

MARWYN VALUE INVESTORS LIMITED
AUDITED FINANCIAL STATEMENTS
31 December 2010

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PERFORMANCE SUMMARY

Marwyn Value Investors Limited (the “Company”) (LSE: MVI) provides access to the investment strategy pursued by Marwyn Value Investors LP (the “Master Fund” or the “Fund”). The Company is listed on the Specialist Fund Market of the London Stock Exchange.

Key performance features are as follows:

- The Company posted its strongest performance since launch with an increase in the Net Asset Value (“NAV”) of the Ordinary shares of 76.13%. The NAV since inception has increased by 105.12%. That compares with an increase in value of the FTSE All Share Cap Index (ex Investment Trusts) of 3.33%;
- The price per Ordinary share increased by 67.77% from 60.5p on 31 December 2009 to 101.5p on 31 December 2010 and 124.5p as at the date of release of this annual report;
- The NAV of the B Ordinary shares reduced by 0.70% during the year with the share price decreasing by 11.00% from 100p on 31 December 2009 to 89p on 31 December 2010 and 85.5p as at the date of release of this annual report;
- In the six year period to January 2011, Marwyn investee companies combined have delivered a net internal rate of return (“IRR”) to all equity investors of 25% on a total of GBP845m of invested equity (a combination of new equity issuance and share considerations to vendors of acquired companies by Marwyn companies);
- Average leverage across the portfolio companies remains prudent, allowing flexibility for further investment and future growth.

REPORT OF THE CHAIRMAN

I am pleased to present to the shareholders the Annual Report and audited Financial Statements of the Company for the twelve months ended 31 December 2010.

The Company's Ordinary shares have enjoyed an excellent year of growth, posting a 76.13% increase in NAV and a share price increase over the same period of 67.77%. This is a reflection of the underlying strength of the Company's investment in the Master Fund. Whilst the NAV of the B Ordinary shares has fallen by 0.70% over the same period, they have gained 26.99% since their issue in December 2009; outperforming the FTSE-All Share and FTSE-Small Cap indices.

Ordinary Shares

In February, the 15,150,000 Ordinary shares acquired by the Master Fund in October 2009 through the partial offer were exchanged into partnership interests in the Master Fund and subsequently cancelled. The Master Fund utilised the Company's innovative exchange procedure again in September acquiring a further 900,000 Ordinary shares in the Company which were exchanged into partnership interests and subsequently cancelled.

In June, the Master Fund sold its investment in Melorio plc to Pearson plc for GBP20.7m on an investment of GBP9m.

In September, Breedon Aggregates (formerly Marwyn Materials Limited) completed the reverse takeover of Breedon Holdings Limited with a GBP50.0m placing to become the UK's largest independent aggregate producer.

B shares

Fulcrum Utility Services Limited (formerly Marwyn Capital I Limited) completed the acquisition of Fulcrum Group Holdings Limited from National Grid plc in July.

Investment Performance

A summary of the returns as against various benchmarks for the period and from inception is set out below:

Ordinary Shares

The NAV per Ordinary share of the Company increased during the period by 68.85p to 159.29p, a rise of 76.13%. As at 31 December 2010, the discount of the share price to NAV was 36.28%, an increase over the 12 month period from 33.1% as at 31 December 2009.

Performance	NAV %	FTSE	FTSE	MSCI
		All Share (Ex-Inv Tr) %	Small Cap %	Europe Net (€) %
Year to date (to 31/12/2010)	76.13%	10.70%	16.27%	11.09%
Since inception ¹ (1/3/2006 to 31/12/2010)	105.12%	3.33%	-9.58%	-4.06%

¹ Illustrative performance taking into account the performance of the respective share classes prior to the amalgamation and the impact of the amalgamation. If issue costs are taken into consideration the equivalent performance would be 94.86%

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B Ordinary Shares

The NAV per B Ordinary share of the Company decreased during the period by 0.82p to 116.71p, a decrease of 0.70%. As at 31 December 2010, the discount of the share price to NAV was 23.7%, an increase over the 12 month period from the discount of 14.9% as at 31 December 2009.

Performance	NAV %	FTSE	FTSE	MSCI
		All Share (Ex-Inv Tr) %	Small Cap %	Europe Net (€) %
Year to date (to 31/12/2010)	-0.70%	10.70%	16.27%	11.09%
Since inception ² (30/11/2009 to 31/12/2010)	26.99%	15.38%	18.79%	18.01%

Robert Ware

Chairman

8 April 2011

² The calculation is based on capital raised net of issue costs. If issue costs are taken into consideration the equivalent performance would be 16.71%.

REPORT OF THE INVESTMENT MANAGER

What we invest in

One of the founding principles of our investment strategy has been to focus on companies and sectors that allow us to predict mid-term profitability with a fair degree of certainty given the resilience of the underlying revenue streams. Favourable characteristics include regulatory change, industry structure or specific product or service attributes. Businesses that fit our investment criteria may operate within an arena that is largely non-discretionary spend (e.g. asbestos remediation) or they may have a high degree of entrenched public sector funding. We also favour companies in those sectors that tend to outperform in tougher times (low ticket entertainment, confectionery, low stake gaming). Accordingly, these companies make up material proportions of our portfolio.

How we invest

If our investment criteria represents the potential then it is our first class management that we rely on to deliver that value to shareholders. We firmly believe that high quality management is a key factor in driving returns. We have the conviction to take a contrarian view and back a management team that has demonstrated a thorough understanding of a sectors' dynamics.

We work extremely closely with the management teams of our portfolio companies, committing at least two investment professionals to each investment throughout its lifetime of two to three years. Our role is to act in support of management teams where appropriate, providing additional financial and advisory resources not ordinarily available to them. We believe this provides significant benefits to our portfolio companies and forms an integral part of our risk management process as investment manager and guardian of the Fund's capital.

We have consistently taken a moderate approach to leverage within the portfolio companies. Whilst we cannot claim to have had exclusive foresight of the current credit environment, it has long been apparent to business managers and operationally-focused investment managers that high leverage brings with it significant risks. Quantitative risks are obvious in a trading environment that threatens covenant breach and subsequent challenges in refinancing. But our view is that leverage also discourages the recruitment of first class management teams who, understandably, do not want to run over-leveraged companies because of the constraints leverage places on the growth prospects of the business. High leverage shackles management to short term covenant targets at the expense of investing in the longer term future of the company. It can dramatically reduce management's appetite to act dynamically in market environments where even greater opportunities may present themselves.

Investing in this environment

For 2011 we continue to be optimistic about the portfolio performance and we see all our companies being able to take advantage of their respective market positions, sector dynamics, strong management and lowly levered balance sheets. Across the portfolio we continue to see good opportunities for organic growth as well as accretive acquisitions and we continue to find exceptionally good teams in a range of new sectors including European mass transport, luxury goods and medical devices and services.

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Allocation of Marwyn Value Investors Limited NAV by company

Based upon the Company's investments in the Master Fund, the Company's total NAV is broken down across the following companies in the following percentages as at 31 December 2010:

Ordinary Shares:

Company	Ticker	Sector	% of NAV
Advanced Computer Software	ASW LN	Healthcare Software	10.36%
Entertainment One	ETO LN	Entertainment Rights	74.25%
Silverdell	SID LN	Asbestos Services	1.55%
Zetar	ZTR LN	Specialty Confectionary	1.26%
Breedon Aggregates	BREE LN	Construction Materials	16.15%
Praesepe	PRA LN	Gaming	10.30%
Other assets of the Master Fund			2.84%
Liabilities of the Master Fund			-16.71%
Net assets			100%

B Ordinary Shares:

Company	Ticker	Sector	% of NAV
Fulcrum Utility Services Limited	FCRM LN	Support Services	55.60%
Marwyn Capital II Limited	MCII LN	Investment Company	38.49%
Other assets of the Master Fund			6.48%
Liabilities of the Master Fund			-0.57%
Net assets			100%

INVESTMENTS – ORDINARY SHARES

Company: Advanced Computer Software Group plc (“ACS”)

Sector: Healthcare Software

Ticker: ASW LN

Strategy and Opportunity:

ACS has identified the opportunity to become a leading provider of software and IT services to the UK primary care market (the provision of first line patient services such as GPs, walk-in-centres, district nursing, and out-of-hours services). ACS’ strategy is to consolidate the fragmented healthcare software market, through selective acquisitions, with a focus on primary care.

Management Biography:

Vin Murria (Chief Executive Officer) has over 20 years’ experience of working for private equity backed and publicly listed companies focused on the software sector. During this time, Vin has held a number of senior positions, including Chief Executive Officer of Computer Software Group plc (“CSG”), which she took private in May 2007. CSG merged with IRIS in July 2007 and was subsequently sold to Hellman Friedman for USD1bn. Vin is a Partner at Elderstreet Capital, and prior to this was European Chief Operating Officer for Kewill Systems plc and Chairman of Leeds Group plc.

Progress over the Period:

In February 2010 ACS completed its most significant transaction to date, with the acquisition of Redac Holdings Limited, the parent company of COA Solutions Limited from Alchemy Partners LLP, for GBP100m. The acquisition was immediately earnings enhancing and highly cash generative and contributed approximately GBP58m of revenues to the enlarged group on an annualised basis. The acquisition was funded by a combination of cash on the balance sheet and a new GBP55m debt facility provided by Royal Bank of Scotland plc and HSBC Bank plc.

Further acquisitions followed in March 2010, with the acquisition of Cerrus Limited, a provider of a software suite used to support community care and management services for a total consideration of GBP0.37m, and in October 2010, CareSys Software Ltd, a leading provider of software and IT services for patient care, accounting and business management for GBP2.6m in cash.

In June 2010, ACS released a strong set of results for the twelve months to 28 February 2010, with revenue up by 312% to GBP30.2m (2009: GBP7.3m), and pre-tax profit of GBP4.2m, up 281% on the prior year (2009: GBP1.1m). On a pro forma basis to 28 February 2010, ACS generated GBP91.5m of sales and GBP21.7m of EBITDA.

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In November 2010, ACS released their interim results for the six months ended 31 August 2010 which showed strong revenue growth of 330% with sales at GBP47.3m (including 7% organic growth), and adjusted EBITDA up over 300% at GBP12.2m. Adjusted EPS was also up 213% at 2.5p versus the prior period.

Investment Performance:

During the twelve month period to 31 December 2010, ACS' share price increased from 35.5p to 36.0p.

Company: Entertainment One Limited (“eOne”)

Sector: Entertainment Rights

Ticker: ETO LN

Strategy and Opportunity:

eOne has identified the opportunity to create a leading international entertainment group through the combination of international film distribution and independent television content production.

Within film, growth is being driven by increasing investment in rights acquisition, with 123 titles released internationally in the year to 31 March 2010. The group also continues to review corporate acquisition opportunities in new international territories.

Within TV, eOne is the leading independent television producer in Canada and has had a number of recent commissioning successes from major US network broadcasters. Supported by unique Canadian production financing incentives and with established reach into the US and international markets, eOne is well positioned to drive long term value from its production and distribution activities across multiple genres including drama, comedy and kids.

Management Biography:

Darren Throop (CEO) and Patrice Theroux (President of Filmed Entertainment) have more than 45 years of combined experience in the entertainment industry. Giles Willits (CFO) was previously Director of Group Finance of J Sainsbury plc.

Progress over the Period:

In January 2010, eOne completed a placing of 19.5m shares at 53p per share and used the proceeds to buy back exchangeable notes with a face value of GBP14.5m for a total consideration of GBP9m. The Master Fund acquired 6.9m shares as part of the placing. Following the buyback, notes with a face value of GBP5.1m were outstanding.

In May 2010, eOne announced its results for the year ended 31 March 2010, which were ahead of market expectations with revenue up by 30% at GBP444.2m (2009: GBP342.6m), and EBITDA up 36% at GBP34.3m (2009: GBP25.3m). eOne also reduced its net debt by GBP17.1m to GBP63.2m. On 15 July 2010, eOne completed a reorganisation and step up from AIM to the main market of the London Stock Exchange. Following the reorganisation the parent company of the group is now

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domiciled in Canada (it was previously domiciled in the Cayman Islands).

In November 2010, eOne posted a strong set of interim results for the six months ended 30 September 2010 with revenue up 30% at GBP212.0m (2009: GBP163.6m), and EBITDA also up 34% at GBP12.5m (2009: GBP9.3m).

