

MARWYN MATERIALS LIMITED

REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2009

MARWYN MATERIALS LIMITED

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MARWYN MATERIALS LIMITED

CHAIRMAN'S STATEMENT

I am pleased to present the second report and financial statements of Marwyn Materials Limited for the year from 1 January 2009 to 31 December 2009.

Acquisition strategy

Marwyn Materials Limited was established in June 2008 to acquire controlling interests in building materials businesses, both listed and unquoted, in the UK, Europe and US, with a view to creating shareholder value through market consolidation. This continued to be the Group's strategy throughout the period under review.

During the course of the year the economic situation continued to deteriorate and the demand for building materials reflected this, with most companies reporting sharply lower earnings. A number of potential opportunities in the UK and in continental Europe have been examined, but the Board concluded that none were available on satisfactory terms and consequently, as at the year-end, no transactions had been concluded. The Board believes that vendor expectations are becoming increasingly realistic and a number of interesting opportunities continue to remain available; however, only transactions where substantial value can be created for shareholders will be pursued.

The rules require that where an AIM-listed company is an investing company, shareholder approval for its investment strategy must be sought on an annual basis. The Board therefore proposes to seek approval for the Group to continue its current acquisition strategy at the forthcoming annual general meeting on 26 April 2010. The Board unanimously recommends that shareholders approve the appropriate resolution.

Results

The Group's loss after taxation for the year to 31 December 2009 was £829,056 (2008: £742,495) and was in line with our planned level of expenditure.

Costs incurred to date include £94,650 (2008: £0.49m) in relation to due diligence carried out on acquisition targets by the Group's professional advisers. We continue to monitor and control costs carefully, with as much initial work as possible carried out by the management team, and we remain rigorous in our approach to ensure that no unnecessary costs are incurred.

As at 31 December 2009, the Group had net cash balances totalling £11.9m (2008: £12.8m).

Dividends

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 directors believe it is appropriate and prudent to do so. However, the main focus of the Group will be on delivering capital growth for shareholders.

Outlook

The Group continues to pursue its stated acquisition strategy. We anticipate that 2010 will present numerous further acquisition opportunities in our target sector. Certain of these are already under review.

We believe that Marwyn Materials, with its strong and experienced management team, is well placed to exploit attractive opportunities in the year ahead.

Peter Tom

Chairman

22 March 2010

MARWYN MATERIALS LIMITED

DIRECTORS' REPORT

Peter Tom CBE (*Chairman*)

Peter has more than 50 years' experience in the aggregates industry. He joined Bardon Hill Quarries Limited as a school-leaver in 1956, becoming managing director in 1977 and chief executive of Bardon Group plc in 1985, overseeing the company's transition from a privately-owned regional quarrying operation to a publicly-listed building materials Group. Peter expanded the Group internationally with a series of acquisitions in the United States in the late 1980s and went on to lead the merger of Bardon and Evered plc in 1991 and the enlarged Group's subsequent merger with CAMAS in 1997 to form Aggregate Industries plc.

In 2005 Peter oversaw the negotiations which led to the successful acquisition of Aggregate Industries by Swiss building materials Group Holcim Limited for £1.8 billion. He assumed the role of non-executive Chairman of Aggregate Industries in 2006, a position he held until his resignation in December 2007. Peter served as chairman of the aggregates industry's trade association in 1997, managing its amalgamation that year with two related associations to form the Quarry Products Association. In addition, Peter has been Chairman of Leicester Rugby Football Club (Leicester Tigers) since 1997, he is also Chairman of Leaf Clean Energy Company and senior non-executive Director at AGA Rangemaster Group plc.

Simon Vivian (*Chief Executive*)

Simon has over 20 years' experience in the aggregates and construction industries. Most recently, he was Chief Executive of Mowlem plc (June 2004 - July 2006) where he oversaw an organisation with over 25,000 employees, generating revenues of £2.2 billion from operations in the UK, US and Australia. Whilst in the role Simon implemented a Group wide operational re-organisation reducing overheads by over £8 million and initiated the disposal of the company's Australian business. In December 2005, Mowlem received a cash offer from Carillion plc and Simon negotiated a final exit price at a premium for shareholders.

Prior to Mowlem, Simon worked in a number of roles with Hanson plc (1987 - 2003), ultimately as the Chief Executive of Hanson plc's European Building Materials business. He oversaw operations in eight European countries employing over 8,000 people and generating EBIT of £154 million. Whilst with Hanson he executed and integrated the £1.5 billion acquisition of Pioneer International Ltd and managed the disposal of the company's waste disposal business.

David Williams (*Non-executive Director*)

David has over 36 years' experience in the investment market. He has served as Chairman in executive and non-executive capacities for a number of companies, both public and private. He has built a reputation for creating significant shareholder value through both organic and acquisitive growth, as well as leading turnaround situations.

James Corsellis (*Non-executive Director*)

James founded one of the earliest strategic technology consultancies in 1994 and was Chief Executive Officer of icollector plc, a leading provider of live auction trading platforms. He later negotiated the joint venture with eBay, which saw icollector become the exclusive partner worldwide for traditional auction houses.

At Marwyn, James Corsellis has, alongside fellow managing partner Mark Watts, undertaken 72 transactions raising close to £1.3 billion in acquisition funding for Marwyn backed management teams and special purpose acquisition vehicles from 2002 to date. He is a Managing Partner in Marwyn Capital LLP and Marwyn Investment Management LLP. James is currently the Non-Executive Chairman of Entertainment One Ltd and a non-executive Director of E-One UK Limited, Marwyn Value Investors Limited, and Marwyn Capital I Limited.

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DIRECTORS' REPORT

David Warr (*Non-executive Director*)

David joined the accountancy practice of Reads & Co in Guernsey in 1972. He qualified as a Chartered Accountant in 1976 and is a fellow of the Institute of Chartered Accountants in England and Wales. David became a partner in Reads & Co in 1981 and held a variety of executive positions within the firm helping to develop it into a broad-based financial services business which was sold in 1999. David currently holds a number of non-executive director positions including FRM Diversified Alpha Limited, UK Select Trust Limited and Invista Foundation Property Trust Limited.

