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Capital Management and Investment Plc

Report and Financial Statements

Year Ended

31 January 2008

Capital Management and Investment Plc

Annual report and financial statements
for the year ended 31 January 2008

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Capital Management and Investment Plc

Annual report and financial statements for the year ended 31 January 2008

Country of incorporation of Parent Company

Great Britain

Legal form

Public limited company

Directors
W A McIntosh*
C C Nasser *
H E M Osmond*
E A C Spencer-Churchill *
T D Woodcock

* Non Executive

Secretary and registered office

T D Woodcock, 54 Baker Street, London, W1U 7BU

Nominated broker and nominated adviser

Brewin Dolphin, 36 St Ann Street, Manchester, M60 2EP

Company number

3214950

Independent Auditors

BDO Stoy Hayward LLP, 55 Baker Street, London, W1U 7EU

Registrars

Capita Registrars Limited, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU

Capital Management and Investment PLC

Chairman's statement

Year end results

This is the first time that Capital Management and Investment PLC ("CMI") has prepared its consolidated financial statements under International Financial Reporting Standards ("IFRS") As a result, the comparatives for the year ended 31 January 2007 have been restated A reconciliation to the published 2007 figures is shown on pages 32 and 33

Net Assets have been restated at £65 84m for the year ended 31 January 2007 The Consolidated Income Statement for the year ended 31 January 2008 shows a Profit After Tax of £89,109,000 (2007 restated – £28,422,000) The bulk of the profit has arisen from the fair value adjustment on the 28 14% shareholding in Algeco Scotsman Holdings Sarl ("Algeco Scotsman") following the acquisition during the year of Williams Scotsman CMI also received £4 7m for provision of financial intermediary services to Algeco Scotsman during the year

Initial investment in Ristretto Holdings Sarl ("Ristretto")

CMI and TDR Capital ("TDR") set up Ristretto in 2004 to acquire firstly Algeco – a leading European modular construction business – then Elliott Group (2005) and Wraith (2007) – two modular construction businesses in the UK Ristretto became, via a combination of organic growth and acquisitions, the largest modular construction and mobile storage business in Europe

In July 2007, Algeco announced an agreed $2 2 billion (£1 1 billion) all cash offer to acquire NASDAQ quoted Williams Scotsman Inc – the largest modular construction and mobile storage business in the USA The acquisition was completed in October 2007 The transaction involved the ultimate shareholders (CMI and TDR) selling their shares in Ristretto and reinvesting the proceeds together with additional equity in a new holding company – Algeco Scotsman

Investment in Algeco Scotsman

CMI now owns 28 14% of Algeco Scotsman with the remaining shares owned by funds controlled by TDR The enlarged company trades as Algeco in Europe and Williams Scotsman in North America It manages a fleet of more than 340,000 units across 19 countries, employs over 5,000 people and has revenues of over €1 2 billion (£1 billion) p a It is the market leader in the supply of modular space and storage solutions in the UK, France, Germany, Spain, and the USA and is expanding rapidly into the Eastern European markets, Mexico, and Canada

Pro forma EBITDA for Algeco Scotsman is in excess of €430m (£344m) Total Net debt is approx €2,800 million (£2,240m) The company is experiencing strong growth in Germany, the Benelux countries and Eastern Europe This has been offset, however, by more difficult trading conditions in the USA and UK Overall, the company is currently trading in line with forecasts

Investment in Yola Investments Sarl ("Yola")

In August 2007, CMI invested $30m (£15m) into an investment vehicle (Yola) that was used to indirectly acquire Metromedia International Group (MIG) a US company listed on the "pink sheets" MIG's principal asset is a 50 1% shareholding in Magticom – the largest provider of mobile telephone services in the Republic of Georgia As a result, CMI indirectly owns approximately 7% of Magticom Three members of the board (Alan McIntosh, Ed Spencer Churchill, and myself) have also invested alongside CMI into Yola

Magticom has over 1 million subscribers Sales and EBITDA grew by 20% during 2007 with sales exceeding $170m (£85m) Mobile phone penetration in Georgia is approximately 35% (vs 100% in Western Europe) and growing rapidly Magticom is, therefore, well placed to benefit both from economic growth and increased take up of mobile phones in Georgia

Balance Sheet

CMI's investments in Algeco Scotsman and Yola are reported at fair value Net Asset Value per share is 65 9p (59 1p on a fully diluted basis assuming the exercise of all the percentage warrants outstanding)

Capital Management and Investment PLC

Chairman's statement *(Continued)*

At the year end, CMI had net cash balances of £5 2 million

Strategy going forward

CMI continues to actively monitor its investments in Yola and Algeco Scotsman Whilst your directors continue to explore other investment opportunities, shareholders should be aware that significant additional investments will only be possible following a realisation of all or part of the existing investment portfolio or by raising additional capital

Dividends

The board is not recommending payment of a dividend for the period under review

Hugn Osmond
Chairman

Date 6/6/08.

Capital Management and Investment PLC

Report of the directors
for the year ended 31 January 2008

The directors present their report together with the audited financial statements for the year ended 31 January 2008

Results and dividends

The Consolidated Income Statement is set out on page 12 and shows the profit for the year Further commentary is set out in the Chairman's statement

The directors do not recommend the payment of a dividend

Principal activities, trading review and future developments

The principal activity of the group is that of an investment holding company

A trading review and discussion of recent and future developments is given in the Chairman's statement

Risks and uncertainties

The company has the bulk of its Net Assets invested in its 28% shareholding in Algeco Scotsman This is a private company and is not controlled by CMI Consequently the shareholding is illiquid and there is no guarantee that the shareholding will be sold for the foreseeable future

Algeco Scotsman is highly geared Although it is trading well within its banking covenants and has hedged the bulk of its interest cost, shareholders should be aware that high leverage has a disproportionate impact on the value of the equity in the event that operational performance deteriorates

CMI's other principal asset is a minority shareholding in Magticom, a mobile telecom company in the Republic of Georgia Again, this is a private company over which CMI has no control Consequently the shareholding is illiquid and there is no guarantee that the shareholding will be sold for the foreseeable future

Whilst the Republic of Georgia is experiencing strong economic growth at present, there are both political and economic risks incurred in doing business in this country

The investments in Algeco Scotsman and Magticom may require further equity going forward At present CMI does not have sufficient cash reserves to provide substantial follow-on investment If the investments require further cash then CMI may have to raise additional funds or dilute its current shareholding in the investments

Charitable and political contributions

During the year, the group made charitable donations totalling £36,250 (2007 - £55,200) There were no political donations

Directors

The directors of the company during the year and their beneficial and other interests in the ordinary share capital of the company were

	Share Options		Percentage warrants at		Ordinary shares of 1p each	
	2008	2007	2008	2007	2008	2007
W A McIntosh	-	-	21 2	21 2	16,111,786	22,464,419
H E M Osmond	-	-	21 2	21 2	22,554,419	22,554,419
C C Nasser	-	-	27 0	27 0	17,033,134	17,033,134
E A C Spencer-Churchill	-	-	20 6	20 6	6,106,467	6,106,467
T D Woodcock	500,000	-	-	-	1,953,333	1,953,333