Following the strong share price performance over the period, in November 2010 the Master Fund issued an exchange notice to eOne with respect to the GBP5.1m exchangeable notes held by the Master Fund. Following conversion of the notes at a conversion price of 68.088p per eOne share, the Master Fund increased its holding in eOne from 67,934,587 shares (representing 40.2% of eOne's current share capital) to 75,424,894 common shares (representing 42.8% of eOne's enlarged share capital).

Investment Performance:

During the twelve month period to 31 December 2010, eOne's share price increased from 52p to 139p.

Company: Silverdell plc ("Silverdell")

Sector: Asbestos Services

Ticker: SID LN

Strategy and Opportunity:

Silverdell has identified the opportunity to consolidate key businesses within the high growth, fragmented UK asbestos services sector. Its ultimate objective is to create a nationwide, full service provider capable of delivering environmental, remediation and consultancy services across diverse end user markets including government, retail, utilities, nuclear, marine and petrochemical. Its core asbestos services market is growing at c.15%, driven by regulatory requirements and the increasing threat of litigation.

Management Biography:

Stuart Doughty (Executive Chairman) has over 40 years' experience in the construction industry and from 2001 to 2005 served as Chief Executive Officer of Costain Group plc. Previously he was a director of Alfred McAlpine Construction Limited, Tarmac Construction Limited and Managing Director of John Laing Construction Limited.

Sean Nutley (CEO) has over 20 years in both operational and managerial roles in the industry with Silverdell (UK) Limited.

Progress over the period:

In June 2010, Silverdell released its interim results for the six months ended 31 March 2010. Revenue was constant when compared to the previous year at GBP29.6m. However, the business experienced significant margin improvement with underlying EBITDA of GBP1.9m (2009: GBP0.6m).

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In October 2010, the business secured GBP5.5m of new banking facilities to help support its growth strategy, and in November 2010, announced its preliminary results for the year ended 30 September 2010. During this period the business posted revenue of GBP56.7m (2009: GBP59.5m), and underlying EBITDA of GBP3.9m (2009: GBP2.3m).

In December 2010, the business received shareholder approval for a capital reduction thereby facilitating the payment of dividends to shareholders in due course.

Investment Performance:

During the twelve month period to 31 December 2010, Silverdell's share price decreased from 10.5p to 6.5p.

Company: Zetar plc ("Zetar")

Sector: Specialty Confectionery

Ticker: ZTR LN

Strategy and Opportunity:

Zetar has identified the opportunity to acquire businesses operating in the confectionery, snack foods and related sectors. Factors such as the fragmented nature of the European confectionery market, an increased demand for healthier snack products, and increasing industry regulation have presented an opportunity for consolidation. Zetar is now the UK market leader in advent calendars and the UK's fourth largest Easter egg manufacturer.

Management Biography:

Ian Blackburn has been CEO since Zetar was listed in January 2005. Between 1998 and 2003 Ian was Chief Executive and, prior to that, Finance Director of Perkins Foods plc.

Clive Beecham joined the Board in April 2005 and has been Group Managing Director since July 2006. He was a co-founder of Kinnerton in 1978 and has been its Managing Director since that time. He continues to have board responsibility for the Kinnerton Group Limited as well as leading Zetar's operational initiatives related to product, packaging and customers.

In January 2010, Zetar announced it had appointed Mark Stott to the board as Group Finance Director. Mark previously worked as Group Finance Director of Noble Foods Limited (Europe's largest egg company) and in various senior finance roles with Dairy Crest plc (a leading UK chilled dairy foods company).

Progress over the Period:

In January 2010, Zetar announced its interim results for the six months to 31 October 2009. During this period sales grew 7% to GBP57.1m (2008: GBP53.6m) and EBITDA was up 18% to GBP3.9m (2008: GBP3.3m).

In July 2010, Zetar announced its preliminary results for the twelve months to 30 April 2010. The

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company delivered sales growth of 11% to GBP131.9m (2009: GBP118.6m) and EBITDA of GBP9.6m (2009: GBP8.4m).

In September 2010, the company secured new 4-year banking facilities totaling GBP45m with HSBC Bank plc and also received a further cash consideration of approximately GBP0.5m (net of costs) in respect of the disposal of its Baked Snacks division on 30 April 2009, bringing the total cash consideration to approximately GBP1.25m.

In November 2010, the company provided a trading update for the six months ended 31 October 2010 stating that trading was in line with management expectations and ahead of last year.

Investment Performance:

During the twelve month period to 31 December 2010, Zetar's share price increased from 180.5p to 206.5p.

Company: Breedon Aggregates Limited ("Breedon")

Sector: Building Materials

Ticker: BREE LN

Strategy and Opportunity:

Breedon Aggregates has identified the opportunity to create value for shareholders through a properly executed, acquisition led strategy in the international building materials industry focusing on the UK, Eastern Europe and the US. Whilst the UK and international building materials markets are generally well consolidated and dominated by a small number of key players, the smaller end of the market remains fragmented and management believes that shareholder value can be created through market consolidation and providing a first-class localised service to customers. Through their experience of previous recessions, management believes significant value can be created by investing at a cyclical low point. In the long term management believes that recovery in the building materials industry will be driven by the private sector with growth expected in infrastructure, private housing, commercial and industrial subsectors from 2011.

Management Biography:

Peter Tom CBE (Chairman) has more than 50 years' experience in the aggregates industry, starting at Bardon Hill Quarries Ltd, where he became CEO in 1985. Peter expanded the group, which went on to become Aggregate Industries plc and led the negotiations which resulted in its successful acquisition by Holcim in 2005.

Simon Vivian (Group Chief Executive) has over 20 years' experience in aggregates and construction. Most recently he was CEO of Mowlem plc and negotiated the takeover of Mowlem by Carillion plc in 2005. Prior to Mowlem, Simon worked in a number of roles at Hanson plc, ultimately as CEO of its European Building Materials business.

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Ian Peters (Group Finance Director) has more than 20 years' experience in the international building materials industry, initially in financial controller roles within the UK aggregates business of Hanson. Following the demerger of Hanson PLC in 1997, Ian was appointed group financial controller, and was involved in the completion of GBP2.5bn of acquisitions. He went on to become finance and development director of Hanson Building Materials Europe between 2000 and 2003. After a year as finance director, for Continental Europe and Asia, in 2004 Ian was appointed general manager, Continental Europe.

Progress over the Period:

Breedon Aggregates completed a GBP160.0m reverse takeover of Breedon Holdings Limited and a GBP50.0m placing in September 2010 to become the largest independent UK aggregates producer with 29 quarries, 19 asphalt plants, 27 ready mix concrete plants and 181 million tonnes of mineral reserves. Management believes the acquisition represents an ideal platform for its acquisitive growth strategy in the heavyside building materials sector and that the business will be an early beneficiary of an economic upturn.

Good progress has been made towards repositioning the group following the acquisition and pro forma trading results for the year to December 2010 are expected to be in line with market expectations. Sales volumes in England were well ahead of the prior year but volumes in Scotland were slightly down as it was particularly affected by the poor weather in December.

Investment Performance:

During the twelve month period to 31 December 2010, Breedon's share price increased from 14.5p to 15p.

Company: Praesepe plc ("Praesepe")

Sector: Gaming

Ticker: PRA LN

Strategy and Opportunity:

Praesepe's strategy is to consolidate the fragmented low-stake, high-volume ("LSHV") gaming market in the UK and Europe and to build a diversified gaming group including gaming machines, bingo and sports book/pool betting operations. Praesepe's pipeline of acquisition opportunities ranges from smaller transactions through to larger medium-to-long term transformational opportunities; the strength of the pipeline is driven by the fragmented nature of LSHV gaming market in the UK and Europe, management's relationships within the industry and the announced and expected regulatory improvements for operators in the LSHV gaming market.

Management Biography:

Nick Harding (CEO) is a leading manager in the UK gaming sector with relevant experience at Talarius plc, Rank Group plc, Ladbrokes plc and Gala Coral Group Limited. Nick is a past President of BACTA (the Adult Gaming Centre ("AGC") industry trade association), a trustee of the Responsibility in Gambling Trust, an advisor to GamCare and was the founding chairman of iGGBA (the UK's first

interactive gaming association).

Matthew Proctor (CFO) joined Praesepe from Gala Coral Group Limited, a market leader in the UK gaming industry, where he was Group Finance Director and a member of the group executive committee. Matthew worked at Gala Coral Group Limited for seven years.

Progress over the year:

In 2010, Praesepe announced three acquisitions which delivered on Praesepe's strategy to build a diversified gaming group. These acquisitions further consolidate Praesepe's position as the fastest growing AGC operator in the UK and bring the Praesepe estate to the current total of 96 AGCs, four family entertainment centres and six bingo clubs across the UK, operating over 4,000 gaming machines.

In March 2010, Praesepe raised GBP6.0m of shares at 7.5p each to fund the transformational acquisition of Beacon Entertainments Limited ("Beacon") for a purchase price of GBP5.0m and the assumption of GBP40.0m of existing bank debt. This acquisition substantially increased Praesepe's UK AGC footprint with a further 26 sites and brought Praesepe into the bingo market with six bingo clubs across the UK, including Europe's largest bingo club at Cricklewood. Praesepe is on track to deliver GBP2.0m of cost savings, as stated at the time of the acquisition of Beacon.

This was followed by the acquisition of a further 22 AGCs from the Noble Organisation ("Noble") for GBP3.3m consideration, funded by the issue of new shares to Noble, GBP1.0m in September 2010 at 7.5p, and GBP2.3m in January 2011 at 8.06p.

In November 2010, the UK Government announced the start of a long anticipated consultation period on category B3 gaming machines. Category B3 machines are an important part of Praesepe's commercial offering and any increase in stakes would have a positive impact on its business and the potential for revenue growth.

Lastly, during the year, Praesepe announced its interim results for the 28 week period ended 11 July 2010 which includes 12 weeks of trading of Beacon. Revenue reached GBP15.7m (H1 2009: GBP5.7m) with revenue for the core Cashino AGCs up 0.3% year-on-year on a like-for-like basis, reflecting resilient performance. Underlying EBITDA for the operating businesses over the same period was GBP2.1m (H1 2009: GBP0.5m) and normalised profit was GBP0.03m (H1 2009: loss of GBP0.2m).

Investment Performance:

During the year to 31 December 2010, Praesepe share price decreased from 8.0p to 7.4p.

INVESTMENTS – B ORDINARY SHARES

Company: Fulcrum Utility Services Limited (“Fulcrum”)

Sector: Support Services

Ticker: FCRM LN

Strategy and Opportunity:

Fulcrum has identified the opportunity to become the leading utilities connections provider to the non-regulated UK market, through the acquisition and turnaround of Fulcrum Group Holdings Limited, a wholly owned subsidiary of National Grid plc.

Fulcrum Group Holdings Limited is an independent gas transportation and connections business, generating revenue of GBP31.0m and an EBITDA loss of GBP8.3m in the ten months to 31 January 2010. Despite having the key attributes critical to success in the connections market – namely a skilled engineering base, national coverage and established credibility in the market – as a non-core subsidiary of National Grid the business has been prevented from efficiently responding to increased competition in the market and taking advantage of new revenue opportunities.

Fulcrum believes that with a new management team and independent ownership, Fulcrum Group Holdings Limited can be re-established as the leading provider to the market and return to strong revenue growth and profitability.

Management Biography:

John Spellman (CEO) has more than 30 years experience in the energy and utilities industries and was most recently CEO of Corona Energy Limited, the largest independent supplier of gas to the UK industrial and commercial sector. Whilst at Corona Energy Limited, John successfully completed a turnaround of the business, delivering revenue growth, reducing operational risk and realising operational efficiency savings.

Progress over the Period:

On 17 June 2010, Marwyn Capital I Limited (“MCIL”) announced that it had entered into a conditional agreement with National Grid plc to acquire Fulcrum Group Holdings Limited for a nominal consideration of GBP10 and a post-completion working capital adjustment of approximately GBP5m in favour of MCIL. At the same time, MCIL announced the placing of 91.7m Ordinary shares at a price of 12p per share, with the net proceeds to be used to fund the ongoing operations and turnaround of Fulcrum Group Holdings Limited. Following the placing, the Master Fund holds 13.2% of the shares in the enlarged group.

