BRIGHTSIDE GROUP PLC

Report and Financial Statements
For the Year Ended 31 December 2009

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Company number 05941335

BRIGHTSIDE GROUP PLC

REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2009

COMPANY INFORMATION

Company Registration number	5941335
Registered Office	MMT Centre Severn Bridge Aust Bristol BS35 4BL
Directors.	A F A Banks P S Chase-Gardener J W Gannon H C Molyneux C E Fay L Hughes J Telling S Palmer (Appointed 01/02/2009)
Secretary	David Herrmann
Bankers	National Westminster Bank Oxford High Street 121 High Street Oxford OX1 4DD Royal Bank of Scotland 3rd Floor 3 Temple Back East PO Box 2703 Bristol BS1 9BX Clydesdale Bank plc 33 Gracechurch Street London EC3V 0BT
Broker and Nominated Adviser	Evolution Securities Limited 100 Wood Street London EC2V 7AN
Solicitors	Manches LLP Aldwych House 81 Aldwych London WC2B 4RP
Auditor	Baker Tilly UK Audit LLP Registered Auditor and Chartered Accountants Hartwell House 55 - 61 Victoria Street Bristol BS1 6AD

CONTENTS

BRIGHTSIDE GROUP PLC

FINANCIAL HIGHLIGHTS

For the year ended 31 December 2009

Financial highlights

- Revenue increased by 35% to £44 7m (2008 £33 2m)
- EBITDA before exceptional items and share based payments expense increased by 26% to £9 7m (2008 £7 7m)
- Earnings per share increased by 52% to 1 41p (2008 restated 0 93p)

Operational highlights

- Strong growth in policy sales year on year, with
  - total policy sales increasing by 30% to 197,000 (2008 152,000)
  - van insurance policy sales increasing by 18% to 105,000 (2008 89,000)
  - on-line home insurance policy sales increasing by 127% to 25,000 (2008 11,000)
  - life assurance unit continuing to achieve significant month on month growth, achieving an annualised run rate in excess of 13,000 policies in 2009
- Premium finance loans processed increasing by 15% to 157,000 (2008 137,000)
- Medical reporting instructions received increasing by 133% to 28,000 (2008 12,000)
- Successful share placing in December 2009 raising £19 1m The funds will be used within
  - the Group's premium finance business
  - the Group's medical reporting business
  - the Group's life assurance business

BRIGHTSIDE GROUP PLC

CHIEF EXECUTIVE'S REVIEW

For the year ended 31 December 2009

Overview

The Group delivered a strong performance during the year, recording a profit after tax of £4 655m (2008 restated £2 561m), which exceeded management expectations

2009 was an eventful year for the Group which began with the integration of the eVan policy book, acquired in November 2008, and the continued development of eLife, which sold its first policy in October 2008

The successful integration of eVan resulted in 21,480 annual policy sales being recorded in 2009 and a further 950 (annual equivalent) short term "pay as you go" policy sales

During the year, eLife achieved significant growth month on month achieving an annualised run rate in excess of 13,000 policies by November 2009 The unit remains on course to achieve its medium term target of 100,000 policy sales per annum through the continued growth of outbound sales together with the introduction of its on line platform which is due to 'go live' in the second quarter of 2010

At the end of the year the Group completed a new share placing, raising £19 1m net of expenses, through the placing of 90m new ordinary shares Many of the companies who raised funds during late 2009 utilised the proceeds to refinance existing debt Our proposition was visibly earnings enhancing We will use the money raised to further accelerate the growth of our existing businesses with the proceeds being applied to the Group's already successful premium finance, life assurance and medical reporting operations Although the additional impact of these new funds will not be fully reflected in the Group's results until 2011, it is anticipated that the application of the proceeds will nevertheless be earnings per share enhancing in 2010

The Groups core broking businesses have once again proved resilient in the face of a difficult economic climate and increased competition in many of our core markets This combination has translated into downward pressure on income per policy which has been largely offset by growth in policy sales and efficiency savings realised across the Group

During 2009, insurers have looked closely at the effectiveness of their distribution channels in response to disappointing underwriting results from on-line aggregator business, continuing claims inflation, and more limited opportunities for investment income and capital growth Insurers have also been seeking to review commission rates and delegated authority schemes offered to brokers in order to improve the performance of their portfolios We believe that this process is largely complete in relation to our existing businesses and its impact can be judged in the context of the sustained growth and profitability we have seen in 2009 We continue to maintain strong relationships with our insurer panel and will work closely with them to minimise the impact of any further such changes on our business All indicators now point to a hardening market for premiums in the coming months This industry wide increase in insurance premiums should reinforce income generation across the Group going forward

In our 2009 interim accounts we reported concerns over the appetite of the traditional banking sector to continue to support premium finance activities at acceptable financing rates This view was further reinforced with the announcement by the Royal Bank of Scotland in November 2009 of its decision to close its premium finance business, Finsure However, due to the success of our recent fund raising, combined with the agreement of new banking facilities and our other existing funding lines, we are satisfied that the growth of our premium finance business will not be constrained by a lack of capacity The general industry wide increase in insurance premiums should also result in an increased flow of business into our premium finance offering

Insurance broking

Insurance broking continues to form the core of our business as we provide both personal and commercial lines products to our customers through both on-line and off-line sales channels

Overall the broking businesses sold 197,000 policies in 2009 (2008 152,000) an increase of 30% on the prior year, with policy growth being experienced across all areas of the business, encompassing both on-line and off-line channels

While the main highlights were van insurance policy sales which increased by 18% year on year, on-line home policy sales which increased by 127% and eLife which achieved an annualised run rate in excess of 13,000 policies by November 2009, all areas of the broking business delivered a robust performance in 2009

Going forward, the launch of our panel based on-line offering branded "You Choose" at the end of 2009 has further enhanced the Group's ability to reach the on-line customer and is expected to contribute positively to both policy growth and profitability in 2010

Premium finance

During the year we experienced increased demand for our premium finance products, processing 157,000 loans against 137,000 in 2008, an increase of 15% As a result of historical work undertaken within the unit to streamline and integrate the processing of loans these additional loans were processed by the unit within its existing head count and infrastructure

The on-going general industry wide increase in insurance premiums is also expected to result in an increase in both the value and volumes of loans processed due to a combination of premium inflation and an expected increase in premium finance penetration rates as more customers choose the financing option for their policy

Medical reporting

The medical reporting agency continues to expand with 28,000 instructions received in 2009 compared to 12,000 in 2008, representing an increase of 133%

During the year the unit has developed its infrastructure in order to accommodate the significant growth achieved and further significant growth projected for the unit

Lead generation and debt management

Our lead generation unit plays an important role in providing leads to our insurance broking businesses This unit has continued to implement its strategy of generating low cost and high converting opportunities for the Group

Going forward the unit is looking to further develop its lead generation capabilities in order to increase the number of leads it can provide to both the insurance broking division and the debt management unit

Cash generation

The Group's insurance brokerages continue to be highly cash generative During the year the cash generated from these brokerages has primarily been applied to the repayment of existing borrowing facilities and the funding of the premium finance loan book

During 2010 the money raised through the successful share placing will be applied to the further funding of the premium finance loan book and invested in the expansion of the eLife and Injury QED businesses

Our staff

As Chief Executive, and on behalf of my fellow Board members and shareholders I would like to formally thank all our staff At the start of the year we set ourselves challenging targets across the Group Our staff reacted positively and enthusiastically to these challenges, transacting more business and increasing profitability over the prior year Entering 2010 our staff remain energised and committed to the achievement of a business plan which projects the achievement of further growth across all aspects of the Group

Dividend policy

Having completed the equity fund raising in December 2009, it is the intention of the Board of Directors to fully deploy these funds and allow the full effect of these funds to translate into cash generation before commencing dividend payments

Future strategy

Our primary focus for 2010 will be the successful deployment of the funds raised through the December 2009 share placing Initially the majority of the funds raised will be deployed within the Panacea premium finance business before being switched into the life assurance and medical reporting businesses as required

In December 2009, the Group entered into 5 year call option agreements to acquire the eCar and eBike policy books, as well as the system on which they are distributed and the related system rights We have previously stated our intention to consolidate these related insurance broking assets into the Brightside Group and this is on our current agenda

The acquisition of eCar and eBike would significantly increase the number of insurance policies brokered by the Group

Outlook

The Board continues to view the prospects for the 2010 financial year with confidence

The Group sold 35,000 insurance policies in January and February of 2010, compared with 31,000 policies in the same period of 2009, an increase of 13% The hardening market for insurance premiums is expected to continue in the coming months and the Directors are confident that this will translate into higher income per policy for our insurance brokerages and also increase the value and volume of loans processed by our premium finance company

The continued expansion of eLife is expected to receive further momentum in the 2nd quarter of 2010 when its on-line offering is due to 'go live'

During January and February of 2010 the medical reporting agency received 7,000 new instructions compared with 3,000 in the same period of 2009, an increase of 133%

Paul Chase-Gardener
Chief Executive Officer
Brightside Group plc

Principal Activities

The principal activities of the Brightside Group plc "Brightside" or "the Group" in the year under review were those of insurance broker, premium finance provider, medical reporting agency, lead generator and provider of debt management solutions

Business review and future developments

Insurance Broking

Overall the broking businesses sold 197,000 policies in 2009 (2008 152,000) an increase of 30% on the prior year, with policy growth being experienced across all areas of the business, encompassing both on line and off line channels

To support the policy growth achieved the Group has continued to utilise technology to streamline the process of policy administration and has also initiated a cost review aimed at reducing overhead costs across the business

While insurers continue to review commission rates and delegated authorities offered to brokers in order to improve the performance of their portfolios to date the Group has remained largely unaffected by these initiatives and will continue to work with its insurer partners to minimise the impact of any such future changes on the business

Going forward, the launch of the panel based on line offering branded "You Choose" at the end of 2009 has further enhanced the Group's ability to reach the on line customer and is expected to contribute positively to both policy growth and profitability in 2010 In addition the Group will also look to achieve further growth within its insurance broking division through a combination of organic growth of existing products and services, the introduction of new products or services covering niche markets, and through the establishment of new facilities with insurers to enable the group to increase the amount of business it is able to place

Premium finance

During the year we experienced increased demand for our premium finance products, processing 157,000 loans against 137,000 in 2008, an increase of 15% As a result of recent work undertaken to streamline the processing of loans the unit was able to absorb the additional loans processed within its existing head count and infrastructure

Going forward Panacea will continue to focus on the provision of a high quality, low cost service to its customers Subject to the availability of sufficient funding lines the company will also continue to offer its services to 3rd party brokers outside of the Brightside Group In addition the on going general industry wide increase in insurance premiums is expected to result in an increase in the level of premiums financed as a result of both premium inflation, and an expected increase in premium finance penetration rates as more customers choose the financing option for their policy

Lead generation and debt management

Our lead generation unit plays an important role in providing leads to our insurance broking businesses, with this unit continuing to implement its strategy of generating low cost and high converting opportunities for the Group

Going forward the unit is looking to further develop its lead generation capabilities in order to increase the number of leads it can provide to both the insurance broking division and the debt management unit This should help to facilitate future growth in both of these areas of the business

The debt management unit remains a small but profitable operation and continues to focus on

- achieving operational efficiencies,
- maintaining its existing customer base, and
- implementing a cost effective marketing strategy aimed at generating new clients requiring debt management services

Medical reporting

The medical reporting agency continues to expand with 28,000 instructions received in 2009 compared to 12,000 in 2008, representing an increase of 133%

During the year the unit has developed its infrastructure in order to accommodate the siginifcant growth achieved and further significant growth projected for the unit Going forward the Group intends to devote additional resources to this unit in order to further accelerate its growth This is likely to include a further expansion of its product offering

Key performance indicators

The Group uses a variety of KPI's to measure the success of its individual business units These include daily, and monthly, financial KPI's which are measured against budgeted targets set annually Examples of such KPI's are quote to sales conversion rate, and renewal retention rate, all of which vary across the different insurance broking businesses In order to measure the success of its premium finance operation, the Group measures the premium finance penetration rate, which varies across the individual units included within the insurance broking business On a monthly basis the average loan value is measured against budget, and the number of loans processed per head to evaluate the efficiency of the staff

BRIGHTSIDE GROUP PLC

REPORT OF THE DIRECTORS

For the year ended 31 December 2009

On a monthly basis the Group prepares a number of non financial KPIs to monitor the operational efficiency of its businesses, these include

- the number of sales per head, which management can use to identify efficiencies and motivate staff,
- total headcount which enables management to identify the growth and success of the business units, and
- staff absenteeism rates, which management use to compare across business units and industry standards

Dividends

No dividends to the shareholders of Brightside Group plc were proposed or declared during the year

Directors

The membership of the Board and their interests in the shares of the Company as at 1 January 2009 and at 31 December 2009 are set out below

Ordinary shares of £0 01 each		
	31 December 2009	1 January 2009
P S Chase-Gardener	37,546,440	36,896,440
J W Gannon	37,163,728	37,163,728
A F A Banks	85,342,019	85,317,019
H Molyneux	8,355,000	8,355,000
S Palmer	-	-
C E Fay	1,625,000	1,125,000
L Hughes	28,826,045	28,326,045
J Telling	315,682	115,682

P S Chase-Gardener, J W Gannon and A F A Banks together control Southern Rock Insurance Company Limited, which held 4,000,000 Ordinary shares in Brightside Group plc at both 1 January 2009 and 31 December 2009, and Rock Holdings Limited which held 20,000 Ordinary shares in Brightside Group plc at both 1 January 2009 and 31 December 2009

Of the 37,546,440 Ordinary shares representing P S Chase-Gardener's interest in Brightside Group plc at 31 December 2009, 650,000 shares are held by his wife, these were purchased on 22 January 2009

Details of Share Options Granted to Directors

Options granted to Directors who held office at 31 December 2009 are

Director	Grant Date	No of share options granted	Option price (pence)	Date first exercisable	Expiry Date
P S Chase-Gardener	23/07/2008	5,000,000	27 5	22/07/2010	22/07/2018
J W Gannon	23/07/2008	3,125,000	27 5	22/07/2010	22/07/2018
A F A Banks	23/07/2008	3,125,000	27 5	22/07/2010	22/07/2018
C E Fay	23/07/2008	750,000	27 5	22/07/2010	22/07/2018
L Hughes	23/07/2008	250,000	27 5	22/07/2010	22/07/2018
H Molyneux	23/07/2008	250,000	27 5	22/07/2010	22/07/2018

