

**REGISTERED NUMBER 06163193**

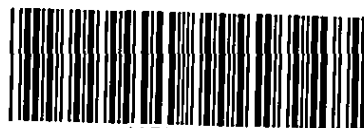
**HOT ROCKS INVESTMENTS PLC**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**31 MARCH 2010**

FRIDAY



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**Directors**

Brian Rowbotham  
Gavin John Burnell

**Secretary**

Lorraine Elizabeth Young

**Registered Office**

3 Vaughan Avenue  
Tonbridge Kent  
TN10 4EB

**Corporate Advisor**

St Helens Capital Partners LLP  
223a Kensington High Street  
London  
W8 6SG

**Solicitors**

Edwin Coe LLP  
2 Stone Buildings  
Lincoln's Inn  
London WC2A 3TH

**Auditors**

Littlejohn LLP  
Statutory Auditor  
1 Westferry Circus  
Canary Wharf  
London E14 4HD

**Registrars**

Share Registrars Limited  
Suite E  
First Floor  
9 Lion and Lamb Yard  
Farnham  
Surrey GU9 7LL

**Registered Number**

06163193

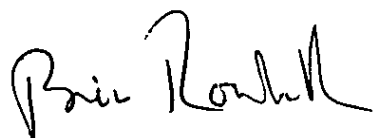
I am pleased to announce the final audited results for the Company for the year ended 31 March 2010

The Company made a pre-tax loss of £23,908 for the year Interest receivable on deposits for the year was £553

Cash in the bank at the end of March 2010 was £432,552

The Directors have reviewed a number of potential acquisitions and investment opportunities since the successful flotation of Hot Rocks Investments Plc on PLUS which raised £500,000 gross The Company has not yet commenced formal due diligence on any particular opportunity but your Board continues to review opportunities and seeks to complete a transaction as soon as possible

The Directors remain focused on business or companies that they consider have the potential to produce a favourable return for shareholders in both the short and medium terms



**Brian Rowbotham**  
Non-Executive Chairman

The Directors present their report and the Financial Statements for the year ended 31 March 2010

### Principal Activities and Review of the Business

The principal activity of the Company is to invest in or acquire a company or companies, or assets, in the natural resources sector

### Results and Dividends

The loss for this year after taxation was £23,908. The Directors do not recommend the payment of a dividend. The Directors consider the results for the period to be acceptable.

### Financial Risk Management

The Company's principal financial instruments comprise other receivables, other creditors and cash on deposit. No bank loans or other financing arrangements have been required. No borrowings have been required to finance working capital. Therefore the Company's exposure to credit risk, liquidity risk and market risk is not material for the present.

### Directors and Directors' Interests

The Directors who held office during the period to the date of approval of these Financial Statements had the following beneficial interests in the ordinary shares of the Company

|                 | Ordinary<br>shares<br>interest<br>at end of<br>period<br>No. | Warrants<br>interest<br>at end of<br>period<br>No. | Ordinary<br>shares<br>interest<br>at start of<br>period<br>No. | Warrants<br>interest<br>at start of<br>period<br>No. |
|-----------------|--------------------------------------------------------------|----------------------------------------------------|----------------------------------------------------------------|------------------------------------------------------|
| Gavin J Burnell | 3,000,000                                                    | 4,000,000                                          | 3,000,000                                                      | 4,000,000                                            |
| Brian Rowbotham | -                                                            | -                                                  | -                                                              | -                                                    |

### Substantial Interests

As at 16 June 2010, the Directors were aware of the following shareholdings in excess of 3% of the Company's issued share capital

|                                        | %     | Number of<br>ordinary shares |
|----------------------------------------|-------|------------------------------|
| Channel Hotels & Properties Limited**  | 20.63 | 16,500,000                   |
| Gavin Burnell                          | 3.75  | 3,000,000                    |
| Hichens, Harrisons (Ventures) Limited* | 22.50 | 18,000,000                   |
| John Edward Story**                    | 4.38  | 3,500,000                    |
| Paul Ray                               | 10.00 | 8,000,000                    |
| Pershing Nominees Limited              | 37.66 | 30,130,000                   |
| Astaire Securities plc                 | 7.50  | 6,000,000                    |
| Sunvest Corporation Limited            | 26.88 | 21,500,000                   |