MARWYN MATERIALS LIMITED

DIRECTORS' REPORT

The directors present their report and financial statements for the year ended 31 December 2009. This report should be read in conjunction with the Chairman's Statement on page 1.

Principal activities and business review

Marwyn Materials Limited was established to acquire controlling interests in building materials businesses, both listed and unquoted, in the UK, Europe and US, creating shareholder value through market consolidation.

Since listing in June 2008, Marwyn Materials Limited has pursued its stated strategy. The Directors continue to review a number of potential acquisition opportunities. In line with the intended strategy, certain key personnel were recruited during the period to form the basis of the team to secure the acquisition opportunities. The Board continues to monitor and control its planned levels of expenditure in the pre-acquisition phase.

Results and dividends

For the year to 31 December 2009, the Group's loss before tax was £825,147 (2008: £740,582) and after tax was a loss of £829,056 (2008: £742,495).

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 Directors believe it is appropriate and prudent to do so. Accumulated losses for the year of £829,056 (2008: £742,495) have been transferred to reserves.

Directors

The names of the current Directors, together with their biographical details, are set out on pages 2-3. The directors of the Company who served during the year are shown below. Details of the Directors' interests in the shares of the Group and details of any related party transactions relevant to the Directors are shown in note 21.

The following Directors have held office during the year and since, as noted:

Peter Tom CBE (<i>Chairman</i>)	Appointed 5 June 2008
Simon Vivian (<i>Chief Executive</i>)	Appointed 5 June 2008
David Williams (<i>Non-executive Director</i>)	Appointed 15 August 2007
James Corsellis (<i>Non-executive Director</i>)	Appointed 5 June 2008
David Warr (<i>Non-executive Director</i>)	Appointed 5 June 2008

Stated capital

Details of Company's shares in issue are set out in note 17 to the financial statements.

MARWYN MATERIALS LIMITED

DIRECTORS' REPORT

Substantial shareholdings

The Company has been notified of the following interests of 3% or more in its issued ordinary stated capital as at 19 March 2010:

<i>Interested party:</i>	<i>% Interest:</i>
Marwyn Value Investors LP	36.8%
Peter Tom (and family)	16.4%
Cenkos Channel Islands Nominee Company Ltd	13.3%
Corporate Services (TD Waterhouse) Nominees Ltd	11.7%
David Williams	8.1%
James Corsellis (and family)	4.0%

Management Participation Shares

Details of Management Participation Shares issued to Directors and key employees ("Management Participation Shares") which give rights to participate in an increase in the market capitalisation of the Company are set out in note 19 to the financial statements. At 31 December 2009, the Group had a number of Management Participation Shares outstanding. None of the Management Participation Shares vested during the year.

The Company has adopted a model code for directors' dealings in securities of the Company which is appropriate to a company quoted on AIM. The directors will comply with Rule 21 of the AIM rules relating to directors' dealings and take all reasonable steps to ensure compliance by the Group's senior management.

Corporate governance

As an AIM-listed Company, Marwyn Materials Limited is not required to follow the provisions of the Combined Code, as set out in the Financial Services Authority's Listing Rules. However, the Directors recognise the importance and support the principles of good governance as contained within section 1 of the Combined Code (the "Code").

Going concern

On the basis of current financial projections and facilities available, the directors have a reasonable expectation that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future and, accordingly, consider that it is appropriate to adopt the going concern basis in preparing these financial statements.

Auditor

The directors confirm 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 in accordance with Article 109 of the Companies (Jersey) Law 1991 a resolution to reappoint KPMG Channel Islands Limited will be proposed at the forthcoming Annual General Meeting.

MARWYN MATERIALS LIMITED

DIRECTORS' REPORT

Annual General Meeting

The Annual General Meeting will be held at Elizabeth House, 9 Castle Street, St Helier, Jersey on 26 April 2010.

On behalf of the Board

22 March 2010

Peter Tom CBE

Chairman

Simon Vivian

Chief Executive

MARWYN MATERIALS LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year 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 year. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on a going concern basis unless it is inappropriate to presume 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 (Jersey) Law 1991. 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website.

MARWYN MATERIALS LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2009

	<i>Note</i>	2009 £	2008 £
Assets			
Current assets			
Trade and other receivables		11,106	14,195
Cash and cash equivalents	14	11,865,789	12,806,100
Total current assets		<u>11,876,895</u>	<u>12,820,295</u>
Total assets		<u>11,876,895</u>	<u>12,820,295</u>
Equity and liabilities			
Capital and reserves			
Stated capital	16	13,262,480	13,262,480
Equity-settled employee benefits reserve	16	1,848	680
Accumulated losses	16	(1,571,551)	(742,495)
Equity attributable to owners of the Company		<u>11,692,777</u>	<u>12,520,665</u>
Total equity		<u>11,692,777</u>	<u>12,520,665</u>
Non-current liabilities			
Taxation	11	3,909	1,913
Total non-current liabilities		<u>3,909</u>	<u>1,913</u>
Current liabilities			
Trade and other payables	15	180,209	297,717
Total current liabilities		<u>180,209</u>	<u>297,717</u>
Total liabilities		<u>184,118</u>	<u>299,630</u>
Total equity and liabilities		<u>11,876,895</u>	<u>12,820,295</u>

The Group and the Company financial statements on pages 8 to 31 were approved and authorised for issue by the Board of Directors on 22 March 2010 and signed on its behalf by:

Peter Tom CBE
Chairman

Simon Vivian
Chief Executive

The accompanying notes on pages 14 to 31 form an integral part of the financial statements.