No share options were exercised by any Directors during the year

The Directors interests in redeemable preference shares issued by the Group are set out below

Redeemable Preference shares of £1 each			
	Interest rate	31 December 2009	1 January 2009
P S Chase-Gardener	15%	-	10,000
A F A Banks	15%	-	210,000
L Hughes	15%	-	175,000
L Hughes	5%	-	500,000

The redeemable preference shares in issue were all redeemed during 2009

Financial Risk Management Objectives & Policies

The Company uses financial instruments such as cash, leases, loans, trade payables and trade receivables in order to raise finance for the Group's operations The existence of these instruments exposes the Company to financial risks which are detailed in note 3 to the financial statements

Principal risks and uncertainties

The Board has identified the following risks and uncertainties which could impact upon the future operational and financial performance of the Group and consequently could affect its underlying share price

Loss of key personnel

The loss of key management could have adverse consequences for the Group While the Group has entered into service agreements with each of its senior managers, the retention of their services cannot be guaranteed The Group must also recruit, motivate and retain new specialists in order to facilitate growth The Group mitigates this risk by having competitive benefit packages as well as providing staff with motivating and fulfilling careers

Strategy and competition

The Group's future growth will depend on its ability to implement its growth strategy in a competitive market whilst improving operational efficiency and maintaining strong financial controls Failure to do so could have an adverse effect on the Group's business, financial condition and results of operations The Group monitors competitors closely and has robust processes in place to ensure that its plans are clearly communicated, effectively implemented and monitored on an ongoing basis

Regulatory Environment

- Many of the activities of the Group are subject to prudential regulation and require management to operate in compliance with the Financial Services and Markets Act 2000 (the Act) The Group Compliance Functions closely monitors conformity with the minimum capital requirements specified in the Act and ensures that all other prudential requirements are fulfilled

- A change in European legislation may adversely affect the demand for the products offered by the Group Potential changes that may translate into UK legislation are monitored by the management team allowing the business to adjust future planning

- The UK regulator could modify its commission and fee charging rules, which could adversely impact income levels generated by the Group The Compliance function tracks publications issued by the Financial Services Authority (FSA) for likely regulation changes Due to the statutory requirement placed on the FSA for a period of industry consultation, future strategy is modified to reflect up and coming regulatory changes

- The medico-legal reporting industry may become subject to regulations which could curtail operations or add significant additional costs to the Group

- The majority of the Group's business is directly or indirectly related to the provision of insurance broking services Major changes in legislation which render market offerings less palatable for potential customers or more stringent compliance initiatives may challenge the Group's competitive position The same is true of changes to legislation in relation to the holding of client and/or insurer money

The Group has experienced compliance and legal teams that have procedures in place to ensure the Group is able to react swiftly to changes in legislation and the Regulatory framework

Changes in customer behaviour and competition from on-line brokers

The growth of the internet may increase the competition faced by traditional insurance brokerages creating the need for traditional phone based insurance brokers to offer a 24 hour phone in facility Changes to product distribution models could adversely affect the cost base of the Group's insurance broking businesses The proliferation of comparison websites could increase price transparency, increasing pressure on earnings within the group

The group is alert to changes in the market and this is reflected in its development strategy

Operations

The current broking businesses are heavily reliant upon the Group's IT environment (including third party software providers) and the relating processes and systems In order to mitigate this risk to the Group there are formal service level agreements with suppliers, and internal systems procedures and controls in place that address systems access and misuse

Data Security

The Group handles a considerable amount of confidential information, including that relating to payment transactions, where the risks of fraud and identity theft exist Compliance with the Payment Card Industry Data Security standard remains a high priority and the business has retained the services of a Qualified Security Assessor that it continues to work closely with in order to mitigate this area of risk

Insurer Insolvency

Although insurers are subject to increasingly onerous financial control, there is a risk that an insurer may become insolvent In order to mitigate this risk the Group adopts credit rating procedures, spreads its business across a number of insurers and maintains ongoing close relationships with this panel

Business Resilience

Financial loss is possible in the event of a serious occurrence causing disruption to business activities at any of the Group's trading premises Business continuity plans have been drawn up, including the ability to relocate to an alternative workplace recovery site hosted by a third party supplier Continuity arrangements are subject to an annually recurring rehearsal cycle

Corporate Governance

The Board recognises the value of good corporate governance and has set out its corporate governance statement on pages 10 to 11

Employees

The Group is committed to providing employment practices and policies which recognise the diversity of our workforce and ensure equality for employees regardless of sex, race, disability, age, sexual orientation or religious belief

Employees are kept closely informed of major changes affecting them through such measures as team meetings, briefings and internal communications There are well established procedures to ensure that the views of employees are taken into account in reaching decisions, and ongoing training is provided when required

Full and fair consideration is given to all applications for employment received from disabled people Disabled employees and those individuals becoming disabled during the course of their employment with the Group receive full and fair access to training offered by the Group, and to career development and promotion opportunities available

Payables Payment Policy

The Group aims to pay all of its creditors promptly For trade payables it is Group policy to

- agree the terms of trade at the start of business with each supplier, and
- pay its suppliers in accordance with the agreed terms of trade

Substantial Shareholdings

As at the date of signing this report, the Board is aware of the following substantial interests in the issued share capital of the Company, other than those of Directors of the Company

	% Holding
Norwich Union Investments	7 16
J H Bowers	6 76
Stena Investments	6 16
Schroder Investment Management Limited	5 54
Moore Europe Capital Management Limited	5 43
Legal & General Investment Management	3 82
Standard Life Investments	3 82

Health and Safety

The Group has defined procedures to ensure compliance with Health and Safety Regulations In addition, there is regular communication with employees on safety matters

Environment

The Group is committed to the protection of the environment and aims to minimise the impact of its business activities by ensuring effective environmental management and compliance with all relevant laws and regulations Management review environmental considerations as part of the decision making processes and will strive to improve performance by minimising waste and maximising recycling wherever possible Management communicate with interested parties on environmental issues, and provide training where appropriate

Political and Charitable donations

No political or charitable donations were made by the Group during the year

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

UK Company law requires the Directors to prepare Group and Company Financial Statements for each financial year The Directors are required by the AIM Rules of the London Stock Exchange to prepare Group financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU") and have elected to prepare the Company financial statements in accordance with IFRS as adopted by the EU

The Group financial statements are required by law and IFRS adopted by the EU to present fairly the financial position and performance of the Group, the Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation

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 Company

In preparing each of the Group and Company financial statements, the Directors are required to

a select suitable accounting policies and then apply them consistently,

b make judgements and estimates that are reasonable and prudent,

c state whether they have been prepared in accordance with IFRSs adopted by the EU, and

d prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business

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

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Brightside Group plc website

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

So far as the Directors are aware

- there is no relevant audit information of which the Company's auditor is unaware, and
- each Director has taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

Auditor
The auditor, Baker Tilly UK Audit LLP, will be proposed for re-appointment in accordance with Section 489 of the Companies Act 2006

ON BEHALF OF THE BOARD

P S Chase-Gardener
Director

Date 27 April 2010

BRIGHTSIDE GROUP PLC

OFFICERS

For the year ended 31 December 2009

Paul Chase-Gardener ACA – Chief Executive and Finance Director

Paul originally co-founded the Brightside Group with John Gannon and Arron Banks in February 2005

In addition to being one of the co founders of the Brightside Group, Paul was previously the Chairman and Finance Director of Group Direct Limited, which was subject to a reverse takeover by the Brightside Group in June 2008

Paul is a chartered accountant having trained and qualified with Price Waterhouse

Arron Fraser Andrew Banks – Insurance Director

Arron originally co-founded the Brightside Group with John Gannon and Paul Chase-Gardener in February 2005 Arron also co-founded Commercial Vehicle Direct Insurance Services Limited (the original business which later formed the core of Group Direct Limited) in early 2001, with John Gannon

Arron is also a Non Executive Director of Manx Financial Group plc (formerly Conister Financial Group plc), an AIM listed financial services institution based in the Isle of Man

John William Gannon – Commercial Director

John originally qualified as a solicitor and barrister in his native Australia, where he practised before coming to the UK in 1993 After moving to the UK, John completed the necessary qualifications to enable him to practice English law Prior to jointly founding the Brightside Group in February 2005, John co-founded Commercial Vehicle Direct Insurance Services Limited in early 2001 with Arron Banks John has also been involved in other successful business start-ups, including New Law, a Cardiff based law firm established in 2004

Dr Christopher Fay CBE – Non Executive Chairman

In addition to his role as the Non Executive Chairman of the Brightside Group plc, Dr Fay is also currently the Non Executive Chairman of IOFINA Plc, and Stena International sarl Dr Fay holds the position of Non Executive Director with Anglo-American plc

Dr Fay was educated at the University of Leeds before moving into industry with the Royal Dutch/Shell Group Dr Fay subsequently spent much of his career with the Shell Group culminating in his appointment as Chairman and Chief Executive of Shell UK Ltd, a position he held from 1993 to 1998

Helen Clare Molyneux – Non Executive Director

Helen qualified as a solicitor in 1990, subsequently becoming a partner at Eversheds. In 2004, Helen set up NewLaw, a Cardiff based law firm specialising in providing claims management services to insurers and brokers

Helen became a Director of Brightside Group in September 2006

Leslie Hughes – Non Executive Director

Leslie set up Hughes & Co, a Northern Ireland based Insurance broker, which has traded for over 30 years

Leslie became a Non Executive Director of Group Direct Limited in October 2002 and joined the Board of the Brightside Group upon the reverse takeover of Group Direct Limited in June 2008

Jullian Telling – Non Executive Director

Prior to joining the Brightside Group, Julian built up Sumus into one of the largest independent financial advisers (IFAs) in the UK The business was admitted to AIM in 2005 and merged with Lighthouse plc during 2008 After 25 years, Julian left the Company to pursue other business interests in finance, property and aviation He holds a variety of Directorships including a number of pro bono positions

Stuart Palmer – Non Executive Director

Stuart is a chartered accountant having qualified with Touche Ross Prior to joining the Board of the Brightside Group, Stuart has held a number of senior finance positions within companies including WPP, Crest Nicholson and Lafarge

Being AIM listed, the Group is not required to comply with the 2008 Combined Code on corporate governance However, the Board of Directors are committed where practicable to developing and applying high standards of corporate governance appropriate to the Group's size

This statement sets out measures taken by the Board to apply the principles of the Code to the year ended 31 December 2009 and to the date of the Directors' report

Board of Directors

All Directors are able to take training and/or independent professional advice in the furtherance of their duties if necessary All Directors also have access, at the Company's expense, to experienced legal advice through the Company's legal advisors and other independent professional advisors as required

The Board currently meets on a quarterly basis, with additional special meetings as required

The Board acts in an oversight capacity for the Group, with particular responsibility for

- reviewing trading performance,
- ensuring that the Group is operating with adequate resources,
- ensuring standards of conduct,
- ensuring the Group has adequate funding,
- setting and monitoring strategy, and
- reporting to shareholders

To enable the Board to discharge its duties, all Directors receive appropriate information from the management of the Group However, all Directors are also free to make further enquiries where they feel it necessary and to take independent advice as required

The Group has two Board committees, which operate within defined terms of reference

Audit Committee

The Audit Committee is comprised of the following non executive Directors

- Stuart Palmer (replaced Julian Telling as Chairman on 1 March 2009)
- Julian Telling
- Leslie Hughes
- Helen Molyneux

The Audit Committee is responsible for reviewing the interim accounts and year end statutory accounts It is also responsible for making recommendations to the Board on the appointment of the external auditors, for reviewing the accounting principles, policies and practices adopted in the preparation of the interim and year end statutory accounts and for reviewing the scope and findings of the external audit In addition, the Audit Committee monitors the framework of internal control

The committee keeps under review the external auditor's independence, including any non audit services that are to be provided by the external auditors

Remuneration Committee

The Remuneration Committee is comprised of the following non executive Directors

- Julian Telling (Chairman)
- Helen Molyneux
- Christopher Fay
- Stuart Palmer

The Remuneration Committee is responsible for making recommendations to the Board on the Company's policy on remuneration and benefits of the executive Directors and senior executives of the Group

Internal Control

The Directors are responsible for the Group's system of internal control Although no system can provide absolute assurance against material misstatement or loss, the Group's system is designed to provide the Directors with reasonable assurance that problems are identified on a timely basis and dealt with appropriately Key procedures that have been established and are designed to provide effective internal control are described below

- daily reconciliation of cash balances,
- ongoing monitoring of expenditure through a stringent purchase order sign off process and budgetary review process, and
- regular staff appraisal against predefined KPI targets

Budgets & Reporting
Each year the Board approves the annual budget, which includes an assessment of key risk areas Performance against budget is monitored throughout the year with the Board receiving regular reports on actual performance aginst budget Underpinning the budgets is a system of internal financial control, based on authorisation procedures and tiers of authority

Management Structure
The Board has overall responsibility for the Group and focuses on the overall Group strategy and the interests of shareholders There is a schedule of matters specifically reserved for decisions by the Board The Board has an organisational structure with clearly defined responsibilities and lines of accountability and each executive Director has been given responsibility for specific aspects of the Group's affairs

Quality & Integrity of Personnel
The integrity and competence of personnel are ensured through high recruitment standards and subsequent training courses High quality personnel are seen as an essential part of the control environment

Going concern
The Group generated a profit for the year of £4 655m and in addition raised £19 1m net of expenses through a new share placing The funds raised will be utilised to strengthen and grow the Group, reducing operational risk

The Group offers various services across market sectors ranging from insurance brokerage to the provision of medical reports The insurance broking business generates a high proportion of its revenue from customers renewing their insurance policies which represents repeat business The strong historic retention rate gives Directors confidence in forecasting strong repeat revenue streams and cashflows

The Directors monitor closely compliance with borrowing facility covenants, operating cashflows and profitability The Group's forecasts show that the Group is able to operate within its current facilities and cash balances

Consequently, the Directors have prepared these accounts on a going concern basis

The Board of Directors are committed to developing and applying high standards of corporate governance appropriate to the Group's size This commitment extends to Directors' remuneration and therefore information relating to Directors rumuneration is disclosed in the following report

Remuneration Policy
The Group's policy on remuneration is to attract, retain and incentivise the Directors and staff in a manner consistent with the goals of good corporate governance In setting the Company's remuneration policy, a number of factors are considered, including basic salary, incentives and benefits available to executive Directors and senior managers and staff of comparable companies Consistent with this policy the Group's remuneration packages are intended to be competitive, and align employees and shareholders' interest

