

KINGSWALK INVESTMENTS LIMITED

ANNUAL REPORT
For the year ended 31 December 2010

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Corporate Information

**Company Registered
Number:**

42316

Directors:

Paul Michael Everitt (executive director)
Ian Roger Parry (executive director)
August Johannes Francisca Maria Berting (non-executive
director)
Daniel Asse van den Noort (non-executive director)

all of:
Roseneath,
The Grange,
St Peter Port,
Guernsey, GY1 3SJ

**Company Secretary
And Registered Office:**

Fund Corporation of the Channel Islands Limited
Roseneath,
The Grange,
St Peter Port,
Guernsey, GY1 3SJ

**UK Solicitors to the
Company:**

Memery Crystal LLP
44 Southampton Buildings
London, WC2A 1AP

**Independent
Auditor:**

Chantrey Vellacott DFK LLP
Russell Square House
10-12 Russell Square
London, WC1B 5LF

**Nominated Advisor
and Broker:**

Daniel Stewart and Co Plc
Becket House
36 Old Jewry
London, EC2R 8DD

Registrars:

Capita Registrars (Guernsey) Limited
Longue Hougue House
St. Sampson
Guernsey, GY1 3US

**Administration
Services Provider:**

Fund Corporation of the Channel Islands Limited
Roseneath,
The Grange,
St Peter Port,
Guernsey, GY1 3SJ

DIRECTORS' REPORT

Introduction

We are pleased to present this annual report of Kingswalk Investments Limited ("Kingswalk" or the "Company") to shareholders for the year ended 31 December 2010.

Background

Following the Company's reorganisation in 2009, 2010 was the year in which the platform was created to allow the Company to take in new funds for investment and carry out its investment strategy as approved by its shareholders at the 2010 annual general meeting ("2010 AGM"). During the period under review, the Company made one investment in a Dutch security equipment installation and maintenance firm operating in Rotterdam and, in January 2011, the Company successfully raised £0.8 million in new equity funds and made its second material investment, in a UK-based management and corporate consultancy. The Company's management is now actively reviewing potential investment opportunities and expects to be able to make significant investments during the rest of 2011.

Fundraising and investments

In January 2011, the Company raised £800,000 before expenses through the issue of 40,000,000 new ordinary shares of 1 pence each in the capital of the Company ("Subscription Shares") via a subscription at 2 pence per Subscription Share to existing and new shareholders. In line with the Company's broad investment strategy, the directors intend to invest the net proceeds in private and quoted companies across a wide range of sectors, including financial services, support services and resources. The expected investment size is likely to be between £50,000 and £250,000 and the Company anticipates undertaking a more active investment style, with the aim of recycling funds invested at the earliest opportunity.

At the year end, the Company had two investments, a legacy holding in an AIM quoted company and the new 49.9% investment in Vermeesch Installaties BV ("Vermeesch"), the Rotterdam-based security equipment installation and maintenance firm which was completed in September. In the year ended 31 December 2010, Vermeesch recorded turnover of €860,000 (2009: €932,000). The board of Kingswalk ("Board") intend to assist Vermeesch to grow and potentially use it as a consolidation vehicle in its highly fragmented sector.

In January 2011, the Company acquired the entire issued share capital of Combined Management Services Limited ("CMS"). CMS is a UK based management and corporate consultancy providing corporate solutions to private and quoted companies. Set up in 2005, CMS generated turnover of more than £500,000 in the year ended 31 December 2010 and profits of approximately £10,000 in the same period. The Board intends to provide growth capital to CMS to allow it to take on additional high quality professionals, including additional corporate lawyers, corporate financiers and qualified accountants to satisfy the strong demand that its offering is generating. A key part of Kingswalk's strategy of investing in CMS is to provide access to investment opportunities in small cap and growth companies for the Company. The Company is pleased to report that trading in

CMS during the first four months of 2011 has been strong, with a number of new clients and corporate transaction mandates secured.

Financial Review

The Company's reported loss for the year was reduced significantly to £141,887 from £259,916 the previous year. Administration costs for 2010 were reduced by almost 25% to £149,965 (2009: £195,639) and the net loss on the carrying value of the quoted investment was £3,382 (2009: £64,277).

The value of net assets at the year end improved to £134,231 (2009: £76,118), primarily as a result of the investment in Vermeesch. At the year end, the Company had cash balances of £681 (2009: £26,816) and £25,000 debt (2009: £0). The fundraising carried out in January 2011 allowed the Company to repay all creditors and debts post the year end.

During the year, the Company issued 10,666,666 new ordinary shares of 1 pence each ("Ordinary Shares") to end the year with 53,173,673 Ordinary Shares in issue (2009: 42,505,007). 4,666,666 of these Ordinary Shares were issued as consideration for the investment in Vermeesch and 6,000,000 Ordinary Shares were issued to repay loans taken out during 2010.

Investment Policy

The Company's investment policy is the policy that was approved by its shareholders at the 2010 AGM. This policy allows the Company to invest in a broad range of listed and unlisted businesses. The Company's investment policy allows the Board to evaluate potential investments from a wide variety of industry sectors and the Company will seek investments in sectors where there is potential for growth. This is likely to include sectors such as financial services, support services, resources and property, amongst others, where the Directors believe significant value resides. The Company will primarily focus on European and US-based businesses but will also consider investments in other geographical areas if appropriate. Over the last 12 months, the Company's management and advisers have appraised a number of companies in detail with a view to making investments and have undertaken extensive due diligence exercises in respect of a number of these. The Company made one new investment in September 2010 and another in January 2011. Both investee companies are trading in line with management's expectations.

The Company does not seek to limit the size of the investment or the size of the entities in which it invests and does not limit the percentage ownership that it may hold in any one company at any time. Accordingly, the Company's investment policy permits the Company to make investments of up to, and including, 100% of businesses.

