

MARECHALE

CAPITAL

MARECHALE CAPITAL PLC

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2011

MARECHALE CAPITAL PLC
COMPANY INFORMATION

Directors	Mark Warde-Norbury (Chairman) Patrick Booth-Clibborn (Chief Executive) Lord Flight of Worcester (Non Executive) Jon Pither (Non Executive) Robin Black (Non Executive) (appointed 12 April 2011)
Secretary	Richard Shand
Company number	03515836 (England and Wales)
Registered office (and business address)	5-7 St Helen's Place London EC3A 6AU
Auditors	UHY Hacker Young LLP Quadrant House 4 Thomas More Square London E1W 1YW
Bankers	Barclays Bank Plc PO Box 3261 Ashton House 497 Silbury Boulevard Milton Keynes BX3 2BB
Nominated adviser	Smith & Williamson Corporate Finance Ltd 25 Moorgate London EC2R 6AY
Registrars	SLC Registrars David Venus & Company Thames House Portsmouth Road Esher Surrey KT10 9AD
Solicitors	Pinsent Masons LLP One Ropemaker Street London EC2Y 9AH
Website	www.marechalecapital.com

MARECHALE CAPITAL PLC
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FOR THE YEAR ENDED 31 MARCH 2011

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MARECHALE CAPITAL PLC
CHAIRMAN'S STATEMENT
FOR THE YEAR ENDED 31 MARCH 2011

Marechale Capital has now completed its first full year as an investment banking and corporate finance business specialising in advising and raising capital for high growth UK companies and funds.

The plan for 2010-11, which has been achieved, was to generate around £500,000 of fees and commissions as well as material warrant and equity value on projects completed so that we can share in the upside of our clients, and we report a small full year loss of £26,000.

During the year the Company has been active in marketing its services and has engaged and completed fifteen transactions of which eight generated equity, options and warrants. Marechale Capital's focus is on advising growth companies and funds, mainly private but also quoted, with a particular expertise in consumer, leisure, online exchanges and the renewable sectors.

The two key areas of activity for the business are Growth Capital, private equity transactions for more established business, and Development Capital, fundraising for smaller growth companies, the latter typically being Enterprise Investment Scheme (EIS) qualifying.

The Company completed two Growth Capital private equity transactions during the year; £9 million of equity funding was raised for a £80 million turnover branded restaurant group and £4 million was raised for the publishing group, Osprey Publishing Ltd, both from single private equity investors. The Osprey fee was received after the year end and warrants were carried into this financial year. Marechale Capital has a good pipeline of similar transactions, and is currently working on Growth Capital projects in the leisure, online exchange and renewable sectors.

The second area of activity is Development Capital fundraising, typically up to £2 million, for smaller high growth companies which are usually EIS qualifying, where a range of investors known to the Company can benefit from the tax advantages under EIS. We have successfully completed funding for a number of businesses during the year, including a pubs group (Heartstone Inns Ltd), an anaerobic digestion biogas business (Future Biogas Ltd), and an online CDS trading exchange (Traccr Holdings Plc). Again we continue to develop the Development Capital pipeline.

Marechale Capital generates revenues from advisory fees and fund-raising commissions, as well as equity, warrants or a percentage of the 'carry' on fund-raising. The three year plan is to increase the cash reserves and profitability of the business and increase the asset value of the Company through increasing and realising value in these equity, warrant and carry positions. Please note that, for accounting reasons, we are unable to record formally the unrealised uplift in value of these warrant and equity investments. However, we can disclose that we have closed transactions in the last 18 months which have generated warrants, and in some cases, we have also taken equity positions. In the former's case, the companies' shares are not listed, which means that we cannot revalue on the grounds of 'lower of cost or market; in the latter's case, the value of our equity positions have increased since the year-end based on their most recent equity round prices. The Directors estimate that the sum of these unrealised gains, at the time of writing, is potentially worth around £300,000.

The Board continues to be approached by fund management and financial services businesses and will undertake acquisitions or investments in businesses if appropriate. The Company was delighted to place 9.5 per cent. of the Company's shares with UK fund manager Williams de Broe, and these are held on behalf of a number of their clients in their AIM services fund. The shares were bought at 2p per share and resulted in the Company's shares in issue increasing to 52.4 million after the year-end. The Company remains quoted on the AIM market.

Also during the year, we announced the appointment of Robin Black, as a Non Executive Director. Robin brings a wealth of private equity experience to help us build our Development and Growth capital divisions. He also acquired 2 per cent. of the company at an average price of 1.94p in March this year.

Market conditions are still challenging, and, whilst there is increased demand for Marechale Capital's advisory and fund raising services, investor appetite is restrained and only available for exceptional investment opportunities, particularly in the Development Capital division where there are tax advantages such as under the EIS.

MARECHALE CAPITAL PLC
CHAIRMAN'S STATEMENT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2011

We remain cautious about overall current market conditions but are hopeful that, with a healthy pipeline of transactions building, we will be able to give you a further positive update on Marechale Capital's progress when we next report to you later this year.

Mark Warde-Norbury

Chairman

24 August 2011

MARECHALE CAPITAL PLC
CORPORATE GOVERNANCE
FOR THE YEAR ENDED 31 MARCH 2011

Companies traded on AIM are not required to adopt the Combined Code. However, the Directors of Marechale Capital are committed to the application of requirements under the Code and have adopted the QCA Corporate Governance Guidelines, insofar as is practical for a Company of its size.

Board of Directors

The Board of Directors is responsible for Corporate Governance and consists of the two Executive and three Non-Executive Directors whose roles are described on the Group Information page. The Non-Executive Directors' role is to bring independent judgment to Board discussions and decisions.

The Board meets regularly throughout the year in order to review financial performance and regulatory compliance and will consider any matters of significance to the group including corporate activity.

Remuneration Committee

The Remuneration Committee comprises the Non-Executive Directors and meets at least once a year. The Committee provides independent review of the Executive Directors' remuneration and the Company Remuneration Policy. It makes its decisions in consultation with the Chief Executive. No Director plays a part in any decision about their own remuneration. This committee also reviews bonus and equity arrangements for the Group's other senior employees.

Audit Committee

The Audit Committee, which comprises the Non-Executive Directors, has the following responsibilities:

- * monitoring of the Group's internal control environment;
- * assessing the Group's financial risks;
- * reviewing the Group's financial statements, reports and announcements and the accounting policies that underlie them;
- * recommending to the Board on the appointment and remuneration of external auditors;
- * monitoring of the independence of the Auditors and the establishment of a policy for the use of the Auditors for non audit work.

The Audit Committee meets at least once a year.

Other Directors, members of staff and the Auditors are invited to attend these meetings, as appropriate.

Internal Financial Control

The Directors are responsible for ensuring that the Group's system of internal control enables them to report financial information with reasonable accuracy and safeguard the assets of the group. At the time of approving the financial statements the Directors found the financial control system to be appropriate for a company of this nature and size. The key elements of this system are described below:

Defined Procedures

Major and recurrent transactions are carried out in accordance with defined procedures.

Organisational Structure

The Group's organisational structure is documented and available for review by all members of staff. Individual responsibilities are defined and individual performance is monitored.

MARECHALE CAPITAL PLC
CORPORATE GOVERNANCE (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2011

Risk management

The Directors have responsibility for identification and management of the business risks facing the Group. Significant areas of business risk are identified and the management approach is defined and controlled through adoption of key control objectives.

Information Systems

A budget is prepared annually and actual results are compared against the budget on a monthly basis. Variances from the budget are analysed and reviewed. Rolling 12 month forecasts are prepared and updated quarterly.

