3214950

Capital Management and Investment Plc

Report and Financial Statements

Year Ended

31 January 2009

BDO Stoy Hayward
Chartered Accountants

Capital Management and Investment Plc

Annual report and financial statements
for the year ended 31 January 2009

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Annual report and financial statements
for the year ended 31 January 2009

Country of incorporation of Parent Company

England

Legal form

Public limited company

Directors
W A McIntosh*
C C Nasser *
H E M Osmond*
E A C Spencer-Churchill *
G Davies*
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 Limited, 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

Final Results for year ended 31 January 2009

Introduction

The turbulence in financial markets and worldwide slow down in economic growth has had a significant impact upon our investments in Algeco Scotsman and Magticom. As a result your Board has taken the decision to substantially reduce the carrying value of these investments as required by the "mark to market" accounting principles set out in IAS 39.

Results for the full year

The Consolidated Income Statement shows a Loss Before Tax of £156.8m (2008 – Profit of £89.1m). This is primarily due to a write down in the carrying value of our investment in Algeco Scotsman made following the impact of the recession on the business in the majority of the countries in which it operates.

The receipt of a further fee charged on the investment in Algeco Scotsman helped to reduce the impact of the Fair Value loss by £3.773m whilst foreign exchange gains on translation of intercompany balances offset operating expenses resulting in a charge for the year of £0.041m (2009 - £1.132m).

Net Asset Value per share is 14.7p (13.7p on a fully diluted assuming the exercise of all the percentage warrants and share options outstanding).

At the end of the period, CMI had net cash balances of £6.0 million.

Investment in Algeco Scotsman

Algeco Scotsman was formed in October 2007 following the merger of Algeco, Europe's leading modular construction and mobile storage business, with Williams Scotsman, the dominant modular storage rental business in North America.

North America experienced difficult trading throughout 2008 and finished the year below budget. Trading in Europe was more resilient in the first half of 2008 but began to deteriorate in the 3rd and 4th quarters - particularly in Spain. Overall performance for the Algeco Scotsman Group ("the Group") was slightly ahead of 2007 but approximately 8% below budgeted 2008 EBITDA.

Trading in the first quarter of 2009 has declined further in both Europe and North America. Despite the significant recent overhead reduction exercise that has been carried out across the Group, we expect 2009 EBITDA to be below the level achieved in 2008.

Although the Algeco Scotsman Group is currently trading within its banking covenants, there is a possibility that a breach may occur at some point during the next twelve months if the current poor trading persists. The Group has commenced discussions with its principal bankers to explore options to mitigate this potential breach.

Declining EBITDA and high borrowings significantly impact upon our valuation of the investment and this has resulted in your board reducing the carrying value of this investment from £148m to £17.5m.

Investment in Yola Investments Sarl ("Yola")

CMI, via its investment in Yola, indirectly owns approximately 7% of Magticom - the largest provider of mobile telephone services in the Republic of Georgia.

Although the company started the year strongly, the conflict with Russia during August caused damage both to the Georgian economy and to future economic prospects. Trading deteriorated in the second half of the year with a slowdown in subscriber and revenue growth.

Whilst we believe that the broader outlook for telephony services remains positive in the longer term, we believe that the conflict with Russia and the worldwide economic deterioration will continue to impact upon the business. As a consequence we have reduced the carrying value of our investment to £13.8m.

Strategy going forward

CMI continues to actively monitor its investments in Yola and Algeco Scotsman through regular meetings with the management teams of Algeco Scotsman and Magticom, receipt of monthly financial reports, and attendance at board meetings.

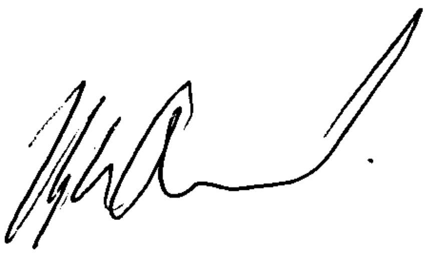
CMI has sufficient cash reserves to support its overheads over the medium term and has no plans at present to make any further new investments.