The Company will not seek to have a fixed number of investments or seek to diversify the investments over particular sectors or particular indexes, however it is envisaged that the total number of investments at any given time will not exceed 30 investments. The Company will instead generally focus on diversifying the relative risks of investments. The Company does not intend at this stage to gear its investments but may consider doing so in the future if suitable funding arises.

The Company will generally be a passive investor in the entities in which it invests but if the Board or the Company's consultants are able to add value to the investee entity then the Company may take a more active stance. The Company's investment decisions will be based upon research prepared and presented to the Board by its appointed advisory panel of research consultants and advisers.

Outlook

Overall trading conditions remain challenging across the wider economy and isolated macro-level events understandably impact on investment decisions. Notwithstanding this, the Directors believe that now is the right time to be investing in small growth companies that need access to investment which is not being provided by the lending banks or institutional investors. We're pleased with the encouraging trading reported in CMS and this investment is expected to provide the Company with significant numbers of investment opportunities. With the continued support of the Company's shareholders, the Directors intend to make further investments during the course of 2011 to take advantage of the current stage of the economic cycle.

Board of Directors

Paul Everitt

Executive Director

Mr Everitt qualified as a chartered accountant and has more than 20 years' experience in the finance industry, having previously acted as Head of Fund Services for Barclays Wealth's offshore operations, with responsibility for their fund administration teams. He is the co-founder and managing director of Fund Corporation, a Guernsey-based administration firm. He has a wide ranging practical experience in Guernsey and the UK, in particular with international fund structures. Paul is also a director of a number of other AIM-traded companies and investment funds.

Roger Parry

Executive Director

Mr Parry is a chartered accountant who worked at Phoenix Equity Partners and Barclays Wealth before setting up Fund Corporation with Mr Everitt. Mr Parry is a director of Fund Corporation and specialises in international fund structures. Roger is also a director of a number of other investment funds.

Guus Berting

Non-Executive Director

Mr Berting graduated with a degree in Art History from the University of Leiden and subsequently joined Sotheby's Amsterdam. In 2001 he founded Art Consolidated B.V., an art dealing business based in The Hague. Guus is a non-executive director of a number of AIM-traded and privately held companies.

Daan van den Noort

Non-Executive Director

Mr van den Noort is an experienced investment director having previously been a general practitioner until 1999, when he joined the pharmaceutical industry as a marketing manager of Pharmacia. In 1996 he became executive director of Asta Medica and also in

1999 he joined Ferring Geneesmiddelen as General Manager. In 2001 he joined a venture capital fund, Biotech Turnaround Fund (“BTF”) as Chief Investment Officer, responsible for research and identification of investment opportunities. In 2003 he joined Genentech as a national manager. Daan is currently director of CXPro the European agency for ecmarket software solutions. He is advisor for KPMG Meijburg & Co and is director of Genizon Biosciences Inc, Syntarga BV, Metabolex Inc and Zenith Funds Guernsey CI.

Directors and their Interests

The Directors of the Company during the year and at the date of this report (except where stated) were:

Paul Michael Everitt
 Ian Roger Parry
 August Johannes Francisca Maria Berting
 Daniel Asse van den Noort (appointed 27 January 2010)
 Jonathan David Freeman (resigned 27 January 2010)

Save for Mr van den Noort who, on 24 January 2011, was awarded 500,000 warrants over Ordinary Shares each exercisable at 2 pence, none of the Directors who held office at the end of the financial year had any interest in the share capital or share options of the Company, nor does any person connected with the Directors have any such interests, whether beneficial or non-beneficial.

Substantial Shareholdings

At 31 December 2010, the Company’s number of ordinary shares of 1 pence each (“Ordinary Shares”) in issue was 53,171,673. In January 2011, the Company issued and allotted an additional 40,000,000 Ordinary Shares, such that as at the date of this report, the number of Ordinary Shares in issue was 93,171,673. It is a requirement of the Company’s Articles of Association that shareholders must notify the Company if they own shares representing 3% or more of the issued share capital. As far as the Directors are aware, the following shareholders hold 3% or more of the Company’s share capital:

	Number of Ordinary Shares	Percentage of issued ordinary share capital
Hearth Investments Limited	12,500,000	13.4%
Westminster Asset Management	9,800,000	10.5%
Farmillon Investments Limited	5,317,391	5.7%
Esquire Investments B.V.	5,109,435	5.5%
Kenneth Reginald West	5,100,000	5.4%
Clarefield Holdings Limited	5,042,770	5.4%

Share Option Plan

A discretionary Share Option Plan (“Plan”) was adopted by the Board prior to the admission of the Company to AIM in February 2005. A summary of the draft terms of the

Plan were provided in the AIM admission document. On 16 May 2007, the Board formally adopted the finalised Plan which was set up on the basis of the draft terms in the AIM admission document.

In an effort to preserve cash, the Board has, where it is considered appropriate, awarded options over the Company's shares to consultants to the Company rather than pay fees to them for work carried out. No options have been granted since 1 June 2007, therefore there currently remain options outstanding over a total of 800,000 shares as at the date of this report and as at 31 December 2010 (31 December 2009: 800,000). The exercise price of all these options is 26 pence per share which was the mid-price of the shares at the time the options were awarded.

Corporate Governance

The Company was admitted to trading on AIM on 24 February 2005. As such it is not governed by the Combined Code on Corporate Governance. However, the Board is committed to complying with best practice where appropriate. This includes evaluating Directors' performance, the management of the Company and ensuring that it maintains full and effective control over appropriate strategic, financial, operational and compliance issues.

There is no separate Audit Committee, Remuneration Committee or Nomination Committee as the Board considers that, given the Company's current size, all members of the Board should participate in those roles and responsibilities normally reserved for such committees. Therefore, the Company's external auditors will report to the full Board of Directors on relevant matters.

The Company continues to give careful consideration to the principles of corporate governance to ensure that it complies with current UK corporate governance requirements to the extent to which the Directors consider these to be appropriate for a company of its size and taking into account its wish to conserve cash for investments.

