MARWYN CAPITAL II LIMITED

REPORT AND ACCOUNTS
FROM 4 DECEMBER 2009 TO 31 DECEMBER 2010

MARWYN CAPITAL II LIMITED

CONTENTS

DIRECTORS' REPORT

The directors present their first annual report and consolidated financial statements for the period from 4 December 2009 (the date of incorporation) to 31 December 2010. The consolidated financial statements are those of Marwyn Capital II Limited ("the Company") and its subsidiary, together "the Group".

Principal activities and business review

The Company was established to acquire one or more quoted or unquoted businesses or companies (in whole or in part) initially by way of a reverse takeover. The Company was admitted to London's Alternative Investment Market ("AIM") in December 2009. The Group is seeking acquisitions wholly or mainly in the UK in the healthcare, testing and inspection and leisure sectors.

Since listing in December 2009, the Company has pursued its stated strategy. The Board of Directors (the "Board") continue to review a number of potential acquisition opportunities. The Board continues to monitor and control its planned levels of expenditure in the pre-acquisition phase.

Key risks

Strategy execution

The Group's future success is dependent upon its ability to identify and execute successful acquisitions and/or investments. There can be no assurance that the Group will be able to conclude agreements with any target business and/or shareholders in the future. In addition, the Group may face competition from other organisations which may be larger and/or better funded than itself.

Sector risk

The Group will be subject to the risks associated with the sectors of investment and targets in which it invests.

Disposals

The Group may make investments that it cannot realise through trade sale or flotation at an acceptable price. Some investments may be lost through insolvency. Any of these circumstances could have a negative impact on the profitability and value of the Group.

Directors and employees

The Group will be highly dependent on the expertise and continued service of the Directors. These individuals could terminate their employment agreements at any time and their loss may have an adverse effect on the Group's business.

In addition, there is a risk that the Group will not be able to recruit executives of sufficient expertise or experience to maximise any opportunities that present themselves, or that recruiting and retaining those executives is more costly or takes longer than expected. The failure to attract and retain those individuals may adversely affect the Group's operations.

Potential dilution from the incentivisation of management and Marwyn Management Partners L.P.

The Group has in place an incentivisation scheme through which the Group's future management and Marwyn Management Partners L.P. will be rewarded for increases in shareholder value, subject to certain growth and vesting conditions. It is intended that future management will subscribe for Management Participation Shares and the Company has also granted Marwyn Management Partners L.P. a Participation Option as part of these incentivisation schemes. The Company may purchase the Management Participation Shares either for the issue of new ordinary shares or for cash at its discretion. The Company may also be required to issue new ordinary shares pursuant to the Marwyn Participation Option.

DIRECTORS' REPORT

To this end the Company has the authority to issue up to 20 percent by number of equity securities of its fully diluted issued share capital from time to time, in order to satisfy the potential requirement to issue these ordinary shares. If the Company elects to issue ordinary shares in order to satisfy the incentivisation schemes, the existing Shareholders may face significant dilution.

Need for additional financing and dilution
Existing cash balances are likely to be insufficient to fund in full suitable acquisitions and/or investments identified by the Board. Accordingly, the Group may need to seek additional sources of financing to implement its strategy. There can be no assurance that the Group will be able to raise those funds, whether on acceptable terms or at all. If further financing is obtained by issuing equity securities or convertible debt securities, existing Shareholders may be diluted and the new securities may carry rights, privileges and preferences superior to the existing ordinary shares. The Group may seek debt finance to fund all or part of any future acquisitions. There can be no assurance that the Group will be able to raise those debt funds, whether on acceptable terms or at all. If debt financing is obtained, the Group's ability to raise further finance and its ability to operate its business may be subject to restrictions.

The City Code
The Company is incorporated in the Cayman Islands, the City Code does not apply to the Company. The laws of the Cayman Islands applicable to the Company do not contain any provisions similar to those in the City Code which are designed to regulate the way in which takeovers are conducted. The Company is not subject to regulation in the Cayman Islands.