MCIL also announced that at completion it would change its name to Fulcrum Utility Services Limited. MCIL announced the completion of the acquisition of Fulcrum Group Holdings Limited on 8 July 2010.

In September 2010 Fulcrum announced the results of Fulcrum Group Holdings Limited for the 12

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months to 31 March 2010 (the financial year prior to completion of the acquisition). Revenue for the period was GBP37.6m and EBITDA was a loss of GBP13.3m. Fulcrum also announced the appointments of a new Operational Director, Sales Director, Performance Director, HR Director and Interim Finance Director since completion of the acquisition in July.

In December 2010 Fulcrum announced its interim results for the period ended 30 September 2010. Pro forma revenue was GBP18.4m and EBITDA was a loss of GBP4.9m.

Investment Performance:

During the 12 month period to 31 December 2010, Fulcrum's share price increased from 14.5p to 16p.

Company: Marwyn Capital II Limited ("MCII")

Sector: Investment Company

Ticker: MCII LN

Strategy and Opportunity:

Incorporated in December 2009, MCII was established to acquire one or more quoted or unquoted businesses or companies (in whole or in part) initially by way of a reverse takeover. MCII will conduct its activities wholly or mainly in the UK with particular focus on healthcare, testing and inspection and leisure sectors. A management team is yet to be appointed and the company is yet to make an investment.

During the twelve month period to 31 December 2010, MCII's share price decreased from 12p to 11.3p.

REPORT OF THE DIRECTORS

The Directors have pleasure in submitting their Annual Report and the Audited Financial Statements for the year ended 31 December 2010.

Status and activities

Marwyn Value Investors Limited (the “Company”) is a closed-ended investment company registered by way of continuation in the Cayman Islands (registered number MC-228005). The rights of shareholders are governed by Cayman Law and may differ from the rights and duties owed to shareholders in a UK incorporated company.

The Company was admitted to trading as a closed-end investment company on the Specialist Fund Market of the London Stock Exchange on 8th December 2008, a fully regulated market servicing professional, institutional and sophisticated investors.

The investment objective is to maximise total returns, primarily through the capital appreciation of its investment in Marwyn Value Investors LP (the “Master Fund” or “the Fund”). Marwyn Value Investors LP was launched in March 2006 with backing from more than 60 leading institutions and alternative funds. It is an open-ended fund domiciled in the Cayman Islands.

Marwyn Value Investors LP specialises in the acquisition and development of growth businesses for the benefit of investors, often taking a significant stake in its quoted portfolio companies. Since inception, the Fund has invested in 13 portfolio companies which together have completed approximately 68 transactions with an aggregate transaction value (including initial public offerings) in excess of £1 billion. The current classes of partnership interests in the Marwyn Value Investors LP, which are invested in 8 portfolio companies, are now closed to new investors.

The Company utilises an innovative fund structure, the Exchange Procedure, to minimise the potential discount between the share price of the Company and its underlying NAV, which can occur in times of market illiquidity. Investors can switch between holding public shares in the closed-ended feeder fund and interests in the open-ended Master Fund at the prevailing NAV (not share price) during an exchange window every month.

No new investments will be made by Marwyn Value Investors LP, other than follow-on investments in the existing portfolio companies. Instead, the Manager will focus on creating maximum value from the existing portfolio before realising those investments. Cash realised in Marwyn Value Investors LP will be distributed to its investors, including the Company.

A review of the performance of, and the outlook for, the Master Fund is provided in the Report of the Investment Manager on pages 4 to 14. An analysis of the Company’s exposure to financial risk and the policies adopted in its efforts to mitigate such risks are disclosed in note 13 to the financial statements.

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Results and dividends

The results attributable to the shareholders for the year are shown in the Statement of Comprehensive Income. The Directors did not pay, and do not recommend, a dividend for the year (2009: Nil).

Potential offer for the Company

The Board of Directors (the “Board”) has received a proposal from the board of Marwyn Management Partners plc (“MMP”) in connection with a possible offer being made by MMP for the entire issued Ordinary share capital of the Company (but the proposal does not currently include an offer for the B Ordinary shares or any Exchange shares). The offer consideration for the Company would be new MMP shares which would value the Company’s Ordinary shares at their net asset value and might include partial cash and loan note alternatives at a discount to such net asset value. In connection with the cash element of the offer, MMP has stated that it would intend to conduct an equity placing.

There can be no certainty that an offer from MMP will be forthcoming.

Share capital

As at 31 December 2010 the Company had 66,106,473 Ordinary shares in issue (31 December 2009: 82,156,473) and NIL Warrants in issue (2009: 23,259,078). The Company also had, as at 31 December 2010, 5,008,870 B Ordinary shares in issue (31 December 2009: 5,008,870).

Directors and their interests

The Directors of the Company who served during the year and subsequent to the date of this report, unless otherwise stated were:

Robert Thomas Ernest Ware

Paul Michael Everitt

Michael Paul Price

Eitan Milgram (appointed 18 November 2010)

James Henry Merrick Corsellis (resigned 6 September 2010)

Paul Cookson (appointed 18 March 2010, resigned 6 September 2010)

David Jeffreys Williams (resigned 18 March 2010)

Robert Ware (Non-Executive Chairman)

Length of service: 5 years, appointed 20 January 2006

Last re-elected to the Board: 19 August 2009 at Annual General Meeting

Committee membership: Nomination Committee

Robert Ware served as a director of Development Securities plc between 1988 and 1994, filling the roles of joint managing director and finance director in the latter stage of his tenure. In 1994 he left to take up the position of managing director of Dunton Group plc where he stayed until November 2006. He joined MEPC plc in June 1997 first serving as corporate development director and then as deputy chief executive between June 1997 and June 2003. He is a non-executive director of Tarsus Group plc and Terra Catalyst Fund in addition to being a fellow of the Institute of Chartered Accountants in England and Wales.

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Paul Everitt (Non-Executive Director)

Length of service: 2 years, appointed 3 April 2009

Last re-elected to the Board: 19 August 2009 at Annual General Meeting

Committee membership: Chairman of the Audit Committee, Nomination Committee and Remuneration Committee.

Paul Everitt is Managing Director of Fund Corporation of the Channel Islands Limited, a provider of outsourced investment administration services, principally in the alternative asset classes. The company was established in 2007 and administers collective investment schemes, as well as family office and investment club structures. Paul moved to Guernsey in 1998 and has specialised in fund administration since. He has worked on a wide range of fund structures: private equity, property, debt, hedge, funds of funds, as well as direct equity, in both closed-ended and open-ended vehicles. He has acted on numerous fund boards, including for Permira, EQT and Rutley Capital Partners. Originally Paul qualified as a chartered accountant with BDO Stoy Hayward in London and then spent two years in corporate finance for PricewaterhouseCoopers. He is a Non-Executive Director of Marwyn Capital II Limited and of Marwyn Value Investors (PTE) Limited and Marwyn Value Investors (Unlisted Feeder) Limited, managed by the Investment Manager.

Michael Price (Non-Executive Director)

Length of service: 2 years, appointed 3 April 2009

Last re-elected to the Board: 19 August 2009 at Annual General Meeting

Committee membership: Audit Committee, Nomination Committee and Remuneration Committee.

Michael Price is resident in Jersey where he has spent more than 27 years as a senior executive in the fiduciary services industry. He is currently an Executive Director of Vivat Trust and Corporate Services Limited and is a member of the Society of Trust and Estate Practitioners. Prior to joining Vivat, Michael was Group Head of Trust Services for Close Wealth Management (part of Close Brothers Group) with responsibilities in Jersey, Guernsey and the Isle of Man. He retired from that position, but maintained his relationship with the business as Non-Executive Chairman of the Jersey trust company until March 2008. Michael was Group Managing Director of Trust Services at SG Hambros and a Director of SG Hambros Private Bank in Jersey before joining Close. He has written a number of articles on fiduciary services and has lectured extensively in the U.K., North America and continental Europe. He is also a Non-Executive Director of Marwyn General Partner Limited and Marwyn Value Investors (Unlisted Feeder) Limited, managed by the Investment Manager.

Eitan Milgram (Non-Executive Director)

Length of service: 5 months, appointed 18 November 2010

Last re-elected to the Board: None

Committee membership: None

Eitan Milgram has worked at Weiss Asset Management for the last 10 years and is currently employed as a Portfolio Manager and Executive Vice President; previous positions held by him include Head of Trading and Head of Operations.

Eitan has extensive experience with investment companies and has been involved in numerous management contract negotiations, reviews and shareholder meetings. In addition he has advised

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numerous corporations on re-organisations and restructurings and has served on the Board of Directors of a number of publicly traded companies.

The Directors, together with their beneficial interests and those of their families, held the following interests in the Shares of the Company at 31 December 2010, and there have been no changes in their interests from 31 December 2010 to the date of approval of these financial statements.

	<i>Ordinary shares</i>
Robert Ware	458,715
Paul Everitt	Nil
Michael Price	Nil
Eitan Milgram	Nil

Directors' remuneration

The emoluments of the individual Directors for the year were as follows:

	2010	2009
	£	£
Robert Ware	20,000	20,000
Paul Everitt	20,000	11,167
Michael Price	20,000	14,889
Eitan Milgram	-	-
Paul Cookson	9,366	-
James Corsellis	13,667	-
Ian Clarke	-	5,000
David Warr	-	5,000
	<u>83,033</u>	<u>56,056</u>

Since the introduction of the Exchange Procedure in 2009, Directors' fees are paid directly from the Master Fund. The above fees do not include reimbursed expenditure.

Substantial shareholdings

At 31 March 2011 the following interests in 3% or more of the issued Ordinary shares and B Ordinary shares had been notified to the Company.

	Number of Ordinary shares	Percentage of share capital
The Bank of New York (Nominees) Limited	18,929,208	28.63
Credit Suisse Client Nominees (UK) Limited D6M5PB Acct	9,906,753	14.99
The Bank of New York (Nominees) Limited 141498 Acct	5,466,877	8.27
Deutsche Bank Aktiengesellschaft London PROP0001 Acct	5,215,007	7.89
Tortin Limited	5,000,000	7.56
BBHISL Nominees Limited 121624 Acct	3,145,919	4.76
Rulegale Nominees Limited JAMSCLT Acct	2,118,256	3.20
HSBC Global Custody Nominee (UK) Limited 764685 Acct	2,000,000	3.03

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	Number of B Ordinary shares	Percentage of share capital
HSBC Global Custody Nominee (UK) Limited 667656 Acct	750,000	14.97
HSBC Global Custody Nominee (UK) Limited 978777 Acct	750,000	14.97
BBHISL Nominees Limited 121624 Acct	500,000	9.98
Fitel Nominees Limited 0060214 Acct	500,000	9.98
Rene Nominees (IOM) Limited 3639 Acct	500,000	9.98
Nortrust Nominees Limited SLEND Acct	300,041	5.99
Chase Nominees Limited	300,000	5.99
Huntress (CI) Nominees Limited KGCLT Acct	300,000	5.99
HSBC Global Custody Nominee (UK) Limited 934567	255,042	5.09
Vidacos Nominees Limited	200,000	3.99

Auditors

A resolution for the re-appointment of Ernst and Young LLP will be proposed at the forthcoming Annual General Meeting.

Annual General Meeting

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

Approved by the Board of Directors

Michael Price
8 April 2011

Paul Everitt
8 April 2011

CORPORATE GOVERNANCE STATEMENT

As a Cayman company and under the Specialist Fund Market (“SFM”) rules for companies, the Company is not required to comply with the Combined Code published by the Financial Reporting Council. The Directors however recognise the importance of maintaining sound corporate governance in the UK and the Cayman Islands and so seek to ensure that the Company adopts policies and procedures which reflect those principles of good corporate governance as are appropriate to the Company's size.

The Board is accountable to the Company's shareholders for good governance and this statement describes how the Company applies the principles identified in the Combined Code on Corporate Governance (“the Combined Code”) issued in June 2008 (as appended to the UK Listing Authority Listing Rules). Additionally, the Association of Investment Companies (“AIC”) published a Code on Corporate Governance in March 2009 (the “AIC Code”) which complements the Combined Code and represents a framework of best practice for investment companies. The Company has complied with the Combined Code and the AIC Code, except as set out below.