\* Of the 18,000,000 ordinary shares in which Hichens, Harrison (Ventures) Limited is interested, 9,000,000 are registered in the name of Pershing Nominees Limited

\*\* These interests are registered in the name of Pershing Nominees Limited

**Supplier Payment Policy**

Whilst there is no formal code or standard, it is Company policy to settle terms of payment with creditors when agreeing the terms of each transaction and to abide by the creditors' terms of payment. There are no creditors subject to special arrangements outside of suppliers' terms and conditions.

**Provision of information to auditors**

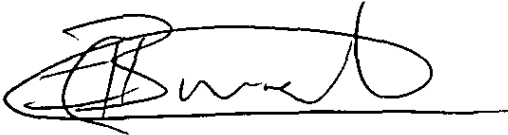
The Directors at the time when this Directors' Report is approved have confirmed that

- so far as each Director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- each Director has taken all the steps that ought to have been taken as directors in order to be aware of any information needed by the Company's auditor in connection with preparing its report and to establish that the Company's auditor is aware of that information.

**Auditors**

A resolution to reappoint Littlejohn LLP for the ensuing year will be proposed at the Annual General Meeting in accordance with Section 485 of the Companies Act 2006.

Approved by the Board on 31 August 2010 and signed on its behalf by

A handwritten signature in black ink, appearing to read 'G Burnell', is written over a horizontal line.

**Gavin J Burnell**  
Director

**Introduction**

The Company's system of corporate governance, which is summarised below, has been formulated with the Combined Code in mind. However, not every provision and principle of this Code has been dealt with as it is considered by the Directors to be inappropriate due to the current size of the Company. Although not required, the Directors have decided to provide the following corporate governance information.

**Board of Directors**

As at 31 March 2010 the Board consisted of a Non-Executive Chairman and a Non-Executive Director. The Board communicates and/or meets on a regular basis and the agenda of matters discussed and approved consists of matters concerned with the future direction of the business.

**Statement of Directors' Responsibilities**

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law the Directors have prepared the Financial Statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. The Financial Statements are required by law to give a true and fair view of the state of affairs of the Company. 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 that the Financial Statements comply with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the Financial Statements, and
- prepare the Financial Statements on the going concern basis, unless it is inappropriate to presume that the Company will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

The Directors confirm that they have complied with the above requirements in preparing the Financial Statements.

The Directors are responsible for keeping adequate accounting records which 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 Act 2006. 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.

**Independent Auditor's report to the Members of Hot Rocks Investments Plc**

We have audited the Financial Statements of Hot Rocks Investments PLC for the year ended 31 March 2010 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Cash Flow, the Statement of Changes in Equity, the Accounting Policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone, other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of Directors and Auditors**

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

**Scope of the audit of the Financial Statements**

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

**Opinion on Financial Statements**

In our opinion the Financial Statements

- give a true and fair view of the state of the Company's affairs as at 31 March 2010 and of its loss for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Opinion on other matter prescribed by the Companies Act 2006**

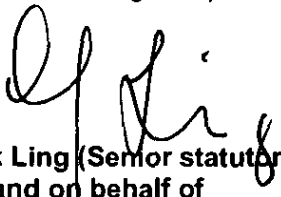
In our opinion the information given in the Directors' Report for the financial year for which the Financial Statements are prepared is consistent with the Financial Statements.