Dividends

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

Hugh Osmond
Chairman

28 May 2009



Capital Management and Investment PLC

Report of the Directors
for the year ended 31 January 2009

The directors present their report together with the audited financial statements for the year ended 31 January 2009.

Results and dividends

The Consolidated Income Statement is set out on page 13 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 all companies within the group is that of investment holding companies.

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

Risks and uncertainties

The company has a significant proportion of 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 are currently no plans that the shareholding will be sold for the foreseeable future.

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 are currently no plans that the shareholding will be sold for the foreseeable future.

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 allow its current shareholding in the investments to be diluted.

Charitable and political contributions

During the year, the group made charitable donations totalling £32,600 (2008 - £36,250). 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	
	2009	2008	2009	2008	2009	2008
W A McIntosh	-	-	21.2	21.2	16,111,786	16,111,786
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
G Davies	-	-	-	-	-	-
T D Woodcock	500,000	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.

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 2009 was 6.0p (2008 - 34.0p). The high and low prices during the year were 34.0p and 6.0p respectively.

Post balance sheet events

There were no disclosable 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 2009 was 34 (2008 - 14).

Financial instruments

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

Capital Management and Investment PLC

Report of the Directors
for the year ended 31 January 2009 *(Continued)*

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 9.

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. As noted earlier, CMI does not have sufficient cash reserves to provide substantial follow on investment. However, there is also no commitment to provide follow on investment, should this be required. 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 24 May 2009.

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 Director. 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 the Executive Director. It has established a framework of policies within which it sets the remuneration package for the 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 the Executive Director 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

Salary of the Executive Director

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

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 2009 £'000	Total 2008 £'000
Executive Director		
T D Woodcock	70	55
Non-executive Directors		
W A McIntosh	-	-
C C Nasser	-	-
H E M Osmond	-	-
E A C Spencer-Churchill	-	-
G Davies	-	-
Total	70	55

Related party transactions with directors are disclosed in note 17.

	Contributions to defined contribution pension 2009 £'000	2008 £'000
Executive Director		
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

28 May 2009

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 2009 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 2009 and of its loss 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 2009;
- 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 LLP.

BDO Stoy Hayward LLP
Chartered Accountants and Registered Auditors
London

5 June 2009

Capital Management and Investment PLC

Consolidated Income Statement
for the year ended 31 January 2009

	Note	2009 £'000	2008 £'000
Gain on redemption of investments		-	886
Fair value (loss)/gain on investments	9	(160,810)	81,275
Other income		3,773	4,662
		(157,037)	86,823
Other administrative expenses		41	1,132
Operating (loss)/profit	4	(156,996)	87,955
Finance income	5	191	1,171
(Loss)/profit before tax		(156,805)	89,126
Tax expense	6	(29)	(17)
(Loss)/profit for the year		(156,834)	89,109
Basic (loss)/earnings per share	7	(62.70)p	35.65p
Diluted (loss)/earnings per share	7	(62.70)p	32.08p

The notes on pages 17 to 31 form part of these financial statements.

Capital Management and Investment PLC

Consolidated Statement of Changes in Equity
at 31 January 2009

	Note	Share capital £'000	Share premium £'000	Merger reserve £'000	Foreign currency translation reserve £'000	Retained earnings £'000	Total equity £'000
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
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	89,109	98,704
Credit in respect of share Scheme charge		-	-	-	-	73	73
Balance at 31 January 2008		**2,499**	**38,109**	**1,693**	**9,391**	**112,927**	**164,619**
Exchange differences arising on translation of foreign operations		-	-	-	29,082	-	29,082
Net income recognised directly in equity		-	-	-	29,082	-	29,082
Loss for the year		-	-	-		(156,834)	(156,834)
Total recognised income and expense for the year		-	-	-	29,082	(156,834)	(127,752)
Balance as 31 January 2009		**2,499**	**38,109**	**1,693**	**38,473**	**(43,907)**	**36,867**

The notes on pages 17 to 31 form part of these financial statements.