The Board meets regularly and has ultimate responsibility for the management of the Company. It also meets to review the remuneration of Directors and its consultants.

Relationship with Shareholders

The Directors seek to build a mutual understanding of objectives between the Company and its shareholders. The Company reports formally to shareholders in its interim and annual reports setting out details of its activities. In addition, the Company keeps shareholders informed of events and progress during the year through the issue of press releases. The Directors meet with shareholders following interim and final results, as required. The Company also maintains company information on its website – www.kingswalkinvestments.com. Shareholders have the opportunity to meet the Board at the Annual General Meeting ("AGM"). The Board is also happy to respond to any written queries made by shareholders during the course of the year.

Where possible the Annual Report is sent to shareholders at least 20 days before the AGM. Directors are required to attend AGMs of the Company unless unable to do so for personal reasons or due to pressing commercial commitments. Shareholders are given

the opportunity to vote on each separate issue. The Company counts all proxy votes and will indicate the level of proxies lodged on each resolution, after it has been dealt with by a show of hands.

Internal Control

The Directors of the Company have overall responsibility for the Company's system of internal control. Internal control systems are designed to meet the particular needs of the Company and the risks to which it is exposed. By their nature these controls can provide reasonable but not absolute assurance against material misstatement or loss.

The Board's appointment of Fund Corporation of the Channel Islands Limited ("Fund Corporation") for financial administration and as Company Secretary has delegated much of the administration of the Company. Fund Corporation has established systems of control, including internal financial controls, to enable the directors to ensure that proper accounting records are maintained, that financial information for use within the Company and reporting to shareholders is accurate and reliable and that the Company's assets are safeguarded. This delegation of administration by the Board, and the use of Fund Corporation, is monitored by the Board with regard to its appropriateness and with regard to the performance of Fund Corporation in carrying out its work on behalf of Kingswalk.

Portfolio Risk

The Company's assets comprise investments in smaller quoted and unquoted businesses which, by their nature, tend to be more fragile than larger, longer established businesses. In addition, smaller companies are usually exposed to greater risks than more stable businesses and may therefore change in nature quickly with such changes not being immediately reflected in the valuation of the investment. In addition, unquoted investments are difficult to realise and there is therefore a risk that the Company may not be able to exit from an investment at the appropriate valuation or at all.

Results and Dividends

The results of the Company for the year are set out on pages 15 to 31. No dividends have been paid or are proposed to be paid.

Directors' Responsibilities

Guernsey company law requires the Directors 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 those financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements have been properly prepared in accordance

with the Companies (Guernsey) Law, 2008. In addition the Directors are responsible for ensuring that the annual report includes information required by the AIM Rules for Companies. 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.

So far as the Directors are aware, there is no relevant audit information of which the Company's auditor is unaware, having taken all the steps the Directors ought to have taken to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Financial statements are published on the Company's website. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Auditor

A resolution to reappoint Chantrey Vellacott DFK LLP as auditor will be proposed at the next Annual General Meeting.

Going Concern

The Directors consider the Company a going concern for the reasons disclosed in note 1(g) to the financial statements

Activities

The Company was incorporated on 15 September 2004 and was admitted to trading on AIM on 24 February 2005.

The principal activity of the Company is as an investing company and the Company's current investment strategy was approved by the Company's shareholders at the 2010 AGM. Shareholders will again be asked to approve the Company's investment strategy as set out in the Directors' Report at the forthcoming annual general meeting ("AGM"), to be held on 29 June 2011.

Creditors' Payment Policy and Practice

It is the Company's payment policy and actual practice to ensure settlement of suppliers' invoices in accordance with the stated terms of the invoices. The Company's average creditor days is approximately 30 days.

On behalf of the Board,

Paul Michael Everitt
Director
2 June 2011

Ian Roger Parry
Director

Directors' Remuneration Report

Policy on Directors' Fees

The Board's policy is that the level of remuneration should be sufficient to attract and retain the Directors needed to oversee properly the Company and to reflect the specific circumstances of the Company, the duties and responsibilities of the Directors and the value and amount of time committed to the Company's affairs. It is intended that this policy will continue for the year ending 31 December 2011 and subsequent years.

Directors' Fees

The Board considers at least annually the level of the Directors' fees, in accordance with the Combined Code on Corporate Governance. The Company Secretary provides information on the levels of Directors' fees to the Board in advance of each review.

The Board concluded following the review of the level of Directors' fees for the forthcoming year that the amounts should remain unchanged at present.

Directors' Service Contracts

The Company entered into an open-ended services agreement with Fund Corporation which includes the provision of the services of P M Everitt and I R Parry as executive directors on a fixed fee basis, with a 3-month notice period. Service agreements, each with a 1-month notice period, exist between the Company and Daan van den Noort and Guus Berting.

The Company has also entered into a outsourced administration and consultancy agreement with CMS as disclosed in note 12 to the accounts. As from 29 January 2011, CMS became a wholly owned subsidiary of the Company. The above fees do not include reimbursed expenditure.

Directors' Remuneration

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

Director	Salary or Fees	
	2010	2009
P M Everitt	£7,083	£2,113
I R Parry	£7,083	£2,113
A F M Berting	£120	n/a
D A v d Noort	£5,500	n/a

No pension scheme contributions or other retirement benefit contributions were paid.

Other than with Mr van den Noort as disclosed above in the Directors' Report, there are no share option contracts or long term incentive schemes held by the Directors.

During the period under review, no Director has had any interest in any contract to which the Company is a party except for the contracts between the Company and Fund Corporation and the Company and CMS, as disclosed elsewhere.

The Directors' Remuneration Report on pages 11 and 12 was approved by the Board of Directors and signed on its behalf by

Paul Michael Everitt
Director
2 June 2011

Ian Roger Parry
Director

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KINGSWALK INVESTMENTS LIMITED

We have audited the financial statements of Kingswalk Investments Limited for the year ended 31 December 2010 which comprise the Income Statement, the Balance Sheet, the Cash Flow Statement, the Reconciliation of Movements in Shareholders' Funds and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with section 262 of the Companies (Guernsey) Law, 2008. 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 auditor

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2010 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies (Guernsey) Law, 2008.