One percentage warrant entitles the holder to subscribe for ordinary shares equivalent to one tenth of one per cent of the company's ordinary share capital at an exercise price of 2 75p per share Subscription rights on these warrants expire on 31 December 2011

On 23 July 2007, 69,767 options were granted under the approved Share Option Scheme to T Woodcock at an exercise price of 43 0p Additionally on that date, 430,233 unapproved options were also granted to T Woodcock, also at an exercise price of 43 0p IFRS 2 charges arising from these amounted to £73,193

Charles Nasser's interest includes 11,760,000 ordinary shares held by Bipolar Holdings Limited, a company owned by the Nasser family

Share price

The company's share price at 31 January 2008 was 34 0p (2007 - 27 25p) The high and low prices during the year were 43 0p and 27 0p respectively

Post balance sheet events

There were no post balance sheet events

Payment to creditors

The company agrees a variety of terms and conditions for business transactions with its suppliers Payment is made in accordance with those terms, subject to the terms and conditions being met by the supplier

The number of days purchases of the company represented by trade creditors at 31 January 2008 was 14 (2007 - 7)

Financial instruments

Details of the group's financial instruments and policies are given in note 18 to the consolidated financial statements

Corporate governance

The company is quoted on the Alternative Investment Market, so is not required to adopt the requirements of the 2006 Financial Reporting Council's revised Combined Code Nevertheless, the board recognises that corporate governance is a key concern to shareholders and other users of financial statements Accordingly, it is committed to high standards of corporate governance but it considers that the expense of full compliance with the Code is not currently appropriate However, the board intends to ensure that it observes the provisions of the Code, so far as is practicable

The necessity for full compliance with the provisions of the Code will be reviewed by the Board if acquisitions are made during the forthcoming year

There is no formal means of communication between the directors and the company's shareholders but directors will make themselves available to answer shareholders' questions at the Annual General Meeting or via correspondence

Directors

The board consists of a chairman, Hugh Osmond, one executive director and three other independent non-executive directors The board meets regularly and although it does not have a formal schedule of matters reserved to it for decision, all important business decisions are taken at board level and board meetings are structured

Directors are authorised to take independent professional advice if necessary and at the company's expense This is in addition to the access which every director has to the company secretary The secretary is charged by the board with ensuring that board procedures are followed

To enable the board to function effectively and for the directors to discharge their responsibilities, full and timely access is given to all relevant information In the case of board meetings, this consists of a comprehensive set of papers, including monthly management accounts, minutes of the last board meeting and discussion documents regarding specific matters

Any director appointed during the year is required, under the provisions of the company's Articles of Association, to retire and seek re-election by shareholders at the next annual general meeting The Articles also require that one third of the directors retire by rotation each year and seek re-election at the annual general meeting The directors required to retire are those in office longest since their previous re-election and this means that each director retires at least every three years

Full details of directors' remuneration and a statement of the company's remuneration policy is set out in the report on remuneration and related matters on page 8

Going concern

After making enquiries, the directors have a reasonable expectation that the company 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

Directors' responsibilities

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the group, for safeguarding the assets of the company, for taking reasonable steps for the prevention and detection of fraud and other irregularities and for the preparation of a Directors' Report which complies with the requirements of the Companies Act 1985

The directors are responsible for preparing the annual report and the financial statements in accordance with the Companies Act 1985 The directors are also required to prepare financial statements for the group in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs) and the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market The directors have chosen to prepare financial statements for the company in accordance with UK Generally Accepted Accounting Practice

Group financial statements

International Accounting Standard 1 requires that financial statements present fairly for each financial year the group's financial position, financial performance and cash flows This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the preparation and presentation of financial statements' In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRSs A fair presentation also requires the Directors to

- consistently select and apply appropriate accounting policies,
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information, and

- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance

Parent company financial statements

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

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

Financial statements are published on the group's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions The maintenance and integrity of the group's website is the responsibility of the directors The directors' responsibility also extends to the ongoing integrity of the financial statements contained therein

Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information The directors are not aware of any relevant audit information of which the auditors are unaware

BDO Stoy Hayward LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting

Directors' qualifying third party indemnity provisions

The company has granted an indemnity to one or more of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 1985 Such qualifying third party indemnity provision remains in force as at the date of approving the directors' report

By order of the Board

T D Woodcock

Secretary

Date 6/6/08.

Capital Management and Investment PLC

Report on Remuneration and Related Matters

This report covers the remuneration of the Non-Executive as well as the Executive Directors It therefore covers issues which are the concern of the Board as a whole in addition to those which are dealt with by the Remuneration Committee

The Remuneration Committee

The Remuneration Committee reviews, determines and recommends to the Board for approval the remuneration of all Executive Directors It has established a framework of policies within which it sets the remuneration package for each Executive Director The Remuneration Committee is made up wholly of Non-Executive Directors in accordance with the 2006 Financial Reporting Combined Code recommendation as follows

H E M Osmond - Chairman
W A McIntosh

Remuneration policies

The objectives of the Remuneration Committee's policies are that Executive Directors should receive compensation which is appropriate to their scale of responsibility and performance, and which will attract, motivate and retain executives of the necessary calibre The committee also proposes the principles underlying remuneration for other senior executives

The remuneration package of T D Woodcock consists of annual salary, car allowance, reimbursement of reasonable mobile phone rental and call costs, contributions to a pension scheme and private medical insurance

T D Woodcock is entitled to participate in the Company's Executive Share Option Scheme and to receive an annual cash bonus

Summary of remuneration

Salaries of Executive Directors

In setting salary levels, the committee compared the remuneration packages with those for jobs of similar type and seniority in relevant similar companies In selecting appropriate survey comparators, consideration was given to the level of managerial responsibility, size of company and industry sector

Bonuses

Annual cash bonuses are currently based on targets linked to financial performance measured by reference to annual profits Annual cash bonuses do not form part of the pensionable earnings

Pensions

The Company has contributed to the Executive Director's defined contribution pension scheme at a rate based on basic salary

Non-Executive Directors' Fees

Non-Executive Directors are entitled to submit invoices to the company in respect of fees for their services

Service Contracts

The services of the Executive Director are provided under a contract which may be terminated on one year's notice or less following an initial term of office as follows

	Date initial Term expired
T D Woodcock	18 October 1999

Capital Management and Investment PLC

Report on Remuneration and Related Matters

Summary of remuneration *(Continued)*

Non-Executive Directors are subject to retirement by rotation in accordance with the Company's Articles of Association

Table of directors' remuneration

	Total 2008 £'000	Total 2007 £'000
Executive Directors		
T D Woodcock	55	35
Non-executive Directors		
W A McIntosh	-	245
C C Nasser	-	105
H E M Osmond	-	245
E A C Spencer-Churchill	-	40
Total	55	670

Only salaries and wages are included above

Related party transactions with directors are disclosed in note 17

	Contributions to defined contribution pension 2008 £'000	2007 £'000
Executive Directors		
T D Woodcock	8	8

The company makes contributions to the personal pension plan of the current Executive Director

The company made no pension contributions in respect of any of the other directors in the current or prior year

Hugh Osmond

Chairman of the Remuneration Committee on behalf of the Board of Directors

Date 6/6/08.