Going concern

In establishing the applicability of the going concern basis, the Directors have made enquiries as to the financial resources of the Group. The Directors consider that the Group has adequate resources to continue operations for the foreseeable future and will therefore continue to adopt the going concern basis in the preparation of the financial statements.

Dialogue with Shareholders

The Group reports formally to its shareholders twice per year when its half-year and financial year end results are announced and reports are sent to shareholders. The Annual Report includes the notice of the Annual General Meeting of the Group at which the Directors are available to answer any questions.

When matters arise of particular significance or it is required in accordance with the Companies Act 2006, the Board arranges to hold an Extraordinary General Meeting of which notice is sent to Shareholders and at which the Directors are available to answer questions.

Employees

The Group recognises the benefit of keeping its employees informed of all relevant matters on a regular basis. The Company is an Equal Opportunities Employer and all applications for employment are considered fully on the basis of suitability for the job. Detailed employment policies have been established and incorporated into employee conditions of employment.

MARECHALE CAPITAL PLC
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2011

The Directors present their report together with the audited financial statements of the Group for the year ended 31 March 2011.

Principal Activity

Since November 2009, the Company has acted as a low cost investment banking and corporate finance business.

Review of the Business, and Results, Dividends and Key Performance Indicators ('KPI's')

For all practical purposes, 'Marechale Capital', as opposed to 'old' St Helen's Capital, started in January 2010, and therefore the year ended 31 March 2011 was its first full financial year. The Directors are pleased to report that the revenues achieved of £632,000 was slightly ahead of expectations, and the loss of £26,000 was as expected.

The Directors do not recommend the payment of a dividend for the current year.

Position at 31 March 2011

The Balance Sheet at 31 March 2011 is set out on page 13.

The value of the Company's investments has changed little: however, old 'legacy' investments were sold for a small profit, and the proceeds reinvested in new ventures for whom Marechale has raised funds in the last year.

Trade and other receivables have increased slightly from £80,000 to £82,000 reflecting similar levels of business activity at the year-end.

Cash at bank stood at £242,000 compared to £400,000 reflecting (a) the payment of March 2010 liabilities, (b) the timing of year-end commission income, and (c) investments made.

Trade and other payables reduced from £135,000 to £49,000, the former including liabilities associated with the acquisition of, and earn out on, Marechale Ltd, which were paid during the year.

Net assets at 31 March 2011 stood at £369,000 compared to £402,000 at 31 March 2010, reflecting both the loss, and reduced Revaluation Reserve.

Future Developments

The Group has succeeded in developing a low cost investment banking and corporate finance business whose remit is set to continue.

Principal Risks and Uncertainties

The principal risk and uncertainty faced by the Group is if the Group fails to attract any new investment opportunities.

Supplier Payment Policy

It is the Group's policy to settle all credit transactions in accordance with terms agreed with suppliers.

Charitable Donations

The Group made Charitable Donations of £nil during the year (2010: £nil).

MARECHALE CAPITAL PLC
DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2011

Employee Share Ownership Plan Trust ('ESOP')

The ESOP holds 232,603 shares (2010: 232,603) in the Group, of which at 31 March 2011 none had been unconditionally granted to any of the Company's employees.

The Trustees are Lord Flight and Jon Pither, two of the Group's Non-Executive Directors.

Directors

The Directors who served during the year were:

Mark Warde-Norbury (Chairman)
 Lord Flight of Worcester (Non Executive)
 Jon Pither (Non Executive)
 Patrick Booth-Clibborn (Chief Executive)

Directors' Interests

The Directors' interests in the shares and options of the Group were as stated below:

New Ordinary shares of 1p each	At 31 March 2011	At 31 March 2010
Mark Warde-Norbury	4,737,406	3,304,276
Lord Flight	638,060	638,060
Jon Pither	4,607,320	5,357,320
Patrick Booth-Clibborn	4,774,664	4,696,304

Deferred shares of 1p each	At 31 March 2011	At 31 March 2010
Mark Warde-Norbury	18,949,624	13,217,104
Lord Flight	2,552,240	2,552,240
Jon Pither	18,429,280	21,429,280
Patrick Booth-Clibborn	19,098,656	18,782,216

All of the Group's share options were cancelled on 14 September 2009.

Substantial Shareholders

As at 13 July 2011 (being the last practical date prior to the date of this document) and save as set out below, the Group was not aware of any person, who, other than the Directors, directly or indirectly, had an interest representing 3 per cent. or more of the issued ordinary share capital in the Group (being the threshold at or above which, in accordance with the provisions of Section 5 of the Disclosure and Transparency Directive published by the FSA, any interest must be disclosed by the Group):

3% or more shareholders	No. shares	%
Williams de Broe Clients	5,385,000	10.3
Brookwell Ltd	3,862,686	7.4
New Century AIM VCT 1, and VCT 2	3,500,000	6.7
Mr J.I.R.Charatan & Mrs C.A.Charatan	2,372,000	4.5

MARECHALE CAPITAL PLC
DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2011

Directors' Responsibilities

Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently; making 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;
- 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 which disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included in the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' and Officers' Insurance

The Company purchases and maintains Liability Insurance for its Directors and Officers as permitted by the Companies Act 2006.

Statement of Disclosure to Auditor

So far as the Directors are aware, there is no relevant audit information of which the Company's auditors are unaware. Additionally, the Directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

In accordance with section 485 of the Companies Act 2006, a resolution proposing that UHY Hacker Young LLP be reappointed as auditors of the company will be put to the Annual General Meeting.

On behalf of the Board

Mark Warde-Norbury

Chairman

24 August 2011

UHY Hacker Young LLP

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MARECHALE CAPITAL PLC

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF MARECHALE CAPITAL PLC

We have audited the financial statements of Marechale Capital Plc, on pages 12 to 32 for the year ended 31 March 2011, which comprise the Group Income Statement, the Group Statement of Comprehensive Income, the Group and Parent Company Balance Sheets, the Group and Parent Company Cash Flow Statements, the Group and Parent Company Statement of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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

Respective Responsibilities of Directors and Auditors

As explained more fully in the Statement of Responsibilities of those charged with governance set out in the Directors' Report, 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

A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/apb/scope/private.cfm

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's and Group's affairs as at 31 March 2011 and of the Group's loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulations.

UHY Hacker Young LLP

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MARECHALE CAPITAL PLC

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF MARECHALE CAPITAL PLC

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

Michael Egan (Senior Statutory Auditor)
For and on behalf of UHY Hacker Young

Chartered Accountants
Statutory Auditor

24 August 2011

MARECHALE CAPITAL PLC
CONSOLIDATED INCOME STATEMENT
YEAR ENDED 31 MARCH 2011

	Notes	Year ended 31 March 2011 (£)	Year ended 31 March 2010 (£)
Continuing operations			
Revenue	4	631,909	54,231
Cost of sales		(53,837)	0
Gross profit		578,072	54,231
Administrative expenses	5	(636,169)	(562,585)
Operating loss		(58,097)	(508,354)
Investment revenues	6	2,220	1,820
Other gains and (losses)	7	29,596	(329,622)
Loss before tax		(26,281)	(836,156)
Taxation	8	0	0
Loss for the year on continuing operations		(26,281)	(836,156)
Loss for the year on discontinued operations	9	0	(362,988)
Loss for the year		(26,281)	(1,199,144)
Loss per share		(Pence)	(Pence)
Basic – Continuing operations		(0.06)	(1.92)
– Discontinued operations		0	(0.83)
– Total		(0.06)	(2.75)

On 14 September 2009 the Goodwill of both the AIM Broking and the PLUS Adviser businesses, along with their staff, were sold to Whim Gully Capital LLP for a consideration of £200,000.

