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AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the United Kingdom Listing Authority. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Each AIM company is required pursuant to the AIM Rules to have a nominated adviser. The nominated adviser is required to make a declaration to the London Stock Exchange on admission in the form set out in Schedule Two to the AIM Rules for Nominated Advisers. The London Stock Exchange has not itself examined or approved the contents of this document.

This document constitutes an admission document drawn up in accordance with the AIM Rules. Neither the issue of the Consideration Shares pursuant to the Acquisition, nor Admission, will constitute an offer to the public requiring an approved prospectus under section 85 of the FSMA or otherwise and, accordingly, this document does not constitute a prospectus for these purposes and has not been approved by the FSA pursuant to section 85 of the FSMA or by any other authority or jurisdiction.

The whole of this document should be read. An investment in the Company includes a significant degree of risk and the attention of investors is drawn in particular to the Risk Factors set out in Part IV of this document.

Mission Capital Plc

(incorporated and registered in England and Wales with registered number 5542221)

Proposed Acquisition of Quindell Limited Admission of Enlarged Share Capital to trading on AIM and Notice of General Meeting Nominated Adviser and Broker Daniel Stewart & Company Plc

Number of Shares in issue as at the date of this document	Number of Shares in issue immediately following Admission
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108,174,872

1,351,602,603

Daniel Stewart & Company Plc, which is authorised and regulated by the FSA, is acting as the Company's nominated adviser and broker in connection with the proposed admission of the Enlarged Share Capital to trading on AIM and will not be responsible to any person other than the Company for providing the protections afforded to its customers or for advising any other person on the contents of this document or any matter, transaction or arrangement referred to herein. The responsibilities of Daniel Stewart & Company Plc as the Company's nominated adviser and broker under the AIM Rules are owed solely to London Stock Exchange plc and are not owed to the Company or to any Director, Proposed Director, Shareholder or any other person. Daniel Stewart & Company Plc is not making any representation or warranty, express or implied, as to the contents of this document.

Notice of a General Meeting of the Company to be held at the offices of Speechly Bircham LLP at 6 New Street Square, London EC4A 3LX at 10.00 a.m. on 16 May 2011 is set out at the end of this document. Whether or not they intend to attend the General Meeting, Shareholders are requested to complete and return the accompanying Form of Proxy as soon as possible and, in any event, so as to be received by SLC Registrars at PO Box 464, Thames House, Portsmouth Road, Esher, Surrey KT10 1DY not later than 10.00 a.m. on 14 May 2011. The completion and return of the Form of Proxy will not preclude Shareholders from attending the General Meeting and voting in person should they subsequently wish to do so.

The Acquisition is conditional, *inter alia*, on admission of the Enlarged Share Capital to trading on AIM. Application has been made to the London Stock Exchange for the Existing Shares and for the Consideration Shares to be admitted to trading on AIM. It is expected that dealings in the Enlarged Share Capital will commence on or around 17 May 2011.

The Ordinary Shares have not been and will not be registered under the United States Securities Act of 1933 (as amended) or under the securities laws of any state of the United States or qualify for distribution under any of the relevant securities laws of Australia, Canada or Japan, nor has any prospectus in relation to the Ordinary Shares been lodged with or registered by the Australian Securities and Investments Commission or the Japanese Ministry of Finance. Accordingly, subject to certain exceptions, the Ordinary Shares may not be, directly or indirectly, offered, sold, taken up, delivered or transferred in or into or within the United States, Australia, Canada or Japan. This document does not constitute an offer to issue or sell, or the solicitation of an offer to subscribe or purchase, any Shares to any person in any jurisdiction to whom it is unlawful to make such offer or solicitation in such jurisdiction. This document must not be copied or distributed by recipients (save as set out above) and, in particular, must not be distributed by any means, including electronic transmission, to persons with addresses in the United States, Australia, Canada or Japan, their respective possessions and territories or to any citizen of any of them or to any corporation, partnership or other entity created or organised under the laws of any of them. Any such distribution could result in a violation of the laws of those countries. Overseas Shareholders and any person (including, without limitation, custodians, nominees and trustees) who has a contractual or other legal obligation to forward this document to a jurisdiction outside the UK should seek appropriate advice before taking any action and observe any such restriction.

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EXPECTED TIMETABLE OF PRINCIPAL EVENTS

<i>Event</i>	<i>Date</i>
Publication of Admission Document	28 April 2011
Latest time and date for lodging Forms of Proxy for the General Meeting	10.00 a.m. on 14 May 2011
General Meeting	10.00 a.m. on 16 May 2011
Admission and commencement of dealings in the Enlarged Share Capital on AIM	8.00 a.m. on 17 May 2011
Completion of the Acquisition	16 May 2011

Some of the dates and times in the above timetable are an estimate only and are subject to change.

ISSUE STATISTICS AND DEALING CODES

Number of Existing Shares	108,174,872
Number of Consideration Shares	1,243,427,731
Number of Ordinary Shares in issue immediately following Admission	1,351,602,603
Percentage of Enlarged Share Capital represented by the Consideration Shares	92 per cent.
Percentage of Enlarged Share Capital represented by the Existing Shares	8 per cent.
Expected market capitalisation of the Company immediately following Admission	£33.32 million
Implied Admission Price	2.47p
AIM Symbol	MCAP
ISIN code	GB00B0R5TG60

**EXISTING DIRECTORS, PROPOSED DIRECTORS,
COMPANY SECRETARY AND ADVISERS**

Existing Directors	Philip Goldenberg, <i>Chairman*</i> Robert Philip Burrow, <i>Non-executive Director</i> Giuseppe Ciardi, <i>Non-executive Director*</i> Christopher Robin Leslie Phillips, <i>Non-executive Director*</i> <i>*to resign on Admission</i>
Proposed Directors	Robert Simon Terry, <i>Chairman and Chief Executive</i> Dominic Scott McInnis Milton, <i>Executive Director</i> Stephen Scott, <i>Non Executive Director</i> Anthony (Tony) James Bowers, <i>Non Executive Director</i>
Company Secretary	Philip Goldenberg* <i>*to resign on Admission</i>
Proposed Company Secretary	Edward Walker
Registered Office and Business Address	24 Queen Anne Street London W1G 9AX
Nominated Adviser and Broker	Daniel Stewart & Company Plc Becket House 36 Old Jewry London EC2R 8DD
Legal Advisers to the Company	Speechly Bircham LLP 6 New Street Square London EC4A 3LX
Legal Advisers to Daniel Stewart	Harbottle & Lewis LLP Hanover House 14 Hanover Square London, W1S 1HP
Legal Advisers to Quindell	Blake Laphorn New Kings Court Tollgate Chandler's Ford Eastleigh SO53 3LG
Auditors to the Company	Grant Thornton UK LLP Grant Thornton House Kettering Parkway Kettering Venture Park Kettering Northants NN15 6XR
Reporting Accountants	RSM Tenon Audit Limited Vantage Victoria Street Basingstoke RG21 3BT
Registrars	SLC Registrars Thames House Portsmouth Road Esher Surrey KT10 9AD
Principal Bankers	Bank of Scotland Plc 300 Lawnmarket Edinburgh EH1 2PH

PART I

LETTER FROM THE CHAIRMAN OF MISSION CAPITAL

Mission Capital Plc

(incorporated and registered in England and Wales with registered number 5542221)

Existing Directors:

Philip Goldenberg, *Chairman*
Robert Burrow, *Non-executive Director*
Giuseppe Ciardi, *Non-executive Director*
Christopher Phillips, *Non-executive Director*

Registered office:

Mission Capital Plc
24 Queen Anne Street
London
W1G 9AX

28 April 2011

Dear Shareholder

The Future of your Company

You should read this document as a whole, starting with the formal (and inevitably lengthy) letter from your Board which follows.

Your Company is now effectively a cash shell; and the AIM quotation for its shares was cancelled on 14 March 2011. We are delighted to recommend to you the acquisition of an exciting company, Quindell Limited, which is a reselling and sales outsourcing company with expertise in technology, telecoms, utilities, leisure and retail, which the Existing Directors believe has significant potential for growth. Quindell shareholders will receive newly issued Consideration Shares in the Company amounting to approximately 92 per cent. of the Enlarged Share Capital of your Company. Based on the expected Admission Price, your Company will have a theoretical price of approximately 2.47 pence per share as against the pre-suspension price of 0.63 pence per share. The Acquisition is conditional upon the Enlarged Share Capital being admitted to trading on AIM.

On Completion, Giuseppe Ciardi, Chris Phillips and I will retire from the Board, which will go forward as an enlarged Board with two executive directors who are currently directors of Quindell, Robert Burrow, and two additional non-executive directors. I will also retire as Company Secretary. I would like to thank Giuseppe, Chris and Robert for all their hard work for the Company. Together we have spent three years navigating the somewhat battered vessel whose helm we assumed through some very stormy waters; and I am delighted that we have now found for Shareholders a new venture which is supported, by way of irrevocable undertakings to vote in its favour, by holders of approximately 57 per cent. of the Company's Existing Shares.

Yours sincerely

PHILIP GOLDENBERG
Chairman

PART II

LETTER FROM THE BOARD OF MISSION CAPITAL

Mission Capital Plc

(incorporated and registered in England and Wales with registered number 5542221)

Existing Directors:

Philip Goldenberg, *Chairman*
Robert Burrow, *Non-executive Director*
Giuseppe Ciardi, *Non-executive Director*
Christopher Phillips, *Non-executive Director*

Registered office:
Mission Capital Plc
24 Queen Anne Street
London
W1G 9AX

Proposed Directors:

Robert Terry, *Chairman and Chief Executive*
Dominic Milton, *Executive Director*
Stephen Scott, *Non Executive Director*
Anthony Bowers, *Non Executive Director*

28 April 2011

Dear Shareholder

**Proposed Acquisition of Quindell Limited
Admission of Enlarged Share Capital to trading on AIM
and
Notice of General Meeting**

1 Introduction

The Company has entered into a conditional agreement to acquire the entire issued and to be issued share capital of Quindell Limited for 1,243,427,731 Consideration Shares to the Vendors. Based on the Implied Admission Price, this values Quindell at £30.65 million.

The Acquisition, if completed, will result in a fundamental change in the business, composition of the Board and voting control of the Company. Accordingly, the Existing Directors consider it appropriate to offer Existing Shareholders the ability to vote on the Proposals at a General Meeting of the Company to be held at the offices of Speechly Bircham LLP at 6 New Street Square, London EC4A 3LX at 10.00 a.m. on 16 May 2011.

The purpose of this document is to explain the background to and reasons for the Acquisition, and why the Directors believe that the Acquisition is in the best interests of the Company and its Shareholders as a whole; and to recommend that Shareholders vote in favour of Resolutions to be proposed at the General Meeting, notice of which is set out at the end of this document. The Company has received irrevocable undertakings from certain Shareholders who hold in aggregate 61,125,069 Ordinary Shares (representing approximately 57 per cent. of the Existing Share Capital) to vote in favour of Resolution 1 which concerns the approval of the Acquisition.

2 Background to and reasons for the Proposals

Since 31 July 2009 the Company's strategy and principal activity has been to seek to invest in real estate investments through the acquisition of, or investment in, both asset-backed and non-asset backed operating businesses and companies substantially, but not necessarily exclusively, within the United Kingdom.

The Ordinary Shares were suspended from trading on AIM on 2 August 2010, because the Company did not make an appropriate acquisition by 31 July 2010. The Company was then unable to complete an acquisition under Rule 15 of the AIM Rules in the time limits imposed by the London Stock Exchange, resulting in trading in the Company's Ordinary Shares on AIM being cancelled.

On 2 August 2010, the Existing Directors announced that the Company was in preliminary discussions relating to an acquisition. On 20 December 2010, the Existing Directors announced that those preliminary discussions had been terminated but that heads of terms had been signed in relation to another substantial acquisition that would constitute a reverse takeover under the AIM Rules. Those heads of terms were signed with Quindell and, in the period since 20 December 2010 negotiations have progressed, culminating in the signing of the Acquisition Agreement.

Quindell is a re-selling and sales outsourcing company with expertise in technology, telecoms, utilities, leisure and retail. Quindell develops evolving leading practice technology, management consultancy and business processing outsourcing solutions. The Quindell solutions are primarily focused on customer acquisition, cross-selling and customer retention, whilst balancing quality of service and customer lifetime value against the cost to acquire and the cost to service the customer. The Existing and Proposed Directors believe Quindell has significant potential for growth which will lead to the creation of shareholder value for the Existing Shareholders.

Further details of the history, business and strategy for growth of Quindell are set out in Part III of this document.

3 Financial information

Quindell

Financial information on Quindell for the year ended 30 December 2010 is set out in Part V of this document. The summary financial information set out below has been extracted therefrom without material adjustment.

	<i>As restated Year ended 30 December UK GAAP 2008 £</i>	<i>Year ended 30 December UK GAAP and IFRS 2009 £</i>	<i>Year ended 30 December IFRS 2010 £</i>
Revenue	1,707,778	3,551,584	4,149,551
Gross profit	878,210	2,262,365	2,755,429
Profit/(Loss) before tax	202,380	(4,680,914)	1,333,237
Profit/(Loss) for the period attributable to shareholders	<u>196,870</u>	<u>(4,680,914)</u>	<u>1,278,851</u>

As at the date of this document, Quindell has no borrowings except obligations under finance leases.

Total revenue for the year ended 30 December 2008 was £1.7 million, up 24 per cent. compared to the prior year. The profit before tax for the year was £0.2 million (including £0.24 million of depreciation charge) which compared to a profit before tax of £0.4 million for 2007 (including £0.13 million of depreciation charge and an exceptional gain of £0.2 million from the disposal of fixed assets). Adjusted profit (excluding any exceptional gain and depreciation charge) of £0.45 million (excluding £0.24 million of depreciation charge) was up 52 per cent. compared to £0.29 million in the prior year (excluding £0.13 million of depreciation charge and an exceptional gain of £0.21 million from the disposal of fixed assets). The year ended 30 December 2007 and the year ended 30 December 2008 showed strong operating cash generation.

Total revenue for the year ended 30 December 2009 was £3.55 million, up 108 per cent. from 2008. The loss before tax for the year was £4.7 million (including £0.31 million of depreciation charge, £12,125 of amortisation charge, £55,500 of interest on warrants and exceptional net impairment and provision charges of £5.1 million) compared to a profit before tax of £0.2 million in 2008 (including £0.24 million of depreciation charge). Adjusted profit was £0.8 million (excluding £0.31 million of depreciation charge, £12,125 of amortisation charges, £55,500 of interest on warrants and £5.1 million of exceptional items) compared to £0.45 million (excluding £0.24 million of depreciation charge) in 2008. As in the previous years, 2009 continued to show strong operating cash generation.

Revenue from continuing operations in the year ended 30 December 2010 was £4.15 million (2009: £3.55 million), adjusted profit from continuing operations was £1.77 million (2009: £0.49 million). The company reported operating cash inflow of £0.15 million (2009: £0.21 million) and adjusted basic earnings per share of £10.20 (2009: £3.70) and as at 30 December 2010, Quindell had net assets of £4.55 million (2009: £3.36 million).

Further details on the historical financial information of Quindell in each of the years ended 30 December 2008, 2009 and 2010 are set out in Part V of this document.

The audit report for the year ended 30 December 2008 was qualified due to limitation of scope relating to stock. Further details on the qualification are set out in the UK GAAP accounts for the year ended 30 December 2008 set out in Part C of Part V of this document.

Mission Capital

Financial information on Mission for the year ended 30 September 2010 is set out in Part VI of this document.

The Company announced its audited results for the year ended 30 September 2010 on 3 February 2011. The Company had revenue of £154,066 (2009: £3.1 million) and a net loss of £99,105 (2009: £1.045 million), equating to a loss per share of 0.092p (2009: 0.967p).

Financial Year End

Upon Completion, the Directors will change the Enlarged Group's accounting reference date to 31 December. The first results to be published by the Enlarged Group are therefore expected to be its unaudited interim results for the nine months ending 30 June 2011.

4 Current trading and prospects

Quindell

Since 30 December 2010, its most recently completed financial year end, Quindell has traded strongly.

Mission Capital

The Company currently has no trading income and its expenditure relates to costs associated with general corporate overheads and the Acquisition. As at 21 April 2011, the most recent practicable date prior to the date of this document, the Company had cash of approximately £376,000.

5 Principal terms of the Acquisition

On 28 April 2011, the Company entered into the Acquisition Agreement with the Vendors, pursuant to which the Company has conditionally agreed to acquire the entire issued and to be issued share capital of Quindell. In accordance with the Acquisition Agreement, the consideration payable by the Company to the Vendors is the allotment and issue, credited as fully paid, of 1,243,427,731 Consideration Shares, which will rank *pari passu* in all respects with the Existing Shares. Further details of such consideration and other terms of the Acquisition Agreement are set out in paragraph 10.1.3 of Part VII of this document.

