

**PALMER CLAIMANTS GROUP
AUGUST 2006 BULLETIN**

I am writing to update you on the latest developments.

I am pleased to say that the Trustees have completed the sale of the Flamingo resort. The resort was sold for 4.5 million euros but once again, the majority of the sale proceeds had to be paid to the Spanish authorities in respect of outstanding taxes.

In relation to the sale of the remaining timeshare resorts, we have obtained a declaration from the English court setting out the powers and duties of the Trustees. We hope that the declaration will assist the Trustees in persuading the Spanish Judiciary to lift the criminal embargoes registered over these resorts. The Trustees have been liaising with the Spanish Authorities and should meet with them in September. If the Spanish Authorities agree to lift the criminal embargoes that are registered against the remaining timeshare resorts, we are confident that the money that will be recovered from the sale of these resorts will be sufficient to pay the Group the compensation they are owed.

Unless we receive news from the Trustees of any important developments following their meeting with the Spanish Authorities that we need to report to you immediately, we will send you a further bulletin in December 2006.

Yours sincerely



PETER WYLDE
PARTNER