Capital Management and Investment PLC

Consolidated Balance Sheet
at 31 January 2009

	Note	2009 £'000	2009 £'000	2008 £'000	2008 £'000
Assets					
Non-current assets					
Property, Plant and Equipment	8		-		-
Investments	9		31,313		163,072
Total non-current assets			31,313		163,072
Current assets					
Other receivables	10	270		246	
Cash and cash equivalents		6,007		5,207	
Total current assets			6,277		5,453
Total assets			37,590		168,525
Liabilities					
Current Liabilities					
Trade and Other payables	11	(516)		(258)	
Short Term Loan		-		(3,468)	
Corporation Tax		(207)		(180)	
Total current liabilities			(723)		(3,906)
Total net assets			36,867		164,619
Capital and reserves attributable to equity holders 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		38,473		9,391
Retained Earnings	15		(43,907)		112,927
Total equity			36,867		164,619

The financial statements were approved by the Board of Directors and authorised for issue on 28th May 2009

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

The notes on pages 17 to 31 form part of these financial statements.

Capital Management and Investment PLC

Consolidated Cash Flow Statement
for the year ended 31 January 2009

	Note	2009 £'000	2008 £'000
Cash flows from operating activities			
Loss for the year		(156,834)	89,109
Adjustments for:			
Depreciation		1	7
Gain on redemption of fixed asset investments		-	(886)
Fair value (gain)/loss on investment		160,810	(81,275)
Finance Income		(191)	(1,171)
Other Income		(3,773)	(4,662)
Equity settled share-based payment expense		-	73
Foreign Exchange losses/(gains)		(1,235)	(2,163)
Income tax expense		29	17
		(1,193)	(951)
Cash flows from operating activities before changes in working capital and provisions			
Decrease in other payables		588	600
Decrease in trade and other receivables		(24)	(12)
		564	588
Cash inflow/(outflow) from operations		(629)	(363)
Income taxes paid		(28)	10
		(28)	10
Net cash flows from operating activities		**(657)**	**(353)**
Investing activities			
Purchase of investments		-	(36,638)
Interest received		191	1,171
Repayment of Share Capital in Yola		1,363	-
Net cash generated/(used) in investing activities		1,554	(35,467)
Net cash from financing activities		-	-
Net increase/(decrease) in cash and cash equivalents		**897**	**(35,820)**
Cash and cash equivalents at beginning of year		**5,207**	**38,096**
Exchange gains/(losses) on cash and cash equivalents		**(97)**	**2,931**
Cash and cash equivalents at end of the year		**6,007**	**5,207**

The notes on pages 17 to 31 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 consolidated 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, and are in accordance with those parts of the Companies Act 1985 applicable to companies preparing its financial statements in accordance with IFRS.

The parent company financial statements have been prepared in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice and can be found on page 32.

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 2009 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.

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 straight line

1 Accounting policies *(Continued)*

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.

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:

The Group's loan and receivables comprise other receivables, and cash investments and cash equivalents in the balance sheet.

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.

1 Accounting policies *(Continued)*

Loans and receivables: (Continued)

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.

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.

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.

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.")

On transition to IFRS, as permitted under IFRS 1 'First Time Adoption of International Financial Reporting Standards', only these exchange differences arising on the translation 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.

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.

On transition to IFRS, IFRS 2 'Share-Based Payments' has been applied to employee options granted after 7 November 2002 that had not vested by 1 February 2006.

1 Accounting policies *(Continued)*

Segmental reporting

The principal activity of all the companies within the group is that of investment holding companies. 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 Group's 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.

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 February 2009 or later periods and which the group has decided not to adopt early. The following standards, amendments and interpretations are unlikely to have a material effect on the group's financial statements:

- IFRIC 13 Customer Loyalty Programmes (effective for accounting periods beginning on or after 1 July 2008). This IFRIC has been endorsed by the EU.

- IAS 23 - Borrowing Costs (revised) (effective for accounting periods beginning on or after 1 July 2008). This standard has been endorsed by the EU.