The Acquisition is conditional *inter alia* upon the following being satisfied by 31 May 2011 (or such later date as the Company may agree with the Vendors):

- (i) the passing of the Resolutions at the General Meeting;
- (ii) the Acquisition Agreement becoming unconditional except in respect of Admission; and
- (iii) admission of the Enlarged Share Capital to trading on AIM becoming effective.

The Acquisition Agreement contains customary warranties and indemnities given by the Vendors for a transaction of this kind.

6 Board of Directors of the Enlarged Group

On Admission, the Board will consist of two executive directors and three non-executive directors. In addition, the Board is seeking to appoint a suitably qualified full time finance director as soon as reasonably practicable following Admission. Pending this appointment, Dominic Milton, an executive director of Quindell and a proposed director of the Enlarged Group, will assume the role of finance director of the Enlarged Group with effect from Admission.

Brief biographical details of all members of the Board immediately following Admission and their proposed roles are set out below.

Robert Terry, Chairman and Chief Executive, Age 42

Following a period as an independent management consultant for a number of multinational companies (primarily in the legal, banking and insurance industries), Robert founded SCS Consulting Limited (“SCS”), an IT Company specialising in the integration of various document management and workflow packages with customers’ line of business systems. After the sale of SCS in 1997, Robert founded The Innovation Group Plc (“The Innovation Group”) which floated on the London Stock Exchange in June 2000 and in the 18 months following made 28 acquisitions across 11 countries. Robert oversaw the growth of The Innovation Group as chairman and chief executive from five to 2,000 employees and grew revenues to over £100 million per annum within a three year period. In February 2003, Robert became Non Executive Vice Chairman of The Innovation Group having agreed the appointments of Hassan Sadiq as Chief Executive and Geoff Squire as Non Executive Chairman. After these board changes and the appointment of a number of other new non-executive directors, Robert left The Innovation Group in 2003, to develop the business of Quindell.

Dominic Milton, Executive Director, Age 48

Dominic has over 25 years’ experience in the IT industry. Most recently he has focused on multi-channel internet based customer acquisition. Dominic joined Eagle Star Insurance in 1984 and progressed to be a lead project manager and consultant on their joint venture blue-print projects and direct telesales and internet related work. These projects included customer acquisition and brand extension with Alliance & Leicester, Bradford & Bingley, and Kwik Fit. After working on these projects in partnership with SCS and CMG (UK) Limited (“CMG”), Dominic left to join SCS in 1997 and then left shortly after it was acquired to join The Innovation Group in 1999. In 2004, Dominic moved to Quindell as a key leading practice consultant. He joined the board of Quindell on 1 December 2010 to focus on management consultancy and the integration of acquired companies.

Steve Scott, Non-Executive Director, Age 58

Steve is a Chartered Director who previously worked for The Innovation Group from August 1999 to December 2006. Steve has been in the IT industry for over 36 years, beginning his career as a software developer and then moving into marketing and operations, most notably with Nixdorf Computer Limited (later known as Siemens Nixdorf Information Systems Limited) from 1979 to 1992. In 1992, he became manager of ACT Financial Systems Limited’s insurance product and development unit. In 1994, Steve was appointed to the board of ACT Financial Systems Limited and in the following year joined CMG. In 1997, he joined the UK board of CMG as director responsible for the finance sector. He was also the UK director responsible for finance. In August 1999, he left CMG to join the board of The Innovation Group as Commercial Director. Steve joined the board of Quindell on 30 April 2009.

Tony Bowers, Non-Executive Director, Age 58

Tony Bowers is a Fellow of the Institute of Chartered Accountants in England and Wales and a Member of the Chartered Institute of Taxation. He is also a past-President of the Southern Society of Chartered Accountants in England and Wales. Tony was a Partner with Deloitte for 23 years until his retirement in November 2008, where he specialised in dealing with companies, shareholders and directors on a number of aspects of business and taxation. Tony was also a key adviser to The Innovation Group from 2000 to 2004 and has been an adviser to Quindell since 2000. Tony joined the board of Quindell on 18 February 2011.

Robert Burrow, Non-executive Director, Age 60

Robert qualified as a solicitor in 1975 and was a partner of SJ Berwin LLP and its predecessor firm from 1985 to 2007. He has extensive experience in international mergers and acquisitions, with a particular focus in the property and retail sectors. Robert is also a non-executive director of Caxton Global Investments Limited and MWB Group Holdings plc. He is also non-executive chairman of Tintagel International Limited and chief executive of Chelsfield Advisers LLP.

7 Lock-in and orderly market arrangements

The Acquisition Agreement provides for the Locked-In Parties each to undertake to the Company and Daniel Stewart not to sell, transfer or otherwise dispose of any interest in their Consideration Shares for a period of one year following Admission and not to dispose of any Consideration Shares for a second year following Admission without the Company and Daniel Stewart's prior written consent, in each case subject to certain exceptions. In addition, any such disposal shall, subject to certain exceptions, be effected through Daniel Stewart.

In addition, the Acquisition Agreement provides for certain of the Vendors each to undertake to the Company and Daniel Stewart not without the Company's consent to sell, transfer or otherwise dispose of any interest in their Consideration Shares for a period of one year following Admission and not to dispose of any Consideration Shares for a second year following Admission without the Company's prior written consent, in each case subject to certain exceptions. In addition, any such disposal shall, subject to certain exceptions, be effected through Daniel Stewart.

The lock-in arrangements outlined above will apply in respect of, in aggregate 1,155,744,052 Ordinary Shares representing approximately 85.51 per cent. of the Enlarged Share Capital.

Further, the Acquisition Agreement provides for certain of the remaining Vendors to undertake to the Company and Daniel Stewart that for a period of one year following Admission that, subject to certain exceptions, any sale, transfer or other disposal of their Consideration Shares shall be effected through Daniel Stewart.

Further details of the lock-in arrangements are set out in paragraph 10 of Part VII of this document.

8 Waiver of Rule 9 of the City Code

The Proposals give rise to certain conditions under the City Code. Brief details of the Takeover Panel, the City Code and the protections they afford are set out below.

The City Code is administered by the Takeover Panel. The City Code applies, *inter alia*, to all offers for public companies which have their registered office in the UK, Channel Islands and the Isle of Man and which are considered by the Takeover Panel to have their place of central management and control in these jurisdictions. Accordingly, Shareholders are entitled to the protections afforded by the City Code.

Under Rule 9 of the City Code, any person who acquires an interest (as defined in the City Code) in shares which, taken together with shares in which he is already interested and shares in which persons acting in concert with him are interested, carry 30 per cent. or more of the voting rights of a company which is subject to the City Code, is normally required to make a general offer to all the remaining shareholders to acquire their shares.

Similarly, when any person, together with persons acting in concert with him, is interested in shares which in aggregate carry not less than 30 per cent. of the voting rights of such a company, but does not hold shares carrying more than 50 per cent. of such voting rights, a general offer will normally be required if any further interests in shares, increasing the percentage of shares carrying voting rights, are acquired by any such person.

An offer under Rule 9 of the City Code must be made in cash and at the highest price paid by the person required to make the offer, or any person acting in concert with him, for any interest in shares of the company during the 12 months prior to the announcement of the offer.

Persons acting in concert comprise persons who, pursuant to an agreement or understanding (whether formal or informal), actively co-operate to obtain or consolidate control of, or frustrate the successful outcome of an offer for, a company to which the City Code applies. For the purposes of the City Code,

all the Vendors are deemed to be acting in concert, and their interests are to be aggregated. The Vendors' existing shareholdings in Quindell and their proposed interest in the Enlarged Share Capital immediately following Admission are set out in the table below. Immediately following Admission, the Concert Party will be interested, in aggregate, in 1,243,427,731 Ordinary Shares, representing approximately 92.00 per cent. of the Enlarged Share Capital.

	<i>Shareholding in Quindell immediately prior to Admission</i>	<i>Shareholding in Enlarged Group immediately following Admission</i>	<i>% of Enlarged Share Capital immediately following Admission</i>
Robert Terry	9,915,174	575,900,331	42.61
TMC (Southern) Limited	1,725,000	100,192,702	7.41
Tracey Terry	1,429,400	83,023,448	6.14
Bickleigh Ridge Limited	1,220,000	70,860,925	5.24
Ubiquity Capital LLP	914,811	53,134,716	3.93
Jonathan Stretton-Knowles	744,000	43,213,548	3.20
Matthew Whiting	720,800	41,866,029	3.10
Dominic Milton	511,766	29,724,764	2.20
LOM Capital	500,000	29,041,363	2.15
RST Accumulation & Maintenance Trust	326,124	18,942,171	1.40
Jonathan Sparks	288,000	16,727,825	1.24
Laurence Moorse	277,000	16,088,915	1.19
Harry Cooling	262,000	15,217,674	1.13
Paul Campbell	232,000	13,475,192	1.00
David Terry	225,000	13,068,613	0.97
Stephen Terry	207,500	12,052,166	0.89
Susan Matthews	185,000	10,745,304	0.80
Hassan Sadiq	184,000	10,687,222	0.79
Guy Convert	150,000	8,712,409	0.64
SDM Corporation	150,000	8,712,409	0.64
Ben Williams	114,500	6,650,472	0.49
Gillian Elizabeth Baker	100,000	5,808,273	0.43
James Dickson	100,000	5,808,273	0.43
Shaukat Hussain	100,000	5,808,273	0.43
Susan Mary Cervenka	100,000	5,808,273	0.43
LearnED Limited	80,000	4,646,618	0.34
Chris Goodman	75,000	4,356,204	0.32
Ralph Gilbert	75,000	4,356,204	0.32
Graham William Mundy	62,000	3,601,129	0.27
Maureen Ruth Mundy	62,000	3,601,129	0.27
Keith Hayward	56,800	3,299,099	0.24
Nicholas Crowther	55,000	3,194,550	0.24
Steve Scott	30,000	1,742,482	0.13
Andy Henderson	25,000	1,452,068	0.11
Neil Litster	25,000	1,452,068	0.11
Richard Martin	24,000	1,393,985	0.10
Anthony Bowers	20,000	1,161,655	0.09
Nathan Helms	20,000	1,161,655	0.09
Kevin Williams	18,000	1,045,489	0.08
Terry Puttock	18,000	1,045,489	0.08
Barry James Lakin	10,000	580,827	0.04
Clive Davis	10,000	580,827	0.04
Jason Charles Collier	10,000	580,827	0.04
Michael Kevin Patrick Herron	10,000	580,827	0.04
Ricky Whiting	10,000	580,827	0.04
Stuart Morgan	10,000	580,827	0.04
Philip Golding	7,000	406,579	0.03
Christopher Trumper	5,000	290,414	0.02
Edward Walker	5,000	290,414	0.02
Ashley Allen	3,000	174,248	0.01
	<u>21,407,875</u>	<u>1,243,427,731</u>	<u>92.00</u>

No member of the Concert Party has any current interest in the shares of Mission Capital. None of the directors of Mission Capital has any interest in the shares of Quindell.

Under Note 1 of the Notes on the Dispensations from Rule 9 of the City Code, the Takeover Panel will normally waive the requirement for a general offer to be made in accordance with Rule 9 if, *inter alia*, the shareholders of the company who are independent of the person who would otherwise be required to make an offer and any person acting in concert with him pass an ordinary resolution on a poll at a general meeting approving such a waiver. The Takeover Panel may waive the requirement for such a resolution to be considered at a general meeting if shareholders who are independent of the person who would otherwise be required to make an offer and any person acting in concert with him who hold more than 50 per cent. of the company's shares capable of being voted on such a resolution confirm in writing that they would vote in favour of such a resolution were such a resolution put to the shareholders of the company at a general meeting.

Accordingly, each of the Whitewash Shareholders, further details of whom are set out in paragraph 11.2 of Part VII of this document, and who together are the beneficial owners of, in aggregate, 64,625,069 Ordinary Shares, representing approximately 59.74 per cent. of the Existing Share Capital, which is independent for the purposes of the City Code, has written to the Takeover Panel to confirm the following:

1. that the Whitewash Shareholder is either the beneficial owner of Ordinary Shares in the issued share capital of the Company carrying voting rights, or that it has absolute discretion over the manner in which its shares are voted, and that these shares are held free of all liens, pledges, charges and encumbrances;
2. that there is no connection between the Whitewash Shareholder and the Concert Party; the Whitewash Shareholder does not have any interest or potential interest, whether commercial, financial or personal, in the outcome of the Acquisition; and the Whitewash Shareholder is an Independent Shareholder; and
3. that, in connection with the Acquisition:
 - 3.1 the Whitewash Shareholder consents to the Takeover Panel granting a waiver from the obligation for the Concert Party to make a general offer under Rule 9 of the City Code to the Shareholders;
 - 3.2 subject to Independent Shareholders holding more than 50 per cent. of the shares capable of being voted on a resolution to approve the waiver from the obligation for the Concert Party to make a general offer under Rule 9 of the City Code giving confirmations in writing in a similar form to this letter, the Whitewash Shareholder consents to the Takeover Panel dispensing with the requirement that the waiver from such obligation be conditional on a resolution being approved by Independent Shareholders of the Company at a general meeting; and
 - 3.3 the Whitewash Shareholder would vote in favour of a resolution to waive the obligation for the Concert Party to make a Rule 9 of the City Code offer were one to be put to the Independent Shareholders at a general meeting.

In giving the confirmations referred to above, the Whitewash Shareholders each acknowledged:

4. that, if the Takeover Panel receives such confirmations from Independent Shareholders of the Company holding more than 50 per cent. of the shares capable of being voted, the Takeover Panel will approve the waiver from the obligation for the Concert Party to make a general offer under Rule 9 of the City Code without the requirement for the waiver having to be approved by Independent Shareholders of the Company at a general meeting;

5. that if no general meeting is held to approve the resolution to waive the obligation for the Company to make a general offer under Rule 9 of the City Code:
 - 5.1 there will not be an opportunity for any other person to make any alternative proposal to the Company conditional on such resolution to make a general offer under Rule 9 of the City Code not being approved by Independent Shareholders;
 - 5.2 there will not be an opportunity for the other Shareholders to make known their views on the Acquisition; and
 - 5.3 there will be no requirement for the Company either (i) to obtain and make known to its Shareholders competent independent advice under Rule 3 of the City Code on the Company and the waiver of the obligation for the Concert Party to make a Rule 9 offer or (ii) to publish a circular to Shareholders in compliance with Appendix 1 of the City Code in connection with this matter.

Each of the Whitewash Shareholders confirmed that it considers itself to be a sophisticated investor in relation to equity investments and confirmed that it had the opportunity to take independent financial advice before signing the letter to the Takeover Panel.

Furthermore, each Whitewash Shareholder confirmed that it will not sell, transfer, pledge, charge, or grant any option or other right over, or create any encumbrance over, or otherwise dispose of its Shares until after the conclusion of the General Meeting to approve the Acquisition.

Based on the assumptions that (i) the Resolutions are duly passed and (ii) the Consideration Shares are issued under the terms of the Acquisition Agreement, the Concert Party will immediately following Admission hold, in aggregate, 1,243,427,731 Ordinary Shares, representing approximately 92.00 per cent. of the Enlarged Share Capital.

Shareholders should note that if the Resolutions are passed, the Concert Party (including Robert Terry) will control in excess of 50 per cent. of the Enlarged Share Capital. For so long as it remains in concert and above 50 per cent., the Concert Party and each member (but not including Rob Terry) of the Concert Party will be entitled to increase his or her or its interest in the voting rights of the Company without incurring a further obligation under Rule 9 of the City Code to make a general offer, provided that no individual member of the Concert Party acquires Ordinary Shares which result in him holding 30 per cent. or more of the issued Share Capital of the Company in which case an obligation under Rule 9 of the City Code may arise.

Shareholders should be aware that, following Admission, Robert Terry would hold between 30 per cent. and 50 per cent. in the Enlarged Share Capital and will therefore not be entitled to increase his interest in the voting rights of the Company without incurring a further obligation under Rule 9 of the Code to make a general offer.

Due to the size of their combined shareholding in the Enlarged Share Capital, as set out in the table above, certain of the Vendors, being Robert Terry, Louise Tracey Terry and Jonathan Sparks (Robert Terry and Jonathan Sparks both as trustees of the RST Settlement as well as Shareholders in their own right), have entered into the Relationship Agreement with the Company, *inter alia*, to regulate their relationship with the Enlarged Group. Further details of the Relationship Agreement are set out in paragraph 10 of Part VII of this document.

9 Dividend policy

The Directors currently intend to devote the Company's cash resources to its operations and therefore do not anticipate paying dividends in the short term. They will keep the Company's dividend policy under review and the declaration and payment by the Company of any dividends will be dependent on the results of the Company's operations, its financial condition, cash requirements, future prospects, profits available for distribution and other factors deemed to be relevant at the time.

10 Admission, dealings, settlement and CREST

Application has been made to the London Stock Exchange for the Existing Shares and the Consideration Shares to be admitted to trading on AIM, conditional, *inter alia*, upon the approval of the Acquisition at the General Meeting. It is expected that Admission will become effective and dealings will commence in the Enlarged Share Capital at 8.00 a.m. on or around 17 May 2011. No application has been or will be made for the Enlarged Share Capital to be admitted to trading or to be listed on any other stock exchange.

