Capital Management and Investment Plc

Report and Financial Statements

Year Ended

31 January 2010

Company Number 3214950

Capital Management and Investment Plc

Report and financial statements
for the year ended 31 January 2010

Contents

Page:

Capital Management and Investment Plc

Report and financial statements
for the year ended 31 January 2010

Country of incorporation of Parent Company

England

Legal form

Public limited company

Directors

C C Nasser *
E A C Spencer-Churchill *
A G P Davies*
S Farrugia*
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, 34 Lisbon Street, Leeds, LS1 4LX

Company number

3214950

Independent Auditors

BDO 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 2010

Introduction

I am very pleased to present my first Chairman's Report to you and would like to take this opportunity to thank Hugh Osmond and Alan McIntosh for their contributions as Directors and, for Hugh since 2004, as Chairman I know that they will continue to follow the fortunes of the company with great interest

The last 12 months have not been good for our two principal investments Nevertheless, the successful completion of the recent placing and Open Offer and the exercise of the option to invest in new shares in Algeco Scotsman means that CMI can hope to participate in a meaningful way in any growth in value of this company

Results for the half year

The Consolidated Income Statement shows a Loss Before Tax of £31 0m (2009 – Loss of £156 8m) This is primarily due to a further write down in the carrying value of our investment in Algeco Scotsman from £17 5m to £0 9m following the December 2009 restructuring For the reasons set out below, we have also taken the decision to reduce the carrying value of our shareholding in Magticom from £13 8m to £nil

Operating Losses for the year were £31 0m (2009 - £157 0m)

At the end of the period, CMI had net cash balances of £4 57million

Investment in Algeco Scotsman

Algeco Scotsman Holding SARL ("ASH") 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

We announced on 23 December 2009 that ASH had successfully completed a financial restructuring that has resulted in a significant reduction in debt held by third parties in the Company and an agreement by the shareholders to invest up to an additional €125 million into the capital of the Company

Following the restructuring, CMI's existing equity shareholding in ASH reduced from approximately 28% to around 1%

CMI entered into an option agreement with the principal shareholder of ASH, TDR Capital, to invest up to €10 million of new equity into ASH on broadly the same terms as the TDR investment on or before 30 April 2010 The option allows CMI to significantly increase its equity shareholding

The Board decided that it would be in the interests of all shareholders to exercise its option to subscribe for €10m in new equity in ASH This would increase the Company's holding from c1% to c7% Following a Placing and Open Offer of Ordinary shares, CMI exercised this option on 23 April 2010 The €10m investment takes place in 2 stages – €6m was paid on 30 April 2010 and completed on 7 May The balance of €4m can be called upon by TDR at any time up until 30 September 2010

Investment in Yola Investments Sarl ("Yola")

The Company holds an investment in Magticom, the largest mobile telephone operator in The Republic of Georgia via its 33% shareholding in Yola Investments Sarl, which in turn owns 43% of Metromedia International Group Inc ("MIG") which owns 46% of Magticom

We reported in the Interim Statement issued on 28 October 2009 that MIG had filed for chapter 11 protection from creditors and that it was in dispute with the holders of the Preference Shares in connection with the value attributable to the Preference Shares

MIG has lost its appeal over the value of the Preference Shares Consequently the holders of the Preference Shares have claims against MIG totalling approx $180m At present MIG has no means of settling this claim Furthermore there is no certainty that MIG will be able to agree terms to settle the claims of the holders of the Preference Shares in the near future

In addition, the performance of the business at Magticom has declined 2009 EBITDA is likely to be $122m (2008 - $175m) The decline is due to the downturn in the economy in Georgia and increased competitive pressure

The Board concluded, therefore, that CMI should reduce the carrying value of its shareholding in Yola (which was reported in the Interim Statement as £13 8m) in the accounts for the year ended 31 January 2010 to £nil