Any person or persons acting in concert will be able to acquire shares in the Company which, when taken together with the shares already held by them, carry 30 percent or more of the voting rights in the Company without being required to make a general offer for the entire issued share capital of the Company. Additionally, any party intending to acquire all or a substantial part of the issued share capital of the Company will not be obliged to comply with the provisions of the City Code including, for example, as to announcements, equality of treatment for shareholders as to value and type of consideration offered, the prohibition on favourable conditions that are not extended to all shareholders, the information that must be sent to shareholders on a takeover, the requirement for independent advice to be provided to the Board on a takeover and for such advice to be made known to shareholders. The Company will also not be subject to the overall scrutiny and sanctions of the UK Panel on Takeovers and Mergers.

Major shareholder
Approximately 41 percent of the Company's issued share capital is held by Marwyn Value Investors L.P.. Marwyn Value Investors L.P. will therefore be able to exercise significant influence over the Company's corporate actions without requiring the approval of the Company's other Shareholders.

Furthermore, the City Code does not apply to any further purchases of the ordinary shares which Marwyn Value Investors L.P. may or may not make.

Results and dividends
For the period from incorporation (4 December 2009) to 31 December 2010, the Group's loss before and after tax was £825,712.

It is the Board's policy that, prior to making the first acquisition, no dividends will be paid. Following the first acquisition, subject to availability of distributable reserves, dividends will be paid to shareholders when the Board believes it is appropriate and prudent to do so. Accumulated losses for the period of £825,712 have been transferred to reserves.

MARWYN CAPITAL II LIMITED

DIRECTORS' REPORT

Directors

The directors of the Company who served during the period are shown below. Details of the Directors' interests in the shares of the Company and details of any related party transactions relevant to the Directors are shown in note 13.

The following Directors have held office during the period and to the date on which these consolidated financial statements were approved, unless as otherwise noted:

David Williams	Appointed 4 December 2009 & resigned 18 March 2010
Mark Watts	Appointed 4 December 2009
Paul Cookson	Appointed 4 December 2009
Paul Everitt	Appointed 18 March 2010

Going concern

On the basis of current financial projections and the expected cash needs of the Group, the Directors have a reasonable expectation that the Group and the Company have adequate resources to continue in operational existence for at least another 12 months from the date of approval of these consolidated financial statements and, accordingly, consider that it is appropriate to adopt the going concern basis in preparing these consolidated financial statements.

Independent auditor

The Board confirms that the auditor, KPMG Channel Islands Limited, has had access to all relevant information in conducting its audit. KPMG Channel Islands Limited, has expressed willingness to continue in office and a resolution to reappoint KPMG Channel Islands Limited will be proposed at the forthcoming Annual General Meeting.

Annual General Meeting

The notice of the Annual General Meeting will be forwarded to shareholders under separate cover.

On behalf of the Board
15 March 2011

Paul Cookson
Director

Paul Everitt
Director

MARWYN CAPITAL II LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the financial statements in accordance with applicable law and International Financial Reporting Standards.

The directors are required to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;

- make judgments and estimates which are reasonable and prudent;

- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Law (2010 Revision) as applicable in the Cayman Islands. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by the Board of Directors

Paul Cookson
Director
15 March 2011

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2010

	Note	**2010** **£**
Assets		
Receivables		8,587
Cash and cash equivalents		3,912,902
Current assets		3,921,489
Total assets		3,921,489
Equity		
Share capital	9	49,000
Share premium	9	4,665,094
Accumulated losses		(825,712)
Equity attributable to the owners of the Company		3,888,382
Liabilities		
Trade and other payables	8	33,107
Current liabilities		33,107
Total liabilities		33,107
Total equity and liabilities		3,921,489

The consolidated financial statements on pages 5 to 20 were approved and authorised for issue by the Board of Directors on 15 March 2011and signed on its behalf by:

