MARWYN MATERIALS LIMITED

REPORT AND ACCOUNTS

FROM INCORPORATION TO 31 DECEMBER 2008

MARWYN MATERIALS LIMITED

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MARWYN MATERIALS LIMITED

CHAIRMAN'S STATEMENT

I am pleased to present the first report and financial statements of Marwyn Materials Limited for the period from the date of incorporation on 15 August 2007 to 31 December 2008.

Acquisition strategy

Marwyn Materials Limited was established 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.

The Group pursued a number of acquisition opportunities during the period. However, the board considered that none were available on terms which were in the best interests of our shareholders and consequently, as at the period-end, no transactions had been concluded. The management team continues to pursue transactions only where they believe substantial value can be created for shareholders.

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 28 April 2009. The board unanimously recommends that shareholders approve the appropriate resolution.

Results

The Group's loss after taxation for the period from incorporation to 31 December 2008 was £742,495.

Costs incurred to date include £0.49m in relation to due diligence carried out on acquisition targets by the Group's professional advisers. We continue to structure a number of these services on a no-deal no-fee basis and we are rigorous in our approach to ensure that no unnecessary costs are incurred.

As at 31 December 2008, the Group had net cash balances totalling £12.8 million.

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 vigorously to pursue its stated acquisition strategy. The deteriorating economic situation has resulted in a significant decline in the market capitalisation of some companies in the building materials sector and the announcement of several disposal programmes. The short term trading outlook for building materials businesses remains difficult and we continue to review a number of opportunities to acquire attractive assets at a cyclical low point for the industry. We anticipate that 2009 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 the available opportunities in the year ahead.

Peter Tom
Chairman

31 March 2009

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 Unites 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.

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 35 years experience in the investment industry and has served as both executive and non-executive Chairman of a number of public and private companies. He has built a reputation for creating significant shareholder value through organic growth and acquisitions, as well as leading turnaround situations.

In 1994, David worked with the executive team to float Waste Recycling Group plc, at an initial value of £8 million and, during his seven years as Chairman, its value grew to £550 million. David was also Chairman of RAL on its management buy out from the Rank Group in 1996. David is currently Chairman of Augean plc, Entertainment One plc, Zetar plc, Silverdell plc, Praesepe plc, as well as Marwyn Investments Group Limited and associated companies.

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, together with Mark Watts, undertaken 50 transactions raising an aggregate equity of close to £1 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 a Director of Marwyn portfolio companies Concateno plc and Entertainment One Ltd.

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. The business was sold in 1999 and is now part of the Fortis Guernsey Group. David is currently an executive director of Fortis Reads International Management Limited and in that capacity acts for a number of substantial trust clients.

MARWYN MATERIALS LIMITED

DIRECTORS' REPORT

The directors present their report and financial statements for the period from incorporation to 31 December 2008. 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 period to 31 December 2008, the Group's loss before tax was £740,582 and after tax was a loss of £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 period of £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 period 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 notes 19 and 21.

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

Peter Tom CBE (*Chairman*)	Appointed 5 June 2008
Simon Vivian (*Chief Executive*)	Appointed 5 June 2008
David Williams (*Non-executive Director*)	Appointed 15 August 2007
James Corsellis (*Non-executive Director*)	Appointed 5 June 2008
David Warr (*Non-executive Director*)	Appointed 5 June 2008
Mark Watts	Appointed 30 May 2008 and resigned 5 June 2008
Michael Paul Price	Appointed 15 August 2007 and resigned 30 May 2008
Benjamin Howard Shaw	Appointed 15 August 2007 and resigned 30 May 2008

Share capital

Details of shares issued by the Company during the period are set out in note 17 to the financial statements.

DIRECTORS' REPORT

Substantial shareholdings

The Company has been notified of the following interests of 3% or more in its issued ordinary share capital as at 31 March 2009:

Interested party:	*% Interest:*
Marwyn Neptune Fund LLP	36.8%
Peter Tom (and family)	16.4%
OMX Securities Nominees Ltd	11.3%
David Williams	8.1%
Goldman Sachs	6.9%
James Corsellis (and family)	4.0%
Cenkos Channel Islands Nominee	4.2%

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 2008, the Group had a number of Management Participation Shares outstanding. None of the Management Participation Shares vested during the period.

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 has had access to all relevant information in conducting its audit. KPMG Channel Islands, 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 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 28 April 2009 at 2.00 p.m.