Annual Remuneration of Directors
For the year ending 31 December 2009, the Directors who held office during the year received the following remuneration
Audited

Director	2009 Salary/Fees £	2009 Benefits £	2009 Bonus £	2009 Pension £	2009 Total £
P S Chase-Gardener	200,000	-	62,500	-	262,500
J W Gannon	125,000	-	25,000	2,907	152,907
A F A Banks	125,000	-	62,500	-	187,500
C E Fay	75,000	-	25,000	-	100,000
L Hughes	25,000	-	-	-	25,000
H Molyneux	25,000	-	-	-	25,000
J Telling	25,000	-	-	-	25,000
S Palmer	22,917	-	-	-	22,917

BRIGHTSIDE GROUP PLC

REPORT OF DIRECTORS' REMUNERATION

For the year ended 31 December 2009

For the year ended 31 December 2008, the Directors who held office in Brightside Group plc during the year received the following remuneration

Audited

Director	2008 Salary/Fees £	2008 Benefits £	2008 Bonus £	2008 Pension £	2008 Total £
P S Chase-Gardener	200,000	-	-	-	200,000
J W Gannon	127,888	-	-	2,157	130,045
A F A Banks	62,500	-	-	-	62,500
C E Fay	37,500	-	-	-	37,500
L Hughes	16,500	-	-	-	16,500
H Molyneux	12,498	-	-	-	12,498
J Telling	8,333	-	-	-	8,333
R Jones (resigned 04/01/08)	-	-	-	-	-
P White (resigned 20/03/08)	45,296	-	-	-	45,296
C Warbey (resigned 01/07/08)	26,838	-	-	-	26,838
K Young (resigned 01/07/08)	-	-	-	-	-

Directors' Interests in the Share Capital of the Company
The interests of the Directors who held office as at 31 December 2009 were

Director	31 December 2009	1 January 2009
P S Chase-Gardener	37,546,440	36,896,440
J W Gannon	37,163,728	37,163,728
A F A Banks	85,342,019	85,317,019
H Molyneux	8,355,000	8,355,000
S Palmer	-	-
C E Fay	1,625,000	1,125,000
L Hughes	28,826,045	28,326,045
J Telling	315,682	115,682

P S Chase-Gardener, J W Gannon and A F A Banks together control Southern Rock Insurance Company Limited, which held 4,000,000 Ordinary shares in Brightside Group plc at both 1 January 2009 and 31 December 2009, and Rock Holdings Limited which held 20,000 Ordinary shares in Brightside Group plc at both 1 January 2009 and 31 December 2009

Of the 37,546,440 Ordinary shares representing P S Chase-Gardener's interest in Brightside Group plc at 31 December 2009, 650,000 shares are held by his wife, these were purchased on 22 January 2009

The Directors interests in redeemable preference shares issued by the Group are set out below

Redeemable Preference shares of £1 each			
	Interest rate	31 December 2009	1 January 2009
P S Chase-Gardener	15%	-	10,000
A F A Banks	15%	-	210,000
L Hughes	15%	-	175,000
L Hughes	5%	-	500,000

The redeemable preference shares in issue were all redeemed during 2009

Details of Share Options Granted to Directors

Options granted to Directors who held office at 31 December 2009 are

Director	Grant Date	No of share options granted	Option price (pence)	Date first exercisable	Expiry Date
P S Chase-Gardener	23/07/2008	5,000,000	27 5	22/07/2010	22/07/2018
J W Gannon	23/07/2008	3,125,000	27 5	22/07/2010	22/07/2018
A F A Banks	23/07/2008	3,125,000	27 5	22/07/2010	22/07/2018
C E Fay	23/07/2008	750,000	27 5	22/07/2010	22/07/2018
L Hughes	23/07/2008	250,000	27 5	22/07/2010	22/07/2018
H Molyneux	23/07/2008	250,000	27 5	22/07/2010	22/07/2018

Incentive Scheme
The Group has awarded share options under EMI, approved and unapproved share option schemes to members of the Board and selected key employees

Currently, the Company has no other formal incentive plans in place The Board considers the performance of staff in conjunction with the performance of the Group during the annual salary review process

Service Contracts
Each of the executive directors has entered into a service agreement with the Company The service agreements are terminable on not less than 6 months notice by either party to the others at any time The service agreements contain provisions for early termination, inter alia, in the event of a breach by the director in question

The services of the non executive directors are provided for under the terms of letters of appointment between them and the Group, and are terminable on not less than 3 months notice by either party to the other at any time

Julian Telling
Chairman of the Remuneration Committee

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF BRIGHTSIDE GROUP PLC

We have audited the Group and parent Company financial statements ("the financial statements") on pages 15 to 61 The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an 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 more fully explained in the Directors' Responsibilities Statement,set out on page 8, 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

A description of the scope of an audit of financial statements is provided on the APB's website at www frc org uk/apb/scope/UKNP

Opinion on the financial statements

In our opinion

- the financial statements give a true and fair view of the state of the Group's and the parent's affairs as at 31 December 2009 and of the Group's profit 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 financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the Companies Act 2006, and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept 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

Baker Tilly UK Audit LLP

Andrew Allchin (Senior Statutory Auditor)
For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor
Chartered Accountants
Hartwell House
55-61 Victoria Street
Bristol
BS1 6AD

27 April 2010

BRIGHTSIDE GROUP PLC

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Year Ended 31 December 2009

		Consolidated	
		2009	2008 Restated
	Note	£000's	£000's
Revenue		44,700	33,174
Cost of sales		(10,740)	(6,575)
Gross profit		33,960	26,599
Administrative expenses		(26,885)	(20,378)
Operating profit		7,075	6,221
Finance costs (net)	10	(410)	(33)
Profit from continuing operations before exceptional items and income tax		6,665	6,188
Exceptional Items			
Write off goodwill arising on revised IFRS 3 application of acquisition of Brightside Group plc	2iv	-	(1,448)
Loss on sale of investment		-	(268)
Profit before income tax		6,665	4,472
Income tax expense	12	(2,010)	(1,911)
Profit for the year		4,655	2,561
Total comprehensive income for the year		4,655	2,561
Attributable to			
Owners of the parent		4,655	2,561
		4,655	2,561

All activities relate to continuing operations No other comprehensive income was recognised during the year

Consolidated earnings per share from profit attributable to the owners of the Company during the year

Basic	11	1 41p	0 93p
Diluted	11	1 41p	0 93p

The notes on pages 21 to 61 are an integral part of these consolidated financial statements

BRIGHTSIDE GROUP PLC

CONSOLIDATED BALANCE SHEET - Company number 05941335

As at 31 December 2009

	Note	Consolidated 2009 £000's	2008 Restated £000's	2007 £000's
ASSETS				
Non-current assets				
Property, plant and equipment	16	**478**	348	356
Available for sale financial assets		**-**	-	654
Intangible assets	14	**16,642**	17,635	1,584
Trade and other receivables		**-**	-	648
Deferred income tax asset	21	**2,193**	2,032	79
		19,313	20,015	3,321
Current assets				
Cash and cash equivalents	18	**21,488**	5,851	3,037
Trade and other receivables	17	**21,729**	25,154	29,635
		43,217	31,005	32,672
TOTAL ASSETS		**62,530**	51,020	35,993
LIABILITIES				
Current liabilities				
Current income tax liabilities		**1,024**	1,233	964
Trade and other payables	20	**18,208**	12,627	16,027
Borrowings	19	**385**	18,662	24,074
		19,617	32,522	41,065
Non-current liabilities				
Long-term borrowings	19	**366**	235	1,735
		366	235	1,735
TOTAL LIABILITIES		**19,983**	32,757	42,800
EQUITY				
Capital and reserves attributable to the owners of the Company				
Share Capital	22	**4,189**	3,265	207
Share Premium	23	**34,943**	16,726	454
Reverse acquisition reserve		**2,530**	2,530	(598)
Share based payments reserve		**709**	221	-
Retained Earnings		**176**	(4,479)	(7,040)
Minority interest in equity		**-**	-	170
		42,547	18,263	(6,807)
TOTAL EQUITY		**42,547**	18,263	(6,807)
TOTAL EQUITY AND LIABILITIES		**62,530**	51,020	35,993

The notes on pages 21 to 61 are an integral part of these consolidated financial statements

The financial statements were approved by the Board of Directors on 27 April 2010 and were authorised for issue on its behalf by

P S Chase-Gardener

Director

BRIGHTSIDE GROUP PLC

COMPANY BALANCE SHEET - Company number 05941335

31 December 2009

	Note	2009 £ 000's	2008 Restated £ 000's	2007 £ 000's
ASSETS				
Non-current assets				
Property, plant and equipment	16	**155**	-	-
Intangible assets	14	**5,194**	5,552	-
Investments in subsidiaries	15	**65,000**	65,000	-
Deferred income tax asset	21	**33**	-	-
		70,382	70,552	-
Current assets				
Cash and cash equivalents	18	**14,901**	-	-
Trade and other receivables	17	**14,531**	9,804	460
		29,432	9,804	460
Total Assets		**99,814**	80,356	460
LIABILITIES				
Current Liabilities				
Trade and other payables	20	**14,607**	4,316	-
		14,607	4,316	-
Non current liabilities				
Total Liabilities		**14,607**	4,316	-
Equity				
Capital and reserves attributable to the owners of the Comapny				
Share Capital	22	**4,189**	3,265	207
Share premium	23	**34,943**	16,726	454
Reverse acquisition reserve		**56,250**	56,250	-
Retained earnings		**(10,175)**	(201)	(201)
		85,207	76,040	460
Total Equity and liabilities		**99,814**	80,356	460

The notes on pages 21 to 61 are an integral part of these consolidated financial statements

The financial statements were approved by the Board of Directors on 27 April 2010 and were authorised for issue on its behalf by

P S Chase-Gardener

Director

BRIGHTSIDE GROUP PLC

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Year ended 31 December 2009

	Consolidated							
	Share Capital	Share Premium	Retained Earnings	Reverse Acquisition Reserve	Share Based Payments Reserve	Subtotal	Non Controlling Interests	Total
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Equity at 1 January 2008	207	454	(7,040)	(598)	-	(6,977)	170	(6,807)
Comprehensive Income								
Profit for the year	-	-	4,009	-	-	4,009	-	4,009
Total comprehensive income for the year	-	-	4,009	-	-	4,009	-	4,009
Transactions with owners								
Issue share capital	3,058	14,772	-	-	-	17,830	-	17,830
Reverse acquisition reserve	-	-	-	1,680	-	1,680	-	1,680
Purchase of non controlling interest on group reorganisation	-	-	-	-	-	-	(170)	(170)
Share based payments charge for year	-	-	-	-	221	221	-	221
Total transactions with the owners	3,058	14,772	-	1,680	221	19,731	(170)	19,561
Equity as at 31 December 2008	3,265	15,226	(3,031)	1,082	221	16,763	-	16,763
Prior period adjustment	-	1,500	(1,448)	1,448	-	1,500	-	1,500
Restated balance at 31 December 2008	3,265	16,726	(4,479)	2,530	221	18,263	-	18,263
Comprehensive Income								
Profit for the year	-	-	4,655	-	-	4,655	-	4,655
Total comprehensive income for the year	-	-	4,655	-	-	4,655	-	4,655
Transactions with owners								
Issued share capital	924	19,405	-	-	-	20,329	-	20,329
Share issue costs	-	(1,188)	-	-	-	(1,188)	-	(1,188)
Share based payments reserve	-	-	-	-	488	488	-	488
Total transactions with the owners	924	18,217	-	-	488	19,629	-	19,629
Equity as at 31 December 2009	4,189	34,943	176	2,530	709	42,547	-	42,547

The profit for the year represents the total comprehensive income for the years 2008 and 2009

The reverse acquisition reserve has been created to enable the presentation of a consolidated balance sheet which combines the equity structure of the legal parent with the non statutory reserves of the legal subsidiary The share based payments reserve reflects the fair value of the employee services received in exchange for the share options granted to those specific employees

BRIGHTSIDE GROUP PLC

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Year ended 31 December 2009

	Company							
	Share Capital £000's	Share Premium £000's	Retained Earnings £000's	Reverse Acquisition Reserve £000's	Share Based Payments Reserve £000's	Subtotal £000's	Non Controlling Interests £000's	Total £000's
Equity at 1 January 2008	207	454	(201)	-	-	460	-	460
Comprehensive income								
Profit for the year	-	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-	-	-	-
Transactions with owners								
Issued share capital	3 058	14 772	-	42,750	-	60 580	-	60,580
Total transactions with the owners	3,058	14,772	-	42,750	-	60,580	-	60,580
Equity as at 31 December 2008	3,265	15 226	(201)	42 750	-	61,040	-	61,040
Prior period adjustment	-	1,500	-	13 500	-	15 000	-	15,000
Restated balance as at 31 December 2008	3,265	16,726	(201)	56,250	-	76,040	-	76,040
Comprehensive income								
Loss for the year	-	-	(9 974)	-	-	(9 974)	-	(9,974)
Total comprehensive income for the year	-	-	(9 974)	-	-	(9,974)	-	(9,974)
Transactions with owners								
Issued share capital	924	19,405	-	-	-	20,329	-	20 329
Share issue costs	-	(1 188)	-	-	-	(1 188)	-	(1 188)
Total transactions with the owners	924	18,217	-	-	-	19,141	-	19,141
Equity as at 31 December 2009	4,189	34,943	(10,175)	56,250	-	85,207	-	85,207

The loss for the year represents the total comprehensive income for the years 2008 and 2009

The reverse acquisition reserve has been created to enable the presentation of a consolidated balance sheet which combines the equity structure of the legal parent with the non statutory reserves of the legal subsidiary

The share based payments reserve reflects the fair value of the employee services received in exchange for the share options granted to those specific employees

BRIGHTSIDE GROUP PLC

CONSOLIDATED AND COMPANY CASH FLOW STATEMENTS

Year ended 31 December 2009

		Consolidated		Company	
		2009	2008	2009	2008
	Note	£000's	£000's	£000's	£000's
Cash flows from operating activities					
Cash generated from/(utilised by) operations	24	9,503	7,226	(4,162)	-
Interest received		218	545	-	-
Income tax paid		(2,254)	(1,501)	-	-
Net cash generated from / (utilised by) operating activities		7,467	6,270	(4,162)	-
Cash flows from investing activities					
Payments to acquire property, plant and equipment		(575)	(176)	(32)	-
Payments to acquire intangible assets		(899)	(6,905)	(46)	-
Proceeds from disposal of property, plant and equipment		230	527	-	-
Proceeds from disposal of financial asset investments		-	382	-	-
Net cash flows used in investing activities		(1,244)	(6,172)	(78)	-
Cash flows from financing activities					
Proceeds from issue of share capital		19,141	10,600	19,141	-
Repayment of borrowings		(7,110)	(3,776)	-	-
Finance costs		(628)	(578)	-	-
Net cash flows from financing activities		11,403	6,246	19,141	-
Net increase in cash and cash equivalents		17,626	6,344	14,901	-
Cash and cash equivalents at beginning of year		3,832	(2,512)	-	-
Cash and cash equivalents at end of year		21,458	3,832	14,901	-