The Articles permit the Company to issue Ordinary Shares in uncertificated form in accordance with the CREST Regulations. CREST is a paperless settlement system enabling title to securities to be evidenced otherwise than by certificate and transferred otherwise than by written instrument, in accordance with the CREST Regulations.

Settlement of transactions in the Ordinary Shares following Admission may take place within the CREST system if Shareholders so wish. CREST is a voluntary system and holders of Shares who wish to receive and retain share certificates will be able to do so. For more information concerning CREST, Shareholders should contact their brokers or Euroclear UK & Ireland Limited at 33 Cannon Street, London EC4M 5SB. Trading in the Ordinary Shares on AIM will require Shareholders to deal through a stockbroker or other intermediary who is a member of the London Stock Exchange.

11 Share option scheme

It is intended to submit to Shareholders at the next appropriate general meeting of the Company proposals for the establishment of appropriate incentive schemes for certain executive Directors and key employees of the Enlarged Group.

12 Corporate governance and share dealing code

The Existing Directors and the Proposed Directors recognise and value the importance of high standards of corporate governance and intend to observe the requirements of the QCA Guidelines to the extent that they consider reasonably practicable in light of the Company's size, stage of development and resources. The Board will also ensure that proper procedures are adhered to with regard to the preparation and approval of the Company's annual and half-yearly financial statements.

Immediately following Admission, the Board will consist of five directors, three of whom will be non-executive.

The Board expects to hold at least 10 board meetings each year. The Directors will be responsible for formulating, reviewing and approving the Company's strategy, budget and major items of capital expenditure. The Directors have established an Audit Committee, a Remuneration Committee and a Nomination Committee with formally delegated rules and responsibilities. The Audit Committee and the Remuneration Committee meet at least twice a year and the Nomination Committee meets as and when appropriate, normally before or after regular meetings of the Board.

The Audit Committee of the Enlarged Group will comprise the non-executive directors and will be chaired by Tony Bowers. The Audit Committee will, *inter alia*, determine and examine matters relating to the financial affairs of the Company including the terms of engagement of the Company's auditors and, in consultation with the auditors, the scope for the annual audit. It will receive and review reports from management as well as considering the accounting and the internal control systems in use throughout the Enlarged Group.

The Remuneration Committee of the Enlarged Group will comprise the non-executive directors and will be chaired by Tony Bowers. The Remuneration Committee will review the Directors' remuneration and benefits packages including the determination of the payment of bonuses, share options and the terms for their appointment. The Remuneration Committee will consider the recommendations of the Chief Executive regarding bonuses or performance related remuneration to all members of staff of the Enlarged Group.

The Nomination Committee of the Enlarged Group will comprise the non-executive directors and will be chaired by Steve Scott. The Nomination Committee is responsible for considering Board appointments, reviewing Board structure, size and composition and identifying the need for Board appointments by reference to the balance of skills, knowledge and experience on the Board and the scale of the Enlarged Group.

The Company has adopted a share dealing code appropriate for a company whose shares are admitted to trading on AIM, and will take appropriate steps to ensure compliance with this code by the Enlarged Group, the Directors and all applicable employees.

13 General meeting

Set out at the end of this document is a notice convening the General Meeting to be held at the offices of Speechly Bircham LLP at 6 New Street Square, London EC4A 3LX, on 16 May 2011 at 10.00 a.m. at which Resolutions will be proposed to approve the Acquisition, increase the Company's authorised share capital, extend the Directors' authority to allot Ordinary Shares, both in order to effect the Acquisition, and thereafter to issue shares for a non-cash consideration.

The Resolutions are set out in full in the notice of General Meeting at the end of this document.

14 Irrevocable undertakings

Insofar as they are interested in Ordinary Shares, the Directors and persons connected with them have given irrevocable undertakings to the Company to vote in favour of Resolution 1 to be proposed at the General Meeting (and, where relevant, to procure that such action is taken by the relevant registered holders if that is not them) in respect of their entire beneficial holdings totalling, in aggregate, 26,174,532 Ordinary Shares, representing approximately 24.2 per cent. of the Existing Share Capital.

In addition, certain other Shareholders have given irrevocable undertakings to the Company to vote in favour of Resolution 1 to be proposed at the General Meeting (and, where relevant, to procure that such action is taken by the relevant registered holders if that is not them) in respect of their holdings totalling, in aggregate, 34,950,537 Ordinary Shares, representing approximately 32.3 per cent. of the Existing Share Capital.

In total, therefore, the Company has received irrevocable undertakings to vote in favour of Resolution 1 to be proposed at the General Meeting in respect of holdings totalling, in aggregate 61,125,069 Ordinary Shares, representing approximately 57 per cent. of the Existing Share Capital. Further details of the irrevocable undertakings received by the Company are set out in paragraph 11 of Part VII of this document.

15 Taxation

Information regarding taxation in the UK with regard to holdings of Ordinary Shares is set out in paragraph 13 of Part VII of this document. These details are, however, intended only as a general guide to the current tax position under UK taxation law. Shareholders who are in any doubt as to their tax position or who are subject to tax in jurisdictions other than the UK are strongly advised to consult their own independent financial adviser immediately.

16 Further information

Existing Shareholders should read the whole of this document which provides additional information on the Company, Quindell and the Acquisition and should not rely on summaries of, or individual parts only of this document. Your attention is drawn, in particular, to the Risk Factors set out in Part IV of this document and the Additional Information set out in Part VII of this document.

17 Action to be taken

You will find enclosed with this document a Form of Proxy for use at the General Meeting.

Whether or not Shareholders propose to attend the General Meeting in person, it is important that Shareholders complete and sign the enclosed Form of Proxy in accordance with the instructions printed thereon and return it to the Company's Registrars, SLC Registrars, PO Box 464, Thames House, Portsmouth Road, Esher, Surrey, KT10 1DY, as soon as possible and, in any event, so as to be received not later than 10.00 a.m. on 14 May 2011. The completion and return of a Form of Proxy will enable you to vote at the General Meeting without having to be present in person but will not preclude you from

attending the General Meeting and voting in person if you so wish. If a Shareholder has appointed a proxy and attends the General Meeting in person and votes, his proxy appointment will automatically be terminated and his votes in person will stand in its place.

18 Recommendation

The Directors consider that the acquisition of Quindell by the Company is an exciting opportunity and, having considered a number of potential acquisitions, are satisfied that the terms of the acquisition and the prospects of the Enlarged Group are in the best interests of Shareholders and the Company as a whole.

In the event that the Proposals are not approved by Shareholders, the costs which have been incurred by the Company in undertaking due diligence will need to be written off, which will lead to a material impairment of shareholder value.

Accordingly, the Existing Directors recommend that Shareholders vote in favour of the Resolutions, as they have irrevocably undertaken to do in respect of their entire beneficial holdings amounting to, in aggregate, 26,174,532 Existing Shares, representing approximately 24.2 per cent. of the Existing Share Capital.

Yours truly

PHILIP GOLDENBERG

Chairman

PART III

INFORMATION ON QUINDELL LIMITED

1 Introduction

Quindell develops, provides and utilises its own multi-channel e-business based ERP and BPM solutions and related services to facilitate efficient and effective management of customer acquisition and servicing within finance, insurance, telecoms, utilities and other related industries. Quindell also develops and operates a leisure business model utilising its Enterprise Resource Planning solutions as a reference environment for its own technology and cross selling solutions, to be resold to third parties leisure businesses or via franchise models. Quindell provides consultancy on, and fully utilises within its own operations, online strategies, permission based marketing, membership models and cross selling to maximise revenue per customer.

2 History

Quindell was founded in 2000 by Robert Terry as an investment opportunity whilst he was still working at The Innovation Group. The Innovation Group was founded by Robert Terry and was originally formed to produce evolving practice technology, management consultancy, and business process outsourcing solutions. The Innovation Group floated on the London Stock Exchange in June 2000 and in the 18 months following made 28 acquisitions across 11 countries. Robert oversaw the growth of The Innovation Group as chairman and chief executive from five to 2,000 employees and grew revenues to over £100 million per annum within a three year period.

The Innovation Group's solutions were mainly focused on the insurance industry with a particular emphasis on the efficiency and effectiveness of administrative processing and a core focus on insurance claims targeting a cost reduction of up to 20 per cent. for its clients. This strategy was developed to reflect insurance companies' move away from traditional broking channels towards direct telephone and internet based sales, along with the increasing focus on partnerships with major brands to leverage cross-selling and to protect market share. One of the main drivers behind the shift in insurance companies' sales policies was the constant pressure to generate operating profit through trading rather than relying on investment income to generate net profitability.

Since 2003, a number of former members of the board and executive team of The Innovation Group have been working with Quindell as both executives and members of the management consultancy team. More recently, a number of previously key employees at The Innovation Group have joined the team at Quindell.

3 Background

Quindell is a reselling and sales outsourcing company, with expertise in technology, telecoms, utilities, leisure and retail. Quindell has been developed with two fundamental differences between its operations and those of The Innovation Group and other companies within technology-enabled business processing management space that operate businesses utilising their own technologies:

- (i) the volume of business that can be delivered to drive its growth in revenues is not dependent on third parties providing it with sales opportunities; and
- (ii) the majority of Quindell's sales operating costs are variable, using a commission-only based work force with comparatively low fixed overhead costs. This mitigates risk if profitability is only maintained on modest volumes and provides a level of scalability to the business. The Quindell solutions are primarily focused on customer acquisition, cross-selling and customer retention through the quality support and servicing, balancing customer lifetime value against the cost to acquire and service the customer.

Integral to all of Quindell's solutions is the concept of permission-based marketing to enable future cross-selling. Quindell, through the acquisition of companies and assets, partnerships with other brands and investment in the acquisition of quality customer data, has focused on gaining permission to market to over 30,000 SMEs as well as to over 200,000 consumers in the UK market.

Through a detailed understanding of the value of permission-based marketing, internet strategies and social networking, combined with the past industry experience of its management team, Quindell has a significant depth of expertise to leverage a number of potential high growth sectors, including leisure, telecoms, finance, insurance and legal. Quindell's customers include blue chip companies and SMEs as well as individual end consumers.

The Quindell Directors believe that a stock market quotation as a result of the Proposals will provide the Enlarged Group with increased access to capital and the ability to issue quoted shares as consideration to allow it to pursue its acquisition strategy alongside significant organic growth. Further details on the Enlarged Group's strategy for growth are set out below.

4 Business Overview

Quindell has the following three key grouped product offerings:

- Licence Fees, SaaS, Business and Technology Consultancy
- Membership Price Club, Finance, Insurance, Telecoms, Utilities and Other
- Leisure, Health and Retail

Licence Fees, SaaS, Business and Technology Consultancy activity (which relates primarily to Quindell's own BPM technology platform) was a significant driver of the growth in 2010. Whilst this area was reported to account for only 2 per cent. of gross revenues in 2010, the underlying activity and technology platform helped generate revenues in the other segments which represented over 40 per cent. of 2010 turnover, and it is seen by management as the core driver of growth for the business in the future.

Licence Fees, SaaS, Business and Technology Consultancy

The Company has developed its own BPM technology platform which delivers solutions that can "Learn" and therefore improve business performance as they are used in a "Live" environment. These solutions are either sold or used as part of a management consultancy engagement and/or a business process outsourcing arrangement. This platform is also used within all of Quindell's own operating divisions.

To date the developed Quindell BPM Solutions are primarily focused on customer acquisition, cross selling and customer retention and back office accounting functions whilst balancing quality of service and customer lifetime value against the price to service and the price to originally acquire the customer. To date these solutions have been deployed primarily within telecoms and utilities sales environments. Future solutions are being developed to tackle industry specific issues such as motor and household insurance claims.

Quindell has built relationships, via its management consultancy assignments, to businesses within the industry sectors in which it operates. These assignments have enabled Quindell to conduct potential acquisition due diligence, sometimes over a period of years. The acquisition of and/or asset purchases from a number of these companies has provided the basis for the business as it is today and is expected to continue to help drive future expansion.

The revenue in this service in 2010 was £102,700 (2009: £352,685), a decrease of 70.9 per cent. However, as explained above, this does not reflect the underlying Quindell activity conducted. This 2010 trend is also due to consulting activities being conducted via a non consolidated subsidiary, SMI Technologies LLC, which was sold during 2010 and is therefore not consolidated in the 2010 accounts. Future consulting revenue will be attributable to Quindell. This segment of the business generates a significant margin and considering the background of the Board will remain a key focus for growth in the business going forward. Therefore, the board believes there is significant upside for the Company from further leveraging its experience in this area.

On 18 April 2011 Quindell acquired an investment of 26 per cent. in LearnED Limited for 124,800 Quindell Shares, a technology company founded by Matt Whiting the original Chief Technology Officer of the Innovation Group. LearnED develops, provides and utilises its own e-business based BPM platform and related services to facilitate remote learning, e-commerce, work & time management, scheduling and GPS and telematics based business solutions. LearnED sells its solution across a number of industries but with a particular focus on training and compliance solutions on an industry specific basis. LearnED also develops a suite of solutions for the insurance sector.

The Quindell Technology solution and that of LearnED have been developed to work in conjunction with each other and utilise the same core design principles.

Quindell has the option to acquire the remaining share capital of LearnED for an additional 11,840,000 Ordinary Shares. Quindell has loaned LearnED £972,000 which is covered by a fixed and floating charge over all LearnED's assets and Intellectual Property Rights. On 21 April 2011 Matt Whiting joined Quindell as its Chief Technology Officer and he is also a significant shareholder of Quindell. The Directors believe that the combination of Intellectual Property Rights held in the two companies will allow for a significant increase in activity for Quindell in the Insurance sector in 2011 and beyond. The filed accounts to 31 August 2009 show a turnover of £853,908 and a loss after tax of £50,696, however, post this period the focus of the company has been primarily on investment in the development of its technology platform to underpin future growth in 2011 and beyond.

In addition, Quindell's consultants have directly established over 75 online businesses for its clients over the last three years, many of which are now starting to generate referrals back to Quindell and/or its business partners. Online strategies are a cornerstone of the leading practice consultancy knowledge within the Quindell teams.

The Enlarged Group intends to use its listed paper shortly after Admission to acquire businesses and/or assets of businesses, or continue to make investment in companies with an option to increase its percentage holdings, that have worked closely with and were key to the strategy of the Innovation Group in the past and/or the Quindell management team.

Membership Price Club, Finance, Insurance, Telecoms, Utilities and Other

Quindell uses its own BPM platform as an enabler for its telephone and field based sales force to sell to both retail customers and business customers. The product offerings in this area are designed to reduce the overheads or operating costs for an individual or a business client. To date, the majority of sales generated by Quindell have related to standard offerings from the major telecoms network providers or Quindell's own branded telecoms offering with a small element of revenue related to gas and electric contracts from the top six suppliers.

This segment's revenue in 2010 was £3,350,301 (2009: £2,548,292), an increase of 31.5 per cent. This growth was underpinned by the investment in 2009 in Quindell's own BPM platform and receiving the benefit of revenues acquired from the ClickUs4.com telecoms business in July 2010.

A key focus of Quindell going forward is to cross sell as many products as possible to its existing and future client base. To encourage take up from cross selling Quindell has introduced a Quality and Price Membership Club, offering rewards to existing customers and future members for their spend with Quindell in multiple product areas.

In early 2011 Quindell has been successful in starting to diversify its business to ensure that it has no reliance on any single network or utility provider. This demonstrates that Quindell can easily deploy its sales focus to whichever offerings are then available to, on balance, most benefit the customer and Quindell.

On 1 April 2011 Quindell acquired a beneficial interest in sales contracts operated by TMC (Southern) Limited trading as The Marketing Company ("TMC"). The most significant part of TMC's historic revenues relate to the sales of gas and electric contracts to primarily consumer households. TMC was a consultancy client of Quindell throughout 2010 and has sold data to Quindell to increase the size of its permission based marketing database for cross selling (circa 200,000 consumer details). TMC typically signs, on behalf of its gas and electric clients, over one million pounds worth of business per week,

generating commissions for TMC of approximately £70,000 per week. Consideration for this acquisition is 2,000,000 Quindell Shares and up to 140,000,000 Ordinary Shares based on a profit target of £1.2 million being achieved within a continuous twelve month period prior to 30 September 2012. For further information on the acquisition agreement please refer to paragraph 10.1.3 of Part VII.

Quindell will continue to diversify its offering for businesses and consumers via additional investments and acquisitions in these sectors and via extension of its own white labelled product offering in telecoms, including the provision of a full mobile virtual network operation proposition to drive organic growth. The Enlarged Group also intends to use its listed paper shortly after Admission to acquire businesses and/or assets of businesses that have worked closely with TMC and/or the TMC/Quindell management teams.