**Matters on which we are required to report by exception**

The Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the Financial Statements are not in agreement with the accounting records and returns, or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

We have nothing to report in respect of the above matters

  
**Mark Ling (Senior statutory auditor)**  
For and on behalf of  
Littlejohn LLP

1 Westferry Circus  
Canary Wharf  
London E14 4HD

**Statutory auditor**

31 August 2010

|                                              | Note | Year ended<br>31 March<br>2010<br>£ | Year ended<br>31 March<br>2009<br>£ |
|----------------------------------------------|------|-------------------------------------|-------------------------------------|
| Operating expenses                           |      | (24,461)                            | (24,891)                            |
| <b>Operating loss</b>                        | 1    | <b>(24,461)</b>                     | <b>(24,891)</b>                     |
| Interest receivable and similar income       |      | 553                                 | 19,291                              |
| <b>Loss before taxation</b>                  |      | <b>(23,908)</b>                     | <b>(5,600)</b>                      |
| Corporation tax expense                      | 2    | -                                   | -                                   |
| <b>Loss for the period</b>                   |      | <b>(23,908)</b>                     | <b>(5,600)</b>                      |
| Other comprehensive income                   |      | -                                   | -                                   |
| <b>Total comprehensive loss for the year</b> |      | <b>(23,908)</b>                     | <b>(5,600)</b>                      |
| <br>                                         |      |                                     |                                     |
| <b>Loss per share</b>                        | 3    | <b>(0.00p)</b>                      | <b>(0 00p)</b>                      |

The Accounting Policies and Notes on pages 13 to 19 form part of these Financial Statements

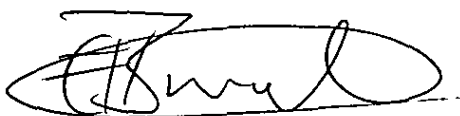
**HOT ROCKS INVESTMENTS PLC**

Co No 06163193

**STATEMENT OF FINANCIAL POSITION  
AT 31 MARCH 2010**

|                                     | Note | As at<br>31 March<br>2010<br>£ | As at<br>31 March<br>2009<br>£ |
|-------------------------------------|------|--------------------------------|--------------------------------|
| <b>Assets</b>                       |      |                                |                                |
| <b>Current Assets</b>               |      |                                |                                |
| Trade and other receivables         | 5    | 5,173                          | 7,496                          |
| Cash and cash equivalents           |      | 432,552                        | 452,210                        |
| <b>Total Assets</b>                 |      | <b>437,725</b>                 | <b>459,706</b>                 |
| <b>Equity and Liabilities</b>       |      |                                |                                |
| <b>Equity</b>                       |      |                                |                                |
| Called up share capital             | 7    | 80,000                         | 80,000                         |
| Share premium account               |      | 301,872                        | 301,872                        |
| Share to be issued under warrants   | 8    | 25,440                         | 25,440                         |
| Other reserves                      | 9    | 54,000                         | 54,000                         |
| Retained loss                       |      | (27,980)                       | (4,072)                        |
|                                     |      | <b>433,332</b>                 | <b>457,240</b>                 |
| <b>Current liabilities</b>          |      |                                |                                |
| Trade and other payables            | 6    | 4,393                          | 2,466                          |
| <b>Total Equity and Liabilities</b> |      | <b>437,725</b>                 | <b>459,706</b>                 |

These financial statements were approved and authorised for issue by the Board of Directors and were signed on its behalf on 31 August 2010



**Gavin Burnell**  
Director

The Accounting Policies and Notes on pages 13 to 19 form part of these Financial Statements

|                                       | Share<br>capital | Share<br>premium | Shares to<br>be issued<br>under<br>warrants | Other<br>reserves | Retained<br>profit/<br>(loss) | Total          |
|---------------------------------------|------------------|------------------|---------------------------------------------|-------------------|-------------------------------|----------------|
|                                       | £                | £                | £                                           | £                 | £                             | £              |
| Balance at 1 April 2008               | 80,000           | 301,872          | 25,440                                      | 54,000            | 1,528                         | 462,840        |
| <b>Comprehensive income</b>           |                  |                  |                                             |                   |                               |                |
| Loss for the year                     | -                | -                | -                                           | -                 | (5,600)                       | (5,600)        |
| <b>Total comprehensive Income</b>     | -                | -                | -                                           | -                 | (5,600)                       | (5,600)        |
| <b>Total transactions with Owners</b> | -                | -                | -                                           | -                 | -                             | -              |
| Balance as at 1 April 2009            | 80,000           | 301,872          | 25,440                                      | 54,000            | (4,072)                       | 457,240        |
| <b>Comprehensive income</b>           |                  |                  |                                             |                   |                               |                |
| Loss for the year                     | -                | -                | -                                           | -                 | (23,908)                      | (23,908)       |
| <b>Total comprehensive Income</b>     | -                | -                | -                                           | -                 | (23,908)                      | (23,908)       |
| <b>Total transactions with Owners</b> | -                | -                | -                                           | -                 | -                             | -              |
| <b>Balance as at 31 March 2010</b>    | <b>80,000</b>    | <b>301,872</b>   | <b>25,440</b>                               | <b>54,000</b>     | <b>(27,980)</b>               | <b>433,332</b> |