1 GENERAL INFORMATION

The principal activities of Brightside Group plc ("the Company") and its subsidiaries (together "the Group") are insurance broking, the provision of premium finance, the provision of medical reports, lead generation and the provision of debt management solutions

The Company is a public limited liability company, incorporated and domiciled in the United Kingdom, with its shares listed on the Alternative Investment Market The address of its registered office is MMT Centre, Severn Bridge, Aust, Bristol, BS35 4BL

The accounts have been presented in sterling as all transactions are denominated in sterling and it is the functional currency of each group company as all of the businesses are located in the United Kingdom

2 SUMMARY OF SIGNIFICANT ACOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated and company financial statements are set out below These policies have been consistently applied to all years presented unless otherwise stated

i Basis of preparation

The consolidated and company financial statements of Brightside Group plc have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU), IFRIC interpretations and the Companies Act 2006 applicable to companies reporting under IFRS The consolidated and parent financial statements have been prepared under the historical cost convention

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates It also requires management to exercise its judgement in the process of applying the Group's accounting policies The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 4

In the current year, the Group has adopted all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board (the IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB that are relevant to its operations and effective for accounting periods beginning on 1 January 2009

(a) Standards, amendments and interpretations effective in 2009

- IAS 1 (Amendment), Presentation of Financial Statements - comprehensive revision including requiring a statement of comprehensive income (effective from annual periods beginning on or after 1 January 2009)
- IFRS 8, Operating Segments (effective from annual periods beginning on or after 1 January 2009)
- IFRS 2 (Amendment) Share-based payment - amendment relating to vesting conditions and cancellations (effective from annual periods beginning on or after 1 January 2009)

2 SUMMARY OF SIGNIFICANT ACOUNTING POLICIES (Continued)

i Basis of preparation (Continued)

(b) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group

The following standards, amendments and interpretations to existing standards have been published that are mandatory for the Group's accounting periods beginning on or after 1 January 2010 or later periods but which the Group has not early adopted

- IAS 27 (Amendment), Consolidated and Separate Financial Statements – additional guidance on accounting for investments and dividends received (effective from annual periods beginning on or after 1 July 2009)
- IFRIC 17, Distribution of Non Cash Assets to Owners (effective from annual periods beginning on or after 1 July 2009) – The IFRS provides clarification on the accounting treatment of dividends
- IFRS 3 Business Combinations - comprehensive revision on applying the acquisition method (effective from annual periods beginning on or after 1 July 2009)
- IAS 32 Financial Instruments Presentation - amendment relating to the classification of Rights Issues (effective for annual periods commencing on or after 1 February 2010) The amendment states that if such rights are issued pro rata to an entity's all existing shareholders in the same class for a fixed amount of currency, they should be classified as equity regardless of the currency in which the exercise price is denominated

(c) Standards, amendments and interpretations to existing standards that are not yet effective and are not relevant for the Group's operations

The following amendments and interpretations to existing standards have been published that are mandatory for the Group's accounting periods beginning on or after 1 January 2010 or later periods but are not relevant for the Group's operations

- IAS 39 (Amendment), Embedded Derivatives – (effective from annual periods beginning on or after 30 June 2009)
- IAS 28 (Amendment), Investment in Associates – Consequential amendments arising from IFRS 3 (effective from annual periods beginning on or after 30 July 2009)
- IAS 31 (Amendment), Investment in Joint Ventures – Consequential amendments arising from IFRS 3 (effective from annual periods beginning on or after 1 July 2009)
- IFRIC 9, (Amendment), Financial Reassessment of embedded derivatives - amendment clarifies that on reclassification of a financial asset out of the 'at fair value through profit or loss' category, all embedded derivatives have to be reassessed and, if necessary, separately accounted for in financial statements (effective for annual periods commencing on or after 1 July 2009)
- IFRIC 18 Transfers of Assets from Customers (effective for annual periods commencing on or after 1 July 2009)

ii Company Statement of Comprehensive Income

As permitted by s408 Companies Act 2006, the Company has not presented its own Statement of Comprehensive Income The Company loss for the financial year was £9 97m (2008 nil) The loss primarily related to the write off of an inter company balance with David and Co Limited, which is a 100% subsidiary of the Brightside Group

2 SUMMARY OF SIGNIFICANT ACOUNTING POLICIES (Continued)

iii Basis of consolidation

The consolidated financial statements of the Group incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December each year

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or asssumed at the date of exchange, plus costs directly attributable to the acquisition Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their values at the acquisition date, irrespective of the extent of any minority interest

The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is regarded as goodwill If the fair value of identifiable assets and liabilities acquired exceeds the cost of the business combination (i e discount on acquisition), the difference is recognised directly in the Statement of Comprehensive Income

All intra-group transactions, balances, and unrealised gains and losses on transactions between group companies are eliminated on consolidation

iv Prior period adjustment

Following discussions with the Financial Reporting Review Panel, the Group has reviewed its application of IFRS 3 "business combinations" revising its accounting treatment of the 2008 reverse acquisition of Brightside Group plc and the acquisition of Injury QED Limited These revisions have given rise to a prior period adjustment resulting in the recognition of an additional £2 9m of goodwill, and an additional impairment charge relating to the newly recognised goodwill of £1 4m The adjustments made are non cash adjustments and do not impact upon the underlying profitability of the Group in the current year, prior year or future years The net impact of these adjustments is to increase reserves by £1 5m

In relation to the Company Balance Sheet of Brightside Group plc, the prior period adjustment has resulted in an increase in the value of investments in subsidiary undertakings of £15m The £15m arose as a result of using the market share price of 26p per share to calculate the fair value of shares issued, rather than 20p per share previously used This resulted in an additional £15m increase to the cost of investments in subsidiary undertakings held in Brightside Group plc and a corresponding £13 5m increase in reverse acquisition reserves and £1 5m increase in share premium This adjustment had no impact on the profitability of the Company and increased reserves by £15m

The actual terms of the business combinations were negotiated to fairly reflect the enterprise value of the businesses subject to the respective business combinations The revised accounting treatment utilises the listed share price of the shares in Brightside Group plc at the date of acquisition in accordance with IFRS 3 but in the opinion of the Directors this did not reflect the underlying enterprise value of these businesses

An impairment review was subsequently undertaken and the additional £1 4m of goodwill relating to the reverse acquisition of Brightside Group plc has been written off as part of the prior period adjustment Conversely, no impairment of the additional £1 5m of goodwill relating to the acquisition of Injury QED Limited has been required and hence there is no prior period write off of this item

The financial statement lines impacted by the prior period adjustment are detailed below

2008 comparative Consolidated Statement of Comprehensive Income	£000's	2008 comparative Consolidated Balance Sheet	£000's
Increase in exceptional items Write off goodwill arising on revised IFRS 3 application of acquisition of Brightside Group plc	1,448	Increase in intangible assets	1,500
		Increase in net assets	**1,500**
		Increase in share premium	1,500
		Increase in reverse aquisition reserve	1,448
		Decrease in retained earnings	(1,448)
Decrease in profit for the year	**(1,448)**	**Increase in equity**	**1,500**

Resultant decrease in basic and diluted earnings per share 0 52p

2 SUMMARY OF SIGNIFICANT ACOUNTING POLICIES (Continued)

v Going Concern

These accounts have been prepared on the going concern basis as the Directors believe that the Group has sufficient funds for the foreseeable future to meet its liabilities as and when they fall due

In reaching this conclusion the Directors have taken account of

- the Group's year end total cash balances, net of client account balances of £16 1m,
- the Group's year end trade receivables balance of £21 73m,
- the Group's year end total liabilities of £19 98m,
- the profitable trading record of the Group in 2008 and 2009, and
- the 2010 financial projections of the Group, which includes both income and expenditure and cashflow forecasts for the five year period ending 31 December 2014

In reaching this conclusion with respect to the Company, the directors have taken account of

- the Company incurring losses of £9 9m in 2009, following the write off of an inter company balance of £9 8m with David and Co Limited,
- the Company raising £19 1m in December 2009 through a new share placing,
- the Company's strong balance sheet, with total assets of £99 8m at the year end

vi Property, plant and equipment

Property, plant and equipment are stated at historical cost, net of depreciation

Depreciation is calculated using the straight-line method to write off the cost of assets less their estimated residual values over their estimated useful lives The rates generally applicable are

Fixtures, fittings and equipment	20% on cost
Motor Vehicles	25% on cost
IT Equipment	33% on cost

Assets under the course of construction are not depreciated

vii Intangible assets

(a) Separately identifiable intangible assets

Intangible assets are amortised over their useful economic lives, with the charge included in administrative expenses in the Statement of Comprehensive Income All separately identifiable assets are deemed to have finite useful economic lives

Computer software, which is not an integral part of the related hardware, is stated at historical cost less amortisation Amortisation is provided at rates calculated to write off the cost, less estimated residual value, on a straight-line basis over their useful economic life The current maximum estimated economic life of these assets is 3 years

2 SUMMARY OF SIGNIFICANT ACOUNTING POLICIES (Continued)

vii Intangible assets (Continued)

The eVan policy book categorised within intangibles is stated at historical cost less amortisation Amortisation is provided at rates calculated to write off the cost of the policy book over its useful economic life The maximum useful economic life of the eVan policy book is estimated to be five years with amortisation being provided on the basis of expected customer renewals each year from the acquired policy book as a percentage of total expected renewals from the acquired policy book

The database of experts and relationships with lead providers categorised within intangibles are stated at historical cost less amortisation Amortisation is provided at rates calculated to write off the cost, less estimated residual value, on a straight line basis over their useful economic life The database of experts is deemed to have a useful economic life of 4 years The relationships with lead providers are deemed to have a useful ecomonic life of 4 years and 1 year, depending on whether the provider is New Law Solicitors LLP, or an external party respectively

(b) Goodwill

All goodwill is deemed to have an infinite useful economic life

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the identifiable net assets of the acquired subsidiary/associate at the date of acquisition Goodwill on acquisition of subsidiaries is included in 'intangible assets' Separately recognised goodwill is tested annually for impairment and carried at cost less accumulated impairment losses Impairment is charged to administrative expenses in the Statement of Comprehensive Income

viii Investment in subsidiary undertakings

Subsidiaries are entities that are directly or indirectly controlled by the Company Control exists where the Company has the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities In assessing control, potential voting rights that are currently exercisable or convertible are taken into account

ix Impairment of non financial assets

Transactions, balances and unrealised gains on transactions between Group companies are eliminated Unrealised losses are also eliminated Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group

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

x Financial assets classification

The Group classifies its financial assets in the following categories loans and receivables and available for sale The classification depends on the purpose for which the financial assets were acquired Management determines the classification of its financial assets at initial recognition

(a) Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted on the active market They are included in current assets, except for maturities greater than 12 months after the balance sheet date These are classified as non-current assets Loans and receivables are classified as 'trade and other receivables' in the balance sheet

(b) Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories They are included in non-current assets unless the investment matures or management intends to

2 SUMMARY OF SIGNIFICANT ACOUNTING POLICIES (Continued)

x **Financial assets classification (Continued)**
dispose of it within 12 months of the end of the reporting period

Recognition and measurment

Regular purchases and sales of financial assets are recognised on the trade-date, which is the date on which the Group commits to purchase or sell the asset Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the Statement of Comprehensive Income Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value Loans and receivables are subsequently carried at amortised cost using the effective interest method

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the Statement of Comprehensive Income as 'gains and loses from investment securities'

Interest on available-for-sale securities calculated using the effective interest method is recognised in the Statement of Comprehensive Income as part of other income Dividends on available-for-sale equity instruments are recognised in the Statement of Comprehensive Income as part of other income when the Group's right to receive payments is established

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously

Impairment of financial assets

Assets carried at amortised cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is object evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated

The criteria that the Group uses to determine that there is objective evidence of an impairment loss includes

- significant financial difficulty of the issuer or obligor,
- a breach of contract, such as a default or delinquency in interest or principal payments,
- the Group, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider,
- it becomes probable that the borrower will enter bankruptcy or other financial reorganisation,
- the disappearance of an active market for that financial asset because of financial difficulties, or
- observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual

2 SUMMARY OF SIGNIFICANT ACOUNTING POLICIES (Continued)

x Financial assets classification (Continued)

financial assets in the portfolio, including

1) adverse changes in the payment status of borrowers in the portfolio, and

2) national or local economic conditions that correlate with defaults on the assets in the portfolio

The Group first assesses whether objective evidence of impairment exists

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate The carrying amount of the asset is reduced and the amount of the loss is recognised in the Statement of Comprehensive Income If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occuring after the impairment was recognised (such as an improvement in the receivable's credit rating), the reversal of the previously recognised impairment loss is recognised in the Statement of Comprehensive Income

Assets classified as available for sale

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired For debt securities, the Group uses the criteria above In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired If any such evidence exists for available-for-sale financial assets, the cumulative loss, measured as the difference between the acquistion cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss is removed from other comprehensive income and recognised in profit or loss Impairment losses on equity instruments recognised in profit or loss for the period are not reversed If, in a subsequent period, the fair value of a debt instrument classifed as available-for-sale increases and the increase can be objectively related to an event occuring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through profit or loss

xi Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for impairment A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables

xii Cash and cash equivalents

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

xiii Share capital

Ordinary shares are classified as equity in the balance sheet and are recorded at the proceeds received net of direct issue costs Mandatorily redeemable preference shares are classified as liabilities

The costs related to issuing share capital are taken to the share premium account in accordance with IAS 32 'Financial Instruments Presentation'

2 SUMMARY OF SIGNIFICANT ACOUNTING POLICIES (Continued)

xiv Trade payables

Trade payables are not interest bearing and are initially recognised at fair value and subsequently at amortised cost using the effective interest method

xv Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred Borrowings are subsequently stated at amortised cost