Leisure, Health and Retail

The Leisure and Health segment of the business is primarily based around Quindell Dining, Spa, Golf and Country Club membership. In addition, Quindell operates an award winning, family friendly gastro pub for its members and non members alike.

In Retail, revenues are generated from golf, fitness and spa related products. Retail also includes cross selling telecoms and other products to members. Primarily as a Membership Price Club reward to its customers, Quindell also provides chauffeur services.

Revenue, excluding membership fees, in 2010 was £696,550 (2009: £650,607), an increase of 7.1 per cent. In total, revenue from the club and other related areas (including club membership fees, which are included under Membership Price Club, Finance, Insurance, Telecoms, Utilities and other) in 2010 was approximately £957,000 with a gross margin of 31 per cent. The Leisure, Health and Retail segment is both profitable and cash generative. The Club and related fixed assets have a net book value of over £2.5 million and are unmortgaged.

This segment's revenues remained relatively static in 2010, with only 7.1 per cent. growth, whilst investment has been diverted to other higher growth areas of the business. Nevertheless, strategic options are being considered in relation to this area and the board is confident of a return to the level of high growth generated in prior years by the end of 2011.

Quindell owns intellectual property rights to a suite of EPOS technologies, which have been combined with the Quindell BPM platform to focus proactive selling to members via permission based marketing. Together these solutions are used as the ERP infrastructure for the Leisure, Health and Retail business allowing us to model membership preferences, spending patterns and behaviours. This allows Quindell to generate an operating profit out of what is traditionally seen as a very difficult market segment. As a result, Quindell is able to run the business as a Model Office environment for the demonstration of Quindell's technologies and cross selling capabilities using permission based marketing.

In the future, the Quindell Directors believe that the Club will be able to be used as a reference to demonstrate that a membership based club can effectively gain an additional months membership value per member. For other clubs this would be achieved via partnership with Quindell, allowing access to their membership base (being their permission based marketing resource), so that Quindell can cross-sell finance, insurance, telecoms, utilities and other related product offerings to the partner club's members. This would be done on a white labelled basis, selling under the brand of the partner club. Within this industry segment, Quindell supplements the experience of its consultancy teams by working with a niche consultancy practice, with a particular focus on leveraging the membership bases of fitness or golf clubs. This partner has worked with, and is focused on leveraging relationships with, some of the leading leisure groups across the UK, including the likes of Marriott, David Lloyd, Reebok Club, Cannons and Esporta. This represents an opportunity to reach several hundred thousand consumers with permission-based marketing techniques.

Finally, within the next twelve months, Quindell will start to focus on generating a business model, to be sold via franchise, selling Indoor Golf to established golf or leisure clubs, hotels or venue based facilities.

The Enlarged Group intends to use its listed paper after Admission to acquire businesses and/or assets of businesses including niche consultancy or businesses that leverage Quindell's Intellectual Property Rights to achieve results beyond industry norms that could provide a suitable franchise model for rapid expansion.

5 Key Personnel and Employees

In addition to Robert Terry, Dominic Milton, Steve Scott and Tony Bowers, whose biographies are set out in paragraph 6 of Part II of this document, the Directors intend to appoint a full time finance director as soon as reasonably practicable after Completion.

In total, Quindell had an average monthly headcount of 38 full time equivalent staff in 2010, which is up from 28 in 2009.

The Quindell Directors believe that the retention of its key personnel, not just at board level but at all levels of its leading practice consultancy and executive management teams, is key to its ability to drive the business forward. Certain key employees within Quindell are shareholders and are, or will be following Completion, subject to various share lock-in arrangements as well as restrictive covenants within their employment agreements. In addition to the Quindell Directors, certain key people previously held key global positions within their respective areas of expertise with The Innovation Group.

6 Strategy for growth

Quindell is a low fixed-cost business and the areas of the business in which growth is forecast require little investment and have almost wholly variable running costs. The Directors intend to grow the business in three key ways:

- by organically leveraging the cross-selling potential to the significant permission-based marketing customer base now available to the business;
- through establishing joint ventures, to gain access to larger customer bases currently loyal to a particular brand; and
- through acquisitions of companies that benefit and broaden Quindell's existing range of solutions or the geographic reach to enable it to develop globally.

The Quindell Directors have already identified several potential acquisition targets and joint ventures from current and past management consultancy assignments. Quindell is currently in discussions regarding businesses that it believes will meet its core criteria for acquisition. These transactions will only be completed if they are earning enhancing for the Enlarged Group. It is expected that any consideration payable will be in the form of new Ordinary Shares.

The Proposed Directors believe the ability to provide a range of services will give the Enlarged Group the opportunity to generate increased revenue from Quindell's existing customer base, improving customer retention and acquiring more customers through increased customer sales and through the Enlarged Group's acquisition strategy.

PART IV

RISK FACTORS

There are significant risks associated with the Enlarged Group. In particular, Shareholders and prospective investors (as appropriate) should consider the following factors before making any decision to vote in favour of the Resolutions or to purchase Ordinary Shares, and should consult their stockbroker, bank manager, solicitor, accountant or other independent financial adviser before making a final decision. An investment in the Company may not be suitable for all recipients of this document.

The following risks are the material risks of which the Existing Directors and Proposed Directors are aware. Additional risks which are not presently known to the Existing Directors and Proposed Directors, or that the Existing Directors and Proposed Directors deem immaterial, may also have an effect on the Company's and, after Completion, on the Enlarged Group's business or results of operations.

A Risks Relating to the Acquisition

Risks relating to the Acquisition Agreement

It is possible that the Company will become liable for a claim under the warranties given by the Company under the Acquisition Agreement. Such claim may be satisfied by the issue of further Ordinary Shares to the Vendors resulting in the further dilution of Existing Shareholders.

Additional risks if the Acquisition is not completed

If the Acquisition is not completed, trading in the Existing Shares on AIM would not be resumed. In this event, there would no longer be a formal market mechanism for Shareholders to trade their shares on AIM and the value of the Existing Shares would be uncertain.

B Risks Relating to Quindell

Key Resources

Quindell is managed by certain key personnel, including executive directors and senior management, who have significant experience within Quindell and the wider IT communications sector and who may be difficult to replace. Furthermore, Quindell depends on being able to recruit and retain sales and marketing employees of an appropriate calibre to win and service significant contracts. Quindell has sought to mitigate this resource risk by investing in staff training programmes, competitive reward and compensation packages, management incentive schemes and succession planning.

Historical financial information may not be representative of future performance

During the three years ended 30 December 2010, Quindell has entered into a number of related party transactions, including in particular transfers of assets between entities within its group, as well as changes to the structure of Quindell. It is likely that such transactions have had an effect on the financial position of Quindell such that the historical financial information on Quindell, as set out in Part V of this document, is not representative of the future performance of Quindell or the Enlarged Group.

Contracts with suppliers

Quindell resells the products of its suppliers and, whilst it has the freedom to substitute certain of these products, management acknowledges that Quindell has a reliance on contracts with BT, O2, Vodafone and Orange/T-Mobile. For all of these suppliers Quindell has multiple channels through which it can conduct business both directly and indirectly. Quindell closely manages relationships with its main suppliers and seeks to mitigate the risk created by this reliance by building strong relationships with such suppliers throughout the business in order to understand and respond to their expectations. Quindell is also focused on balancing the amount of business placed through each channel and to each supplier to lower the risk to the business if any relationship was to encounter difficulties. For one of its channels to market with one of these suppliers, there currently is in place a suspension which limits the amount and type of business that can be processed via in this channel while previous orders are being investigated. Management estimates this investigation will take a number of months to complete, due to the large volume of information requested. It appears this investigation was triggered primarily by a significant

increase in volumes of business processed via this channel and due to certain actions of ex-employees. Both parties are working together to try and get this suspension resolved and if necessary the contract allows for a mediation process to be followed. No new business has been forecast by Quindell via this channel in its current business plan until the position with the contract is satisfactorily resolved.

Technological change

The market for Quindell's services is characterised by technological changes, frequent introductions of new products and services and evolving industry standards. There is a risk that Quindell and, following Completion, the Enlarged Group may fail to secure the necessary contracts to supply its customers with the latest technology. Quindell currently mitigates this risk by maintaining close relationships with the suppliers which it believes will keep it to the forefront of product development on a sustained basis and regularly monitors trends in technological advancement so as to anticipate and plan for future changes.

Regulatory change

The Quindell Directors recognise that the pricing of products and services and the activities of major industry organisations may be affected by the actions of regulatory bodies in the UK and the EU. Such action could affect Quindell's profitability either directly or indirectly. Quindell currently mitigates this risk by constantly monitoring and assessing the likelihood and potential impact of regulatory change.

Future regulatory changes regarding the use of personal data may impact the ability of Quindell and, following Completion, the Enlarged Group to operate under Quindell's current business model and to execute its planned strategy for growth by cross-selling Quindell's various product and service offerings to its customer lists.

Risks relating to agreements with Robert Terry and others

Following Completion, the Enlarged Group will be subject to the terms of agreements between Quindell, Robert Terry and others, as set out in paragraphs 10.2.3 and 10.2.4 of Part VII of this document. Pursuant to such agreements, certain properties of Quindell are subject to rights of first refusal in favour of Robert Terry and others. Although it is not currently intended that the Enlarged Group will sell any of those assets, any such transaction involving the Enlarged Group and those assets may become subject to the appropriate AIM Rules regarding related party transactions. It is possible that such rights of first refusal may inhibit any disposal of such assets to a third party (including by way of mortgage to raise funds for the Enlarged Group).

Litigation Risks

Quindell has been subject to certain claims as described in paragraph 12.2 of Part VII of this document. There is a risk that if such claims were to be successfully pursued, they would have a material effect on the financial position of the Enlarged Group.

Risks of a challenge by HMRC in relation to tax

The corporation tax computations of Quindell for 2009 and 2010 have not yet been finalised and agreed with HMRC. It is possible that the provisions for such tax reflected in the financial information relating to Quindell included in Part V of this document will be subject to adjustment when so finalised and agreed.

As is apparent from the financial information in Part V of this document, Quindell has significant accumulated losses brought forward. The Quindell Directors hope that the Enlarged Group will be able to use such losses to offset tax arising on activities in future years. However, such use of trading losses that are carried forward is subject to strict rules, and there is accordingly a risk that the Enlarged Group will not satisfy all such rules and that such use of the past losses of Quindell will not be allowed.

Key personnel

The success of the Enlarged Group will depend to a large extent upon Quindell's current executive management team and the Enlarged Group's ability to recruit and retain high calibre individuals. Although the Enlarged Group has entered into contractual arrangements to secure the services of the Directors, details of which are set out in paragraph 8.3 of Part VII of this document, the retention of these services cannot be guaranteed.

Historically, there has been considerable reliance and dependence upon the key personnel at Quindell. In particular, Robert Terry and other Quindell Directors have provided funding to Quindell since founding the business in 2000 and during the three years ended 30 December 2010. There is also a high dependence on Robert Terry in terms of the management and control of the Quindell business as he is the majority shareholder and ultimate controlling party of Quindell and he will remain so of the Enlarged Group. The Company has entered into the Relationship Agreement with Robert Terry and the other Substantial Shareholders in order to regulate the relationship between each of the Substantial Shareholders and the Company for such time as Robert Terry holds not less than 30 per cent. of the voting rights attaching to the Ordinary Shares.

C General Risks

Share price volatility and liquidity

The price of securities and the income from them (if any) may go down as well as up. The price at which the Ordinary Shares may trade and the price which Shareholders may realise for their Ordinary Shares will be influenced by a large number of factors, some specific to the Company and, after Completion, the Enlarged Group, and some which may affect quoted companies generally. These factors could include the performance of the Company's and, after Completion, the Enlarged Group's, operations, large purchases or sales of Ordinary Shares, liquidity (or absence of liquidity) in the Ordinary Shares, currency fluctuations, legislative or regulatory changes and general economic conditions.

AIM

Application has been made for the Enlarged Share Capital to be admitted to trading on AIM. An investment in shares quoted on AIM may be less liquid and may carry a higher degree of risk than an investment in shares admitted to the Official List of the UK Listing Authority.

AIM Rules

The rules of AIM are less onerous than those of the Official List of the UK Listing Authority. Neither the FSA nor the London Stock Exchange has itself examined or approved the contents of this document. Shareholders and prospective investors (as appropriate) should be aware of the risks of investing in such shares and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser.

Tax

The attention of Shareholders is drawn to paragraph 13 of Part VII of this document. The tax rules and their interpretation relating to an investment in the Company and, after Completion, the Enlarged Group, may change from time to time. Any change in the Company's and, after Completion, the Enlarged Group's, tax status or in taxation legislation or its interpretation, may affect the Company's and, after Completion, the Enlarged Group's, ability to provide returns to Shareholders or alter the post-tax returns to Shareholders. Statements in this document concerning the taxation of the Company and, after Completion, the Enlarged Group, and its investors are based upon current tax law and practice which is, in principle, subject to change.

General economic conditions

Market conditions may affect the ultimate value of the Company's and, after Completion, the Enlarged Group's share price regardless of operating performance. The Enlarged Group could be affected by unforeseen events outside its control, including, natural disasters, terrorist attacks and political unrest and/or government legislation or policy. Market perception of companies may change which could impact on the value of investors' holdings and impact on the ability of the Enlarged Group to raise further funds by an issue of further shares in the Company. General economic conditions may affect exchange rates, interest rates and inflation rates. Movements in these rates will have an impact on the Company's cost of raising and maintaining debt financing.

The market

The Enlarged Group is likely to face competition from other entities operating in its business sector which may have greater resources than the Enlarged Group and, as a result, the Enlarged Group will be affected by the competitive pressures that implies.

Management of growth

The Enlarged Group's plans to continue its growth will place further demands on the Enlarged Group's management, administrative and deal sourcing resources.

Requirement for additional capital and capital risk

The Enlarged Group may be unable to effect the acquisition of an identified opportunity, as a consequence of which, resources might have been expended without reward on investigative work and due diligence. The Enlarged Group may need to conduct a fundraising exercise in the future in order to develop its business and sustain cash resources.

Insurance risk

The Enlarged Group proposes to take out adequate indemnity insurance as required. The insurance cover to be obtained also indemnifies the insurable interests of the various parties and will include loss of profits insurance. However, the insurance coverage may prove inadequate to satisfy potential claims and losses. Further, the Enlarged Group may become subject to liabilities that cannot be insured against or against which it may elect not to be so insured because of high premium costs.

Exchange rate risk

The Enlarged Group may transact in currencies other than pounds Sterling. Following Completion, the Enlarged Group's performance may therefore be subject to exchange rate fluctuations with respect to the currencies employed.

Legal risk

The possibility exists that new legislation or regulations in any relevant jurisdiction may be adopted in the future that may materially adversely affect the Enlarged Group's operations or its cost structure. New legislation or regulations, or different or more stringent interpretation or enforcement of existing laws and regulations, may also require the Enlarged Group or its customers to change operations significantly or incur increased costs which could have a material adverse effect on the financial results of the Enlarged Group.

Forward-looking statements

This document contains certain forward-looking statements that are subject to certain risks and uncertainties, in particular statements regarding the Enlarged Group's plans, goals and prospects. The Enlarged Group's actual results and operations could differ materially from those anticipated in such forward looking statements as a result of many factors including the risks faced by the Enlarged Group which are described in this document. These statements and the assumptions that underlie them are based on the current expectations of the Directors and are subject to a number of factors, many of which are beyond their control. As a result, there can be no assurance that actual results will not differ materially from those described in this document.

PART V

HISTORICAL FINANCIAL INFORMATION ON QUINDELL LIMITED

Part A: Accountants' Report on Quindell Limited for the years ended 30 December 2009 and 30 December 2010

RSM Tenon

RSM Tenon Audit Limited
Vantage
Victoria Street
Basingstoke
RG21 3BT

The Directors
Mission Capital plc
24 Queen Anne Street
London
W1G 9AX

The Directors
Daniel Stewart & Company
Becket House
36 Old Jewry
London
EC2R 8DD

Dear Sirs

Quindell Limited (“the Company”)

We report on the financial information set out in sections A to F below in respect of the years ended 30 December 2009 and 2010. This financial information has been prepared for inclusion in the AIM Admission Document dated 28 April 2011 of Quindell Limited (“the Admission Document”) on the basis of the accounting policies set out in Section A of this financial information. This report is required by Paragraph (a) of Schedule Two of the AIM Rules for Companies and is given for the purpose of complying with that paragraph and for no other purpose.

Responsibilities

The Directors of Quindell Limited are responsible for preparing the financial information on the basis of preparation set out in Section A to the financial information and in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU. The Directors of Quindell Limited are responsible for the document in which the financial information is included.

It is our responsibility to form an opinion on the financial information as to whether the financial information gives a true and fair view for the purposes of the Admission Document and to report our opinion to you.

Save for any responsibility arising under Paragraph (a) of Schedule Two of the AIM Rules for Companies to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purpose of complying with Schedule Two of the AIM Rules for Companies, consenting to its inclusion in the Admission Document.