MARWYN MATERIALS LIMITED

STATEMENT OF FINANCIAL POSITION

As at 31 December 2009

	<i>Note</i>	2009 £	2008 £
Assets			
Non-current assets			
Investment in subsidiaries	12	–	–
Loan to Group company	13	–	100,000
Total non-current assets		<u>100,000</u>	<u>100,000</u>
Current assets			
Loan to Group company	13	100,000	–
Trade and other receivables		5,090	10,697
Cash and cash equivalents	14	11,796,210	12,759,709
Total current assets		<u>11,801,300</u>	<u>12,770,406</u>
Total assets		<u>11,901,300</u>	<u>12,870,406</u>
Equity and liabilities			
Capital and reserves			
Stated capital	16	13,262,480	13,262,480
Equity-settled employee benefits reserve	16	1,848	680
Accumulated losses	16	(1,597,871)	(753,181)
Equity attributable to owners of the Company		<u>11,666,457</u>	<u>12,509,979</u>
Current liabilities			
Trade and other payables	15	234,843	360,427
Total current liabilities		<u>234,843</u>	<u>360,427</u>
Total liabilities		<u>234,843</u>	<u>360,427</u>
Total equity and liabilities		<u>11,901,300</u>	<u>12,870,406</u>

The accompanying notes on pages 14 to 31 form an integral part of the financial statements.

MARWYN MATERIALS LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year from 1 January to 31 December 2009

		<i>1 January 2009 to 31 December 2009</i>	<i>15 August 2007 to 31 December 2008</i>
	<i>Note</i>	<i>£</i>	<i>£</i>
Interest income	10	101,767	249,716
Employee expenses	7	(256,086)	(116,764)
Professional and consultancy expenses	8	(508,927)	(761,317)
Other expenses	9	(161,901)	(112,217)
		<u>(926,914)</u>	<u>(990,298)</u>
Results from operating activities		(825,147)	(740,582)
Loss before income tax		(825,147)	(740,582)
Income tax expense	11	(3,909)	(1,913)
Loss for the year/period		(829,056)	(742,495)
Other comprehensive income		–	–
Total comprehensive income		(829,056)	(742,495)
Attributable to:			
Owners of the Company	16	<u>(829,056)</u>	<u>(742,495)</u>
Earnings per share			
Basic and diluted loss per share	18	(0.6p)	(1.4p)

All the Group's activities derive from continuing operations.

The accompanying notes on pages 14 to 31 form an integral part of the financial statements.

MARWYN MATERIALS LIMITED

STATEMENT OF COMPREHENSIVE INCOME

For the year from 1 January to 31 December 2009

		<i>1 January 2009 to 31 December 2009</i>	<i>15 August 2007 to 31 December 2008</i>
	<i>Note</i>	<i>£</i>	<i>£</i>
Interest income	10	107,358	250,182
Employee expenses	7	(31,926)	(23,342)
Professional and consultancy expenses	8	(848,779)	(904,587)
Other expenses	9	(71,343)	(75,434)
		<u>(952,048)</u>	<u>(1,003,363)</u>
Results from operating activities		(844,690)	(753,181)
Loss before income tax		(844,690)	(753,181)
Income tax expense	11	–	–
Loss for the year/period		(844,690)	(753,181)
Other comprehensive income		–	–
Total comprehensive income		(844,690)	(753,181)
Attributable to:			
Owners of the Company	16	<u>(844,690)</u>	<u>(753,181)</u>
Earnings per share			
Basic and diluted loss per share	18	(0.6p)	(1.4p)

All the Company's activities derive from continuing operations.

The accompanying notes on pages 14 to 31 form an integral part of the financial statements.

MARWYN MATERIALS LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	<i>Stated capital</i>	<i>Equity-settled employee benefits reserve</i>	<i>Accumulated losses</i>	<i>Total</i>
	£	£	£	£
Balance at 15 August 2007	–	–	–	–
Total comprehensive income for the period:				
Loss for the period	–	–	(742,495)	(742,495)
Transactions with owners recorded directly in equity:				
Recognition of share-based payments	–	680	–	680
Issue of ordinary shares	13,600,000	–	–	13,600,000
Costs directly related to the issue of capital	(337,520)	–	–	(337,520)
Total transactions with owners	<u>13,262,480</u>	<u>680</u>	<u>–</u>	<u>13,263,160</u>
Balance at 1 January 2009	<u>13,262,480</u>	<u>680</u>	<u>(742,495)</u>	<u>12,520,665</u>
Total comprehensive income for the year:				
Loss for the year	–	–	(829,056)	(829,056)
Transactions with owners recorded directly in equity:				
Recognition of share-based payments	–	1,168	–	1,168
Issue of ordinary shares	–	–	–	–
Costs directly related to the issue of capital	–	–	–	–
Total transactions with owners	<u>–</u>	<u>1,168</u>	<u>–</u>	<u>1,168</u>
Balance at 31 December 2009	<u>13,262,480</u>	<u>1,848</u>	<u>(1,571,551)</u>	<u>11,692,777</u>

For more detail of the Group's reserves, see Note 16.

All the Group's activities derive from continuing operations.

The accompanying notes on pages 14 to 31 form an integral part of the financial statements.

MARWYN MATERIALS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year from 1 January to 31 December 2009

	<i>1 January 2009 to 31 December 2009</i>	<i>15 August 2007 to 31 December 2008</i>
	<i>Note</i>	
	<i>£</i>	<i>£</i>
Cash flows from operating activities:		
Interest received	111,355	239,019
Tax paid	(1,913)	–
Payments to suppliers and employees	(1,049,753)	(695,399)
Net cash generated by operating activities	<u>(940,311)</u>	<u>(456,380)</u>
Cash flows from financing activities:		
Proceeds from issue of stated capital	–	13,600,000
Payment for share issue costs	–	(337,520)
Net cash from financing activities	<u>–</u>	<u>13,262,480</u>
Net increase in cash and cash equivalents	(940,311)	12,806,100
Cash and cash equivalents on 1 January 2009	12,806,100	–
Cash and cash equivalents at 31 December 2009	14	<u>11,865,789</u>
		<u>12,806,100</u>

The accompanying notes on pages 14 to 31 form an integral part of the financial statements.