The Combined Code includes provisions and the AIC Code includes principles relating to:

- The role of the chief executive
- Executive Directors' remuneration
- The need for an internal audit function
- The need for a senior independent Director
- The need for an independent Chairman
- The need for a majority of the Board to be independent

In addition, the AIC Code includes the following principle:

- The need for a Management Engagement Committee

For the reasons set out below and in the AIC Code, and in the preamble to the Combined Code, the Board considers that the first four provisions are not relevant to the position of the Company, being an externally managed investment company with no executive directors. The final two provisions of the Combined Code and the AIC Code principle are discussed further below.

The Board

The Board consists of a Non-Executive Chairman and three Non-Executive Directors. Robert Ware is Chairman of Marwyn Investments Group Limited. Michael Price is a director of other companies also managed by the Investment Manager. Paul Everitt is a director of Fund Corporation of the Channel Islands Limited, the Company's administrator and a director of other companies also managed by the Investment Manager. Eitan Milgram is employed by a major shareholder in the Company and is considered to be independent of the Investment Manager.

The Board does not consider it necessary to have an independent Chairman and for a majority of the Board to be independent. Each Director has the requisite high level and range of business and financial experience which enables the Board to provide clear and effective leadership and proper stewardship of the Company. The Board considers that the post of chief executive officer is not relevant for an

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investment company as this role has effectively been delegated to the Investment Manager, under the terms of the investment management agreement. Given the size and composition of the Board it is not felt necessary to appoint a senior independent Director.

The Board of Directors has adopted a policy on tenure which requires the Nomination Committee to annually consider the appropriateness of the tenure of the Chairman and each director.

One-third, or the number nearest to but not exceeding one third, of the Directors shall retire and offer themselves for re-appointment at each annual general meeting in accordance with the Articles of Association and Directors are required to submit themselves for re-election at least every three years. Under the Articles of Association, Robert Ware retires by rotation and being eligible offers himself for re-election at the forthcoming Annual General Meeting. Eitan Milgram has been appointed since the last general meeting and hence will retire and seek re-appointment at the forthcoming Annual General Meeting.

During the year ended 31 December 2010 the Board met seven times. In addition, the Audit Committee and Remuneration Committee met twice and the Nomination Committee met three times. The Board of Directors is scheduled to meet quarterly. Between meetings the Board maintains regular contact with the Investment Manager and holds ad-hoc meetings as necessary. Directors have attended scheduled quarterly Board and Committee meetings during the year ended 31 December 2010 as follows (with their eligibility to attend the relevant meeting in brackets):

	Quarterly Meetings	Audit Committee	Nomination Committee	Remuneration Committee
Director:				
Robert Ware	3(4)		1(3)	
Paul Everitt	4(4)	2(2)	3(3)	2(2)
Michael Price	4(4)	2(2)	3(3)	2(2)
Eitan Milgram	1(1)			
Paul Cookson	1(1)			
James Corsellis	1(2)			
David Williams	1(1)			

The Board will normally meet at least quarterly to review the overall business of the Company and to consider matters specifically reserved for its review. At these meetings the Board monitors the investment performance of the Master Fund, reviews the Company's exposure to risk on its financial instruments and discusses the policies it feels are appropriate to adopt in order to address, and mitigate, such risks. The risks identified, and the policies adopted, are disclosed in note 13 to the financial statements.

Additional ad hoc reports are received as required and Directors have access at all times to the advice and services of the Administrator, who assists the Board in ensuring that Board procedures are followed and that applicable rules and regulations are complied with.

The Board met during the year to review its performance and composition and was satisfied on both subjects. In addition, following the informal evaluation of performance of the Board, its Committees

and individual Directors, it is considered that the performance of all Directors continues to be effective and they have demonstrated commitment to their roles.

The Board has put in place the necessary procedures to conduct, on an annual basis, an appraisal of the Directors, the Chairman of the Board as well as an appraisal and performance evaluation of the Board as a whole and of its Committees. The appraisals, including consideration of the independence of Directors and the other commitments of the Chairman and Directors, were carried out by the members of the Nomination Committee. The findings of the Nomination Committee were then brought to the attention of the Board.

The Directors are responsible for the determination of the Company's investment policy and have overall responsibility for the Company's activities. The Directors have contractually delegated the overall responsibility for the management of the Company's investment portfolio to Marwyn Investment Management LLP, subject to the overriding supervision of the Directors.

The Board considers the performance and engagement terms of the Investment Manager and is of the opinion that the continuing appointment of the Investment Manager, pursuant to the terms of the Investment Management Agreement, is beneficial to the interests of shareholders as a whole. The key factors taken into account in reaching this decision are the long-term performance of the portfolio and the investment skills, experience and commitment of the Investment Manager.

There is an agreed procedure for Directors to take independent professional advice if necessary and at the Company's expense. The Company maintains Directors' and Officers' liability insurance which provides insurance cover for Directors against certain personal liabilities which they may incur by reason of their duties as Directors.

Board Committees

Audit Committee

An Audit Committee has been established with written terms of reference and comprises two Directors, Paul Everitt (Chairman) and Michael Price. The terms of reference of the Audit Committee are reviewed and reassessed for their adequacy on an annual basis.

A summary of the Committee's main audit review functions is shown below:

- to review and monitor the internal control systems and risk management systems on which the Company is reliant;
- to consider annually whether there is a need for the Company to have its own internal audit function;
- to monitor the integrity of the interim and annual financial statements of the Company by reviewing, and challenging where necessary, the actions and judgements of the Investment Manager and Administrator;
- to meet with the external Auditor to review their proposed audit programme of work and the findings of the Auditors. The Board shall also use this as an opportunity to assess the effectiveness of the audit process;
- to develop and implement policy on the engagement of the external Auditor to supply non-audit services;
- to make recommendations in relation to the appointment of the external Auditor and to approve

- the remuneration and terms of engagement of the external Auditor; and
- to monitor and review annually the external Auditor's independence, objectivity, effectiveness, resources and qualification. At its April 2011 meeting the Audit Committee confirmed its view that the Auditor remained independent and objective.

The level of non-audit services is not deemed to impact on the objectivity or independence of the auditor due to the relative size of the fee to the auditor.

Nomination Committee

Appointments to the Board of Directors are considered by the Nomination Committee which is comprised of the Chairman of the Board of Directors, Robert Ware and two Directors, Paul Everitt (Chairman) and Michael Price. The terms of reference of the Nomination Committee are reviewed and re-assessed for their adequacy on an annual basis.

Possible new Directors are identified against the requirements of the Company's business and the need to have a balanced Board. Every Director is entitled to receive appropriate training as deemed necessary. A Director appointed during the year is required, under the provisions of the Company's Articles of Association, to retire and seek election by shareholders at the first subsequent AGM. The Articles of Association require that one third of the Directors retire by rotation at each AGM and that Directors are required to submit themselves for re-election at least every three years.

Although no formal training in corporate governance is given to Directors, the Directors are kept up-to date on corporate governance issues through bulletins and training materials provided from time to time by the Administrator and the AIC.

Remuneration Committee

The Committee comprises two Directors, Paul Everitt (Chairman) and Michael Price. The Company's remuneration policy is to set remuneration at a level to attract individuals of a calibre appropriate to the Company's future development.

Management Engagement Committee

The AIC Code recommends a Management Engagement Committee is established consisting of directors independent of the Investment Manager to regularly review both the performance of, and contractual arrangements with, the Investment Manager. The Board of Directors has not established a separate Management Engagement Committee and itself undertakes the review of the Investment Manager. The performance of the Investment Manager is considered at each quarterly meeting of the Directors together with annual consideration of the contractual arrangements to ensure they are both competitive and aligned with the interests of shareholders.

Relations with Shareholders

In conjunction with the Administrator and Registrar, the Board keeps under review the register of members of the Company.

The Board has not established a formal process for ensuring that each Director develops an understanding of the views of major shareholders. However, the Board received quarterly reports on the shareholder profile of the Company and regular contact with major shareholders is undertaken by

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executives of the Investment Manager. Any issues raised by major shareholders are reported to the Board on a regular basis.

All shareholders are encouraged to participate in the Company's annual general meeting. Directors will attend the AGM, at which shareholders have the opportunity to ask questions and discuss matters with the Directors and the Investment Manager.

Statement of going concern

Due to the Master Fund meeting the Company's expenses, the Directors consider that there is no mismatch between the Company's assets and liabilities. For this reason, they continue to adopt a going concern basis in preparing the financial statements.

Internal control

The Administrator of the Company is Fund Corporation of the Channel Islands Limited with a significant amount of the administration outsourced to Axio Capital Solutions Limited. The Board is ultimately responsible for establishing and maintaining the Company's system of internal control and reviewing its effectiveness. The Administrators are responsible for all the operational aspects of the Company's business and therefore the Board is reliant on the Administrators' internal control systems including the financial, operations and compliance controls and risk management. The audit committee has received assurance from Axio Capital Solutions Limited that it has in place robust financial controls in respect of the Company and that these controls are subject to external audit. The Board has received assurance, through reports provided by Axio Capital Solutions Limited at each quarterly Board Meeting, that no weaknesses or breaches in those controls have been identified which might have affected the Company during the year. The Administrators' procedures are designed to manage rather than eliminate risk and by their nature can only provide reasonable but not absolute assurance against material misstatement of loss.

At the direction of the Board, the audit committee has reviewed the need for an internal audit function. Being an externally managed investment company the audit committee considers Axio Capital Solutions Limited's internal control systems, which are themselves subject to external audit, provide sufficient comfort for the safeguarding of the Company's assets and the management of financial risk. As a result the Board do not consider the need for an internal audit function is necessary.

DIRECTORS' RESPONSIBILITIES

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

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

- select suitable accounting policies and apply them consistently;
- make judgments and estimates which are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Approved by the Board of Directors

Paul Everitt
8 April 2011

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MARWYN VALUE INVESTORS LIMITED

We have audited the financial statements of Marwyn Value Investors Limited (the "Company") for the year ended 31 December 2010 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Net Assets and the related notes 1 to 17. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards as adopted by the European Union.

This report is made solely to the company's members, as a body. 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 set out on page 25, 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. In addition, we read all the financial and non-financial information in the Performance Summary and Reports of the Chairman, Investment Manager and the Directors, Corporate Governance Statement, Directors' Responsibilities and Risk Warning to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2010 and of its profit for the year then ended; and
- have been properly prepared in accordance with International Financial Reporting Standards.

Ernst & Young LLP
Jersey, Channel Islands
8 April 2011

1. The maintenance and integrity of the Marwyn Value Investors Limited web site 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 since they were initially presented on the web site.

MARWYN VALUE INVESTORS LIMITED

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2010

		For the year ended 31 December 2010			For the year ended 31 December 2009		
	Notes	Revenue £	Capital £	Total £	Revenue £	Capital £	Total £
INCOME							
Bank interest	3	192	-	192	1,320	-	1,320
Realised loss on disposal of financial assets at fair value through profit or loss		-	(1,216,054)	(1,216,054)	-	-	-
Net gain on financial assets at fair value through profit or loss	5	-	48,433,196	48,433,196	-	19,027,480	19,027,480
TOTAL NET INCOME		192	47,217,142	47,217,334	1,320	19,027,480	19,028,800
EXPENSES							
Directors' fees	14	-	-	-	28,556	-	28,556
Administration fees	14	-	-	-	25,890	-	25,890
Legal and professional fees		-	-	-	30,911	-	30,911
Regulatory expenses		-	-	-	3,250	-	3,250
Audit fees		-	-	-	967	-	967
Exempt fee		-	-	-	600	-	600
Listing fees		-	-	-	17,500	-	17,500
Insurance		-	-	-	17,172	-	17,172
Loan interest		192	-	192	14,437	-	14,437
TOTAL OPERATING EXPENSES		192	-	192	139,283	-	139,283
PROFIT/ (LOSS) FOR THE YEAR		-	47,217,142	47,217,142	(137,963)	19,027,480	18,889,517
TOTAL COMPREHENSIVE INCOME		-	47,217,142	47,217,142	(137,963)	19,027,480	18,889,517
Attributable to holders of Ordinary shares	9	-	47,265,270	47,265,270	(137,963)	17,744,173	17,606,210
Attributable to holders of B Ordinary shares	9	-	(48,128)	(48,128)	-	1,283,307	1,283,307
Return per Ordinary share - Basic	9	-	68.98p	68.98p	(0.17p)	21.63p	21.47p
Return per Ordinary share - Diluted	9	-	54.98p	54.98p	(0.17p)	16.85p	16.72p
Return per B Ordinary share - Basic and diluted	9	-	(0.98p)	(0.98p)	-	25.62p	25.62p

The total column of this statement represents the Statement of Comprehensive Income of the Company, prepared in accordance with IFRS. The revenue and capital columns represent supplementary information prepared under guidance published by the Association of Investment Companies.