Consolidated Statement of Comprehensive Income

Loss for the year	(26,281)	(1,199,144)
Other comprehensive income		
Revaluation of investments	(6,722)	(8,449)
Realised loss on investments	0	(114)
	(6,722)	(8,563)
Total recognised comprehensive income (all attributable to owners of the parent)	(33,003)	(1,207,707)

MARECHALE CAPITAL PLC
CONSOLIDATED BALANCE SHEET
YEAR ENDED 31 MARCH 2011

	Notes	Year ended 31 March 2011 (£)	Year ended 31 March 2010 (£)
Non current assets			
Property, plant and equipment	13	0	0
Current assets			
Available for sale investments	15	62,826	57,707
Trading investments	16	30,150	0
Trade and other receivables	17	82,481	79,485
Cash and cash equivalents	18	242,064	399,431
		<u>417,521</u>	<u>536,623</u>
Total assets		<u>417,521</u>	<u>536,623</u>
Current liabilities			
Trade and other payables	19	(48,523)	(134,622)
Total current liabilities		<u>(48,523)</u>	<u>(134,622)</u>
Net assets		<u>368,998</u>	<u>402,001</u>
Equity			
<i>Capital and reserves attributable to equity shareholders</i>			
Share capital	20	2,371,870	2,371,870
Share premium account	20	1,177,453	1,177,453
Revaluation reserves		21,601	28,323
Other reserves		(50,254)	(50,254)
Retained earnings		(3,151,672)	(3,125,391)
		<u>368,998</u>	<u>402,001</u>

The financial statements were approved by the Board of Directors and authorised for issue on 24 August 2011.

They were signed on its behalf by:

Mark Warde-Norbury
Chairman

Company No: 03515836

MARECHALE CAPITAL PLC
COMPANY BALANCE SHEET
YEAR ENDED 31 MARCH 2011

	Notes	Year ended 31 March 2011 (£)	Year ended 31 March 2010 (£)
Non current assets			
Property, plant and equipment	13	0	0
Investments	14	2	2
Current assets			
Available for sale investments	15	62,826	57,707
Trading investments	16	30,150	0
Trade and other receivables	17	82,481	79,485
Cash and cash equivalents	18	242,064	399,431
		<u>417,519</u>	<u>536,621</u>
Total assets		<u>417,521</u>	<u>536,623</u>
Current liabilities			
Trade and other payables	19	(48,523)	(134,622)
Total current liabilities		<u>(48,523)</u>	<u>(134,622)</u>
Net assets		<u>368,998</u>	<u>402,001</u>
Equity			
<i>Capital and reserves attributable to equity shareholders</i>			
Share capital	20	2,371,870	2,371,870
Share premium account	20	1,177,453	1,177,453
Revaluation reserves		21,601	28,323
Other reserves		(50,254)	(50,254)
Retained earnings		(3,151,672)	(3,125,391)
		<u>368,998</u>	<u>402,001</u>

The financial statements were approved by the Board of Directors and authorised for issue on 24 August 2011.

They were signed on its behalf by:

Mark Warde-Norbury
Chairman

Company No: 03515836

MARECHALE CAPITAL PLC
STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 31 MARCH 2011

	Share capital (£)	Share premium (£)	Revaluation reserve (£)	Other reserves (£)	Retained earnings (£)
Group					
Balance at 31 March 2009	2,137,055	1,177,453	36,772	603,591	(2,853,708)
Issue of ordinary share capital	234,815	0	0	0	0
Release of reserve for lapsed options	0	0	0	(927,575)	927,575
Provision for share-based payments	0	0	0	273,730	0
Transactions with owners	234,815	0	0	(653,845)	927,575
Total comprehensive income					
Loss for the period	0	0	0	0	(1,199,144)
Revaluation during the period	0	0	(8,449)	0	(114)
Total comprehensive income	0	0	(8,449)	0	(1,199,258)
Balance at 31 March 2010	2,371,870	1,177,453	28,323	(50,254)	(3,125,391)
Issue of ordinary share capital	0	0	0	0	0
Release of reserve for lapsed options	0	0	0	0	0
Provision for share-based payments	0	0	0	0	0
Transactions with owners	0	0	0	0	0
Total comprehensive income					
Loss for the period	0	0	0	0	(26,281)
Revaluation during the period	0	0	(6,722)	0	0
Total comprehensive income	0	0	(6,722)	0	(26,281)
Balance at 31 March 2011	2,371,870	1,177,453	21,601	(50,254)	(3,151,672)
Company					
Balance at 31 March 2009	2,137,055	1,177,453	36,772	603,591	(2,853,708)
Issue of ordinary share capital	234,815	0	0	0	0
Release of reserve for lapsed options	0	0	0	(927,575)	927,575
Provision for share-based payments	0	0	0	273,730	0
Transactions with owners	234,815	0	0	(653,845)	927,575
Total comprehensive income					
Loss for the period	0	0	0	0	(1,199,144)
Revaluation during the period	0	0	(8,449)	0	(114)
Total comprehensive income	0	0	(8,449)	0	(1,199,258)
Balance at 31 March 2010	2,371,870	1,177,453	28,323	(50,254)	(3,125,391)
Issue of ordinary share capital	0	0	0	0	0
Release of reserve for lapsed options	0	0	0	0	0
Provision for share-based payments	0	0	0	0	0
Transactions with owners	0	0	0	0	0
Total comprehensive income					
Loss for the period	0	0	0	0	(26,281)
Revaluation during the period	0	0	(6,722)	0	0
Total comprehensive income	0	0	(6,722)	0	(26,281)
Balance at 31 March 2011	2,371,870	1,177,453	21,601	(50,254)	(3,151,672)

MARECHALE CAPITAL PLC
STATEMENT OF CHANGES IN EQUITY (CONTINUED)
YEAR ENDED 31 MARCH 2011

	2011	2010
	(£)	(£)
Movements of the Revaluation reserve consist of:		
Unrealised gains/(losses)	13,360	(8,449)
Release of unrealised gains to Profit and Loss	(20,082)	0
	<u>(6,722)</u>	<u>(8,449)</u>
Other reserves consist of:		
Reserve for employee share ownership plan ('ESOP')	(50,254)	(50,254)
Reserve for share based payments	0	0
	<u>(50,254)</u>	<u>(50,254)</u>

The Reserve for ESOP comprises 232,603 shares in the Group held in an ESOP Trust. As at 31 March 2011 and 2010, none of the shares had been unconditionally granted to any of the Group's employees and had an aggregate market value of £4,652 (2010: £4,652).