- Amendment to IFRS 2 Share Based Payments: Vesting Conditions and Cancellations (effective for accounting periods beginning on or after 1 January 2009). This amendment has been endorsed by the EU.

- 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). This amendment has been endorsed by the EU.

- IFRIC 15 Agreements for the construction of Real estate (effective for periods beginning on or after 1 January 2009). This IFRIC has not yet been endorsed by the EU.

- IFRIC 16 Hedges of a Net Investment of a Foreign Operation (effective for periods beginning on or after 1 October 2008). This IFRIC has not yet been endorsed by the EU.

- IFRIC 17 Distribution of Non-cash Assets to owners (effective for periods beginning on or after 1 July 2009). This IFRIC has not yet been endorsed by the EU.

- IFRIC 18 Transfer of Assets from customers (effective from 1 July 2009). This IFRIC has not yet been endorsed by the EU.

- Embedded Derivatives (Amendments to IFRIC 9 and IAS 39). These amendments are applicable for accounting periods ending on or after 30 June 2009 and have not yet been endorsed by the EU.

- Revised IFRS 1 First-time Adoption of International Financial Reporting Standards (effective for periods beginning on or after 1 January 2009). This revision has not yet been endorsed by the EU.

1 Accounting policies *(Continued)*

Standards, amendments and interpretations to published standards not yet effective (Continued)

- Amendment to IAS 39 Financial Instruments: Recognition and Measurement: Eligible Hedged Items (effective for accounting periods beginning on or after 1 July 2009). This amendment has not yet been endorsed by the EU.

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 standard has been endorsed by the EU. 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). These revisions have not yet been endorsed by the EU. 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 has been endorsed by the EU. This standard replaces IAS 14 in respect of the disclosure of segmental information. Directors are still assessing the impact on the financial statements.

- Improvements to IFRS's – These have been endorsed by the EU. A series 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 or 1 January 2010, although entities are permitted to adopt them earlier. The Directors are still assessing the impact of these changes.

- 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. These amendments have been endorsed by the EU and are applicable for accounting periods beginning on or after 1 January 2009.

- Improving Disclosures about Financial Instruments (Amendments to IFRS 7). These improvements are effective for periods beginning on or after 1 January 2009 and have not yet been endorsed by the EU. The amendment requires additional disclosures in relation to financial assets and financial liabilities. The improvements also change some of the definitions and disclosures associated with liquidity risk. Management are still assessing the impact of these improvements.

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 all the companies within the group that are of investment holding companies, and hence all investment not meeting the definition of a subsidiary should be accounted for under the venture capital 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. See note 18.

3 Directors and employees

There are no other employees of the company except for the directors.

	2009 £'000	**2008 £'000**
Directors salaries:		
Wages and salaries	70	55
Defined contribution pension costs	8	8
Share based payment expense	-	73
	78	136

The average number of employees, including directors, during the year was (2008 - 1).

Social security costs were £8,000 (2008 - £6,000).

During the year 1 director (2008 - 1) participated in a defined contribution pensions scheme. During the year none of the Directors (2008 - NIL) exercised share options.

Further details of directors' remuneration are included in the Report on Remuneration and Related Matters (pages 9 to 10).

4 Operating profit

	2009 £'000	2008 £'000
This is arrived at after charging:		
Depreciation	1	7
Operating lease rentals	210	208
Foreign currency gains/(losses)	1,235	2,163
Auditors' remuneration – fees payable to the company's auditors for the audit of the company's annual accounts	25	28
Auditors' remuneration – fees payable to the company's auditors for audit of the company's subsidiary entities	10	5

5 Finance income

	2009 £'000	2008 £'000
Bank interest received	192	1,171

6 Taxation on profit

	2009 £'000	2008 £'000
UK corporation tax	28	7
Overseas corporation tax	1	10
Total Corporation tax expense	29	17