The notes 1 to 17 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

31 December 2010

	Notes	31 December 2010 £	31 December 2009 £
NON CURRENT ASSETS			
Unquoted financial assets at fair value through profit or loss	5	111,146,404	80,188,371
CURRENT ASSETS			
Cash and cash equivalents		263,300	396,577
TOTAL ASSETS		111,409,704	80,584,948
CURRENT LIABILITIES			
Loan	7	(250,000)	(250,000)
Accruals		(13,300)	(146,577)
TOTAL LIABILITIES		(263,300)	(396,577)
NET ASSETS ATTRIBUTABLE TO EQUITY HOLDERS		111,146,404	80,188,371
EQUITY			
CAPITAL AND RESERVES ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY			
Share capital	11	87	87
Share Premium	11	48,384,287	48,384,287
Special distributable reserve	12	26,346,979	26,346,979
Warrant reserve	12	-	4,392,660
Exchange reserve		54,386	47,574
Capital reserve – Unrealised		40,629,827	(6,587,315)
Revenue reserve		(4,269,162)	7,604,099
TOTAL EQUITY		111,146,404	80,188,371
Net assets attributable to Ordinary shares	8	105,300,608	74,301,258
Net assets attributable to B Ordinary shares	8	5,845,796	5,887,113
Net assets per Ordinary share	8	159.29p	90.44p
Net assets per B Ordinary share	8	116.71p	117.53p

The financial statements on pages 27 to 49 were approved by the Board of Directors on 8 April 2011 and signed on its behalf by:

Michael Price

Paul Everitt

The notes 1 to 17 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS*For the year ended 31 December 2010*

	<i>Notes</i>	<i>31 December 2010</i>	<i>31 December 2009</i>
Cash flows from operating activities			
Interest received		192	1,320
Operating expenses paid		<u>(61)</u>	<u>(231,610)</u>
Net cash inflow/(outflow) from operating activities	10	131	(230,290)
Cash flows from investing activities			
Acquisition of investment		-	(4,653,653)
Disposal of investments		<u>-</u>	<u>200,000</u>
Net cash (outflow)/ inflow from investing activities		-	(4,453,653)
Cash flows from financing activities			
Issue of own shares and warrants		-	5,008,870
Proceeds from borrowing		-	250,000
Payment of share and warrant issue costs		<u>(133,408)</u>	<u>(258,481)</u>
Net cash (outflow)/ inflow from investing activities		(133,408)	5,000,389
Net (decrease)/increase in cash and cash equivalents		<u>(133,277)</u>	<u>316,446</u>
Cash and cash equivalents at beginning of the year		<u>396,577</u>	<u>80,131</u>
Cash and cash equivalents at end of the year		<u><u>263,300</u></u>	<u><u>396,577</u></u>

The notes 1 to 17 form an integral part of these financial statements

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

For the year to 31 December 2010

	<i>Share capital</i>	<i>Share premium</i>	<i>Special distributable reserve</i>	<i>Warrant reserve</i>	<i>Exchange reserve</i>	<i>Deferred reserve</i>	<i>Capital reserve</i>	<i>Revenue reserve</i>	<i>Total</i>
	£	£	£	£	£	£	£	£	£
Opening balance	87	48,384,287	26,346,979	4,392,660	47,574	-	(6,587,315)	7,604,099	80,188,371
Exchanges	-	-	-	-	(16,259,109)	-	-	-	(16,259,109)
Transfer to revenue reserve	-	-	-	(4,392,660)	16,265,921	-	-	(11,873,261)	-
Result for the period	-	-	-	-	-	-	47,217,142	-	47,217,142
Closing Balance	87	48,384,287	26,346,979	-	54,386	-	40,629,827	(4,269,162)	111,146,404

For the year to 31 December 2009

	<i>Share capital</i>	<i>Share premium</i>	<i>Special distributable reserve</i>	<i>Warrant reserve</i>	<i>Exchange reserve</i>	<i>Deferred reserve</i>	<i>Capital reserve</i>	<i>Revenue reserve</i>	<i>Total</i>
	£	£	£	£	£	£	£	£	£
Opening balance	8,215,647	43,780,480	26,346,979	4,392,660	-	-	(25,614,795)	(473,502)	56,647,469
Cancellation of Deferred shares	(8,215,565)	-	-	-	-	8,215,564	-	-	(1)
Exchanges	-	-	-	-	47,574	-	-	-	47,574
Transfer to revenue reserve	-	-	-	-	-	(8,215,564)	-	8,215,564	-
Issue of B Ordinary shares	5	5,008,865	-	-	-	-	-	-	5,008,870
Issue costs	-	(405,058)	-	-	-	-	-	-	(405,058)
Result for the period	-	-	-	-	-	-	19,027,480	(137,963)	18,889,517
Closing Balance	87	48,384,287	26,346,979	4,392,660	47,574	-	(6,587,315)	7,604,099	80,188,371

The notes 1 to 17 form an integral part of these financial statements

MARWYN VALUE INVESTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2010

1 General information

Marwyn Value Investors Limited is a closed-ended investment fund registered by way of continuation in the Cayman Islands (registered number MC-228005). The rights of the shareholders are governed by Cayman Law and may differ from the rights and duties owed to shareholders in a UK incorporated company. The address of its registered office is PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

These financial statements were authorised for issue by the Board of Directors (the “Board”) on 8 April 2011.

2 Changes to International Financial Reporting Standards

The accounting policies adopted are consistent with those of the previous financial year except for the following improvements to IFRS and IFRIC interpretations adopted in the year commencing 1 January 2010:

In May 2008 and April 2009 the IASB issued an omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. Adoption of the amendments has had no impact on the accounting policies, financial position or performance of the Company.

Issued in April 2009

IFRS 8 Operating Segments clarifies that the segment assets and liabilities need only to be reported when those assets and liabilities are included in measures that are used by the chief operating decision maker. The adoption of the amendment had no impact on the Company’s segment disclosure since the Company is organised into only one operating segment.

Other amendments resulting from improvements to IFRS to the following standards did not have any impact on the accounting policies, financial position or performance of the Company.

Issued in April 2009

IAS 1 Presentation of Financial Statements

IAS 7 Statement of Cash Flows

IAS 39 Financial Instruments: Recognition and Measurement

The following standards, amendments and interpretations have been issued but are not yet effective and would have no material impact on the financial position or performance of the Company. Dates given are for the start of the effective period:

- IAS 24 Related Party Disclosures (Amendment) – January 2011
- IAS 32 Financial Instruments: Presentation – Clarification of Rights Issues – February 2010
- IFRS 9 Financial Instruments: Classification and Measurement – January 2013 (not yet adopted by EU)
- IFRIC 14 Prepayments of a minimum funding requirement (Amendment) – January 2011
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments – July 2010

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- Improvements to IFRS (May 2010) – July 2010 or January 2011
 - IFRS 3 Business Combinations
 - IFRS 7 Financial Instruments: Disclosures
 - IAS 1 Presentation of Financial Statements
 - IAS 27 Consolidated and Separate Financial Statements
 - IFRIC 13 Customer Loyalty Programmes

The directors anticipate minimal impact from the adoption of the May 2010 amendments with only the adoption of amendments to IFRS 7 expected to have a limited impact on credit risk disclosure.

3 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 years presented, unless otherwise stated.

3.1 Statement of compliance

The financial statements of Marwyn Value Investors Limited have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union together with the applicable legal and regulatory requirements of the Companies Law (2010 Revision) and the Specialist Fund Market (“SFM”) rules published by the London Stock Exchange.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the Board of Directors 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 in Note 4.

In order to better reflect the activities of an investment company in accordance with the guidance issued by the Association of Investment Companies (“AIC”), supplementary information which analyses the Statement of Comprehensive Income between items of a revenue and capital nature has been presented alongside the Statement of Comprehensive Income.

On the basis that the financial statements have been prepared in accordance with IFRS as adopted by the European Union, the Directors have not sought to prepare the financial statements on a basis compliant with the recommendations of the Statement of Recommended Practice (“SORP”) for investment trusts issued by the AIC, except for the Statement of Comprehensive Income presentation discussed above.

3.2 Basis of preparation

The financial statements have been prepared under the cost convention on a going concern basis, as modified by the revaluation of financial assets at fair value through profit or loss.

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3.3 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the functional currency). In arriving at the functional currency the Directors have considered the primary economic environment of the Company and in doing so have considered the currency in which the original capital was raised, any distributions are to be made and ultimately the currency the capital would be returned on a break up basis. The Directors have also considered the currency to which the underlying investments are exposed. The Directors are of the opinion that Sterling best represents the functional currency.

The financial statements are presented in Sterling, which is the Company's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency assets and liabilities are translated into the functional currency using the exchange rate prevailing at the statement of financial position date.

Foreign exchange gains and losses arising from translation are included in the statement of comprehensive income.

Foreign exchange gains and losses relating to the financial assets and liabilities carried at fair value through profit or loss are presented in the statement of comprehensive income within 'other net changes in fair value on financial assets and financial liabilities at fair value through profit or loss'.

3.4 Financial assets at fair value through profit or loss

(a) Classification

Financial assets designated at fair value through profit or loss at inception are financial instruments that are not classified as held for trading but are managed, and their performance is evaluated on a fair value basis in accordance with the Company's documented investment strategy.

The Company's policy requires the Investment Manager and the Board of Directors to evaluate the information about these financial assets and liabilities on a fair value basis together with other related financial information.

The Company classifies its investment in the Master Fund as a financial asset at fair value through profit or loss. This financial asset is designated by the Board of Directors at fair value through profit or loss at inception.

Unquoted investments are stated at fair value as determined by the Directors using appropriate valuation techniques. Changes in the fair value of investments held at fair value through profit or loss are recognised in the Capital column of the Statement of Comprehensive Income. On disposal, realised gains and losses are also recognised in the Capital column of the Statement of Comprehensive Income. Unrealised gains and losses on the disposal of investments are taken to the Capital reserve – unrealised.

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(b) Recognition, derecognition and measurement

The Company recognises unquoted investments held at fair value through profit or loss on the date it commits to purchase the instruments.

Derecognition of investments occurs when the rights to receive cash flows from the investments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred.

The amount that may be realised from the disposal of an investment in the Master Fund may differ from the values reflected in the financial statements.

(c) Fair value estimation

The Master Fund is unquoted and accordingly the fair value of the investment is determined based on the information provided by the administrator of the Master Fund on a weekly basis.

The Company's interest in the Master Fund is valued by the Directors on the basis of the NAV of the Master Fund as provided by the Master Fund Administrator at the period end. The NAV of the Master Fund is determined by the Master Fund Administrator by deducting the fair value of the liabilities of the Master Fund from the fair value of the Master Fund's assets.

3.5 Financial liabilities

The Company recognises a financial liability on assuming a financial obligation and derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

Borrowings are initially measured at fair value, net of transaction costs and subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

3.6 Cash and cash equivalents

Cash and cash equivalents comprise bank balances held by the Company including short-term bank deposits with an original maturity of three months or less. The carrying value of these assets approximates to their fair value.

3.7 Interest income

Interest receivable on cash deposits is accounted for on an accruals basis.

3.8 Taxation

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

3.9 Expenditure

All expenses attributable to the Company are paid by the Master Fund.

The Investment Manager does not receive a management or performance fee from the Company in respect of funds invested by the Company in the Master Fund. The Investment Manager is entitled to fees and expenses

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from the Master Fund.

The Company pays broker commissions (if any) and any issue or transfer taxes chargeable in connection with its investment transactions. Transaction costs incurred on the acquisition or disposal of an investment are charged to capital through the Statement of Comprehensive Income in the period in which they are incurred.

3.10 Costs directly attributable to the issue of equity

Share and warrant issue costs are placing expenses directly relating to the issue of the Company's shares. These expenses include fees payable under share placement agreements, printing, advertising and distribution costs and legal fees and any other applicable expenses. All such costs are charged to equity and deducted from the proceeds received.