CHANTREY VELLACOTT DFK LLP
Chartered Accountants and Statutory Auditor
LONDON
2 June 2011

INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2010

	Note	For the year ended 31 December 2010			For the year ended 31 December 2009		
		Revenue £	Capital £	Total £	Revenue £	Capital £	Total £
LOSSES ON INVESTMENTS							
Net losses on investments at fair value through profit and loss	3	-	(3,382)	(3,382)	-	(64,277)	(64,277)
		-	(3,382)	(3,382)	-	(64,277)	(64,277)
INCOME							
Management charge	1(b)	6,460	-	6,460	-	-	-
Loan waiver	7	5,000	-	5,000	-	-	-
		11,460	-	11,460	-	-	-
EXPENDITURE							
Directors' fees	1(e)	19,787	-	19,787	4,226	-	4,226
Administration fees		45,191	-	45,191	75,089	-	75,089
Professional fees		46,661	-	46,661	48,774	-	48,774
Consultancy fees		-	20,547	20,547	-	44,998	44,998
Audit fee		8,000	-	8,000	13,370	-	13,370
Interest expense	4	1,229	-	1,229	3,333	-	3,333
Regulatory and registration fees		8,550	-	8,550	5,849	-	5,849
		129,418	20,547	149,965	150,641	44,998	195,639
LOSS ON ORDINARY ACTIVITIES FOR THE FINANCIAL YEAR							
		<u>(117,958)</u>	<u>(23,929)</u>	<u>(141,887)</u>	<u>(150,641)</u>	<u>(109,275)</u>	<u>(259,916)</u>
Loss per share:							
- basic (pence per share)	5	<u>(0.26)</u>	<u>(0.05)</u>	<u>(0.31)</u>	<u>(0.64)</u>	<u>(0.46)</u>	<u>(1.10)</u>

All revenue and capital items in the above statement derive from continuing operations.

No operations were acquired or discontinued during the year.

The Company had no recognised gains or losses other than those shown in the Income Statement.

The notes on pages 19 to 31 form an integral part of these financial statements.

BALANCE SHEET
31 DECEMBER 2010

	Note	<u>31 December 2010</u>		<u>31 December 2009</u>	
		£	£	£	£
FIXED ASSETS					
Investments at fair value through profit and loss	3		226,181		86,962
CURRENT ASSETS					
Other debtors and prepayments		7,735		1,725	
Cash and cash equivalents		681		26,816	
		<u>8,416</u>		<u>28,541</u>	
CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR					
Loans payable	7	(25,000)		-	
Other creditors and accruals	8	<u>(75,366)</u>		<u>(39,385)</u>	
		<u>(100,366)</u>		<u>(39,385)</u>	
NET CURRENT LIABILITIES			<u>(91,950)</u>		<u>(10,844)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>134,231</u>		<u>76,118</u>
CAPITAL AND RESERVES					
CALLED UP SHARE CAPITAL	10		531,717		425,050
SHARE PREMIUM ACCOUNT	11		4,348,205		4,254,872
RESERVES			<u>(4,745,691)</u>		<u>(4,603,804)</u>
EQUITY SHAREHOLDERS' FUNDS			<u>134,231</u>		<u>76,118</u>
Net asset value per share (pence per share)	6		<u>0.25</u>		<u>0.18</u>

The accounts on page 15 to 31 were approved by the Board of Directors on 2 June 2011 and authorised for issue on its behalf by:

Paul Michael Everitt
2 June 2011

Ian Roger Parry

The notes on pages 19 to 31 form an integral part of these financial statements.

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2010**

	Notes	For the year ended 31 December 2010	For the year ended 31 December 2009
		£	£
Net cash outflow from operating activities	9(a)	(113,534)	(251,742)
Capital expenditure and financial investment	9(b)	(2,601)	100,000
Cash outflow before financing		<u>(116,135)</u>	<u>(151,742)</u>
Financing	9(c)	90,000	177,678
(Decrease) / Increase in cash for the year	9(d)	<u>(26,135)</u>	<u>25,936</u>

The notes on pages 19 to 31 form an integral part of these financial statements.

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Called up Share Capital £	Share Premium Account £	Reserves		
			Revenue £	Capital £	Total £
Balance at 1 January 2009	132,372	4,254,872	(734,062)	(3,609,826)	(4,343,888)
Net loss for the year	-	-	(150,641)	(109,275)	(259,916)
Issue of shares in the year	292,678	-	-	-	-
Balance at 1 January 2010	425,050	4,254,872	(884,703)	(3,719,101)	(4,603,804)
Net loss for the year	-	-	(117,958)	(23,929)	(141,887)
Issue of shares in the year	106,667	93,333	-	-	-
Balance at 31 December 2010	<u>531,717</u>	<u>4,348,205</u>	<u>(1,002,661)</u>	<u>(3,743,030)</u>	<u>(4,745,691)</u>

Included in the revenue reserve carried forward is £33,680 in relation to share options.

The notes on pages 19 to 31 form an integral part of these financial statements.

Notes to the Financial Statements
31 December 2010**1 ACCOUNTING POLICIES****(a) CONVENTION**

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of investments and in accordance with applicable United Kingdom accounting standards and the directors have chosen to adopt the Statement of Recommended Practice "Financial Statements of Investment Trust Companies and Venture Capital Trusts" issued by The Association of Investment Trust Companies in January 2009. The principal accounting policies which the Directors have adopted within that convention are set out below.

(b) INCOME

Dividends receivable from equity investments are recognised on the ex-dividend date. Dividends receivable from equity investments where no ex-dividend date is quoted are recognised when the Company's right to receive payment is established. Interest receivable on cash deposits is accounted for using the effective interest rate method.

