

YCO GROUP PLC
ANNUAL REPORT
& ACCOUNTS 2009



YCO GROUP PLC

A COLLECTION OF COMPANIES OFFERING A COMPLETE RANGE OF SERVICES TO THE SUPERYACHT SECTOR.

YCO GROUP PLC IS AN ALL SERVICES PROVIDER TO SUPERYACHTS, OFFERING SALES & CHARTER BROKERAGE, YACHT MANAGEMENT, PROJECT MANAGEMENT FOR REFITS AND NEW BUILDS, CHARTER MANAGEMENT, CREW RECRUITMENT, PROVISIONING, AGENCY WORK AND FUELLING.

THE YCO GROUP TEAM HAS EXTENSIVE EXPERIENCE IN THE MARITIME AND YACHTING INDUSTRY, AND AS ONE OF THE ONLY LISTED COMPANIES IN THE SECTOR, YCO GROUP OFFERS CLIENTS EXCEPTIONAL FINANCIAL TRANSPARENCY. HOWEVER, THE COMPANY ALSO MAINTAINS A PERSONALISED APPROACH TO SERVICE, ENSURING COMPLETE DISCRETION AT EVERY SERVICE LEVEL.

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FINANCIAL HIGHLIGHTS

REVENUE OF

£24.7m
(2008: £28.5m)

GROSS PROFIT
INCREASED BY 33% TO

£7.0m
(2008: £5.3m)

PROFIT BEFORE
TAX OF

£31,000
(2008: loss £684,000)

BETTER MIX OF REVENUE, REFLECTING STRONGER
PERFORMANCE OF YCO BROKERAGE, YCO
MANAGEMENT, YCO CREW RECRUITMENT
AND YACHT HELP GROUP

OPERATIONAL HIGHLIGHTS

- Completion of Group restructuring with new Chief Executive overseeing the successful implementation of a cost reduction programme and the consolidation of Yacht Help Group
- Strong performance at YCO Brokerage, ahead of management's expectations
- Increased number of contracted superyachts by 34% to 51 (2008: 38)
- Strengthened teams at YCO Brokerage and YCO Management, reflecting confidence in improving market conditions
- Yacht Fuel Services has maintained its leading position in the market and benefited from increased operating margins

COMPANY OVERVIEW

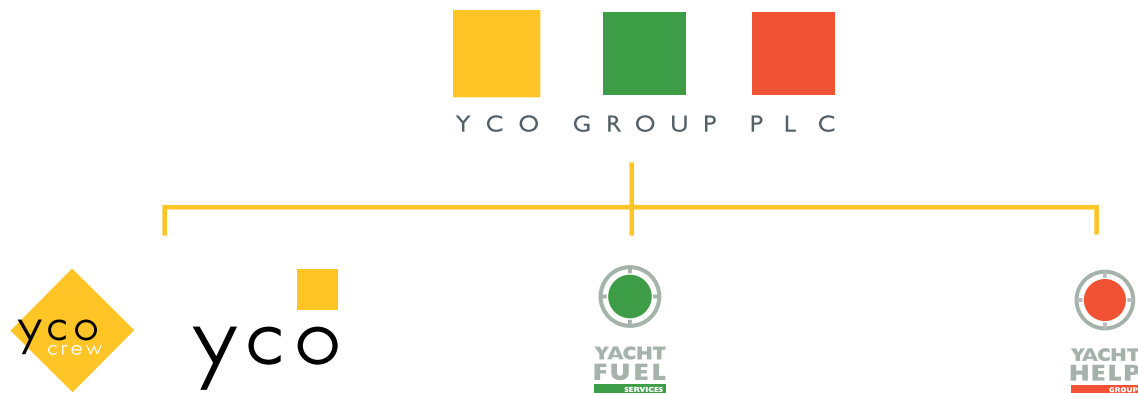
YCO GROUP PLC IS A COLLECTION OF SPECIALIST COMPANIES PROVIDING KEY SERVICES TO THE WORLD'S FLEET OF SUPERYACHTS

2009 has been an important year of transition for the Group. Despite the backdrop of a very challenging environment for luxury tourism, YCO has completed a successful turnaround programme that has resulted in the Group reporting a maiden profit.

As a result of this turnaround, the Group has a great opportunity, with a strengthened management and service offering, to increase our share of the superyacht services market going forward. This combined with the continued, gradual recovery of the market leads us to approach the future with optimism

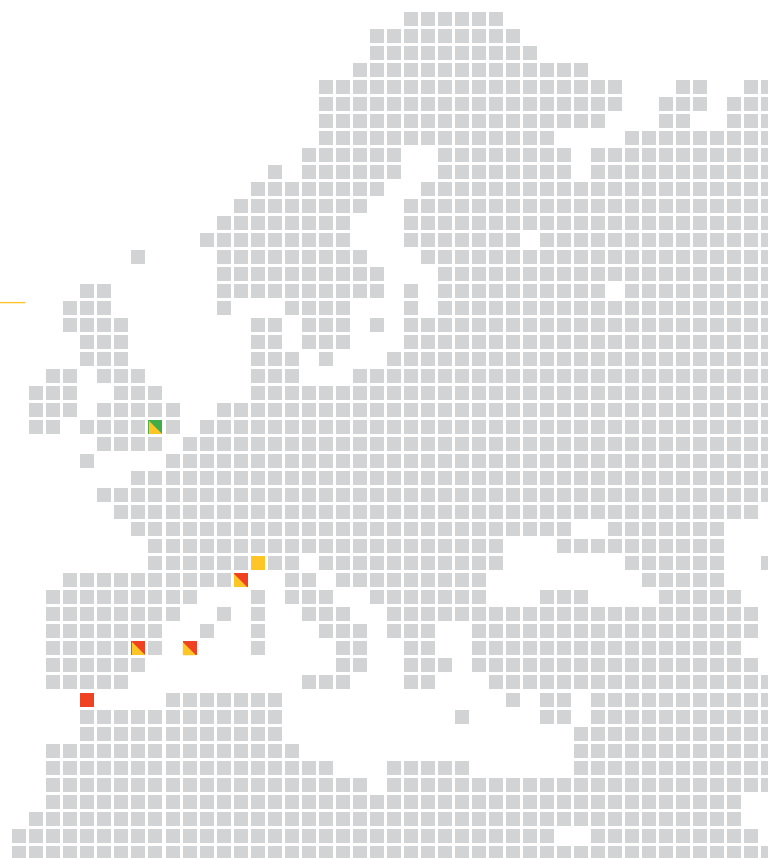
Charlie Birkett, Chief Executive

YCO GROUP COMPANIES



OFFICES

- **YCO Group plc**
 London, United Kingdom
- **YCO Headquarters**
 Monte Carlo, Monaco
- **YCO Crew**
 Antibes, France
 Palma de Mallorca, Spain
 Barcelona, Spain
- **Yacht Help Group**
 Antibes, France
 Palma de Mallorca, Spain
 Barcelona, Spain
 Gibraltar
- **Yacht Fuel Services**
 London, United Kingdom



HISTORY

Deuxmil Marine acquires Yacht Fuel Services in UK
 Deuxmil Marine is subsequently admitted to AIM on LSE as Deuxmil Marine plc

▼ **2005-6**

Deuxmil Marine plc acquires YCO (and subsidiaries) via reverse takeover. Group is readmitted to AIM as YCO Deuxmil plc

▼ **2008**

▲ **2004**

YCO founded in Monaco by Gary Wright & Charlie Birkett

▲ **2007**

Deuxmil Marine plc acquires Yacht Help Group in Spain

▲ **2009**

YCO Deuxmil plc renamed YCO Group plc

MARKETS, SECTORS & GEOGRAPHIC PRESENCE

YCO GROUP OPERATES WITHIN THE SUPERYACHT SECTOR, WHERE A SUPERYACHT IS GENERALLY CONSIDERED TO BE ANY YACHT GREATER THAN 24M (80FT) IN LENGTH



At 2009 year end, the Group had 65 staff working from premises in London, Monaco, Antibes, Palma, Barcelona and a presence in the Gulf. The scope of operations stretches worldwide, in particular to Europe, North America, Russia, the Pacific and the Caribbean.

The companies within YCO Group collectively offer the widest range of services in the industry and the Group therefore competes against brokerage houses, management companies, crew recruitment agencies, fuel providers, provisioners and chandleries globally.

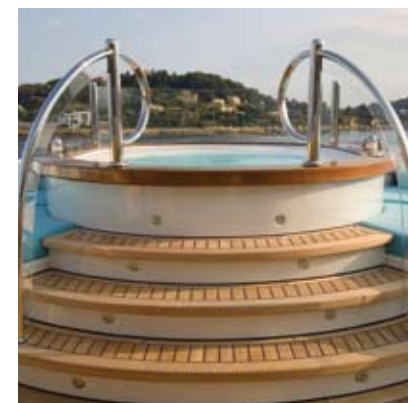
SERVICES

YCO

YCO, the largest subsidiary, with 50 staff, divides its service offering between three main areas: brokerage, management and crew recruitment.

The YCO Brokerage division deals with superyacht sales transactions and charters, and the commission based model has the potential to generate the highest profits of the Group. YCO may represent both sides of transactions, but more often represents Buyers. YCO Brokerage currently has a presence in London, Monaco and the Gulf, although the company handles transactions anywhere in the world and has clients based globally.

YCO Management provides stable monthly revenue streams. The team of 23 operates a Management program which allows Owners and Captains of contracted yachts to subscribe to any of a number of individually priced services. The Project Management service for yachts under construction or undergoing a refit can be provided onsite at the shipyard or from the YCO Management offices in Monaco and the Gulf.



YCO Crew Recruitment provides crew search and placement services for superyachts on a pay-per-placement basis. YCO Crew is one of the most prominent agencies in Europe, and operates from Antibes and Palma. At inception in 2007, YCO invested heavily in developing software which facilitates advanced registration and search facilities. The database has several thousand qualified yacht crew registered.

YACHT FUEL SERVICES

Yacht Fuel Services was founded over 20 years ago as a fuel brokerage for yachts worldwide. Longstanding relationships with the world's major producers of marine fuel, offer YFS yachts access to premium grade yacht fuel, helicopter fuel, oil and lubricants. In addition to competitive pricing, the company aims to distinguish itself from competition by offering credit terms, free voyage planning and providing fuel in more remote cruising areas. YFS operates from London headquarters and in France, but has delivered fuel worldwide in 2009.

YACHT HELP GROUP

Yacht Help Group provides provisions, spare parts, crew assistance, shipyard logistics and tax/customs consultancy. Revenue is generated on margins for resale items and fees for services.

YHG offices are strategically positioned in the key yachting locations of Antibes, Palma and Barcelona. In Palma, YHG is one of the only companies to offer this breadth of service and in France the market is less well established, with fewer competitors. In Barcelona, YHG is considered a leading supplier due to excellent relations with local shipyards and competitive prices.





WHAT ARE CENTRAL AGENCY YACHTS?

While any brokerage house can sell or charter any yacht on the market to its Clients, the majority of yachts available for sale or charter have Central Agency (CA) agreements in place with one or two named brokerage houses. The CA takes on the responsibility and associated cost of managing and marketing the yacht's sales and charter activities.

CA Yachts do not provide visible revenue in a specified period, however upon their sale or charter (even if achieved by a third party) the Central Agent will receive a guaranteed portion of the commission.

A large number of good quality CA yachts can improve the company's visibility in the marketplace, however there is an additional cost of sales and marketing, which is not applicable when representing only the Buyer.

MYBA

YCO is a full corporate member of the Mediterranean Yacht Brokers Association, founded in 1984 to promote standards of professionalism in the yachting industry.

MYBA only endorses membership to brokerage houses with a proven track record of professional excellence, offering valuable benefits and safeguards to clients choosing to purchase, sell, build or charter a yacht through a MYBA broker.

MYBA enjoys international recognition and the contract used by YCO has been drafted in conjunction with a team of international maritime lawyers to protect the interest of all parties. It remains the world's most universally employed charter contract.



CHAIRMAN'S STATEMENT

THE OUTLOOK FOR 2010 IS ENCOURAGING AS THE WORLD EMERGES FROM A CHALLENGING ECONOMIC CLIMATE



PETER JAY
NON-EXECUTIVE CHAIRMAN

2009 was a year of significant change at YCO Group.

Against a background of challenging market conditions, the Board undertook an extensive restructuring programme resulting in an integrated business with a strengthened service offering. The restructuring will also enable the Group to expand the business effectively, as appropriate, as market conditions improve.

Significant savings have also been made in operational overheads and the turnaround has resulted in a maiden profit being reported for the year. The Board expects that the full benefits of these savings will be gained during 2010.

The Board is satisfied that the businesses throughout the Group are now managed more efficiently in terms of both costs and operations. However, efforts are ongoing to further improve the Group's efficiency and to reduce its cost base, in addition to strengthening the service offering and to continue to keep the Group moving ahead in its marketplace.

Led by our new CEO, Charlie Birkett and YCO Managing Partner and YCO Group Executive Director Gary Wright, who are both very experienced in the superyacht industry, the outlook for 2010 is encouraging as the world emerges from a challenging economic climate. We are witnessing signs of a gradual recovery, from which we expect the luxury travel and tourism market to benefit.

I would like to thank my fellow Board members and all the Group's employees for their support and hard work in achieving the Group's impressive turnaround. With an enhanced starting position for 2010, improved operations and an established philosophy of corporate control and responsibility, we approach the year ahead with enthusiasm and optimism.



CHIEF EXECUTIVE'S REPORT

THE GROUP'S DIVERSE BUSINESS MODEL AND COMPLEMENTARY REVENUE STREAMS HAVE BEEN A DECISIVE FACTOR IN THE GROUP'S TURNAROUND IN 2009



CHARLES BIRKETT
CHIEF EXECUTIVE OFFICER

In 2009, the Group successfully achieved a turnaround to report a maiden profit for the year following the losses reported for both 2008 and the first half of 2009.