Independent auditor's report to the shareholders of Capital Management and Investment PLC

We have audited the group and parent company financial statements (the "financial statements") of Capital Management and Investment PLC for the year ended 31 January 2008 which comprise the consolidated income statement, the consolidated and company balance sheets, the consolidated cash flow statement, the consolidated statement of changes in equity and the related notes These financial statements have been prepared under the accounting policies set out therein

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and group financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and for preparing the parent company financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland)

We report to you our opinion as to whether the financial statements give a true and fair view and have been properly prepared in accordance with the Companies Act 1985 and whether the information given in the directors' report is consistent with those financial statements We also report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed

We read other information contained in the annual report, and consider whether it is consistent with the audited financial statements This other information comprises only the Report of the directors, the Chairman's Statement and the Report on Remuneration and Related Matters We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements Our responsibilities do not extend to any other information

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and company's circumstances, consistently applied and adequately disclosed

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements

Capital Management and Investment PLC

Report of the independent auditors

Opinion

In our opinion

- the group financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the group's affairs as at 31 January 2008 and of its profit for the year then ended,
- the parent company financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the parent company's affairs as at 31 January 2008,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements

BDO Stoy Hayward

BDO Stoy Hayward LLP
Chartered Accountants and Registered Auditors
London
Date 6 June 2008

Capital Management and Investment PLC

Consolidated Income Statement
for the year ended 31 January 2008

	Note	Total 2008 £'000	Total 2007 £'000
Dividends received on preference shares		-	266
Gain on redemption of investments	9	886	5,058
Fair value gain on investments		81,275	23,422
Other income		4,662	663
		86,823	29,409
Other administrative expenses		1,132	(1,714)
Operating profit	4	87,955	27,695
Finance income	5	1,171	873
Profit before tax		89,126	28,568
Tax Expense	6	(17)	(146)
Profit for the year		89,109	28,422
Basic earnings per share	7	35 65p	11 37p
Diluted earnings per share	7	32 08p	10 26p

All amounts in the current and prior year relate to continuing activities

The notes on pages 16 to 33 form part of these financial statements

Capital Management and Investment PLC

Consolidated Statement of Changes in Equity
at 31 January 2008

	Notes	Share Capital £'000	Share Premium £'000	Merger Reserve £'000	Foreign Currency Translation Reserve £'000	Retained Earnings £'000	Total Equity £'000
Balance at 31 January 2006		**2,499**	**38,109**	**1,693**	**-**	**(4,726)**	**37,575**
Exchange differences arising on translation of foreign operations		-	-	-	(204)	-	(204)
Credit in respect of share scheme charge		-	-	-	-	46	46
Net income recognised directly in equity		-	-	-	(204)	46	158
Profit for the year		-	-	-	-	28,422	28,422
Total recognised income and expense for the year		-	-	-	(204)	28,468	28,580
Balance at 31 January 2007		**2,499**	**38,109**	**1,693**	**(204)**	**23,742**	**65,839**
Exchange differences arising on translation of foreign operations		-	-	-	9,595	-	9,595
Credit in respect of share scheme charge		-	-	-	-	73	73
Net income recognised directly in equity		-	-	-	9,595	73	9,668
Profit for the year		-	-	-	-	89,109	89,109
Total recognised income and expense for the year		-	-	-	9,595	89,182	98,777
Balance as 31 January 2008		**2,499**	**38,109**	**1,693**	**9,391**	**112,927**	**164,619**

The notes on pages 16 to 33 form part of these financial statements

Capital Management and Investment PLC

Consolidated balance sheet
at 31 January 2008

	Note	2008 £'000	2008 £'000	2007 £'000	2007 £'000
Assets					
Non-current assets					
Property, Plant and Equipment	8		-		7
Investments	9		163,072		28,730
Total non-current assets			163,072		28,737
Current assets					
Other receivables	10	246		846	
Cash and cash equivalents		5,207		38,096	
Total current assets		5,453		38,942	
Total assets			168,525		67,679
Liabilities					
Current Liabilities					
Trade and Other payables	11	(258)		(270)	
Short Term Loan		(3,468)		-	
Corporation Tax		(180)		(135)	
Amount due to related party		-		(1,435)	
Total current liabilities			(3,906)		(1,840)
Total net assets			164,619		65,839
Capital and reserves attributable to equityholders of the company					
Share capital	13		2,499		2,499
Merger reserve	15		1,693		1,693
Share premium account	15		38,109		38,109
Foreign Currency Translation Reserve	15		9,391		(204)
Retained Earnings	15		112,927		23,742
Total equity			164,619		65,839

The financial statements were approved by the Board of Directors and authorised for issue on 6 June 2008

W A McIntosh)
) **Directors**
T D Woodcock)

The notes on pages 16 to 33 form part of these financial statements

Capital Management and Investment PLC

Consolidated cash flow statement
for the year ended 31 January 2008

	Note	2008 £'000	2007 £'000
Cash flows from operating activities			
Profit for the year		89,109	28,422
Adjustments for			
Depreciation		7	34
Gain on redemption of fixed asset investments		(886)	(5,058)
Fair value gain on investment		(81,275)	(23,422)
Income from fixed asset investments		-	(266)
Finance Income		(1,171)	(873)
Other Income		(4,662)	-
Equity settled share-based payment expense		73	46
Foreign Exchange gains		(2,163)	-
Income tax expense		17	146
		(951)	(971)
Cash flows from operating activities before changes in working capital and provisions			
Decrease / (Increase) in other receivables		600	(608)
(Decrease)/ Increase in trade and other payables		(12)	1,192
		588	584
Cash outflow from operations		**(363)**	**(387)**
Income taxes paid		10	(52)
		10	(52)
Net cash flows from operating activities		**(353)**	**(439)**
Investing activities			
Purchase of investments		(36,638)	-
Income from fixed asset investments		-	1,939
Redemption of Ristretto Holdings preference shares		-	29,198
Interest received		1,171	873
		(35,467)	32,010
Net cash (used in)/ from investing activities		**(35,820)**	**31,571**
Net cash from/ (used in) financing activities		**-**	**-**
Net (decrease)/ Increase in cash and cash equivalents		**(35,820)**	**31,571**
Cash and cash equivalents at beginning of year		**38,096**	**6,525**
Exchange gains on cash and cash equivalents		**2,931**	**-**
Cash and cash equivalents at end of the year		**5,207**	**38,096**