On behalf of the Board

31 March 2009

Peter Tom CBE	**Simon Vivian**
Chairman	*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 Group and the Company and of the profit or loss of the Group and the Company for that period. 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.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Group and 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 BALANCE SHEET

As at 31 December 2008

	Note	*2008* £
Assets		
Receivables		14,195
Cash and cash equivalents	14	12,806,100
Total current assets		12,820,295
Total assets		12,820,295
Equity		
Share capital	16	13,262,480
Equity-settled employee benefits reserve	16	680
Accumulated losses	16	(742,495)
Total equity attributable to the shareholders of the Company		12,520,665
Total equity		12,520,665
Non-current liabilities		
Taxation	11	1,913
Total non-current liabilities		1,913
Current liabilities		
Trade and other payables	15	297,717
Total current liabilities		297,717
Total liabilities		299,630
Total equity and liabilities		12,820,295

The Group and the Company financial statements on pages 8 to 30 were approved and authorised for issue by the Board of Directors on 31 March 2009 and signed on its behalf by:

Peter Tom CBE
Chairman

Simon Vivian
Chief Executive

The accompanying notes on pages 14 to 30 form an integral part of the financial statements.

MARWYN MATERIALS LIMITED

BALANCE SHEET

As at 31 December 2008

	Note	*2008* £
Assets		
Investment in subsidiaries	12	–
Loan to group company	13	100,000
Total non-current assets		100,000
Receivables		10,697
Cash and cash equivalents	14	12,759,709
Total current assets		12,770,406
Total assets		12,870,406
Equity		
Share capital	16	13,262,480
Equity-settled employee benefits reserve	16	680
Accumulated losses	16	(753,181)
Total equity attributable to the shareholders of the Company		12,509,979
Liabilities		
Trade and other payables	15	360,427
Total current liabilities		360,427
Total liabilities		360,427
Total equity and liabilities		12,870,406

The accompanying notes on pages 14 to 30 form an integral part of the financial statements.

MARWYN MATERIALS LIMITED

CONSOLIDATED INCOME STATEMENT

For the period from 15 August 2007 to 31 December 2008

	Note	*2008* £
Interest income	10	249,716
Employee expenses	7	(116,764)
Professional and consultancy expenses	8	(761,317)
Other expenses	9	(112,217)
		(990,298)
Results from operating activities		(740,582)
Loss before income tax		(740,582)
Income tax expense	11	(1,913)
Loss for the period		(742,495)
Attributable to:		
Equity holders of the Company	16	(742,495)
Loss for the period		(742,495)
Earnings per share		
Basic and diluted loss per share	18	(1.4p)

All the Group's activities derive from continuing operations.

The accompanying notes on pages 14 to 30 form an integral part of the financial statements.

MARWYN MATERIALS LIMITED

INCOME STATEMENT

For the period from 15 August 2007 to 31 December 2008

	Note	*2008* *£*
Interest income	10	250,182
Employee expenses	7	(23,342)
Professional and consultancy expenses	8	(912,587)
Other expenses	9	(67,434)
		(1,003,363)
Results from operating activities		(753,181)
Loss before income tax		(753,181)
Income tax expense	11	–
Loss for the period		(753,181)
Attributable to:		
Equity holders of the Company	16	(753,181)
Loss for the period		(753,181)
Earnings per share		
Basic and diluted loss per share	18	(1.4p)

All the Company's activities derive from continuing operations.

The accompanying notes on pages 14 to 30 form an integral part of the financial statements.

MARWYN MATERIALS LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period from 15 August 2007 to 31 December 2008

	Share capital £	*Equity-settled employee benefits reserve* £	*Accumulated losses* £	*Total* £
Balance at 15 August 2007	–	–	–	–
Loss for the period	–	–	(742,495)	(742,495)
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)
Balance at 31 December 2008	13,262,480	680	(742,495)	12,520,665

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 30 form an integral part of the financial statements.

MARWYN MATERIALS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

For the period from 15 August 2007 to 31 December 2008

	Note	*2008* £
Cash flows from operating activities:		
Interest received		239,019
Payments to suppliers and employees		(695,399)
Net cash generated by operating activities		(456,380)
Cash flows from financing activities:		
Proceeds from issue of share capital		13,600,000
Payment for share issue costs		(337,520)
Net cash from financing activities		13,262,480
Net increase in cash and cash equivalents		12,806,100
Cash and cash equivalents on 15 August 2007		–
Cash and cash equivalents at 31 December 2008	14	12,806,100

The accompanying notes on pages 14 to 30 form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the period from 15 August 2007 to 31 December 2008

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 as Gracechurch Street Capital Limited and changed its name to Marwyn Materials Limited on 4 June 2008.