Key factors driving the performance recovery have been:

- successful completion of Group restructuring at both corporate and management level
- reductions within the business cost base
- strengthened teams and expanded operations in brokerage.

As a result, the Group exceeded the Board's expectations in Yacht Brokerage, which generates the highest margins, while increasing our market share in Yacht Management.

The Group has also continued to reinvest in corporate structure and IT systems to ensure that it is well placed and well structured to leverage the anticipated upturn in the market.

REVIEW OF BUSINESS OPERATIONS:

BROKERAGE

The Board was prudent in its expectations for 2009, in anticipation of the effects of the economic downturn. However the Group took the opportunity to strengthen the team, introduce a specialist division handling luxury sailing yachts and continue to develop advanced customer management systems.

During 2009, YCO Brokerage was involved in two of the most prominent superyacht sales in the industry.

MANAGEMENT

YCO Management operates from two offices with 23 staff, generating revenue from contracted monthly retainers for Yacht Management, Project Management and from additionally priced one-off services and consultancy.

YCO Management continued to develop systems and services in accordance with its strategy, to ensure its clients receive the best possible service. The division completed the roll-out of the (client management software) YCO LIVE to all yachts and introduced the YCO VISA debit card.

As a result, and due to the increased number of existing yacht owners looking for improved cost control, YCO Management continued to grow the number of contracted yachts.

CREW RECRUITMENT

In a highly competitive market, YCO Crew lowered its fees to remain competitively priced. As a result of this reduction in margins, combined with a less active marketplace, management took measures to reduce overheads and to recalibrate the business. The division remains under review as part of the wider ongoing restructuring programme.

YACHT FUEL SERVICES

Operating with four staff from headquarters in London with an office in the South of France, Yacht Fuel Services generates revenue through the sale of fuels and lubricants to superyachts.

While YFS benefited from a fall in fuel prices, it was affected by reduced movement of yachts and fewer trans-Atlantic crossings. The Company took steps at the

STRATEGY & STRENGTHS

- BREADTH OF SERVICES
- FINANCIAL TRANSPARENCY
- EXPERIENCE OF PERSONNEL
- DISCRETION AND PROFESSIONALISM
- INNOVATION

beginning of the year to reduce marketing costs in preparation for the adverse trading conditions.

YFS maintained its strong position in the market, making multiple deliveries to 240 unique yachts of over 30 metres. Increased margins helped to offset a reduction in tonnage sold, and overall the division performed in line with management's expectations.

YACHT HELP GROUP

At the beginning of the year, Yacht Help Group operated from three offices with 15 permanent staff, generating revenue through the supply of concierge services and provisions to superyachts.

During the year, the division suffered from the reduced number of yachts in transit. As a result of this the decision was taken to reduce the workforce to 10 full time staff, with a stronger focus on developing business in the key locations of Antibes and Barcelona.

In particular, the shipyard based provisioning and concierge services performed strongly during the year and these will continue to be developed as a key area of the business in the future.

SUMMARY

It has been the Board's priority to take the necessary steps in 2009 to ensure that the Group emerges from the economic downturn a stronger and more efficient business and one which is well placed to deliver future growth.

In what has been the most challenging of environments, the results for 2009 have demonstrated significant progress. Recognition for this achievement must go to the whole YCO Group team, as it is the hard work of all

of our employees which has enabled the restructuring of the Group to be achieved so successfully.

OUTLOOK

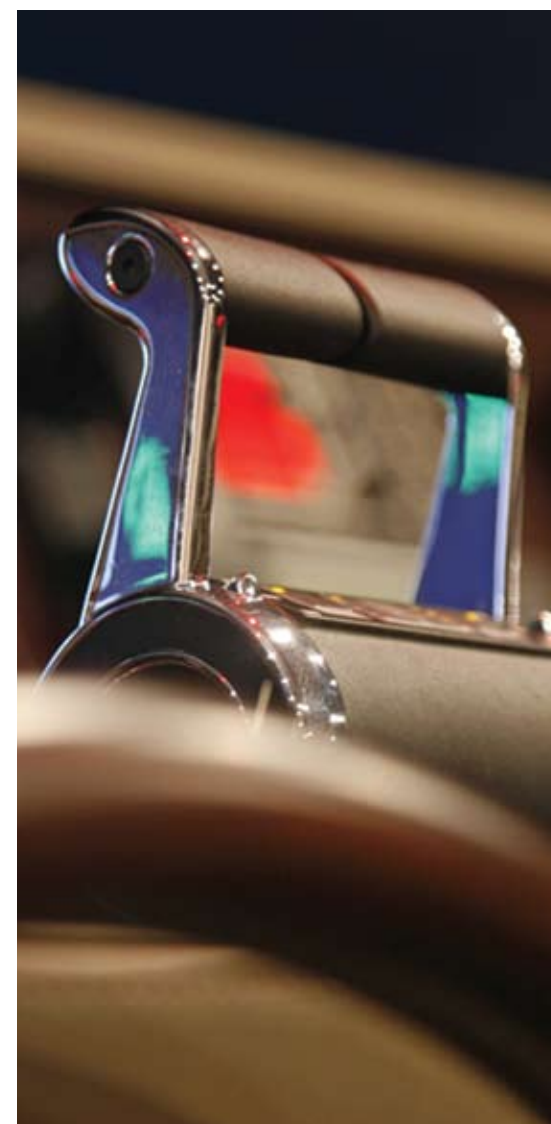
YCO Group continues to benefit from income from sales completed in the latter part of 2009 and has achieved some smaller transactions in the first part of 2010 which are encouraging.

The Group's diverse business model and complementary revenue streams have also been a decisive factor in the Group's turnaround during 2009, in what was a challenging market.

While it is clear that the market has shown some signs of recovery, the Board still expects continuing pressure on fees and commissions, therefore it will continue to focus on the cross-selling of the Group's services whilst seeking to improve margins.

The Group will continue to seek to improve its service offering and to invest in marketing initiatives, IT and finance reporting systems, as well as looking to reduce corporate overheads further, where appropriate. There are consolidation opportunities in the market and the Board is considering its approach to growth and investigating possible future expansion opportunities.

The completed restructuring programme gives the business a great opportunity, with a strengthened management and service offering, to increase our share of the superyacht services market going forward. This combined with the continued, gradual recovery of the market leads us to approach the future with optimism.



BUSINESS REVIEW

FOLLOWING A SLOW START IN THE FIRST HALF,
THE INDUSTRY REPORTED A GENERAL
IMPROVEMENT IN THE SECOND HALF OF
THE YEAR, AS IS TYPICAL

REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

BROKERAGE

As expected, 2009 was a more difficult climate for yacht sales and charter than 2008, which was an exceptional year for the industry as a whole and for YCO. Following a slow start in the first half, the industry reported a general improvement in the second half of the year, as is typical. However, with few or no sales reported as a direct result of any of the major yacht shows (Monaco, Fort Lauderdale, Abu Dhabi), the superyacht brokerage industry was certainly more subdued in 2009 than in 2008. At YCO, this general downturn was reflected in reduced charter enquiries and sales leads.

The company continued its investment in improving CRM systems in order to systemise and regulate Client prospecting and create a platform to stimulate new business. Presence has been expanded into London and the Gulf, and with strengthened brokerage teams in Monaco, notably including a new division 'YCO Sail', specialising exclusively in luxury sailboats.

Post period, this expansion has resulted in improved charter figures for Summer 2010 and the company continues to focus on improving performance in this area of the business.

MANAGEMENT

Management offers stability and visibility and in a climate which may be challenging for brokerage, there is potential for growth as Owners look to professional management as a means of ensuring efficient and cost effective operation and maintenance of the vessel.

The company continues to invest in developing and upgrading YCO LIVE, and post period, restructuring is underway to improve efficiency and communications, creating an organisational model which will allow for continued expansion as the number of yachts under management increases.

CONTRACTED YACHTS
INCREASED BY:

34%



TRANSPARENCY & FINANCIAL CONTROL

In an industry which is not strictly regulated, YCO is one of very few publically listed companies and the only one of its kind listed on the London Stock Exchange. While the company continues to operate in all divisions with a boutique philosophy, providing Clients with a personalised and discrete service, being publically listed offers reassurance that the company is governed by strict financial regulations.

Transparency has always been one of the key values at YCO, and in 2009 we have introduced YCO VISA across the whole YCO Charter fleet. This revolutionary prepayment system is a safe alternative to cash, offering increased security and ensuring an accurate and easy-to-access record of spend. The system is currently being rolled out across the YCO Management fleet.



Demoyacht ycolive

Home | Safety and Security | Certificate | Finance | Technical | Operational | Charter | Crew

18th August 2008 09:18 BST

Quick Links

- Yacht Search
- Yacht Calendar
- Yacht Contacts
- Owner Contacts
- Yacht Businesses
- Management Services
- Navigation and Services
- YCO Contacts
- Reports
- Alerts
- Weather
- Flow Zones
- Particulars

Management Links

- Add a new yacht
- User Administration

Yacht Details

| | |
|-----------------|----------------|
| Yacht | Yacht |
| Launch | 2007 (2008) |
| Builder | Fosterline |
| LOA | 30.5m |
| Beam | 10.5m |
| Draft | 2.7m |
| Gross Tonnage | 400.00000 |
| Type | RY |
| Registration | 100000000 |
| IMO number | 120400001 |
| Official number | Z3002102 |
| Call sign | W0000 |
| Flag | Cayman Islands |
| Classification | 11000 |
| No. of crew | 18 |
| No. of guests | 1012 |
| Management Co. | YCO |
| Charterer | YCO |

Yacht Contact Details

| | |
|--------------|--------------------|
| Display | Mark Smith |
| COB | +87432007 |
| email | mark@ycolive.com |
| Yacht COB # | +33 12 12 12 12 |
| Sat Tel | +33 32 12 12 12 |
| Sat Fax | +33 32 12 12 12 |
| ICAP | * |
| Website | www.yco.com |
| Phone Tel | +33 12 12 12 12 |
| Fax | +33 12 12 12 12 |
| Current Port | Malaga |
| Source Name | Insurance Company |
| Contact | Ty |
| Url | http://www.yco.com |
| Email | mark@ycolive.com |

Yacht Calendar

| | |
|------------|---------|
| 18/08/2008 | Charter |
| 19/08/2008 | Charter |
| 20/08/2008 | Charter |
| 21/08/2008 | Charter |
| 22/08/2008 | Charter |
| 23/08/2008 | Charter |
| 24/08/2008 | Charter |
| 25/08/2008 | Charter |
| 26/08/2008 | Charter |
| 27/08/2008 | Charter |
| 28/08/2008 | Charter |
| 29/08/2008 | Charter |
| 30/08/2008 | Charter |
| 31/08/2008 | Charter |

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YCO LIVE

The first real-time, online yacht management system in the world, YCO LIVE was designed and developed by YCO as a tool to enable Owners, Captains and Yacht Managers to access vital information and documentation – from any computer, anywhere in the world, at any time.

With the increasing number of certificates, licenses and regulations for large yachts and their crew, the burden of paperwork involved can be a drain for onboard resources. As vessels are constantly on the move, the transmission of documents from one place to another is not always a practical possibility.

Storing all data for a yacht in one constantly accessible area, YCO LIVE provides the link between the yacht, the owner's office and the managers, ensuring a clear and efficient line of communication at all times.

An in-house team of software technicians is continually developing and upgrading the YCO LIVE system, which is operational for all YCO Yachts.

YCO has and will continue to invest also in implementing advanced and professional IT systems for brokerage, crew recruitment and accounting, to allow for smooth and efficient growth in the future.

CASE STUDY: SUPERYACHT X

Superyacht X has been under YCO Management since 2006. On appointment, YCO placed a new Captain, working with him to build a strong crew and implement efficient onboard systems which would serve to maintain the yacht. Protocols, procedures and infrastructures established by YCO include:

- AV/IT
- Mechanics
- Scheduled maintenance periods
- Crew training

- Yacht operating on a strict budget

YCO continues to manage the yacht's day to day operations such as safety compliance, technical advice and operational logistics.

YCO Crew provides a crew employment program which enables crew to be employed via an independent entity, protecting the Owner from the risks associated with employment.

Superyacht X is also available for charter through YCO, which secures her Owners an excellent return which significantly offsets her operating costs. She also qualifies for discounted rates with YCO Crew and Yacht Help Group, and credit lines with Yacht Fuel Services.

Superyacht X has cruised extensively in 2009, both privately and under charter.



BUSINESS REVIEW

THE RESULTS FOR THE YEAR ARE ALL THE MORE PLEASING GIVEN THEY WERE ACHIEVED AGAINST THE CURRENT ECONOMIC CLIMATE

CREW RECRUITMENT

As a result of the economic downturn, 2009 saw fewer experienced and senior crew members looking to change positions. Fewer yachts operating commercially also meant reduced demand for additional crew in the traditionally busy charter seasons, particularly winter in the Caribbean.

Against this backdrop, YCO Crew reduced the workforce from 6 to 4 and took steps to reduce marketing spend and other overheads.

The company is now taking steps to further consolidate business costs and leverage cross selling opportunities within the Group, to enable the division to operate even in a reduced market.

YACHT FUEL SERVICES

The results for the year are all the more pleasing given they were achieved against the current economic climate. The revenue decreased mainly from the weakened Euro and US Dollars in the year; however the company is still debt-free and maintains a positive cash flow.

The decrease in the oil price has encouraged customers. As such, the Company maintains its position as one

of the largest suppliers of marine fuel to superyachts in the world.