Preference shares, which are mandatorily redeemable on a specific date, are classified as liabilities The dividends on these preference shares are recognised in the Statement of Comprehensive Income as interest expense

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

Borrowing costs are recognised in the Statement of Comprehensive Income in the period in which they are incurred

xvi Taxation

The current tax expense is based on the taxable profits for the year, after any adjustments in respect of prior years

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements

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

Deferred income tax is determined using tax rates that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled

xvii Employee benefits

The Company provides a non-contributory employer stakeholder pension scheme

The Group has applied the requirements of IFRS 2 Share-based payments which require the fair value of share-based payments to be recognised as an expense

Certain employees and Directors of the Group have received remuneration in the form of share options over the un-issued shares of the ultimate parent Company The fair value of the equity instruments granted is measured on the date at which they were granted using the Black-Scholes model, and is expensed to the Statement of Comprehensive Income over the appropriate vesting period At the end of each reporting period, the Group revises its estimate of the number of options expected to vest in calculating the appropriate annual charge

xviii Revenue recognition

Revenue represents insurance commission and brokerage fees, interest received from its premium financing business, management fees from the management of third party premium finance loan books, administration charges generated from its debt management business, income generated from the sale of leads and fee income generated by its medical reporting business

Where work is performed over a period of time, revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured Revenue is not recognised until the significant risks and rewards of ownership of the services have passed to the client and the amount of revenue can be measured reliably Full

2 SUMMARY OF SIGNIFICANT ACOUNTING POLICIES (Continued)

xviii Revenue recognition (Continued)
provision is made for all known expected losses immediately such losses are forecast

Insurance commission and fee income is recognised on the effective commencement or renewal date of the related policy

Interest derived from premium financing activities is spread across the life of the loan, at the effective interest rate

Management fees generated from the administration of third party loan books are recognised in the month the policy is financed

Administration charges generated from debt management activities are recognised at the time the service is provided

Income generated by the medical reporting agency is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured Revenue is not recognised until the significant risks and rewards of ownership of the services have passed to the client and the amount of revenue can be measured reliably

xix Segmental reporting

The Group has adopted IFRS 8 "Operating Segments" IFRS 8 requires operating segments to be determined based on the Group's internal reporting to the Chief Operating decision maker which is used to allocate resources to segments and to assess segmental performance The Chief Operating decision maker has been identified as the Board of Directors

xx Leases

Assets held under finance leases or hire purchase contracts are recognised as assets of the Group They are capitalised in the Balance Sheet at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease and depreciated over their estimated useful lives or the lease term, whichever is shorter

The corresponding liability to the lessor is included in the Balance Sheet as a finance lease obligation Lease payments are apportioned between finance charges and the reduction of lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability Finance charges are charged directly against income, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases Payments made under operating leases (net of any incentives received from the lessor) are charged to the Statement of Comprehensive Income on a straight-line basis over the period of the lease

xxi Call options

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value

3 FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks, including liquidity risk, interest rate risk and credit risk

The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse affects on the Group's financial performance

Risk management is carried out by the central treasury function, implementing policies approved by the Board of Directors

3 FINANCIAL RISK MANAGEMENT (Continued)

Liquidity risk

The Group seeks to manage financial risk by ensuring sufficient liquidity is available to meet its foreseeable needs and by investing cash assets safely and profitably To manage liquidity risk the Group continually monitors forecast and actual cashflows to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom to provide cover for unexpected events

At the balance sheet date the Group had cash balances, net of client account balances of £16 1m (2008 £0 13m overdraft) trade and other receivables of £21 73m (2008 £25 15m) and total liabilities of £19 98m (2008 £32 76m) At the balance sheet date the Group was also in the process of renegotiating new banking facilities with Clydesdale Bank which would support its premium financing activities This facility would replace the existing facility with Royal Bank of Scotland which is due to expire in the second quarter of 2010

Following the equity fund raising in December 2009 the Directors deem the Group's liquidity risk to be minimal

The Group's non-derivative financial liabilities are analysed into borrowings and, trade and other receivables The maturity profile of the borrowings are shown in note 19 Trade and other payables at 31 December 2009 are £18 2m (2008 £12 6m) and are due within 1 year of the balance sheet date

Interest rate risk

The Group is exposed to interest rate risk as the Group borrows at fluctuating (bank borrowings) interest rates and provides premium finance at fixed rates The Group monitors its banking facilities and compliance with related covenants as required Group monies are also monitored to ensure that the minimum interest charges are paid on borrowings by ensuring that available cash balances are used to offset overdrafts before being deposited at lower interest rates

At the balance sheet date the Group had total bank borrowings of £30k This was due to a combination of the equity fund raising in December 2009 and the existing facility with the Royal Bank of Scotland being 'run-off'

At the balance sheet date the Group was also in the process of negotiating a new banking facility with Clydesdale Bank which would support its premium financing activities Therefore at the balance sheet date the Directors deemed the Group's interest rate risk to be minimal Should the Group successfully negotiate new banking facilities with Clydesdale Bank it would also seek to minimise its exposure to future interest rate changes

Interest rate sensitivity

The Group is subject to interest rate sensitivity as its bank borrowings and other loans have fluctuating interest rates

If interest rates had been 100 basis points higher/lower and all other variables were held constant, the Group's profit for the year would have decreased/increased by £47k (2008 £68k) The effect on equity as at 31 December 2009 would be to cause equity to increase to £42,594k (2008 £18,331k), or decrease to £42,500k (2008 £18,195k)

The Group policy is to manage interest rate risk so that fluctuations in variable rates do not have a material impact on results

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss

The principal credit risk for the Group arises from its trade receivables in its insurance broking, premium finance, lead generation, and medical reporting businesses In order to manage credit risk the Directors have incorporated a range of credit control procedures to monitor receivables across the Group and to ensure that any amounts due are collected on a timely basis Credit searches are also performed on clients above a certain value to minimise the risk in this area The Group's maximum credit risk exposure equates to its trade receivables balance of £21 73m (2008 25 15m)

No terms of the Group's financial assets including its trade receivables have been renegotiated during either the current or the prior year which would otherwise have resulted in the balance being past due or impaired

3 FINANCIAL RISK MANAGEMENT (Continued)

Financial liabilities

Financial liabilities include related party loans, bank overdrafts and other loans See note 19 for the maturity profiles applicable to these The related party loans bear interest of base rate plus 2%, and the weighted average interest rate paid on the bank overdrafts during the year ended 31 December 2009 was 3 47% (2008 6 63%)

Financial assets

Other than trade receivables due to the Group's finance provider, the Group holds no fixed rate financial assets (2008 nil)

Floating rate assets comprise sterling cash balances

Capital Management

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

In order to maintain or adjust the capital structure, the Group may issue new shares or sell assets to reduce debt Going forward the Group will also consider the level and timing of dividend payments when assessing its capital structure

Total capital is calculated as 'equity' as shown in the consolidated balance sheet plus net debt Net debt is calculated as total 'current and non current borrowings' as shown in the consolidated balance sheet

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain the future development of the business The Board of Directors monitor the return on capital which it defines as net operating income divided by total shareholder's equity

The return on capital for the year ended 31 December 2009 is 14% (2008 25%) Excluding the impact of the additional equity issued in December 2009, the return on capital for the year ended 31 December 2009 would be 23% This is consistent with the prior year return on capital of 25%

The gearing ratios of the Group as at 31 December 2009 and 2008 were as follows

	2009	2008
	£000's	£000's
Total borrowings	751	18,897
Net debt	751	18,897
Total equity	42,547	18,263
Total capital	43,298	37,160
Gearing ratio	2%	51%

External capital requirements

The Group's business is subject to regulatory and solvency requirements of the Financial Services Authority (FSA) The FSA impose specific solvency requirements on regulated group companies All our regulated subsidiary companies have exceeded their solvency requirements at all times during the years ended 31 December 2009 and 2008

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances

The Group makes estimates and assumptions concerning the future The resulting accounting estimates will, by definition, seldom equal the related actual results The estimates and assumptions that have a significant risk of causing a material adjustment to the

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)
carrying amounts of assets and liabilities within the next financial year are discussed below

Goodwill and deferred tax asset

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 2, section vii These calculations require the use of estimates and assumptions prepared by the Directors as detailed in note 14 The value of goodwill currently held in the balance sheet is £14 27m As at 31 December 2009, David & Co Consultants Limited held a deferred tax asset of £1 78m resulting from historic trading losses These losses can only be utilised if David & Co Consultants Limited continues to trade profitably in the future

Revenue Recognition

The Group has recognised revenue of £1 79m for sales of life assurance policies

Where the customer cancels their policy within 48 months of inception the sales commission received by the Group on the sale of the policy is subject to clawback by the insurer

The Group believes that, based on historical experience, the total future clawback will not exceed 20% of the total potential clawback liability at the year end

The Group has, therefore, recognised revenue on these transactions with a corresponding provision for future clawback If the estimate changes by 1%, the provision will be reduced /increased by £15k

Trade and other receivables

Within the balance sheet the Group has recognised £21 7m of trade and other receivables (2008 £25 1m) of which £909k are past due but not impaired (2008 £209k)

Against the receivables balance the Group has recognised a provision for impairment of £408,000 (2008 £242,000), representing 1 84% of the overall trade and other receivables balance

If the actual bad debt experience of the Group differed from the provision by 1%, the provision made would be under/over stated by £221,000

5 EXPENSES BY NATURE

Profit from continuing operations has been arrived at after charging / (crediting)

	Consolidated	
	2009	2008 Restated
	£ 000's	£ 000's
Depreciation charge	**256**	222
Operating lease rentals - Land and Buildings	**860**	834
Operating lease rentals - Other	**727**	564
Employee benefit expense	**15,184**	11,973
Auditor's remuneration (see note 7 for split)	**223**	208
Amortisation of intangible assets	**1,865**	1,061
Loss/(Profit) on disposal of property, plant and equipment	**1**	(6)
Marketing costs	**10,740**	6,575
Computer operating expenses	**1,511**	1,588
Other expenses	**6,258**	3,934
Total cost of sales and administration expenses	**37,625**	26,953

6 Earnings before interest, tax, depreciation, amortisation, exceptional items and share based payments expense

	2009	2008 Restated
	£ 000's	£ 000's
Profit for the year	**4,655**	2,561
Finance costs (net)	**410**	33
Income tax expense	**2,010**	1,911
Depreciation	**256**	222
Amortisation	**1,865**	1,061
Exceptional items		
Write off of goodwill	**-**	1,448
Loss on sale of investment	**-**	268
Share based payments expense	**488**	221
EBITDA before exceptional items and share based payments expense	**9,684**	7,725

7 AUDITOR REMUNERATION

During the year the Group obtained the following services from the Group's auditor at costs detailed below

	2009 £ 000's	2008 £ 000's
Fees payable to company's auditor for the audit of parent company and consolidated financial statements	**41**	25
Fees payable to the company's auditor and its associates for other services		
- The audit of the company's subsidiaries pursuant to legislation	**126**	138
- Other services pursuant to legislation (FSA)	**20**	16
- Tax services for subsidiary companies	**23**	29
- Tax services for parent company	**13**	-
Total	**223**	208

During the year, additional fees of £54,000 were paid to Baker Tilly UK Audit LLP and its related entitites in respect of the new ordinary share issue made in December 2009 Of this amount, £29,000 was included within share premium as per IAS 32

In 2008, additional fees of £164,000 were paid to Baker Tilly UK Audit LLP and its related entities in respect of the acquisition of Aust Holdings Limited, Group Direct Limited and Injury QED Limited In accordance with IFRS 3, these costs have been treated as part of the costs of acquisition and are included within intangible assets

8 EMPLOYEE BENEFIT EXPENSE

	Consolidated	
	2009 £ 000's	2008 £ 000's
Wages and salaries	**13,398**	10,995
Social security costs	**1,298**	757
Share based payment expense	**488**	221
Total	**15,184**	11,973

The average number of employees of the Group during the year was

	2009 Number	2008 Number
Directors	**8**	7
Sales and administration	**557**	487
Total	**565**	494

The Directors shown above are those of Brightside Group plc only The Company has no employees, other than those Directors detailed in the Officers report on page 9

Employee benefit expenses are charged to administrative expenses in the Consolidated Statement of Comprehensive Income

9 SHARE OPTIONS

The Brightside Group operates three equity settled share option schemes an EMI scheme, an approved scheme and an unapproved scheme During the year, Board members and employees of the Group were granted no options (2008 15,669,153) under the unapproved share scheme and no options (2008 5,450,290) under the approved share scheme The Group is no longer able to award options under the EMI scheme No options were awarded or exercised in the year

Unapproved share scheme

On 23 July 2008 the Group granted 15,669,153 share options to its Board members and employees, subject to the achievement of specified performance conditions The options awarded vest in 2 equal amounts, two and three years after the grant date

Approved share scheme

On 23 July 2008 the Group granted 5,450,290 share options to its employees, subject to the achievement of specified performance conditions in 2008 The options awarded vest in 2 equal amounts, three and four years after the grant date

The Group has used the Black-Scholes model to calculate the fair value of options granted The key inputs relating to the Group are as follows

	Unapproved Share Scheme	Approved Share Scheme
Share price at date of grant	27 5p	27 5p
Exercise price	27 5p	27 5p
Expected volatility	25 00%	25 00%
Expected life	6 25years	6 75 years
Risk free rate	5 00%	5 00%
Dividend yield	0	0
Discount factor	35 00%	35 00%

Due to the limited trading history of the Brightside Group the expected volatility has been determined using the historic volatility of similar listed companies Given the historically low level of trading in the Group's shares, and the potential impact that an exercise of a large number of options would have, a discount has been applied to the valuation

No share options under the unapproved or the approved scheme have vested at 31 December 2009 (2008 nil), and 1,410,526 (2008 nil) were forfeited in the year as detailed below

Share options awarded under the EMI scheme vested on 4 January 2009 No share options awarded under this scheme were exercised during 2009 (2008 nil)

Type of scheme	Price	Awarded	Excercisable	At 1 January 2009 (No)	Forfeited in year (No)	At 31 December (No)
EMI share options scheme	69p	05/01/2007	4 Jan 2009 - 4 Jan 2017	50,725	0	50,725
HMRC approved share options scheme	27 5p	23/07/2008	22 July 2011 - 22 July 2018	5,450,290	1,073,156	4,377,134
Unapproved share options scheme	27 5p	23/07/2008	22 July 2010 - 22 July 2018	15,669,153	337,370	15,331,783
Total				**21,170,168**	**1,410,526**	**19,759,642**