(c) FOREIGN CURRENCY

The Directors have considered and will continue to consider the primary economic environment of the Company and have considered and will continue to consider the currency in which the original finance was raised and ultimately what currency would be returned to investors on a break up basis. The directors have also considered the currency to which the underlying investments are exposed. On balance, the directors believe sterling best represents the functional currency of the Company. Sterling is also the presentational currency.

Assets and liabilities denominated in currencies other than sterling (where relevant) have been translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions were made during the period under review in Euros as well as Sterling and those transactions in Euros have been translated at the rates of exchange ruling at the date of each transaction.

(d) FINANCIAL INSTRUMENTS

The Company's financial instruments fall into the categories discussed below with the allocation depending to an extent on the purpose for which the instrument was acquired. Unless otherwise indicated, the carrying amounts of the Company's financial instruments are a reasonable approximation of their fair values.

(i) Investments held at fair value through profit and loss**Classification**

All investments are classified as "fair value through profit and loss". These financial assets are designated by the Board of Directors at fair value through profit or loss at inception.

Financial assets designated at fair value through profit and loss at inception are those that are managed and their performance evaluated on a fair value basis in accordance with the Company's documented investment strategy. The Company's policy is for the Board of Directors to evaluate the information about these financial assets on a fair value basis together with other related financial information.

Recognition

Purchases and sales of investments are recognised on the trade date or the date on which the Company commits to purchase or sell the investment. Investments are derecognised when the rights to receive cash flows from the investments have expired or the Company has transferred substantially all risks and rewards of ownership.

Notes to the Financial Statements
31 December 2010**1 ACCOUNTING POLICIES (continued)****Measurement**

Financial assets at fair value through profit and loss are initially recognised at fair value. Transaction costs are expensed in the income statement. Subsequent to initial recognition, all financial assets at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the Income Statement in the period in which they arise.

Fair value estimation

Quoted investments are valued at bid price.

Unquoted investments are valued by the Board according to the valuation principles of the European Private Equity and Venture Capital Association as set out in the International Private Equity and Venture Capital Valuation Guidelines (Published June 2005, amended October 2006). As at 31 December 2010, the Company's unquoted investment was valued at £165,000 (2009: £nil), this is at cost which the directors consider to be the Fair Value at 31 December 2010.

Because of the inherent uncertainty associated with the valuation of such investments and the absence of a liquid market, these fair values may differ from the realisable values, and differences could be material.

Realised gains or losses on the disposal of investments are taken to the capital reserve - realised. Unrealised gains or losses on revaluation of investments are taken to the capital reserve - unrealised.

(ii) Receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They consist of loans receivable, other debtors and cash and cash equivalents, but also incorporate other types of contractual monetary assets. They are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition or issue and subsequently carried at amortised cost using the effective interest rate method, less provision for impairment. The effect of discounting on these financial instruments is not considered to be material.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Company will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable.

(iii) Financial liabilities measured at amortised cost

These include;

- other creditors and accruals which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method; and
- loans payable which are initially recognised at fair value net of attributable transaction costs incurred. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method.

Other creditors and accruals primarily comprise amounts outstanding for ongoing costs. The Company has a financial risk management procedure in place to ensure all payables are paid within the credit timeframe.

Notes to the Financial Statements
31 December 2010**1 ACCOUNTING POLICIES (continued)****(iv) Share capital**

Financial instruments issued by the Company are treated as equity only to the extent that they do not meet the definition of a financial liability.

(v) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

(vi) Effective interest rate method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, or, when appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Company estimates cash flows considering all contractual terms of the financial instruments but does not consider future credit losses. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, including transaction costs and all other premiums or discounts.

(e) EXPENDITURE

All expenses are accounted for on an accruals basis. Expenses that are directly attributable to the management of investments are allocated directly to capital in the Income Statement. With the Directors' long term target for returns on investments being entirely capital gain there is no requirement to apportion these expenses between revenue and capital.

(f) SHARE BASED PAYMENTS

The Company makes equity-settled share-based payments to certain consultants. Share based payments are measured at fair value as at the date of grant. The fair value determined at grant date is expensed on a straight line basis over the period the service was received. Further details of how the fair value of share based payments is determined are shown in note 13.

(g) GOING CONCERN

The directors have reviewed the current budgets and cash flow projections for a period of more than 12 months from the date of this report and, taking into account the Company's current cash balances and available facilities, the directors have prepared the financial statements on the going concern basis.

(h) FINANCE COSTS

Finance costs incurred by the Company are allocated as either a revenue or capital expense. In the year under review, all interest costs were incurred in relation to the ongoing costs of the Company and not in relation to the investments held by the Company.

Notes to the Financial Statements
31 December 2010

2 TAXATION

The company has been granted exempt status under the Income Tax (Exempt Bodies) (Guernsey) Ordinance 1989, and is therefore subject to the payment of an annual fee which is currently £600.

3 INVESTMENTS AT FAIR VALUE THROUGH PROFIT AND LOSS

	Listed	Unlisted	Total
	£	£	£
1 January 2010	86,962	-	86,962
Additions	-	165,000	165,000
Disposals	(22,399)	-	(22,399)
	<u>64,563</u>	<u>165,000</u>	<u>229,563</u>
Changes in fair value			
- Realised	(623)	-	(623)
- Unrealised	(2,759)	-	(2,759)
	<u>(3,382)</u>	<u>-</u>	<u>(3,382)</u>
31 December 2010	<u>61,181</u>	<u>165,000</u>	<u>226,181</u>

On 29 September 2010, the Company completed the acquisition of 49.9% of the issued share capital Vermeesch Installaties B.V. ("Vermeesch") for a consideration of £165,000, £140,000 of which was satisfied through the issue of new Ordinary Shares in the Company and £25,000 in cash. During the period, Vermeesch has been accounted for as an investment as the Company does not have control of Vermeesch.

The costs incurred by the Company in acquiring the shares in Vermeesch were approximately £12,700.