The demand for marine fuel for superyachts remains consistent and the company hopes to increase the number of yachts fuelled from cross-selling between YCO Group companies.

YACHT HELP GROUP

With fewer yachts operating there was reduced provisioning and concierge demand in Palma and the newly opened office in Antibes. However, this and the lack of migration to the Caribbean was to the benefit of YHG in Barcelona, which relies on shipyard trade.

Having reduced the workforce, the company hopes to expand operations through strategic partnerships, which may provide the added benefits of regular business and cost reduction opportunities, while growing specific areas which are performing well.

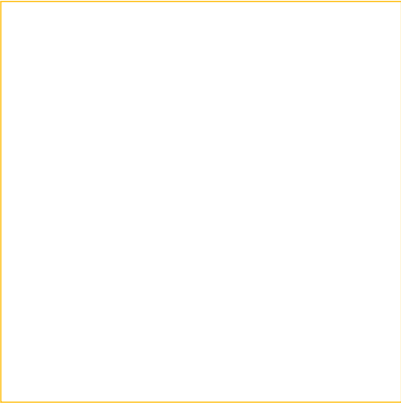
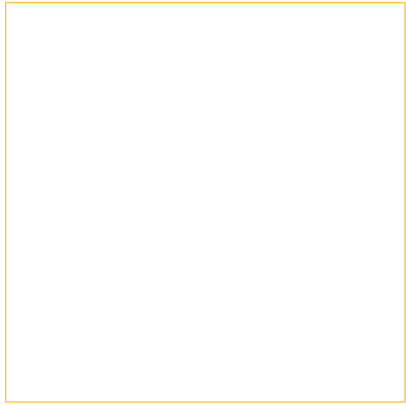
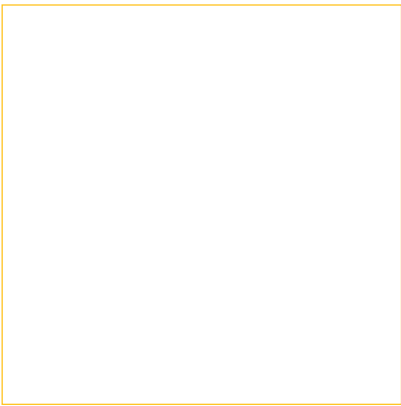
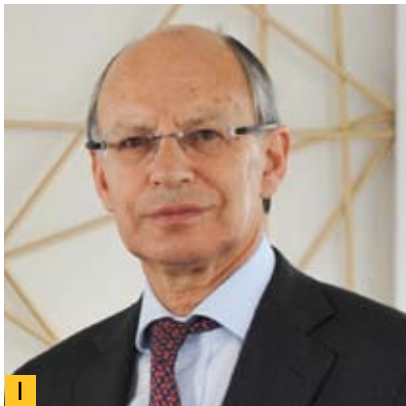
In 2010, Barcelona has continued to perform well, and Antibes is benefitting from marketing and promotions as it enters its second year of operations, reporting an increase in enquiries.

KEY PERFORMANCE INDICATORS

The main highlights of our performance are noted below:

| | | |
|------------------------------|-------------|-----------------------|
| Revenue | £24,694,534 | (2008: £28,501,012) |
| Gross Profit | £6,990,229 | (2008: £5,274,346) |
| PBT | £30,804 | (2008: Loss £684,079) |
| Number of Sales Transactions | 6 | (2008: 10) |
| Number of Weeks of Charter | 155 | (2008: 130) |
| Number of Contracted Yachts | 51 | (2008: 38) |
| Fuel Tonnage Sold | 26,832MT | (2008: 29,870MT) |

BOARD OF DIRECTORS



1 PETER JAY (AGED 65) NON-EXECUTIVE CHAIRMAN

Peter Jay is a solicitor and a consultant to Beachcroft LLP. He specialises in corporate finance and acts for a number of AIM companies. He has extensive experience of advising both public and private companies and has held a number of directorships including Sportingbet Plc (where he was a founding director) and Top Ten Holdings Plc.

Peter was appointed Non-Executive Director of the company on 30 August 2006 and subsequently became Non-Executive Chairman on 29 September 2008.

2 CHARLIE BIRKETT (AGED 35) CHIEF EXECUTIVE OFFICER

Charlie Birkett has crewed, captained, purchased, sold and managed superyachts for the past eighteen years. He first captained a yacht in 1992, cruising the west coast of America and has since been involved in a range of activities associated with superyachts, ranging from tender design and construction to shoreside logistics.

Charlie cofounded Monaco based yacht management and brokerage company YCO in 2004 and was appointed to the Board of YCO Group during the acquisition of YCO in May 2008.

Charlie was subsequently appointed Chief Executive Officer on 19 October 2009.

3 CHARLES SMITH, ACA (AGED 55) FINANCE DIRECTOR

Charles Smith qualified as a chartered accountant and then joined the firm of Scodie Deyong, becoming a full partner in 1981. In 1995 he left to become Group Financial Director and then International Financial Director of Holiday Autos Group ("HAG"), a car rental broking business, where turnover grew from £29 million to £200 million in 2004. He stepped down from this position in 2000, changing his role to that of financial consultant to HAG. In this consultancy role he was primarily responsible for the preparation of HAG for sale in April 2003 to Lastminute.com plc for £40 million.

Charles was appointed Finance Director of the Company on 30 August 2006.

4 GARY WRIGHT (AGED 51) EXECUTIVE DIRECTOR

Gary Wright has a maritime background stretching back well over 25 years. His experience includes acting as Master and Project Manager on a number of superyachts and yacht construction projects. In 2001, Gary was appointed Chief Executive Officer of an America's Cup team, with overall responsibility for every aspect of the team's activities until the race in 2003. Gary went on to cofound YCO in Monaco in 2004.

Gary was appointed Executive Director of the Company on 27 May 2008.

OPERATIONAL MANAGEMENT TEAM FOR THE YEAR ENDED 31 DECEMBER 2009

Gary Wright (Brokerage)
Yves Damette (Management)
Hatty Campbell (Crew recruitment)
Barnaby Skipwith (Yacht Fuel Services)
Beatriz Alonso (Yacht Help Group)



DIRECTOR'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2009

The directors present their report with the financial statements of the Company and the Group for the year ended 31 December 2009.

Principal Activity

The principal activity of the Group in the year under review was the supply of services and marine fuel to the world's superyachts.

Review of Business and Future Developments

A detailed appraisal of business developments is given in the Business Review on pages 12 to 17.

Key Risks and Uncertainties

The directors are optimistic about the business development in 2010. However, this is dependent upon factors such as oil supply, volatility of the US\$ and Euro exchange rates and global economic stability. The exchange rate risk is partly mitigated by buying and selling in the same currency.

Results and Dividends

The profit for the year is £10,953, which has been allocated against reserves. No dividends will be distributed for the year ended 31 December 2009.

Directors

The following directors have held office since 1 January 2009:

P Jay
 C Birkett
 G Wright
 C A Smith
 N Miller (Resigned 16 October 2009)
 P Shea (Resigned 24 September 2009)

All the directors who are eligible offer themselves for re-election at the forthcoming Annual General Meeting.

The beneficial interests of the directors holding office on 31 December 2009 in the issued share capital of the company were as follows:

| | 31.12.09 | | 01.01.09 | |
|------------|-------------------------------------|------------------------------------|-------------------------------------|------------------------------------|
| | No of Ordinary shares of 0.35p each | Percentage of issued share capital | No of Ordinary shares of 0.35p each | Percentage of issued share capital |
| L J Milton | – | – | 6,785,714 | 14% |
| N Miller | – | – | 6,785,714 | 14% |
| C A Smith | – | – | – | – |
| P Jay | – | – | – | – |
| C Birkett | 3,376,450 | 7% | 3,376,450 | 7% |
| G Wright | 3,376,451 | 7% | 3,376,451 | 7% |

On 1 May 2008, the issued and unissued ordinary share capital of the Company of 0.05p each was consolidated so that every seven shares of 0.05p each held by a shareholder became one ordinary share of 0.35p.

On 15 March 2010, C Smith, Finance Director, purchased 200,000 ordinary shares at 11p each of the Company.

The numbers of options outstanding to the directors at 31 December 2009 are as follows:

| | 31.12.09 | | 01.01.09 | |
|-----------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | No of options at 0.49p each | No of options at 0.35p each | No of options at 0.49p each | No of options at 0.35p each |
| C A Smith | 108,035 | – | 108,035 | – |

Substantial Shareholders

As at 4 May 2010, the Company has been notified of the following interests in the issued share capital of the Company:

| | No of Ordinary shares of 0.35p each* | Percentage of issued share capital |
|----------------------------------|--------------------------------------|------------------------------------|
| State Street Nominees Limited | 10,446,011 | 21.69% |
| Lynchwood Nominees | 6,852,901 | 14.23% |
| ZMS Investments | 6,785,714 | 14.09% |
| LJ Milton | 6,785,714 | 14.09% |
| Pastor Jean-Victor-Jean-Baptiste | 4,081,633 | 8.47% |
| Pershing Nominees Limited | 3,420,684 | 7.10% |
| Barclayshare Nominees Limited | 1,403,396 | 2.91% |

*Charles Birkett's and Gary Wright's interest in 3,376,450 and 3,376,451 Ordinary Shares respectively, are held through Lynchwood Nominees

Company's Policy on Payment of Payables

It is the Company's normal practice to make payments to suppliers in accordance with agreed terms provided that the supplier has performed in accordance with the relevant terms and conditions. The payables days increased by 21 days to 52 (2008: 31) days in the year under review.

Publication of Accounts on Company Website

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

Indemnity of Officers

The Group may purchase and maintain, for any director or officer, insurance against any liability and the Group does maintain appropriate insurance cover against legal action brought against its directors and officers.

Financial Instruments

The Group does not have formal policies on interest rate risk or foreign currency risk. The Group is exposed to foreign currency risk on sales, purchases and borrowings that are denominated in a currency other than pound sterling (£). The Group maintains a natural hedge that minimises the foreign exchange exposure by matching foreign currency income with foreign currency costs.

The Group does not consider it necessary to enter into foreign exchange contracts in managing its foreign exchange risk resulting from cash flows from transactions denominated in foreign currency, given the nature of the business for the time being.

The Group prepares periodic working capital forecasts for the foreseeable future, allowing an assessment of the cash requirements of the company, to manage liquidity risk. The directors have considered the risk posed by liquidity and are satisfied that there is sufficient growth and equity in the company. The Group has an overdraft facility with the bank for £300,000 and is being charged at an interest rate of 4.25% per annum above HSBC's sterling base rate, as published from time to time. The overdraft facility is due for renewal in December 2010.

Going Concern

After making appropriate enquiries, the directors consider that the Company and the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements. This is reflected in note 1 to the financial statements.

Statement of Directors' Responsibilities

The directors are responsible for preparing the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the European Union. The financial statements are required by law to give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that year. In preparing these 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;
- > prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.
- > to follow IFRS as adopted by the European Union

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and the Group and to enable them to ensure that the financial statements comply with the Companies Act 2006 and as regards the Group Article 4 of the IAS regulations. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement as to Disclosure of Information to Auditors

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any 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 that Jeffreys Henry LLP, be reappointed as auditors of the company will be put to the Annual General Meeting.

On Behalf of The Board:

C Birkett – Chief Executive Officer

Date: 19 May 2010

CORPORATE GOVERNANCE REPORT

FOR THE YEAR ENDED 31 DECEMBER 2009

The Directors recognise the importance of sound corporate governance to commensurate with the Group's size and the interests of shareholders. As the Group grows, policies and procedures that reflect the Principles of Good Governance and Code of Best Practice as published by the Committee on Corporate Governance (commonly known as the "Combined Code") will be developed. So far as is practicable and appropriate, taking into account the size and nature of the Company, the Directors will take steps to comply with the Combined Code.

The Board of Directors

The Board comprises of three Executive Directors and one Non-Executive Director. All the Directors served throughout the year. The Directors' biographies are set out on page 18 and demonstrate a range of relevant experience. N Miller and P Shea resigned as directors in the year.

The Board meets at least four times a year as issues arise which require Board attention. The Board has a formal schedule of matters specially referred to it for decision. The Directors are responsible for the management structure and appointments, considering strategy and policy, approval of major capital investments and transactions, and responsible for significant financing matters.

The Board has established an Audit Committee and a Remuneration Committee which roles and responsibilities are discussed below.

Audit Committee

An Audit Committee has been established and currently comprises of P Jay who has considerable and relevant financial experience.

The Audit Committee, which has Terms of Reference agreed by the Board meets at least twice a year and is responsible for ensuring that the integrity of the financial information reported to the shareholders and the systems of internal controls. This committee provides an opportunity for reporting by the Company's auditors.

The Audit Committee is responsible for monitoring in discussion with the auditors the integrity of the financial statements and announcements of the Company; reviewing the Company's internal financial controls and risk management systems; reviewing and monitoring the external auditor's independence, objectivity and effectiveness of the audit process taking into consideration relevant UK and other relevant professional and regulatory requirements. The Audit Committee is also responsible for making recommendations to the Board to be put to shareholders for their approval in general meeting in relation to the appointment, re-appointment and removal of the external auditor and to approve the remuneration and terms of engagement of the external auditor. Other responsibilities include reviewing the Company's internal audit function, and where there is no internal audit function and considering annually whether there is a need for an internal audit function and making recommendation to the Board, and to review arrangements by which the staff of the Group will be able to raise concerns about possible improprieties in matters of financial reporting or other matters related to the Group.