MARWYN MATERIALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2009

1. Reporting entity

Marwyn Materials Limited (the “Company”) is a company domiciled in Jersey. The address of the Company’s registered office is Elizabeth House, 9 Castle Street, St Helier, Jersey, JE2 3RT. The Company was incorporated on 15 August 2007.

The financial statements of the Company as at and for the year ended 31 December 2009 comprise the Company and its subsidiaries (together referred to as the “Group” and individually as “Group entities”). The Group primarily is involved in the acquisition of a target investment.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The financial statements were authorised for issue by the Board of Directors on 22 March 2010.

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards. The consolidated financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 5.

2.1.1 Changes in accounting policy and disclosures

(a) New and amended standards adopted by the Group

The Group has adopted the following new and amended IFRSs as of 1 January 2009:

- IFRS 7 ‘Financial instruments – Disclosures’ (amendment) – effective 1 January 2009. The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. As the change in accounting policy only results in additional disclosures, there is no impact on earnings per share.
- IAS 1 (revised), ‘Presentation of financial statements’ has introduced terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements. The Group has applied IAS 1 (revised) from 1 January 2009, and has elected to present solely a statement of comprehensive income. The adoption of this revised standard has not resulted in a significant change to the presentation of the Group’s performance statement, as the Group has no elements of other comprehensive income.
- IFRS 2 (amendment), ‘Share-based payment’ (effective 1 January 2009) deals with vesting conditions and cancellations. It clarifies that vesting conditions are

MARWYN MATERIALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2009

service conditions and performance conditions only. Other features of a share-based payment are not vesting conditions. These features would need to be included in the grant date fair value for transactions with employees and others providing similar services; they would not impact the number of awards expected to vest or valuation thereof subsequent to grant date. All cancellations, whether by the entity or by other parties, should receive the same accounting treatment. The Group and company has adopted IFRS 2 (amendment) from 1 January 2009. The amendment does not have a material impact on the Group or company's financial statements.

- IFRS 8 'Operating Segments' is a disclosure Standard that has not resulted in any change to the presentation of the Group or company's financial statements.

(b) *Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group*

The following standards and amendments to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2010 or later periods, but the Group has not early adopted them:

- IFRS 2 (amendments), 'Group cash-settled and share-based payment transactions'. In addition to incorporating IFRIC 8, 'Scope of IFRS 2', and IFRIC 11, 'IFRS 2 – Group and treasury share transactions', the amendments expand on the guidance in IFRIC 11 to address the classification of Group arrangements that were not covered by that interpretation. The new guidance is not expected to have a material impact on the Group's financial statements.
- IFRS9, 'Financial Instruments', deals with classification and measurement of financial assets. The standard contains two primary measurement categories for financial assets: amortised cost and fair value. The standard eliminates the existing IAS 39 categories of held to maturity, available for sale and loans and receivables. For an investment in an equity instrument which is not held for trading, the standard permits an irrevocable election, on initial recognition, on an individual share-by-share basis, to present all fair value changes from the investment in other comprehensive income. No amount recognised in other comprehensive income would ever be reclassified to profit or loss at a later date. However, dividends on such investments are recognised in profit or loss, rather than other comprehensive income unless they clearly represent a partial recovery of the cost of the investment. Investments in equity instruments in respect of which an entity does not elect to present fair value changes in other comprehensive income would be measured at fair value with changes in fair value recognised in profit or loss. The standard is effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted. The Group is currently in the process of evaluating the potential effect of this standard. Given the nature of the Group's operations, this standard is expected to have a pervasive impact on the Group's financial statements.

MARWYN MATERIALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2009

2.2 *Consolidation*

(a) *Subsidiaries*

Subsidiaries are entities controlled by the Group. Control exists when the Group 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 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 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.

2.3 *Segment reporting*

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

2.4 *Foreign currency translation*

(a) *Functional and presentation currency*

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

(b) *Transactions and balances*

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 remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income.

2.5 *Financial assets*

2.5.1 *Classification*

The Group classifies its financial assets as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise 'trade

MARWYN MATERIALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2009

and other receivables' and cash and cash equivalents in the Statement of Financial Position.

2.5.2 *Recognition and measurement*

Loans and receivables are subsequently carried at amortised cost using the effective interest method, less any impairment losses.

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 one or more events have had a negative effect on the estimated future cash flows of that asset.

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 income statement.

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 income statement.

2.6 *Trade receivables*

If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2.7 *Cash and cash equivalents*

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the Statement of Financial Position.

2.8 *Stated 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.

2.9 *Trade payables*

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

MARWYN MATERIALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2009

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.10 *Interest income*

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

2.11 *Income tax*

Income tax expense comprises current tax. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

2.12 *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 year. 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 ordinary shares.

2.13 *Share-based transactions*

Equity-settled share-based payments to Directors, key employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 19.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest. At each Statement of Financial Position date, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss over the remaining vesting period, with a corresponding adjustment to reserves.

Share-based payments in respect of employees and others providing similar services are credited to the equity-settled employee benefits reserve.

3. **Determination of fair values**

The Group's accounting disclosures require the determination of fair value, for both financial assets and liabilities. Fair values have been determined for recognition and 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.

(a) *Receivables and payables*

The fair value of receivables and payables, which is determined for disclosure purposes, is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

MARWYN MATERIALS LIMITED

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(b) *Share-based transactions*

The fair value of share-based transactions is based on the fair value of equity instruments granted in exchange. All factors considered applicable to “market participants” have been considered in the determination of the fair value of equity-instruments issued; together with the rights and conditions attaching to those instruments.

4. Financial risk management

Overview

The Group and Company 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 and Company’s exposure to each of the above risks, the Group’s and Company’s objectives, policies and processes for measuring and managing risk, and the Group’s and Company’s management of capital. Further quantitative disclosures are included throughout these financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Group’s and Company’s risk management framework. The Board is responsible for developing and monitoring the Group’s and Company’s risk management policies.