The notes on pages 16 to 33 form part of these financial statements

1 Accounting policies

Basis of preparation

The principal accounting policies adopted in the preparation of the financial statements are set out below The policies have been consistently applied to all the years presented, unless otherwise stated

These financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively IFRS) issued by the International Accounting Standards Board (IASB) as adopted by European Union ("adopted IFRSs"), and are in accordance with IFRS as issued by the IASB and with those parts of the Companies Act 1985 applicable to companies preparing its financial statements in accordance with IFRS This is the first time the company has adopted IFRSs, having previously prepared its financial statements in accordance with UK GAAP Details of how the transition from UK accounting standards to EU adopted IFRS has affected the group's reported financial position, financial performance and cashflows are given in note 19

First-time adoption

In preparing these financial statements, the group has elected to apply the following transitional arrangements permitted by IFRS1 'First Time Adoption of International Financial Reporting Standards'

- Only those exchange differences arising on the retranslation of foreign operations since 1 February 2006 have been recognised as a separate component of equity, with the related reserve being reset to zero at that date

- Designation of previously recognised financial assets as at fair value through profit or loss, was made at 1 February 2006 This resulted in a change to previously reported numbers under UK GAAP for the year ended 31 January 2007

- IFRS 2 'Share-based payments' has been applied to employee options granted after 7 November 2002 that had not been vested by 1 February 2006

Basis of consolidation

The consolidated financial statements incorporate the results of Capital Management and Investment PLC and of its subsidiary undertakings as at 31 January 2008 using the acquisition method of accounting The results of subsidiary undertakings are included from the date of incorporation Intercompany transactions and balances between group companies are eliminated in full

1 Accounting policies *(Continued)*

Revenue

Revenue is recognised to the extent that it is probable that there will be economic benefit and the income can reliably measured Investment income is analysed into the following components

- Dividends from equity investments are recognised in the income statement when the shareholders' right to receive payment have been established
- Other income includes fees that are earned on a financing arrangement which are considered to relate to a financial asset measured at fair value through the income statement and are recognised when that investment is made
- Gains on redemption of fixed assets investments held at amortised cost represent the excess over the amortised cost at the date of the redemption
- Fair value gains on investments are recognised in the income statement, where there is a change in the fair value of the investment

Property, plant and equipment

Items of property, plant and equipment are initially recognised at cost As well as purchase price, cost includes directly attributable costs All items are subsequently carried at depreciated cost

Depreciation is provided to write off the carrying value, of all items evenly over their expected useful economic lives It is calculated at the following rates

Fixtures and fittings - 25% per annum

Deferred taxation

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the balance sheet differs from its tax base, except for differences arising on

- the initial recognition of goodwill,
- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit, and
- investments in subsidiaries and jointly controlled entities where the group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the deferred tax liabilities/(assets) are settled/(recovered)

Deferred tax assets and liabilities are offset when the group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on either

- the same taxable group company, or
- different group entities which intend either to settle current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered

1 Accounting policies *(Continued)*

Retirement benefit costs

The group makes contributions to employees' personal pension schemes All contributions are charged to the consolidated income statement in the year in which they relate

Financial instruments

Financial assets and liabilities are recognised in the Group's balance sheet when the group becomes party to the contractual provisions of the instruments (see note 18)

Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market They rise principally through the provision of goods and services to customers (e g trade receivables), but also incorporate other transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost

The Group's loan and receivables comprise trade and other receivables, preference shares and cash and cash equivalents in the balance sheet

Preference shares are measured at amortised cost

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short term highly liquid investments with original maturities of three months or less The group does not have any bank overdrafts

Fair value through profit or loss: this category of financial assets comprises only equity investments held by the group They are carried on the balance sheet at fair value with changes in fair value being recognised in the consolidated income statement

Other financial liabilities: Trade payables and other short term monetary liabilities are initially recognised at fair value and subsequently carried at amortised cost This includes short term loans

Investments

Investments are recognised and derecognised on a date where the purchase and sale of investment is under a contract whose terms require the delivery and settlement of the investments The Group manages its investments with a view to profiting from the receipt of dividends and changes in fair value of equity investments Therefore all equity investments are designated as at fair value through profit or loss and subsequent carried in the balance sheet at fair value Acquisition costs are recognised immediately in the income statement

1 Accounting policies *(Continued)*

Operating leases

Operating lease rental charges are charged to the consolidated income statement on a straight-line basis over the term of the lease

Foreign currency

Foreign currency transactions denominated in a currency other than the functional currency of the entity are translated at the rates ruling when they occurred Foreign currency monetary assets and liabilities are translated at the rate of exchange ruling at the balance sheet date Any differences are taken to the consolidated income statement

The results of overseas operations are translated into sterling at rates appropriating to those ruling when the transactions took place, with the balance sheet being translated into sterling at the rate of exchange ruling on the balance sheet date Exchange differences which arise from translation of the opening net assets and results of foreign subsidiaries are recognised directly in equity (the "Foreign Currency Translation Reserve ")

Share-based payments

Where equity settled share options are awarded to employees, the fair value of the options at the date of grant is charged to the consolidated income statement over the vesting period Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest

The vesting conditions of share options granted require for the recipient to remain an employee of the company

Segmental reporting

The principle activity of the group is that of investment management The directors consider it appropriate that there is only one class of business, being venture capital investments, and one geographic segment that the group operates from

This is also consistent with information received by management during the year, and hence no further segmental analysis has been provided

Share Capital

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

The Groups ordinary shares are classified as equity instruments

For the purposes of the disclosures given in note 18, the Group considers its capital to comprise of ordinary share capital, share premium and retained earnings

1 Accounting policies *(Continued)*

Standards, amendments and interpretations to published standards not yet effective

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the group's accounting periods beginning on or after 1 January 2008 or later periods and which the group has decided not to adopt early The following standards, amendments and interpretations are still to be endorsed by the EU, and are unlikely to have a material effect on the group's financial statements

- IFRIC 11, IFRS 2 Group and Treasury Share Transactions (effective for accounting periods beginning on or after 1 March 2007)
- IFRIC 13 Customer Loyalty Programmes (effective for accounting periods beginning on or after 1 July 2009)
- IAS 23 - Borrowing Costs (revised) (effective for accounting periods beginning on or after 1 January 2009)
- IFRIC 12 Service Concession Arrangements (effective for accounting periods beginning on or after 1 January 2008)
- IFRIC 14, IAS 19 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (effective for accounting periods beginning on or after 1 January 2008)
- Amendment to IFRS 2 Share Based Payments Vesting Conditions and Cancellations (effective for accounting periods beginning on or after 1 January 2009)
- Amendment to IAS 32 and amendment to IAS 1 Financial Statements Puttable Financial Instruments and Obligations Arising on Liquidation (effective for accounting periods beginning on or after 1 January 2009)

There are also a number of new standards, amendments and interpretations, which could have an impact on the group's financial statements