Remuneration Committee

The Remuneration Committee, which meets at least twice a year, consists of P Jay and C Smith. Based on the Terms of Reference approved by the Board, the Remuneration Committee is responsible for determining and agreeing with the Board the framework or broad policy for the remuneration of the Chief Executive Officer, the Chairman and other members as it is designated to consider. It is also responsible for setting the remuneration for all Executive Directors, the Chairman and the Company Secretary; to recommend and monitor the level and structure of remuneration for senior management; and determining targets for any performance-related pay schemes operated by the Group. The Remuneration Committee is also responsible for determining the policy and scope of pension arrangements for each Executive Director and for ensuring that contractual terms on termination and any payments made are fair to the individual and the Company. The Remuneration Committee will determine the terms and conditions of service of Executive Directors. This includes, agreeing the policy for authorising claims for expenses from the Chief Executive Officer and the Chairman, and within the terms of the agreed policy, recommending the total individual remuneration package of each Executive Director including, where appropriate bonuses, incentive payments and share options.

Relations with shareholders

Communications with shareholders are very important and therefore are given a priority. The Company maintains a website www.ycogroup.com for the purpose of improving information flow to shareholders as well as potential investors. It contains the information about the Company's activities and the interim report. Shareholders are welcome to enquire on any matter relating to the business and their shareholdings. The Company encourages the shareholders to attend the Annual Meeting at which they will be given the opportunity to put questions to the Chairman and other members of the Board.

Internal financial control

The Board is responsible for establishing and maintaining the Company's system of internal controls and for reviewing its effectiveness. They are designated to safeguard the assets of the Company and to ensure the reliability of the financial information for both internal use and external publication. The controls that include inter alia financial, operational and compliance matters and management are reviewed on an ongoing basis. A system of internal control can provide only reasonable, and not absolute, assurance that material financial irregularities will be detected of that risk of failure to achieve business objectives is eliminated. The Board has considered the need for an internal audit function but because of the size and nature of its operations does not consider it necessary at the current time.

REPORT OF THE INDEPENDENT AUDITORS

TO THE SHAREHOLDERS OF YCO GROUP PLC

We have audited the financial statements of YCO Group PLC for the year ended 31 December 2009, which comprise the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity, company statement of changes in equity, consolidated statement of financial position, company statement of financial position, consolidated statement of cash flows, company statement of cash flows and the related notes on pages 31 to 50. 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 Section 496 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 Directors' Responsibilities set out on page 21, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion:

- > the financial statements give a true and fair view, of the state of the Group's and parent company's affairs as at 31 December 2009 and of the Group's profit and Group's and parent company's cash flows for the year then ended;
- > the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards 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
- > the financial statements have been properly prepared in accordance with the Companies Act 2006 and, as regards to the group financial statements, Article 4 of the IAS regulation.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Directors 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 by the parent company, or returns adequate for audit have not been received from branches not visited by us; or
- > the company 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.

Sanjay Parmar

Senior Statutory Auditor

For and on behalf of Jeffreys Henry LLP, statutory auditor

Finsgate
5-7 Cranwood Street
London
EC1V 9EE
United Kingdom

Date: 19 May 2010

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2009

| | Notes | 2009 £ | 2008 £ |
|---|-------|---------------------|--------------|
| Revenue | | 24,694,534 | 28,501,012 |
| Cost of sales | | (17,704,305) | (23,226,666) |
| Gross profit | | 6,990,229 | 5,274,346 |
| Administrative expenses | 5 | (6,907,952) | (5,997,982) |
| Operating profit/(loss) | 5 | 82,277 | (723,636) |
| Finance costs | 4 | (55,977) | (14,602) |
| Finance income | 4 | 4,504 | 54,159 |
| Profit/(loss) before tax | | 30,804 | (684,079) |
| Income tax charges | 6 | (19,851) | – |
| Profit/(loss) for the year | | 10,953 | (684,079) |
| Attributable to: | | | |
| Owners of the company | | 10,953 | (684,079) |
| Earnings/(loss) per share expressed in pence per share: | 8 | | |
| Basic – pence | | 0.02 | (1.85) |
| Diluted – pence | | 0.02 | (1.85) |

Included above are the profit or (loss) of the subsidiaries since the date of acquisition:

| | 2009 £ | 2008 £ |
|--------------------------|-----------------|-----------|
| Subsidiary | | |
| Yacht Help Group SARL ** | (44,066) | – |
| YCO SAM * | – | 290,242 |
| YCO SARL * | – | (12,813) |
| YCO Yacht Limited * | – | 79,065 |
| YCO Support Limited * | – | (11,363) |

* Acquired on 27 May 2008

** Acquired on 19 February 2009

Below are the combined revenues and profit of the enlarged Group from 1 January 2009 to 31 December 2009:

| | 2009 £ | 2008 £ |
|----------------------------|-------------------|------------|
| Revenue | 24,694,534 | 31,845,695 |
| Profit/(loss) for the year | 10,953 | (728,191) |

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2009

| | 2009 £ | 2008 £ |
|---|-----------|-----------|
| Profit/(loss) for the year | 10,953 | (684,079) |
| Other comprehensive income: | | |
| Currency translation differences | (52,419) | 28,329 |
| Total comprehensive income for the year | (41,466) | (655,750) |
| Total comprehensive income attributable to : | | |
| Owners of the company | (41,466) | (655,750) |

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2009

| | Share Capital £ | Share Premium £ | Retained Earnings £ | Other Reserves £ | Translation Reserve £ | Total £ |
|-------------------------------|-----------------------|-----------------------|---------------------------|------------------------|-----------------------------|------------|
| As at 1 January 2008 | 75,448 | 2,047,956 | 421,868 | 133,333 | – | 2,678,605 |
| Shares issued | 93,136 | 12,910,729 | – | – | – | 13,003,865 |
| Loss after tax for the year | – | – | (684,079) | – | – | (684,079) |
| Equity to be issued | – | – | – | 61,373 | – | 61,373 |
| Translation reserve | – | – | – | – | 28,329 | 28,329 |
| As at 31 December 2008 | 168,584 | 14,958,685 | (262,211) | 194,706 | 28,329 | 15,088,093 |
| Expenses recovered | – | 250,000 | – | – | – | 250,000 |
| Profit after tax for the year | – | – | 10,953 | – | – | 10,953 |
| Translation reserve | – | – | – | – | (52,419) | (52,419) |
| As at 31 December 2009 | 168,584 | 15,208,685 | (251,258) | 194,706 | (24,090) | 15,296,627 |

Share capital is the amount subscribed for share at nominal value.

Retained profit represents the cumulative profit of the Group attributable to equity shareholders.

Share premium represents the excess of the amount subscribed for share capital over the nominal value of those shares net of share issue expenses. Share issue expenses in the year comprise a proportion of the costs incurred in respect of the initial issue of new shares on the London Stock Exchange's Alternative Investment Market.

Other reserves represent the deferred share consideration in relation to the acquisition of BA Yachts Assistance S.L., which will be issued in 2010.

Translation reserve occurs on consolidation where the exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity.

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2009

| | Share Capital £ | Share Premium £ | Retained Losses £ | Other Reserves £ | Total £ |
|-------------------------------|-----------------------|-----------------------|-------------------------|------------------------|------------|
| As at 1 January 2008 | 75,448 | 2,047,956 | 7,308 | 133,333 | 2,264,045 |
| Shares issued | 93,136 | 12,910,729 | – | – | 13,003,865 |
| Loss after tax for the year | – | – | (576,904) | – | (576,904) |
| Equity to be issued | – | – | – | 61,373 | 61,373 |
| As at 31 December 2008 | 168,584 | 14,958,685 | (569,596) | 194,706 | 14,752,379 |
| Expenses recovered | – | 250,000 | – | – | 250,000 |
| Profit after tax for the year | – | – | (169,779) | – | (169,779) |
| As at 31 December 2009 | 168,584 | 15,208,685 | (739,375) | 194,706 | 14,832,600 |

Share capital is the amount subscribed for share at nominal value.

Retained losses represents the cumulative losses of the Company attributable to owners of the Company.

Share premium represents the excess of the amount subscribed for share capital over the nominal value of those shares net of share issue expenses. Share issue expenses in the year comprise a proportion of the costs incurred in respect of the initial issue of new shares on the London Stock Exchange's Alternative Investment Market.

Other reserves represent the deferred share consideration in relation to the acquisition of BA Yachts Assistance S.L., which will be issued in 2010.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2009

| | Notes | 2009 £ | 2008 £ |
|---------------------------------------|-------|-------------------|-------------|
| ASSETS | | | |
| Non-current assets | | | |
| Goodwill | 9 | 15,332,787 | 15,332,787 |
| Intangibles | 10 | 242,802 | 279,606 |
| Property, plant and equipment | 11 | 618,543 | 827,305 |
| | | 16,194,132 | 16,439,698 |
| Current assets | | | |
| Inventories | 13 | 4,120 | 203,960 |
| Trade and other receivables | 14 | 5,204,800 | 5,968,157 |
| Cash and cash equivalents | 15 | 560,299 | 859,283 |
| | | 5,769,219 | 7,031,400 |
| LIABILITIES | | | |
| Current liabilities | | | |
| Trade and other payables | 16 | 6,606,431 | 8,318,120 |
| Financial liabilities – borrowings | | | |
| Interest bearing loans and borrowings | 17 | 21,983 | 23,772 |
| Tax payable | | 19,851 | – |
| | | 6,648,265 | 8,341,892 |
| Net current liabilities | | | |
| | | (879,046) | (1,310,492) |
| Non-current liabilities | | | |
| Financial liabilities – borrowings | | | |
| Interest bearing loans and borrowings | 17 | 18,459 | 41,113 |
| | | 15,296,627 | 15,088,093 |
| NET ASSETS | | | |
| EQUITY AND RESERVES | | | |
| Called up share capital | 19 | 168,584 | 168,584 |
| Share premium | 20 | 15,208,685 | 14,958,685 |
| Retained earnings | 20 | (251,258) | (262,211) |
| Other reserves | 20 | 194,706 | 194,706 |
| Translation reserve | 20 | (24,090) | 28,329 |
| | | 15,296,627 | 15,088,093 |

The financial statements were approved and authorised for issue by the Board of Directors on 2010 and were signed on its behalf by:

C Smith – Director
Date: 19 May 2010
Registered Number: 05011189

The notes form part of these financial statements

COMPANY STATEMENT OF FINANCIAL POSITION

31 DECEMBER 2009

| | Notes | 2009 £ | 2008 £ |
|---------------------------------------|-------|--------------------|-------------|
| ASSETS | | | |
| Non-current assets | | | |
| Fixed asset investments | 12 | 16,257,665 | 16,248,665 |
| Property, plant and equipment | 11 | 30,183 | 87,764 |
| | | 16,287,848 | 16,336,429 |
| Current assets | | | |
| Trade and other receivables | 14 | 1,289,614 | 663,612 |
| Cash and cash equivalents | 15 | - | - |
| | | 1,289,614 | 663,612 |
| LIABILITIES | | | |
| Current liabilities | | | |
| Trade and other payables | 16 | 2,411,655 | 1,666,074 |
| Financial liabilities – borrowings | | | |
| Interest bearing loans and borrowings | 17 | 317,929 | 519,644 |
| | | 2,729,584 | 2,185,718 |
| Net current liabilities | | (1,439,970) | (1,552,106) |
| Non current liabilities | | | |
| Financial liabilities – borrowings | | | |
| Interest bearing loans and borrowings | 17 | 15,278 | 31,944 |
| NET ASSETS | | 14,832,600 | 14,752,379 |
| EQUITY AND RESERVES | | | |
| Called up share capital | 19 | 168,584 | 168,584 |
| Share premium | 20 | 15,208,685 | 14,958,685 |
| Other reserves | 20 | 194,706 | 194,706 |
| Retained earnings | 20 | (739,375) | (569,596) |
| Total shareholders' equity | | 14,832,600 | 14,752,379 |

The financial statements were approved and authorised for issue by the Board of Directors on 2010 and were signed on its behalf by:

C Smith – Director
Date: 19 May 2010
Registered Number: 05011189

The notes form part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2009

| | Notes | 2009 £ | 2008 £ |
|---|-------|-----------|-------------|
| Cash flows from operating activities | | | |
| Cash generated from operations | I | (13,074) | 238,244 |
| Finance costs | | (55,977) | (14,602) |
| Corporation tax paid | | – | (109,025) |
| Net cash (outflow)/inflow from operating activities | | (69,051) | 114,617 |
| Cash flows from investing activities | | | |
| Purchase of intangibles | | (204,185) | (156,479) |
| Purchase of plant and equipment | | (81,935) | (424,646) |
| Proceeds from sale of tangible assets | | 46,024 | 15,855 |
| Acquisition of subsidiaries (Note 9) | | – | (8,074,162) |
| – net cash acquired | | – | 449,651 |
| Interest received | | 4,504 | 54,159 |
| Net cash (outflow) from investing activities | | (235,592) | (8,135,622) |
| Cash flows from financing activities | | | |
| Received/(repayment) of loan to related parties | | 38,181 | (81,067) |
| Proceeds from issue of new shares | | – | 8,200,000 |
| Repayment of bank loan | | (1,355) | (51,689) |
| Repayment of finance lease | | (24,443) | (36,016) |
| Net cash inflow from financing activities | | 12,383 | 8,031,228 |
| (Decrease)/increase in cash and cash equivalents | | (292,260) | 10,223 |
| Cash and cash equivalents at beginning of year | | 859,283 | 849,060 |
| Foreign exchange currency translation | | (6,724) | – |
| Cash and cash equivalents at end of year | | 560,299 | 859,283 |
| Represented by: | | | |
| Cash at bank and in hand | | 560,299 | 859,283 |
| Bank overdraft * | | – | – |
| | | 560,299 | 859,283 |

* The Company has an overdrawn balance which has the right to set off for the Group.