The fair value of options issued in the year was nil (2008 £1,274k) The corresponding amount charged to the Statement of Comprehensive Income of the Group for 2009 is £488k (2008 £221k)

10 FINANCE COSTS

	2009 £ 000's	2008 £ 000's
Bank overdraft	**(117)**	(373)
Bank borrowings	**(52)**	(48)
Preference share interest	**(107)**	(157)
Other interest expense	**(352)**	-
Total Finance costs	**(628)**	(578)
Other interest received	**218**	545
Net finance costs	**(410)**	(33)

11 EARNINGS PER SHARE

The post tax earnings, all of which relate to continuing operations in the year, and weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share are as follows

	2009	2008
Retained profit for the year (£000's)	4,655	2,561
Weighted average shares in issue (number)		
Basic	329,288,639	276,843,693
Diluted	329,288,639	276,843,693

In accordance with IAS 33 paragraph 47 there are no dilutive effects on the earnings per share calculations as the average market price of ordinary shares in the Brightside Group during 2009 was below the exercise price of the outstanding share options granted

12 INCOME TAX EXPENSE

	2009 £000's	2008 £000's
Current Tax	2,279	2,006
Deferred tax	(264)	(93)
Adjustments in respect of prior periods	(5)	(2)
Tax charge for the year	2,010	1,911

Taxation differs from the standard rate of corporation tax in the UK (28%) (2008 28%) as applied to the profits as explained below

	2009 £000's	2008 £000's
Profit before taxation	6,665	4,472
Profit multiplied by the standard rate of taxation in the UK of 28% (2008 28%)	1,866	1,252
Effects of		
Expenses not deductible for tax purposes	97	177
Exceptional items disallowed for tax purposes	-	450
Origination and reversal of temporary differences	52	(91)
Adjustments in respect of prior periods	(5)	(2)
Tax losses carried forward	-	125
Tax charge for the year	2,010	1,911

13 SEGMENT INFORMATION

Operating segments

IFRS 8 requires operating segments to be determined based on the Group's internal reporting to the Chief Operating decision maker which is used to allocate resources to segments and to assess performance The Chief Operating decision maker has been identified as the Board of Directors The Board of Directors review the Group's consolidated management accounts in order to assess the operational performance of the Group's operating segments

Monthly management accounts are prepared for each statutory entity within the Group These are subsequently consolidated to form monthly management accounts for the combined Group The information contained within the consolidated management accounts includes a Statement of Comprehensive Income, Balance Sheet, Cash Flow Statement and other supporting schedules, broken down by statutory entity within the Group

To assess the performance of the individual operating segments and for the purpose of strategic decision making the Board of Directors will consider a number of different measures of operational achievement including revenue growth, profit after tax, profit before tax and profit before interest, tax, non cash expenses and exceptional items

Management considers that the Group operates within 4 distinct operating segments, insurance broking, the provision of premium finance, the provision of medical reporting and lead generation and debt management

Whilst the Group operates from a number of different geographical locations these locations all provide services to customers across the UK irrespective of their geographical location Therefore it has not been deemed appropriate to provide segmental analysis on a geographical basis

The operating segments within the Group primarily trade with customers external to the Group, however the lead generation and premium finance functions also trade with other Group companies Whilst information provided within the individual management accounts is presented on a gross basis, any intra Group trading is excluded from the consolidated management accounts through

13 SEGMENT INFORMATION (Continued)

consolidation adjustments The revenue figures reported in this segmental analysis have been prepared on the same basis as the consolidated management accounts and exclude intra Group trading

In the segmental analysis, intangibles shown within "All other segments" represent goodwill held within intermediate holding companies, and goodwill and intangibles held at Brightside Group plc level

13 SEGMENT INFORMATION (Continued)

	Insurance Broker		Finance Provider		Medical Reporting		Lead generation and debt management		All Other Segments		Consolidated	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
	£ 000's	£ 000's	£ 000's	£ 000's	£ 000's	£ 000's	£ 000's	£ 000's	£ 000's	£ 000's	£ 000's	£ 000's
Revenue from external customers												
Revenue - trading	30,212	25,134	5,831	5,485	6,705	1,665	1,952	890	-	-	44,700	33,174
Total revenue from external customers	30,212	25,134	5,831	5,485	6,705	1,665	1,952	890	-	-	44,700	33,174
Total revenue	30,212	25,134	5,831	5,485	6,705	1,665	1,952	890	-	-	44,700	33,174
Operating income	4,150	2,936	3,801	3,641	930	399	422	513	381	237	9,684	7,726
Net profit from operations											9,684	7,726
Share based payments expense	(365)	(179)	(97)	(28)	(24)	(2)	(2)	(12)	-	-	(488)	(221)
Depreciation	(204)	(178)	(19)	(8)	(1)	(2)	(32)	(34)	-	-	(256)	(222)
Amortisation of intangible assets	(561)	(559)	(244)	(227)	(4)	(2)	(119)	(36)	(937)	(237)	(1,865)	(1,061)
Impairment of goodwill	-	-	-	-	-	-	-	-	-	(1,448)	-	(1,448)
Loss on sale of investments	-	-	-	-	-	-	-	-	-	(268)	-	(268)
Net financing costs	(477)	(158)	90	140	(13)	(14)	(10)	(1)	-	-	(410)	(33)
Profit/(loss) for year before tax	2,543	1,861	3,531	3,518	888	379	259	430	(556)	(1,716)	6,665	4,472
Segment assets	22,116	15,634	15,074	12,912	4,918	1,859	1,109	600	-	-	43,217	31,005
Property, plant and equipment	383	277	38	18	4	4	53	49	-	-	478	348
Intangibles	6,855	7,399	273	401	5,763	6,133	3,751	3,702	-	-	16,642	17,635
Total assets excluding tax	29,354	23,310	15,385	13,331	10,685	7,996	4,913	4,351	-	-	60,337	48,988
Total liabilities excluding tax	5,217	14,840	11,711	9,708	1,902	402	129	186	-	6,388	18,959	31,524

14 INTANGIBLE ASSETS

The intangible assets have been restated for 2008 to include computer software All computer software and licences have been transferred from the disclosure relating to Property, plant and equipment where it was included within IT equipment Amortisation of the software is assumed to be at the same rate that it was previously depreciated The amortisation charge for 2008 and 2009 has been included within administrative expenses in the Statement of Comprehensive income

	Consolidated			
	Goodwill	Other Intangibles	Computer software and licences	Total
	£ 000's	£ 000's	£ 000's	£ 000's
Cost				
Opening balance as at 1 January 2009	16,156	4,678	3,103	23,937
Additions	-	-	899	899
Disposals	-	-	(38)	(38)
Balance at 31 December 2009	16,156	4,678	3,964	24,798
Amortisation and impairment losses				
Opening balance	(1,886)	(2,584)	(1,832)	(6,302)
Disposals	-	-	11	11
Amortisation	-	(1,000)	(865)	(1,865)
Balance at 31 December 2009	(1,886)	(3,584)	(2,686)	(8,156)
Net book value				
At 31 December 2008	14,270	2,094	1,271	17,635
At 31 December 2009	14,270	1,094	1,278	16,642

14 INTANGIBLE ASSETS (Continued)

	Consolidated			
	Goodwill	Other Intangibles	Computer software and licences	Total
	£ 000's	£ 000's	£ 000's	£ 000's
Cost				
Opening balance at 1 January 2008	438	2,437	2,519	5,394
Additions	15,718	2,241	999	18,958
Disposals	-	-	(415)	(415)
Balance at 31 December 2008	16,156	4,678	3,103	23,937
Amortisation and impairment losses				
Opening balance at January 2008	(438)	(2,219)	(1,153)	(3,810)
Disposals	-	-	17	17
Amortisation	(1,448)	(365)	(696)	(2,509)
Balance at 31 December 2008	(1,886)	(2,584)	(1,832)	(6,302)
Carrying amount				
At 31 December 2007	-	218	1,366	1,584
At 31 December 2008	14,270	2,094	1,271	17,635

	Company			
	Goodwill	Other Intangibles	Computer software and licences	Total
	£ 000's	£ 000's	£ 000's	£ 000's
Cost				
Opening balance at 1 January 2009	3,371	2,181	-	5,552
Additions	-	47	156	203
Disposals	-	-	-	-
Balance at 31 December 2009	3,371	2,228	156	5,755
Amortisation and impairment losses				
Opening balance at 1 January 2009	-	-	-	-
Disposals	-	-	-	-
Amortisation	-	(556)	(5)	(561)
Balance at 31 December 2009	-	(556)	(5)	(561)
Net book value				
At 31 December 2008	3,371	2,181	-	5,552
At 31 December 2009	3,371	1,672	151	5,194

14 INTANGIBLE ASSETS (Continued)

	Company			
	Goodwill	Other Intangibles	Computer software and licences	Total
	£ 000's	£ 000's	£ 000's	£ 000's
Cost				
Opening balance at 1 January 2008	-	-	-	-
Additions	3,371	2,181	-	5,552
Balance at 31 December 2008	3,371	2,181	-	5,552
Amortisation and impairment losses				
Carrying amount				
At 31 December 2008	3,371	2,181	-	5,552

Details concerning the movements in intangible assets in 2008 and the split of 'Other Intangibles' are provided in this note The 'Other Intangibles' brought forward as at 1 January 2008 represent insurance broking policy books.

The intangible asset additions in 2008 relate to the following

	Other intangible assets	Goodwill	2008 Total
	£ 000's	£ 000's	£ 000's
Goodwill arising on acquisiton of Injury QED Limited	-	5,171	5,171
Database of experts and relationship with lead providers (acquired with Injury QED Limited)	1,189	-	1,189
Goodwill arising on acquisition of Brightside Group plc	-	4,973	4,973
Goodwill arising on acquisition of minority interest of CVD Commercial Insurance Services Limited, Motor and Home Direct Insurances Services Limited and Taxi Direct Insurance Services Limited	-	2,203	2,203
Goodwill arising on acquisition of the eVan business	-	3,371	3,371
Future net income to be generated from the existing eVan policy book	945	-	945
Software	999	-	999
Other	107	-	107
Total	3,240	15,718	18,958

14 INTANGIBLE ASSETS (Continued)

The intangible asset additions in 2009 relate to the following

	Other intangible assets £ 000's	Goodwill £ 000's	2009 Total £ 000's
Software	899	-	899
Total	899	-	899

Impairment tests for goodwill

Goodwill is allocated to the Group's cash generating units identified according to operating segment Management believe it should be held at head office level within "All other segments" The carrying values of Goodwill are as follows

- Acquisition of Injury QED Limited £5,171k
- Acquisition of Brightside Group Plc £3,525k
- Acquisition of minority interests £2,203k
- Acquisition of eVan business £3,371k

The recoverable amount is determined based on value in use calculations These calculations use pre tax cash flow projections based on financial budgets approved by management covering the five year period ended 31 December 2014

The key assumptions used to prepare the financial budgets are as follows

Acquisition of Injury QED Limited

- growth rate of new instructions received, and
- average net income per instruction received

Acquisition of Brightside Group plc

- growth in leads generated through the lead generation activities, and
- average income per lead generated

Acquisition of Minority Interest in CVD Commercial Insurance Services Limited, Motor and Home Direct Insurance Services Limited and Taxi Direct Insurance Services Limited

- growth of new policy quotes,
- new policy quote to sale conversion rate,
- renewal retention rate, and
- income per policy sold

Acquisition of eVan business

- growth of new policy quotes,
- new policy quote to sale conversion rate,
- renewal retention rate, and
- income per policy sold

14 INTANGIBLE ASSETS (Continued)

The key assumptions used to prepare the financial budgets are based on historical experience, which includes the Group's achievement against budget Other information relating to current trading performance, which includes business statistics produced on a daily and monthly basis, allow projections to be based on the most up to date information Projections are also based on current industry knowledge and trends

The cash flow forecasts used in the value in use calculations have not been extended beyond the five year period covered by management's financial budgets

A discount rate of 10% has been applied to all cash flow projections

From the annual impairment review of the goodwill balances relating to the acquisition of Injury QED Limited, the acquisition of minority interests in the Group's broking business and the acquisition of the eVan business, no reasonably possible changes in key assumptions were identified which would result in the goodwill balance exceeding the recoverable amount

From the review of the goodwill balance relating to the acquisition of Brightside Group plc the following reasonably possible change was identified which would result in the carrying value of the goodwill balance exceeding its recoverable amount and requiring a charge to be made to profit or loss

- If commission rates on the sale of GAP policies were to decrease by 10%, the recoverable amount would exceed the carrying value of goodwill by £334k For the recoverable amount to be less than the carrying value of goodwill, the commission rate would need to decrease by approximately 14% A decrease of 14% would cause the carrying value to exceed the recoverable amount by £28k

15 INVESTMENTS IN SUBSIDIARY UNDERTAKINGS

Company

	2009 £ 000's	2008 £ 000's
Shares in Group undertakings		
At 1 January	**65,000**	-
Additions	-	50,000
Prior period adjustment	-	15,000
At 31 December	**65,000**	65,000

Investments in Group undertakings are stated at cost

In the prior year, £64k had been included within additions that related to intercompany balances with Group companies This has now been reclassified to trade and other receivables

16 PROPERTY, PLANT AND EQUIPMENT

The depreciation charge for 2008 and 2009 has been included within administrative expenses in the Statement of Comprehensive Income

	Consolidated			
	Fixtures, fittings and equipment £ 000's	IT Hardware £ 000's	Motor Vehicles £ 000's	Total £ 000's
Cost				
Opening balance as at 1 January 2009	324	552	21	897
Additions	251	324	-	575
Disposals	(92)	(124)	(10)	(226)
Balance at 31 December 2009	483	752	11	1,246
Depreciation and impairment losses				
Opening balance as at 1 January 2009	(173)	(368)	(8)	(549)
Disposals	9	24	4	37
Depreciation	(78)	(174)	(4)	(256)
Balance at 31 December 2009	(242)	(518)	(8)	(768)
Net book value				
At 31 December 2009	241	234	3	478
At 31 December 2008	151	184	13	348

	Consolidated			
	Fixtures, fittings and equipment £ 000's	IT Hardware £ 000's	Motor Vehicles £ 000's	Total £ 000's
Cost				
Opening balance as at 1 January 2008	226	483	20	729
Additions	121	206	10	337
Disposals	(23)	(137)	(9)	(169)
Balance at 31 December 2008	324	552	21	897
Depreciation and impairment losses				
Opening balance as at 1 January 2008	(121)	(242)	(10)	(373)
Disposals	4	33	9	46
Depreciation	(56)	(159)	(7)	(222)
Balance at 31 December 2008	(173)	(368)	(8)	(549)
Net book value				
At 31 December 2008	151	184	13	348
At 31 December 2007	105	241	10	356