The Group’s and Company’s risk management policies are established to identify and analyse the risks faced by the Group and Company, 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 and Company’s activities. The Group and Company, 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.

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.

Cash

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

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.

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For the year ended 31 December 2009

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 the return.

Currency risk

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

If the Group is presented with an acquisition which required or would expose the Group to foreign currency cash flows, hedges will be put in place, either at a local or Group level, to minimise the Group's exposure to foreign currency fluctuations.

Interest rate risk

The Group places cash on deposit for terms up to 1 month. 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.

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 year.

5. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

5.1 Critical accounting estimates and assumptions

The Group and Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

The Group and Company considers Sterling the currency that most faithfully represents the economic effect of the underlying transactions, events and conditions. Sterling is the currency in which the Group and Company measures its performance and reports its results, as well as the currency in which it issues shares to its investors.

6. Segment information

Business segments

The Company raised GBP£13.26m net of expenses through an issue of ordinary shares on its admission to AIM on 12 June 2008. Until such time as an acquisition is made, the Group's sole operation will remain the seeking of a suitable target whilst investing shareholders' funds with a focus on investment return balanced by liquidity and market risk.

MARWYN MATERIALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2009

Geographical segments

Marwyn Materials Limited is based in Jersey. The Group has established an operating company in the U.K. to help actively seek an acquisition. Both in 2009 and 2008, Marwyn Materials Limited generated all of the Group's revenue.

7. Employee expenses

	2009 <i>Company</i> £	2009 <i>Group</i> £	2008 <i>Company</i> £	2008 <i>Group</i> £
Wages and salaries	–	190,663	–	79,663
Equity-settled share-based payments	1,168	1,168	680	680
Compulsory social security contributions	–	33,497	–	13,759
Non-executive Directors' fees	30,758	30,758	22,662	22,662
	<u>31,926</u>	<u>256,086</u>	<u>23,342</u>	<u>116,764</u>

For details of equity-settled share based payments see note 19.

8. Professional and consultancy expenses

	2009 <i>Company</i> £	2009 <i>Group</i> £	2008 <i>Company</i> £	2008 <i>Group</i> £
Professional fees	281,134	287,150	293,796	295,018
Consultancy fees	221,776	221,777	466,299	466,299
Consultancy fees paid to Marwyn Materials UK Limited	345,869	–	144,492	–
	<u>848,779</u>	<u>508,927</u>	<u>904,587</u>	<u>761,317</u>

9. Other expenses

	2009 <i>Company</i> £	2009 <i>Group</i> £	2008 <i>Company</i> £	2008 <i>Group</i> £
Rent	–	55,750	8,000	37,250
Legal fees	34,416	34,416	26,550	26,550
Sundry expenses	36,927	71,735	40,884	48,417
	<u>71,343</u>	<u>161,901</u>	<u>75,434</u>	<u>112,217</u>

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2009

Marwyn Materials UK Limited has in place an operating lease for office accommodation with Marwyn Partners Limited until June 2011. Payments made under operating leases were £55,750 during the year (2008:£29,250). Non-cancellable operating lease rentals are as follows:

	2009 Company £	2009 Group £	2008 Company £	2008 Group £
Less than one year	–	60,000	–	60,000
Between one and five year	–	30,000	–	85,000
More than five years	–	–	–	–
	<u>–</u>	<u>90,000</u>	<u>–</u>	<u>145,000</u>

10. Interest income

	2009 Company £	2009 Group £	2008 Company £	2008 Group £
Interest income on bank deposits	101,767	101,767	249,716	249,716
Interest on loan to Marwyn Materials UK Limited	5,591	–	466	–
	<u>107,358</u>	<u>101,767</u>	<u>250,182</u>	<u>249,716</u>

11. Income tax expense

	2009 Company £	2009 Group £	2008 Company £	2008 Group £
Current period tax expense	–	3,909	–	1,913
Income tax expense from continuing operations	–	3,909	–	1,913

Reconciliation of effective tax rate:

	2009 Company £	2009 Group £	2008 Company £	2008 Group £
Loss for the year/ period	(844,690)	(825,147)	(753,181)	(740,582)
Income tax at the Company's domestic rate of 0%	–	–	–	–
Effect of tax rates in foreign jurisdictions*	–	3,909	–	1,913
Income tax expense recognised	<u>–</u>	<u>3,909</u>	<u>–</u>	<u>1,913</u>

*The parent company is resident in Jersey and has a zero percent tax rate. The Group has a subsidiary operation in the U.K. which pays tax at a higher rate of 20% on taxable profits of £19,756 (2008: £9,566) in the year.

MARWYN MATERIALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2009

12. Investment in subsidiaries

Company:

	<i>Principal activity</i>	<i>Country of incorporation</i>	<i>Voting and ownership interest</i>	<i>Cost</i>
Marwyn Materials UK Limited*	Acquisition sourcing	UK	100%	£1.00
Marwyn Materials Investments Limited	Issue of incentive shares	Jersey	100%	£0.02

*Marwyn Materials UK Limited is indirectly held by the Company via Marwyn Materials Investments Limited.

13. Loan to Group company

Company:

	<i>2009</i>	<i>2008</i>
	<i>£</i>	<i>£</i>
Marwyn Materials UK Limited	100,000	100,000
	<u>100,000</u>	<u>100,000</u>

The loan is unsecured, pays interest at 12m LIBOR plus 150bps and is repayable on 1 December 2010.

14. Cash and cash equivalents

	<i>2009</i>	<i>2009</i>	<i>2008</i>	<i>2008</i>
	<i>Company</i>	<i>Group</i>	<i>Company</i>	<i>Group</i>
	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>
Bank balances	11,796,210	11,865,789	12,759,709	12,806,100
Cash and cash equivalents in the statement of cash flows	<u>11,796,210</u>	<u>11,865,789</u>	<u>12,759,709</u>	<u>12,806,100</u>

The exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in note 20.