Basis of opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgments made by those responsible for the preparation of the financial statements underlying the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in jurisdictions outside the United Kingdom, including the United States of America, and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion

In our opinion, the financial information gives, for the purposes of the Admission Document, a true and fair view of the state of affairs of Quindell Limited as at the dates stated and of its performance, cash flows and changes in equity for the periods then ended in accordance with the basis of preparation set out in Section A and in accordance with IFRS adopted by the EU.

Declaration

For the purposes of Paragraph (a) of Schedule Two of the AIM Rules for Companies we are responsible for this report as part of the Admission Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Admission Document in compliance with Schedule Two of the AIM Rules for Companies.

Yours faithfully

RSM Tenon Audit Limited

27 April 2011

The historical financial information set out in B to F below for Quindell Limited for the 2 years to 30 December 2010 has been prepared by the directors of Quindell Limited on the basis of preparation set out in Section A below.

A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the material accounting policies adopted in preparing the financial information in paragraphs B to F below.

General information

This historical financial information has been prepared for inclusion in the Alternative Investment Market Admission Document of Mission Capital plc on the acquisition of Quindell Limited. Quindell Limited (“Quindell”) is a company incorporated in the United Kingdom under the Companies Act. Quindell’s principal activity is providing solutions to both consumers “Lifestyle Solutions” and businesses “Business Solutions” within technology, telecommunications, finance, insurance and utilities.

The financial information represents the activity of Quindell for the two years ended 30 December 2010. The financial information does not include the activity of Quindell’s subsidiaries during that period because all subsidiaries were disposed of prior to 30 December 2010. Transactions with subsidiaries are presented in Note 32.

This financial information is presented in pounds Sterling because that is the currency of the primary economic environment in which Quindell operates.

Basis of accounting

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU. On adoption of IFRS, no differences have arisen which affect its reported financial position, financial performance and cash flows, therefore no transition disclosures or reconciliations are presented.

In accordance with IAS1, a third balance sheet has been presented as at 30 December 2008, which is the same position as at the opening balance sheet date of the earliest comparative period, being 31 December 2008. The financial statements have also been prepared in accordance with IFRS adopted by the European Union. The financial statements have been prepared on the historical cost basis.

In accordance with Section 399 of the Companies Act 2006 the Company has taken the exemption from the requirement to prepare consolidated financial statements and have produced separate parent company financial information only.

Historical cost is generally based on the fair value of the consideration given in exchange for the assets.

The principal accounting policies adopted are set out below.

Adoption of new and revised Standards

At the date of authorisation of this financial information, the following Standards and Interpretations which have not been applied in this financial information were in issue but not yet effective (and in some cases had not yet been adopted by the EU)

- IFRS 9 Financial Instruments
- IAS 24 (amended) Related Party Disclosures
- IAS 32 (amended) Classification of Rights Issues
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments
- IFRIC 14 (amended) Prepayments of a Minimum Funding Requirement
- Improvements to IFRS (May 2010)

The adoption of IFRS 9 (amended) which Quindell plans to adopt for the year beginning on 31 December 2012 will impact both the measurement and disclosures of financial instruments. With the exception of the Improvements to IFRS (May 2010), which is expected to have a minor impact, the directors of Quindell do not expect that the adoption of the other standards listed above will have a material impact on the financial statements of Quindell in future periods.

Going Concern

The positive trading in 2010 combined with the significant increase in profit generated in 2010 along with positive operating cash generation and the fact that this trend has continued in 2011, all provide the Board with confidence that future working capital funding for the business for all day to day operations and any planned capital investment could be provided for from operations.

Total Assets less Current Liabilities in 2010 were £5,290,761 compared to £4,094,846 in 2009. The Directors are satisfied that the balance sheet appropriately reflects the Company's financial position at 30 December 2010. Net Assets were £4,552,902 at the year end compared with £3,362,199 in 2009.

The Company provides a diverse range of services across different industries during its normal course of business. In 2010 60 per cent. of revenue to telecoms; 21 per cent. to club membership, finance, insurance, utilities and other; 2 per cent. to ILF, SaaS, business and technology consultancy; 17 per cent. to leisure, health and retail. This approach of balancing our range of services is used to reduce any risk from reliance on a single channel or area of business. As a consequence the Directors believe that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

The Company has no borrowing other than the warrants detailed in note 21 which have all been settled as at 1 March 2011 and the obligations under the finance leases detailed in note 21 and 22 totalling £166,348, with £131,456 due in 2011. With Net Assets at the year end of £4,552,902 including unmortgaged Land and Buildings of £2,979,722 the Directors believe even in the current economic environment that further funding through overdraft, lease re-financing or arrangement of a mortgage could be obtained to provide additional liquidity.

Having considered the Company's cash flow forecasts and the level of borrowings alongside the level of financing and liquidity position, the Directors remain confident that the Company has adequate resources from operating cash flows and facilities which the Directors believe could be obtained if required, to continue in operational existence for the foreseeable future. Accordingly, the Board continues to adopt the going concern basis in preparing the annual report and financial statements.

Revenue

Revenue represents amounts derived from the provision of services which fall within the Company's ordinary activities after deduction of trade discounts and Value Added Tax. Revenue is normally recognised on provision of goods and services. Income from membership fees is recognised over the related membership period. Service revenue is recognised on an individual assignment basis, over the related assignment period, in line with work in progress or key milestones as applicable. On certain telecoms contracts where there is fixed and contracted term lengths and no other services are required to be performed during the remainder of the contract, then under IFRS requirements these receivables under the contracts are recognised at the point of sale.

The Company derives its Service revenues from the provision of administration and consultancy services to third party clients or providing white labelled solutions and the provision of solutions and services to Lifestyle and Business Solutions Clients.

The Company's revenue related to its major products and services are split into four key areas follows: 1. Telecoms, 2. Club Membership, Finance, Insurance, Utilities & Other, 3. ILF (Initial Licence Fee), SaaS (Software as a Service), Business and Technology Consultancy, 4. Leisure, Health & Retail. Each of these four areas is applicable to both Lifestyle and Business Solutions segments dependent on the identity of the end user.

Goodwill

Goodwill on the acquisition of a business is recognised as an asset at the date the business is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

Goodwill is not amortised but is reviewed for impairment at least annually.

Other intangible assets

Intangible assets with finite useful lives are initially measured at cost and amortised on a straight line basis over their useful economic lives, which are reviewed on an annual basis. The residual values of intangible assets are assumed to be nil. The estimated useful economic lives of intangible assets are as follows:

Intellectual property rights	20 years
Distribution rights, customer lists and associated customer data	2.5 – 10 years
Clickthat business intellectual property and customer data	2.5 years

Dividend and interest revenue

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established (provided that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably).

Interest income is recognised when it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Leases

Leases are classified as finance leases whenever the forms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets of the Company at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss.

Operating profit

Operating profit is stated after charging and crediting all costs and revenues except for investment income and finance costs.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

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

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted at the balance sheet date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Property, plant and equipment

Property, plant and equipment are stated at cost, net of depreciation and any provision for impairment. Depreciation is not provided on freehold land, including that comprising the golf course and clubhouse. On other assets depreciation is calculated to write off the cost less estimated residual values over their estimated useful lives as follows:

Freehold buildings	2%–5%	per annum straight line
Improvements to freehold land and buildings	5%–10%	per annum straight line
Plant, equipment and furniture	20%–25%	per annum reducing balance
Motor vehicles	25%	per annum reducing balance
Computer equipment	33⅓%	per annum reducing balance

Assets in the course of construction are capitalised as expenditure is incurred. Depreciation is not charged until the asset is brought into use.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, over the term of the relevant lease.

Residual value is calculated based upon prices prevailing at the date of acquisition.

Impairment of tangible and intangible assets excluding goodwill

At each balance sheet date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss where appropriate.

Financial Instruments

Financial assets and financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

Financial Assets

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value. Financial assets are classified as 'loans and receivables'.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For all financial assets objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 47 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the income statement.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities are classified as 'loans and payables'. No interest is payable on financial liabilities, except for the interest on finance lease obligations and warrants. Warrants are agreements to subscribe for shares at a fixed price in the future.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs comprise direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Investments

Fixed asset investments are shown at cost, less provision for impairment. Current asset investments are stated at the lower of cost and net realisable value.

Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term bank deposits with an original maturity of three months or less, net of outstanding bank overdrafts. The carrying amount of these assets is approximately equal to their fair value.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described above, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. 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 Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Management continually evaluates the estimates, assumptions and judgements based on available information and experience. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Revenue recognition

The company recognises, revenue on certain telecoms contracts where there are fixed and contracted term lengths and no other services required to be performed during the remainder of the contract, at the point of sale. The value in the current year is £353,920 (2009:£nil).

Receivables

Debts are recognised to the extent that they are judged to be recoverable. Management reviews are performed to estimate the level of provision required for irrecoverable debt. Provisions of £58,366 have been made specifically against accrued income to reflect uncertainty as to collection.

Recognition of deferred tax assets

The recognition of deferred tax assets is based upon whether it is more likely than not that sufficient and suitable taxable profits will be available in the future, against which the reversal of temporary differences can be deducted. Recognition, therefore, involves judgement regarding the future financial performance of the Company. Historical differences between forecast and actual taxable profits have not resulted in material adjustments to the recognition of deferred tax assets.

At 30 December 2010 a deferred tax asset was not recognised in respect of timing differences relating to trading losses as there was insufficient evidence that the asset would be recovered. The amount of the asset not recognised is £292,398.

Impairment of non-financial assets

The Company assesses whether there are any indicators of impairment as at the transition date and thereafter for all non-financial assets at each reporting date. Goodwill is tested for impairment annually and at other times when such indicators exist. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Such impairment losses may be reversed in subsequent periods if there is an indication that the impairment loss recognised in prior periods may no longer exist or may have decreased.

Valuation of acquired intangible assets

During 2010 the company acquired the following intangible assets:

Vodafone customer base	£646,767
Fixed line distribution rights	£150,000
Consumer and business data	£193,289
Intellectual property rights	£188,781
	<u>£1,178,831</u>

During 2009 the company acquired the following intangible assets:

Intellectual property rights	£274,950
Distribution rights	£438,000
	<u>£712,950</u>

B – STATEMENTS OF RECOGNISED INCOME

	<i>Note</i>	<i>Year ended 30 December 2010 £</i>	<i>Year ended 30 December 2009 £</i>
Continuing operations			
Revenue	1,2	4,149,551	3,551,584
Cost of sales		<u>(1,394,122)</u>	<u>(1,289,219)</u>
Gross profit		2,755,429	2,262,365
Administrative expenses		<u>(1,673,641)</u>	<u>(7,004,299)</u>
Operating profit/(loss)		1,081,788	(4,741,934)
Investment revenues	7	87	93
Other gains and losses	8	282,422	135,286
Finance costs	10	<u>(31,060)</u>	<u>(74,359)</u>
Profit/(loss) before tax	3	1,333,237	(4,680,914)
Adjusted profit before tax⁽¹⁾	9	1,774,832	495,429
Amortisation of intangible assets	15	(139,368)	(12,125)
Costs related to potential AIM listing	9	(85,532)	—
Interest on warrants	9	(18,700)	(55,500)
Loss on fraud	9	(197,995)	—
Impairment of investments	9	—	(4,182,004)
Impairment of other tangible and intangible assets	9	—	(918,000)
Provision against intercompany debt	9	—	(144,000)
Reversal of impairment	9	—	135,286
Profit/(loss) before tax		<u>1,333,237</u>	<u>(4,680,914)</u>
Tax	11	<u>(54,386)</u>	<u>—</u>
Profit/(loss) for the period attributable to shareholders		<u>1,278,851</u>	<u>(4,680,914)</u>
Basic earnings/(loss) per share (pence)	13	7.58	(35.02)
Diluted earnings/(loss) per share (pence)	13	7.38	(27.58)
Adjusted earnings per share (pence)	13	10.20	3.70

- (1) Adjusted profit before tax is stated before the amortisation of intangible assets, losses on fraud, interest on warrants, costs related to the potential AIM listing and impairment adjustments, as in the opinion of the Directors this better reflects the underlying performance of the business.

C – BALANCE SHEETS

The balance sheets of Quindell Limited as at 30 December 2010, 2009 and 2008 are set out below:

	<i>Note</i>	<i>2010</i> £	<i>2009</i> £	<i>2008</i> £
Non-current assets				
Goodwill	14	35,306	35,306	35,306
Other intangible assets	15	1,004,633	262,824	—
Property, plant and equipment	16	3,936,255	4,018,649	4,763,055
Investments	17	—	—	30,001
		<u>4,976,194</u>	<u>4,316,779</u>	<u>4,828,362</u>
Current assets				
Inventories	18	82,082	44,123	137,635
Trade and other receivables	19	1,201,233	202,222	453,379
Current asset investments		—	—	504
Cash and bank balances		86,670	448,430	81,296
		<u>1,369,985</u>	<u>694,775</u>	<u>672,814</u>
Total assets		<u><u>6,346,179</u></u>	<u><u>5,011,554</u></u>	<u><u>5,501,176</u></u>
Current liabilities				
Trade and other payables	23	724,524	621,172	341,068
Current tax liabilities	11	31,039	5,510	35,848
Obligations under finance leases	22	131,546	118,590	119,821
Deferred revenue	30	168,309	171,436	188,143
		<u>1,055,418</u>	<u>916,708</u>	<u>684,880</u>
Non-current liabilities				
Borrowings	21	574,200	405,500	299,384
Obligations under finance leases	22	34,802	177,147	298,807
Deferred tax liability	12	28,857	—	—
Provisions	24	100,000	150,000	—
		<u>737,859</u>	<u>732,647</u>	<u>598,191</u>
Total liabilities		<u><u>1,793,277</u></u>	<u><u>1,649,355</u></u>	<u><u>1,283,071</u></u>
Net assets		<u><u>4,552,902</u></u>	<u><u>3,362,199</u></u>	<u><u>4,218,105</u></u>
Equity attributable to owners of the Company				
Share capital	25	17,000,621	16,364,693	12,539,685
Own shares reserve	26	(1,096,105)	—	—
Capital contribution reserve	27	372,029	—	—
Retained earnings	28	(11,723,643)	(13,002,494)	(8,321,580)
Total equity		<u><u>4,552,902</u></u>	<u><u>3,362,199</u></u>	<u><u>4,218,105</u></u>

D – CASH FLOW STATEMENTS

	<i>Note</i>	<i>Year ended 30 December 2010 £</i>	<i>Year ended 30 December 2009 £</i>
Net cash from operating activities	29	157,843	214,615
Investing activities			
Interest received		87	93
Interest paid		(12,360)	(18,700)
Purchases of property, plant and equipment		(204,398)	(577,567)
Purchases of intangible assets		(223,543)	—
Sale of tangible fixed assets		—	671,080
Net cash (used in)/generated from investing activities		(440,214)	74,906
Financing activities			
Proceeds from borrowings		50,000	200,000
Repayments of borrowings		(129,389)	(122,891)
Net cash (used in)/generated from financing activities		(79,389)	77,109
Net (decrease)/increase in cash and cash equivalents		(361,760)	366,630
Cash and cash equivalents at beginning of year		448,430	81,800
Cash and cash equivalents at end of year		86,670	448,430

E – STATEMENT OF CHANGES IN EQUITY

Equity attributable to equity holders of the Company

	<i>Share capital £</i>	<i>Own share reserve £</i>	<i>Capital contribution reserve £</i>	<i>Retained earnings £</i>	<i>Total equity £</i>
Balance at 31 December 2008	12,539,685	—	—	(8,321,580)	4,218,105
Loss for the period	—	—	—	(4,680,914)	(4,480,914)
Issue of Share Capital	3,825,008	—	—	—	3,825,008
Balance at 30 December 2009	<u>16,364,693</u>	<u>—</u>	<u>—</u>	<u>(13,002,494)</u>	<u>3,362,199</u>
Profit for the period	—	—	—	1,278,851	1,278,851
Issue of Share Capital	635,928	—	—	—	635,928
Own shares acquired in the period	—	(1,096,105)	—	—	(1,096,105)
Proceeds from disposals to shareholders	—	—	372,029	—	372,029
Balance at 30 December 2010	<u><u>17,000,621</u></u>	<u><u>(1,096,105)</u></u>	<u><u>372,029</u></u>	<u><u>(11,723,643)</u></u>	<u><u>4,552,902</u></u>

F – NOTES TO THE FINANCIAL STATEMENTS

1. Revenue

An analysis of the company's revenue is as follows:

	<i>Year ended</i> 2010 £	<i>Year ended</i> 2009 £
Continuing operations		
Sales of goods and services	4,149,551	3,551,584
	<u>4,149,551</u>	<u>3,551,584</u>

2. Business and geographical segments

Information reported to the Company's Chief Executive for the purposes of resource allocation and assessment of segment performance is focussed on the category of customer for each type of activity. The principal categories of customer are direct sales to major customers and internet sales. The Company's reportable segments under IFRS 8 are as follows: Lifestyle Solutions; Business Solutions.