- Amendments to IAS 1 Presentation of Financial Statements - A revised approach (effective for periods beginning on or after 1 January 2009) This amendment could affect the presentation of the group's primary statements The impact is not yet known
- Revised IFRS 3, Business Combinations and Complementary Amendments to IAS 27 'Consolidated and Separate Financial Statements' (both effective for accounting periods beginning on or after 1 July 2009) This revision results in IFRS being largely converged with the related, recently issued, US requirements There are certain changes to the requirements of IFRS and options available if accounting for business combinations The impact on the financial statements is currently unknown
- IFRS 8 Operating Segments (effective for periods beginning on or after 1 January 2009) This standard replaces IAS 14 in respect of the disclosure of segmental information Directors are still assessing the impact of the financial statements
- Improvements to IFRS's – A collection of amendments to International Financial Reporting Standards (IFRSs) These amendments are the result of conclusions the board reached in proposals made in its annual improvement project Unless otherwise specified the amendments are effective for annual accounting periods beginning on or after 1 January 2009, although entities are permitted to adopt them earlier The Directors are still assessing the impact of these changes

1 **Accounting policies** *(Continued)*

- Amendments to IFRS1 First-time Adoption of International Financial Reporting Standards and IAS 27 Consolidated and Separate Financial Statements – cost of investment in a subsidiary, jointly controlled Entity or Associate The Directors are still assessing the impact of these changes

2 **Critical accounting judgement and key sources of estimation**

In the process of applying the Group's accounting policies, which are described in note 1, management has made the following judgements that have the most significant impact on the amounts recognised in the financial statements

Accounting treatment of investments

Management have made the judgement that the principal activity of the company is that of an investment management company, and hence all investment should be accounted for under the venture capitalist principles and fair value through profit or loss, instead of adopting the equity accounting principles

Valuation of unquoted equity investments

The judgements required in order to determine the appropriate valuation methodology of unquoted equity investments have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities These judgements include making assessments of future earning potential of portfolio companies, appropriate earnings multiples to apply, and marketability discounts

3 **Directors and employees**

	2008 £'000	2007 £'000
Staff costs (including directors) consist of		
Wages and salaries	55	705
Social security costs	6	87
Defined contribution pension costs	8	8
Share based payment expense	73	46
	142	846

There are no other employees of the company except for the directors
The average number of employees, including directors, during the year was 1 (2007 - 5)

Shared based payments charges relating to warrants and share options held by directors amounted to £73,193 (2007 - £46,000)

	2008 £'000	2007 £'000
Emoluments of the highest paid director		
Emoluments	55	245
Defined contribution pension costs	8	-
Share based payment expense	73	-
	136	245

During the year 1 director (2006 1) participated in a defined contribution pensions scheme During the year none of the Directors (2006 NIL) exercised share options

Further details of directors' remuneration are included in the Report on Remuneration and Related Matters (pages 8 to 9)

4 Operating profit

	2008 £'000	2007 £'000
This is arrived at after charging		
Depreciation	7	34
Operating lease rentals	208	173
Foreign currency gains/ (losses)	2,163	(147)
Auditors' remuneration – fees payable to the company's auditors for the audit of the company's annual accounts	28	27
Auditors' remuneration – fees payable to the company's auditors and it's associates for other services		
- other	5	-

5 Finance income

	2008 £'000	2007 £'000
Bank interest received	1,171	873
	1,171	873

6 Taxation on profit

	2008 £'000	2007 £'000
UK corporation tax	7	-
Overseas corporation tax	10	146
Total income tax expense	17	146

6 Taxation on profit *(Continued)*

The tax assessed for the year differs from the standard rate of corporation tax in the UK The differences are explained below

	2008 £'000	2007 £'000
Profit for the period	89,126	28,568
Expected tax charge based on the standard rate of corporation tax in the UK of 30% (2007 - 30%)	26,738	8,570
Effects of		
Accrued dividends not taxable	-	(80)
Gain on redemption not taxable	(266)	(1,517)
Fair value gain on investment not taxable	(24,383)	(7,026)
Other	(231)	-
Losses (utilised)/created in the year	(1,841)	199
Total tax expense	17	146

7 Earnings per share

The basic earnings per share of 35 65p (2007 - 11 37p per share) is calculated by reference to the profit after taxation of £89,109,000 (2007 - £28,422,000) and the weighted average number of ordinary shares in issue during the year of 249,938,158 (2007 - 249,938,158)

The diluted earnings per share of 32 08p (2007– 10 26p per share) is based on the above profit, and the diluted weighted average number of ordinary shares in issue during the year The dilutive impact on the potential ordinary shares from unexercised warrants and share options is shown below

The 500,000 approved and unapproved options granted at an exercise price of 43p are not dilutive at present Consequently they have been omitted from the EPS calculation

	2008 Number	2007 Number
Basic number of shares	249,938,158	249,938,158
Unexercised warrants	27,831,730	27,011,748
	277,769,888	276,949,906

8 Property, plant and equipment

	Fixtures and fittings £'000 2008	Fixtures and fittings £'000 2007
Cost		
At 1 February	210	210
Additions	-	-
At 31 January	210	210
Depreciation		
At 1 February	203	169
Charge for the year	7	34
At 31 January	210	203
Net book value		
At 31 January	-	7

9 Investments

	£'000
Opening value	28,730
Redemption of ordinary Shares in Ristretto	(657)
Fair value adjustment	81,275
Additions	44,768
Foreign exchange gain	8,956
At 31 January 2008	163,072

At the beginning of the year, the group received approximately £1 4m, which resulted in a gain on the redemption of ordinary shares in Ristretto of approximately £886,000

During the year the group's 28% shareholding in Ristretto Holdings SCA was exchanged for a 28% shareholding in Algeco Scotsman Holding Sarl together with an additional cash investment of €29 million

The group now owns a 28% interest in a Luxembourg registered company, Alegeco Scotsman Holdings Sarl ("Algeco Scotsman") Consistent with the principal activity of CMI being that of an investment company, the purpose of CMI's investment in Algeco Scotsman is for future capital growth and investment income Although the shareholders' agreement allows CMI certain restricted rights, as set out below, they are not sufficient to allow Algeco Scotsman to exercise significant influence over the operating and financial policies of Algeco Scotsman Accordingly, it has been accounted for as an investment in these financial statements

9 Investments *(Continued)*

The shareholders' agreement permits CMI to have two seats on the board of Algeco Scotsman (which currently has six directors in total, but is subject to the appointment of additional directors at any time by the majority shareholder) and to attend monthly operational meetings This allows CMI to monitor the performance of the group's investment on a regular basis The directors of CMI consider that the performance of Algeco Scotsman since completion of the acquisition of the group's 28% interest have been good, and Algeco Scotsman is on target to exceed its pro-forma trading performance for 2007

In August 2007 CMI invested $30m (£15m) into an investment vehicle (Yola) that was used to indirectly acquire Metromedia International Group (MIG) a US company listed on the "pink sheets" MIG's principal asset is a 50 1% shareholding in Magticom – the largest provider of mobile telephone services in the Republic of Georgia As a result, CMI indirectly owns approximately 7% of Magticom