The notes form part of these financial statements

NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2009

I. Reconciliation of Operating Profit to Cash Generated from Operations

| | 2009 £ | 2008 £ |
|---|-----------------|-----------|
| Operating profit/(loss) for the year | 82,277 | (723,636) |
| Adjustments for: | | |
| Depreciation of property, plant and equipment | 184,531 | 118,861 |
| Loss on sale of tangible assets | 319 | 24,413 |
| Amortisation of intangibles | 256,472 | 110,115 |
| Loss on unrealised foreign exchange | - | 53,943 |
| Operating cash inflow/(outflow) before movements in working capital | 523,599 | (416,304) |
| (Increase)/decrease in inventories | 199,840 | (49,075) |
| (Increase)/decrease in trade and other receivables | 1,013,357 | 589,491 |
| (Decrease)/increase in trade and other payables | (1,749,870) | 114,132 |
| Cash (outflow)/inflow generated from operations | (13,074) | 238,244 |

2. Major Non-Cash Transactions

On 31 December 2009 the Group agreed a settlement with a former business partner over the disputed fee on the fund raising exercise in May 2008 of £250,000. The amount was previously recognised in share premium account. The amount receivable has been recognised in other receivables and share premium account.

As part of the consideration for the acquisition of YCO SAM on 27 May 2008, the Company paid £4,724,409 in shares.

COMPANY STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2009

| | Notes | 2009 £ | 2008 £ |
|---|-------|------------------|-------------|
| Cash generated from operations | 1 | (435,934) | (139,113) |
| Finance costs | | (46,625) | (13,015) |
| Net cash from operating activities | | (482,559) | (152,128) |
| Cash flows from investing activities | | | |
| Purchase of plant and equipment | | – | (4,163) |
| Proceeds from sale of plant and equipment | | 40,416 | – |
| Investment in subsidiary | | (9,000) | – |
| Acquisition of subsidiaries (Note 9) | | – | (8,074,162) |
| Interest received | | 2,403 | 681 |
| Net cash inflow/(outflow) from investing activities | | 33,819 | (8,077,644) |
| Cash flows from financing activities | | | |
| Received/(repayment) of loan from related parties | | 42,757 | (51,592) |
| Proceeds from issue of new shares | | – | 8,200,000 |
| Inter company loan received/(repaid) | | 624,363 | (418,769) |
| Repayment of finance lease | | (16,665) | (2,778) |
| Net cash inflow from financing activities | | 650,455 | 7,726,861 |
| Increase/(decrease) in cash and cash equivalents | | 201,715 | (502,911) |
| Cash and cash equivalents at beginning of year | | (502,977) | (66) |
| Cash and cash equivalents at end of year | | (301,262) | (502,977) |
| Represented by: | | | |
| Bank overdraft | | (301,262) | (502,977) |
| | | (301,262) | (502,977) |

NOTES TO THE COMPANY STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2009

I. Reconciliation of Operating Profit to Cash Generated from Operations

| | 2009 £ | 2008 £ |
|--|------------------|-----------|
| Operating loss for the year | (125,557) | (564,569) |
| Adjustments for: | | |
| Depreciation of property, plant and equipment | 17,164 | 27,137 |
| Loss on unrealised foreign exchange | - | 32,956 |
| Operating cash outflow before movements in working capital | (108,393) | (504,475) |
| (Increase)/decrease in receivables | (83,622) | 5,536 |
| (Decrease)/increase in payables | (243,919) | 366,150 |
| Cash outflow generated from operations | (435,934) | (132,789) |

2. Major Non-Cash Transactions

On 31 December 2009 the Company agreed a settlement with a former business partner over the disputed fee on the fund raising exercise in May 2008 of £250,000. The amount was previously recognised in share premium account. The amount receivable has been recognised in other receivables and share premium account.

As part of the consideration for the acquisition of YCO SAM on 27 May 2008, the Company paid £4,724,409 in shares.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009

General Information

YCO Group PLC is a company incorporated in England and Wales and quoted on the Alternative Investment Market of the London Stock Exchange. The address of the registered office is disclosed on the inside back cover of the financial statements. The principal activity of the Group is described on page 20. The Company changed to its present name on 16 July 2009 upon the successful reorganisation of the Group.

I. Accounting Policies

Going concern

The financial statements have been prepared on the assumption that the Group is a going concern. When assessing the foreseeable future, the directors have looked at a period of twelve months from the date of approval of this report.

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Chief Executive Officer's statement, Business Review and Directors Report on pages 12 to 17 and 20 to 21. In addition note 21 to the financial statements includes the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; and its exposures to credit risk and liquidity risk.

The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the group should be able to operate within the level of its current facility. The Group will open negotiations with the bank in due course and has at this stage not sought any written commitments that the facility will be renewed.

After making enquiries, the directors have a reasonable expectation that the Company and Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

Were the Group to be unable to continue as a going concern, adjustments would have to be made to the balance sheet of the Group to reduce balance sheet values of assets to their recoverable amounts, to provide for future liabilities that might arise and to reclassify non-current assets and long-term liabilities as current assets and liabilities.

Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards and IFRIC interpretations issued by the International Accounting Standards Board (IASB) as adopted by the European Union and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention.

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 January 2009.

> IAS 1 (revised), 'Presentation of financial statements'. The revised standard prohibits the presentation of items of income and expenses (that is 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity'

to be presented separately from owner changes in equity. All 'non-owner changes in equity' are required to be shown in a performance statement.

Entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income).

The Group has elected to present two statements: an income statement and a statement of comprehensive income.

> IFRS 8, 'Operating segments'. IFRS 8 replaces IAS 14, 'Segment reporting'. It requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker has been identified as the executive committee that makes strategic decisions.

The operating segments have changed in 2009 to reflect the Group's reportable segments under IFRS 8, which are support services and client services. Support services relate to the goods and services provided to the yacht to enable the yacht to operate (ie: marine fuel and provisioning). Client services relate to the services provided on behalf of client (ie: yacht management, yacht sales, yacht purchase, yacht charter, charter marketing, crew recruitment, new construction and project management).

Information regarding the Group's reportable segments is presented in Note 2. Amounts reported for the prior year have been restated to conform to the requirements of IFRS 8.

Goodwill is allocated by management to groups of cash-generating units on a segment level. The change in reportable segments has not resulted in any additional goodwill impairment. There has been no further impact on the measurement of the Group's assets and liabilities. Comparatives for 2008 have not been restated.

The following new standards, amendments to standards and interpretations have been issued, but are not effective for the financial year beginning 1 January 2009 and have not been early adopted:

> IFRS 2 (amendment), 'Share-based payment' (effective from 1 January 2009). It deals with vesting conditions and cancellations. It clarifies that vesting conditions are service conditions and performance conditions only. Other features of a share-based payment are not vesting conditions. These features would need to be included in the grant date fair value for transactions with employees and others providing similar services; they would not impact the number of awards expected to vest or valuation there of subsequent to grant date. All cancellations, whether by the entity or by other parties, should receive the same accounting treatment. The Group will apply IFRS 2 (amendment) from 1 January 2009, subject to endorsement by the EU. It is not expected to have a material impact on the Group's financial statements.

- > IFRS 3 (revised), 'Business combinations' and consequential amendments to IAS 27, 'Consolidated and separate financial statements', IAS 28, 'Investments in associates' and IAS 31, 'Interests in joint ventures', effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. Management is assessing the impact of the new requirements regarding acquisition accounting, consolidation and associates on the group. The Group does not have any joint ventures.
- > IFRIC 16, 'Hedges of a net investment in a foreign operation'.
- > IAS 39 (amendment), 'Financial instruments: Recognition and measurement'.
- > IFRS 7 (disclosure amendment); 'Financial instruments; fair value measurement and liquidity risk'

Consolidation

Subsidiaries

Subsidiaries are all entities over which YCO Group PLC has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to YCO Group PLC. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed or adjusted upon consolidation where necessary to ensure consistency with the policies adopted by the Group.

Intangible assets

(a) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary or associate at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in 'intangible assets'. Goodwill on acquisitions of associates is included in 'investments in associates' and is tested for impairment as part of the overall balance. Separately recognised goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or Groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The Group allocates goodwill to each business segment in each country in which it operates.

The revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the statement of comprehensive income. There is a choice on an acquisition-by-acquisition basis to measure the minority interest in the acquiree either at fair value or at the minority interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed. The Group will apply IFRS 3 (revised) to all business combinations from 1 January 2010.

- > IAS 27 (revised), 'Consolidated and separate financial statements', (effective from 1 July 2009). The revised standard requires the effects of all transactions with non controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is remeasured to fair value, and a gain or loss is recognised in profit or loss. The Group will apply IAS 27 (revised) prospectively to transactions with non-controlling interests from 1 January 2010.
- > IAS 38 (amendment), 'Intangible Assets'. The amendment is part of the IASB's annual improvements project published in April 2009 and the Group will apply IAS 38 (amendment) from the date IFRS 3 (revised) is adopted. The amendment clarifies guidance in measuring the fair value of an intangible asset acquired in a business combination and it permits the grouping of intangible assets as a single asset if each asset has similar useful economic lives. The amendment will not result in a material impact on Group's financial statements.
- > FRIC 17, 'Distributions of non-cash assets to owners', effective for annual periods beginning on or after 1 July 2009. This is not currently applicable to the Group, as it has not made any non-cash distributions.
- > IFRIC 18, 'Transfers of assets from customers', effective for transfers of assets received on or after 1 July 2009. This is not relevant to the Group, as it has not received any assets from customers.

The following new standards, amendments to standards and interpretations are mandatory for the first time for the financial year beginning 1 January 2009, but are not currently relevant for the Group:

- > IAS 23 (amendment), 'Borrowing costs'.
- > IAS 32 (amendment), 'Financial instruments: Presentation'.
- > IFRIC 13, 'Customer loyalty programmes'.
- > IFRIC 15, 'Agreements for the construction of real estate'.

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(b) Trademarks and Licences

Acquired trademarks and licences are shown at historical cost. Trademarks and licences have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of trademarks and licences over their estimated useful lives.

Licences 20% on cost

(c) Software

Acquired software and websites are shown at historical cost. They have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of software and website over their estimated useful lives.

Software 15% – 20% on cost

(d) Product development

Product development expenditure is capitalised when it is considered that there is a commercially and technically viable product, the related expenditure is separately identifiable and there is reasonable expectation that the related expenditure will be exceeded by future revenues. Following initial recognition, product development are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of these intangible assets are assessed to have finite life. Amortisation is charged on assets with finite lives, this expense is taken to the income statement. Useful lives are also reviewed on an annual basis. Product development cost will not be amortised whilst the project is still in its development phase. Once the development is completed, the costs is transferred to software as an intangible assets.

Impairment of Non-Financial Assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

Property, Plant and Equipment

Tangible non-current assets are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and

maintenance are charged to the income statement during the financial Year in which they are incurred. Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Fixtures, fittings and equipment – 5% – 35% on cost
Motor vehicles – 16% – 25% on cost

The asset's residual values and useful economic lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable value. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within other (losses) or gains in the income statement. When revalued assets are sold, the amounts included in other reserves are transferred to retained earnings.

Revenue Recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group.

Functional Currency Translation

i) Functional and Presentation Currency

Items included in the financial statements of the Group are measured using the currency of the primary economic environment in which the entity operates (the functional currency), which is mainly Euros (€). The financial statements are presented in Pounds Sterling (£), which is the Group's presentation currency.

ii) Transactions and Balances

Foreign currency transactions are translated into the presentational currency using exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

iii) Group Companies

The results and financial position of all Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (a) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- (b) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- (c) all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on the taxable profit for the year. Taxable profit differed from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The entity's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred Tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Operating Leases

Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are treated as reduction of the lease obligation on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see below). Contingent rentals are recognised as expenses in the periods in which they are incurred.

Rental leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement.

Segment reporting

The Company has adopted IFRS 8 Operating Segments with effect from 1 January 2009. IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Company that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance. In contrast, the predecessor Standard (IAS 14 Segment Reporting) required an entity to identify two sets of segments (business and geographical), using a risks and returns approach, with the entity's 'system of internal financial reporting to key management personnel' serving only as the starting point for the identification of such segments. Following the adoption of IFRS 8, the identification of the Group's reportable segments has changed. See details in Note 2.

Cash and Cash Equivalents

Cash and cash equivalents include cash in hand, deposits held on call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. The cost of finished goods and work in progress comprises raw materials and other direct costs. It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments is considered indicators that the trade receivable is impaired.

Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the year of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS

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Financial Instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transactions costs, except as described below. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

A financial instrument is recognised when the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial assets to another party without retaining control or substantially all risks and rewards of the asset. Regular way purchases and sales of financial assets are accounted for at trade date, i.e. the date that the Group commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

Fair values

The carrying amounts of the financial assets and liabilities such as cash and cash equivalents, receivables and payables of the Group at the balance sheet date approximated their fair values, due to relatively short term nature of these financial instruments.

The Company provides financial guarantees to licensed banks for credit facilities extended to a subsidiary company. The fair value of such financial guarantees is not expected to be significantly different as the probability of the subsidiary company defaulting on the credit lines is remote.

Share-based compensation

The fair value of the employees, directors and suppliers services received in exchange for the grant of the options and warrants are recognised as an expense. The total amount to be expensed over the vesting year is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At each balance sheet date, the entity revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options and warrants are exercised.

Share Capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Critical accounting estimates and judgements

The preparation of consolidated financial statements requires the Group to make estimates and assumptions that affect the application of policies and reported amounts. Estimates and judgements are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are discussed below:

(a) Impairment of Goodwill

The Group is required to test, at least annually, whether goodwill has suffered any impairment. The recoverable amount is determined based on value in use calculations. The use of this method requires the estimation of future cash flows and the choice of a suitable discount rate in order to calculate the present value of these cash flows. Actual outcomes could vary.