The Accounting Policies and Notes on pages 13 to 19 form part of these Financial Statements

|                                                         | Year ended<br>31 March<br>2010<br>£ | Year ended<br>31 March<br>2009<br>£ |
|---------------------------------------------------------|-------------------------------------|-------------------------------------|
| <b>Cash flows from operating activities</b>             |                                     |                                     |
| Operating loss                                          | (24,461)                            | (24,891)                            |
| Decrease/ (increase) in trade and other receivables     | 2,323                               | (834)                               |
| Increase in trade and other payables                    | 1,927                               | 56                                  |
|                                                         | <hr/>                               | <hr/>                               |
| <b>Net cash used in operations</b>                      | <b>(20,211)</b>                     | <b>(25,669)</b>                     |
|                                                         | <hr/>                               | <hr/>                               |
| <b>Cash flows from investing activities</b>             |                                     |                                     |
| Interest received                                       | 553                                 | 19,291                              |
|                                                         | <hr/>                               | <hr/>                               |
| <b>Taxation</b>                                         | <b>-</b>                            | <b>(382)</b>                        |
|                                                         | <hr/>                               | <hr/>                               |
| <b>Decrease in cash and cash equivalents</b>            | <b>(19,658)</b>                     | <b>(6,760)</b>                      |
|                                                         | <hr/>                               | <hr/>                               |
| Cash and cash equivalents at the beginning of the year  | 452,210                             | 458,970                             |
|                                                         | <hr/>                               | <hr/>                               |
| <b>Cash and cash equivalents at the end of the year</b> | <b>432,552</b>                      | <b>452,210</b>                      |
|                                                         | <hr/>                               | <hr/>                               |

The Accounting Policies and Notes on pages 13 to 19 form part of these Financial Statements

**General Information**

Hot Rocks Investments Plc is a limited company incorporated and domiciled in the United Kingdom. Its registered office is disclosed on page 2.

**Summary of Significant Accounting Policies**

The principal Accounting Policies applied in the preparation of these Financial Statements are set out below. These Policies have been consistently applied to all the periods presented, unless otherwise stated.

**Basis of Preparation of Financial Statements**

The Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and IFRIC interpretations as adopted by the European Union and the Companies Act 2006 applicable to companies reporting under IFRSs. The Financial Statements have also been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's Accounting Policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Financial Statements, are disclosed later in these accounting policies.

The Financial Statements are presented in sterling (£), rounded to the nearest pound.

**New and Amended Standards Adopted by the Company**

The Company has adopted the following new and amended IFRSs as of 1 April 2009:

A revised version of IAS 1 *Presentation of Financial Statements* includes a statement of comprehensive income and prohibits the presentation of items of income and expense (that is, "non-owner changes in equity") within the Statement of Changes in Equity, requiring non-owner changes in equity to be presented separately from owner changes in equity in a statement of comprehensive income. As a result, the Company now presents all owner changes in equity in the Statement of Changes in Equity, whereas all non-owner changes in equity are presented in the Statement of Comprehensive Income. Comparative information has been represented so that it also conforms to the revised standard. This change only affects presentational aspects, and there is no impact on earnings per share.