16 PROPERTY, PLANT AND EQUIPMENT (Continued)

	Company			
	Fixtures, fittings and equipment £ 000's	IT Hardware £ 000's	Motor Vehicles £ 000's	Total £ 000's
Cost				
Opening balance at 1 January 2009	-	-	-	-
Additions	60	99	-	159
Balance at 31 December 2009	60	99	-	159
Depreciation and impairment losses				
Opening balance at 1 January 2009	-	-	-	-
Depreciation	(1)	(3)	-	(4)
Balance at 31 December 2009	(1)	(3)	-	(4)
Carrying amount				
	-	-	-	-
At 31 December 2009	59	96	-	155

	Company			
	Fixtures, fittings and equipment £ 000's	IT Hardware £ 000's	Motor Vehicles £ 000's	Total £ 000's
Cost				
Opening balance as at 1 January 2008	-	-	-	-
Additions	-	-	-	-
Balance at 31 December 2008	-	-	-	-
Depreciation and impairment losses				
Opening balance as at 1 January 2008	-	-	-	-
Depreciation	-	-	-	-
Balance at 31 December 2008	-	-	-	-
Carrying amount				
At 31 December 2008	-	-	-	-

17 TRADE AND OTHER RECEIVABLES

	Consolidated		Company	
	2009	2008	2009	2008
	£ 000's	£ 000's	£ 000's	£ 000's
Trade receivables	**14,256**	14,518	**-**	-
Less provision for impairment of trade receivables	**(408)**	(242)	**-**	-
Trade receivables - net	**13,848**	14,276	**-**	-
Prepayments and accrued income	**1,015**	1,132	**1,147**	-
Receivables from Group undertakings	**-**	-	**12,020**	9,804
Receivables from related parties	**4,538**	9,164	**1,364**	-
Other receivables	**2,328**	582	**-**	-
	21,729	25,154	**14,531**	9,804
Current portion	**21,729**	25,154	**14,531**	9,804

Within the 2008 compantives, £2,187k has been reallocated to trade and other payables from receivables from related parties This represents a trade balance due to Manx Financial Group Plc

The Directors consider that the carrying value of trade and other receivables approximates their fair value

As at 31 December 2009, trade receivables of £909k (2008 £209k) were past due but not impaired These relate to a number of individual customers for whom there is no history of default The ageing analysis of these trade receivables is as follows

	2009	2008
	£ 000's	£ 000's
Up to 1 month	250	20
Up to 2 months	341	126
Up to 3 months	152	49
Over 3 months	166	14
Total	909	209

The creation and release of a provision for impaired receivables have been included in 'administrative expenses' in the Statement of Comprehensive Income

Movements on the Group provision for impairment of trade receivables are as follows

	2009 £ 000's	2008 £ 000's
At 1 January	242	189
Provision for receivables impairment	307	54
Unused amounts reversed	(141)	(1)
Total	408	242

The other classes within trade and other receivables do not contain impaired assets

18 CASH AND CASH EQUIVALENTS

	Consolidated		Company	
	2009 £ 000's	2008 £ 000's	2009 £ 000's	2008 £ 000's
Bank balances	21,488	5,851	14,901	-
Bank overdrafts	(30)	(2,019)	-	-
Total cash and cash equivalents in the statement of cash flows	21,458	3,832	14,901	-

Included within bank balances is £5,328k (2008 £3,967k) held in client bank accounts These balances cannot be utilised by the Group for general purposes
The Company bank balances do not include any client accounts

19 BORROWINGS

	Consolidated		Company	
	2009 £ 000's	2008 £ 000's	2009 £ 000's	2008 £ 000's
Non-Current liabilities				
Other loans	366	235	-	-
Total	366	235	-	-
Current liabilities				
Other loans	355	1,293	-	-
Cumulative redeemable preference shares	-	1,710	-	-
Loans from related parties	-	7,640	-	-
Total operational borrowing	355	10,643	-	-
Bank overdraft	30	2,019	-	-
Bank borrowings	-	6,000	-	-
Total borrowings to support premium finance loan book	30	8,019	-	-
Total current liabilities	385	18,662	-	-
Total borrowings	751	18,897	-	-

Within the 2008 comparatives, £56k has been reclassified from other loans in current liabilities to trade and other payables The

19 BORROWINGS (Continued)

balance represents commission payments due to third party brokers, rather than borrowings

Throughout 2008, the Group had in issue 710,000 15% cumulative redeemable preference shares of £1 each and 1,000,000 5% cumulative redeemable preference shares of £1 each The shares, which were redeemable at par at the option of the Company at any time from the third anniversary of their date of issue, carried the rights to a fixed rate cumulative preferential dividend at rates of 15 per cent and 5 per cent per annum respectively Upon winding up, the shares ranked equally with any other shares issued by the Company The cumulative redeemable preference shares carried no voting rights

On 30 April 2009 the Group fully redeemed the 1,000,000 5% cumulative redeemable preference shares

On 23 December 2009 the Group fully redeemed the 710,000 15% cumulative redeemable preference shares

The loans from related parties are due within 1 year and bear interest rates of 2% above the base rate

The bank overdrafts are payable on demand and bear interest rates of 2% above the base rate

The bank loan bears interest at the rate offered by the bank to leading banks in the London Interbank Market (LIBOR rate)

The bank borrowings and overdraft are secured by a fixed and floating charge over all of the current and future assets of the Company and all other Group companies They are also secured by the assignment over life policies relating to P S Chase Gardener, J W Gannon, and A F A Banks

The fair value of bank borrowings and other loans equals their carrying amount, as the impact of discounting is not material

All bank borrowings are denominated in pounds sterling

The Group has undrawn borrowing facilities as at 31 December 2009 of £9m (2008 £1 8m) These facilities are due to expire in the second quarter of 2010

Bank overdrafts, borrowings and other loans

	Consolidated		Company	
	2009 £ 000's	2008 £ 000's	2009 £ 000's	2008 £ 000's
Amounts falling due within one year or on demand				
Bank overdrafts	30	2,019	-	-
Bank borrowings	-	6,000	-	-
Other loans	355	1,293	-	-
Loans from related parties	-	7,640	-	-
Cumulative redeemable preference shares	-	1,710	-	-
Amounts falling due between one and two years				
Other loans	70	235	-	-
Amounts falling due between two and five years				
Other loans	296	-	-	-
	751	18,897	-	-

20 TRADE AND OTHER PAYABLES

	Consolidated		Company	
	2009	2008	2009	2008
	£ 000's	£ 000's	£ 000's	£ 000's
Trade payables	**5,169**	5,870	**-**	-
Payables to related parties	**9,798**	2,243	**1,115**	1,000
Payables to Group undertakings	**-**	-	**13,059**	3,316
Tax and social security costs	**465**	370	**-**	-
Accruals and deferred income	**2,776**	4,144	**433**	-
Total	**18,208**	12,627	**14,607**	4,316

The Directors consider that the carrying value of trade and other payables approximate their fair value

See note 26 for details of payables to related parties

21 DEFERRED TAX

	Consolidated		Company	
	2009	2008	2009	2008
	£ 000's	£ 000's	£ 000's	£ 000's
Deferred tax assets				
Deferred tax asset to be recovered after more than 12 months	**2,020**	2,032	**33**	-
Deferred tax asset to be recovered within 12 months	**173**	-	**-**	-
Total	**2,193**	2,032	**33**	-

The gross movement on the deferred tax account is as follows

	Consolidated		Company	
	2009	2008	2009	2008
	£ 000's	£ 000's	£ 000's	£ 000's
At 1 January	**2,032**	79	**-**	-
Credited to the Statement of Comprehensive Income	**241**	93	**43**	-
Arising on acquisition	**-**	1,860	**-**	-
Transfer from subsidiary	**-**	-	**(10)**	-
Utilisation of brought forward losses	**(80)**	-	**-**	-
At 31 December	**2,193**	2,032	**33**	-

21 DEFERRED TAX (Continued)

The movement ın the deferred tax balance durıng the year ıs as

	Consolidated				Company	
	Accelerated Tax Depreciation	Adjustments to tax rate on openıng balances	Unutilised historic tradıng losses	Total	Temporary Differences	Total
	£ 000's	£ 000's	£ 000's	£ 000's	£ 000's	£ 000's
At 1 January 2008	79	-	-	79	-	-
Credıted to Statement of Comprehensıve Income	97	(4)	-	93	-	-
Arısıng on Acquısıtıon	-	-	1,860	1,860	-	-
At 31 December 2008	176	(4)	1,860	2,032	-	-
Credıted to Statement of Comprehensıve Income	241	-	-	241	43	43
Transfer from subsıdıary	-	-	-	-	(10)	(10)
Utılısed on current year profits	-	-	(80)	(80)	-	-
At 31 December 2009	417	(4)	1,780	2,193	33	33

The deferred tax asset relatıng to losses relates to hıstorıc tradıng losses ıncurred by Davıd & Co Consultants Lımıted Management forecasts are that Davıd & Co Consultants Lımıted wıll generate profits for the foreseeable future, and the asset wıll therefore be utılısed agaınst these profits ın future years

22 SHARE CAPITAL

	2009 £ 000's	2008 £ 000's
Allotted, called up and fully paıd		
418,879,409 (2008 326,469,474) ordınary shares of £0 01 each	**4,189**	3,265

The company has ceased to have authorısed share capıtal As at 31 December 2009 the share capıtal ıs unlımıted (2008 £4m)

Ordınary shares carry one vote per share and carry the rıght to receıve dıvıdends when declared They rank parı passu wıth each other ın all respects ıncluding receıpts of dıvıdends and proceeds on the wındıng up of the Company

At 31 December 2009, Dırectors and employees held outstandıng optıons over 19,759,642 unıssued ordınary shares of the Company The nomınal value of these shares ıs £198k

23 SHARE PREMIUM

i

	2009 £ 000's	2008 £ 000's
At 1 January	**16,726**	454
Proceeds from new shares issued	**18,217**	16,272
At 31 December	**34,943**	16,726

ii **Share Movements**

The movement in share capital is shown below

	Share Capital £000's	Share Premium £000's	Number of Shares
At 31 December 2007	207	454	20,680,000
Shares issued 27 June 2008	2,500	4,750	250,000,000
Shares issued 27 June 2008	558	10,042	55,789,474
Share issue costs	-	(20)	-
Prior period adjustment (note 2iv)	-	1,500	-
At 31 December 2008	3,265	16,726	326,469,474
Shares issued 13 October 2009	1	28	137,208
Shares issued 21 December 2009	923	19,377	92,272,727
Cost of placing	-	(1,188)	-
At 31 December 2009	4,189	34,943	418,879,409

24 CASH GENERATED FROM / (USED IN) OPERATIONS

	Consolidated		Company	
	2009	2008	2009	2008
	£ 000's	£ 000's	£ 000's	£ 000's
Profit / (Loss) before income tax	6,665	4,472	(10,017)	-
Adjustment for				
Depreciation	256	222	4	-
Amortisation of intangible assets	1,865	1,061	561	-
Impairment of goodwill (see note 2iv Prior period adjustment)	-	1,448	-	-
Loss on disposal of property, plant and equipment	(14)	(6)	-	-
Loss on disposal of investments	-	268	-	-
Share options charge	488	221	-	-
Finance charges - net	410	33	-	-
Changes in working capital				
Trade and other receivables	3,264	10,424	(3,925)	-
Trade and other payables	(3,431)	(10,917)	9,215	-
Cash generated from/(used in) operations	9,503	7,226	(4,162)	-

In the Cash Flow Statement, proceeds from sale of property, plant and equipment comprises

	Consolidated		Company	
	2009	2008	2009	2008
	£ 000's	£ 000's	£ 000's	£ 000's
Net book amount	216	521	-	-
Profit on disposal of property, plant and equipment	14	6	-	-
Proceeds from disposal of property, plant and equipment	230	527	-	-

In the Cash Flow Statement, proceeds from sale of investments comprise

	Consolidated		Company	
	2009	2008	2009	2008
	£ 000's	£ 000's	£ 000's	£ 000's
Value at cost	-	650	-	-
Loss on disposal of investment	-	(268)	-	-
Proceeds from disposal of investments	-	382	-	-

25 COMMITMENTS

a Capital commitments

Group and Company

There were no capital commitments at 31 December 2009 (nil 2008), that were contracted for, but not provided for in these financial statements

b Operating lease commitments - Group Company as lessee

The Group leases various offices under non-cancellable operating lease agreements The majority of lease agreements are renewable at the end of the lease period at market rate

The Group also leases various plant and machinery under non-cancellable operating lease agreements The lease expenditure charge to the Statement of Comprehensive income is shown in Note 5

Group

The future aggregate minimum lease payments under non-cancellable operating leases are as follows

	2009		2008	
	Land & Buildings £ 000's	Other £ 000's	Land & Buildings £ 000's	Other £ 000's
In one year or less	**860**	727	**834**	558
Between one and five years	**3,439**	1,221	**3,336**	669
Total	**4,299**	1,948	**4,170**	1,227

Company

The Company has no operating lease commitments

26. RELATED PARTY TRANSACTIONS

The following transactions were carried out with related parties

	Consolidated		Company	
	2009 £ 000's	2008 £ 000's	2009 £ 000's	2008 £ 000's
(a) Trading Transactions				
Entities controlled by key management (see below)				
Sales	10,977	12,541	-	-
Purchases	7,704	3,202	-	-
Other Group companies				
Sales	-	-	756	-
(b) Directors				
Salary & Bonus	798	540	-	-
Pension	3	2	-	-
NI	94	64	-	-
Share based expense	334	148	-	-
Total	1,229	754	-	-
Remuneration in respect of the highest paid director was as follows				
Salary & Bonus	263	200	-	-
NI	33	25	-	-
Share based expense	134	59	-	-
Total	430	284	-	-
(c) Key management compensation				
Salary & Bonus	1,538	794	-	-
Post-employment benefits	-	2	-	-
Pension	3	2	-	-
NI	185	95	-	-
Share based expense	380	160	-	-
Total	2,106	1,053	-	-
(d) Loans to related parties				
Loan to entities controlled by key management				
Beginning of the year	9,164	17,169	-	460
Loans repaid during the year	(7,800)	(8,005)	-	-
Transferred from/(to) Group undertakings	-	-	1,364	(460)
End of year	1,364	9,164	1,364	-