(b) Impairment of Intangibles (other than Goodwill)

Intangible assets are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable. When a review for impairment is conducted, the recoverable amount is determined based on value in use calculations prepared on the basis of management's assumptions and estimates.

(c) Impairment of Property, Plant and Equipment

Property, plant and equipment are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable. When a review for impairment is conducted, the recoverable amount is determined based on value in use calculations prepared on the basis of management's assumptions and estimates.

(d) Depreciation of Property, Plant and Equipment

Depreciation is provided so as to write down the assets to their residual values over their estimated useful lives as set out above. The selection of these residual values and estimated lives requires the exercise of management judgement.

(e) Share-based compensation

The fair value of options and warrants are determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At each balance sheet date, the entity revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

2. Segment Analysis

In prior years, segment information reported externally was analysed on the basis of the types of goods supplied and services provided by the Group's operating divisions (i.e. marine fuel and support services). However, information reported to the Group's chief operating decision maker for the purposes of resource allocation and assessment of segment performance is more specifically focussed on the category of goods and services. The principal categories are support services and client services. The Group's reportable segments under IFRS 8 are therefore as follows:

Support services relate to the goods and services provided to the yacht to enable the yacht to operate (ie: marine fuel and provisioning).

Client services relate to the services provided on behalf of client (ie: yacht management, yacht sales, yacht purchase, yacht charter, charter marketing, crew recruitment, new construction and project management).

Information regarding the Group's reportable segments is presented below. Amounts reported for the prior year have been restated to conform to the requirements of IFRS 8.

The chief operating decision maker internal report is based on business segment, which consists of support services and client services.

| Segment Results – 2009 | Support Services 2009 £ | Client Services 2009 £ | Total 2009 £ |
|--|----------------------------------|---------------------------------|--------------------|
| Revenue | | | |
| Total | 18,234,777 | 7,336,181 | 25,570,958 |
| Inter company | (796,079) | (80,345) | (876,424) |
| Revenue | 17,438,698 | 7,255,836 | 24,694,534 |
| Operating profit before depreciation, amortisation share based payment charges and restructuring costs: | 86,895 | 436,385 | 523,280 |
| Depreciation of tangibles | (31,148) | (153,383) | (184,531) |
| Amortisation of intangibles | (27,643) | (228,829) | (256,472) |
| Operating profit | 28,104 | 54,173 | 82,277 |
| Net finance expense | | | (51,473) |
| Profit before taxation | | | 30,804 |
| Segment Assets | | | |
| Property, plant and equipment | 144,216 | 474,327 | 618,543 |
| Intangible assets | 2,864,281 | 12,711,308 | 15,575,589 |
| Other assets | 3,751,666 | 2,017,553 | 5,769,219 |
| | 6,760,163 | 15,203,188 | 21,963,351 |

| Segment Results – 2008 | Support Services 2008 £ | Client Services 2008 £ | Total 2008 £ |
|---|----------------------------------|---------------------------------|--------------------|
| Revenue | | | |
| Total | 24,216,830 | 5,400,901 | 29,617,731 |
| Inter company | (938,622) | (178,097) | (1,116,719) |
| Revenue | 23,278,208 | 5,222,804 | 28,501,012 |
| Operating profit before depreciation, amortisation share based payment charges and restructuring costs | (6,664) | (91,250) | (97,914) |
| Depreciation of tangibles | (16,015) | (102,846) | (118,861) |
| Amortisation of intangibles | (4,367) | (105,748) | (110,115) |
| Restructuring costs | (136,746) | (260,000) | (396,746) |
| Operating profit | (163,792) | (559,844) | (723,636) |
| Net finance expense | | | 39,557 |
| Profit before taxation | | | (684,079) |
| Segment Assets | | | |
| Property, plant and equipment | 176,845 | 650,460 | 827,305 |
| Intangible assets | 2,888,576 | 12,723,817 | 15,612,393 |
| Other assets | 3,123,333 | 3,908,067 | 7,031,400 |
| | 6,188,754 | 17,282,344 | 23,471,098 |

The chief operating decision maker also reports on geographical segment, which consists of Europe, Americas and the rest of the world. The breakdown of the revenue is shown below. The business segment consists of support services and client services as shown below:

| | Europe 2009 £ | Americas 2009 £ | Rest of the world 2009 £ | Total 2009 £ |
|---------------------|---------------------|-----------------------|-----------------------------------|--------------------|
| Revenue | 15,548,971 | 3,276,988 | 5,868,574 | 24,694,534 |
| Total assets | 21,963,351 | – | – | 21,963,351 |
| Capital Expenditure | 428,779 | – | – | 428,779 |
| | Europe 2008 £ | Americas 2008 £ | Rest of the world 2008 £ | Total 2008 £ |
| Revenue | 19,411,278 | 3,555,174 | 5,534,560 | 28,501,012 |
| Total assets | 23,471,098 | – | – | 23,471,098 |
| Capital Expenditure | 666,857 | – | – | 666,857 |

NOTES TO THE FINANCIAL STATEMENTS

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3. Employees and Directors

| | 2009 £ | 2008 £ |
|---------------------------------|------------------|-----------|
| Directors emoluments | 573,969 | 824,273 |
| Wages and salaries | 2,728,012 | 1,823,294 |
| Social security costs | 623,650 | 490,601 |
| Benefits | 38,320 | 33,109 |
| Compensation for loss of office | – | 396,746 |
| | 3,963,951 | 3,568,023 |

The average monthly number of employees (including directors) during the year was as follows:

| | 2009 Number | 2008 Number |
|------------|----------------|----------------|
| Directors | 6 | 7 |
| Operations | 56 | 60 |
| | 62 | 67 |

| | 2009 £ | 2008 £ |
|---------------------------------|----------------|-----------|
| Directors' emoluments | 425,105 | 728,037 |
| Directors' fees | 148,864 | 96,236 |
| Directors' benefits | 20,125 | 33,109 |
| Compensation for loss of office | – | 260,000 |
| | 594,094 | 1,117,382 |

Peter Jay's fees were invoiced by Meze Ltd totalling £50,000 (2008 – £25,833). Peter Shea's fees were invoiced by Daniel Stewart & Company totalling £30,864 (2008 – £23,903).

Emoluments disclosed above include the following amounts paid to the highest paid director in the year:

| | 2009 £ | 2008 £ |
|---------------------------------|----------------|-----------|
| Emoluments | 198,006 | 180,000 |
| Benefits | 9,529 | 3,993 |
| Compensation for loss of office | – | 260,000 |
| | 207,535 | 443,993 |

4. Net Finance Income

| | 2009 £ | 2008 £ |
|----------------------------|-----------------|-----------|
| Finance income: | | |
| Deposit account interest | 2,101 | 54,159 |
| Other interest received | 2,403 | – |
| | 4,504 | 54,159 |
| Finance costs: | | |
| Bank interest | 53,213 | 12,563 |
| Bank loan interest | 16 | 771 |
| Other interest | 2,748 | 1,268 |
| | 55,977 | 14,602 |
| Net finance income/(costs) | (51,473) | 39,557 |

5. Operating Profit/(Loss) for the Year

The operating profit for the year is stated after charging/(crediting):

| | 2009 £ | 2008 £ |
|---|----------------|-----------|
| Rent operating leases | 670,578 | 361,707 |
| Depreciation – owned assets | 180,410 | 115,187 |
| Depreciation – leased assets | 4,121 | 3,674 |
| Amortisation of intangibles | 256,472 | 110,115 |
| Loss on sale of tangible assets | 319 | 24,413 |
| Auditors' remuneration (Company £20,000; 2008: £20,000) | 40,000 | 33,477 |
| Auditors' remuneration (Non-audit work) | 3,000 | 5,000 |
| Auditors' remuneration (Corporate finance work) | – | 128,000 |
| Compensation for loss of office | – | 396,746 |
| Foreign exchange differences | 128,071 | (19,141) |

The analysis of administrative expenses in the consolidated income statement by nature of expense:

| | 2009 £ | 2008 £ |
|-------------------------------|------------------|-----------|
| Employment costs | 3,963,951 | 3,568,023 |
| Depreciation and amortisation | 441,003 | 228,976 |
| Advertising costs | 316,098 | 527,681 |
| Travelling and entertaining | 275,676 | 333,531 |
| Establishment costs | 813,165 | 375,635 |
| Other expenses | 1,098,059 | 964,135 |
| | 6,907,952 | 5,997,981 |

6. Income Tax Expense

The tax charge on the profit for the year was as follows:

| | 2009 £ | 2008 £ |
|--|-----------|-----------|
| Current tax: | | |
| Corporation tax | 19,851 | – |
| | 19,851 | – |
| Deferred tax | – | – |
| Total | 19,851 | – |
| Profit/(loss) before tax | 30,804 | (684,079) |
| | 2009 £ | 2008 £ |
| Profit/(loss) on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 28% (2008 – 28%) | 8,625 | (191,542) |
| Effects of: | | |
| Non deductible expenses | 2,951 | 5,754 |
| Depreciation add back | 8,586 | 33,281 |
| Capital allowance | (6,931) | (3,842) |
| Losses carried forward | 64,065 | 156,349 |
| Other tax adjustments | (57,445) | – |
| | 11,226 | 191,542 |
| Current tax charge | 19,851 | – |

The Group has estimated trading losses of £nil (2008 – £18,000), management expense excess of £276,000 (2008 – £276,000) and non trading losses of £12,000 (2008 – £12,000) available to carry forward against future profits. The deferred tax asset not provided at 28% on the grounds that the recovery could not be foreseen with reasonable certainty was £80,000 (2008 – £126,560).

The Group also has estimated trading losses from foreign subsidiaries of £515,000 (2008 – £434,000). The deferred tax asset not provided at 28% on the grounds that the recovery could not be foreseen with reasonable certainty was £144,000 (2008 – £122,000).

7. Profit of Parent Company

As permitted by Section 408 of the Companies Act 2006, the income statement of the parent company is not presented as part of these financial statements. The parent company's loss for the financial year was £169,779 (2008 – Loss of £576,904).

8. Earnings Per Share

The calculation of earnings per ordinary share is based on earnings after tax and the weighted average number of ordinary shares in issue during the year. For diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares. The Group has two classes of dilutive potential ordinary shares being those share options granted to employees and suppliers where the exercise price is less than the average market price of the Group's ordinary shares during the year and the shares to be issued to satisfy the deferred consideration on the acquisition of a subsidiary.

Details of the adjusted earnings per share are set out below:

| | 2009 | 2008 |
|--|------------|------------|
| Basic EPS | | |
| Earnings attributable to ordinary shareholders (£) | 10,953 | (684,079) |
| Weighted average number of shares | 48,166,584 | 37,020,278 |
| Basic EPS (pence) | 0.02 | (1.85) |
| | 2009 | 2008 |
| Diluted EPS | | |
| Earnings attributable to ordinary shareholders (£) | 10,953 | (684,079) |
| Weighted average number of shares | 49,144,304 | 37,020,278 |
| Diluted EPS (pence) | 0.02 | (1.85) |
| 9. Goodwill Group | | £ |
| Cost | | |
| At 1 January 2008 | | 2,784,822 |
| Additions | | 12,547,965 |
| At 31 December 2008 | | 15,332,787 |
| Additions | | – |
| At 31 December 2009 | | 15,332,787 |
| Carrying amount | | |
| At 31 December 2009 | | 15,332,787 |
| At 31 December 2008 | | 15,332,787 |

The acquisition of YCO S.A.M includes its subsidiary undertakings YCO S.A.R.L., YCO Yacht Limited, YCO Limited and YCO London Limited.

The Company assesses at each reporting date whether there is an indication that the goodwill may be impaired, by considering the net present value of discounted cash flows forecasts. If an indication exists an impairment review is carried out. At the year end, there was no indication of impairment of the value of goodwill.

Goodwill is allocated to the Group's cash generating units (CGU) identified according to the country of operation and business segment.

A segment level summary of the goodwill allocation is presented below:

| | Support Services £ | Client services £ | Total £ |
|--------|--------------------------|-------------------------|------------|
| Europe | 2,864,281 | 12,468,506 | 15,332,787 |

The recoverable amount of CGU is determined based on value-in use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a four year period. Cashflow beyond four year period are extrapolated using the price earnings ratio to determine the terminal value.

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The key assumptions used for value in use calculations are as follows:

| | Support Services | Client services |
|---|------------------|-----------------|
| Revenue growth | 10% | 10% |
| GP Margin | 6-65% | 86-89% |
| Expenses growth | 5-10% | 3-10% |
| Discount rate (HSBC OD rate – base rate + 3%) | 8% | 8% |
| PE ratio | 9 | 9 |

The assumptions have been used for the analysis of each CGU within business segment

Management determined budgeted gross margin based on past performance and its expectations of market development. The discount rates used are pre-tax and reflect specific risks relating to the relevant segments and the cost of borrowings.