The financial statements of the Company as at and for the period ended 31 December 2008 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. Basis of preparation

(a) ***Statement of compliance***

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs).

The financial statements were authorised for issue by the Board of Directors on 31 March 2009.

(b) ***Basis of measurement***

The financial statements have been prepared on the historical cost basis.

(c) ***Functional and presentation currency***

These financial statements are presented in Sterling (GBP), which is the Company's functional currency.

(d) ***Use of estimates and judgements***

The preparation of 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.

3. Significant accounting policies

The accounting policies set out below have been applied consistently throughout the period presented in these financial statements, and have been applied consistently by Group entities.

(a) ***Basis of consolidation***

(i) *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.

(ii) *Transactions eliminated on consolidation*

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

(b) ***Foreign currency***

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in the income statement.

(c) ***Financial instruments***

(i) *Non-derivative financial instruments*

Non-derivative financial instruments comprise receivables, cash and cash equivalents and payables.

Non-derivative financial instruments are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses.

Cash and cash equivalents comprise cash balances and time deposits. Accounting for finance income and expenses is discussed in note 3(f).

(ii) *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.

(d) ***Impairment***

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 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.

(e) ***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 balance sheet 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.

(f) ***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.

(g) ***Income tax***

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

(h) ***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 ordinary shares.

New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 31 December 2008, and have not been applied in preparing these consolidated financial statements:

- IFRS 8 Operating Segments introduces the "management approach" to segment reporting. IFRS 8, which becomes mandatory for the Company's 2009 financial statements, will require a change in the presentation and disclosure of segment information based on the internal reports regularly reviewed by the Company's Operating Decision Maker in order to assess each segment's performance and to allocate resources to them. This information will be different from that reported in the balance sheet and income statement and entities will need to provide explanations and reconciliations of the differences. It is not expected to have any impact on the financial statements.

- Revised IAS 23 Borrowing Costs removes the option to expense borrowing costs and requires that an entity capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. The revised IAS 23 will become mandatory for the Company's 2009 financial statements. It is not expected to have any impact on the financial statements.

- IFRIC 13 Customer Loyalty Programmes addresses the accounting by entities that operate, or otherwise participate in, customer loyalty programmes under which the customer can redeem credits for awards such as free or discounted goods or services. IFRIC 13, which becomes mandatory for the Company's 2009 financial statements, is not expected to have any impact on the financial statements.

- Revised IAS 1 Presentation of Financial Statements (2007) introduces the term total comprehensive income, which represents changes in equity during a period other than those changes resulting from transactions with owners in their capacity as owners. Total comprehensive income may be presented in either a single statement of comprehensive income (effectively combining both the income statement and all non-owner changes in equity in a single statement), or in an income statement and a separate statement of comprehensive income. Revised IAS 1, which becomes mandatory for the Company's 2009 financial statements, is expected to have a significant impact on the presentation of the financial statements. The Company plans to provide total comprehensive income in a single statement of comprehensive income for its 2009 financial statements.

- Amendments to IAS 32 Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation requires puttable instruments, and instruments that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation, to be classified as equity if certain conditions are met. The amendments, which become mandatory for the Company's 2009 financial statements, with retrospective application required, are not expected to have any impact on the financial statements.

- Revised IFRS 3 Business Combinations (2008) incorporates the following changes that may be relevant to the Company's operations:

  – The definition of a business has been broadened, which is likely to result in more acquisitions being treated as business combinations.

- Contingent consideration will be measured at fair value, with subsequent changes therein recognised in profit or loss.
- Transaction costs, other than share and debt issue costs, will be expensed as incurred.
- Any pre-existing interest in the acquiree will be measured at fair value with the gain or loss recognised in profit or loss.
- Any non-controlling (minority) interest will be measured at either fair value, or at its proportionate interest in the identifiable assets and liabilities of the acquiree, on a transaction-by-transaction basis.

Revised IFRS 3, which becomes mandatory for the Company's 2010 financial statements, will be applied prospectively and therefore there will be no impact on prior periods in the Company's 2010 financial statements.

- Amended IAS 27 and Separate Financial Statements (2008) requires accounting for changes in ownership interests by the Company in a subsidiary, while maintaining control, to be recognised as an equity transaction. When the Company loses control of a subsidiary, any interest retained in the former subsidiary will be measured at fair value with the gain or loss recognised in profit or loss. The amendments to IAS 27, which become mandatory for the Company's 2010 financial statements, are not expected to have a significant impact on the financial statements.