April 2010 Fundraising

On 1 April 2010 the Company announced that it was seeking to raise up to £7m via a Placing and Open Offer of new shares at 1 5p per share The purpose of the fundraising was to provide sufficient funds to enable the Company to exercise the option to acquire additional shares in ASH and to provide sufficient working capital for three years

The Placing and Open Offer raised £7m - £6 8m net of expenses The Company also had cash reserves of £4 57m as at 31 January 2010 £5 4m has been used to exercise the ASH option and a further £ 3 5m has been allocated to meet the potential cash call on ASH shareholders – expected September 2010

Board Changes

Hugh Osmond and Alan McIntosh stood down as directors following the EGM held on 23 April 2010 Stephen Farrugia was appointed as a Non Executive Director on the same date and we welcome him to the Board of the Company I was appointed Chairman of the Company with effect from 23 April

Consolidation of Shares

On 4 May 2010 CMI carried out a 100 for 1 consolidation of its Ordinary shares In recognition of the fact that many shareholders hold less than 100 new shares, your Board also announced its intention for the Company to buy back up to 100 new ordinary shares from shareholders who wished to sell and take advantage of the preferential dealing terms offered by the Company Details of this offer will be sent out to shareholders along with the Annual Report and Notice of AGM

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

Giles Davies
Chairman
21 May 2010

Capital Management and Investment PLC

Report of the Directors
for the year ended 31 January 2010

The directors present their report together with the audited financial statements for the year ended 31 January 2010

Results and dividends

The Consolidated Income Statement is set out on page 13 and shows the loss 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 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 Furthermore, MIG – the US company through which CMI holds its shareholding in Magticom is currently in chapter 11

The investments in Algeco Scotsman and Magticom may require further equity going forward At present apart from the £3 5m identified and set aside for the expected follow on investment in Algeco Scotsman, 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 £16,850 (2009 - £32,600) 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	
	2010	2009	2010	2009	2010	2009
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
A G P 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

On 23 April 2010 Hugh Osmond and Alan McIntosh resigned from the Board and on the same day Stephen Farrugia was appointed to the Board

Share price

The company's share price at 31 January 2010 was 2 9p (2009 - 6 9p) The high and low prices during the year were 6 6p and 2 4p respectively

Post balance sheet events

A full explanation of post balance sheet event is provided in the Chairman's statement under April 2010 fundraising

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 2010 was 31 (2009 - 34)

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 2008 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, Giles Davies, 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 apart from the £3 5m set aside for investment in Algeco Scotsman on or before 30th September 2010 However, there is also no commitment to provide follow on investment, should this be required For this reason, the directors continue to adopt the going concern basis in preparing the financial statements

Directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year Under that law the directors have elected to prepare the group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the company financial statements in accordance with UK GAAP Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group for that period The directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market

In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether they have been prepared in accordance with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006 They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

Website publication

The directors are responsible for ensuring the annual report and the financial statements are made available on a website Financial statements are published on the company'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 company'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 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 2006 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

21 May 2010

Capital Management and Investment PLC

Report on Remuneration and Related Matters

This report covers the remuneration of the Non-Executive Directors 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 2008 Financial Reporting Combined Code recommendation as follows

A G P Davies - Chairman
S Farrugia

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, 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 2010 £'000	Total 2009 £'000
Executive Director		
T D Woodcock	70	70
Non-executive Directors		
W A McIntosh	-	-
C C Nasser	-	-
H E M Osmond	-	-
E A C Spencer-Churchill	-	-
S Farrugia	-	-
A G P Davies	25	-
Total	95	70

Related party transactions with directors are disclosed in note 17

	Contributions to defined contribution pension	
	2010 £'000	2009 £'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

A G P Davies

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

21 May 2010

Capital Management and Investment PLC

Independent Auditor's Report

TO THE MEMBERS OF CAPITAL MANAGEMENT AND INVESTMENT PLC

We have audited the financial statements of Capital Management and Investment PLC for the year ended 31 January 2010 which comprise the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity, Consolidated Balance Sheet, Consolidated Cash Flow Statement, the related notes, the Company Balance Sheet and the related notes The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union The financial reporting framework that has been applied in preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

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

Respective responsibilities of directors and auditors

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion

- the financial statements give a true and fair view of the state of the group's and the parent company's affairs as at 31 January 2010 and of the group's loss for the year then ended,
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union,
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or

- the parent company financial statements are not in agreement with the accounting records and returns, or

- certain disclosures of directors' remuneration specified by law are not made, or

- we have not received all the information and explanations we require for our audit

BDO LLP.