4 INTEREST EXPENSE

	31 December 2010	31 December 2009
	£	£
Loan interest	1,229	3,333
Total	<u>1,229</u>	<u>3,333</u>

5 LOSS PER SHARE

The calculation of basic loss per share is based on the net loss on ordinary activities after tax for the year and on 45,018,249 shares (2009: 23,730,924) being the weighted average number of shares in issue during the year.

FRS 22: "Earnings Per Share" defines dilution as a reduction in earnings per share or as an increase in loss per share. When calculating the diluted loss per share for the year the loss decreased. Accordingly the diluted loss per share is not disclosed as per FRS 22. The Company has 800,000 share options and 1,500,000 warrants over ordinary shares in issue which could potentially dilute basic earnings per share in the future – see note 13.

Notes to the Financial Statements
31 December 2010

6 NET ASSET VALUE PER SHARE

The calculation of net asset value per share is based on the net assets of £134,231 (2009: £76,118) and on the ordinary shares in issue of 53,171,673 (2009: 42,505,007) at the balance sheet date.

7 LOANS PAYABLE

	31 December 2010	31 December 2009
	£	£
Loans taken out during year	30,000	-
Loans waived in year	(5,000)	-
Total loans outstanding at end of year	<u>25,000</u>	<u>-</u>

During 2010, the Company borrowed £30,000 under the loan, however £5,000 of the loan was waived by the lender during the year. The loan outstanding at 31 December 2010 was repaid in full, together with interest due, on 16 March 2011.

8 OTHER CREDITORS AND ACCRUALS

	31 December 2010	31 December 2009
	£	£
Audit fees	10,000	12,000
Consultancy fees	13,333	6,604
Professional fees	6,625	-
Nomad fees	3,100	8,250
Registrar fees	1,525	4,984
Administration fees	38,933	7,522
Sundry creditors	1,850	22
	<u>75,366</u>	<u>39,385</u>

9 NOTES ON THE CASH FLOW STATEMENT

(a) Reconciliation of revenue loss to net cash outflow from operating activities

	31 December 2010	31 December 2009
	£	£
Net revenue loss on ordinary activities for the year	(117,958)	(150,641)
Loan waiver	(5,000)	-
Expenses charged to capital	(20,547)	(44,998)
(Increase) / decrease in debtors	(6,010)	(1,725)
Increase / (decrease) in creditors	35,981	(54,378)
Net cash outflow from operating activities	<u>(113,534)</u>	<u>(251,742)</u>

Notes to the Financial Statements
31 December 2010

9 NOTES ON THE CASH FLOW STATEMENT (continued)

(b) Capital expenditure and financial investment

	31 December 2010	31 December 2009
	£	£
Receipts from sale of investments	22,399	100,000
Acquisition of investment	(25,000)	-
	<hr/>	<hr/>
Net cash flow for capital expenditure and financial investment	<u>(2,601)</u>	<u>100,000</u>

(c) Financing

	31 December 2010	31 December 2009
	£	£
Loans payable repaid	-	(115,000)
New loan received	30,000	-
Issue of equity share capital	60,000	292,678
	<hr/>	<hr/>
Net cash inflow from financing	<u>90,000</u>	<u>177,678</u>

(d) Reconciliation of net cash flow to movement in net funds

	31 December 2010	31 December 2009
	£	£
(Decrease) / Increase in cash for the year	(26,135)	25,936
Cash inflow from (increase) / decrease in debt finance	(25,000)	115,000
	<hr/>	<hr/>
Change in net debt resulting from cash flows	(51,135)	140,936
net (debt) / funds at 1 January 2010	26,816	(114,120)
	<hr/>	<hr/>
Net funds / (debt) at 31 December 2010	<u>(24,319)</u>	<u>26,816</u>

(e) Analysis of net debt	At 1 January 2010	Cashflow	Loan waiver	At 31 December 2010
	£	£	£	£
Cash and cash equivalents	26,816	(26,135)	-	681
Loan payable	-	(30,000)	5,000	(25,000)
	<hr/>	<hr/>	<hr/>	<hr/>
	<u>26,816</u>	<u>(56,135)</u>	<u>5,000</u>	<u>(24,319)</u>

Notes to the Financial Statements

31 December 2010

10 CALLED UP SHARE CAPITAL

	31 December 2010	31 December 2009
	£	£
Authorised		
200,000,000 ordinary shares of £0.01 each	<u>2,000,000</u>	<u>500,000</u>
Allotted and fully paid		
53,171,673 ordinary shares of £0.01 each (2009: 42,505,007)	<u>531,717</u>	<u>425,050</u>

On 29 September 2010, the Company issued and allotted 10,666,666 new ordinary shares of 1 pence each ("Ordinary Shares"). 6,000,000 of the new Ordinary Shares were issued fully paid at par in settlement of £60,000 of convertible loans owed by the Company and 4,666,666 of the new Ordinary Shares were issued fully paid at 3p per Ordinary Share as consideration for the investment in Vermeesch.

On 24 January 2011, the Company issued and allotted 40,000,000 new Ordinary Shares fully paid at 2p per Ordinary Shares to raise new funds for the Company totalling £800,000.

11 SHARE PREMIUM ACCOUNT

	2010	2009
	£	£
As at 1 January	4,254,872	4,254,872
Issue of equity share capital in year	93,333	-
As at 31 December	<u>4,348,205</u>	<u>4,254,872</u>

The Company issued 10,666,666 new Ordinary Shares during the year, of which 6,000,000 were issued at a price of 1 pence each and 4,666,666 were issued at a price of 3 pence each. Accordingly, a premium of 2 pence per share on 4,666,666 arose during the year, amounting to £93,333.

12 RELATED PARTY TRANSACTIONS

On 9 February 2005 and as disclosed in the AIM Admission Document dated 18 February 2005, Combined Management Services Limited ("CMS") entered into a services agreement with the Company under the terms of which CMS agreed to provide research, consultancy, office management and administration services to the Company. CMS charged the Company a total of £14,071 for the year to 31 December 2010 (£54,435 for the year to 31 December 2009), of which £11,035 (2009: £3,272) remained unpaid at the year end. Jonathan Freeman, who served as a director of the Company during 2010, resigning on 27 January 2010, owned 50% of CMS until its sale to the Company on 29 January 2011.