Paul Cookson
Director

Paul Everitt
Director

The accompanying notes on pages 9 to 20 form an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the period from 4 December 2009 (date of incorporation) to 31 December 2010

	Note	2010 £
Administration expenses	7	(825,712)
Results from operating activities		(825,712)
Loss for the period		(825,712)
Attributable to:		
Equity holders of the Company		(825,712)
Loss for the period		(825,712)
Earnings per share		
Basic and diluted loss per share	6	(1.78p)

All the Group's activities derive from continuing operations.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period from 4 December 2009 (date of incorporation) to 31 December 2010

	Share capital £	Share premium £	Accumulated losses £	Total £
Balance at incorporation	-	-	-	-
Loss for the period	-	-	(825,712)	(825,712)
Issue of ordinary shares	49,000	4,851,000	-	4,900,000
Costs directly related to the issue of ordinary shares	-	(185,906)	-	(185,906)
Balance at 31 December 2010	49,000	4,665,094	(825,712)	3,888,382

The accompanying notes on pages 9 to 20 form an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the period from 4 December 2009 (date of incorporation) to 31 December 2010

	2010 £
Cash flows from operating activities:	
Payments to suppliers and employees	(801,192)
Net cash used in operating activities	(801,192)
Cash flows from financing activities:	
Proceeds from the issue of share capital	4,900,000
Payment for share issue costs	(185,906)
Net cash generated from financing activities	4,714,094
Net increase in cash and cash equivalents	3,912,902
Cash and cash equivalents on incorporation	-
Cash and cash equivalents at 31 December 2010	3,912,902

The accompanying notes on pages 9 to 20 form an integral part of the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the period from 4 December 2009 (date of incorporation) to 31 December 2010

1. Reporting entity

Marwyn Capital II Limited (the "Company") is an exempted company limited by shares and domiciled in the Cayman Islands. The address of the Company's registered office is PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. The Company was incorporated on 4 December 2009.

The consolidated financial statements of the Company as at and for the period ended 31 December 2010 comprise the Company and its subsidiary, Marwyn Capital Investments II Limited (together referred to as the "Group" and individually as "Group entities"). The Group primarily is involved in the pursuit of target investments in the healthcare, testing and inspection and leisure sectors.

The Company is listed on AIM.

2. Basis of preparation

Statement of compliance
The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs). The consolidated financial statements were authorised for issue by the Board of Directors (the "Board") on 15 March 2011.

Basis of measurement
The consolidated financial statements have been prepared on the historical cost basis.

Functional and presentation currency
Items included in the consolidated financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entities operate (the 'functional currency'). The consolidated financial statements are presented in British Pounds (£), which is the Group's and Company's functional and presentation currency.

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

Use of estimates and judgements
The preparation of the consolidated financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Share-based payment transactions
The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.
Changes to International Financial Reporting Standards

In preparing these financial statements, the Group has adopted the following relevant amendments to accounting standards which became effective for this first accounting period:

- Amendments to IAS 27 ‘Consolidated and Separate Financial Statements’
- Revised IFRS 3 ‘Business Combinations’
- Amendments to IFRS 1 'Additional Exemptions for First-time Adopters'
- Amendments to IFRS 2 'Group Cash-settled Share-based Payment Transactions'

The adoption of these interpretations and amendments thereto has not had a significant effect on the consolidated financial statements.

The following forthcoming amendments to accounting standards will become effective for accounting periods beginning on or after 1 January 2011:

- Improvements to IFRSs (2010)
- IAS 24 Related Party Disclosures (2009)
- IFRS 9 Financial Instruments (2009), effective November 2013

3. Significant accounting policies

The accounting policies set out below have been applied consistently by the Group entities.

Basis of consolidation
Subsidiaries are entities controlled by the Company. Control exists when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that currently are exercisable are taken into account. The consolidated financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Company and the Group.