Anthony Perkins (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
London
United Kingdom

21 May 2010

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

Capital Management and Investment PLC

Consolidated income statement and consolidated statement of comprehensive income for the year ended 31 January 2010

Consolidated Income Statement	Note	2010 £'000	2009 £'000
Fair value loss on investments	9	(29,740)	(160,810)
Other income	17	-	3,773
		(29,740)	(157,037)
Other administrative expenses		(1,272)	41
Operating loss	4	(31,012)	(156,996)
Finance income	5	29	191
Loss before tax		(30,983)	(156,805)
Tax expense	6	(337)	(29)
Loss for the year		(31,320)	(156,834)
Basic loss per share	7	£(12 53)	£(62 70)
Diluted loss per share	7	£(12 53)	£(62 70)

Consolidated Statement of Comprehensive Income

	2010 £'000	2009 £'000
Loss for the year	(31,320)	(156,834)
Exchange differences arising on translation of foreign operations	(818)	29,082
Total comprehensive income for the year	(32,138)	(127,752)

The notes on pages 17 to 33 form part of these financial statements

Capital Management and Investment PLC

Consolidated Statement of Changes in Equity
at 31 January 2010

	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 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
Loss for the year		-	-	-		(156,834)	(156,834)
Total comprehensive income for the year		-	-	-	29,082	(156,834)	(127,752)
Balance at 31 January 2009		**2,499**	**38,109**	**1,693**	**38,473**	**(43,907)**	**36,867**
Exchange differences arising on translation of foreign operations		-	-	-	(818)	-	-
Loss for the year		-	-	-	-	(31,320)	(31,320)
Total comprehensive income for the year		-	-	-	(818)	(31,320)	(32,138)
Balance at 31 January 2010		**2,499**	**38,109**	**1,693**	**37,655**	**(75,227)**	**4,729**

The notes on pages 17 to 33 form part of these financial statements

Capital Management and Investment PLC

Consolidated Balance Sheet
at 31 January 2010

Company number 3214950	Note	2010 £'000	2010 £'000	2009 £'000	2009 £'000
Assets					
Non-current assets					
Property, Plant and Equipment	8		-		-
Investments	9		867		31,313
Total non-current assets			867		31,313
Current assets					
Other receivables	10	86		270	
Cash and cash equivalents		4,572		6,007	
Total current assets			4,658		6,277
Total assets			5,525		37,590
Liabilities					
Current Liabilities					
Trade and other payables	11	(262)		(516)	
Corporation Tax		(534)		(207)	
Total current liabilities			(796)		(723)
Total net assets			4,729		36,867
Capital and reserves attributable to owners of the parent					
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		37,655		38,473
Retained Earnings	15		(75,227)		(43,907)
Total equity			4,729		36,867

The financial statements were approved by the Board of Directors and authorised for issue on 21 May 2010

A G P Davies)
) **Directors**
T D Woodcock)

