A Shares, B Shares and two Founders Shares of £1 nominal value each. The Founders Shares have negligible rights. The A Shares and B Shares are participating redeemable preference shares of no par value and both share classes are admitted to trading on AIM. Further details of the share issues and redemptions for each of the A Share and B Share class are set out below.

### A Shares

#### Issue of A Shares

Pursuant to the AIM Admission Document dated 6 June 2008 the Company:

a) On 26 June 2008, allotted 25,226,853 A Shares, all of which were issued for consideration in the form of investments received. The total consideration was £25,226,853.

b) On 17 July 2008 allotted a further 297,890 A Shares, all of which were issued for consideration in the form of investments received. The total consideration was £297,890.

#### Redemptions of A Shares

##### Pro-rata redemptions of A Shares

On 31 December 2008, 8,356,533 A Shares were redeemed at a price of 43.08p per share. On 30 June 2009 4,509,837 A Shares were redeemed at a price of 42.13p per share. On 30 December 2009 4,774,523 A Shares were redeemed at a price of 56.55p per share.

There were 7,883,850 A Shares in issue at 31 December 2009.

### B Shares

#### Issue of B Shares

Pursuant to the AIM Admission Document dated 15 January 2009 the Company:

a) On 17 February 2009, allotted 12,372,932 B Shares, all of which were issued for consideration in the form of investments received. The total consideration was £12,372,932.

b) On 12 March 2009 allotted a further 587,912 B Shares, all of which were issued for consideration in the form of investments received. The total consideration was £587,912.

#### Redemption of B Shares

##### Pro-rata redemptions of B Shares

In June 2009 the Company redeemed 2,283,313 B Shares at a price of 105.11p per B Share. On 30 December 2009 4,814,839 B Shares were redeemed at a price of 114.23p per share.

There were 5,862,692 B Shares in issue at 31 December 2009.

## 7 Net assets per share

Net assets per share figures are based on the number of A Shares and B Shares in issue at the end of the period.

**8 Earnings per share****A Share**

Earnings per A Share is based on the gain of £1,775,000 (2008: loss of £13,772,000) attributable to the weighted average of 12,632,425 (2008: 25,591,644) A Shares of no par value in issue during the period.

**B Share**

Earnings per B Share is based on the gain of £912,000 attributable to the weighted average of 10,651,363 B Shares of no par value in issue during the period.

**9 Taxation**

The Company is resident for tax purposes in Guernsey.

With effect from 1 January 2008, Guernsey abolished the exempt company regime. However, the Company continues to apply for exempt status under the Income Tax (Exempt Bodies) (Guernsey) Ordinances 1989 and 1992 and is charged an annual exemption fee of £600.

The tax charges shown in the Income Statements relate to overseas tax on dividend income.

**10 Status of this report**

These unaudited financial statements are not the Company's statutory accounts. The half-yearly report will be sent to shareholders and copies will be made available to the public at the registered office of the Company and at the address of the UK Administration Agent and at the Company's website: [www.brookwelllimited.com](http://www.brookwelllimited.com). The Annual Report for the period ended 30 June 2009 received an unqualified audit report and was sent to shareholders during October 2009 and filed with the Guernsey Financial Services Commission on 18 December 2009.

The half-yearly report was approved by the Board of directors on 12 March 2010.

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# Directors, Investment Manager and advisers

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