26 RELATED PARTY TRANSACTIONS (Continued)

(e) Loans from related parties				
Beginning of the year	**7,640**	10,240	**-**	-
Loans repaid in the year	**(7,640)**	(2,600)	**-**	-
End of year	**-**	7,640	**-**	-

(f) Year end balances arising from trading transactions				
Receivables from related parties				
Entities controlled by key management	**4,538**	9,164	**1,364**	-
Other Group undertakings	**-**	-	**12,020**	9,804
Payables to related parties				
Entities controlled by key management	**9,798**	2,243	**1,115**	1,000
Other Group management	**-**	-	**13,059**	3,316

The payables to group undertakings and related parties are mainly from purchase transactions, and bear no interest

26 RELATED PARTY TRANSACTIONS (Continued)

Included within key management compensation are the following

- Directors of Brightside Group plc,
- Business Development Manager,
- Head of Finance,
- Chief Operating Officer,
- Operations Director of CVD Commercial Insurance Services Limited,
- Chairman of Brightside Broking and Insurer relationships,
- Company Secretary

The employee benefit expenses relating to the above individuals are initially charged in the accounts of Group Direct Marketing Limited (Trading as E Marketing Limited Complete Limited) The expense is then recharged to the subsidiaries of Brightside Group plc

Trading transactions include the following

- Recharge of services from the central service provider Company,
- Mangement recharges from Group Direct Limited and Brightside plc,
- Premium finance transactions,
- Internal selling of leads,
- Medical referral instructions

Included within the trading transactions are transactions with Manx Financial Group Plc

The Group is connected to Manx Financial Group plc, by virtue of A F A Banks and J W Gannon holding shares in Manx Financial Group plc The Group manages a premium finance loan book on behalf of Manx Financial Group plc In performing this role the Group receives funds from Manx Financial Group plc relating to premiums financed on the Manx loan book and remits funds back to Manx Financial Group plc relating to the collections made from customers whose premiums have been financed on the Manx loan book less applicable management fees and broker commissions At the year end the Group held cash balances of £1 302m relating to this activity Manx Financial Group plc currently finance a maximum of £1m of premium finance per month This arrangement is subject to renewal on a month by month basis

Included within the trading transactions are transactions with NewLaw Solicitors LLP

The Group is connected to NewLaw Solicitors LLP, as J W Gannon and H Molyneux are partners in NewLaw Solicitors LLP The transactions in the year include sales from Injury QED Limited to NewLaw Solicitors LLP, in relation to the provision of medical reports, and recharges of facilities and administrative expenses to NewLaw Solicitors LLP from the Group

The other transactions in (a) above include goods and services recharged with companies that have common ownership on normal commercial terms and conditions

26 RELATED PARTY TRANSACTIONS (Continued)

Included within trading transactions are transactions with Southern Rock Insurance Company Limited ("SRICL") The Group is connected to SRICL, by virtue of A F A Banks, P S Chase-Gardener and J W Gannon being Directors of both the Group and SRICL The transactions with SRICL include the sale of insurance policies by the Group's insurance broking units which are underwritten by SRICL and the provision by the Group of a helpdesk function for the on line insurance policies sold by SRICL under the eCar and eBike banners

Included within trading transactions are transactions with Southern Rock Investments Limited ("SRIL") The Group is connected to SRIL by virtue of A F A Banks, P S Chase-Gardener and J W Gannon all being Directors of both the Group and SRIL The on-line software platform utilised by E Insurance Services Limited to distribute its eHome and eVan policies is owned, and licenced to E Insurance Services Limited by SRIL at commercially agreed rates

The Group is connected to E Development Limited by virtue of A F A Banks, P S Chase-Gardener and J W Gannon all being Directors of both the Group and E Development Limited The Group's lead generation business purchases data from E Development Limited E Development performs a cash processing function for the eHome and eVan products brokered by E Insurance Services Limited E Development maintains the websites operated by the Group, for which the Group pays for these services on commercially agreed terms E Development also maintains the on-line software platform utilised by E Insurance Services Limited to distribute eHome and eVan policies

Included within the loans to and from related parties, are loans due to and from Rock Holdings Limited

The Group is connected to Rock Holdings Limited, by virtue of A F A Banks, P S Chase-Gardener and J W Gannon holding shares in Rock Holdings Limited These businesses have inter-Company loan relationships with each other, charged at a rate of base rate plus 2% At 31 December 2009 the balance due to Brightside Group Plc was £1,364k (2008 £9,428k), and due to Rock Holdings was £284k (2008 £8,532k)

The Company had year end balances arising from trading transactions with other Group undertakings of £9,804k as at 31 December 2008 Following the write off of an inter company balance of £9,804k with David & Co Limited, the Company incurred losses of £9 9m

In the prior year the company acquired via a share for share exchange,

a) the entire issued share capital of Aust Holdings Limited (which owned 75% of Group Direct),

b) the remaining issued share capital of Group Direct Limited (not owned by Aust Holding Limited), and

c) the entire issued share capital of Injury QED Limited

At the time of the acquisitions A F A Banks, J W Gannon and P S Chase-Gardener, all Directors of the Company had share holdings in Aust Holdings Limited The total consideration paid by the Company to acquire the entire issued share capital of Aust Holdings Limited was £43 875m Of this total the amount received by A F A Banks, J W Gannon and P S Chase-Gardener was £34 37m This transaction has been accounted for as a reverse acquisition As a result Brightside Group plc is treated as the acquiree for accounting purposes The amount deemed to have been paid for Brightside Group plc was £5 4m

At the time of the acquisitions A F A Banks, J W Gannon, P S Chase-Gardener and H C Molyneux, all Directors of the Company, were sole share holders of Injury QED Limited The total consideration paid by the Company to acquire the entire issued share capital of Injury QED was £6 5m

Due to the related nature of the acquisitions, and in accordance with AIM rules the acquisitions were made following approval from the independent share holders of the Company, on a basis of a recommendation received from the Independent Directors of the Company

Summary of Call Option Agreements

The Group has entered into 5 year call option agreements to acquire

- the entire issued share capital of eDevelopment,

26 RELATED PARTY TRANSACTIONS (Continued)

- the on-line policy distribution platform, currently owned by Southern Rock Investments Limited "SRIL", which is used to distribute the eVan and eHome products brokered by eInsurance Services and the eCar and eBike products which are directly written by Southern Rock Insurance Company Limited "SRICL", and

- the eCar and eBike insurance policy books from SRICL

The Company anticipates that the exercise of any of the options listed in the following pages may require approval of the Company in a general meeting in accordance with section 190 of the Act which relates to substantial property transactions between a Company and its Directors (or their connected persons)

Option Agreement over the eBike insurance branded policy book business

Under an option agreement dated 1 December 2009 between the Company (1) and SRICL (2), SRICL granted the Company an option to purchase the eBike insurance branded policy book business which includes the marketing, distribution, sale and renewal of insurance policies in respect of motorcycles, scooters and mopeds under the eBike insurance brand in the UK The consideration for the grant of the option was £10,000

This option will lapse on the fifth anniversary of the agreement, or the date on which the Company receives notice from SRICL that it has received an offer from a bona fide third party on arm's length terms in respect of the acquisition of the eBike Business which SRICL wishes to accept (the "eBike Option Notice") Prior to the fifth anniversary of the agreement and provided always that the eBike Option Notice has not been served, the period within which the Company may exercise the option over the eBike Business may be extended at the discretion of the Company for further periods of 12 months by the payment of a further £2,000 per 12 month period If exercised, the consideration for the exercise of the option would be paid in two instalments The initial instalment would be calculated as an amount equal to 3 75 times the profit before tax (as defined in the option agreement) attributable to the business included in the latest annual accounts of SRICL as at the exercise date and would be paid on the completion of the exercise of the option The deferred instalment would be an amount equal to 3 75 times the profit before tax attributable to the business for the period of the 12 months following the exercise of the option less the initial instalment and would be paid within 30 days of the parties agreeing the final amount of the deferred instalment

Under the terms of the option agreement, should SRICL receive an offer from a bona fide third party to purchase the business, the Company has the option to match such an offer In the circumstances where the Company acquires the eBike Business by matching the third party offer outlined in the eBike Option Notice, the consideration payable by the Company may or may not be in excess of the consideration outlined in the preceding paragraph

Option Agreement over the eCar insurance branded policy book business

Under an option agreement dated 1 December 2009 between the Company (1) and SRICL (2), SRICL granted the Company an option to purchase the eCar insurance branded policy book business which includes the marketing, distribution, sale and renewal of insurance policies in respect of private cars under the eCar insurance brand in the UK The consideration for the grant of the option was £10,000

This option will lapse on the fifth anniversary of the agreement, or the date on which the Company receives notice from SRICL that it has received an offer from a bona fide third party on arm's length terms in respect of the acquisition of the eCar Business which SRICL wishes to accept (the "eCar Option Notice") Prior to the fifth anniversary of the agreement and provided always that the eCar Option Notice has not been served, the period within which the Company may exercise the option over the eCar Business may be extended at the discretion of the Company for further periods of 12 months by the payment of £2,000 per 12 month extension

If exercised, the consideration for the exercise of the option would be paid in two instalments The initial instalment would be calculated as an amount equal to 3 75 times the profit after tax (as defined in the option agreement) attributable to the business included in the latest annual accounts of SRICL as at the exercise date and would be paid on the completion of the exercise of the option The deferred instalment would be an amount equal to 3 75 times the profit after tax attributable to the business for the period of the 12 months following the exercise of the option less the initial instalment and would be paid within 30 days of the parties agreeing the final amount of the deferred instalment

Under the terms of the option agreement, should SRICL receive an offer from a bona fide third party to purchase the business, the Company has the option to match such an offer In the circumstances where the Company acquires the eCar Business by matching the third party offer outlined in the eCar Option Notice, the consideration payable by the Company may or may not be in excess of the consideration outlined in the preceding paragraph

26 RELATED PARTY TRANSACTIONS (Continued)

Option Agreement over the shares in eDevelopment Limited and the eSystem

Under an option agreement dated 1 December 2009 between the Company (1) Rock Holdings (2) Simon Jones (3) and SRIL (4), Rock Holdings and Simon Jones granted the Company an option to purchase 1,250 ordinary shares (being all the issued shares) in the capital of eDevelopment and SRIL granted the Company an option to purchase the computer programs, applications and systems that make up the eSystem as described in more detail in the annex to the option agreement The consideration for the grant of the option over the shares in eDevelopment was £5,000 The consideration for the grant of the option in relation to the eSystem was £45,000

This option will lapse on 1 December 2014 unless extended at the discretion of the Company for further periods of 12 months by the payment of £1,000 to Rock Holdings and Simon Jones and £9,000 to SRIL The exercise of the options over the shares and the eSystem are conditional on (i) them both being exercised together and (ii) approval by a simple majority of the Company's shareholders in general meeting, where the requirement to obtain a simple majority to pass the resolution is achieved whilst excluding Paul Chase-Gardener, Arron Banks and John Gannon from voting on such resolution (as interested shareholders) for the purposes of establishing the number of members entitled to vote and the number of votes cast in person or by proxy

If exercised, the consideration for the exercise of the option to purchase the shares in eDevelopment would be an amount equal to 3 times eDevelopment's profit before tax as shown in the eDevelopments management accounts in respect of the 12 months period ending on the last complete calendar month before the exercise date, subject to a minimum value of £1 million

The consideration for the exercise of the option to purchase the eSystem would be the aggregate of (i) the net book value of the eSystem as shown in SRIL's latest audited accounts at the exercise date and (ii) a multiple of 3 times of all licence fees, royalties and system fees received by SRIL from third parties in respect of the eSystem in the 12 month period prior to the exercise date

IAS 27 requires an entity to consider whether the existence of potential voting rights that are currently exercisable or convertible gives the entity the power to govern the financial and operating policies of the entity over which the rights are held If the entity is deemed to have the power to govern the financial and operating policies of another entity then that entity should be consolidated The option agreements over the eBike and eCar policy books do not represent options over the share capital of the underlying business Southern Rock Insurance Company Limited (SRICL), which owns these policy books and the underlying business of insurance underwriting undertaken by SRICL will continue irrespective, and unaffected by the exercise of these options Therefore the existence of these options is not deemed to provide the Group with the power to govern the financial and operating policies of SRICL and therefore the results of SRICL have not been consolidated with those of the Group

The option agreements over eDevelopment Limited and the computer operating system owned by SRIL are not deemed to give the Group the power to govern the financial and operating policies of either SRIL or eDevelopment Limited as the exercise of these options is contingent upon approval by a majority of the Company's shareholders at a general meeting, excluding AFA Banks, JW Gannon and PS Chase-Gardener all of whom are Directors and shareholders of Brightside Group plc and are also beneficially interested in the share capital of eDevelopment Limited and SRIL Therefore the results of both SRIL and eDevelopment Limited have not been consolidated with those of the Group

27 SUBSIDIARIES

Group

The Group's investments at the balance sheet date in the share capital of unlisted Group undertakings (all of which are registered in England and Wales) include the following

Subsidiary Undertaking	Class of shares	Proportion held	Principal activity
Group Direct Limited	Ordinary	100%	Intermediate Holding Company
Injury QED Limited	Ordinary	100%	Medical Reporting
David & Co Consultants Limited	Ordinary	100%	Debt Management and Lead Generation
Minibus Direct Limited	Ordinary	100%	Holding Company of Dormant Companies
Commercial Vehicle Direct Insurance Services Limited	Ordinary	100%	Insurance Broker
Panacea Finance Limited	Ordinary	100%	Finance Provider

27 SUBSIDIARIES (Continued)

Group (Continued)

Subsidiary Undertaking	Class of shares	Proportion held	Principal activity
E Insurance Services Limited	Ordinary	100%	Insurance Broker
Group Direct Marketing Limited (Trading as E Marketing Complete Limited)	Ordinary	100%	Facilities Recharge Company

On 30 June 2009 the trade and assets of Taxi Direct Insurance Services Limited were hived across into Motor and Home Direct Insurance Services Limited

On 31 December 2009 the trade and assets of Motor and Home Direct Insurance Services Limited and CVD Commercial Insurance Services Limited were hived across into Commercial Vehicle Direct Limited

All of these companies were 100% subsidiaries of the Group throughtout 2009 The Group holds investments in many dormant companies As per IAS 27 these investments are not significant and therefore the Group has elected not to disclose these companies