The notes on pages 17 to 33 form part of these financial statements

Capital Management and Investment PLC

Consolidated Cash Flow Statement
for the year ended 31 January 2010

	Note	2010 £'000	2009 £'000
Cash flows from operating activities			
Loss for the year		(31,320)	(156,834)
Adjustments for			
Depreciation		-	1
Fair value loss on investment		29,740	160,810
Finance Income		(29)	(191)
Other Income		-	(3,773)
Foreign Exchange (gains)		(145)	(1,235)
Income tax expense		337	29
		(1,417)	(1,193)
Cash flows from operating activities before changes in working capital			
Decrease in trade and other payables		73	588
Decrease/(increase) in other receivables		184	(24)
		257	564
Cash outflow from operations		(1,160)	(629)
Income taxes paid		-	(28)
Net cash flows from operating activities		**(1,160)**	**(657)**
Investing activities			
Interest received		29	191
Repayment of Share Capital in Yola		-	1,363
Net cash generated in investing activities		29	1,554
Net cash from financing activities		**-**	**-**
Net (decrease)/increase in cash and cash equivalents		**(1,131)**	**897**
Cash and cash equivalents at beginning of year		**6,007**	**5,207**
Exchange (losses) on cash and cash equivalents		**(304)**	**(97)**
Cash and cash equivalents at end of the year		**4,572**	**6,007**

The notes on pages 17 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 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 2006 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 34

Changes in accounting policies

a) New standards, interpretations and amendments effective from 1 January 2009

The following new standards, interpretations and amendments, applied for the first time from 1 January 2009, have had an effect on the financial statements

• ***Improving Disclosures about Financial Instruments (Amendments to IFRS 7):***

The application of this Amendment has resulted in changes to the disclosures provided in respect of financial instruments, primarily in note 18 to the financial statements including an analysis of financial asset and financial liability that is measured at fair value in the statement of financial position, into a three level fair value measurement hierarchy The Amendment does not change the recognition or measurement of transactions and balances in the financial statements

• ***Amendments to IAS 1 Presentation of Financial Statements· A Revised Presentation·***

As a result of the application of this Amendment the Group have elected to present two separate statements, an income statement and a statement of comprehensive income, previously it presented an income statement and the statement of recognised income and expense In addition, the format of the statement of changes in equity, which continues to be presented as a primary statement, has changed The Amendment does not change the recognition or measurement of transactions and balances in the financial statements

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 2010 using the acquisition method of accounting The results of subsidiary undertakings are included from the date of acquisition 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

- 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
- Fair value gains/losses 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)

Financial Assets
The group's financial assets fall into two categories, loans and receivables and fair value through profit and loss The Group does not have any financial assets classified as available for sale The group has not classified any of its financial assets as held to maturity

Unless otherwise indicated, the carrying values of the group's financial assets are a reasonable approximation of their fair values

Loans and Receivables

The Group's loans and receivables comprise cash and cash equivalents and other receivables

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

They are initially recognized at fair value plus transaction costs that are directly attributable to the acquisition or issue and subsequently carried at amortized cost using the effective interest rate method, less provision for impairment The effect of discounting on these financial instruments is not considered material

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 statements

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

Financial Liabilities

The group financial liabilities fall into the classification of those measured at amortised cost

Financial Liabilities Measured at Amortized Cost

Financial liabilities measured at amortized cost include trade payables and other short-dated monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest rate method

Fair value measurement hierarchy

IFRS 7 requires certain disclosures which require the classification of financial assets and financial liabilities measured at fair value using a fair value hierarchy that reflects the significance of the inputs used in making the fair value measurement (see note 3) The fair value hierarchy has the following levels

(a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1),
(b) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i e as prices) or indirectly (i e derived from prices) (Level 2), and
(c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3)

The level in the fair value hierarchy within which the financial asset or financial liability is categorised is determined on the basis of the lowest level input that is significant to the fair value measurement Financial assets and financial liabilities are classified in their entirety into only one of the three levels

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

Items included in the financial statements of each of the Group's subsidiary undertakings are measured using the currency of the primary economic environment in which the subsidiary undertaking operates, where the subsidiary operates with a significant degree of autonomy (the 'functional currency') The consolidated financial statements are presented in sterling, which is the presentational currency of the Group and the functional currency of the parent Company

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 operating segment, being venture capital investments 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

Other new standards, amendments and interpretations to existing standards, which have been adopted by the group, have not been listed, since they have no material impact on the financial statements
The following 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 and which the group has decided not to adopt early