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

	2009 £'000	2008 £'000
(Loss)/profit for the period	(156,805)	89,126
Expected tax charge based on the standard rate of corporation tax in the UK of 28% (2008 - 30%)	(43,905)	26,738
Effects of:		
Expenses/income not deductible/(taxable) for tax purposes	43,174	(24,383)
Capital allowances in excess of depreciation	(4)	-
Losses carried forward/(utilised)	705	(1,841)
Losses carried back	31	-
Prior year adjustment	28	-
Gain on redemption not taxable	-	(266)
Other	-	(231)
Total tax expense	29	17

7 Loss per share

The basic loss per share of 62.7p (2008 – earnings 35.65p per share) is calculated by reference to the loss after taxation of £156,834,000 (2008 – Profit £89,109,000) and the weighted average number of ordinary shares in issue during the year of 249,938,158 (2008 - 249,938,158).

The diluted loss per share of 62.7p (2008 – earnings 32.08p per share) is based on the above loss. The diluted earnings per share in 2008 is based on the 2008 earnings and the diluted weighted average number of ordinary shares in issue during 2008. The dilutive impact on the potential ordinary shares from unexercised warrants and share options is shown below:

	2009 Number	**2008 Number**
Basic number of shares	249,938,158	249,938,158
Unexercised warrants	18,209,780	27,831,730
	268,147,938	277,769,888

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

8 Property, plant and equipment

	Fixtures and fittings 2009 £'000	**Fixtures and fittings 2008 £'000**
Cost		
At 1 February and 31 January	210	210
Depreciation		
At 1 February	210	203
Charge for the year	-	7
At 31 January	210	210
Net book value		
At 31 January	-	-

9 Investments

	£'000
Opening value	163,072
Fair value adjustment	(160,810)
Foreign exchange gain	29,051
At 31 January 2009	31,313

The investment in Algeco Scotsman SARL has been fair value adjusted by the directors in line with the accounting policies adopted by the company.

The investment in Yola Management SARL has been fair value adjusted by the directors in line with the accounting policies adopted by the company.

Investment in Algeco Scotsman

Algeco Scotsman was formed in October 2007 following the merger of Algeco, Europe's leading modular construction and mobile storage business, with Williams Scotsman, the dominant modular storage rental business in North America.

North America experienced difficult trading throughout 2008 and finished the year below budget. Trading in Europe was more resilient in the first half of 2008 but began to deteriorate in the 3rd and 4th quarters - particularly in Spain. Overall performance for the Algeco Scotsman Group ("the Group") was slightly ahead of 2007 but approximately 8% below budgeted 2008 EBITDA.

Trading in the first quarter of 2009 has declined further in both Europe and North America. Despite the significant recent overhead reduction exercise that has been carried out across the Group, we expect 2009 EBITDA to be below the level achieved in 2008.

Although the Algeco Scotsman Group is currently trading within its banking covenants, there is a possibility that a breach may occur at some point during the next twelve months if the current poor trading persists. The Group has commenced discussions with its principal bankers to explore options to mitigate this potential breach.

Declining EBITDA and high borrowings significantly impact upon our valuation of the investment and this has resulted in your board reducing the carrying value of this investment from £148m to £17.5m.

Investment in Yola Investments Sarl ("Yola")

CMI, via its investment in Yola, indirectly owns approximately 7% of Magticom - the largest provider of mobile telephone services in the Republic of Georgia.

Although the company started the year strongly, the conflict with Russia during August caused damage both to the Georgian economy and to future economic prospects. Trading deteriorated in the second half of the year with a slowdown in subscriber and revenue growth.

Whilst we believe that the broader outlook for telephony services remains positive in the longer term, we believe that the conflict with Russia and the worldwide economic deterioration will continue to impact upon the business. As a consequence we have reduced the carrying value of our investment to £13.8m.