The Company derives its Service revenues from the provision of administration and consultancy services to Third Party Clients or providing White Labelled Solutions and the provision of solutions and services to Lifestyle and Business Solutions Clients.

The Company's revenue related to its major products and services are split into four key areas follows: 1. Telecoms, 2. Club Membership, Finance, Insurance, Utilities & Other, 3. ILF (Initial Licence Fee), SaaS (Software as a Service), Business and Technology Consultancy, 4. Leisure, Health & Retail. Each of these four areas is applicable to both Lifestyle and Business Solutions segments dependent on the identity of the end user, which is how the Lifestyle and Business Solutions segments are defined.

All revenue originates within the United Kingdom.

Segment revenues and results

	<i>Note</i>	<i>Lifestyle</i> <i>Solutions</i> £	<i>Business</i> <i>Solutions</i> £	<i>2010</i> <i>Total</i> £
Total revenue		1,461,420	2,688,131	4,149,551
Cost of sales		<u>(561,300)</u>	<u>(616,663)</u>	<u>(1,177,963)</u>
Segment gross profit		900,120	2,071,468	2,971,588
Central cost of sales				<u>(216,159)</u>
Gross profit				2,755,429
Central expenses				<u>(1,673,641)</u>
Operating profit				1,081,788
Investment revenues				87
Other gains and losses	8			282,422
Finance costs				<u>(31,060)</u>
Profit before tax				1,333,237
Adjusted profit before tax¹				1,774,832
Amortisation of intangible assets				(139,368)
Costs related to potential AIM listing	9			(85,532)
Interest on warrants	9			(18,700)
Loss on fraud	9			<u>(197,995)</u>
Profit before tax	9			1,333,237
Tax				<u>(54,386)</u>
Profit after tax				<u>1,278,851</u>

	<i>Note</i>	<i>Lifestyle Solutions £</i>	<i>Business Solutions £</i>	<i>2009 Total £</i>
Total revenue		1,118,876	2,432,708	3,551,584
Cost of Sales		(488,969)	(579,886)	(1,068,855)
Segment gross profit		629,907	1,852,822	2,482,729
Central cost of sales				(220,364)
Gross profit				2,262,365
Central expenses				(7,004,299)
Operating loss				(4,741,934)
Investment revenues				93
Other gains and losses	8			135,286
Finance costs				(74,359)
Loss before tax				(4,680,914)
Adjusted profit before tax⁽¹⁾				495,429
Amortisation of intangible assets				(12,125)
Interest on warrants	9			(55,500)
Impairment of investments	9			(4,182,004)
Impairment of other intangible assets	9			(918,000)
Reversal of impairment	9			135,286
Provisions against intercompany debt	9			(144,000)
Loss before tax				(4,680,914)
Tax				—
Loss after tax				(4,680,914)

In respect of both years the accounting policies of the reportable segments are the same as the Company's accounting policies described in Section A. Segment profit represents the profit earned by each segment without allocation of the share of central administration costs including directors' salaries, investment revenue and finance costs, net adjusted profit costs and income tax expense.

The costs shown above, below operating profit level apply to both Lifestyle Solutions and Business Solutions segments, and accordingly no segmental reporting of these costs is provided to the chief operating decision maker.

(1) Adjusted profit is stated before the amortisation and impairment of intangible assets, the impairment of investments and fixed assets, the reversal of impairments of fixed assets, provision against intercompany debt, and interest on warrants, as in the opinion of the Directors this better reflects the underlying performance of the business.

Segment assets

All assets of the company serve both the Lifestyle and the Business segments and are not reported to the Company's chief executive on a segmental basis.

Revenues from major products and services

The Company's revenues related to its major products and services were as follows:

<i>Revenue related to</i>	<i>Year ended 2010</i>		<i>Year ended 2009</i>	
	<i>£</i>	<i>%</i>	<i>£</i>	<i>%</i>
Telecoms	2,479,031	60	1,800,342	51
Club membership, finance, insurance, utilities & other	871,270	21	747,950	21
ILF, SaaS, business and technology consultancy	102,700	2	352,685	10
Leisure, health & retail	696,550	17	650,607	18
Total	<u>4,149,551</u>	100	<u>3,551,584</u>	100

Information about major customers

Clickus4.com

Split between both the Lifestyle and Business segments are revenues of £1,072,750 (2009: £1,534,597) which arose from sales to Clickus4.com a subsidiary company who was the Company's largest customer during the year. It should be noted that in 2010 £450,000 of the revenue was related to work performed by the Company via Clickus4.com to a major O2 Business Partner.

TMC (Southern) Limited

Included in the Business segment are revenues of approximately £250,000 (2009: £nil) which arose from consultancy activities to TMC (Southern) Limited.

QMS on behalf of a Major Nationwide Phone Retailer

Included in Business segment are revenues of approximately £190,000 (2009: £nil) which arose from sales on behalf of a Nationwide Phone Retailer.

3. Profit/(Loss) before tax for the year

Profit/(Loss) before tax for the year has been arrived at after charging/(crediting):

	<i>Year ended 2010 £</i>	<i>Year ended 2009 £</i>
Depreciation of property, plant and equipment	311,121	306,180
Impairment of property, plant and equipment	—	480,000
Amortisation of intangible assets	139,368	12,125
Impairment of intangible assets	—	438,000
Cost of inventories recognised as expense	670,987	271,631
Reversal of impairment on property at Quob Park	—	(135,286)
Gain on disposal of investment in SDM Productions Limited	(116,666)	—
Gain on disposal of investment in SMI Technologies LLC	(146,756)	—
Staff costs (see note 5)	1,019,620	790,087
Impairment loss recognised on accrued receivables	58,366	—
Impairment loss recognised on equity investments	—	4,182,004

4. Auditors' remuneration

The analysis of auditors' remuneration is as follows:

	<i>Year ended 2010 £</i>	<i>Year ended 2009 £</i>
Fees payable to the company's auditors for the audit of the company's annual accounts	60,000	20,000
Total audit fees	60,000	20,000
Tax	10,000	—
Other services	20,000	—
Total non-audit fees	30,000	—

5. Staff costs

The average monthly number of employees (including executive directors) was:

	<i>2010</i> <i>Number</i>	<i>2009</i> <i>Number</i>
Lifestyle Solutions	13	10
Business Solutions	14	7
Central Support	12	11
	<u>39</u>	<u>28</u>

Their aggregate remuneration comprised:

	<i>Year ended</i> <i>2010</i> £	<i>Year ended</i> <i>2009</i> £
Wages and salaries	935,747	733,334
Social security costs	83,873	56,753
	<u>1,019,620</u>	<u>790,087</u>

6. Directors' remuneration and transactions

	<i>Year ended</i> <i>2010</i> £	<i>Year ended</i> <i>2009</i> £
Directors' remuneration		
Emoluments	<u>245,250</u>	<u>105,333</u>

	<i>Number</i>	<i>Number</i>
The number of directors:	<u>5</u>	<u>4</u>

	<i>2010</i> £	<i>2009</i> £
Remuneration of the highest paid director:		
Emoluments	120,000	50,000
Emoluments paid through subsidiaries via QDS	120,000	—
	<u>240,000</u>	<u>50,000</u>

The highest paid director did not exercise any share options in the year.

Directors' transactions

Details of transactions with directors during the year are disclosed in note 32

7. Investment revenues

	<i>Year ended</i> <i>2010</i> £	<i>Year ended</i> <i>2009</i> £
Interest revenue:		
Bank deposits	<u>87</u>	<u>93</u>
Total interest revenue	<u>87</u>	<u>93</u>

Investment revenue earned on financial assets analysed by category of asset, is as follows:

	<i>Year ended</i> 2010 £	<i>Year ended</i> 2009 £
Loans and receivables (including cash and bank balances)	87	93
Total interest income	<u>87</u>	<u>93</u>

8. Other gains and losses

	<i>Year ended</i> 2010 £	<i>Year ended</i> 2009 £
Gain on disposal of investment in SMI Technologies LLC	146,756	—
Gain on disposal of investment in SDM Productions International Limited	116,666	—
Gain on sale of intellectual property rights to Clickus4.com Limited	19,000	—
Reversal of impairment of Quob Park	—	135,286
	<u>282,422</u>	<u>135,286</u>

9. Adjusted profit before tax

	<i>Year ended</i> 2010 £	<i>Year ended</i> 2009 £
Amortisation of intangible assets	139,368	12,125
Costs related to potential AIM Listing	85,532	—
Interest on warrants	18,700	55,500
Loss on fraud	197,995	—
Impairment of investment in Clickus4.com	—	3,952,003
Impairment of investment in SDM Productions International Limited	—	230,001
Impairment of golf simulator equipment	—	480,000
Impairment of distribution rights	—	438,000
Reversal of impairment of Quob Park	—	(135,286)
Provision against intercompany debt	—	144,000
	<u>441,595</u>	<u>5,176,343</u>

Adjusted profit is stated before the amortisation and impairment of intangible assets, the impairment of investments and fixed assets, the reversal of impairments of fixed assets, provision against intercompany debt, losses on fraud, and costs of raising capital, as in the opinion of the Directors this better reflects the underlying performance of the business.

Following the acquisition of Clickus4.com as a subsidiary during 2009 the Board of Quindell Limited found, during 2010, evidence of theft of stock and fraud, leading to this one time cost. All staff members involved have since left and there is an ongoing police and Vodafone investigation.

During 2009 the Company acquired two subsidiaries, being Clickus4.com Limited and SDM Productions International Limited. As a result of the re-structuring of its newly acquired group the Company entered into a number of related party transactions in order to facilitate its business plans going forward and to enable the group to operate as efficiently as possible. Having completed these transactions, the Directors scrutinised the value of all the residual items on the Company's balance sheet that arose from them and came to the conclusion, in a number of cases, that impairment was required.

The gain of £135,826 in 2009 relates to the reversal of an impairment on the portion of land and buildings at Quob Park that was disposed in the year. The reversal has been recognised on the basis that these assets were disposed in return for a consideration greater than their net book value at the date of disposal.

10. Finance costs

	<i>Year ended</i> 2010 £	<i>Year ended</i> 2009 £
Interest on obligations under finance leases	12,360	18,859
Interest on warrants	18,700	55,500
Total interest expense	<u>31,060</u>	<u>74,359</u>

11. Tax

	<i>Year ended</i> 2010 £	<i>Year ended</i> 2009 £
Corporation Tax:		
Current year	25,529	—
Deferred tax (note 12)	28,857	—
	<u>54,386</u>	<u>—</u>

Corporation tax is calculated at 21 per cent. of the estimated taxable profit in the year. The current tax credit for the year is less than 21 per cent. for the reasons set out in the following reconciliation:

	<i>2010</i> £	<i>2009</i> £
Profit/(loss) on ordinary activities before tax	1,333,237	(4,680,914)
Standard rate of tax:	21%	21%
Effects of:		
Expenses not deductible for tax purposes	4%	(21%)
Increase/(Utilisation) of timing differences not previously recognised	(21%)	—
	<u>4%</u>	<u>0%</u>
Current tax – creditor	<u>31,039</u>	<u>5,510</u>

Finance (No 2) Act 2010 was substantively enacted on 27 July 2010 and included legislation to reduce the main rate of corporation tax from 28 per cent. to 27 per cent. from 1 April 2011. Further reductions to the main rate are proposed to reduce the rate by 1 per cent. per annum to 24 per cent. by 1 April 2014 and are expected to be enacted separately each year.

12. Deferred Tax

	<i>Year ended</i> 2010 £	<i>Year ended</i> 2009 £
Charge to income statement	28,857	—
Balance at 30 December 2010	<u>28,857</u>	<u>—</u>
Accelerated capital allowances	261,773	268,373
Less losses	(232,916)	(268,373)
	<u>28,857</u>	<u>—</u>

A deferred tax liability has not been recognised in respect of gains rolled over into the acquisition cost of replacement assets. The tax will become payable if the replacement assets are sold and further rollover relief is not obtained. The estimated amount of tax that would become payable in these circumstances is £50,000.

At 30 December 2009, a deferred tax asset was not recognised in respect of timing differences relating to trading losses as there was insufficient evidence that the asset would be recovered. The amount of the asset not recognised £292,398. A deferred tax asset will be recognised when there is sufficient certainty in respect of recoverability of the asset.

13. Earnings/(Loss) per share

	<i>Year ended</i> 2010 £	<i>Year ended</i> 2009 £
Earnings		
Earnings for the purposes of basic earnings per share being profit/(loss) after tax attributable to owners of the Company	1,278,851	(4,680,914)
Amortisation	139,368	12,126
Costs related to potential AIM listing	85,532	—
Interest on warrants	18,700	55,500
Loss on fraud case	197,995	—
Impairment of investment in Clickus4.com	—	3,952,003
Impairment of investment in SDM Productions International Limited	—	230,001
Impairment of golf simulator equipment	—	480,000
Impairment of distribution rights	—	438,000
Reversal of impairment	—	(135,286)
Provision against intercompany debt	—	144,000
Earnings for the purpose of adjusted earnings per share	<u>1,720,446</u>	<u>495,430</u>
	<i>Year ended</i> 2010 £	<i>Year ended</i> 2009 £

Earnings

Earnings for the purposes of basic earnings per share being profit/(loss) after tax attributable to owners of the Company	1,278,851	(4,680,914)
Interest on warrants	18,700	55,500
Earnings for the purpose of diluted earnings per share	<u>1,297,551</u>	<u>(4,625,414)</u>

	<i>Year ended</i> 2010	<i>Year ended</i> 2009
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Number of Shares

Weighted average number of ordinary shares for the purposes of basic earnings per share	<u>16,863,121</u>	<u>13,362,990</u>
Weighted average number of ordinary shares for the purposes of adjusted earnings per share	<u>16,863,121</u>	<u>13,362,990</u>
Number of ordinary shares for the purposes of diluted earnings per share	<u>17,574,821</u>	<u>16,770,193</u>

The denominators for the purposes of the diluted earnings per share calculations have been adjusted to reflect the dilutive effect of the warrant agreements in place in each period, which entitle the bearer to receive ordinary shares (2010: 574,200; 2009: 405,500).

14. Goodwill

Cost and carrying amount

At 30 December 2010, 30 December 2009 and 30 December 2008	<u>35,306</u>
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The goodwill relates to the acquisition of the Chauffeur Plus business in 2008. The Directors do not allocate goodwill to specific business segments as they believe that the amounts relate to the business as a whole. The Company tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired. The Company prepares cash flow forecasts derived from the most recent financial budgets approved by management for the next two years.

15. Other intangible assets

	<i>Intellectual property rights</i> £	<i>Distribution rights</i> £	<i>Customer lists and associated customer data</i> £	<i>Clickthat business intellectual property and customer data</i> £	<i>Total</i> £
Cost					
At 31 December 2008	—	—	—	—	—
Additions	274,950	438,000	—	—	712,950
At 30 December 2009	274,950	438,000	—	—	712,950
Additions	38,779	150,000	840,056	150,000	1,178,838
Disposals	(313,732)	—	—	—	(313,732)
At 30 December 2010	—	588,000	840,056	150,000	1,578,056
Amortisation and impairment					
At 31 December 2008	—	—	—	—	—
Charge for the year	12,126	—	—	—	12,126
Impairment	—	438,000	—	—	438,000
At 30 December 2009	12,126	438,000	—	—	450,126
Charge for the year	3,945	—	135,423	—	139,368
Disposals	(16,071)	—	—	—	(16,071)
At 30 December 2010	—	438,000	135,423	—	573,423
Carrying amount					
At 30 December 2008	—	—	—	—	—
At 30 December 2009	262,824	—	—	—	262,824
At 30 December 2010	—	150,000	704,633	150,000	1,004,633

Intellectual property rights relate to golf simulator technology acquired from Clickus4.com Limited in 2009 and which was sold back to Clickus4.com in the year for a consideration equating to net book value.

Certain distribution rights were purchased from Clickus4.com Limited during 2009 and subsequently fully impaired as at 30 December 2009. Additions in the current year include £150,000 relating to fixed line distribution rights. No amortisation has been recognised in the year on that basis that the rights were purchased in December 2010.

Customer lists and associated data purchased during the year ended 30 December 2010 included £646,767 paid to Clickus4.com Limited for the purchase of the Vodafone customer base and £193,289 in relation to consumer and business data acquired from third parties to enable the company to proactively market its products and services. The amortisation period for this category of intangibles is between 2.5 years and 10 years.

On 30 December 2010 the company acquired the intangible assets of SDM Productions International Limited relating to the development and operation of franchise-related business opportunities for £150,000. Subsequently, the SDM Productions trade names that formed part of this intangible were sold to a shareholder for £50,000. The consideration received has been recognised as a capital contribution in the year. The remaining intangible is being amortised over 2.5 years.