Included within additions are cash payments of £36 64m in respect of the Yola investments of USD 29 85m (£15 01m) and £21 63m in respect of the additional Algeco Scotsman investment Also included in additions is a € 6 25m (£4 66m) fee to Algeco Scotsman Holdings Kft and a loan of € 4 9m (£3 66m) from TDR Capital

The fair value gain on investments and the € 6 25m fee are non cash transactions during the course of the year and have thus been added back in the cash flow statement

The gain on redemption of investments is a non-cash transaction in the current year as the cash was received in the prior year

Only the cash paid for the additional investment in Algeco Scotsman and Yola are shown in the cash flow statement

10 Other receivables

	2008 £'000	2007 £'000
Other debtors	97	786
Prepayments and accrued income	149	60
	246	846

11 Trade and other payables

	2008 £'000	2007 £'000
Trade creditors	31	30
Creditors for taxation and social security	3	2
Accruals	224	238
	258	270

12 Deferred taxation

Unprovided deferred tax amounts are as follows

	2008 £'000	2007 £'000
Unrelieved capital losses	(2,192)	(2,192)
Management expenses and non-trading deficits	(615)	(2,032)
	(2,807)	(4,224)

Amounts in brackets denote a deferred tax asset

The assets in respect of unrelieved capital and trading losses will be recoverable when the company makes suitable capital gains and trading profits respectively, that can be offset against these losses

The directors believe that the group qualifies for substantial shareholder exemption and therefore no deferred tax is provided for in respect of the net uplift in valuation of the group's equity investments

13 Share capital

	Authorised			
	2008 Number	**2008 £'000**	**2007 Number**	**2007 £'000**
Ordinary shares of 1p each	**1,000,000,000**	**10,000**	1,000,000,000	10,000
Preference shares of £1 each	**200,000**	**200**	200,000	200
	1,000,200,000	**10,200**	1,000,200,000	10,200

	Called up, allotted and fully paid			
	2008 Number	**2008 £'000**	**2007 Number**	**2007 £'000**
Ordinary shares of 1p each	**249,938,158**	**2,499**	249,938,158	2,499

At 31 January 2008, there were percentage warrants in issue which, as a class, convert into a total of 12% (2007 - 12%) of the ordinary shares in existence at the date of conversion The exercise price is 2 75p (2007 - 2 75p) per share Subscription rights on these warrants will expire on 31 December 2011

On 23 July 2007, 69,767 options were granted under the approved Share Option Scheme to T Woodcock at an exercise price of 43 0p Additionally on that date, 430,233 unapproved options were also granted to T Woodcock, also at an exercise price of 43 0p IFRS 2 charges arising from these amounted to £73,193

14 Share-based payment

The company operates two equity-settled share based remuneration schemes for employees an HM Revenue & Customs approved scheme and an unapproved scheme for executive directors During the year 69,727 options were granted under the approved scheme and 433,233 under the unapproved scheme – the date of grant being 23 July 2007 The approved options vest after the third anniversary of grant and expire after the tenth anniversary of grant and have an exercise price of 43 0p The unapproved options vest at date of issue and expire on the seventh anniversary of issue

	2008 Weighted average exercise price	2008 Number	2007 Weighted average exercise price	2007 Number
Outstanding at beginning of the year	-	-	-	-
Granted during the year	43 0p	500,000	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Lapsed during the year	-	-	-	-
Outstanding at the end of the year	43 0p	500,000	-	-

The exercise price of options outstanding at the end of the year was 43 0p and their weighted average remaining contractual life was 6 9 years (2007 - Nil)

Of the total number of options outstanding at the end of the year, 433,233 (2007 - Nil) had vested and were exercisable at the end of the year

The weighted average fair value of each option granted during the year was 14 64p (2007 - Nil)

No options were exercised during the year

The following information is relevant in the determination of the fair value of options granted during the year under the equity- and cash-settled share based remuneration schemes operated by the group

	2008 £'000	2007 £'000
Equity-settled		
Option pricing model used	Black-Scholes	Black-Scholes
Weighted average share price at grant date	43 0p	-
Exercise price	43 0p	-
Weighted average contractual life	6 92	
Expected volatility	16%	-
Expected dividend growth rate	Nil	-
Risk-free interest rate	Approved 5 00%	-
	Unapproved 4 75%	-

14 Share-based payment (Continued)

The volatility assumption, measured at the standard deviation of expected share price returns, is based on a statistical analysis of daily share prices over the last three years

The group did not enter into any share-based payment transactions with parties other than employees during the current or previous period

15 Reserves

The following describes the nature and purpose of each reserve within owners' equity

Reserve	Description and purpose
Share capital	Amount subscribed for share capital at nominal value
Share Premium	Amounts subscribed for share capital in excess of nominal value
Merger Reserve	The premium on shares issues where the company has taken advantage of the merger relief provisions under section 131 of the Companies Act 1985 on the acquisition of subsidiaries
Foreign Currency Translation Reserve	Gains/losses arising on retranslating the net assets of overseas operations into sterling
Retained earnings	Cumulative net gains and losses recognised in the consolidated income statement

16 Commitments under operating leases

The group leases office space under operating leases

As at 31 January 2008, the total minimum lease payments under non-cancellable operating leases, broken down by amounts payable is as follows

	2008 Land and buildings £'000	2007 Land and buildings £'000
Not later than 1 year	300	160
Between 2 and 5 years	1,200	600
Later than 5 years	279	-
	1,779	760

17 Related party transactions

Sun Capital Partners Limited is a related party as H E M Osmond, W A McIntosh and E A Spencer-Churchill were directors of that company Sun Capital Partners Limited invoiced Capital Management and Investment PLC £750,000 (including £150,000 representing one quarter in advance) (2007 - £600,000) for office accommodation and administrative services provided, excluding VAT

During the year Capital Management and Investment PLC invoiced Algeco Scotsman Group Kft a €6 25m fee relating to the acquisition of the share of William Scotsman International Inc

18 Financial instruments

In common with all other businesses, the Group is exposed to risk that arise from use of financial instruments This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them

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

The principal financial instruments used by the Group from which financial instrument risk arises are equity and non-equity investments held by the group and cash and cash equivalents

Other receivables and other payables, including short term loans, are not material to the operations of the group and hence credit risk is not considered a significant risk for the group

General objectives, policies and procedures

The board agrees and reviews policies and financial instruments for risk management The group holds or issues financial instruments to finance its operations and to manage risk arising from those operations and from its sources of finance As noted below, the group does not currently hedge its foreign currency exposure

18 Financial instruments *(Continued)*

Cash and cash equivalents

The main risks arising from these financial instruments are interest rate risk, liquidity risk and foreign currency exchange rate risk The policies for managing each of these risks are as follows

Interest rate risk - The group has net cash and places its balances on short term deposits Changes in interest rates will affect the return on cash balances The group does not hold or issue derivative financial instruments to mitigate this risk