15. Trade and other payables

	<i>2009</i>	<i>2009</i>	<i>2008</i>	<i>2008</i>
	<i>Company</i>	<i>Group</i>	<i>Company</i>	<i>Group</i>
	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>
Amount due to Marwyn Materials UK Limited	80,725	–	68,459	–
Liability for Participation Shares	3,500	3,500	3,500	3,500
Other creditors	150,618	176,709	288,468	294,217
	<u>234,843</u>	<u>180,209</u>	<u>360,427</u>	<u>297,717</u>

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16. Capital and reserves

Reconciliation of movement in capital and reserves

Company:

	<i>Stated capital</i>	<i>Equity-settled employee benefits reserve</i>	<i>Accumulated losses</i>	<i>Total equity</i>
	£	£	£	£
Opening balance	13,262,480	680	(753,181)	12,509,979
Loss for the year	–	–	(844,690)	(844,690)
Recognition of share-based payments	–	1,168	–	1,168
Balance at 31 December 2009	<u>13,262,480</u>	<u>1,848</u>	<u>(1,597,871)</u>	<u>11,666,457</u>

Group:

	<i>Stated capital</i>	<i>Equity-settled employee benefits reserve</i>	<i>Accumulated losses</i>	<i>Total equity</i>
	£	£	£	£
Opening balance	13,262,480	680	(742,495)	12,520,665
Loss for the year	–	–	(829,056)	(829,056)
Recognition of share-based payments	–	1,168	–	1,168
Balance at 31 December 2009	<u>13,262,480</u>	<u>1,848</u>	<u>(1,571,551)</u>	<u>11,692,777</u>

17. Stated capital

Company and Group:

	<i>Ordinary shares 2009</i>	<i>Ordinary shares 2008</i>
Issued ordinary shares brought forward	136,000,000	2
Issue of ordinary shares on admission to AIM	–	135,999,998
On issue at 31 December	<u>136,000,000</u>	<u>136,000,000</u>

The Company has no limit to the number of ordinary shares which may be issued. The ordinary shares have no par value. All issued shares are fully paid.

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

MARWYN MATERIALS LIMITED

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18. Earnings per share

Group:

Basic earnings per share

The calculation of basic earnings per share of 0.6p loss at 31 December 2009 (2008: 1.4p loss) was based on the loss attributable to ordinary shareholders of £829,056 (2008: £742,495) and a weighted average number of ordinary shares outstanding of 136m (2008: 54.6m).

Diluted earnings per share

The calculation of diluted earnings per share of 0.6p loss at 31 December 2009 (2008: 1.4p loss) was based on the loss attributable to ordinary shareholders of £829,056 (2008: £742,495) and the weighted average outstanding ordinary shares of 136m (2008: 54.6m). The Participation Shares in issuance during the year are not included in the calculation of weighted average outstanding ordinary shares for the diluted earnings per share calculation as the effect is anti-dilutive.

Company:

Basic earnings per share

The calculation of basic earnings per share of 0.6p loss at 31 December 2009 (2008: 1.4p loss) was based on the loss attributable to ordinary shareholders of £844,690 (2008: £753,181) and a weighted average number of ordinary shares outstanding of 136m (2008: 54.6m).

Diluted earnings per share

The calculation of diluted earnings per share of 0.6p loss at 31 December 2009 (2008: 1.4p loss) was based on the loss attributable to ordinary shareholders of £844,690 (2008: £753,181) and the weighted average outstanding ordinary shares of 136m (2008: 54.6m). The Participation Shares in issuance during the year are not included in the calculation of weighted average outstanding ordinary shares for the diluted earnings per share calculation as the effect is anti-dilutive.

19. Share-based payment arrangements

Under share-based payment arrangements established by the Group to incentivise Directors, key employees and others providing similar services, Participation Shares were issued, via the Company's subsidiary, Marwyn Materials Investments Limited, to Directors and key employees ("Management Participation Shares") and Marwyn Management Partners LLP ("Marwyn"), a related party ("Marwyn Participation Shares"); together "the Participation Shares".

On being offered, the Company may purchase the Participation Shares either for cash or for the issue of new ordinary shares at its discretion. The value of the Participation Shares is discussed below. The Participation Shares may only be sold on this basis if both the Growth and Vesting Conditions have been satisfied. If these conditions have not been satisfied the Participation Shares must be sold to the Company for a nominal amount.

Details of the Participation Shares issued during and outstanding at the year end are shown below. None of the Participation Shares were forfeited, exercised or expired during the year.

MARWYN MATERIALS LIMITED

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Growth Condition

The Growth Condition is that the compound annual growth of the Company's equity value must be at least 12.5% per annum. The Growth Condition takes into account new shares issued, dividends and capital returned to Shareholders.

Vesting Condition

The Participation Shares are subject to a vesting period ending on 6 June 2011. If however, the Growth Condition is not met on 6 June 2011, it will be extended to 6 June 2013, or if earlier, when the Growth Condition is met. The vesting period will also end on the sale or change of control of the Company.

Value

Subject to the provisions detailed above, the Management Participation Shares and Marwyn Participation Shares can each be sold to the Company for an aggregate value equivalent to 10% of the increase in "Shareholder Value" in the Company. Shareholder Value is broadly defined as the increase in market capitalisation of all Ordinary Shares of the Company issued up to the date of sale, allowing for any dividends and other capital movements.

Management Participation Shares

Under a management incentive scheme, 10,000 Management Participation Shares have been created and Directors and key employees have been allotted and purchased a number of those shares, as shown in the table below.