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

The financial statements of the Company have not been included within these consolidated financial statements. There is no material difference between the financial statements of the Company and those of the Group as there is only one subsidiary company with immaterial assets and liabilities and no profit or loss.

Receivables
Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition. The amortisation is included in finance income in the income statement. The losses arising from impairment are recognised in the income statement in finance costs.

Trade Payables

After initial recognition, payables are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the effective interest rate method amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition. The amortisation is included in finance costs in the income statement.

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

Share capital
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Impairment of financial assets
A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.
All impairment losses are recognised in the Consolidated Statement of Comprehensive Income.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost, the reversal is recognised in the Consolidated Statement of Comprehensive Income.

Taxation
The Company is an exempted company registered in the Cayman Islands and as such is not subject to taxation in the Cayman Islands or anywhere else.

Earnings per share
The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential to ordinary shares.

Determination of fair values
A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(i) Receivables
The fair value of receivables is estimated at the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purposes.

(ii) Non-derivative financial liabilities
Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

(iii) Share-based payment transactions
In accordance with IFRS2, share-based payment arrangements in which the Group receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share based payment transactions, regardless of how the equity instruments are obtained by the Group.

The Marwyn Participation Option entitles Marwyn Management Partners L.P. to subscribe for ordinary shares at an exercise price equal to their nominal value subject to certain growth and vesting conditions. The fair value of share entitlements granted is recognised as an expense with a corresponding increase in equity. The fair value of the share entitlements is measured at grant date and spread over the period during which the holders become unconditionally entitled to them. The fair value of the share entitlements granted is measured taking into account the terms and conditions upon which they were granted. The amount recognised as an expense is adjusted to reflect the actual number of share entitlements that vest. The schemes are equity settled and therefore, there is no requirement to re-assess the value at each balance sheet date.

The fair value of the Marwyn Participation Option is measured using Monte Carlo sampling. Measurement inputs include the share price on the measurement date, the exercise price of the instrument and expected volatility (based on an evaluation of the Company's historic volatility). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

4. Financial risk management

Overview
The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

Risk Management Framework
The Board has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board is responsible for developing and monitoring the Group's risk management policies.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

4.1 Credit risk

Credit risk is the risk of financial loss to the Group if a counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's investments in cash.

The creditworthiness of the Group's banks has been under constant scrutiny during the period. Before placing cash with a bank and following such placement, the Group has due consideration to both investment return and credit risk.

4.2 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group meets all liabilities from cash reserves. The Group's liability for operating expenses is monitored on an ongoing basis to ensure cash resources are adequate to meet liabilities as they fall due.

4.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising return.

Currency risk

The Group has no foreign currency risk as all transactions and balances are in Sterling (GBP).

Interest rate risk

The Group maintains cash at short notice to meet ongoing operating liabilities. The Group has no borrowings and is therefore not exposed to a change in interest rates having an impact on its ability to meet interest payments.

4.4 Capital management

The Board's policy is to maintain a strong capital base so as to maintain creditor and market confidence and to sustain future development of the business. There were no changes in the Group's approach to capital management during the period.

5. Segment information

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses. The Board performs regular reviews of the operating results of the Group as a whole and makes decisions using financial information at the entity level. Accordingly, the Board believes that the Group has only one operating segment.

The Company raised £4.7m net of expenses through an issue of ordinary shares on its admission to AIM on 24 December 2009. Until such time as an acquisition is made, the Group's sole operation is to seek suitable acquisition targets.

6. Earnings per share

Basic earnings per share
The calculation of basic earnings per share of 1.78p loss for the period from incorporation to 31 December 2010 was based on the loss attributable to ordinary shareholders of £825,712, and a weighted average number of ordinary shares outstanding of 46.5m. There is no difference between the diluted and basic loss per share. The potential ordinary shares relating to the Marwyn Participation Option are anti-dilutive and have been excluded from the diluted loss per share calculation.