3.11 Exchange Procedure

Movements into and out of the Master Fund by the Company in respect of shareholder exchanges are accounted for as additions and disposals of investments recorded at the NAV as reported by the administrator of the Master Fund. Movements in capital in respect of shareholder exchanges are recorded in the Exchange Reserve. Where the Company's partnership interests in the Master Fund are cancelled following Exchanges by the Master Fund out of Ordinary shares, the capital amount previously transferred to the Exchange reserve is transferred to the profit and loss reserve.

3.12 Segment reporting

The Company is organised and operates as one segment by allocating its assets to investment funds managed by investment managers, which are not actively traded.

4 Critical accounting estimates and assumptions

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4.1 Critical judgements

The Board of Directors considers the NAV of the Master Fund, as provided by the Master Fund administrator, to be the best representation of the fair value of the partnership interests held in the Master Fund. The NAV of the Master Fund is determined by the Master Fund Administrator by deducting the fair value of the liabilities of the Master Fund from the fair value of the Master Fund's assets.

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5 Financial assets at fair value through profit or loss

	31 December 2010	31 December 2009
Marwyn Value Investors L.P.	£	£
At cost		
Opening balance	95,251,529	90,750,301
Additions	834,670	5,412,150
Disposals	(18,309,833)	(910,922)
Closing balance	77,776,366	95,251,529
Unrealised loss brought forward	(15,063,158)	(34,090,638)
Movement in unrealised gain	48,433,196	19,027,480
Unrealised gain/(loss) carried forward	33,370,038	(15,063,158)
At fair value	111,146,404	80,188,371
Class F	105,300,608	74,301,258
Class B1	5,845,796	5,887,113
At fair value	111,146,404	80,188,371

Shareholders exchanging out of B Ordinary shares and into the Master Fund during the year exchanged 653,870 B Ordinary shares with a total net asset value of £827,858. Shareholders exchanging out of the Master Fund and into B Ordinary shares during the year exchanged 653,870 B Exchange shares with a total net asset value of £834,670. Following completed exchanges by the Master Fund, interests held by the Company in the Master Fund with a cost of £17,708,841 were cancelled. These movements in the Master Fund investment are included in additions and disposals and in the table above.

As the Company has no control over the Master Fund's activities and has no voting power in its affairs, the Master Fund is not considered to be a subsidiary.

Fair value estimation

In the opinion of the Directors there is no material difference between the book values and the fair values of the financial assets and liabilities.

Fair value of investments in the Master Fund

The fair value of investments in the Master Fund, which are not quoted in an active market, is determined primarily by reference to the latest NAV, as determined by the administrator of the Master Fund. The Company may make adjustments to the reported NAV based on considerations such as (i) the liquidity of the Master Fund or its underlying investments, (ii) the value date of the NAV provided, (iii) any restrictions on redemptions, and (iv) the basis of accounting and, in instances where the basis of accounting is other than fair value, fair valuation information provided by the Master Fund's advisors. The carrying value of the Master Fund may be materially different to the values ultimately realised on redemption.

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In February 2010, the 15,150,000 Ordinary shares acquired by the Master Fund in October 2009 were exchanged into partnership interests in the Master Fund and subsequently cancelled. In September, the Master Fund acquired, exchanged and cancelled a further 900,000 Ordinary shares. The total net asset value of the cancelled partnership interests was £16,265,921.

As at 31 December 2010, 100% (2009: 100%) of financial assets at fair value through profit or loss comprise investments in the Master Fund fair valued in accordance with the policies set out above. The interests in the Master Fund are not publicly traded and the Company does not have a right of redemption. As a result, the carrying value of the Master Fund may not be indicative of the values ultimately realised on redemption. In addition, the Company may be materially affected by the actions of other investors who have invested in the Master Fund in which the Company has invested.

The Company classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2)
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3)

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The following table analyses within the fair value hierarchy the Company's financial assets measured at fair value:

	Level 1	Level 2	Level 3	Total balance
<i>31 December 2010</i>	£	£	£	£
Financial assets at fair value through profit or loss:				
Master Fund	–	111,146,404	-	111,146,404
 <i>31 December 2009</i>				
Financial assets at fair value through profit or loss:				
Master Fund	–	80,188,371	-	80,188,371

The Master Fund was fair valued with reference to the NAV as reported by the Master Fund's administrator.

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6 Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise balances with original maturity of less than 3 months.

7 Financial liabilities at amortised cost

	31 December 2010 £	31 December 2009 £
Loan from Master Fund	250,000	250,000

The Master Fund has made a loan to the Company of £250,000 for which the Company pays interest received on the corresponding cash amount held. The loan will be repaid by set-off on the date that all of the Company's interests in the Master Fund are redeemed.

8 Net Asset Value

Ordinary share series

The calculation of NAV of the Ordinary share series is based on the net assets attributable to the Ordinary shares of £105,300,608 (2009: £74,301,258) and on the Ordinary shares in issue of 66,106,473 at the balance sheet date (2009: 82,156,473).

B Ordinary share series

The calculation of NAV is based on the net assets of £5,845,796 (2009: £5,887,113) and on the B Ordinary shares in issue of 5,008,870 at the balance sheet date (2009: 5,008,870).

9 Earnings per Share

Ordinary share series

The calculation of basic earnings per Ordinary share series is based on net revenue of £NIL (2009: Deficit £137,963) attributable to the Ordinary shares, and net capital gain of £47,265,270 (2009: Gain £17,744,173), on ordinary activities for the year attributable to the Ordinary share series and on a weighted average 68,524,966 Ordinary shares in issue during the year (2009: 82,018,544).

Diluted earnings per Ordinary share is based on the net capital gain of £47,265,270 (2009: Gain £17,744,173), on ordinary activities for the year attributable to the Ordinary share series and on weighted average Ordinary shares which include 17,444,309 Ordinary shares exercisable from the warrants, adjusted for their expiry in September 2010, being a total of 85,969,275 Ordinary shares in issue during the year (2009: 105,277,622).

B Ordinary share series

The calculation of basic and diluted earnings per B Ordinary share series is based on the net revenue of £NIL (2009: £NIL) attributable to the B Ordinary shares, and net capital loss of £48,128 (2009: £1,283,307), on ordinary activities for the year attributable to the B Ordinary share series and on 4,890,636 weighted average Ordinary shares in issue during the year (2009: 5,008,870).

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10 Reconciliation of net profit for the year to net cash outflow from operating activities

	31 December 2010 £	31 December 2009 £
Net profit for the year	47,217,142	18,889,517
Gain on investments held at fair value through profit or loss	(48,433,196)	(19,027,480)
Realised loss on investments	1,216,054	-
Decrease in debtors	-	2,283
Decrease/(increase) in trade creditors	131	(94,610)
Net cash outflow/(inflow) from operating activities	<u>131</u>	<u>(230,290)</u>

11 Share Capital

	2010 £	2009 £
<u>Authorised</u>		
<i>Ordinary shares:</i>		
10,892,258,506,473 of 0.0001p each	10,892,258	10,892,258
<i>Exchange shares:</i>		
10,892,176,350,000 of 0.0001p each	10,892,176	10,892,176
<i>Deferred shares:</i>		
82,156,473 of 9.9999p	8,215,566	8,215,566
Total authorised	<u>30,000,000</u>	<u>30,000,000</u>

	2010 Number	2010 £	2009 Number	2009 £
<u>Issued and fully paid</u>				
<i>Ordinary shares:</i>				
Ordinary shares	82,156,473	82	82,156,473	82
B Ordinary shares	5,008,870	5	-	-
Opening balance	87,165,343	87	82,156,473	8,215,647
B Ordinary shares redesignated as B Exchange shares	(653,870)	(1)	-	-
B Exchange shares redesignated as Ordinary	653,870	1	-	-
B Ordinary shares issued during the year	-	-	5,008,870	5
Closing balance – B Ordinary	<u>5,008,870</u>	<u>5</u>	<u>5,008,870</u>	<u>5</u>
Ordinary shares redesignated as Exchange shares	(16,050,000)	(16)	(868,000)	(1)
Exchange shares redesignated as Ordinary shares	-	-	868,000	1
Closing balance – Ordinary	<u>66,106,473</u>	<u>66</u>	<u>82,156,473</u>	<u>82</u>
Closing balance – total Ordinary	<u>71,115,343</u>	<u>71</u>	<u>87,165,343</u>	<u>87</u>

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	2010		2009
	Number	£	Number
			£
<i>Deferred shares:</i>			
Opening balance	-	-	-
Deferred shares created on subdivision of Ordinary shares during year	-	-	82,156,473
Cancellation of deferred shares	-	-	(82,156,473)
Closing balance	-	-	-

	2010		2009
	Number	£	Number
			£
<i>Exchange shares:</i>			
Opening balance	-	-	-
Ordinary shares redesignated as Exchange shares	16,050,000	16	868,000
Exchange shares redesignated as Ordinary shares	-	-	(868,000)
B Ordinary shares redesignated as B Exchange shares	653,870	1	-
B Exchange shares redesignated as Ordinary shares	(653,870)	(1)	-
Closing balance	16,050,000	16	-

	2010		2009
	£		£
<i>Share Premium:</i>			
Opening balance	43,384,287		43,780,480
Premium on new share issues	-		5,008,865
Share issue costs	-		(405,058)
Closing balance	48,384,287		48,384,287

The Company has two classes of shares in issue, Ordinary and B Ordinary shares. The Company's assets and liabilities are segregated in accordance with the assets and liabilities of each share class. Each class of share ranks equally as to voting rights. Dividends and rights as to capital are equivalent for each class and as described below. Both classes of share are able to convert into Exchange shares of their respective class.

(a) Voting rights

(i) The Ordinary shares carry the right to receive notice of and attend and vote at any general meeting of the Company in accordance with the Articles.

(ii) The Exchange shares carry the rights to receive notice of and to attend any general meeting of the Company but not vote unless there are no Ordinary shares in issue in which case the Exchange shares will have the voting rights set out in (i) above as if the Exchange shares were Ordinary shares.

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(b) Dividends

(i) Subject to the Companies Law, the Directors may declare dividends (including interim distributions) and distributions on shares in issue and authorise payment of the dividends or distributions out of the funds of the Company lawfully available. No dividend or distribution will be paid except out of the realised or unrealised profits of the Company, or as otherwise permitted by the Companies Law. There are no fixed dates on which the entitlement to dividends arises. All dividend payments will be non-cumulative.

(ii) Distributions on each series of Ordinary shares may only be paid from proceeds received from the corresponding class of interests in the Master Fund.

(iii) The Exchange shares will not confer any rights to dividends or other distributions

(c) Rights as to capital

The surplus capital and assets of the Company will on a winding-up or on a return of capital (otherwise than on a purchase by the Company of any of its shares) be paid to the holders of each series of the Ordinary shares pro rata to their holding of such Ordinary shares out of the proceeds of the corresponding class of interests in the Master Fund.

(d) Conversion

Upon the notification of the Exchange Administrator to the Company, Ordinary shares may be converted by way of redesignation to Exchange shares and Exchange shares may be converted by way of redesignation to Ordinary shares to give effect to an Exchange.

On the conversion of Ordinary shares to Exchange shares, in addition to receiving Exchange shares, the shareholder will receive, at his election, either corresponding interests in the Master Fund or ordinary shares in the unlisted feeder-fund to the Master Fund.

A holder of Exchange shares will only be permitted to convert Exchange shares into Ordinary shares of the corresponding class to the extent it holds sufficient interests in the Master Fund or ordinary shares in the unlisted feeder-fund to the Master Fund.

12 Reserves

Special distributable reserve

A special distributable reserve was created when the company cancelled all of its share premium account in existence as at 26 January 2007, transferring it to a distributable reserve to allow, amongst other things, the buy-back and cancellation of up to 14.99% of the Ordinary shares.

Exchange reserve

Movements in capital in respect of shareholders exchanging into and out of the Company are recognised in the exchange reserve. An amount of £16,259,109 was debited to the exchange reserve in this respect.

Where the Company's partnership interests in the Master Fund are cancelled following Exchanges by the Master Fund out of Ordinary shares, the capital amount previously transferred to the exchange reserve is transferred to the revenue reserve. An amount of £16,265,921 was credited to the exchange reserve and debited to the revenue reserve in this respect.