MARECHALE CAPITAL PLC
CONSOLIDATED CASH FLOW STATEMENT
YEAR ENDED 31 MARCH 2011

		Year ended 31 March 2011 (£)	Year ended 31 March 2010 (£)
Net cash from operating activities			
Continuing operations:	Operating loss	(58,097)	(508,354)
	Depreciation	0	36,929
Discontinued operations:	Operating loss	0	(89,258)
Operating cash flows before movements in working capital		(58,097)	(560,683)
Movement in working capital			
	(Increase)/decrease in receivables	(19,508)	22,352
	(Decrease)/increase in payables	(69,588)	21,948
	Movement in working capital of discontinued operations	0	199,973
		(89,096)	244,273
Operating cash flow		(147,193)	(316,410)
Investment activities			
	Interest receivable	2,220	1,820
	Proceeds on disposal of trading investments	0	15,639
	Proceeds on disposal of available for sale investments	27,606	0
	Expenditure on tangible fixed assets	0	0
	Expenditure on fixed asset investments	0	(287,353)
	Expenditure on available for sale investments	(40,000)	0
Cash flow from investing activities		(10,174)	(269,894)
Financing			
	Issue of share capital	0	234,815
Cash flow from financing activities		0	234,815
Net decrease in cash and cash equivalents		(157,367)	(351,490)
		18	
Cash and cash equivalents at start of period		399,431	750,921
Cash and cash equivalents at end of period		242,064	399,431
Decrease in cash and cash equivalents		(157,367)	(351,490)

MARECHALE CAPITAL PLC
COMPANY CASH FLOW STATEMENT
YEAR ENDED 31 MARCH 2011

	Year ended 31 March 2011 (£)	Year ended 31 March 2010 (£)
Net cash from operating activities		
Continuing operations: Operating loss	(58,097)	(508,354)
Depreciation	0	36,929
Discontinued operations: Operating loss	0	(89,258)
Operating cash flows before movements in working capital	<u>(58,097)</u>	<u>(560,683)</u>
Movement in working capital		
(Increase)/decrease in receivables	(19,508)	22,352
(Decrease)/increase in payables	(69,588)	21,948
Movement in working capital of discontinued operations	0	199,973
	<u>(89,096)</u>	<u>244,273</u>
Operating cash flow	<u>(147,193)</u>	<u>(316,410)</u>
Investment activities		
Interest receivable	2,220	1,820
Proceeds on disposal of trading investments	0	15,639
Proceeds on disposal of available for sale investments	27,606	0
Expenditure on tangible fixed assets	0	0
Expenditure on fixed asset investments	0	(287,353)
Expenditure on available for sale investments	(40,000)	0
Cash flow from investing activities	<u>(10,174)</u>	<u>(269,894)</u>
Financing		
Issue of share capital	0	234,815
Interest payable	0	0
Cash flow from financing activities	<u>0</u>	<u>234,815</u>
Net decrease in cash and cash equivalents	<u>(157,367)</u>	<u>(351,490)</u>
Cash and cash equivalents at start of period	399,431	750,921
Cash and cash equivalents at end of period	242,064	399,431
Decrease in cash and cash equivalents	<u>(157,367)</u>	<u>(351,490)</u>

MARECHALE CAPITAL PLC
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2011

1. General information

Marechale Capital PLC is a company registered in England and Wales under the Companies Act 2006. The Group's principal activities are the provision of advice and broking services to companies. The financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Group operates.

The Group's registered office and principal place of business is 5-7 St Helen's Place, London, EC3A 6AU. The Company's registered number is 03515836.

2. Significant accounting policies

a. Basis of accounting

These financial statements have been prepared in accordance with IFRS and International Financial Reporting Interpretations Committee ('IFRIC') interpretations adopted by the European Union, and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS, with the prior periods being reported on the same basis.

The financial statements have been prepared on the historical cost basis as modified by the valuation of certain financial instruments, as described below.

The consolidated financial statements incorporate the accounts of the Company and its subsidiaries and have been prepared by using the principles of acquisition accounting ("the purchase method") which includes the results of the subsidiaries from their date of acquisition. Intra-group sales, profits and balances are eliminated fully on consolidation.

Subsidiaries are entities over which the Group has control, being the power to govern the financial and operating policies of the acquired entity so as to obtain benefits from its activities. The results of the subsidiaries acquired or sold in the year are consolidated from the effective date of acquisition or to the effective date of disposal.

The principal accounting policies are set out below.

b. Financial risk management objectives and policies

The Company's principal financial assets are cash and cash equivalents, trade and other receivables and investments. The Company's credit risk is primarily attributable to its trade receivables and its market risk is primarily attributable to its investments. The amounts presented in the Balance Sheet are net of allowances for impairment of receivables.

c. Financial instruments

Available for sale investments

Available for sale investments are initially measured at cost, including transaction costs. At each reporting date these instruments are measured at their fair values and resultant gains and losses, after adjusting for taxation, are recognised directly in equity via the revaluation reserve, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in the net profit or loss for the period.

Trading investments

Investments held for trading consist of options held in quoted companies, which are held at fair value. At each reporting date fair value is re-assessed and resultant gains and losses are included directly in net profit and loss for the period.

Trade and other receivables

Trade and other debtors are measured at fair value.

MARECHALE CAPITAL PLC
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2011

2. Significant accounting policies (continued)

Appropriate allowance for estimated irrecoverable amounts is recognised in the Income Statement where there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Trade and other payables

Trade and other payables are measured at fair value.

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of the liabilities.

d. Foreign currencies

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date. Gains and losses arising during the period on transactions denominated in foreign currencies are treated as normal items of income and expenditure in the Income Statement.

e. Operating leases

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease.

f. Property, plant and equipment

Property, plant and equipment are stated at cost, net of depreciation and any provision for impairment.

Depreciation is provided at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its estimated useful life as follows:

Leasehold improvements are depreciated over the term of the lease.

Computer equipment and software is written off in the period of purchase.

At each reporting date the net book value of these assets is compared against their economic value, and resulting impairments in value are written off in the Income Statement for the period.

g. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and fixed term deposits of less than one year (see note 18).

h. Taxation

The Group has not achieved taxable profits during the period under review, accordingly there is no tax liability.

The Group had trading losses available to carry forward at 31 March 2011 of approximately £2.9 million (2010: £2.9 million). No deferred tax has been recognised in respect of trading profit as there was insufficient evidence available as to the timing of any future recovery.

In future years mainstream corporation tax is likely to be payable, which will be based on taxable profit for the year. Taxable profit differs from net profits as reported in the Income Statement because it excludes items of income or expense which are taxable or deductible in other years and it further excludes items which are never taxable or deductible. The Group's liability for current tax will be calculated using tax rates which have been enacted or substantively enacted by the Balance Sheet date.

MARECHALE CAPITAL PLC
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2011

2. Significant accounting policies (continued)

h. Taxation (continued)

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the Financial Statements and the corresponding tax bases in the computation of taxable profit, and is accounted for using the Balance Sheet Liability Method. Deferred tax liabilities are generally recognised for all temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be used. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that effects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each Balance Sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to the Income Statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same tax authority and the Group intends to settle its current tax assets and liabilities on a net basis.

i. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business, net of discounts, VAT, and other sales related taxes.

Revenue comprises broking commissions, and retainer fees for corporate finance advisory services. Where the revenue is success-fee based, it is taken to the Income Statement on the successful completion of the transaction. Retainer fees are taken to the Income Statement pro-rata to the period invoiced.

Interest income is based on the effective rate applicable for the period during which demand deposits are held.

j. Employee share ownership plans trust ('ESOP')

The ESOP trust is accounted for in line with IAS 32, 'Financial Instruments – Presentation', re: treasury shares whereby shares have been shown at cost in a separate Reserve as a deduction from Shareholders' Funds.

k. Share based payments

The Group has made share-based payments to certain directors and employees through the issue of options. The fair value of these payments is calculated at the date of grant through the use of a binomial pricing model. The expense is recognised on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest. Upon cancellation, the expense is recognised as an immediate acceleration of vesting.

l. Investments

The Parent Company's investment in subsidiary companies is stated at cost less provision for impairment in the Company's balance sheet.

MARECHALE CAPITAL PLC
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2011

2. Significant accounting policies (continued)

m. Discontinued operations

Discontinued operations represent cash generating units or groups of cash generating units that have either been disposed of or classified as held for sale, and represent a separate major line of business or are part of a single co-ordinated plan to dispose of a major line of business. Cash generating units forming part of a single co-ordinated plan to dispose of a separate major line of business are classified within the continuing operations until they meet the criteria to be held for sale.