• *Revised IFRS 3 Business Combinations Agreements* (effective for accounting periods beginning on or after 1 July 2009) This revised statement makes certain changes to the accounting for acquisitions, including a requirement to write off acquisition costs to the income statement instead of including them in the costs of acquisition, but does not require past acquisitions to be restated This revised standard has been endorsed by the EU

• *Amendment to IAS 27 Consolidated and Separate Financial Statements* (effective for periods beginning on or after 1 July 2009) This amendment has been endorsed by the EU This amendment requires prospective application and could result in a change where acquisitions or disposals of subsidiaries are made in stages This could be applicable if the company made piecemeal acquisitions or disposals in the future, which is not anticipated

• *Improvements to IFRSs* (generally effective for accounting periods beginning on or after 1 January 2010) These improvements have been endorsed by the EU These improvements will result in clarification of the requirements of IFRSs and elimination of inconsistencies between Standards Management is still assessing the impact of these improvements

• *Revised IAS 24 Related Party Disclosures (Revision to IAS 24)* (Effective for periods beginning on or after 1 January 2011) This revision is yet to be endorsed by the EU The revision concerns the previous disclosure and the definition of a related party Management is still assessing the impact of this revision

• *IFRS 9 Financial Instruments (Replacement of IAS 39)* (Effective for periods beginning on or after 1 January 2013) This revision is yet to be endorsed by the EU This standard will eventually replace IAS 39 in its entirety Management is still assessing the impact of this revision

None of the other new standards, amendments or interpretations in issue is expected to have a material effect on the group or company financial statements

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 is that 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

	2010 £'000	2009 £'000
Directors salaries		
Wages and salaries	70	70
Defined contribution pension costs	8	8
Directors Fees	25	-
	103	78

The average number of employees, including directors, during the year was 1 (2009 - 1)

Social security costs were £8,000 (2009 - £8,000)

During the year 1 director (2009 - 1) participated in a defined contribution pensions scheme During the year none of the Directors (2009 - 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 loss

	2010 £'000	2009 £'000
This is arrived at after charging		
Depreciation	-	1
Operating lease rentals	241	210
Foreign currency losses/(gains)	145	(1,235)
Auditors' remuneration – fees payable to the company's auditors for the audit of the company's annual accounts	25	25
Auditors' remuneration – fees payable to the company's auditors for the audit of the company's subsidiary entities	10	10

5 Finance income

	2010 £'000	2009 £'000
Bank interest received	29	191

6 Taxation on profit

	2010 £'000	2009 £'000
UK corporation tax	-	28
Overseas corporation tax	337	1
Total corporation tax expense	337	29

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

	2010 £'000	2009 £'000
Loss for the period	(30,983)	(156,805)
Expected tax charge based on the standard rate of corporation tax in the UK of 28% (2009 - 28%)	(8,675)	(43,905)
Effects of		
Expenses/income not deductible for tax purposes	8,345	43,174
Capital allowances in excess of depreciation	-	(4)
Losses carried forward	330	705
Losses carried back	-	31
Prior year adjustment	337	28
Total tax expense	337	29

7 Loss per share

Following the share consolidation exercise which completed on 4th May 2010 the number of shares reduced in number by a ratio of 1 100 The calculations as set out below and in the Consolidated Income Statement and Consolidated Statement of Comprehensive Income are based on this revised number of shares

The basic loss per share of £12 53 (2009 – loss £62 70 per share) is calculated by reference to the loss after taxation of £31,320,000 (2009 – loss £156,834,000) and the weighted average number of ordinary shares in issue during the year of 2,499,382 (2009 – 2,499,382)

The diluted loss per share of £12 53 (2009 – loss £62 70 per share) is based on the above loss

	2010 Number	2009 Number
Basic number of shares	2,499,382	2,499382
Unexercised warrants	19,383	182,097
	2,518,765	2,681,479