On 30 July 2009, the Company entered into an Administration Agreement with Fund Corporation of the Channel Islands Limited ("Fund Corp") and the provision of two directors to the Company is not part of that Administration Agreement. The fees paid to the Administrator are shown on the face of the income statement and the amount unpaid at the year end is shown in note 8. Paul Everitt and Roger Parry, who served as directors of the Company during 2010, are directors of Fund Corp and together own approximately 40% of Fund Corp. The Directors fees paid are shown in the Directors' remuneration report on page 11. There were £11,667 of Directors' fees unpaid at 31 December 2010 (2009: £nil).

At 31 December 2010, Vermeesch Installaties B.V., an investment, owed £6,400 (2009:£nil) for management charges.

Notes to the Financial Statements
31 December 2010

13 SHARE OPTIONS

At 31 December 2010 the number of ordinary shares of 1 pence each subject to options granted under the Company's Share Option Plan were:

Exercise Period	Exercise Price per Share	01-Jan 2010 No.	Grants during year No.	Options exercised No.	31-Dec 2010 No.	31-Dec 2009 No. Exercisable
30 November 2007 - 30 May 2017	26.0 pence	50,000	-	-	50,000	50,000
1 December 2007 - 1 June 2017	26.0 pence	750,000	-	-	750,000	750,000
		<u>800,000</u>	<u>-</u>	<u>-</u>	<u>800,000</u>	<u>800,000</u>

Share options were granted for services provided in previous periods and are exercisable at the holders' discretion.

There were no share-based payment charges during the years ending 2009 and 2010.

In January 2011, the Company created a new warrant instrument which allows the Directors to grant up to 25,000,000 warrants over new Ordinary Shares of 1p in the Company with an exercise price of 2 pence per Ordinary Share and a 5 year exercise period ("2011 Warrant"). The 2011 Warrant has been created as an incentive and retention solution for senior staff and consultants. On 24 January 2011, the Company issued 1,500,000 new warrants under the 2011 Warrant to newly appointed consultants and investment advisers to the Company. These advisers include Daan van Den Noort, a director of the Company, who received 500,000 warrants on that day.

14 FINANCIAL INSTRUMENTS

In common with other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

(a) Strategy in using financial instruments

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

The Company has invested, and may continue to, invest in companies which are unquoted or trading on AIM at the time of the investment and where the Directors believe that the investment is likely to be realised within eighteen months of an investment by the Company. Investee companies will be principally located in Europe and the US.

Notes to the Financial Statements**31 December 2010****14 FINANCIAL INSTRUMENTS (continued)****Investments**

All of the Company's intended investments present the risk of a loss of capital. Such investments are subject to investment-specific price fluctuations as well as to macro-economic, market and industry-specific conditions including, but not limited to, international economic conditions, international financial policies and performance, governmental events and changes in laws. Moreover, the Company may only have a limited ability to vary its investments in response to changing economic, financial and investment conditions.

The success of the Company will be dependent upon, *inter alia*, the identification, making, management and realisation of suitable investments. There can be no guarantee that such investments can or will be made or that such investments will be successful. Poor performance by an investment could severely affect the Net Asset Value per share. In particular, investors should note that:-

- Shareholders will not have an opportunity to evaluate for themselves the relevant economic, financial and other information regarding the investments to be made by the Directors and, accordingly, will be dependent on the judgement and ability of the Directors in investing and managing the assets of the Company. No assurance can be given that the Directors will be successful in making suitable investments or that, if such investments are made, the investment objectives will be achieved;
- the Company may have minority interests in the companies, partnerships and ventures in which it invests ("Investments") and may be unable to exercise control over the operations of such Investments or control over any exit, or timing of any exit, by other investors in such Investments;
- the management of the investee companies targeted by the Directors may not always welcome proactive shareholder involvement and may be resistant to change;
- the Company may be unable to effect an investment in an identified opportunity and, in particular, resources of the Company may be expended investigating potential projects which are subsequently rejected as being unsuitable;
- the Company may dispose of investments in certain circumstances and may be required to give representations and warranties about those investments and to pay damages to the extent that such representations and warranties turn out to be inaccurate or other terms of sale are breached;
- an investee company's competitors may develop or market technologies that are more effective or less expensive than those developed or marketed by the investee company, or that would render the investee company's technology or business model obsolete or uncompetitive;
- the Company cannot guarantee that the value of investments as reported from time to time will in fact be realised; and
- although the Directors will use all due care and diligence when implementing the investment strategy, the situation may arise whereby an unquoted investee company does not proceed with a successful IPO or trade sale. In such instance, the Company may find it difficult to achieve an exit, or may do so at a loss to the initial investment, or may lose the entirety of its investment.

Investments in small unquoted and quoted companies

It is intended that the Company's investment portfolio will comprise interests predominantly in growth companies and companies with an AIM quotation which may be difficult to value and/or realise. Investment in the securities of smaller companies may involve greater risks than is customarily associated with investments in larger, more established companies. In particular, such companies may have limited product offerings, markets or resources and may be dependent on a small number of key individuals. As at 31 December 2010, the Company's holding of unquoted investments was valued at £165,000 (2009: £nil).

Notes to the Financial Statements**31 December 2010****14 FINANCIAL INSTRUMENTS (continued)****Concentration risk**

It is possible that certain investments will represent a significant proportion of the Company's total assets. As a result, the impact on the Company's performance and the potential returns to investors will be adversely affected to a greater degree if anyone of those investments were to perform badly than would be the case if the Company's portfolio of investments was more diversified.

At 31 December 2010 the overall investment allocation was one investment in a quoted company and one investment in an unquoted company, with a year end valuation of approximately £0.20 million (2009: £0.09 million).