The post-tax profit or loss of the discontinued operation is classified as a single line on the face of the Consolidated Income Statement, together with any post-tax gain or loss recognised on the re-measurement to fair value less cost to sell or on disposal of the assets or disposal group constituting the discontinued operation.

On changes to the composition of the groups of units comprising discontinued operations, the presentation of discontinued operations within prior periods is restated to reflect consistent classification of discontinued operations across all periods presented.

n. Valuation of investments

Trading investments include options over securities which have been received as consideration for corporate finance services rendered. These assets have been valued according to the mid price, where the share prices of the companies concerned are quoted on a recognised stock exchange, less the exercise price of the options.

o. Bad debt policy

The Group regularly reviews all outstanding balances and provides for amounts it considers irrecoverable.

3. General information

At the date of authorisation of the financial statements, the following Standards and Interpretations (relevant to the Group's activities) which have not been applied in the financial statements were in issue but not yet effective.

Subject	Effective date, periods beginning:
IFRIC 19: Extinguishing financial Liabilities with equity instruments	1 July 2010
Amendment to IFRS 1: Limited exemption from comparative IFRS 7 disclosures for first time adopters	1 July 2010
IAS 24: Related party transactions (revised)	1 January 2011
Annual Improvements 2008 – 2010	1 January 2011
IFRS 9: Financial Instruments (replaces part of IAS 39)	1 January 2013

It is not anticipated that not adopting these accounting standards will have a material effect on the Financial Statements.

4. Business and geographical segments

The directors consider that there is only one activity undertaken by the Group, that of corporate finance advisory. All of this activity was undertaken in the United Kingdom.

	2011 (£)	2010 (£)
Continuing operations		
Fees earned from corporate finance	631,909	54,231

MARECHALE CAPITAL PLC
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2011

5. Profit for the year

	2011	2010
	(£)	(£)
Continuing operations		
Profit for the year has been arrived at after charging/(crediting):		
Depreciation of property, plant and equipment	0	36,929
Operating lease rentals	41,653	110,324
Staff costs (Note 10)	338,544	53,200
Auditors' remuneration for audit services	7,500	10,000
Amounts payable to UHY Hacker Young by the Group in respect of non-audit services were:		
Auditors' remuneration: – for non audit taxation	1,650	3,500
– for non audit other	1,000	1,166

6. Investment revenues

	2011	2010
	(£)	(£)
Continuing operations		
Bank interest receivable	2,220	1,820

7. Other gains and losses

	2011	2010
	(£)	(£)
Continuing operations		
Loss on disposal of available for sale investments	(554)	(2,329)
Profit on disposal of trading investments	0	0
Increase/(decrease) in the fair value of trading investments	30,150	(7,497)
Impairment of available for sale investments	0	(32,443)
Impairment of goodwill purchased (note 14)	0	(287,353)

8. Tax

	2011	2010
	(£)	(£)
The tax charge comprises:		
Mainstream UK corporation tax deriving from profits for the periods	0	0
Adjustment in respect of prior periods, relating to discontinued activities	0	0
Total current tax	0	0
Deferred tax		
Charge in respect of timing differences	0	0
Total deferred tax	0	0
Total tax on loss from ordinary activities	0	0

The tax charge for the period differs from that resulting from applying the standard rate of UK Corporation Tax.

MARECHALE CAPITAL PLC
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2011

8. Tax (continued)

Tax of 21 per cent. (2010: 21 per cent.) to the profit before tax for the reasons set out in the reconciliations below:

	2011	2010
	(£)	(£)
Profit/(Loss) per financial information	(26,281)	(1,199,144)
Unrealised (gains)/losses on trading investments	(29,596)	42,269
Disallowed items	4,755	397,190
Capital allowances	0	(10,141)
Losses carried forward/(used)	51,122	769,826
	<hr/>	<hr/>
Taxable loss	0	(0)
	<hr/>	<hr/>
Tax at 21% (2010: 21%)	0	0
	<hr/>	<hr/>
Tax expense/(credit) for the year	0	0
	<hr/>	<hr/>

9.1 Loss on discontinued operations

	2010
	(£)
Revenue	318,288
Cost of sales	(30,324)
	<hr/>
Gross profit	287,964
Administrative expenses	(850,952)
	<hr/>
Operating loss	(562,988)
Consideration for sale of business	200,000
	<hr/>
Loss before tax	(362,988)
Corporation tax credit/(charge) 8	0
	<hr/>
Loss for the year on continuing operations	(362,988)
	<hr/>

9.2 Net cashflow attributable to discontinued operations

	2010
	(£)
Net cash from operating activities	(£)
Operating loss	(562,988)
Share based payments	273,730
Consideration for sale of business	200,000
	<hr/>
Operating cash flows before movements in working capital	(89,258)
	<hr/>
Movement in working capital	(£)
Decrease/(increase) in receivables	236,955
Increase/(decrease) in payables	(56,265)
Income taxes recovered/(paid)	19,283
	<hr/>
	199,973
	<hr/>
Operating cash flow	110,715
	<hr/>

On 14 September 2009, the AIM broking and Plus Advisory businesses, along with their staff, were disposed for £200,000.

MARECHALE CAPITAL PLC
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2011

10. Staff costs

	2011	2010
	(£)	(£)
Continuing operations		
Wages and salaries	302,248	47,500
Social security costs	36,296	5,700
Pension costs	0	0
	338,544	53,200

The Group does not operate any form of pension scheme.

	2011	2010
	Number	Number
Average number of employees for continuing operations:		
Directors	2	3
Staff	1	2
	3	5

	2011	2010
	(£)	(£)
Discontinued operations		
Wages and salaries	0	321,458
Social security costs	0	35,680
Pension costs	0	0
	0	357,138

	2011	2010
	Number	Number
Average number of employees for discontinued operations:		
Directors	0	3
Staff	0	7
	0	10

	2011	2010
	(£)	(£)
Directors' emoluments		
The emoluments of the highest paid Director were:	191,047	29,164
The aggregate Directors' remuneration was:	288,498	130,927
Pension contributions – total	0	0
Pension contributions – highest paid Director	0	0
The total benefit of options to employees relating to Directors was:	0	51,300

MARECHALE CAPITAL PLC
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2011

11. Earnings per share

	2011	2010
	Earnings	Earnings
Based on a loss of	(26,281)	(1,199,144)

Following the cancellation of the group's share options, there are no potentially dilutive instruments currently in issue.

	No. shares	No. shares
Weighted average number of Ordinary Shares in issue for the purpose of basic earnings per share	47,437,410	43,650,169

12. Parent Company Income Statement

The Parent Company incurred a loss for the year ended 31 March 2011 of £26,281, (2010: loss of £1,199,144) which has been included in the Consolidated Income Statement. In accordance with the provisions of section 408 of the Companies Act 2006, the Parent Company has not presented an Income Statement.