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Warrant reserve

The warrants previously in issue expired during the year. On expiration, the amount of £4,392,660, held in the warrant reserve at the end of 2009, was transferred to the revenue reserve.

13 Financial risks

13.1 Market Risk

The Company's exposure to market risk consists of Interest Rate Risk and Price Risk. The Company is not directly exposed to any material Currency risk, although this may be a factor in Price Risk as a result of the investments made by the Master Fund.

(a) Interest Rate Risk

The Company finances its operations through a mixture of shareholders' capital and reserves. With the exception of cash at bank, which receives interest at a floating rate and the loan from the Master Fund, which pays interest received on the corresponding cash amount held, all assets and liabilities of the Company are non-interest bearing.

The following table details the Company's exposure to Interest Rate Risk:

	Interest rate revalues in less than 1 month 2010 £	Non-interest bearing 2010 £	Interest rate revalues in less than 1 month 2009 £	Non-interest bearing 2009 £
Assets				
Unquoted investments at fair value through profit or loss	-	111,146,404	-	80,188,371
Cash and cash equivalents	263,300	-	396,577	-
Total assets	<u>263,300</u>	<u>111,146,404</u>	<u>396,577</u>	<u>80,188,371</u>
Liabilities				
Loan from Master Fund	250,000	-	250,000	-
Payables and accruals	-	13,300	-	146,577
Total liabilities	<u>250,000</u>	<u>13,300</u>	<u>250,000</u>	<u>146,577</u>
Total interest sensitivity gap*	<u>-</u>		<u>-</u>	

* All income received by the Company on cash held is paid to the Master Fund in accordance with the Company's Registration Document.

An increase/ decrease of 100 basis points in interest rates at the reporting date would have increased/ decreased the net assets attributable to ordinary shareholders by £NIL (2009: £NIL).

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(b) Price Risk

The Company invests in two classes of the Master Fund, Class F and Class B1 and is susceptible to market price risk arising from uncertainties about future values of those Master Fund classes. The Company's investment portfolio complies with the investment parameters as disclosed in its SFM Admission document. The Board manages the market price risks inherent in the investment portfolio by ensuring full and timely access to relevant information from the Investment Manager. The Board receives quarterly reports from the Administrator of the Master Fund. The Board meets regularly and at each meeting reviews investment performance.

Any movement in the value of the Class F or Class B1 of the Master Fund would result in an equivalent movement in the NAV per Ordinary share and B Ordinary share respectively, similarly for 2009.

The Company's exposure to changes in market prices at 31 December 2010 on its unquoted investments was as follows:

	2010	2009
	£	£
Unquoted investments at fair value through profit or loss	111,146,404	80,188,371

The following tables show the average monthly performance of the reported NAV of the Company for each share class in issue:

Ordinary shares:	2010	2009
	Analysis of monthly returns	Analysis of monthly returns
Number of periods	12	12
Percent profitable	75%	67%
Average period return	4.48%	3.05%
Average gain	6.42%	6.96%
Average loss	-1.32%	-4.75%

The impact on net income and equity of the average monthly period returns set out in the above table as of 31 December is as follows:

	Monthly Returns		Impact of Increase		Impact of Decrease	
	Increase (%)	Decrease (%)	Net Income £	Equity £	Net Income £	Equity £
2010	6.42	(1.32)	6,760,299	6,760,299	(1,389,968)	(1,389,968)
2009	6.96	(4.75)	5,171,367	5,171,367	(3,529,310)	(3,529,310)

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B Ordinary shares

	2010	2009
	Analysis of monthly returns	Analysis of monthly returns
Number of periods	12	1
Percent profitable	33%	100%
Average period return	0.0%	27.9%
Average gain	0.65%	27.9%
Average loss	-0.27%	-

The impact on net income and equity of the average monthly period returns set out in the above table as of 31 December is as follows:

	<i>Monthly Returns</i>		<i>Impact of Increase</i>		<i>Impact of Decrease</i>	
	<i>Increase</i>	<i>Decrease</i>	<i>Net Income</i>	<i>Equity</i>	<i>Net Income</i>	<i>Equity</i>
	(%)	(%)	£	£	£	£
2010	0.65	(0.27)	37,998	37,998	(15,783)	(15,783)
2009	27.9	-	1,642,505	1,642,505	-	-

13.2 Liquidity Risk

The Company's investment in the Master Fund is relatively illiquid as the Master Fund invests a significant part of its assets in publicly traded investments, the holdings of which are illiquid. As such the Master Fund and/ or Company may not be able to readily dispose of such illiquid investments and, in some cases, may be contractually prohibited from disposing of such investments for a specified period of time. However, the Company's liquidity profile of its assets are matched with the liquidity profile of its liabilities.

The Company holds two classes in the Master Fund. The policy is that the Company should remain fully invested in normal market conditions.

The following table shows the contractual, undiscounted cash flows of the Company's financial liabilities:

	Less than		Less than	
	1 month	1-3 months	1 month	1-3 months
	2010	2010	2009	2009
	£	£	£	£
Loan from Master Fund	250,000	-	250,000	-
Payables and accruals	13,300	-	146,577	-

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The financial liabilities of the Company at 31 December 2010 comprise accrued expenses and a loan payable to the Master Fund. As at 31 December 2010, total accrued expenses of £13,300 (2009: £146,577) had contractual maturity dates ranging between 1 and 7 days (2009: 1 and 7 days) after the year end date. As at 31 December 2010, the loan payable to the Master Fund had no contractual maturity date being repayable against a final redemption of the Company's interest in the Master Fund. As all liabilities as at 31 December 2010 and 2009 do not have a contractual maturity date longer than one month of the year end, the effect of discounting has no material impact on the cash flows.

The Company holds, and will continue to hold, £250,000 cash in respect of the £250,000 loan payable to the Master Fund. The loan will be repaid by set-off on the date that Master Fund interests are redeemed.

As all operating expenses, other than share issue costs paid directly by the Company from the proceeds of shares issued, are paid by the Master Fund and the loan is repayable by set-off the Directors do not consider the Company has any liquidity risk.

13.3 Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The main credit risk relates to the cash held with financial institutions.

The Company manages its exposure to credit risk associated with its cash deposits by selecting counterparties with a high credit rating with which to carry out these transactions. The counterparty for these transactions is HSBC Bank plc, which holds a short-term credit rating of P-1 and long-term credit rating of Aa2, as issued by Moody's. The Company's maximum exposure to credit risk is the carrying value of the cash on the balance sheet.

14 Material contracts and related-party transactions

In the opinion of the Directors on the basis of shareholdings advised to them, the Company has no ultimate controlling party.

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party, or the parties are under common control or influence, in making financial or operational decisions.

(a) Management fee

Marwyn Investment Management LLP is the Investment Manager to the Company. Marwyn Investment Management LLP did not hold any beneficial interest in any of the shares of the Company.

Under the Management Agreement dated 20 February 2006 if, and to the extent that the Company invests its assets only in the Master Fund, the Investment Manager shall not receive any fees. In respect of any assets of the Company not invested in the Master Fund, the Investment Manager shall receive aggregate performance and management fees on the same basis as those to which it would have been entitled if such assets had been those of the Master Fund. The Company has not made any such investments during the year and as such no fees were paid by the Company, or payable at the year end (2009: Nil).

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Under the Master Fund Management Agreement, the Manager will receive monthly management fees from the Master Fund not exceeding 2% per annum of the NAV of each class of share in the Master Fund, payable monthly in arrears.

The incentive allocation to be borne by the Class F and B1 Interests will only be payable on Returns being made. For these purposes “Returns” shall mean any distribution, dividend or return of capital by the Master Fund to holders of the Class F and B1 Interests (either directly or indirectly through the Company or the Unlisted Fund) and purchases of Ordinary shares by the Company or the Master Fund (which are subsequently cancelled through the Exchange procedure or otherwise).

(b) Administration fee

The administration is carried out by Fund Corporation of the Channel Islands Limited with outsourced administration and exchange administration services provided by Axio Capital Solutions Limited.

Fund Corporation is paid an annual fee of £5,000 and Axio Capital Solutions Limited is paid an annual fee of £30,000 for the administration of the Ordinary series and £15,000 for the administration of the B Ordinary series, monthly in arrears. Axio also receives an exchange administration fee of £5,000 for each series of exchange shares, payable 6 monthly in arrears. The administrator is entitled to reimbursement of certain expenses incurred by it in connection with its duties. These fees are paid by the Master Fund.

(c) Board of Directors’ remuneration

Director fees are paid by the Master Fund. Robert Ware, Paul Everitt and Michael Price receive a fee of £20,000. Eitan Milgram does not receive a director fee.

All Directors are entitled to receive reimbursement for all travel and other costs incurred as a direct result of carrying out their duties as Directors.

15 Capital Management Policies and Procedures

The Company’s capital management objectives are:

- to ensure that it will be able to continue as a going concern; and
- to maximise the income and capital return to its equity shareholders

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31 December 2010

The Company's capital at 31 December comprises:

	2010	2009
	£	£
Share capital	87	87
Share premium	48,384,287	48,384,287
Special distributable reserve	26,346,979	26,346,979
Warrant reserve	-	4,392,660
Exchange reserve	54,386	47,574
Capital reserve – Unrealised	40,629,827	(6,587,315)
Revenue reserve	(4,269,162)	7,604,099
Total Capital	111,146,404	80,188,371

The Board, with the assistance of the Investment Manager monitors and reviews the broad structure of the Company's capital on an ongoing basis.

In order to be able to pay dividends out of profits available for distribution by way of dividends, the Company has to be able to meet a solvency test. Prior to any announcement of a distribution the Directors must confirm that in their opinion the Company must be able to pay its debts as they fall due in its ordinary course of business immediately following the Dividend and there must be sufficient profits, retained earnings or share premium. There has been no dividend paid or proposed during the year.

16 Potential offer for the Company

The Board of Directors (the "Board") has received a proposal from the board of Marwyn Management Partners plc ("MMP") in connection with a possible offer being made by MMP for the entire issued Ordinary share capital of the Company (but the proposal does not currently include an offer for the B Ordinary shares or any Exchange shares). The offer consideration for the Company would be new MMP shares which would value the Company's Ordinary shares at their net asset value and might include partial cash and loan note alternatives at a discount to such net asset value. In connection with the cash element of the offer, MMP has stated that it would intend to conduct an equity placing.

There can be no certainty that an offer from MMP will be forthcoming.

17 Ordinary shares - by series

The Company has issued two series of Ordinary shares the proceeds of which have been invested in two separate classes of the Master Fund. Distributions on each series of Ordinary shares may only be paid from proceeds received from the corresponding class of interests in the Master Fund. The surplus capital and assets of the Company will on a winding-up or on a return of capital (otherwise than on a purchase by the Company of any of its shares) be paid to the holders of each series of the ordinary shares pro rata to their holding of such ordinary shares out of the proceeds of the corresponding class of interests in the Master Fund. The information on the following two pages is presented in respect of those two series of Ordinary shares in issue.

MARWYN VALUE INVESTORS LIMITED

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31 December 2010

<i>31 December 2010</i>	<i>Ordinary shares</i> £	<i>B Ordinary shares</i> £
NON CURRENT ASSETS		
Unquoted investments at fair value through profit or loss	105,300,608	5,845,796
CURRENT ASSETS		
Cash and cash equivalents	<u>126,692</u>	<u>136,608</u>
TOTAL ASSETS	<u>105,427,300</u>	<u>5,982,404</u>
CURRENT LIABILITIES		
Loan	125,000	125,000
Accruals	<u>1,692</u>	<u>11,608</u>
TOTAL LIABILITIES	<u>126,692</u>	<u>136,608</u>
NET ASSETS ATTRIBUTABLE TO EQUITY HOLDERS	<u>105,300,608</u>	<u>5,845,796</u>
CAPITAL AND RESERVES ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		
Called up share capital	82	5
Share Premium	43,780,480	4,603,807
Special distributable reserve	26,346,979	-
Exchange reserve	47,574	6,812
Capital reserve – Unrealised	39,394,655	1,235,172
Revenue reserve	<u>(4,269,162)</u>	<u>-</u>
TOTAL EQUITY	<u>105,300,608</u>	<u>5,845,796</u>
Net assets per Ordinary share	159.29p	
Net assets per B Ordinary share		116.71p

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31 December 2010

<i>31 December 2009</i>	<i>Ordinary shares</i> £	<i>B Ordinary shares</i> £
NON CURRENT ASSETS		
Unquoted investments at fair value through profit or loss	74,301,258	5,887,113
CURRENT ASSETS		
Cash and cash equivalents	125,000	271,577
TOTAL ASSETS	<u>74,426,258</u>	<u>6,158,690</u>
CURRENT LIABILITIES		
Loan	(125,000)	(125,000)
Accruals	-	(146,577)
TOTAL LIABILITIES	<u>(125,000)</u>	<u>(271,577)</u>
NET ASSETS ATTRIBUTABLE TO EQUITY HOLDERS	<u>74,301,258</u>	<u>5,887,113</u>
CAPITAL AND RESERVES ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		
Called up share capital	82	5
Share Premium	43,780,480	4,603,807
Special distributable reserve	26,346,979	-
Warrant reserve	4,392,660	-
Exchange reserve	47,574	-
Capital reserve – Unrealised	(7,870,616)	1,283,301
Revenue reserve	7,604,099	-
TOTAL EQUITY	<u>74,301,258</u>	<u>5,887,113</u>
Net assets per Ordinary share	90.44p	
Net assets per B Ordinary share		117.53p

RISK WARNING

Risks applicable to investing in the Company and the Master Fund

Past performance

The Company and the Master Fund do not have a long operating history upon which to evaluate their likely performance. The past performance of the Company and Investment Manager may not be indicative of future performance.