Liquidity risk - The group has net cash and has a policy of ensuring sufficient funds are always available for its operating activities While the need for borrowing facilities are not required at present, the Board continually monitors the group's cash requirements

Foreign currency exchange risks - The group has foreign currency exposure through its cash and cash equivalents of £0 19m (2007 - £33 1m) held in bank deposits, which are dominated in Euros The group does not currently hedge these exposures, although this will be kept under review Cash is deposited with reputable banks and financial institutions in order to reduce any risk attached

Equity Investments

These investments are carried at fair value and any adjustments to this fair value are recognised in the income statement, giving rise to fair value risk

Where investments are held in unquoted equity instruments the fair value of these investments is determined

- initially at cost (which is the fair value of the consideration given), less any required provision, and
- subsequently using an earnings multiple model

Generally, the process of estimating the Fair Value of an investment involves selecting one of the above methodologies and using that to derive an Enterprise Value for the investee company The process is then to

- deduct from the Enterprise Value all financial instruments ranking ahead of CMI
- apply an appropriate marketability discount
- apportion the remaining value over the other financial instruments including CMI's loans, fixed income shares, and equity shares

The Marketability Discount will generally be between 10% - 30% with the level set to reflect CMI's influence over the exit prospects and timing for the investee company

When using the earnings multiple methodology, earnings before interest, tax, depreciation, and amortisation ("EBITDA") are used – generally from the last full year historical statutory or management accounts An appropriate multiple is applied to these earnings to derive an Enterprise Value

In the current year a fair value gain of £81 2m (2007 £23 4m) was recognised within the income statement

Non-equity investments

In prior years the group held non-equity instruments which are classified as loans and receivables and held at amortised cost During the year those preference shares were redeemed, and at year end the group does not hold any non-equity instruments

Capital

As described in note 1, the Group considers its capital to comprise its ordinary share capital, share premium and accumulated retained earnings In managing its capital, the Group's primary objective is to ensure its continued ability to provide a consistent return for its equity shareholders thorough a combination of capital growth and distributions The group has historically considered equity funding as the most appropriate form of capital for the group but keeps this under review bearing in mind the risks, costs and benefits to equity shareholders of introducing debt finance

19 First time adoption of IFRS

In implementing the transition to IFRS, the Group has followed the requirements of IFRS1 "First Time Adoption of International Financial Reporting Standards", which in general requires IFRS accounting policies to be applied fully retrospectively in deriving the opening balance sheet at the date of transition, IFRS contains certain exceptions to this principle of retrospective application Where the Group has taken advantage of the exemptions they are noted below The adoption of IFRS represents an accounting change only and does not affect the operations or cash flows of the Group

The date of transition is 1 February 2006

The significant areas of impact are the treatment of foreign currency exchange gains or losses arising on translation of foreign operators, previously recorded directly in reserves and the equity investments held by the group's investments being carried on the balance sheet at fair value, with the changes being recognised in the consolidated income statement, previously held at cost less any provision for impairment

Under adopted IFRS foreign currency exchange movements are recorded in a separate reserve within equity ("Foreign Currency Transition Reserve") On transition to adopted IFRS as at 1 February 2006 there was no adjustment and for the year ended 31 January 2007 there was a decrease in retained earnings of £204,000 and an increase to the Foreign Currency Translation Reserve of £204,000

The Group has taken the exemption available under IFRS 1 "First-time Adoption of International Financial Reporting Standards", and only the exchange differences arising on the retranslation of foreign operations since the date of transition (1 February 2006) have been recognised as a separate component of equity

Also under adopted IFRS, the group's investments are carried at fair value through profit or loss rather than cost and hence there is an increase of £23,422,000 in the carrying value of the investments as at 31 January 2007 (2006 Nil) together with a corresponding increase in retained earnings, to recognise the investments at fair value

Share Options
In accordance with IFRS2, the standard was applied retrospectively to all grants of equity instruments after 7 November 2007 that had not vested as of 1 February 2006 As this is the same as under FRS 20 there has been no impact on the adoption of this IFRS on the financial statements

Reconcilation of Profit from UK GAAP to IFRS for the year ended 31 January 2007

	UK GAAP	Effect of transition to IFRS	IFRS
	£'000	£'000	£'000
Dividends received on preference shares	266	-	266
Gain on redemption of fixed asset investments	5,058	-	5,058
Fair value gain on investments	-	23,422	23,422
Other income	663	-	663
	5,987	23,422	29,409
Other administrative expenses	(1,714)	-	(1,714)
Operating profit	4,273	23,422	27,695
Finance Income	873	-	873
Profit before tax	**5,146**	**23,422**	**28,568**
Tax Expense	(146)	-	(146)
Profit for the year	**5,000**	**23,422**	**28,422**

19 First time adoption of IFRS (*Continued*)

Reconciliation of equity from UK GAAP to IFRS at 31 January 2007

	UK GAAP £'000	Effect of transition to IFRS £'000	IFRS £'000
Assets			
Non-current assets			
Property, Plant and Equipment	7	-	7
Investments	5,308	23,422	28,730
Total non-current assets	5,315	23,422	28,737
Current assets			
Other receivables	846	-	846
Cash and cash equivalents	38,096	-	38,096
Total current assets	38,942	-	38,942
Total assets	44,257	23,422	67,679
Liabilities			
Current Liabilities			
Trade and other payables	(270)	-	(270)
Corporation Tax	(135)	-	(135)
Amount due to related party	(1,435)	-	(1,435)
Total current liabilities	(1,840)	-	(1,840)
Total net assets	**42,417**	**23,422**	**65,839**
Capital and reserves attributable to equity holders of the company			
Share Capital	2,499	-	2,499
Merger reserve	1,693	-	1,693
Share premium account	38,109	-	38,109
Foreign Currency Translation Reserve	-	(204)	(204)
Retained Earnings	116	23,626	23,742
Total Equity	**42,417**	**23,422**	**65,839**

Capital Management and Investment PLC

Company balance sheet
at 31 January 2008

	Note	2008 £'000	2008 £'000	2007 £'000	2007 £'000
Fixed assets					
Tangible assets	4		-		7
Investments	5		14,142		14,142
			14,142		14,149
Current assets					
Debtors - due within one year	6	6,553		2,146	
- due after more than one year	6	31,592		28,309	
		38,145		30,455	
Cash at bank and in hand		4,239		4,991	
		42,384		35,446	
Creditors: amounts falling due within one year	7	(1,963)		(1,958)	
Net current assets			40,421		33,488
Total assets less current liabilities			54,563		47,637
Creditors: amounts falling due after more than one year	8		(14,118)		(14,747)
			40,445		32,890
Capital and reserves					
Called up share capital	10		2,499		2,499
Share premium account	11		38,109		38,109
Profit and loss account	11		(163)		(7,718)
Shareholders' funds			40,445		32,890

The financial statements were approved by the Board of Directors and authorised for issue on 6 June 2008