13. Property, plant and equipment

	Leasehold improvements
	(£)
Group and Company Cost	
At 1 April 2009	99,429
Additions	0
Disposals	0
At 31 March 2010	99,429
At 1 April 2010	99,429
Additions	0
Disposals	0
At 31 March 2011	99,429
Accumulated depreciation	
At 1 April 2009	62,500
Provision for the year	36,929
On disposals	0
At 31 March 2010	99,429
At 1 April 2010	99,429
Provision for the year	0
On disposals	0
At 31 March 2011	99,429
Net book value at 1 April 2009	36,929
Net book value at 31 March 2010	0
Net book value at 31 March 2011	0

MARECHALE CAPITAL PLC
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2011

14. Investments

Cost	(£)
At 1 April 2009	0
Additions	287,355
At 31 March 2010	287,355
At 1 April 2010	287,355
Additions	0
At 31 March 2011	287,355
Provision for impairment	
At 1 April 2009	0
Provision in the year	287,353
At 31 March 2010	287,353
At 1 April 2010	287,353
Provision in the year	0
At 31 March 2011	287,353
Net book value at 1 April 2009	0
Net book value at 31 March 2010	2
Net book value at 31 March 2011	2

Investments represent the acquisition on 11 January 2010 of the entire share capital of Marechale Capital Limited from Patrick Booth-Clibborn for a consideration of £287,355 which comprised £12,000 of cash, 4,696,304 of Marechale Capital Ordinary Shares of 5p nominal value worth £234,815, or £82,250 at Market value, and a deferred contingent consideration which has crystallised at £40,540.

At acquisition Marechale Capital Limited had net assets of £2, comprising solely of unpaid share capital, giving rise to £287,353 of goodwill. There has been no activity in this company since acquisition. The directors consider that there was no value in this goodwill and as such have fully impaired the goodwill at 31 March 2010.

The Company's directly and indirectly held subsidiary undertakings as at 31 March 2011 were:

Subsidiary undertaking	Principal Activity	Country of Incorporation	Percentage of ordinary share capital held
Marechale Capital Limited	Dormant	England	100%
St. Helen's Capital Group Limited	Dormant	England	100%

15. Available for sale investments

	Group 2011	Group 2010	Company 2011	Company 2010
	(£)	(£)	(£)	(£)
Quoted investments	22,824	57,705	22,824	57,705
Unquoted investments	40,002	2	40,002	2
	<u>62,826</u>	<u>57,707</u>	<u>62,826</u>	<u>57,707</u>

Unquoted investments are initially based on cost. At each reporting date these investments are measured at their fair values which if below cost, result in a specific provision for impairment in value.

MARECHALE CAPITAL PLC
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2011

16. Trading investments

	Group 2011 (£)	Group 2010 (£)	Company 2011 (£)	Company 2010 (£)
Quoted Options	30,150	0	30,150	0

Quoted options are in listed securities which present the Group with opportunity for return through trading gains. The fair value of these securities is based on quoted market prices.

17. Trade and other receivables

	Group 2011 (£)	Group 2010 (£)	Company 2011 (£)	Company 2010 (£)
Trade debtors	24,124	23,450	24,124	23,450
Other debtors	16,968	38,399	16,966	38,397
Prepayments and accrued income	41,389	17,636	41,389	17,636
	<u>82,481</u>	<u>79,485</u>	<u>82,479</u>	<u>79,483</u>

All debtors are receivable within one year of the Balance Sheet date.

The Directors consider that the carrying amounts of trade and other receivables approximates their fair values.

The Group does not normally have any significant concentration of credit risk, with exposure spread over a large number of counterparties and customers. Significant risk does occur at the conclusion of a large corporate finance and broking transaction, normally measured in a few days, in anticipation of the payment of the Group's fees and commissions. No such risk existed at the reporting date.

18. Cash and cash equivalents

	Group 2011 (£)	Group 2010 (£)	Company 2011 (£)	Company 2010 (£)
Cash held directly at UK Clearing Banks	242,064	399,431	242,064	399,431
	<u>242,064</u>	<u>399,431</u>	<u>242,064</u>	<u>399,431</u>

19. Trade and other payables

	Group 2011 (£)	Group 2010 (£)	Company 2011 (£)	Company 2010 (£)
Trade payables	4,492	52,434	4,492	52,434
Other payables and accruals	38,950	80,321	38,950	80,321
Taxes and social security	5,081	1,867	5,081	1,867
	<u>48,523</u>	<u>134,622</u>	<u>48,523</u>	<u>134,622</u>

MARECHALE CAPITAL PLC
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2011

20. Share capital

Authorised

On 22 February 2010, the Company passed a resolution removing the Company's authorised share capital, as is permitted under the Companies Act 2006.

Issued share capital

	Ordinary shares (number)	Issued Share Capital (£)	Share premium account (£)
New Ordinary shares of 1p			
Issued at 31 March 2010	47,437,410	474,374	1,177,453
Issue of shares	0	0	0
Issued at 31 March 2011	47,437,410	474,374	1,177,453
Issued			
	Deferred shares (number)	Issued share capital (£)	Share premium account (£)
Deferred shares of 1p			
Issued at 31 March 2010	189,749,640	1,897,496	0
Issue of shares	0	0	0
Issued at 31 March 2011	189,749,640	1,897,496	0
Total nominal value of shares in issue			
Issued at 31 March 2010		2,371,870	1,177,453
Issued at 31 March 2011		2,371,870	1,177,453

On 22 February 2010, the Company reorganised its share capital, cancelling the existing 47,437,410 Ordinary shares of 5p each and issuing 47,437,410 New Ordinary shares of 1p each and 189,749,640 deferred shares of 1p each.

Both new classes of share were issued at par.

21. Operating leases

At the reporting dates, the Group and Company had outstanding commitments for future minimum lease payments under non-cancellable operating leases in relation to Leasehold Property, and Other Assets, which fall due as follows:

	2011 (£)	2010 (£)
<i>Leasehold Property</i>		
Within one year	0	19,000
In the second to fifth year (inclusive)	0	0
	<u>0</u>	<u>19,000</u>
<i>Other Assets</i>		
Within one year	2,149	2,149
In the second to fifth year (inclusive)	0	2,149
	<u>2,149</u>	<u>4,298</u>

Under the terms of the Company's former lease, the Landlord exercised his right to serve Notice to quit no later than 31 March 2011. On 25 March 2011 the Company occupied new premises, see Note 1, under Licence, and on 17 June 2011 entered into an Underlease expiring on 1 December 2011.

MARECHALE CAPITAL PLC
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2011

22.1 Capital Risk Management

The Group is not reliant on debt finance, its operations currently being funded by equity finance (comprising share capital, share premium, and retained earnings) which totalled £369,000 (2010: £402,000) at year end. The Group regularly monitors its capital needs to ensure that sufficient funding is available for its operational needs.

As an FSA regulated business (which does not hold client money or assets), the Group has to ensure that it maintains a minimum net asset position of €50,000 (£43,000), which it met with ease at 31 March 2011 and 2010.

22.2 Financial Risk Management

Financial Risks

The main risk arising from the Group's financial instruments, referred to in Note 2c above, is the financial performance of the companies in whom the Company holds investments, as reflected by quoted market prices, or by the share price of fundraising in the case of unquoted investments.

Interest Risk

The Group had neither a bank overdraft nor other borrowings and therefore was not subject to this risk.

Liquidity Risk

The Group has maintained cash reserves equivalent to the next 12 months' anticipated cash-flow movement.

Credit Risk

The Group's principal financial assets are bank balances, and trade receivables. The credit risk on liquid funds is limited because the counterparty is a bank with a high credit rating assigned by international credit rating agencies. The maximum credit risk on trade receivables at the balance sheet date is represented by the trade receivables figure, which is net of appropriate provisions.

23. Related party transactions

Companies in whom the Group holds (or held) an investment which have paid fees to, or charged the Group for, services.

St Helen's Private Equity PLC ('SHPE')

The Group owned 47,311 shares (3.4 per cent.) in SHPE at both 31 March 2011 and 2010.