Dependence on key individuals

The success of the Company and the Master Fund depends upon the ability of the Investment Manager and Manager to develop and implement investment strategies that achieve the Master Fund's investment objective. If the Investment Manager were to become unable to participate in the investment management of the Master Fund, the consequence for the Company and the Master Fund would be material and adverse and could lead to the premature winding-up of the Company and/or Master Fund.

Terrorist action

There is a risk of terrorist attacks in Europe and elsewhere causing significant loss of life and property damage and disruptions in global markets. Economic and diplomatic sanctions may be in place or imposed on certain states and military action may be commenced. The impact of such events is unclear, but could have a material effect on general economic conditions and market liquidity.

Exchange Administrator's consent required to utilise the Exchange Procedure

Use of the Exchange Procedure is at the sole and absolute discretion of the General Partner of the Master Fund who has delegated that authority to the Exchange Administrator. The Exchange Administrator may refuse consent to a proposed exchange for any reason or no reason and is not required to give any reasons for such a refusal. The Exchange Notice which will be required to be completed and delivered by any investor wishing to effect an Exchange includes certain warranties and representations which are required to be made by such investors. Investors who are unable to make such warranties and representations or for whom the Exchange Administrator refuses to give consent will be unable to effect an Exchange.

Handling of mail

Mail addressed to the Company and/or the Master Fund and received at their respective registered offices will be forwarded unopened to the Administrator or Master Fund Administrator as the case may be to be dealt with. None of the Company, the Master Fund, the General Partner or any of its or their Directors, officers or providers will bear any responsibility for any delay howsoever caused in mail reaching the Administrator or Master Fund Administrator as the case may be.

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Net asset value considerations

The net asset value per share of both the Company and the Master Fund is expected to fluctuate over time with the performance of the Master Fund's and/or Company's investments. A shareholder may not fully recover his initial investment when he chooses to redeem his shares or upon compulsory redemption if the net asset value per share of the relevant class of shares at the time of such redemption is less than the subscription price paid by that shareholder. In addition, where in relation to the calculation of the net asset value there is any conflict between IFRS and the valuation principles set out in the Articles and this document in relation to the Company or US GAAP, and the valuation principles set out in the Articles of Association of the Master Fund or its offering memorandum in the case of the Master Fund, the latter principles shall take precedence.

Risks Applicable to Investments in the Company

Sole purpose

The Company has been established with the sole purpose of investing in the Master Fund. The success of the Company therefore depends on the success of the Master Fund and its ability to successfully implement its investment strategy. Identification and exploitation of the investment strategies to be pursued by the Master Fund involve a high degree of uncertainty.

Limited redemption rights

The Company has no right of redemption in relation to the Class F Interests or Class B1 Interests.

Directors

The Company is highly dependent on the expertise and continued service of the Directors. These individuals could terminate their agreements for service or service contracts at any time, and their loss may have an adverse effect on the Company's business. Furthermore, the ability to attract and retain individuals may be critical to the Company's ongoing business. The failure to attract and retain such individuals may adversely affect the Company's operations and performance.

Cayman Islands registration

The Company is registered in the Cayman Islands. As a result, the rights of the Shareholders are governed by the laws of the Cayman Islands and the Articles. The rights of Shareholders under Cayman Islands law may differ from the rights of shareholders of companies incorporated in other jurisdictions and the enforcement of such rights may involve different considerations and may be more difficult than would be the case if the Company had been incorporated in England and Wales or the jurisdiction of a Shareholder's residence. The following are examples: (i) subject only to the Articles, the allotment and issue of securities is under the exclusive control of the Directors and there are no pre-emption rights under the Companies Law; (ii) there is no statutory prohibition on the Company providing financial assistance on the acquisition of its own shares; (iii) subject only to the Articles, there are no shareholder interest disclosure requirements under the Companies Law; (iv) there is no express restriction on the Company making loans to Directors nor the equivalent of substantial property

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rules for transactions involving Directors under the Companies Law; and (v) assets of the Company are under the exclusive control of the Directors and the Companies Law does not expressly restrict the powers of the Directors to dispose of assets. Examples (i) to (v) above are intended for the purposes of illustration only and are not an exhaustive list. Investors should take appropriate independent legal advice to determine if they are afforded protections they consider are necessary for their specific circumstances.

The Cayman Islands courts ordinarily would be expected to follow English case law precedents which permit a minority shareholder to commence a representative action against or derivative actions in the name of the company to challenge (i) an act which is ultra vires the company or illegal, (ii) an act which constitutes a fraud against the minority and the wrongdoers are themselves in control of the company, and (iii) an irregularity in the passing of a resolution which requires a qualified (or special) majority. In the case of a company (not being a bank) having a share capital divided into shares, the courts may, on the application of members holding not less than one fifth of the shares of the company in issue, appoint an inspector to examine the affairs of the company and to report thereon in such manner as the courts will direct. Any shareholder of a company may petition the courts which may make a winding-up order if the courts are of the opinion that it is just and equitable that the company should be wound up. Generally, claims against a company by its shareholders must be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by the company's memorandum and articles of association.

United Kingdom tax considerations

Although the Directors intend that, insofar as it is within their respective control, the affairs of the Company are conducted so that the Company does not become subject to United Kingdom tax on its profits or gains, there can be no guarantee that all of the requirements to ensure this will at all times be satisfied.

Control over the Master Fund

The Company, in its capacity as an investor in the Master Fund, has no opportunity to control the day-to-day operation, including investment and disposition decisions, of the Master Fund. The Company does not have the opportunity to evaluate the relevant economic, financial and other information that is utilised by the Investment Manager in its selection of investments and does not receive the detailed financial information regarding investments that is available to the Investment Manager.

Class consents

Certain actions by the General Partner in respect of the Master Fund require the written consent of investors in that Class. Where the Directors allow holders of Shares of a series which has invested in the corresponding Class to vote on a matter for which the General Partner is seeking investor consent and, if the resolution is passed by a simple majority of those voting in person or by proxy at a meeting of the holders of the relevant series of Shares, the Directors will give consent to the General Partner in respect of all of the Company's interests in the relevant Class. The Company will not split its consent in accordance with the votes of the holders of the relevant series of Shares.

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Value and liquidity of the shares

An investment in shares traded on SFM is perceived to involve a higher degree of risk and be less liquid than an investment in companies whose shares are listed on the Official List of the FSA. It may be difficult for an investor to realise his or her investment. The shares of publicly traded emerging companies have limited liquidity and their share prices can be highly volatile. The price at which the Shares will be traded and the price at which investors may realise their investment will be influenced by a large number of factors, some specific to the Company and its operations, and others which may affect companies operating within a particular sector or quoted companies generally. Prospective investors should be aware that the value of the Shares could go down as well as up, and investors may therefore not recover their original investment. Furthermore, the market price of the Shares may not reflect the underlying value of the Company's net assets.

Additional financing and dilution

If the Company issues further classes of ordinary shares, whilst these will not dilute the economic interests of the existing classes in the Master Fund, the additional ordinary shares will carry rights to vote at general meetings of the Company and will therefore dilute shareholders' voting rights accordingly. The Directors may seek debt finance to fund the expansion of the Company. There can be no assurance that the Company will be able to raise such debt funds, whether on acceptable terms, or at all. If debt financing is obtained, the Company's ability to raise further finance, and its ability to operate its business, may be subject to restrictions.

Registration under the US Investment Company Act and the US Advisers Act

The Company has not been and it is extremely unlikely it will ever be registered under the US Investment Company Act. In addition, the Manager and the Investment Manager have not been and it is extremely unlikely that they will ever be registered as "Investment Advisers" under the US Investment Advisers Act.

Depository Interests

Securities issued by non-UK registered companies, such as the Company, cannot be held or transferred in the CREST system. However, to enable shareholders to settle such securities through the CREST system, a depository or custodian can hold the relevant securities and issue dematerialised Depository Interests representing the underlying shares which are held on trust for the holders of these Depository Interests.

Voting rights

Under the Articles, only those persons who are shareholders of record are entitled to exercise voting rights. Persons who hold Shares in the form of Depository Interests will not be considered to be record holders of such shares that are on deposit with the Depository and, accordingly, will not be able to exercise voting rights. However, the Deed Poll provides that the Depository shall pass on, as far as it is reasonably able, rights and entitlements to vote. In order to direct the delivery of votes, holders of Depository Interests must deliver instructions to the Depository by the specified date. Neither the Company nor the Depository can guarantee that holders of Depository Interests will receive the notice

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in time to instruct the Depository as to the delivery of votes in respect of Shares represented by Depository Interests and it is possible that they will not have the opportunity to direct the delivery of votes in respect of such Shares. In addition, persons who beneficially own Shares that are registered in the name of a nominee must instruct their nominee to deliver votes on their behalf. Neither the Company nor any nominee can guarantee that holders of Depository Interests will receive any notice of a solicitation of votes in time to instruct nominees to deliver votes on behalf of such holders and it is possible that holders of Depository Interests and other persons who hold ordinary shares or exchange shares through brokers, dealers or other third parties will not have the opportunity to exercise any voting rights.

Limitation of liability

The Deed Poll contains provisions excluding and limiting the Depository's liability to holders of Depository Interests. For example, the Depository will not be liable to any holder of Depository Interests or any other person for liabilities in connection with the performance or non-performance of obligations under the Deed Poll or otherwise except as may result from its negligence or wilful default or the fraud of any custodian or agent which is not a member of its group unless it has failed to exercise reasonable care in the appointment and continued use and supervision of such custodian or agent. Furthermore, except in the case of personal injury or death, the Depository's liability to a holder of Depository Interests will be limited to the lesser of: (i) the value of shares and other deposited property properly attributable to the Depository Interests to which the liability relates; and (ii) that proportion of £10 million which corresponds to the portion which the amount the Depository would otherwise be liable to pay to the holder of the Depository Interests bears to the aggregate of the amounts the Depository would otherwise be liable to pay all such holders in respect of the same act, omission or event which gave rise to such liability or, if there are no such amounts, £10 million. The Depository is entitled to charge fees and expenses for the provision of its services under the Deed Poll without passing any profit from such fees to holders of Depository Interests.

Indemnification

Each holder of Depository Interests is liable to indemnify the Depository and any custodian (and their agents, officers and employees) against all costs and liabilities arising from or incurred in connection with, or arising from any act related to, the Deed Poll so far as they relate to the property held for the account of Depository Interests held by that holder, other than those resulting from the wilful default, negligence or fraud of the Depository, or the custodian or any agent, if such custodian or agent is a member of the Depository's group, or, if not being a member of the same group, the Depository has failed to exercise reasonable care in the appointment and continued use and supervision of such custodian or agent.

United States ownership and transfer restrictions

There are restrictions on the purchase of Securities by or to investors who are located in the United States or who are US Persons or who acquire Securities for the account or benefit of US Persons. In the

event that Securities are acquired by persons who are not qualified to hold the Securities, such Securities are subject to provisions requiring forfeiture and/or compulsory transfer.

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