**New and Amended Standards and IFRIC Interpretations that are Not Yet Effective and have Not Been Early-Adopted by the Company**

At the date of approval of these Financial Statements, the following standards and IFRIC interpretations, which have not been applied in these Financial Statements, were in issue. They will be mandatory for the Company's accounting periods beginning on 1 April 2010 or later, and the Company has not early-adopted them:

IAS 24 (revised) *Related Party Disclosures* (effective 1 January 2011)

Amendments to IAS 32 *Financial Instruments: Presentation* on accounting for rights issues (effective 1 February 2010)

Amendments to IAS 39 *Financial Instruments: Recognition and Measurement* on hedged items (effective 1 July 2009)

Amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards* and IAS 27 *Consolidated and Separate Financial Statements* on retrospective determination of cost of investment (effective 1 July 2009)

Amendments to IFRS 1 on oil and gas assets and leasing contracts (effective 1 January 2010)

Amendments to IFRS 1 on amended IFRS 7 disclosures (effective 1 July 2010)

Amendments to IFRS 2 *Share-based Payment* on group cash-settled share-based payment transactions (effective 1 January 2010)

**Basis of Preparation of Financial Statements (continued)**

IFRS 3 (revised) *Business Combinations* and amendments to IAS 27 on accounting for business combinations (effective 1 July 2009)

IFRS 9 *Financial Instruments* (effective 1 January 2013)

Amendments to IFRIC 14 IAS 19 – *the Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction* on prepayments of a minimum funding requirement for a pension scheme (effective 1 January 2011)

IFRIC 17 *Distributions of Non-cash Assets to Owners* (effective 1 July 2009)

IFRIC 18 *Transfers of Assets from Customers* (effective 1 July 2009)

IFRIC 19 *Extinguishing Financial Liabilities with Equity Instruments* (effective 1 July 2010)

The Directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the Financial Statements of the Company. The effective date refers to accounting periods commencing on or after that date, except for IFRIC 18 which applies to transactions on or after the effective date.

**Cash and Cash Equivalents**

Cash and cash equivalents comprise current and deposit balances with banks and similar institutions, which are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value. This definition is also used for the Statement of Cash Flows.

**Taxation**

Current tax is the tax currently payable based on the taxable profit for the year.

Deferred tax is provided in full, using the liability method, on temporary differences between the carrying amounts of assets and liabilities and their tax bases, except when, at the initial recognition of the asset or liability, there is no effect on accounting or taxable profit or loss. Deferred tax is determined using tax rates and laws that have been substantially enacted by the Statement of Financial Position date, and that are expected to apply when the temporary difference reverses.

Tax losses available to be carried forward are recognised as deferred tax assets, to the extent that it is probable that there will be future taxable profits against which the temporary differences can be utilised.

Changes in deferred tax assets or liabilities are recognised as a component of the tax expense in the Statement of Comprehensive Income, except where they relate to items that are charged or credited directly to equity (such as the revaluation of land), in which case the related deferred tax is also charged or credited directly to equity.

**Share Based Incentive**

The fair value of the services in exchange for the grant of warrants is recognised as an expense and as a component of equity, if material. The total amount to be expensed over the vesting period is determined by reference to the fair value of the warrants granted using the Black-Scholes option pricing model.

**Critical Accounting Estimates and Assumptions**

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The only estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are:

Fair value of warrants: in accordance with IFRS 2 'Share Based Payments' the Company has recognised the fair value of warrants, calculated using the Black-Scholes option pricing model. The Directors have made significant assumptions particularly regarding the volatility of the share price at the grant date in order to reach a fair value. Further information is disclosed in Note 8.

**Going Concern**

The Directors have prepared the Financial Statements on a going concern basis and consider this appropriate having considered a period of no less than 12 months from the date of approval of these Financial Statements

**1 Loss from Operations**

|                                               | Year ended<br>31 March<br>2010<br>£ | Year ended<br>31 March<br>2009<br>£ |
|-----------------------------------------------|-------------------------------------|-------------------------------------|
| Loss from operations is stated after charging |                                     |                                     |
| Auditors' remuneration                        | 3,147                               | 2,971                               |
| Fees to auditors for other services           | 999                                 | 1,265                               |
|                                               | <u>          </u>                   | <u>          </u>                   |