Weighted average number of ordinary shares

	2010
Effect of issue of ordinary share on incorporation	-
Effect of ordinary shares issued in December 2010	46,500,000
Weighted average number of ordinary shares at 31 December	46,500,000

7. Administration expenses

	2010
	£
Corporate finance fees	180,000
Professional fees	542,192
Administration fees	18,729
Audit fee	6,000
Non-executive director fees	7,611
Other fees	71,180
	825,712

Corporate finance fees are payable to Marwyn Capital LLP at £15,000 per month. Administration fees are payable to Axio Capital Solutions Limited at £6,300 per annum plus time costs. Non-executive directors fees are payable in respect of Paul Everitt at £10,000 per annum.

8. Trade and other payables

	2010
	£
Non-executive director fees	2,500
Other trade payables	30,607
	33,107

9. Share capital and share premium

	Ordinary shares 2010
Issue of ordinary shares on incorporation	1
Issue of ordinary shares on admission to AIM	48,999,999
On issue at 31 December	49,000,000

The authorised share capital of the Company is £500,000 divided into 500,000,000 ordinary shares of 0.1p each.

All issued shares are £0.001 ordinary shares and are fully paid. The ordinary shares issued on admission to AIM were placed at 10p and admitted to trading on AIM on 24 December 2009. The share premium raised on the issue of the 49m shares was £4,665,094, net of issue costs.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share.

10. Management Participation Shares

The Directors believe that the Company's future success will depend to a high degree on the performance of the Company's management team, as and when such team is appointed. In order to align the interests of management directly with those of Shareholders, the Company has provided for the creation of incentive arrangements which will reward such a management team in the event that shareholder value is created.

In connection with their appointment, it is intended that the management team of the Company will subscribe for Management Participation Shares in Marwyn Capital Investments II Limited. Subject to a number of provisions described below, the Management Participation Shares can in future be sold to the Company pursuant to the provisions of the Articles of association of Marwyn Capital Investments II Limited for an aggregate value equivalent to 10 percent of the increase in shareholder value, being broadly defined as the difference between the market capitalisation of the Company at a point in time and the aggregate placing price of all ordinary shares issued up to that point in time.

The Company may purchase the Management Participation Shares for cash or by way of an issue of new ordinary shares at its discretion. The Articles grant the Directors the authority to issue such ordinary shares. The Management Participation Shares may only be sold by management to the Company (for an aggregate value equivalent to 10 percent of the increase in shareholder value) if both the growth and vesting conditions (as described below) have been satisfied. If both of these conditions have not been satisfied, the Management Participation Shares must be sold to the Company for their nominal value. The Management Participation Shares must be sold to the Company on the fifth anniversary of Re-admission (as defined in the Company's Admission document issued in December 2009) and may not be sold or transferred to any other party without the prior written consent of the Company.

Growth condition

The growth condition takes into account the price at which all ordinary shares are issued, the date on which they are issued, any dividends paid on the ordinary shares and any capital returned to Shareholders and requires the compound annual growth of the Company's share price to be at least 12.5 percent per annum. The growth condition will be measured from the date of Admission.

Vesting condition

The vesting condition is a time period which ends on the third anniversary following Re-admission or, if earlier, on the sale or change of control of the Company. However, if the growth condition is not met on the third anniversary, the vesting period will be extended until the fifth anniversary following Re-admission or, if earlier, when the growth condition is met. If the growth condition has not been met by the end of the vesting period, the Management Participation Shares must be sold to the Company for their nominal value. No Management Participation Shares have been issued to date.

11. Marwyn Participation Option

The Company has also entered into a performance participation agreement with Marwyn Management Partners LP. Marwyn Management Partners LP has been granted an option to subscribe for ordinary Shares pursuant to the Marwyn Participation Option Agreement which, subject to the conditions described below, may be exercised to subscribe for ordinary Shares at an exercise price equal to their nominal value.