SHPE is a related party through common directorship of Jon Pither and Mark Warde-Norbury who are both directors of the Group.

SHPE paid an accommodation charge of £5,000 during year ended 31 March 2011 and 2010.

At both 31 March 2011 and 2010 the Group owed SHPE £nil.

At 31 March 2011 SHPE owed the Group £2,938 (2010: £nil).

Equity Resources PLC ('ER')

The Group owned 280,000 shares (0.6 per cent.) in ER at 31 March 2010, the entire share holding was disposed of in the year. ER is a related party through common directorship of Jon Pither who is a director of the Group. The Group charged ER £nil for other services during the year ended 31 March 2011 (2010: £4,583).

MARECHALE CAPITAL PLC
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2011

23. Related party transactions (continued)

Creative Entertainment PLC ('CE')

The Group owned 120,000 shares (0.1 per cent.) in CE at 31 March 2010, the entire share holding was disposed of in the year. CE is a related party through common directorship of Jon Pither who is a director of the Group. The Group charged CE £nil for other services during the year ended 31 March 2011 (2010:£2,750). CE owed the Group £nil at 31 March 2011 (2010: £5,937).

West Country Renewable Ltd ('WCR')

The Group owned 100,000 shares (11.9 per cent.) in WCR at 31 March 2011, WCR is a related party through common directorship of Patrick Booth-Clibborn who is a director of the Group.

The Group charged WCR £45,029 for other services during the year ended 31 March 2011 (2010: £nil).

Traccr Ltd ('Traccr')

The Group owned 78,808 shares (7.6 per cent.) in Traccr at 31 March 2011, Traccr is a related party through common directorship of Patrick Booth-Clibborn who is a director of the Group.

The Group charged Traccr £19,420 for other services during the year ended 31 March 2011 (2010: £nil).

Companies in whom the Group holds no investment which have paid fees to, or charged the Group for, services.

Surrey Management Services Ltd ('Surrey')

Surrey is a related party through common directorship of Jon Pither who is a Director of the Group.

Surrey charged the Group £6,000 for the services of Mr Pither (2010: £6,000).

The Group owed Surrey £1,725 at 31 March 2011 (2010: £1,725).

Flight and Partners Ltd ('Flight')

Flight is a related party through the common directorships of Lord Flight and Mark Warde-Norbury.

The Group charged Flight £4,400 (2010: £705) for other services during the year.

Flight owed £nil at both 31 March 2011 and 2010.

Heartstone Inns 2 Ltd ('Heartstone 2')

Heartstone 2 is a related party through common directorship of Robin Black who is a director of the Group. The Group charged Heartstone 2 £122,194 for other services during the year.

Heartstone 2 owed £nil at 31 March 2011.

The EIS Association Ltd ('EISA')

EISA is a related party through common directorship of Lord Flight who is a director of the Group. EIS charged the Group £595 (2010: £595) for other services during the year.

The Group owed £nil at 31 March 2011 (2010: £nil).

23. Related party transactions (continued)

Directors

Mark Warde-Norbury

During the year, a loan of £10,000 (2010: £15,000) was granted to Mr Warde-Norbury which is payable within one year and is included within trade and other receivables on the balance sheet. The 2011 loan was outstanding at 31 March 2011; the 2010 loan was repaid during the year including interest at commercial rates.

Patrick Booth-Clibborn

Deferred consideration amounting to £40,540 was earned by Mr Booth-Clibborn in 2010, see Note 14 above, of which £35,400 was outstanding at 31 March 2010 which was included in Trade and other payables, and paid after the year end.

NOTICE OF GENERAL MEETING

MARECHALE CAPITAL PLC

(Incorporated in England and Wales under the Companies Act 1985 with registered number 3515836)

NOTICE IS HEREBY GIVEN that the THIRTEENTH ANNUAL GENERAL MEETING of Marechale Capital plc (the "Company") will be held at 5-7 St Helen's Place, London EC3A 6AU on Wednesday, 21 September 2011 at 12:00 for the purpose of considering and, if thought fit, passing the following resolutions:

Ordinary Business

1. THAT the financial statements for the year ended 31 March 2011 and the reports of the directors and auditors thereon, as set out in the Annual Report and Accounts, be received.
- 2.a THAT Mr Mark Warde-Norbury, who is retiring in accordance with Article 97 of the Company's Articles of Association, be re-elected as a director of the Company.
- 2.b THAT Mr Robin Black, who was appointed a director since the last AGM, be confirmed as a director of the Company.
3. THAT Messrs UHY Hacker Young LLP be re-appointed as auditors of the Company to hold office until the conclusion of the next annual general meeting of the Company and that their remuneration be fixed by the directors of the Company from time to time.
4. THAT the directors of the Company from time to time be and are hereby generally and unconditionally authorised for the purposes of section 551 of the Companies Act 2006 (the "Act") to exercise all the powers of the Company to allot shares in the Company or grant rights to subscribe for, or to convert any security, into shares in the Company ("Rights") provided that this authority shall be limited to the allotment of 17.5m shares, or the grant of Rights up to an aggregate nominal amount of £175,000, being approximately 1/3rd of the issued share capital and unless previously renewed, revoked, varied or extended by the Company in general meeting, this authority shall expire at the earlier of the date which is 12 months from the date of the passing of this resolution and the conclusion of the next annual general meeting of the Company except that the Company may at any time before such expiry make an offer or agreement which would or might require shares to be allotted (or Rights granted) after such expiry and the directors may allot shares (or grant Rights) in pursuance of such an offer or agreement as if this authority had not expired.

Special Business

5. THAT, subject to and conditional upon the passing of Resolution 4 above, the directors of the Company be and are hereby empowered pursuant to section 571(1) of the Act to allot equity securities (within the meaning of section 560 of the Act) for cash pursuant to the authority of the directors under section 551 of the Act conferred by Resolution 4 and/or where such an allotment constitutes an allotment of equity securities by virtue of section 560(2) of the Act, as if section 561(1) of the Act did not apply to such allotments provided that the power conferred by this resolution shall be limited to the allotment of equity securities up to a maximum aggregate nominal amount of £100,000 (representing approximately 10 per cent. of the share capital), and unless previously renewed, revoked, varied or extended by the Company in general meeting, this power shall expire at the earlier of the date which is 12 months from the date of the passing of this resolution and the conclusion of the next annual general meeting of the Company except that the Company may at any time before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of such an offer or agreement as if this authority had not expired.

MARECHALE CAPITAL PLC
NOTICE OF GENERAL MEETING

By Order of the Board:
R E SHAND
Secretary

Dated: 24 August 2011

Registered Office:
5-7 St Helen's Place
London
EC3A 6AU

Notes:

1. To be entitled to attend and vote at the meeting (and for the purposes of the determination by the Company of the votes they may cast), members must be registered in the register of members of the Company at 6.00 p.m. on 19 September 2011 (or, in the event of any adjournment, 6.00 p.m. on the date which is two days before the time of the adjourned meeting). Changes to the register of members of the Company after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.
2. A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend, speak and vote on his or her behalf. A proxy need not also be a member but must attend the meeting to represent you. Details of how to appoint the Chairman of the meeting or another person as your proxy using the form of proxy are set out in the notes on the form of proxy. If you wish your proxy to speak on your behalf at the meeting you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them.
3. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, please photocopy the Form of Proxy as required and, where possible, submit all of the Form(s) of Proxy together in the same envelope. Please indicate in the box next to the proxy holder's name the number of shares in relation to which they are authorised to act as your proxy. Please also indicate by ticking the box provided if the proxy instruction is one of multiple instructions being given.