**2 Corporation Tax Expense****Tax charge for the year**

No taxation arises on the result for the year because of the trading loss

**Factors affecting the tax charge for the year**

The following information is given to explain why no tax charge or credit arises for the year

|                                                                                                                       | Year ended<br>31 March<br>2010<br>£ | Year ended<br>31 March<br>2009<br>£ |
|-----------------------------------------------------------------------------------------------------------------------|-------------------------------------|-------------------------------------|
| Loss for the year before taxation                                                                                     | (23,908)                            | (5,600)                             |
|                                                                                                                       | <u>          </u>                   | <u>          </u>                   |
| Tax on loss for the year before tax multiplied by the<br>UK small companies corporation<br>tax rate of 21% (2009 21%) | (5,021)                             | (1,176)                             |
| Tax losses for the year not relieved                                                                                  | 5,021                               | 1,176                               |
|                                                                                                                       | <u>          </u>                   | <u>          </u>                   |
|                                                                                                                       | -                                   | -                                   |
|                                                                                                                       | <u>          </u>                   | <u>          </u>                   |

Tax losses available to be carried forward by the Company at 31 March 2010 against future profits are £29,508. A deferred tax asset has not been recognised in respect of these losses in view of the uncertainty as to the level of future taxable profits.

**3 Loss per Share**

The calculation of basic loss per share is based on the loss attributable to ordinary shareholders divided by the weighted average of ordinary shares in issue being 80,000,000 during the year. This results in a loss per share which is too low to be meaningful. No warrant is potentially dilutive, as the average market price of the ordinary shares during the year was less than the exercise price of the warrants, and hence basic and diluted loss per share are the same.

|                                                                                    | Year ended<br>31 March<br>2010           | Year ended<br>31 March<br>2009           |
|------------------------------------------------------------------------------------|------------------------------------------|------------------------------------------|
| <b>4 Directors</b>                                                                 |                                          |                                          |
| The average number of persons (including Directors)<br>employed by the Company was | No                                       | No                                       |
| Directors                                                                          | 2                                        | 2                                        |
| No Directors' emoluments were paid in the year                                     |                                          |                                          |
| <b>5. Trade and Other Receivables</b>                                              | <b>As at<br/>31 March<br/>2010<br/>£</b> | <b>As at<br/>31 March<br/>2009<br/>£</b> |
| Prepayments                                                                        | 5,173                                    | 7,496                                    |
| <b>6 Trade and Other Payables</b>                                                  | <b>As at<br/>31 March<br/>2010<br/>£</b> | <b>As at<br/>31 March<br/>2009<br/>£</b> |
| Trade creditors                                                                    | 1,661                                    | -                                        |
| Accruals and deferred income                                                       | 2,732                                    | 2,466                                    |
|                                                                                    | 4,393                                    | 2,466                                    |
| <b>7 Share Capital</b>                                                             | <b>As at<br/>31 March<br/>2010<br/>£</b> | <b>As at<br/>31 March<br/>2009<br/>£</b> |
| <b>Authorised</b>                                                                  |                                          |                                          |
| 474,000,000 ordinary shares of 0 1p each                                           | 474,000                                  | 474,000                                  |
| 26,000,000 redeemable shares of 0 1p each                                          | 26,000                                   | 26,000                                   |
|                                                                                    | 500,000                                  | 500,000                                  |
| <b>Allotted, issued and fully paid</b>                                             |                                          |                                          |
| 80,000,000 ordinary shares of 0 1p each                                            | 80,000                                   | 80,000                                   |

**8 Share Based Payments**

On 26 April 2007 the Company granted 4,000,000 warrants to each of Gavin Burnell, Hichens, Harrison (Ventures) Limited and Sunvest Corporation Limited. Each warrant entitles the holder to subscribe for one new ordinary share at an exercise price of 1p per share at any time until the fifth anniversary of Admission to PLUS.