10. Intangibles Group

| | Licences £ | Software £ | Product development £ | Total £ |
|---------------------------|---------------|---------------|--------------------------|------------|
| Cost | | | | |
| At 1 January 2008 | 23,018 | – | – | 23,018 |
| Acquisition | – | 154,635 | – | 154,635 |
| Currency revaluation | 6,777 | – | – | 6,777 |
| Additions | – | 156,479 | 51,542 | 208,021 |
| At 1 January 2009 | 29,795 | 311,114 | 51,542 | 392,451 |
| Additions | – | 204,185 | – | 204,185 |
| Currency revaluation | – | 15,483 | – | 15,483 |
| Reclassification | – | 51,542 | (51,542) | – |
| Disposals | (29,795) | – | – | (29,795) |
| At 31 December 2009 | – | 582,324 | – | 582,324 |
| Amortisation | | | | |
| At 1 January 2008 | 2,066 | – | – | 2,066 |
| Currency revaluation | 664 | – | – | 664 |
| Amortisation for the year | 2,769 | 107,346 | – | 110,115 |
| At 1 January 2009 | 5,499 | 107,346 | – | 112,845 |
| Amortisation for the year | 24,296 | 232,176 | – | 256,472 |
| Eliminated on disposal | (29,795) | – | – | (29,795) |
| At 31 December 2009 | – | 339,522 | – | 339,522 |
| Carrying Value | | | | |
| At 31 December 2009 | – | 242,802 | – | 242,802 |
| At 31 December 2008 | 24,296 | 203,768 | 51,542 | 279,606 |

The trademarks and patents related to a license held by a Spanish subsidiary which has now been disposed.

Software and product development relate to the websites, which meet the definition of an intangible asset.

The Company assesses at each reporting date whether there is an indication that the intangible assets may be impaired, by considering the value in use is greater than the recoverable amount. If an indication exists an impairment review is carried out. At the year end, there was no indication of impairment of the value of the intangibles.

11. Property, Plant and Equipment Group

| | Fixtures and fittings £ | Motor vehicles £ | Totals £ |
|------------------------------|----------------------------|---------------------|-------------|
| Cost | | | |
| At 1 January 2008 | 145,445 | 123,997 | 269,442 |
| Additions | 425,646 | – | 425,646 |
| Acquisitions of subsidiaries | 347,206 | – | 347,206 |
| Currency revaluation | 7,024 | 17,756 | 24,780 |
| Disposals | (45,864) | (28,180) | (74,044) |
| At 31 December 2008 | 879,457 | 113,573 | 993,030 |
| Additions | 75,907 | 6,028 | 81,935 |
| Currency revaluation | (53,557) | – | (53,557) |
| Disposals | (76,232) | (16,730) | (92,962) |
| At 31 December 2009 | 825,575 | 102,871 | 928,446 |
| Depreciation | | | |
| At 1 January 2008 | 56,422 | 11,386 | 67,808 |
| Charge for the year | 97,894 | 20,967 | 118,861 |
| Currency revaluation | 5,637 | 7,195 | 12,832 |
| Disposals | (27,049) | (6,727) | (33,776) |
| At 31 December 2008 | 132,904 | 32,821 | 165,725 |
| Charge for the year | 166,291 | 18,240 | 184,531 |
| Disposals | (30,484) | (9,869) | (40,353) |
| At 31 December 2009 | 268,711 | 41,192 | 309,903 |
| Carrying Value | | | |
| At 31 December 2009 | 556,864 | 61,679 | 618,543 |
| At 31 December 2008 | 746,553 | 80,752 | 827,305 |

Company

| | Fixtures and fittings £ | Motor vehicles £ | Totals £ |
|-----------------------|----------------------------|---------------------|-------------|
| Cost | | | |
| At 1 January 2008 | 62,625 | 55,156 | 117,781 |
| Additions | 4,163 | – | 4,163 |
| At 1 January 2009 | 66,788 | 55,156 | 121,944 |
| Additions | – | – | – |
| Disposals | (66,788) | – | (66,788) |
| At 31 December 2009 | – | 55,156 | 55,156 |
| Depreciation | | | |
| At 1 January 2008 | 2,504 | 4,538 | 7,042 |
| Charge for the year | 15,483 | 11,655 | 27,138 |
| At 31 December 2008 | 17,987 | 16,193 | 34,180 |
| Charge for the year | 8,385 | 8,780 | 17,164 |
| Disposals | (26,372) | – | (26,372) |
| At 31 December 2009 | – | 24,973 | 24,973 |
| Carrying Value | | | |
| At 31 December 2009 | – | 30,183 | 30,183 |
| At 31 December 2008 | 48,801 | 38,963 | 87,764 |

Group

Included in motor vehicles are assets held under a finance lease with a carrying value of £14,173 (2008 – £18,294) and depreciation charge for the year of £4,121 (2008 – £3,674).

12. Fixed Asset Investments**Company**

| | Total £ |
|------------------------|------------|
| Cost | |
| At 1 January 2008 | 3,228,218 |
| Additions | 13,020,447 |
| At 1 January 2009 | 16,248,665 |
| Additions | 9,000 |
| At 31 December 2009 | 16,257,665 |
| Carrying Amount | |
| At 31 December 2009 | 16,257,665 |
| At 31 December 2008 | 16,248,665 |

In the opinion of the directors, the aggregate value of the Company's investment in subsidiary undertakings is not less than the amount included in the balance sheet.

The details of the subsidiaries are as set out below:

| | Country of incorporation | Shareholdings | Nature of business |
|----------------------------------|--------------------------|---------------|--|
| Yacht Fuel Services Limited | UK | 100% | Supply of marine fuel and lubricants |
| Yacht Help Group (Mallorca) S.L. | Spain | 100% | Supply of goods and services to yachts |
| Yacht Help Group Gibraltar Ltd | Gibraltar | 100% | Supply of goods and services to yachts |
| BA Yachts Assistance S.L. | Spain | 100% | Supply of goods and services to yachts |
| YCO SAM | Monaco | 100% | Supply of goods and services to yachts |
| YCO SARL ** | France | 100% | Yacht crew recruitment |
| YCO Yacht Limited * | UK | 100% | Supply of goods and services to yachts |
| YCO Support Limited * | Isle of Man | 100% | Supply of goods and services to yachts |
| Yacht Help Group SARL | France | 100% | Supply of goods and services to yachts |
| YCO Ltd * | UK | 100% | Holding client accounts |

* These companies are wholly owned subsidiaries of YCO S.A.M.

** It is a wholly owned subsidiary of YCO Yacht Limited.

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The Company acquired the whole issued share capital of YCO SAM on 27 May 2008 for a total consideration of £12,798,571, satisfied by £8,074,162 in cash and £4,724,409 in shares.

On 19 February 2009, the Company subscribed to 100 shares of €100 each in Yacht Help Group SARL (YHG SARL), which represents the total issued share capital of YHG SARL.

The results of the subsidiaries are as follows:

| | 2009 £ | 2008 £ |
|---|-----------|-----------|
| Yacht Fuel Services Limited | | |
| Aggregate capital and reserves | 1,343,094 | 1,137,843 |
| Profit for the year | 205,251 | 253,276 |
| Yacht Help Group (Mallorca) S.L. | | |
| Aggregate capital and reserves | (370,169) | (220,674) |
| (Loss) for the year | (149,495) | (286,993) |
| Yacht Help Group Gibraltar Limited | | |
| Aggregate capital and reserves | 1,750 | 2,202 |
| Profit/(loss) for the year | (452) | 376 |
| BA Yachts Assistance S.L. | | |
| Aggregate capital and reserves | 60,659 | 63,330 |
| Profit/(loss) for the year | (2,671) | 7,463 |
| YCO SAM | | |
| Aggregate capital and reserves | 347,918 | 166,440 |
| (Loss) for the year | 156,585 | (129,758) |
| YCO SARL | | |
| Aggregate capital and reserves | 11,809 | 35,797 |
| Loss for the year | (25,933) | (12,813) |
| YCO Yacht Limited | | |
| Aggregate capital and reserves | 36,964 | 14,740 |
| Profit for the year | 22,224 | (17,055) |
| YCO Support Limited * | | |
| Aggregate capital and reserves | 8,991 | (11,361) |
| Profit/(loss) for the period | 19,289 | (11,363) |
| YCO Limited | | |
| Aggregate capital and reserves | 1 | 1 |
| Profit for the year | - | - |
| Yacht Help Group SARL | | |
| Aggregate capital and reserves | (35,064) | - |
| (Loss) for the period | (44,066) | - |

* YCO Support Limited financial statements were prepared from the date of incorporation 19 September 2008 to 31 December 2009. The profit/(loss) for the period and aggregate capital and reserves were apportioned to the Group's reporting period.

13. Inventories

| | Group | | Company | |
|----------------|-----------|-----------|-----------|-----------|
| | 2009 £ | 2008 £ | 2009 £ | 2008 £ |
| Finished goods | 4,120 | 203,960 | - | - |

The directors consider that the carrying amount of inventories is at fair value.

14. Trade and Other Receivables

| | Group | | Company | |
|-------------------------------------|------------------|-----------|------------------|-----------|
| | 2009 £ | 2008 £ | 2009 £ | 2008 £ |
| Current: | | | | |
| Trade receivables | 3,015,141 | 3,990,435 | - | - |
| Other receivables | 1,883,467 | 581,761 | 250,000 | - |
| Other taxes receivables | 128,271 | 142,508 | 36,745 | 674 |
| Prepayments | 177,921 | 1,253,453 | 51,218 | 3,667 |
| Receivables from group undertakings | - | - | 951,651 | 629,271 |
| | 5,204,800 | 5,968,157 | 1,289,614 | 633,612 |

The directors consider that the carrying amount of trade and other receivables approximates their fair value.

15. Cash and Cash Equivalents

| | Group | | Company | |
|----------------------|----------------|-----------|-----------|-----------|
| | 2009 £ | 2008 £ | 2009 £ | 2008 £ |
| Bank current account | 527,321 | 815,433 | - | - |
| Bank deposit account | 20,000 | 20,000 | - | - |
| Cash in hand | 12,978 | 23,850 | - | - |
| | 560,299 | 859,283 | - | - |

16. Trade and Other Payables

| | Group | | Company | |
|---------------------------------|------------------|-----------|------------------|-----------|
| | 2009 £ | 2008 £ | 2009 £ | 2008 £ |
| Current: | | | | |
| Trade payables | 4,016,302 | 5,072,033 | 102,412 | 167,290 |
| Payables to group undertakings | - | - | 2,184,001 | 1,237,258 |
| Social security and other taxes | 162,018 | 278,733 | 926 | 22,626 |
| Accruals and deferred income | 1,912,645 | 2,562,460 | 71,258 | 228,599 |
| Amounts owed to related parties | 300,838 | 262,657 | 53,058 | 10,301 |
| Other payables | 214,628 | 142,237 | - | - |
| | 6,606,431 | 8,318,120 | 2,411,655 | 1,666,074 |

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing expenses.

The directors consider that the carrying amount of trade and other payables approximates their fair value.

17. Financial Liabilities – Borrowings

Maturity of the borrowings is as follows:

| | Group | | Company | |
|--------------------------------------|---------------|-----------|----------------|-----------|
| | 2009 £ | 2008 £ | 2009 £ | 2008 £ |
| Repayable with one year on demand | | | | |
| Bank loans | – | 1,355 | – | – |
| Finance leases (see note 18) | 21,983 | 22,417 | 16,667 | 16,667 |
| Bank overdraft | – | – | 301,262 | 502,977 |
| | 21,983 | 23,772 | 317,929 | 519,644 |
| Repayable between one and five years | 18,459 | 41,113 | 15,279 | 31,944 |
| | 40,442 | 64,885 | 333,208 | 551,588 |

The Group and HSBC Bank Plc ("HSBC") agreed on a secured overdraft facility of £300,000. The facility is due for review in December 2010 and is being charged at an interest rate of 4.25% per annum above HSBC's sterling base rate, as published from time to time. Under the overdraft facility agreement, the Group has the right to set off the multi currency balances within the Group.

An unlimited corporate guarantee given by each of the Group companies in favour of HSBC given on 3 January 2008 to secure the Group's obligations under the loan facility above.

19. Called Up Share Capital

Authorised:

| Number: | Class: | Nominal value: | 2009 £ | 2008 £ |
|-------------|----------|----------------|----------------|-----------|
| 142,857,143 | Ordinary | 0.35p | 500,000 | 500,000 |

Allotted, called up and fully paid:

| Number: | Class: | Nominal value: | 2009 £ | 2008 £ |
|------------|-----------|----------------|----------------|-----------|
| 48,166,401 | Ordinary | 0.35p | 168,584 | 168,584 |
| 1,342 | Deferred* | 0.35p | 5 | 5 |

* The deferred shares in the capital of the Company shall have no rights, powers or benefits attached to them whatsoever and, without limitation, shall not confer on the holders of deferred shares any right to vote, to share in a dividend declared by the Company or to appoint a director, provided that on a return of capital on a winding-up or otherwise the surplus assets of the Company remaining after payment of its liabilities shall be applied first in repayment to the holders of the ordinary shares of the amount paid up on such ordinary shares together with a premium of £10,000 per ordinary share and the balance of such assets shall be distributed among the holders of the ordinary shares and the holders of the deferred shares rateably according to the amount paid up on such shares.

18. Finance Leases

Group

Minimum lease payments under finance leases fall due as follows:

| | 2009 £ | 2008 £ |
|--|----------------|-----------|
| No later than one year | 26,003 | 26,003 |
| Later than one year but not more than five | 20,311 | 46,900 |
| | 46,314 | 72,904 |
| Future finance obligations | (5,872) | (8,019) |
| | 40,442 | 64,885 |

BA Yachts Assistance S.L. finance lease is in respect of a purchase of motor vehicle. The finance lease is for sixty months from 1 June 2007 to 1 May 2011. The interest rate is 12% per annum.

YCO Group PLC finance lease relates to the Microsoft Dynamics CRM project. The lease is for thirty six months from 11 November 2008 to 10 October 2011. The interest rate is 6% per annum.