A form of proxy is enclosed with this document. To be valid, it should be lodged with the Company's Registrar, **SLC Registrars**, David Venus & Company, Thames House, Portsmouth Road, Esher, Surrey, KT10 9AD, so as to be received not later than 12.00 noon on 20 September 2010 or 48 hours before the time appointed for any adjourned meeting or, in the case of a poll taken subsequently to the date of the meeting or adjourned meeting, so as to be received no later than 24 hours before the time appointed for taking the poll.
4. As at 23 August 2011 (being the last business day prior to the publication of this notice), the Company's Issued share capital was 52,437,410 ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at 23 August 2011 were 52,437,410 ordinary shares.
5. Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a "Nominated Person") may, under an agreement between him/her and the member by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.
6. The statement of the rights of members in relation to the appointment of proxies in paragraphs 3 to 5 above does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by members of the Company.
7. In order to facilitate voting by corporate representatives at the meeting, arrangements will be put in place at the meeting so that (a) if a corporate shareholder has appointed the chairman of the meeting as its corporate representative with instructions to vote on a poll in accordance with the directions of all of the other corporate representatives for that shareholder at the meeting, then on a poll those corporate representatives will give voting directions to the chairman and the chairman will vote (or withhold a vote) as corporate representative in accordance with those directions; and (b) if more than one corporate representative for the same corporate shareholder has not appointed the chairman of the meeting as its corporate representative, a designated corporate representative will be nominated, from those corporate representatives who attend, who will vote on a poll and the other corporate representatives will give voting directions to that designated corporate representative. Corporate shareholders are referred to the guidance issued by the Institute of Chartered Secretaries and Administrators on proxies and corporate representatives – www.icsa.com – for further details of this procedure. The guidance includes a sample form of representation letter if the chairman is being appointed as described in (a) above.
8. Appointment of a proxy will not preclude a member from subsequently attending and voting at the meeting should he or she subsequently decide to do so. You can only appoint a proxy using the procedures set out in these notes and the notes to the form of proxy.

MARECHALE
CAPITAL

MARECHALE CAPITAL PLC

*(a company incorporated and registered in England and Wales under the Companies Act 1985
and registered with number 3515836)*

FORM OF PROXY

For use at the Annual General Meeting to be held at 12:00 on Wednesday 21 September 2011 at 5-7 St Helen's Place, London EC3A 6AU

I/We, whose name(s) and address(es) is/are shown below, being (a) member(s) of Marechale Capital plc HEREBY APPOINT the Chairman of the Meeting or (see note 2)

(BLOCK CAPITALS).....
of.....

as my/our proxy to attend and vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at 12:00 on Wednesday 21 September 2011 at 5-7 St Helen's Place, London EC3A 6AU and at any adjournment thereof.

Please tick here if this proxy appointment is one of multiple appointments made (see note 3).

Enter the number of shares in relation to which your proxy is authorised or leave box blank to authorise your proxy to act in relation to your full voting entitlement.

I/We direct that my/our vote(s) be cast on the resolutions to be considered at the meeting as indicated by an "X" in the appropriate space below. In the absence of any specific direction, my/our proxy may vote or abstain as he/she thinks fit.

Ordinary Resolutions		For	Against	Vote withheld
1	To receive the annual report and accounts for the year ended 31 March 2011			
2a	To re-elect Mr Mark Warde-Norbury as a director of the Company			
2b	To elect Mr Robin Black as a director of the Company			
3	To re-appoint Messrs UHY Hacker Young LLP as auditors and authorise the directors to determine their remuneration			
4	To grant the directors authority to allot shares in the Company or grant rights to subscribe for, or to convert any security, into shares in the Company			
Special Resolutions		For	Against	Vote withheld
5	To disapply statutory pre-emption rights in connection with the allotment of equity securities for cash			

Signature:..... Date:.....

Name:(in BLOCK CAPITALS)

Address:(in BLOCK CAPITALS)

Address:.....

Notes:

- A member entitled to attend and vote at the Meeting is also entitled to appoint one or more proxies to attend, speak and vote instead of him. A proxy need not be a member of the Company.
- If you wish to appoint a proxy other than the Chairman of the Meeting, cross out the words "the Chairman of the Meeting or" on the Form of Proxy and write the full name(s) and address of your proxy on the dotted line. The change should be initialled.
- To appoint more than one proxy you may photocopy this form. Please indicate the proxy holder's name and the number of shares in relation to which they are authorised to act as your proxy (which, in aggregate, should not exceed the number of shares held by you). Please also indicate on this Form of Proxy if the proxy instruction is one of multiple instructions being given. All forms of proxy must be signed and should be returned together in the same envelope.
- If you wish to direct your proxy how to vote (or not to vote) on any resolution, place a mark ("X") in the "For", "Against" or "Vote withheld" box for the relevant resolution. The vote withheld option is provided to enable you to instruct your proxy not to vote on any particular resolution. However, it should be noted that a vote withheld in this way is not a vote in law and will not be counted in the calculation of the proportion of votes "For" and "Against". In the absence of instructions, the person(s) you have appointed as your proxy(ies) may vote or abstain from voting as he/she thinks fit on the specified resolution and, unless otherwise instructed, may also vote or abstain from voting on any other matter (including amendments to resolutions) which may properly come before the Meeting.
- To be effective, this Form of Proxy must be duly completed and deposited together with any power of attorney or other authority (if any) under which it is executed (or a duly certified copy of such power or authority) and lodged with the Company's Registrar, SLC Registrars, David Venus & Company, Thames House, Portsmouth Road, Esher, Surrey KT10 9AD as soon as possible, but in any event so as to be received by the Company not less than 48 hours before the time fixed for the Meeting.
- In the case of joint holders, the signature of any one of them will suffice but the names of all joint holders should be stated. The vote of the senior who tenders a vote (whether in person or by proxy) will be accepted to the exclusion of the votes of the other holders. For this purpose, seniority is determined by the order in which the names stand in the register of members in respect of the joint holding.
- Completion and return of this Form of Proxy will not preclude a shareholder from attending and voting in person at the Meeting, should they so wish and are so entitled.
- In the case of a corporation, the form of proxy should be under the hand of a duly authorised officer or attorney.
- The Company, pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, specifies that only those members entered on the register of members of the Company at 12.00 noon on 19 September 2011 (being not more than 48 hours prior to the time fixed for the Meeting) shall be entitled to attend and vote at the Meeting or, if the Meeting is adjourned, 6.00 p.m. on such date being not more than two days prior to the date fixed for the adjourned Meeting. Changes to entries on the register of members after such time shall be disregarded in determining the right of any person to attend or vote at the Meeting.
- In order to facilitate voting by corporate representatives at the meeting, arrangements will be put in place at the meeting so that (a) if a corporate shareholder has appointed the chairman of the meeting as its corporate representative with instructions to vote on a poll in accordance with the directions of all of the other corporate representatives for that shareholder at the meeting, then on a poll those corporate representatives will give voting directions to the chairman and the chairman will vote (or withhold a vote) as corporate representative in accordance with those directions; and (b) if more than one corporate representative for the same corporate shareholder has not appointed the chairman of the meeting as its corporate representative, a designated corporate representative will be nominated, from those corporate representatives who attend, who will vote on a poll and the other corporate representatives will give voting directions to that designated corporate representative. Corporate shareholders are referred to the guidance issued by the Institute of Chartered Secretaries and Administrators on proxies and corporate representatives – www.icsa.com – for further details of this procedure. The guidance includes a sample form of representation letter if the chairman is being appointed as described in (a) above.