The fair value of the warrants is as follows

| Name                                    | Date granted  | Number            | Exercise price<br>£ | Expiry date  | Fair value at<br>grant date |
|-----------------------------------------|---------------|-------------------|---------------------|--------------|-----------------------------|
| Gavin Burnell                           | 26 April 2007 | 4,000,000         | 0.01                | 14 June 2012 | 8,480                       |
| Hichens, Harrison<br>(Ventures) Limited | 26 April 2007 | 4,000,000         | 0.01                | 14 June 2012 | 8,480                       |
| Sunvest<br>Corporation Limited          | 26 April 2007 | 4,000,000         | 0.01                | 14 June 2012 | 8,480                       |
|                                         |               | <u>12,000,000</u> |                     |              | <u>£25,440</u>              |

The warrants are exercisable at £0.01 at any time from the date of the original admission to PLUS and expiring five years from such date. In the case of founder warrants, they are exercisable at £0.001 at any time from the date of the original admission to PLUS and expiring 7 business days following admission to PLUS.

|                                    | Average exercise<br>Price (p per share) | Warrants          |
|------------------------------------|-----------------------------------------|-------------------|
| At 1 April 2007                    | -                                       | -                 |
| Granted                            | 1                                       | 12,000,000        |
| Forfeited                          | -                                       | -                 |
| Exercised                          | -                                       | -                 |
| Expired                            | -                                       | -                 |
|                                    |                                         | <u>12,000,000</u> |
| At 31 March 2009 and 31 March 2010 |                                         | <u>12,000,000</u> |

The weighted average fair value of warrants granted on 26 April 2007, determined by using the Black-Scholes valuation model, was £0.00212 per warrant for the 12,000,000 warrants granted. The significant inputs into the model were

| Warrants                      |       |
|-------------------------------|-------|
| Dividend rate (%)             | -     |
| Risk free interest rate (%)   | 4.75% |
| Expected volatility (%)       | 5.00% |
| Share price at grant date (£) | 1p    |
| Exercise price (£)            | 1p    |

**8 Share Based Payments (continued)**

The warrants were granted on 26 April 2007, only 43 days after incorporation. The Directors were therefore unable to base their expected volatility rate on the historical performance of the Company's share price. The Directors therefore assumed a low volatility rate reflecting the cash shell status of the Company and low volume of trading expected.

**9 Other Reserves**

Other reserves are non-distributable. They represent the equity entry in respect of the fair value of warrants exercised in previous years, which had been debited to the share premium account as a directly attributable cost of an equity transaction.

**10 Capital Commitments**

There were no capital commitments authorised by the Directors or contracted for at 31 March 2010.

**11 Related Party Transactions**

Gavin Burnell, a Director of the Company, is a Director of Corporate Finance at St Helens Capital Partners LLP. St Helens Capital Partners LLP provided corporate finance advisory services to 31 March 2010. The total fees for these services amounted to £2,938 (2009: £Nil).

Gavin Burnell is also an employee of Astaire Securities plc, a subsidiary of Astaire Group plc. Ruegg & Co Limited was acquired by Astaire Group plc during the year. Ruegg & Co Limited provided corporate finance services to 21 October 2009 in relation to the Company's PLUS admission. The total fees for these services amounted to £8,654 (2009: £10,049).

**12 Ultimate Controlling Party**

The Directors consider that there is no ultimate controlling party.

**13 Treasury Policy and Financial Instruments**

The Company operates informal treasury policies which include ongoing assessments of interest rate management and borrowing policy. The Board approves all decisions on treasury policy.

The Company has financed its activities by the raising of funds through the placing of shares. There are no material differences between the book value and fair value of the financial assets.

**14 Financial Risk Management objectives and policies**

The Company's principal financial instruments comprise other receivables, other creditors and cash on deposit. No bank loans or other financing arrangements have been made. No borrowings have been made to finance working capital. Therefore the Company is not yet affected by market price risk, foreign currency risk, interest rate risk or credit risk.

**15 Capital Risk Management**

The Company is subject to capital requirements set by the PLUS capital market on which the Company's securities are traded. At 31 March 2010 the minimum share capital required by the regulated market was £50,000. The Company has remained within the required limits throughout the year.