

STEADFAST CORPORATE SERVICES

Brief Introduction to British Virgin Islands Companies

Introduction

The British Virgin Islands ("BVI") is a British colony located in the Caribbean near Puerto Rico and the United States Virgin Islands.

The Government in Tortola has succeeded in offering the international financial community an investment vehicle, which has proven competitive with its offshore counterparts in other jurisdictions, known as the International Business Company ("IBC"). New legislation was introduced in January 2005 to replace both the IBC and the domestic company and apply a zero rate of tax across the board.

The BVI Government enacted the "BVI Business Companies Act", and initiated a two-year transition period for all existing companies culminating in all companies registered under the IBC Act to be automatically re-registered under the new Act with effect from 1 January 2007.

All new Companies incorporated after 1 January 2006 are incorporated under the new BVI Business Companies Act. The following summary information applies to existing IBC's and their new counterpart formed under the Business Companies Act.

Incorporation

Incorporation is very simple. A Memorandum and Articles of Association are executed by nominee incorporators and filed with the Registrar. The Registrar then issues a Certificate of Incorporation, which is evidence that the company has been incorporated. Shelf companies are immediately available.

The incorporation documents must contain certain minimum information, which includes:

- the name of the company which may, in addition to the customary usage of "Limited", "Corporation" or "Incorporated", include as part of its name "Societe Anonyme", "Sociedad Anonima" or their abbreviation "S.A.";
- the address of the registered office and registered agent of the company;
- the objects, purposes and authorised capital of the company;
- the classes, number and par value of shares of the company.

Tax, Stamp Duty and Annual Licence fees

The company is not subject to any income tax and stamp duty in BVI. In addition, no estate tax is incurred in the BVI upon the death of a member of a BVI Company. A BVI Company is not required to file a tax return, financial statements or an information return detailing the identity of its members or directors. The only requirement is that the Company identify the local registered agent when paying its annual licence fee.

The currency of the BVI is the United States dollar. No foreign exchange restrictions have been or are likely to be imposed. The annual licence fee for an IBC with authorised capital of US \$50,000 or less is US \$350. Where the authorised capital exceeds US \$50,000 or where the Memorandum and Articles of Association allow the issue of bearer shares, the licence fee is US \$1,100.

Shares

Shares of a BVI Company may be registered, held in the name of nominees for the actual owner or issued in bearer form, however there are restrictions on issue and safe custody of bearer shares, which must be held by an authorised custodian in BVI. Retaining the power to issue bearer shares in the Memorandum & Articles of Association will incur an increased annual licence fee. Although stock registers are required, they are private documents maintained by the Company's self-selected local resident agent.

A BVI company need have only one member and may be incorporated for any lawful object or purpose. Shares may be issued for par or no par value but must be paid for in full upon issue. A BVI company has no minimum share capitalization requirement, which may be expressed in any currency. As standard, companies are formed with an authorised share capital of \$50,000 divided into 50,000 shares of \$1 each.

Directors

An BVI Company may be managed by one or more directors, none of which need be resident in the BVI. Moreover, the director(s) can be an individual, trust company or other corporation. The identity of the directors and officers of a BVI Company are not placed on file with the BVI Registrar.

There is no requirement as to frequency of directors or members meetings. Meetings of the directors may be held anywhere in the world and resolutions may be passed via conference calls. The presence of one half (but the charter documents may stipulate less) of the directors constitutes a quorum. In the absence of a formal meeting, board resolutions may be adopted through a signed consent.

The books of a BVI Company may be kept any place as determined by the directors. Members and directors may hold their meetings or give their consent by proxy.

Registered Office & Agent

A Registered Office and Agent must be maintained in BVI.

Accounts

There is currently no requirement to file accounts with any authority in BVI.

Redomiciliation

A company incorporated under the laws of a jurisdiction outside BVI is entitled to redomicile into the BVI and continue under BVI legislation if so entitled under the legislation of the country in which it is incorporated.

Why BVI?

The BVI offers an attractive foreign investment vehicle, which provides a viable alternative to investment entities currently available in other tax-favoured jurisdictions. The BVI offers anonymity, flexibility, and the advantage of being domiciled in a politically stable English speaking jurisdiction where the laws are modelled after English common law.

Steadfast Corporate Services

The Steadfast Group the firm is able to provide a full range of offshore services to its clients, including advising upon and implementing the incorporation and administration of companies, provision of nominee and secretarial services and the establishment of offshore trusts. All companies within the Steadfast Group are licensed under Gibraltar's Financial Services Ordinance.

Further Information

This memorandum has been prepared merely as a summary to highlight those substantive provisions of the International Business Companies Ordinance and the new Business Companies Act.

Further information on the establishment of British Virgin Islands Companies and the services provided by the Steadfast Group may be obtained from Brendan Murphy or Susie Clayton in Gibraltar.

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