4. 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.

(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.

5. 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 financial statements.

The Board of Directors 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.

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 period. 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.

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 period.

6. Segment reporting

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.

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.

7. Employee expenses

	2008 Company £	*2008 Group* £
Wages and salaries	–	79,663
Equity-settled share-based payments	680	680
Compulsory social security contributions	–	13,759
Non-executive Directors' fees	22,662	22,662
	23,342	116,764

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

8. Professional and consultancy expenses

	2008 Company £	*2008 Group* £
Professional fees	293,796	295,018
Consultancy fees	466,299	466,299
Consultancy fees paid to Marwyn Materials UK Limited	144,492	–
	904,587	761,317

NOTES TO THE FINANCIAL STATEMENTS

For the period from 15 August 2007 to 31 December 2008

9. Other expenses

	2008 Company £	*2008 Group £*
Rent	8,000	37,250
Legal fees	26,550	26,550
Sundry expenses	40,884	48,417
	75,434	112,217

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 £29,250 during the period. Non-cancellable operating lease rentals are as follows:

	2008 Company £	*2008 Group £*
Less than one year	–	60,000
Between one and five year	-–	85,000
More than five years	–	–
	–	145,000

10. Interest income

	2008 Company £	*2008 Group £*
Interest income on bank deposits	249,716	249,716
Interest on loan to Marwyn Materials UK Limited	466	–
	250,182	249,716

11. Income tax expense

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

Reconciliation of effective tax rate:

	2008 Company £	2008 Group £
Loss for the period	(753,181)	(740,582)
Income tax at the Company's domestic rate of 0%	–	–
Effect of tax rates in foreign jurisdictions*	–	1,913
Income tax expense recognised	–	1,913

*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 £9,566 in the period.

12. Investment in subsidiaries

Company:

	Principal activity	Country of incorporation	Voting and ownership interest	Cost
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:

	2008 £
Marwyn Materials UK Limited	100,000
	100,000

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

14. Cash and cash equivalents

	2008 Company £	2008 Group £
Bank balances	12,759,709	12,806,100
Cash and cash equivalents in the statement of cash flows	12,759,709	12,806,100

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

NOTES TO THE FINANCIAL STATEMENTS

For the period from 15 August 2007 to 31 December 2008

15. Trade and other payables

	2008 *Company* *£*	*2008* *Group* *£*
Professional and consultancy fees	288,468	288,468
Amount due to Marwyn Materials UK Limited	68,459	–
Liability for Participation Shares	3,500	3,500
Other creditors	–	5,749
	360,427	297,717

16. Capital and reserves

Reconciliation of movement in capital and reserves

Company:

	Share capital *£*	*Equity-settled employee benefits reserve* *£*	*Accumulated losses* *£*	*Total equity* *£*
Loss for the period	–	–	(753,181)	(753,181)
Issue of ordinary shares on incorporation	2	–	–	2
Recognition of share-based payments	–	680	–	680
Issue of ordinary shares during the period	13,599,998	–	–	13,599,998
Costs directly related to the issue of capital	(337,520)	–	–	(337,520)
Balance at 31 December 2008	13,262,480	680	(753,181)	12,509,979

Group:

	Share capital *£*	*Equity-settled employee benefits reserve* *£*	*Accumulated losses* *£*	*Total equity* *£*
Loss for the period	–	–	(742,495)	(742,495)
Issue of ordinary shares on incorporation	2	–	–	2
Recognition of share-based payments	–	680	–	680
Issue of ordinary shares during the period	13,599,998	–	–	13,599,998
Costs directly related to the issue of capital	(337,520)	–	–	(337,520)
Balance at 31 December 2008	13,262,480	680	(742,495)	12,520,665

NOTES TO THE FINANCIAL STATEMENTS

For the period from 15 August 2007 to 31 December 2008

17. Share capital

Company and Group:

	Ordinary shares *2008*
Issue of ordinary shares on incorporation	2
Issue of ordinary shares on admission to AIM	135,999,998
On issue at 31 December	136,000,000

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.

18. Earnings per share

Group:

Basic earnings per share

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

Diluted earnings per share

The calculation of diluted earnings per share at 31 December 2008 (1.4p loss) was based on the loss attributable to ordinary shareholders of £742,495 and the weighted average outstanding ordinary shares of 54.6m. The Participation Shares in issuance during the period 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 at 31 December 2008 (1.4p loss) was based on the loss attributable to ordinary shareholders of £753,181 and a weighted average number of ordinary shares outstanding of 54.6m.