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20. Reserves Group

| | Retained earnings £ | Share premium £ | Other reserves £ | Translation reserves £ | Totals £ |
|------------------------------|---------------------------|-----------------------|------------------------|------------------------------|-------------|
| At 1 January 2008 | 421,868 | 2,047,956 | 133,333 | – | 2,603,157 |
| Shares issued in the year | – | 12,910,729 | – | – | 12,910,729 |
| Loss for the year | (684,079) | – | – | – | (684,079) |
| Deferred equity to be issued | – | – | 61,373 | – | 61,373 |
| Translation reserve | – | – | – | 28,329 | 28,329 |
| At 31 December 2008 | (262,211) | 14,958,685 | 194,706 | 28,329 | 14,919,509 |
| Expenses recovered * | – | 250,000 | – | – | 250,000 |
| Profit for the year | 10,953 | – | – | – | 10,953 |
| Deferred equity to be issued | – | – | – | – | – |
| Translation reserve | – | – | – | (52,419) | (52,419) |
| At 31 December 2009 | (251,258) | 15,208,685 | 194,706 | (24,090) | 15,128,043 |

Company

| | Retained earnings £ | Share premium £ | Other reserves £ | Totals £ | |
|---------------------------|---------------------------|-----------------------|------------------------|-------------|------------|
| At 1 January 2008 | – | 7,308 | 2,047,956 | 133,333 | 2,188,597 |
| Shares issued in the year | – | – | – | – | – |
| Loss for the year | (576,904) | 12,910,729 | 61,373 | – | 12,395,198 |
| At 31 December 2008 | (569,596) | 14,958,685 | 194,706 | – | 14,583,795 |
| Expenses recovered * | – | 250,000 | – | – | 250,000 |
| Loss for the year | (169,779) | – | – | – | (169,779) |
| At 31 December 2009 | (739,375) | 15,208,685 | 194,706 | – | 14,664,016 |

* On 31 December 2009 the Company agreed a settlement with a former business partner over the disputed fee on the fund raising exercise in May 2008 of £250,000. The amount was previously recognised in share premium account. The amount receivable has been recognised in other receivables and share premium account.

21. Risk and Sensitivity Analysis

The Group's activities expose it to a variety of financial risks: interest rate risk, liquidity risk, foreign currency risk, capital risk and credit risk. The Group's activities also expose it to non-financial risks: market risk. The Group's overall risk management programme focuses on unpredictability and seeks to minimise the potential adverse effects on the Group's financial performance. The Board, on a regular basis, reviews key risks and, where appropriate, actions are taken to mitigate the key risks identified.

Interest rate and foreign currency risk

The Group does not have formal policies on interest rate risk or foreign currency risk. However, the Group's exposure in these areas (as at the balance sheet date) was minimal.

The Group is exposed to foreign currency risk on sales, purchases and borrowings that are denominated in a currency other than pound sterling (£). The Group maintains a natural hedge that minimises the foreign exchange exposure by matching foreign currency income with foreign currency costs.

The Group does not consider it necessary to enter into foreign exchange contracts in managing its foreign exchange risk resulting from cash flows from transactions denominated in foreign currency, given the nature of the business for the time being.

The net unhedged financial assets and liabilities of the Group that are denominated in its functional currency are as follows:

| Group | Financial Assets | | Financial Liabilities | |
|------------------------------|------------------|-----------|-----------------------|-----------|
| | 2009 £ | 2008 £ | 2009 £ | 2008 £ |
| Euro (€) | 796,274 | 1,410,196 | 1,976,069 | 2,176,017 |
| United States Dollars (US\$) | 2,438,463 | 3,786,605 | 2,126,616 | 3,668,436 |
| | 3,234,737 | 5,196,801 | 4,102,685 | 5,844,453 |

The foreign exchange rates affecting the Group are as follows:

| Group | Income statement | | Balance sheet | |
|------------------------------|------------------|-----------|---------------|-----------|
| | 2009 £ | 2008 £ | 2009 £ | 2008 £ |
| Euro (€) | 0.89 | 0.79 | 0.90 | 0.97 |
| United States Dollars (US\$) | 0.64 | 0.54 | 0.63 | 0.69 |

Liquidity risk

The Group prepares periodic working capital forecasts for the foreseeable future, allowing an assessment of the cash requirements of the company, to manage liquidity risk. The directors have considered the risk posed by liquidity and are satisfied that there is sufficient growth and equity in the company. The Group has an overdraft facility with the bank for £300,000 and is being charged at an interest rate of 4.25% per annum above HSBC's sterling base rate, as published from time to time, which is currently at 0.5%. The overdraft facility is due for renewal in December 2010.

Capital risk

The Group's objectives when managing capital are to safeguard the ability to continue as a going concern in order to provide returns for shareholders and benefits to other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

Market risk

The market may not grow as rapidly as anticipated. The Group may lose customers to its competitors. The Group's major competitors may have significantly greater financial resources than those available to the company. There is no certainty that the company will be able to achieve its projected levels of sales or profitability.

Credit risk

The Group's principal financial assets are bank balances and cash, trade and other receivables. The credit risk on liquid funds is limited because the counter parties are banks with high credit ratings assigned by international credit-rating agencies. The Group's credit risk is primarily attributable to its trade. The amounts presented in the balance sheet are net of allowance for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experiences, is evidence of a reduction in the recoverability of the cash flows. The Group has no significant concentration of credit risk, with exposure spread over a large number of counter parties and customers.

22. Financial Commitments

Operating lease commitments

The Group leases office premises under a non-cancellable operating lease agreement, which contains various escalation clauses and renewal rights. The lease expenditure is charged to the income statement during the year as incurred. At the balance sheet date the Group was committed to payments under the operating lease agreement as follows:

| | Land & buildings 2009 £ | Land & buildings 2008 £ | Others 2009 £ | Others 2008 £ |
|----------------------------|-------------------------------|-------------------------------|---------------------|---------------------|
| Less than one year | 454,527 | 514,727 | 124,161 | 169,234 |
| Between one and five years | 1,078,925 | 1,857,004 | 94,340 | 141,704 |
| More than five years | – | 66,750 | – | – |
| | 1,533,452 | 2,438,481 | 218,501 | 310,938 |

NOTES TO THE FINANCIAL STATEMENTS

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Capital commitments

At the year end the Group had no capital commitments (2008 – £90,000).

23. Related Party Transactions

The Company repaid a loan advance by N Miller, who was a director of the Company. The Company also received loan advances from G Wright and C Birkett in the year:

| | 2009 £ | 2008 £ |
|------------|-----------------|-----------|
| L J Milton | – | (24,292) |
| N Miller | (10,301) | 6,714 |
| G Wright | 26,529 | – |
| C Birkett | 26,529 | – |

The highest loan balance due/(owed) to the Company in the year:

| | 2009 £ | 2008 £ |
|------------|------------------|-----------|
| L J Milton | – | 24,292 |
| N Miller | (415,950) | 10,301 |
| G Wright | 26,529 | – |
| C Birkett | 26,529 | – |

Neil Miller was paid £5,750 (2008 – £18,000) for rental of office premises.

During the year, a loan was made to Neil Miller of £415,950 which was repaid on 23 November 2009 (together with interest @ 4.75% totalling £ 2,403).

All the above transactions with related parties were conducted at arms length.

The following amounts were owed to related parties:

| | 2009 £ | 2008 £ |
|-------------|----------------|-----------|
| N Miller | – | 10,301 |
| G Wright * | 110,359 | 86,304 |
| C Birkett * | 108,452 | 77,350 |
| J Clark * | 82,028 | 88,702 |

* Some of the balance at the year end is in respect of the loan advanced prior to the acquisition of YCO S.A.M (G Wright – £83,830; C Birkett – £81,923, J Clark – £82,028). The loans are in YCO SAM. It has no fixed repayment period and is interest free. J Clark is a director in YCO S.A.M

During the year, the Company received management fees from Yacht Fuel Services Limited, YCO Yacht Limited and YCO S.A.M. It also (advanced) or received loan from fellow subsidiaries. The details are as follows:

Company

| | Management Fee | |
|-----------------------------|----------------|-----------|
| | 2009 £ | 2008 £ |
| Yacht Fuel Services Limited | 195,000 | 190,000 |
| YCO Yacht Limited | 45,000 | 65,000 |
| YCO S.A.M. | 210,000 | 420,000 |

| | Loan received/ (advanced) | |
|------------------------------------|------------------------------|-----------|
| | 2009 £ | 2008 £ |
| Yacht Fuel Services Limited | 1,142,478 | 310,842 |
| Yacht Help Group (Mallorca) S.L. | (142,252) | (252,958) |
| Yacht Help Group Gibraltar Limited | 32,517 | (28,000) |
| BA Yachts Assistance S.L. | (735) | – |
| YCO Yacht Limited | (11,125) | (65,000) |
| YCO SAM | (283,312) | (110,252) |
| Yacht Help Group SARL | (83,209) | – |

At 31 December 2009, the following amounts were due from or (owed to) subsidiary companies:

| | 2009 £ | 2008 £ |
|------------------------------------|--------------------|-------------|
| Yacht Fuel Services Limited | (2,175,001) | (1,227,523) |
| Yacht Help Group (Mallorca) S.L. | 553,271 | 411,019 |
| Yacht Help Group Gibraltar Limited | 10,483 | 43,000 |
| BA Yachts Assistance S.L. | (9,000) | (9,735) |
| YCO S.A.M. | 183,564 | 110,252 |
| YCO Yacht Limited | 121,125 | 65,000 |
| Yacht Help Group SARL | 83,209 | – |

24. Share-based Payments

There is no charge for share-based payments as the fair values at the date of grant were below the exercise prices:

The details of the share options and warrants are as follows:

| | 2009 | | 2008 | |
|---|-------------------------|-----------------------------------|-------------------------|-----------------------------------|
| | Number of share options | Weighted average exercise Price £ | Number of share options | Weighted average exercise Price £ |
| Outstanding at the beginning of the year | 2,492,124 | 0.487 | 4,333,333 | 0.05 |
| At the beginning of the year after consolidation of shares (0.05p to 0.35p per share) | | | 619,048 | 0.35 |
| Granted on 2 May 2008 | - | - | 1,536,605 | 0.49 |
| Granted on 2 May 2008 | - | - | 239,664 | 0.49 |
| Granted on 2 May 2008 | - | - | 239,664 | 0.735 |
| Forfeited | (714,285) | (0.49) | (142,857) | (0.35) |
| Balance carried forward | 1,777,839 | 0.571 | 2,492,124 | 0.487 |

| | 2009 | | 2008 | |
|--|--------------------|-----------------------------------|--------------------|-----------------------------------|
| | Number of warrants | Weighted average exercise Price £ | Number of warrants | Weighted average exercise Price £ |
| Outstanding at the beginning of the year | 479,328 | 0.613 | - | - |
| Granted on 2 May 2008 | - | - | 239,664 | 0.49 |
| Granted on 2 May 2008 | - | - | 239,664 | 0.735 |
| Exercised | - | - | - | - |
| Balance carried forward | 479,328 | 0.613 | 479,328 | 0.613 |

The fair values of the options granted have been calculated using Black-Scholes model assuming the inputs shown below:

| Grant Date | May 09 | May-08 |
|---------------------------|-----------|-----------|
| Share price at grant date | 38p | 38p |
| Exercise price | 49p/73.5p | 49p/73.5p |
| Option life in years | 5 years | 5 years |
| Risk free rate | 5% | 5% |
| Expected volatility | 10% | 10% |
| Expected dividend yield | 0% | 0% |
| Fair value of option | 0p | 0p |

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

25. Contingent Liabilities and Guarantees

The Group has no contingent liabilities in respect of legal claims arising from the ordinary course of business and it is not anticipated that any material liabilities will arise from contingent liabilities other than those mentioned below.

A debenture in favour of HSBC Bank Plc was created on 11 January 2009 and registered on 18 January 2009 to secure the Group's obligations under the overdraft facility. The debenture is a fixed and floating charge over the Group's undertaking and all of its property and assets present and future including its goodwill, book debts, uncalled capital, buildings, fixtures and fixed plant and machinery.

An unlimited corporate guarantee given by each of the Group companies in favour of HSBC was given on 3 January 2009 to secure the Group's obligations under the overdraft facility referred above.

On 9 January 2009, the Company provided a guarantee in favour of Banco Deposit Account Credito Balear, Spain for Euro 22,000.

At the year end, YCO Limited had £124,525 (2008 – £356,604) overdrawn amount in clients' accounts. In the event that the yacht owners do not pay the overdrawn amount in the clients' accounts, the Group would be liable for the balance to the bank.

26. Events after the Reporting Period

On 15 March 2010, C Smith, Finance Director, purchased 200,000 ordinary shares at 11p each of the Company.

27. Ultimate Controlling Party

The Company is quoted on the Alternative Investment Market of the London Stock Exchange. At the date of the annual report, in the Directors opinion there is no one controlling party. In total the directors owned 14% of the share capital of the Company as at 31 December 2009.

NOTES

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COMPANY INFORMATION

FOR THE YEAR ENDED 31 DECEMBER 2009

Directors: P Jay
C Birkett
G Wright
C A Smith
N Miller (Resigned 16 October 2009)
P Shea (Resigned 24 September 2009)

Secretary: C A Smith

Registered Office: 18 Coulson Street
London
SW3 3NB

Website: www.ycogroup.com

Registered Number: 05011189 (England And Wales)

**Nominated Adviser
& Broker:**

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Arbuthnot House
20 Ropemaker Street
London
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Auditors:

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Finsgate
5-7 Cranwood Street
London
EC1V 9EE

Solicitors:

Beachcroft LLP
100 Fetter Lane
London
EC4A 1BN

Bankers:

HSBC Bank Plc
70 Pall Mall
London
SW1Y 5EZ

Public Relations:

Hudson Sandler
29 Cloth Fair Lane
London
EC1A 7NN

Registrars:

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Northern House
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