The number of ordinary shares that may be subscribed for pursuant to the Marwyn Participation Option Agreement is the number that will give Marwyn Management Partners LP a gain (calculated after deducting the exercise price) equivalent to 10 percent of the increase in shareholder value, being broadly defined as the difference between the market capitalisation of the Company at a point in time and the aggregate placing price of all ordinary shares issued up to that point in time. The Articles of Association grant the Directors the authority to issue such ordinary shares.

The Marwyn Participation Option may only be exercised if both the growth and vesting conditions (as described below) have been satisfied. The Marwyn Participation Option will lapse on the fifth anniversary of Re-admission.

Growth condition
The growth condition takes into account the price at which all ordinary shares are issued, the date on which they are issued, any dividends paid on the ordinary shares and any capital returned to Shareholders and requires the compound annual growth of the Company's share price to be at least 12.5 percent per annum. The growth condition will be measured from the date of Admission.

Vesting condition
The vesting condition is a time period which ends on the third anniversary following Re-admission or, if earlier, on the sale or change of control of the Company. However, if the growth condition is not met on the third anniversary, the vesting period will be extended until the fifth anniversary following Re-admission or, if earlier, when the growth condition is met. If the growth condition has not been met by the end of the vesting period, the Marwyn Participation Option will lapse for no consideration.

Fair value of Marwyn Participation Option
The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The Marwyn Participation Option was fair valued at nil at the grant date. The grant-date fair value was determined using Monte Carlo sampling. Expected volatility is estimated at nil based on the Company being a 'shell-company' with no trading history at the measurement date. The inputs used in the measurement of the fair values at grant date of the share-based payment plans were as follows:

Fair value of Marwyn Participation Option and assumptions	**2010**
Fair value at grant date	£nil
Share price at grant date	£0.001
Exercise price	£0.001
Expected volatility	0%

When the Marwyn Participation Option was issued, the Company was an unlisted shell-company and had not entered into any transactions up to that date other than the issue of 1 Ordinary Shares for £0.001. The model takes into account the lack of trading history of the Company and the absence of any deals or transactions to date at the grant date. In the current period, no charge has been made as an expense in the Statement of Comprehensive Income in respect of the Marwyn Participation Option.

Other than the Marwyn Participation Option there were no other options in existence at any time during the reporting period.

12. Financial instruments

Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 3 to the consolidated financial statements.

Categories of financial instruments

Carrying amount of financial assets:

	2010
	£
Receivables (including cash and cash equivalents) at amortised cost	3,920,215
	3,920,215

Carrying amount of financial liabilities:

	2010
	£
Trade and other liabilities at amortised cost	33,107
	33,107

Credit risk

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2010
	£
Cash and cash equivalents	3,912,902
Receivables	7,313
	3,920,215

Impairment losses

There was no impairment on receivables during the period and there are no overdue or impaired receivables at the period end.

Liquidity risk

The following are the contractual maturities of financial liabilities excluding the impact of netting agreements:

	Carrying amount	**Contractual cash flows**	**6 months or less**	**2-5 years**
Accruals	33,107	33,107	33,107	-
	33,107	33,107	33,107	-

Currency risk

Exposure to currency risk
All of the Group's transactions and balances are in Sterling and therefore the Group has no exposure to currency risk.

Interest rate risk
Profile
At the reporting date the interest rate profile of interest-bearing financial instruments was:

	Carrying amount
	£
Variable rate instruments	
Financial assets	3,912,902
	3,912,902

All financial assets and liabilities, other than those shown in the table above are non-interest bearing. Receivables carry no interest entitlement.

Cash flow sensitivity analysis for variable rate instruments
A change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss for 12 months on interest-bearing instruments by the amounts shown below. This analysis assumes that all other variables remain constant.