The 500,000 (based on the number of shares pre share consolidation) 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 2010 £'000	Fixtures and fittings 2009 £'000
Cost		
At 1 February and 31 January	210	210
Depreciation		
At 1 February	210	210
Charge for the year		
At 31 January	210	210
Net book value		
At 31 January	-	-

9 Investments

	£'000
Opening value	31,313
Fair value adjustment	(29,740)
Foreign exchange (loss)	(706)
At 31 January 2010	867

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 Holding SARL ("ASH") 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

CMI announced on 23rd December 2009 that ASH had successfully completed a financial restructuring that has resulted in a significant reduction in debt held by third parties in the Company and an agreement by the shareholders to invest up to an additional €125 million into the capital of the Company

Following the restructuring CMI's existing equity shareholding in ASH reduced from approximately 28% to around 1% The fair value of this 1% is approximately £1m, based on the value attributed to the residual equity during the December 2009 financial restructuring

CMI entered into an option agreement with the principal shareholder of ASH, TDR Capital, to invest up to €10 million of new equity into ASH on broadly the same terms as the TDR investment on or before 30 April 2010, which would allow CMI to significantly increase its equity shareholding

The Board decided that it would be in the interests of all shareholders to exercise its option to subscribe for up to €10m in new equity in ASH which would increase the Company's holding from c1% to c7% CMI completed the exercise of this option on 23rd April 2010

Investment in Yola Investments Sarl ("Yola")

CMI holds an investment in Magticom, the largest mobile telephone operator in The Republic of Georgia via its 33% shareholding in Yola Investments Sarl, which in turn owns 43% of Metromedia International Group Inc ("MIG") which owns 46% of Magticom

CMI reported in the Interim Statement issued on 28 October 2009 that MIG had filed for chapter 11 protection from creditors and that it was in dispute with the holders of the Preference Shares in connection with the value attributable to the Preference Shares

MIG has lost its appeal over the value of the Preference Shares Consequently the holders of the Preference Shares have claims against MIG totalling approx $180m At present MIG has no means of settling this claim Furthermore there is no certainty that MIG will be able to agree terms to settle the claims of the holders of the Preference Shares in the near future

In addition, the performance of the business at Magticom has declined 2009 EBITDA is likely to be $122m (2008 - $175m) The decline is due to the downturn in the economy in Georgia and increased competitive pressure

The Board concluded, therefore, that a full provision should be made against the carrying value of the shareholding in Yola (which was reported in the Interim Statement as £13 8m) in the accounts for the year ended 31 January 2010

10 Other receivables

	2010 £'000	2009 £'000
Other debtors	71	76
Prepayments and accrued income	15	194
	86	270

11 Trade and other payables

	2010 £'000	2009 £'000
Trade creditors	84	334
Creditors for taxation and social security	-	3
Accruals	178	179
	262	516

12 Deferred taxation

Unprovided deferred tax amounts are as follows

	2010 £'000	2009 £'000
Capital allowances in excess of depreciation	(21)	(17)
Unrelieved capital losses	(2,046)	(2,046)
Management expenses and non-trading deficits	(2,424)	(1,716)
Overseas losses	(196)	(196)
	(4,687)	(3,975)

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

	Called up, allotted and fully paid			
	2010 Number	**2010 £'000**	**2009 Number**	**2009 £'000**
Ordinary shares of 100p each	**2,499,382**	**2,499**	2,499,382	2,499

At 31 January 2010, there were percentage warrants in issue which, as a class, convert into a total of 12% (2009 - 12%) of the ordinary shares in existence at the date of conversion The exercise price is 2 75p (2009 - 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 There are approved options over 69,767 shares at an exercise price of 43p held by T D Woodcock There are unapproved options over 430,233 shares at an exercise price of 43p held by T D Woodcock The number of shares is based on the number of shares before the share consolidation

	2010 Weighted average exercise price	2010 Number	2009 Weighted average exercise price	2009 Number
Outstanding at beginning of the year	43 0p	500,000	43 0p	500,000
Granted during the year	-	-	-	-
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 4 9 years (2009 - 43 0p)