16. Property, plant and equipment

	<i>Land and Buildings</i>	<i>Properties under construction</i>	<i>Plant, equipment and furniture</i>	<i>Computer equipment</i>	<i>Motor vehicles</i>	<i>Total</i>
	£	£	£	£	£	£
Cost						
At 31 December 2008	9,318,973	—	1,434,921	24,186	268,710	11,046,790
Additions	—	854,162	80,990	36,050	—	971,202
Disposals	(3,261,782)	—	—	—	—	(3,261,782)
At 30 December 2009	6,057,191	854,162	1,515,911	60,236	268,710	8,756,210
Additions	16,464	138,342	12,549	68,281	—	235,636
Assets under construction brought into use	58,643	(208,643)	150,000	—	—	—
Disposals	—	—	—	—	(13,410)	(13,410)
At 30 December 2010	<u>6,132,298</u>	<u>783,861</u>	<u>1,678,460</u>	<u>128,517</u>	<u>255,300</u>	<u>8,978,436</u>
Accumulated depreciation and impairment						
At 31 December 2008	5,190,471	—	945,770	10,342	137,152	6,283,735
Charge for the year	143,019	—	118,797	11,474	32,890	306,180
Disposal	(2,197,068)	—	—	—	—	(2,197,068)
Impairment of golf simulator equipment	—	480,000	—	—	—	480,000
Reversal of impairment on property at Quob Park	(135,286)	—	—	—	—	(135,286)
At 30 December 2009	3,001,136	480,000	1,064,567	21,816	170,042	4,737,561
Charge for the year	151,440	—	114,472	22,371	22,839	311,121
Disposals	—	—	—	—	(6,501)	(6,501)
At 30 December 2010	<u>3,152,576</u>	<u>480,000</u>	<u>1,179,039</u>	<u>44,187</u>	<u>186,380</u>	<u>5,042,181</u>
Carrying amount						
At 30 December 2010	<u>2,979,722</u>	<u>303,861</u>	<u>499,421</u>	<u>84,330</u>	<u>68,920</u>	<u>3,936,255</u>
At 30 December 2009	<u>3,056,055</u>	<u>374,162</u>	<u>451,344</u>	<u>38,420</u>	<u>98,668</u>	<u>4,018,649</u>
At 30 December 2008	<u>4,128,502</u>	<u>—</u>	<u>489,151</u>	<u>13,844</u>	<u>131,558</u>	<u>4,763,055</u>
Carrying amount of assets under finance leases included above						
At 30 December 2010	<u>71,668</u>	<u>—</u>	<u>35,457</u>	<u>—</u>	<u>70,244</u>	<u>177,389</u>
At 30 December 2009	<u>75,994</u>	<u>—</u>	<u>74,373</u>	<u>—</u>	<u>80,936</u>	<u>231,303</u>
At 30 December 2008	<u>80,300</u>	<u>—</u>	<u>107,061</u>	<u>—</u>	<u>91,628</u>	<u>278,989</u>

Properties under construction

Properties under construction relate to expenditure incurred in relation to the expansion of the leisure business. This project was commenced in 2009 but put on hold in late 2010 as the Company diverted cash into the telecoms business. The reversal of impairment relates to a portion of land and buildings at Quob Park that was disposed in 2009. The reversal was recognised on the basis that these assets were disposed in return for a consideration greater than their net book value at the date of disposal.

Assets held under finance leases and other similar contracts

Assets held under finance leases and other similar contracts, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities while the interest elements are charged to the income statement over the year of the leases to produce a constant rate of charge on the balance of the capital repayments outstanding. Hire purchase transactions are dealt with similarly, except that assets are depreciated over their useful lives.

Impairment

The impairment in 2009 related to golf simulator equipment.

17. Investments

	<i>Shares in SDM Productions International Ltd £</i>	<i>Shares in Clickus4.com Ltd £</i>	<i>Shares in SMI Technologies LLC £</i>	<i>Total £</i>
Cost				
At 31 December 2008	30,001	—	—	30,001
Additions	200,000	3,952,003	—	4,152,003
At 30 December 2009	230,001	3,952,003	—	4,182,004
Additions	—	—	485,928	485,928
Disposals	(230,001)	(3,952,003)	(485,928)	(4,667,932)
At 30 December 2010	—	—	—	—
Impairment				
At 31 December 2008	—	—	—	—
Impairment loss	230,001	3,952,003	—	4,182,004
At 30 December 2009	230,001	3,952,003	—	4,182,004
Eliminated on disposal	(230,001)	(3,952,003)	—	(4,182,004)
At 30 December 2010	—	—	—	—
Carrying amount				
At 30 December 2010 and 30 December 2009	—	—	—	—
At 31 December 2008	30,001	—	—	30,001

Investments are at their deemed cost less impairment, being the previous UK GAAP carrying amount. Principal subsidiaries as at 30 December 2010.

<i>Company Subsidiary</i>	<i>Country of incorporation and operation</i>	<i>Activity</i>	<i>Proportion of ordinary shares held at 30 December 2010 %</i>	<i>Proportion of ordinary shares held at 30 December 2009 £</i>
Clickus4.com Limited	United Kingdom	Manufacture and Distribution of Business & Consumer Solutions	Nil	100%
SDM Productions International Limited	United Kingdom	Project Management and Management Service/Consultancy Solutions	Nil	100%

Clickus4.com Limited

On 28 February 2009 the company disposed of its investment in Clickus4.com Limited (formerly Visiotics Distribution Limited) for £1 to a third party. The additions in 2009 relate to re-acquiring Clickus4.com Limited for consideration of £3,625,000, and the acquisition of the remaining 65 per cent. of the share capital of SDM Productions International Limited for a consideration of £200,000 in both cases settled by issuing Quindell ordinary shares for £1 per share. Quindell also made a capital contribution of £327,003 to Clickus4.com Limited, which was recognised as a further cost of investment in 2009.

An impairment of £3,952,003 of the company's investment in Clickus4.com Limited was recognised in 2009, on the grounds that an impairment review carried out by the Directors at 30 December 2009 showed this investment to have a recoverable fair value of £nil.

The Board agreed the sale of its investment in Clickus4.com Limited to Robert Terry for a consideration of £188,695 settled through the return of Quindell shares to be held in trust, on 1 July 2010.

SDM Productions International Limited

An impairment of £230,001 of the company's investment in SDM Productions International Limited was recognised in 2009, on the grounds that an impairment review carried out by the Directors at 30 December 2009 showed this investment to have a recoverable fair value of £nil.

On 1 October 2010 having first transferred all intellectual and physical assets of the business related to its development and operation of franchise related business opportunities into Quindell (excluding the Printing.com franchise rights) for full settlement of its intercompany loan, the Company sold its investment in SDM Productions International for a consideration of £250,000 to Robert Terry and Richard Oliver, who owns Amplify Creative Marketing Ltd, a complementary business. This was settled via the return of 250,000 of Quindell shares to be held in trust.

SMI Technologies LLC

On 1 January 2010 the Company completed the acquisition of 51 per cent. of SMI Technologies LLC for a consideration of 485,928 of Quindell Limited shares.

Having reached an agreement in October 2010, the Company sold its investment in SMI Technologies LLC on 30 December 2010 to the other shareholders in SMI Technologies LLC for a consideration of £627,410, settled through the return of Quindell shares to be held in trust.

18. Inventories

	<i>2010</i>	<i>2009</i>	<i>2008</i>
	£	£	£
Goods for resale	<u>82,082</u>	<u>44,123</u>	<u>137,635</u>

19. Trade and other receivables

	<i>2010</i>	<i>2009</i>	<i>2008</i>
	£	£	£
Amounts receivable for the sale of goods and services	118,105	41,055	69,556
Other debtors	65,480	22,556	156,298
Amounts due from Clickus4.com Limited	175,397	51,248	227,525
Amounts due from SDM Productions International Limited	—	87,213	—
Prepayments	22,399	150	—
Accrued income	878,218	—	—
Allowance for doubtful debts in relation to accrued income	<u>(58,366)</u>	<u>—</u>	<u>—</u>
	<u>1,201,233</u>	<u>202,222</u>	<u>453,379</u>

All amounts are receivable within one year. The other debtors balance includes an amount of £nil (2009: £10,346, 2008: £nil) owing to the Company from R S Terry, Director.

20. Trade receivables

Trade receivables disclosed above are classified as loans and receivables and are therefore measured at amortised cost. The average credit period taken on sales of goods is 32 days. No interest is charged on any receivables. Before accepting any new phone/data connections, the Company uses an external credit scoring system including those of the applicable network provider to assess the potential customer's credit quality. Limits and scoring attributed to customers are reviewed on renewal of their contract. Trade receivables disclosed above include amounts (see below for aged analysis) which are past due at the reporting date, although the Company has not provided an allowance for doubtful debts as management do not believe a provision is required. The Company does not hold any collateral or other credit

enhancements over these balances nor does it have a legal right of offset against any amounts owed by the Company to the counterparty. The average age of receivable for the sale of goods and services is 49 days (2009: 31 days). Ageing of past due but not impaired receivables:

	2010 £	2009 £	2008 £
30-60 days	14,215	2,515	7,546
60-90 days	21,339	3,453	5,950
90-120 days	32,994	2,135	1,860
Older	9,068	28,368	3,829
Total	<u>77,616</u>	<u>36,471</u>	<u>19,185</u>

Movements in allowances for doubtful debts in relation to trade receivables was £nil (2009: £nil, 2008: £nil).

The directors consider that the carrying amount of trade and other receivables is approximately equal to their fair value.

21. Borrowings

	2010 £	2009 £	2008 £
Unsecured borrowing at amortised cost			
Loans from third parties	288,000	234,000	—
Loans from related parties	286,200	171,500	299,384
	<u>574,200</u>	<u>405,500</u>	<u>299,384</u>
Secured borrowing at amortised cost			
Finance lease liabilities (note 22)	166,348	295,737	418,628
	<u>166,348</u>	<u>295,737</u>	<u>418,628</u>
Total borrowings	<u>750,448</u>	<u>701,237</u>	<u>718,012</u>
Amount due for settlement within 12 months	<u>131,546</u>	<u>118,590</u>	<u>119,821</u>
Amount due for settlement after 12 months	<u>618,902</u>	<u>582,647</u>	<u>598,191</u>

The principal features of the company's borrowings are as follows.

- (i) Amounts repayable to related parties of £286,200 (2009 £171,500, 2008: £nil) relate to warrants issued to Louise Tracey Terry and a trust connected to Robert Terry, which are redeemable in 2013. The full interest cost on redemption of the warrants has been recognised in profit and loss by the end of 2010.
- (ii) Amounts repayable to third parties include £288,000 (2009: £234,000, 2008: £nil) related to warrants redeemable in February 2013. The full interest cost on redemption of the warrants has been recognised in profit and loss by the end of 2010.

The warrant agreements noted above entitle the bearers to the right to receive cash of £574,200 (2009: £405,500, 2008: nil) or ordinary shares of £1 nominal value per share.

Finance lease liabilities are secured by the assets leased. All borrowings are fixed interest rate debt with repayment periods not exceeding five years.

22. Obligations under finance leases

	<i>Minimum lease payments</i>		
	<i>2010</i>	<i>2009</i>	<i>2008</i>
	£	£	£
Amounts payable under finance leases:			
Within one year	140,128	141,750	141,750
In the second to fifth years inclusive	69,079	211,743	353,493
After five years	—	—	—
	<u>209,207</u>	<u>353,493</u>	<u>495,243</u>
Less: future finance charges	(42,859)	(57,756)	(76,615)
Present value of lease obligations	<u><u>166,348</u></u>	<u><u>295,737</u></u>	<u><u>418,628</u></u>
	<i>Present value of minimum lease payments</i>		
	<i>2010</i>	<i>2009</i>	<i>2008</i>
	£	£	£
Amounts payable under finance leases:			
Within one year	131,546	118,590	119,821
In the second to fifth years inclusive	34,802	177,147	298,807
Present value of lease obligations	<u><u>166,348</u></u>	<u><u>295,737</u></u>	<u><u>418,628</u></u>
Analysed as:			
Amounts due for settlement within 12 months (shown under current liabilities)	131,546	118,590	119,821
Amounts due for settlement after 12 months	34,802	177,147	298,807
	<u><u>166,348</u></u>	<u><u>295,737</u></u>	<u><u>418,628</u></u>

It is the company's policy to lease certain of its fixtures and equipment under finance leases. The average lease term is 4 years. For the year ended 30 December 2010, the average effective borrowing rate was 5.5 per cent. (2009: 5.5 per cent.). Interest rates are fixed at the contract date. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. All lease obligations are denominated in sterling. The fair value of the company's lease obligations is approximately equal to their carrying amount. The company's obligations under finance leases are secured by the lessors' rights over the leased assets.

23. Trade and other payables

	<i>2010</i>	<i>2009</i>	<i>2008</i>
	£	£	£
Trade payables	77,214	108,201	134,103
Other payables	254,755	246,991	42,762
Accruals	392,555	265,980	164,203
Trade and other payables	<u><u>724,524</u></u>	<u><u>621,172</u></u>	<u><u>341,068</u></u>

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 48 days (2009: 47 days). For most suppliers no interest is payable on the trade payables for the first 60 days from the date of the invoice. Thereafter, interest is payable on the outstanding balances at various interest rates. The Company has financial risk management policies in place to ensure that payables are paid within the pre-agreed credit terms.

The accruals balance includes a £120,000 Director's unpaid salary (2009: £50,000, 2008: £nil) payable to R S Terry in respect of the settlement of the Quindell Directorial Services agreement (see notes 24 and 32).

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

24. Provisions

	£
As at 31 December 2008	—
Charged to profit and loss account in 2009	150,000
As at 30 December 2009	150,000
Paid in 2010	(50,000)
At 30 December 2010	<u>100,000</u>

Provisions for liabilities relate wholly to an amount payable to R S Terry, Director, in connection with obligations arising from the agreement with Quindell Directorial Services, an entity controlled by R S Terry, in the year. This agreement was terminated in 2009 and further detail of this termination can be found in note 32.

At 30 December 2009, the £150,000 represented the Directors' best estimate of the final amount that would be paid to R S Terry in settlement of this obligation and their assessment that it would fall due in more than one year. During 2010, £50,000 was paid. The balance has subsequently been fully paid in 2011.

25. Share capital

	2010 £	2009 £	2008 £
Authorised:			
25 million ordinary shares of £1 each	<u>25,000,000</u>	<u>25,000,000</u>	<u>15,000,000</u>
Issued and fully paid:			
17,000,621 (2009: 16,364,693) ordinary shares of £1 each	<u>17,000,621</u>	<u>16,364,693</u>	<u>12,539,685</u>

The Company has one class of ordinary shares which carry no right to fixed income or to a fixed amount on the dissolution of the company.

During the year, shares were issued as follows:

<i>Date of issue</i>	<i>To acquire other intangible assets and investment</i>	<i>No. of shares</i>	<i>Price £</i>
1 January 2010	SMI Technologies LLC	485,928	1.00
21 December 2010	Fixed line distribution rights	150,000	1.00

26. Own shares reserve

	<i>Own shares £</i>
Balance at 31 December 2008 and 30 December 2009	—
Acquired in the period	(1,096,105)
Balance at 30 December 2010	<u>(1,096,105)</u>

This reserve arises from the sale of the company's investment in Clickus4.com for a consideration of £188,695, the sale of its investment in SMI Technologies LLP for a consideration of £627,410 and the sale of its investment in SDM Productions International for a consideration of £250,000, all settled through the return of Quindell shares held in trust for the benefit of the employees of the company.

27. Capital contribution reserve

	<i>Capital contribution £</i>
Balance at 31 December 2008 and 30 December 2009	—
Received during the year	372,029
Balance at 30 December 2010	<u>372,029</u>

Capital contributions in the year relate to two transactions with shareholders arising from the disposal of the company's subsidiaries, Clickus4.com Limited and SDM Productions International Limited.

Having identified through their impairment reviews at 30 December 2009 that the investments in these subsidiaries had no value, the Directors impaired them to £nil in that year. When these two subsidiaries were then sold in 2010, the Directors re-considered the fair value of the investments at the date of sale and concluded that it remained at £nil in both cases. However in each case consideration was received by the company for the disposal of these investments in the form of shares in the company, with a fair value of £188,695 and £183,334 respectively. This consideration represents an injection of value to the company by its shareholders that is not classified as income and has hence been recognised within equity in the year.