The following table shows the Management Participation Shares issued to employees:

<i>Issued to:</i>	<i>Participation in increase in "Shareholder Value"</i>	<i>Issue price</i>	<i>Number of Participation shares</i>	<i>Nominal value of Participation shares</i>
Peter Tom	4%	£0.50	2,000	£1,000
Simon Vivian	4%	£0.50	2,000	£1,000
Ian Peters	2%	£0.50	1,000	£500
			<hr/>	<hr/>
			5,000	£2,500

Marwyn Participation Shares

The Group has entered into a performance participation agreement with Marwyn Management Partners LLP ("Marwyn") under which Marwyn has agreed to assist the Company in meeting its business strategy. In exchange, the Group has issued Participation Shares to Marwyn, a related party, as shown in the table below:

<i>Issued to:</i>	<i>Participation in increase in "Shareholder Value"</i>	<i>Issue price</i>	<i>Number of Participation shares</i>	<i>Nominal value of Participation shares</i>
Marwyn Management Partners LLP	10%	£0.10	10,000	£1,000

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Valuation of Participation Shares

When the Participation Shares were issued, the Company was an unlisted shell-company and had not entered into any transactions up to that date other than the issue of 2 Ordinary Shares for £2. The fair value estimation placed on the Participation Shares took into account the lack of trading history of the Company and the absence of any deals or transactions to date. The total amount paid for the Participation Shares, being the nominal value of £3,500, was considered to be the best estimation of the fair value.

In the current year, £1,168 (2008: £680) has been recognised in total as an expense in the Statement of Comprehensive Income in respect of Participation Shares.

20. 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 2.5 to the financial statements.

Categories of financial instruments

Carrying amount of financial assets:

	2009 <i>Company</i> £	2009 <i>Group</i> £	2008 <i>Company</i> £	2008 <i>Group</i> £
Loan and receivables (including cash and cash equivalents)	11,901,300	11,876,895	12,870,406	12,820,295
	<u>11,901,300</u>	<u>11,876,895</u>	<u>12,870,406</u>	<u>12,820,295</u>

Carrying amount of financial liabilities:

	2009 <i>Company</i> £	2009 <i>Group</i> £	2008 <i>Company</i> £	2008 <i>Group</i> £
Amortised cost	234,843	184,118	360,427	299,630
	<u>234,843</u>	<u>184,118</u>	<u>360,427</u>	<u>299,630</u>

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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:

	2009 <i>Company</i> £	2009 <i>Group</i> £	2008 <i>Company</i> £	2008 <i>Group</i> £
Cash and cash equivalents	11,796,210	11,865,789	12,759,709	12,806,100
Loans and receivables	105,090	11,106	110,697	14,195
	<u>11,901,300</u>	<u>11,876,895</u>	<u>12,870,406</u>	<u>12,820,295</u>

Impairment losses

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

Liquidity risk

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

2009

<i>Company:</i>	<i>Carrying amount</i>	<i>Contractual cash flows</i>	<i>6 months or less</i>	<i>2-5 years</i>
Accruals	234,843	234,843	234,843	–
	<u>234,843</u>	<u>234,843</u>	<u>234,843</u>	<u>–</u>
<i>Group:</i>	<i>Carrying amount</i>	<i>Contractual cash flows</i>	<i>6 months or less</i>	<i>2-5 years</i>
Accruals	184,118	184,118	180,209	3,909
	<u>184,118</u>	<u>184,118</u>	<u>180,209</u>	<u>3,909</u>

2008

<i>Company:</i>	<i>Carrying amount</i>	<i>Contractual cash flows</i>	<i>6 months or less</i>	<i>2-5 years</i>
Accruals	360,427	360,427	360,427	–
	<u>360,427</u>	<u>360,427</u>	<u>360,427</u>	<u>–</u>
<i>Group:</i>	<i>Carrying amount</i>	<i>Contractual cash flows</i>	<i>6 months or less</i>	<i>2-5 years</i>
Accruals	299,630	299,630	297,717	1,913
	<u>299,630</u>	<u>299,630</u>	<u>297,717</u>	<u>1,913</u>

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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:

	2009 Carrying amount Company £	2009 Carrying amount Group £	2008 Carrying amount Company £	2008 Carrying amount Group £
Fixed rate instruments				
Financial assets (time deposits)	11,562,000	11,562,000	12,677,207	12,677,207
	<u>11,562,000</u>	<u>11,562,000</u>	<u>12,677,207</u>	<u>12,677,207</u>
Variable rate instruments				
Financial assets	234,210	303,789	82,502	128,893
	<u>234,210</u>	<u>303,789</u>	<u>82,502</u>	<u>128,893</u>

All financial assets and liabilities, other than those shown in the table above are non-interest bearing.

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not affect profit or loss.

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.

2009	<i>Profit or loss and equity</i>		<i>Profit or loss and equity</i>	
	<i>Company</i>	<i>Company</i>	<i>Group</i>	<i>Group</i>
	<i>100 bp increase</i>	<i>100 bp decrease</i>	<i>100 bp increase</i>	<i>100 bp decrease</i>
	£	£	£	£
Time deposits	<u>117,962</u>	<u>(117,962)</u>	<u>118,658</u>	<u>(118,658)</u>
2008	<i>Profit or loss and equity</i>		<i>Profit or loss and equity</i>	
	<i>Company</i>	<i>Company</i>	<i>Group</i>	<i>Group</i>
	<i>100 bp increase</i>	<i>100 bp decrease</i>	<i>100 bp increase</i>	<i>100 bp decrease</i>
	£	£	£	£
Time deposits	<u>127,597</u>	<u>(127,597)</u>	<u>128,061</u>	<u>(128,061)</u>

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Fair values

Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the Statement of Financial Position, are as follows:

2009	<i>Carrying amount Company £</i>	<i>Fair value Company £</i>	<i>Carrying amount Group £</i>	<i>Fair value Group £</i>
Loans and receivables	105,090	98,330	11,106	11,106
Cash and cash equivalents	11,796,210	11,796,210	11,865,789	11,865,789
Payables	(231,343)	(231,343)	(180,618)	(180,618)
	<u>11,669,957</u>	<u>11,663,197</u>	<u>11,696,277</u>	<u>11,696,277</u>
2008	<i>Carrying amount Company £</i>	<i>Fair value Company £</i>	<i>Carrying amount Group £</i>	<i>Fair value Group £</i>
Loans and receivables	110,697	102,940	14,195	14,195
Cash and cash equivalents	12,759,709	12,759,709	12,806,100	12,806,100
Payables	(356,927)	(356,927)	(296,132)	(296,132)
	<u>12,513,479</u>	<u>12,505,722</u>	<u>12,524,163</u>	<u>12,524,163</u>

The carrying value of receivables, cash and payables are a reasonable approximation of fair value due to their short-term maturity. For details of the Participation Shares issued, excluded from the above table, see note 19.