Of the total number of options outstanding at the end of the year, 433,233 (2009 - 433,233) had vested

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

No options were exercised during the year

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 issued where the company has taken advantage of the Companies Act 2006 merger relief provisions 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 2010, the total minimum lease payments under non-cancellable operating leases, broken down by amounts payable is as follows

	2010 Land and buildings £'000	2009 Land and buildings £'000
Not later than 1 year	335	300
Between 2 and 5 years	167	1,179
	502	1,479

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 during the year Sun Capital Partners Limited invoiced Capital Management and Investment PLC £662,500 (2009 - £700,000) for office accommodation and administrative services provided, excluding VAT The amount outstanding at the year end was £10,187 (2009 - £229,222)

G E Davies is a related party as he is a Director of the Company During the year the Company paid fees to G E Davies of £25,000 The amount outstanding at the year end was £nil (2009 - £nil)

During the prior year CMI Luxembourg SARL invoiced TDR Capital a 4 65m euro fee (£3 7m) relating to the acquisition of the share of William Scotsman International Inc No fees were invoiced during 2010

During the prior 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 No fees were invoiced during 2010

18 Financial instruments

In common with all other businesses, the Group is exposed to risks 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

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 rise by 0 5%, the interest income recognised in the Income Statement would have been £60,000

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 £ 0 3m (2009 - £4 19m) held in bank deposits, which are dominated in Euros and US Dollars 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 was eliminated in the prior year through the capitalisation of intercompany balances

In addition, the Group's 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)

Specific events in 2009 have overridden these valuation guidelines Algeco Scotsman was refinanced and restructured in December 2009 resulting in a significant write off of debt and debt for equity swap The value attributed to the existing equity after this refinance and restructure was c €3 5m Consequently, CMI's 28% ordinary shareholding is valued at €1m We have taken this valuation and used it to arrive at the fair value of the shareholding in these accounts

MIG filed for Chapter 11 protection from creditors in October 2009 Subsequently it lost its appeal over the value of the Preference Shares Consequently the holders of the Preference Shares have claims against MIG totalling approx $180m At present MIG has no means of settling this claim Furthermore there is no certainty that MIG will be able to agree terms to settle the claims of the holders of the Preference Shares in the near future As a result the Board has concluded that it should reduce the carrying value of its shareholding in Yola to nil

In the current year a fair value loss of £29 8m (2009 - loss £160 8m) was recognised within the income statement (split £16 0m in respect of Algeco Scotsman and £13 8m in respect of Yola) Both investments are classified under the fair value measurement hierarchy as level 2 financial assets

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

19 Post Balance Sheet Event

On 1 April 2010 the Company announced that it was seeking to raise up to £7m via a Placing and Open Offer of new shares at 1 5p per share The purpose of the fundraising was to provide sufficient funds to enable the Company to exercise the option to acquire additional shares in ASH and to provide sufficient working capital for three years

The Placing and Open Offer raised £7m - £6 8m net of expenses The Company also had cash reserves of £4 57m as at 31 January 2010 £5 4m has been used to exercise the ASH option and a further £ 3 5m has been allocated to meet the potential cash call on ASH shareholders – expected September 2010

Capital Management and Investment PLC

Company Balance Sheet
at 31 January 2010

Company number 3214950	Note	2010 £'000	2010 £'000	2009 £'000	2009 £'000
Fixed assets					
Tangible assets	3		-		-
Investments	4		16,637		48,971
			16,637		48,971
Current assets					
Debtors – due within one year	5	74		258	
Cash at bank and in hand		4,374		3,530	
		4,448		3,788	
Creditors: amounts falling due within one year	6	(4,038)		(2,233)	
Net current assets			410		1,555
Total assets less current liabilities			17,047		50,526
Creditors: amounts falling due after more than one year	7		(14,069)		(14,086)
			2,978		36,440
Capital and reserves					
Called up share capital	9		2,499		2,499
Share premium account	10		38,109		38,109
Profit and loss account	10		(37,630)		(4,168)
Shareholders' funds			2,978		36,440