W A McIntosh)
) **Directors**
T D Woodcock)

The notes on pages 35 to 41 form part of these financial statements

1 Accounting policies

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards The following principal accounting policies have been applied

Fixed asset investments

Investments held as fixed assets are valued at cost less any provision for impairment Where possible, the company takes advantage of the merger relief provisions of S131 of the Companies Act 1985

Depreciation

Depreciation is provided to write off the cost, less estimated residual values, of all fixed assets evenly over their expected useful lives It is calculated at the following rates

Fixtures and fittings - 25% per annum

Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that the recognition of deferred tax assets is limited to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences

Deferred tax balances are not discounted

Pension costs

The company makes contributions to employees' personal pension schemes All contributions are charged to the profit and loss account in the year in which they become payable

Income from fixed asset investments

Income from fixed asset investments represents dividends receivable

Operating leases

Operating lease rental charges are charged to the profit and loss account on a straight-line basis over the term of the lease

1 Accounting policies *(Continued)*

Foreign currency

Foreign currency transactions of individual companies are translated at the rates ruling when they occurred Foreign currency monetary assets and liabilities are translated at the rate of exchange ruling at the balance sheet date Any differences are taken to the profit and loss account

All other differences are taken to the profit and loss account

Share options and warrants

Where equity settled share options are awarded to employees, the fair value of the options at the date of grant is charged to the consolidated profit and loss statement over the vesting period Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest

The vesting conditions of share options granted require for the recipient to remain an employee of the company

Cash flow statement and related party transactions

The company has taken advantage of the exemption from preparing a cash flow statement under FRS1 (revised 1996), Cash Flow statements The company is also exempt under the terms of FRS8, Related Party disclosures, from disclosing related party transaction, with entities that are part of the Capital Management and Investment PLC Group

2 Directors and employees

Refer to Note 3 in Group IFRS Accounts

3 Profit for the financial year

The company has taken advantage of the exemption allowed under section 230 of the Companies Act 1985 and has not presented its own profit and loss account in these financial statements The group profit for the year includes a profit after tax of £7,482,000 (2007 Loss - £1,398,000) which is dealt with in the financial statements of the parent company

4 Property, plant and equipment

	Fixtures and fittings £'000 2008
Cost	
At 1 February 2007	210
Additions	-
At 31 January 2008	210
Depreciation	
At 1 February 2007	203
Charge for the year	7
At 31 January 2008	210
Net book value	
At 31 January 2008	-
At 31 January 2007	7

5 Investments

Company	**Subsidiary undertakings £'000**
Cost and net book value	
At 1 February 2007 and 31 January 2008	14,142

Investment in the parent company's balance sheet represents the share capital owned by it in its subsidiary undertakings as detailed below being adjusted by the merger reserve

Subsidiary undertakings, associated undertakings and other investments

	Country of incorporation or registration	**Proportion of voting rights and ordinary share capital held**	**Nature of business**
CMI Investments Limited	England	100%	Investment holding company
New Sea Limited	England	100%	Investment holding company
Field Capital Limited	England	100%	Investment holding company
CMI Luxembourg SARL *	Luxembourg	100%	Investment holding company
Xola Management SARL*	Luxembourg	100%	Investment holding company

* held indirectly

6 Debtors

	2008 £'000	2007 £'000
Amounts receivable within one year		
Other debtors	46	73
Prepayments and accrued income	143	59
Amounts due from subsidiary undertakings	6,364	2,014
	6,553	2,146
Amounts receivable after more than one year		
Amount due from subsidiary undertaking	31,592	28,309

7 Creditors: amounts falling due within one year

	2008 £'000	2007 £'000
Trade creditors	31	30
Creditors for taxation and social security	3	2
Corporation tax	8	-
Accruals	84	89
Amounts due to group undertakings	1,837	1,837
	1,963	1,958

8 Creditors· amounts falling due after more than one year

	2008 £'000	2007 £'000
Amounts owed to group undertakings	14,118	14,747

9 Deferred taxation

Unprovided deferred tax amounts are as follows

	2008 £'000	2007 £'000
Unrelieved capital losses	(2,192)	(2,192)
Management expenses and non-trading deficits	(615)	(2,032)

Amounts in brackets denote a deferred tax asset

The assets in respect of unrelieved capital and trading losses will be recoverable when the company makes suitable capital gains and trading profits respectively, that can be offset against these losses

10 Share capital

	Authorised			
	2008 Number	2008 £'000	2007 Number	2007 £'000
Ordinary shares of 1p each	**1,000,000,000**	**10,000**	1,000,000,000	10,000
Preference shares of £1 each	**200,000**	**200**	200,000	200
	1,000,200,000	**10,200**	1,000,200,000	10,200

	Called up, allotted and fully paid			
	2008 Number	2008 £'000	2007 Number	2007 £'000
Ordinary shares of 1p each	**249,938,158**	**2,499**	249,938,158	2,499

At 31 January 2008, there were percentage warrants in issue which, as a class, convert into a total of 12% (2007 - 12%) of the ordinary shares in existence at the date of conversion The exercise price is 2 75p (2007 - 2 75p) per share Subscription rights on these warrants will expire on 31 December 2011

On 23 July 2007, 69,767 options were granted under the approved Share Option Scheme to T Woodcock at an exercise price of 43 0p Additionally on that date, 430,233 unapproved options were also granted to T Woodcock, also at an exercise price of 43 0p FRS 20 charges arising from these amounted to £73,193

Further details are included in the group consolidated account note 14, Share Based payment

11 Reserves

	Share premium account £'000	Profit and loss account £'000
At beginning of year	38,109	(7,718)
Profit for the year	-	7,482
Credit entry in respect of shared based payment charges	-	73
At end of year	38,109	(163)

12 Commitments under operating leases

As at 31 January 2008, the company had annual commitments under non-cancellable operating leases as set out below

	2008 Land and buildings £'000	2007 Land and buildings £'000
Not later than 1 year	-	-
Between 2 and 5 years	160	160
Later than 5 years	140	-
	300	160

13 Related party transactions

Sun Capital Partners Limited is a related party as H E M Osmond, W A McIntosh and E A Spencer-Churchill were directors of that company Sun Capital Partners Limited invoiced Capital Management and Investment PLC £750,000 (including £150,000 representing one quarter in advance) (2007 - £600,000) for office accommodation and administrative services provided, excluding VAT The amount outstanding at the year end was £Nil (2007 - £Nil)

During the year Capital Management and Investment PLC invoiced Algeco Scotsman Group Kft a €6 25m fee relating to the acquisition of the share of William Scotsman International Inc

14 Reconciliation of movements in shareholders' funds

	2008 £'000	2007 £'000
Profit/(loss) for the financial year	7,482	(1,398)
Credit in respect of FRS 20 charges	73	46
Net addition to/(reduction in) shareholders' funds	7,555	(1,352)
Opening shareholders' funds	32,890	34,242
Closing shareholders' funds	40,445	32,890