Interest rates used for determining fair value

The interest rate used to discount the redemption cash flow of the loan to the subsidiary is calculated by adding a credit spread to the yield on a UK government bond maturing at 1 year post the reporting date; being the closest date to the loan repayment date. The subsidiary has received no quotes for commercial loans and therefore has estimated a relevant credit spread based on market knowledge.

	<i>Yield on Government security</i>	<i>Credit spread</i>	<i>Discount rate</i>
Loan to Marwyn Materials UK Limited	<u>4.25%</u>	<u>3%</u>	<u>7.25%</u>

21. Related parties

Parent and ultimate controlling party

The Company is listed on AIM and as such there is no controlling party.

Marwyn Investment Management LLP is the investment manager to Marwyn Value Investors LP which has a significant shareholding in the Company. James Corsellis is a partner in Marwyn Investment Management LLP and a director of various Marwyn Group companies. David Williams is a partner in Marwyn Investment Management LLP. The following Marwyn companies are therefore deemed to be related parties of the Group:

MARWYN MATERIALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2009

Marwyn Partners Limited was paid GBP£60,000 (2008:£25,000) (excluding VAT) in respect of office accommodation and Marwyn Capital LLP was paid GBP£180,000 (2008:£100,000) in respect of corporate finance and administrative services. At the Statement of Financial Position date Marwyn Partners Limited and Marwyn Capital LLP were owed an amount of £10,000 (2008:£20,000) and £30,000 (2008:£NIL) respectively in respect of services supplied during the year.

At the Statement of Financial Position date Marwyn Value Investors LP held 50,010,000 ordinary shares in Marwyn Materials Limited. Marwyn Management Partners LLP held Marwyn Participation Shares in the Group, details of which are disclosed in note 19.

Transactions with directors

As well as the Management Participation Share disclosed in note 19, the Group also made the following payments to Directors or companies connected with Directors:

	<i>Payments for services during the year 2009</i>	<i>Amounts owed at year end 2009</i>	<i>Payments for services during the period 2008</i>	<i>Amounts owed at period end 2008</i>
	£	£	£	£
Consultancy fees	315,360	30,000	97,531	–
Director salary payments	120,000	–	50,000	10,000
Non-executive fees	30,758	3,888	22,662	4,166
	<u>466,118</u>	<u>33,888</u>	<u>170,193</u>	<u>14,166</u>

Directors' shareholdings

The following Directors held the indicated number of shares in the Company as at the year end:

<i>Director:</i>	<i>Shares held at 31 December 2009</i>	<i>Shares held at 31 December 2008</i>
Peter Tom CBE	22,350,000	22,350,000
Simon Vivian	2,500,000	2,500,000
David Williams	11,000,000	11,000,000
James Corsellis	5,500,000	5,500,000
David Warr	2,500,000	2,500,000

MARWYN MATERIALS LIMITED



KPMG Channel Islands Limited

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Jersey JE4 8WQ
Channel Islands

5 St Andrew's Place
Charing Cross, St Helier
Jersey JE4 8WQ
Channel Islands

Independent auditors' report to the members of Marwyn Materials Limited

We have audited the group and company financial statements of Marwyn Materials Limited for the year ended 31 December 2009 which comprise the Consolidated and Company Statement of Financial Position, the Consolidated and Company Statement of Comprehensive Income, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Article 110 of the Companies (Jersey) Law 1991. 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 auditors' 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 described in the Statement of Directors' Responsibilities on page 8, the company's directors are responsible for preparation of the consolidated financial statements in accordance with applicable law and International Financial Reporting Standards.

Our responsibility is to audit the financial statements in accordance with the relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the consolidated financial statements give a true and fair view and are properly prepared in accordance with the Companies (Jersey) Law 1991. We also report to you if, in our opinion, the company has not kept proper accounting records or if we have not received all the information and explanations we require for our audit.

We read the Directors' Report accompanying the consolidated financial statements and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit 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 statements are free from material misstatement, whether caused by fraud or other irregularity or

MARWYN MATERIALS LIMITED

Independent auditors' report to the members of Marwyn Materials Limited – continued

error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements:

- give a true and fair view, in accordance with International Financial Reporting Standards, of the state of the group's and company's affairs as at 31 December 2009 and of the group's loss for the year then ended; and
- have been properly prepared in accordance with the Companies (Jersey) Law 1991.

KPMG Channel Islands Limited

Chartered Accountants

22 March 2010

The maintenance and integrity of the Marwyn Materials Limited website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements or audit report since they were initially presented on the website. Legislation in Jersey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

MARWYN MATERIALS LIMITED

COMPANY INFORMATION

Directors

Peter Tom CBE (*Chairman*)
Simon Vivian (*Chief Executive*)
David Williams (*Non-executive Director*)
James Corsellis (*Non-executive Director*)
David Warr (*Non-executive Director*)

Company Secretary

JTC Management Limited
Elizabeth House
9 Castle Street
St Helier
Jersey
JE2 3RT

Registered office

Elizabeth House
9 Castle Street
St Helier
Jersey
JE2 3RT

Registered in Jersey

Company number 98465

Auditors

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

Nominated Adviser

Cenkos Securities plc
6.7.8 Tokenhouse Yard
London
EC2R 7AS

Registrars

Capita Registrars (Jersey) Limited
12 Castle Street
St Helier
Jersey
JE2 3RT

Legal Adviser

Carey Olsen
47 Esplanade
St Helier
Jersey
JE1 0BD