	Profit or loss and equity	
	10 bp increase	10 bp decrease
	£	£
Cash	3,912	3,912

Fair values
Fair values versus carrying amounts
The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheet, are as follows:

	Carrying amount	Fair value
	£	£
Cash and cash equivalents	3,912,902	3,912,902
Receivable	7,313	7,313
Trade and other payables	(33,107)	(33,107)
	3,887,108	3,887,108

The carrying value of receivables, cash and cash equivalents and payables are a reasonable approximation of fair value due to their short-term maturity.

13. Related parties

Parent and ultimate controlling party
The Company is listed on AIM and there is no controlling party.

Transactions with directors
The Group made the following payments to Directors or companies connected with Directors:

	Payments for services during the period	Amounts owed at period end
	£	£
Paul Everitt, non-executive director	7,611	2,500
	7,611	2,500

Directors' shareholdings
No directors held shares in the Company as at the period end or since to the date of approval of these consolidated financial statements.

Mark Watts is a partner of Marwyn Management Partners L.P. through which he has a 38.33% interest in the Marwyn Participation Option entered into by the Company.

Other related parties transactions
Axio Capital Solutions Limited, a related party, was paid £18,729 administration fees during the period and was due an amount of £1,160 as at the balance sheet date.

Marwyn Investment Management LLP, a related party, recharged £370,297 in professional fees from various parties during the period and owed an amount of £2,106 as at the balance sheet date to the Company.

Marwyn Capital LLP, a related party, recharged £57,530 in professional fees from various parties and charged £180,000 in corporate finance costs during the period. An amount of £10,704 was owed to Marwyn Capital LLP as at the balance sheet date.

Marwyn Partners Limited, a related party, recharged £4,590 in professional fees from various parties and charged £70,500 in office costs during the period. An amount of £4,965 was owed to Marwyn Partners Limited as at the balance sheet date.

All outstanding balances with related parties are priced on an arms length basis and are to be settled in cash within six months of the reporting date. None of the balances is secured.

14. Subsidiary undertaking

	Description	Country of incorporation	Voting and ownership interest
Marwyn Capital II Investments Limited	Management Participation Shares	Cayman Islands	100%

MARWYN CAPITAL II LIMITED

COMPANY INFORMATION

Directors
Paul Cookson (Non-executive Director)
Paul Everitt (Non-executive Director)
Mark Watts (Non-executive Director)

Registered office
PO Box 309
Ugland House
Grand Cayman
KY1-1104
Cayman Islands

Registered in Cayman Islands
Company number MC-234241

Auditors
KPMG Channel Islands Limited
PO Box 453
St Helier
Jersey
JE4 8WQ

Nominated Adviser
Cenkos Securities plc
6.7.8 Tokenhouse Yard
London
EC2R 7AS

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

Legal Adviser
Maples and Calder
Princes Court
7 Princes Street
London
EC2R 8AQ

Independent auditor's report to the members of Marwyn Capital II Limited

We have audited the financial statements of Marwyn Capital II Limited for the period ended 31 December 2010 which comprise the Consolidated Statement of Financial Position, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flows, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards.

This report is made solely to the company's members, as a body, in accordance with our terms of engagement as detailed in our letter of 11 March 2011. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

Independent auditor's report to the members of Marwyn Capital II Limited – continued

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2010 and of its loss for the period then ended; and

- have been prepared in accordance with the requirements of the Companies Law (2010 Revision) as applicable in the Cayman Islands.

KPMG Channel Islands Limited
Chartered Accountants

15 March 2011

Notes:

- The maintenance and integrity of the website is the responsibility of the directors or other responsible party; the work carried out by auditors does not involve consideration of these matters and accordingly, KPMG Channel Islands Limited accepts no responsibility for any changes that may have occurred to the financial statements or our audit report since 15 March 2011. KPMG Channel Islands Limited has carried out no procedures of any nature subsequent to 15 March 2011 which in any way extends this date.

- Legislation in Jersey and the Cayman Islands governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions. The directors shall remain responsible for establishing and controlling the process for doing so, and for ensuring that the financial statements are complete and unaltered in any way.