10 Other receivables

	2009 £'000	2008 £'000
Other debtors	76	97
Prepayments and accrued income	194	149
	270	246

11 Trade and other payables

	2009 £'000	2008 £'000
Trade creditors	334	31
Creditors for taxation and social security	3	3
Accruals	179	224
	516	258

12 Deferred taxation

Unprovided deferred tax amounts are as follows:

	2009 £'000	2008 £'000
Capital Allowances in excess of depreciation	(17)	-
Unrelieved capital losses	(2,046)	(2,192)
Management expenses and non-trading deficits	(1,716)	(615)
Overseas Losses	(196)	-
	(3,975)	(2,807)

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 movement in valuation of the group's equity investments.

13 Share capital

	Authorised			
	2009 Number	2009 £'000	2008 Number	2008 £'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			
	2009 Number	2009 £'000	2008 Number	2008 £'000
Ordinary shares of 1p each	249,938,158	2,499	249,938,158	2,499

At 31 January 2009, there were percentage warrants in issue which, as a class, convert into a total of 12% (2008 - 12%) of the ordinary shares in existence at the date of conversion. The exercise price is 2.75p (2008 - 2.75p) per share. Subscription rights on these warrants will expire on 31 December 2011.

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.

	2009 Weighted average exercise price	2009 Number	2008 Weighted average exercise price	2008 Number
Outstanding at beginning of the year	43.0p	500,000	-	-
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	43.0p	500,000

14 Share-based payment *(Continued)*

The exercise price of options outstanding at the end of the year was 43.0p and their weighted average remaining contractual life was 5.9 years (2008 - 43.0p).

Of the total number of options outstanding at the end of the year, 433,233 (2008 - 433,233) had vested and were exercisable at the end of the year.

No options were granted during the year. The weighted average fair value of each option granted during 2008 was 14.64p.

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.

	2009 £'000	**2008 £'000**
Equity-settled		
Option pricing model used	n/a	Black-Scholes
Weighted average share price at grant date	n/a	43.0p
Exercise price	n/a	43.0p
Weighted average contractual life	n/a	6.92
Expected volatility	n/a	16%
Expected dividend growth rate	n/a	Nil
Risk-free interest rate	n/a	Approved 5.00% Unapproved 4.75%

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 an operating lease.

As at 31 January 2009, the total minimum lease payments under non-cancellable operating leases, broken down by amounts payable is as follows:

	2009 Land and buildings £'000	2008 Land and buildings £'000
Not later than 1 year	300	300
Between 2 and 5 years	1,179	1,200
Later than 5 years	-	279
	1,479	1,779

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 £700,000 (2008 - £600,000) for office accommodation and administrative services provided, excluding VAT.

During the year CMI Luxembourg SARL invoiced TDR Capital a 4.65m euro fee relating to the acquisition of the share of William Scotsman International Inc.

During the year Compound Capital Ltd (a subsidiary of Sun Capital Partners Ltd) invoiced Xola Investment SARL a USD$300,000 fee relating to the acquisition of an investment in Yola Management SARL.

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 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. If interest rates were to drop by 0.5%, the interest income recognised in the Income Statement would have been £27,000.

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 £4.19m (2008 - £0.19m) held in bank deposits, which are dominated in Euros, US Dollars and Swiss Francs. 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. The Directors monitor the situation on an ongoing basis.

The group also had exposure to foreign exchange risk on intercompany balances. The risk has been eliminated in the current year.
In addition, the groups investments are denominated in foreign currencies. While fluctuations in exchange rates will not impact the income statement the value of these investments will move with changes in exchange rates with the movement going to the Foreign Currency Translation Reserve.

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.

18 Financial instruments *(Continued)*

Equity Investments (Continued)

In the current year a fair value loss of £160.8m (2008 gain £81.2m) was recognised within the income statement (split £157.0m in respect of Algeco Scotsman and £3.8m in respect of Yola)

The sensitivity of a +/-5% fluctuation in EBITDA on the fair value of the investment in Yola Investments Sarl is as as follows:

	+5%	-5%
Yola Investments Sarl	£1.40m	£(1.53m)

Given the current profitability levels of Algeco and the PE ratios seen in the market, a change in EBITDA levels of 5% would not have an impact on the fair value attributable to this investment.

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.