The financial statements were approved by the Board of Directors and authorised for issue on 21 May 2010

A G P Davies)
) **Directors**
T D Woodcock)

The notes on pages 35 to 40 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 the Companies Act

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 FRS 1 (revised 1996), Cash Flow statements The company is also exempt under the terms of FRS 8, Related Party disclosures, from disclosing related party transaction, with wholly owned subsidiary undertakings

2 Profit for the financial year

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 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 £33,461,520 (2009 – loss £4,005,000) which is dealt with in the financial statements of the parent company

3 Tangible Fixed Assets

	Fixtures and fittings 2010 £'000
Cost	
At 1 February 2009 and at 31 January 2010	210
Depreciation	
At 1 February 2009 and 31 January 2010	210
Net book value	
At 31 January 2009 and 31 January 2010	-

4 Investments

Company	Subsidiary undertakings £'000
Cost	
At 1 February 2009 and 31 January 2010	54,221
Impairment	
At 1 February 2009	5,250
Charge for the year	32,334
At 1 February 2009	37,584
Net book value	
At 1 February 2009	48,971
At 31 January 2010	16,637

5 Investments *(Continued)*

Subsidiary undertakings

	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

5 Debtors

	2010 £'000	2009 £'000
Amounts receivable within one year		
Other debtors	59	77
Prepayments and accrued income	15	181
Amounts due from subsidiary undertakings	-	-
	74	258

6 Creditors: amounts falling due within one year

	2010 £'000	2009 £'000
Trade creditors	11	284
Creditors for taxation and social security	-	3
Corporation tax	-	-
Accruals	115	99
Amounts due to group undertakings	3,912	1,847
	4,038	2,233

7 Creditors: amounts falling due after more than one year

	2010 £'000	2009 £'000
Amounts owed to group undertakings	14,069	14,086

8 Deferred taxation

Unprovided deferred tax amounts are as follows

	2010 £'000	2009 £'000
Capital allowances in excess of depreciation	(21)	(17)
Unrelieved capital losses	(2,046)	(2,046)
Management expenses and non-trading deficits	(2,424)	(1,716)
	(4,491)	(3,779)

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

9 Share capital

Following the share consolidation exercise which completed on 4th May 2010 the number of shares reduced in number by a ratio of 1 100 The calculations as set out below and in the Consolidated Income Statement and Consolidated Statement of Comprehensive Income are based on this revised number of shares

	Called up, allotted and fully paid			
	2010 Number	**2010 £'000**	**2009 Number**	**2009 £'000**
Ordinary shares of 100p each	**2,499,382**	**2,499**	2,499,382	2,499

At 31 January 2010, there were percentage warrants in issue which, as a class, convert into a total of 12% (2009 - 12%) of the ordinary shares in existence at the date of conversion The exercise price is 2 75p (2009 - 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

10 Reserves

	Share premium account £'000	Profit and loss account £'000
At beginning of year	38,109	(4,168)
Loss for the year		(33,462)
At end of year	38,109	(37,630)

11 Commitments under operating leases

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

	2010 Land and buildings £'000	2009 Land and buildings £'000
Between 2 and 5 years	335	300

12 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 £662,500 (2009 - £700,000) for office accommodation and administrative services provided, excluding VAT The amount outstanding at the year end was £10,187 (2009 - £229,222)

G E Davies is a related party as he is a Director of the company During the year the Company paid fees to G E Davies of £25,000 The amount outstanding at the year end was £nil (2009 - £nil)

13 Reconciliation of movements in shareholders' funds

	2010 £'000	2009 £'000
Loss for the financial year	(33,462)	(4,005)
Net movement in shareholders' funds	(33,462)	(4,005)
Opening shareholders' funds	36,440	40,445
Closing shareholders' funds	2,978	36,440