(b) Market risk

The Company operates in a competitive market for investment opportunities. While the Directors consider the smaller companies' market to be an attractive area for investment, it is nonetheless likely that the Directors will encounter competition for target investments from investors many of which will have significantly greater resources than the Company. There can be no assurance that these competitive pressures will not have a material adverse effect on the Company's business, financial condition and results of operations. As a result of this competition, the Directors may not be able to take advantage of attractive investment opportunities from time to time. Furthermore the Directors can offer no assurance that they will be able to identify and make investments that are consistent with the Company's investment strategy.

(bi) Interest rate risk

The majority of the Company's financial assets and liabilities are non-interest bearing. As a result, the Company is not subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates. Any cash and cash equivalents are invested at short-term market interest rates.

The Company's interest-bearing financial assets and liabilities expose it to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows.

The table below summarises the Company's exposure to interest rate risks.

	Non-Interest Bearing	Variable Interest	Fixed Interest	Total
As at 31 December 2010	£	£	£	£
Assets				
Investments at fair value	226,181	-	-	226,181
Cash and cash equivalents	-	681	-	681
Total financial assets	<u>226,181</u>	<u>681</u>	-	<u>226,862</u>
Liabilities				
Sundry creditors and accruals	75,366	-	-	75,366
Loan payable	-	-	25,000	25,000
Total financial liabilities	<u>75,366</u>	-	<u>25,000</u>	<u>100,336</u>

The loan was repaid in full by the Company on 16 March 2011.

Notes to the Financial Statements

31 December 2010

14 FINANCIAL INSTRUMENTS (continued)

	Non-Interest Bearing	Variable Interest	Fixed Interest	Total
As at 31 December 2009	£	£	£	£
Assets				
Investments at fair value through profit or loss	86,962	-	-	86,962
Cash and cash equivalents	-	26,816	-	26,816
Total financial assets	<u>86,962</u>	<u>26,816</u>	<u>-</u>	<u>113,778</u>
Liabilities				
Sundry creditors and accruals	39,385	-	-	39,385
Total financial liabilities	<u>39,385</u>	<u>-</u>	<u>-</u>	<u>39,385</u>

(bii) Hedging and currency risk

The majority of the Company's investments are expected to be denominated in pounds sterling. The Directors may invest in opportunities other than sterling and may, through forward foreign exchange contracts, hedge its exposure back to sterling. While hedging may attempt to reduce currency risk, it is not possible to hedge fully or perfectly against currency fluctuations. Accordingly investors may, at certain times, be exposed to exchange rate risks between sterling and other currencies, such that if the value of other currencies falls relative to sterling, the Company's assets will, in sterling terms be worth less.

(biii) Other price risk

Other price risk is the risk that value of an instrument will fluctuate as a result of changes in market prices (other than those arising from currency risk or interest rate risk), whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market.

As the majority of the Company's financial instruments are carried at fair value with changes in value recognised in the Income Statement, all changes in market conditions will directly affect net investment income.

The table below details the breakdown of the investment assets held by the Company

	31 December 2010		31 December 2009	
	Value £	% of Net Assets	Value £	% of Net Assets
Investment assets				
Equity investments:				
◦ Listed equities	61,181	45.6%	86,962	118.2%
◦ Unlisted equities	165,000	122.9%	-	-
	<u>226,181</u>	<u>168.5%</u>	<u>86,962</u>	<u>118.2%</u>

Notes to the Financial Statements**31 December 2010****14 FINANCIAL INSTRUMENTS (continued)****Investment liabilities**

A 5% increase in the fair value of all investments at 31 December 2010 would have increased the net assets attributable to shareholders by £11,309 (2009: £4,348): an equal change in the opposite direction would have decreased the net assets attributable to shareholders by an equal but opposite amount.

(c) Liquidity risk

The Company's financial instruments include unlisted equity instruments, some of which are not traded in an organised public market and which generally may be illiquid. As a result, the Company may not be able to liquidate quickly some of its investments in these instruments at an amount close to their fair value in order to meet its liquidity requirements.

The Company has a procedure to manage liquidity risk whereby the board meet regularly to review investment holdings and current and anticipated levels of financial liabilities. Where liquidity of the investments within the portfolio is believed to be at a level which may adversely affect the Company's ability to service its financial obligations, the board will consider taking action to improve cash flow, which may include utilising bank overdrafts or other credit arrangements.

The table below details the contractual, undiscounted cash flows of the Company's financial liabilities

	Less than 1 month £	1-3 months £	3 months to 1 year £	No stated maturity £
31 December 2010				
<i>Financial liabilities</i>				
Sundry creditors and accruals	75,366	-	-	-
Loan payable	-	-	-	25,000
Total	<u>75,366</u>	<u>-</u>	<u>-</u>	<u>25,000</u>
31 December 2009				
<i>Financial liabilities</i>				
Sundry creditors and accruals	39,385	-	-	-
Total	<u>39,385</u>	<u>-</u>	<u>-</u>	<u>-</u>

All financial liabilities outstanding at 31 December 2010 were paid post year end.

The gross nominal outflow disclosed above is the contractual, undiscounted cash flow on the financial liability or commitment.

Amounts in the above table are based on the carrying value of all accounts.

The Company has a procedure to manage liquidity risk whereby the board meets regularly to review credit positions.

Notes to the Financial Statements**31 December 2010****14 FINANCIAL INSTRUMENTS (continued)****d) Credit risk**

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company.

The carrying amounts of financial assets best represent the maximum credit risk exposure at the balance sheet date.

At the reporting date, the Company's financial assets exposed to credit risk amounted to the following:

	31 December 2010	31 December 2009
	£	£
Other debtors	7,735	1,725
Cash and cash equivalents	<u>681</u>	<u>26,816</u>
Total	<u>8,416</u>	<u>28,541</u>

15 POST BALANCE SHEET EVENTS

The Directors consider that there are no events not disclosed elsewhere in this report that require disclosure as post balance sheet events.