Capital Management and Investment PLC

Company Balance Sheet
at 31 January 2009

	Note	2009 £'000	2009 £'000	2008 £'000	2008 £'000
Fixed assets					
Tangible assets	4		-		-
Investments	5		48,971		14,142
					14,142
Current assets					
Debtors - due within one year	6	258		6,553	
- due after more than one year	6	-		31,592	
		258		38,145	
Cash at bank and in hand		3,530		4,239	
		3,788		42,384	
Creditors: amounts falling due within one year	7	(2,233)		(1,963)	
Net current assets			1,555		40,421
Total assets less current liabilities			50,526		54,563
Creditors: amounts falling due after more than one year	8		(14,086)		(14,118)
			36,440		40,445
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		(4,168)		(163)
Shareholders' funds			36,440		40,445

The financial statements were approved by the Board of Directors and authorised for issue on 24 May 2009.

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

The notes on pages 33 to 38 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 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.

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 loss for the year includes a loss after tax of £4,005,000 (2008 – Profit £7,482,000) which is dealt with in the financial statements of the parent company.

4 Tangible Fixed Assets

	Fixtures and fittings 2009 £'000
Cost	
At 1 February 2008 and at 31 January 2009	**210**
Depreciation	
At 1 February 2008	210
Charge for the year	-
At 31 January 2009	210
Net book value	
At 31 January 2009	-
At 31 January 2008	-

5 Investments

Company	Subsidiary undertakings £'000
Cost	
At 1 February 2008	14,142
Additions	40,079
At 31 January 2009	54,221
Amortisation and impairment	
Charge for the year and at 31/1/2009	5,250
Net Book Value	
At 31 January 2009	48,971

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

	2009 £'000	2008 £'000
Amounts receivable within one year		
Other debtors	77	46
Prepayments and accrued income	181	143
Amounts due from subsidiary undertakings	-	6,364
	258	6,553
Amounts receivable after more than one year		
Amount due from subsidiary undertaking	-	31,592

7 Creditors: amounts falling due within one year

	2009 £'000	2008 £'000
Trade creditors	284	31
Creditors for taxation and social security	3	3
Corporation tax	-	8
Accruals	99	84
Amounts due to group undertakings	1,847	1,837
	2,233	1,963

8 Creditors: amounts falling due after more than one year

	2009 £'000	2008 £'000
Amounts owed to group undertakings	14,086	14,118

9 Deferred taxation

Unprovided deferred tax amounts are as follows:

	2009 £'000	2008 £'000
Capital allowances in excess of depreciation	(17)	-
Unrelieved capital losses	(2,046)	(2,192)
Management expenses and non-trading deficits	(1,716)	(615)

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			
	2009 Number	**2009 £'000**	**2008 Number**	**2008 £'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			
	2009 Number	**2009 £'000**	**2008 Number**	**2008 £'000**
Ordinary shares of 1p each	**249,938,158**	**2,499**	249,938,158	2,499

At 31 January 2009, there were percentage warrants in issue which, as a class, convert into a total of 12% (2008 - 12%) of the ordinary shares in existence at the date of conversion. The exercise price is 2.75p (2008 - 2.75p) per share. Subscription rights on these warrants will expire on 31 December 2011.

Further details of this and share options outstanding 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	(163)
Loss for the year	-	(4,005)
At end of year	38,109	(4,168)

12 Commitments under operating leases

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

	2009 Land and buildings £'000	2008 Land and buildings £'000
Not later than 1 year	-	-
Between 2 and 5 years	300	160
Later than 5 years	-	140
	300	300

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 £700,000 (2008 - £600,000) for office accommodation and administrative services provided, excluding VAT. The amount outstanding at the year end was £229,222 (2008 - £Nil).

14 Reconciliation of movements in shareholders' funds

	2009 £'000	2008 £'000
(Loss)/profit for the financial year	(4,005)	7,482
Credit in respect of FRS 20 charges	-	73
Net addition/(reduction) to shareholders' funds	(4,005)	7,555
Opening shareholders' funds	40,445	32,890
Closing shareholders' funds	**36,440**	40,445