Diluted earnings per share

The calculation of diluted earnings per share at 31 December 2008 (1.4p loss) was based on the loss attributable to ordinary shareholders of £753,191 and the weighted average outstanding ordinary shares of 54.6m. The Participation Shares in issuance during the period 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 period end are shown below. None of the Participation Shares were forfeited, exercised or expired during the period.

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:

Issued to:	*Participation in increase in "Shareholder Value"*	*Issue price*	*Number of Participation shares*	*Nominal value of Participation shares*
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
			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:

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

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 period, £680 has been recognised in total as an expense in the income statement 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 3 to the financial statements.

Categories of financial instruments

Carrying amount of financial assets:

	2008 Company £	*2008 Group £*
Loan and receivables (including cash and cash equivalents)	12,870,406	12,820,295
	12,870,406	12,820,295

Carrying amount of financial liabilities:

	2008 Company £	*2008 Group £*
Amortised cost	360,427	299,630
	360,427	299,630

NOTES TO THE FINANCIAL STATEMENTS

For the period from 15 August 2007 to 31 December 2008

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:

	2008 Company £	*2008 Group £*
Cash and cash equivalents	12,759,709	12,806,100
Loans and receivables	110,697	14,195
	12,870,406	12,820,295

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 and excluding the impact of netting agreements:

Company:

	Carrying amount	*Contractual cash flows*	*6 months or less*	*2-5 years*
Accruals	360,427	360,427	360,427	–
	360,427	360,427	360,427	–

Group:

	Carrying amount	*Contractual cash flows*	*6 months or less*	*2-5 years*
Accruals	299,630	299,630	297,717	1,913
	299,630	299,630	297,717	1,913

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 Company £	*Carrying amount Group* £
Fixed rate instruments		
Financial assets (time deposits)	12,677,207	12,677,207
	12,677,207	12,677,207
Variable rate instruments		
Financial assets	82,502	128,893
	82,502	128,893

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.

	Profit or loss and equity		*Profit or loss and equity*	
	Company 100 bp increase £	*Company 100 bp decrease* £	*Group 100 bp increase* £	*Group 100 bp decrease* £
Time deposits	127,597	(127,597)	128,061	(128,061)

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 Company	*Fair value Company*	*Carrying amount Group*	*Fair value Group*
	£	*£*	*£*	*£*
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)
	12,513,479	12,505,722	12,524,163	12,524,163

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 2 years 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.

	Yield on Government security	*Credit spread*	*Discount rate*
Loan to Marwyn Materials UK Limited	1.3%	3%	4.3%

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 the Marwyn Neptune Fund LP which has a significant shareholding in the Company. James Corsellis and David Williams are partners in Marwyn Investment Management LLP, and are directors of various Marwyn group companies and Marwyn Materials Limited. The following Marwyn companies are therefore deemed to be related parties of the Group.

Marwyn Partners Limited was paid GBP£25,000 (excluding VAT) in respect of office accommodation and Marwyn Capital LLP was paid GBP£100,000 in respect of corporate finance and administrative services. At the balance sheet date Marwyn Partners Limited was owed an amount of £20,000 in respect of services supplied during the period.

At the balance sheet date the Marwyn Neptune Fund 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.

NOTES TO THE FINANCIAL STATEMENTS

For the period from 15 August 2007 to 31 December 2008

Transactions with directors

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

	Payments for services during the period £	*Amounts owed at period end* £
Consultancy fees	97,531	–
Director salary payments	50,000	10,000
Non-executive fees	22,662	4,166
	170,193	14,166

Directors' shareholdings

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

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

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Independent auditors' report to the members of Marwyn Materials Limited

We have audited the Consolidated and Company financial statements (the "financial statements") of Marwyn Materials Limited for the period ended 31 December 2008 which comprise the Consolidated and Company Balance Sheets, the Consolidated and Company Income Statements, 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 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 described in the Statement of Directors' Responsibilities on page 7, the company's directors are responsible for preparation of the 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 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 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 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 error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Independent auditors' report to the members of Marwyn Materials Limited

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 consolidated and company's affairs as at 31 December 2008 and of its loss for the period then ended; and
- have been properly prepared in accordance with the Companies (Jersey) Law 1991.

KPMG Channel Islands Limited
Chartered Accountants

31 March 2009

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

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Company number 98465

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