28. Retained earnings

	<i>£</i>
Balance at 31 December 2008	(8,321,580)
Net loss for the year	(4,680,914)
Balance at 30 December 2009	(13,002,494)
Net profit for the year	1,278,851
Balance at 30 December 2010	<u>(11,723,643)</u>

29. Notes to the cash flow statement

	<i>2010 £</i>	<i>2009 £</i>
Operating profit/(loss) before tax	1,081,788	(4,741,934)
Adjustments for:		
Finance costs	(18,700)	(55,659)
Depreciation of property, plant and equipment	311,121	306,180
Impairment of investments	—	4,182,004
Amortisation of intangible assets	139,368	12,126
Impairment of intangible assets	—	918,000
Operating cash flows before movements in working capital	1,513,577	620,717
(Increase)/Decrease in inventories	(37,959)	93,512
Increase in receivables	(1,497,005)	(788,789)
Increase in payables	179,230	289,175
Cash used in operations	<u>(1,355,734)</u>	<u>(406,102)</u>
Net cash from operating activities	<u>157,843</u>	<u>214,615</u>

Significant non-cash transactions occurring in 2010 and 2009 were as follows:

	<i>2010</i>
	<i>£</i>
2010 non-cash transactions: Investments	
Acquisition of 51% of the shares in SMI Technologies LLC in return for 485,928 Quindell Limited ordinary shares of £1 each	485,928
Sale of investment in SMI Technologies LLC for the return of 485,928 Quindell Limited ordinary shares of £1 each, valued at £1.25 each	607,410
Sale of investment in SDM Productions International Limited for the return of 250,000 Quindell Limited ordinary shares of £1 each	250,000
Sale of investment in Clickus4.com Limited for the return of 188,695 Quindell Limited ordinary shares of £1 each	188,695
2010 non-cash transactions: Other intangible assets	
Purchase of Fixed Line Distribution Rights in return for 150,000 Quindell Limited ordinary shares of £1 each	150,000
Purchase of Clickthat business, intellectual property and customer data for £174,328 from SDM Productions International Limited, £169,699 of which was funded via a reduction in the intercompany account with SDM Productions International Limited	169,699
Sale of SDM names to a shareholder for the return of 50,000 Quindell Limited ordinary shares of £1 each	50,000
Purchase of Vodafone customer base for £646,767 and customer data for £18,206 from, and the sale of intellectual property rights for £316,575 to Clickus4.com Limited, £343,263 of which was funded via a reduction in the intercompany account with Clickus4.com Limited	343,263
Purchase of customer data from TMC (Southern) Limited for £175,000, all of which was funded via a contra with amounts due from TMC (Southern) Limited in respect of management consultancy provided by the Company	175,000
2010 non-cash transactions: Borrowings	
Issuing of £100,000 warrants to Louise Tracey Terry in return for a £100,000 reduction in the amount owed to Louise Tracey Terry.	100,000
	<i>2009</i>
	<i>£</i>
2009 non-cash transactions: Investments	
Acquisition of 100% of the shares in Clickus4.com Limited for £3,952,008 in return for 3,625,000 Quindell Limited ordinary shares of £1 each, and a reduction in the intercompany account with Clickus4.com Limited	3,952,008
Acquisition of remaining 65% of shares in SDM Productions International Limited for £200,000 in return for 200,000 Quindell Limited ordinary shares of £1 each	200,000
2009 non-cash transactions: Other intangible assets	
Purchase of intellectual property rights in respect of golf simulator technology for £274,950 and the purchase of distribution rights for £438,000 from Clickus4.com Limited, funded via a reduction in the intercompany account with Clickus4.com Limited	712,950
2009 non-cash transactions: Borrowings	
Issuing of £100,000 of warrants to Louise Tracey Terry and £50,000 of warrants to RS Terry, in return for a reduction in the directors' current account for each	150,000

30. Deferred revenue

	<i>2010</i>	<i>2009</i>	<i>2008</i>
	<i>£</i>	<i>£</i>	<i>£</i>
Deferred revenue	<u>168,309</u>	<u>171,436</u>	<u>188,143</u>

The deferred revenue arises in respect of the Company's obligations in respect of its membership fees and consulting projects which have yet to reach specific milestones. All deferred revenue is receivable within one year.

31. Events after the balance sheet date

After the year end the Company having decided to pursue a reverse into a delisted AIM shell concluded that the shares held by its trustee for the planned Employee Benefit Trust should be cancelled, as an alternative share incentive would be put in place once the company is part of a public group. Post year-end the number of shares in issue has reduced to 17,020,448 taking into account the 974,623 reduction and new share issues of 994,450 as detailed below.

Tony Bowers who previously Chaired the Company's Advisory Board joined the main Board as Senior Non Executive Director on the 18 February 2011, with the Advisory Board now being disbanded. Tony now chairs the Audit Committee and the Remuneration Committee.

On 23 February 2011, Vodafone informed Quindell that certain types of business would be suspended from being processed on its Vodafone direct account, whilst Vodafone conducted an audit. At an initial meeting between the Company and Vodafone it became clear that this was primarily related to five individual customer complaints, and the significant increase in calls being made to Vodafone customers and the resultant levels of increased business being processed on the account during January 2011. It is noted that these five complaints represent a minimal proportion of the circa 115,000 calls made in the month.

Quindell prides itself on the quality of its customer service and the speed that it resolves customer queries. The five customer issues raised were initially addressed during the audit meeting between the Company and Vodafone, and the Directors believe that no issues remain unanswered. During these discussions, the Directors concluded that even though Quindell had informed the Vodafone business team of the fraud committed against it by ex-Fonetrader staff, and that Quindell had also advised Vodafone that it had informed the Police, Vodafone's internal audit team had not been made fully aware of the circumstances. Since this meeting, Vodafone's audit/investigation team have been engaged and are investigating these matters with the Police. During this investigation the suspension of processing certain types of business via this direct channel will remain, but Quindell is able to continue servicing its existing telecoms customers, and the majority of new business can be processed via alternative channels or alternative networks whilst the investigation is being concluded.

On 1 March 2011, the company settled all of its warrants which in total represented £574,200, for cash on the basis that those monies would be reinvested under a Private Placement Memorandum. On 1 March 2011 such monies were invested in the company in return for 574,200 shares of £1 each. Also by Private Placement Memorandum there were amounts received on 14 February 2011 from Anthony Bowers, prior to his appointment as a non-executive Director, of £20,000 in return for 20,000 shares of £1 each, Dominic Milton, Executive Director, of £11,250 in return for 11,250 shares on 8 March and also during February and March 2011 from other non-related parties £389,000 in return for 389,000 shares of £1 each. In total, therefore, £994,450 has been raised via Private Placement Memoranda.

On 9 March 2011 a settlement was agreed in relation to the 1 August 2009 agreement with an unrelated high net worth individual whereby 3 million new ordinary shares with a nominal value of £1 each were to be issued in return for payment to the Company of the sum of £3 million. Taking into consideration the performance of the business and the valuation of the shares of the Company being at a circa 50 per cent. premium to the £1 nominal value in the AIM reverse, it was felt by the Board that it was in the best interests of the Company and the shareholders to settle this matter for the return of the £34,000 loan plus interest being a total of £37,000.

Between 1 April and 20 April 2011 by a further Private Placement Memorandum the Company received from various related and non-related parties £244,500 in return for 244,500 shares of £1 each.

On 1 April 2011 Quindell acquired a beneficial interest in the outsourced sales contracts operated by TMC (Southern) Limited trading as The Marketing Company ("TMC"). The most significant part of TMC's historic revenues relate to the sales of gas and electric contracts to primarily consumer households. TMC was a consultancy client of Quindell throughout 2010 and has sold data to Quindell to increase the

size of its permission based marketing database for cross selling (circa 200,000 consumer details).TMC typically signs, on behalf of its gas and electric clients, over one million pounds worth of business per week, generating commissions for TMC of approximately £70,000 per week. Consideration for this acquisition is 2,000,000 Quindell Shares and up to 140,000,000 Ordinary Shares based on a profit target of £1.2 million being achieved within a continuous twelve month period prior to 30 September 2012.

On 18 April 2011 Quindell acquired an investment of 26 per cent. in LearnED Limited for 124,800 Quindell Shares, a technology company founded by Matt Whiting the original Chief Technology Officer of the Innovation Group. LearnED develops, provides and utilises its own e-business based Business Process Management Platform and related services to facilitate remote learning, e-commerce, work & time management, scheduling and GPS and telematics based business solutions. LearnED sells its solution across a number of industries with a particular focus on training and compliance solutions on an industry specific basis. LearnED also develop a suite of solutions for the insurance sector. The Quindell Technology solution and that of LearnED have been developed to work in conjunction with each other and utilise the same core design principles.

Quindell has the option to acquire the remaining share capital of LearnED for an additional 11,840,000 Ordinary Shares. Quindell has loaned LearnED £972,000 which is covered by a fixed and floating charge over all LearnED's assets and Intellectual Property Rights. On 21 April 2011 Matt Whiting joined Quindell as its Chief Technology Officer and he is also a significant shareholder of Quindell. The Directors believe that the combination of Intellectual Property Rights held in the two companies will allow for a significant increase in activity for Quindell in the Insurance sector in 2011 and beyond. The filed accounts to 31 August 2009 show a turnover of £853,908 and a loss after tax of £50,696, however, post this period the focus of the company has been primarily on investment in the development of its technology platform to underpin future growth in 2011 and beyond.

32. Related party transactions

During the year L T Terry, D A Terry and A R Terry were employed by the company and they are connected persons to R S Terry.

Trading transactions

During the year, the Company entered into the following transactions with related parties:

	<i>Sale of services</i>		<i>Purchase of goods and services</i>	
	<i>2010</i>	<i>2009</i>	<i>2010</i>	<i>2009</i>
	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>
Clickus4.com Limited (formerly known as Visiotics Distribution Limited)	1,072,750	1,534,597	339,857	600,000
SDM Productions International Ltd	71,985	87,317	20,371	44,512
SDM Corporation Limited	—	—	19,713	—
SMI Technologies LLC	15,000	—	10,785	—
Focus4u Limited	—	—	8,691	—
Visiotics Holdings Limited	—	35,000	—	—
Amplify Creative Marketing Limited	—	—	17,526	—
	<u>1,159,735</u>	<u>1,656,914</u>	<u>416,943</u>	<u>644,512</u>

<i>Amounts outstanding at year end</i>	<i>Amounts owed by related parties</i>			<i>Amounts owed to related parties</i>		
	<i>2010</i>	<i>2009</i>	<i>2008</i>	<i>2010</i>	<i>2009</i>	<i>2008</i>
	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>
Clickus4.com Limited (formerly known as Visiotics Distribution Limited)	175,397	51,248	227,525	—	—	—
SDM Productions International Ltd	—	87,213	—	—	—	—
SDM Corporation Limited	—	—	—	—	—	—
SMI Technologies LLC	20,000	—	—	—	—	—
Focus4u Limited	—	—	—	1,823	—	—
Visiotics Holdings Limited	—	16,500	143,000	—	—	—
Amplify Creative Marketing Limited	—	—	—	381	—	—
	<u>195,397</u>	<u>154,961</u>	<u>370,525</u>	<u>2,204</u>	<u>—</u>	<u>—</u>

Clickus4.com Limited

Clickus4.com Limited is a related party of the Company because it was a subsidiary for part of 2010 and once disposed, remains an entity controlled by RS Terry, Director.

On the 30 June 2010 the Company reached an agreement to purchase assets of Clickus4.com Limited for £646,000. After a period of negotiation the consideration for this purchase was settled by Quindell transferring certain non-core assets including certain IPR to Clickus4.com Limited, which resulted in a gain on disposal of £19,000 (see note 8) and the settlement of Clickus4.com's intercompany loan with the Company. Subsequently, the Board agreed the sale of its investment in Clickus4.com Limited to Robert Terry for a consideration of £188,695 settled through the return of Quindell shares to be held in trust, on 1 July 2010.

During 2009 the Company sold golf simulator parts, previously carried at £nil within the balance sheet, to Clickus4 com Limited for a consideration of £220,000 Clickus 4 com Limited having manufactured these parts into completed golf simulators, then sold the completed machines back to the Company later in the year for £390,000. Both transactions were settled through the intercompany account.

Additionally in 2009 the Company purchased an intangible asset relating to distribution rights from Clickus4 com Limited for a consideration of £438,000 along with an intangible asset relating to intellectual property rights for a consideration of £274,950.

In 2010, Quindell sold services to Clickus4.com Limited of £1,072,750 (2009: £1,534,597) and incurred costs from this company of £339,857 (2009: £600,000). At the year end the company had recorded a receivable of £175,397 (2009: £51,248).

In June 2010 Clickus4.com ltd acquired 980,000 £1 shares of the Company and subsequently sold these shares to a third party for a gain of £69,854.

Following the acquisition of Clickus4.com as a subsidiary during 2009 the Board of Quindell Limited have found during 2010, evidence of theft of stock and fraud, leading to this one time exceptional cost of £197,995 (see note 9). All staff members involved have since left and there is an ongoing Police Investigation.

SDM Productions International Limited

SDM Productions International Limited is a related party of the company because it was a subsidiary Company for part of 2010 and once disposed, remains an entity in which RS Terry, Director, has a shareholding interest. On the 2 January 2010, having reached agreement on the 30 November 2009, the Company completed the acquisition of the remaining 65 per cent. of the share capital in SDM Productions International Limited for 200,000 of Quindell Limited shares (with a nominal value of £1 per share).

On the 1 October 2010 having first transferred all intellectual and physical assets of the business related to its development and operation of franchise related business opportunities into Quindell (excluding the Printing.com franchise rights) for full settlement of its intercompany loan, the Company sold its

investment in SDM Productions International for a consideration of £250,000 to Robert Terry and Richard Oliver who owns Amplify Creative Market Ltd, a complementary business. This was settled via the return of 250,000 of Quindell shares to be held in trust.

During the year Quindell sold services to SDM Productions International Limited of £71,985 (2009: £87,317) and incurred costs from this company of £20,371 (2009: £44,512). At the year end, the company had a receivable of £nil (2009: £87,213). On 30 December 2010 Quindell acquired all tangible assets totalling £24,328 and Intangible assets from SDM Productions International Limited in relation to the SDM Brand Names and Clickthat Business intellectual property rights and customer data for £150,000 which fully settled the inter-company loan account between the Company and its subsidiary.

SDM Corporation Limited

SDM Corporation Limited is a related party of the Company as it is controlled by S Mundy, a shareholder. On 30 December 2010 SDM Corporation Limited completed the purchase of the certain rights relating to the SDM name for a consideration of £50,000, settled through the return of Quindell shares to be held in trust.

SMI Technologies LLC

SMI Technologies LLC is a related party of the Company because it was a subsidiary Company for part of 2010. On 1 January 2010 the Company completed the acquisition of 51 per cent. of SMI Technologies LLC for a consideration of 485,928 of Quindell Limited shares. Having reached an Agreement in October 2010, the Company sold its investment in SMI Technologies LLC on 30 December 2010 to the other shareholders in SMI Technologies LLC for a consideration of £627,410, settled through the return of Quindell shares to be held in trust. During the year Quindell sold services to SMI Technologies LLC of £15,000 (2009:nil) and incurred costs from this company of £10,785 (£2009: nil). The company had a receivable of £20,000 (2009: nil).

Focus4u Limited

Focus4u Limited is a related party of the Company because some of its shareholders have an interest in the shares of the Company.

During the year Quindell incurred costs from this company of £8,691 (2009: nil). At the year end, the company had an outstanding liability of £1,823 (2009: nil).

Visiotics Holdings Limited

Visiotics Holdings Limited is a related party of the Company because D Terry, a Director during the year, also served as a Director of Visiotics Holdings Limited.

During the year, the Company provided consultancy and directorial services on an arm's length basis to Visiotics Holdings Limited totalling £nil (2009: £35,000). At the year end the company had no receivable or liability recorded (2009: £16,500)

Amplify Creative Marketing Limited

Amplify Creative Marketing Limited is a related party of the Company because it is owned by R Oliver, a shareholder of the Company for part of the year.

During the year, Quindell incurred costs from this company of £17,526 (2009: £nil). At the year end the company had an outstanding liability of £381 (2009: nil).

Related party debts written-off

The following debts owing by related parties were written-off in the relevant year:

	2010 £	2009 £	2008 £
Visiotics Holdings Limited	—	16,500	—
Chauffeur Plus Limited	—	12,152	—
	<u>—</u>	<u>12,152</u>	<u>—</u>

The following debts owing by related parties were fully provided in the relevant year:

Clickus4.com Limited	—	144,000	—
	<u>—</u>	<u>144,000</u>	<u>—</u>

Disposal of subsidiaries and associates

Clickus4.com Limited

On the 30 June the Company reached an agreement with its subsidiary Clickus4.com Limited, to purchase from it all remaining assets, after a period of negotiation this was settled by Quindell transferring certain non-core assets to Clickus4.com Limited and full settlement of Clickus4.com's intercompany loan with the Company. The Board subsequently agreed the sale of its investment in Clickus4.com for a consideration of £188,695 to Robert Terry to be settled through the return of Quindell shares to be held in trust.

SMI Technologies LLC

Having reached agreement in October 2009, on 1 January 2010 the Company completed the acquisition of 51 per cent. of SMI Technologies LLC for a consideration of 485,928 of Quindell Limited shares (with a nominal value of £1 per share). The Board, although pleased with initial trading performance of the business, to allow Quindell to focus on core activities and also to allow SMI Technologies LLC to raise further external funding, having reached an Agreement in October 2010, sold its investment in SMI Technologies LLP to the other shareholders in SMI Technologies for a consideration of £627,410, to be settled through the return of Quindell shares to be held in trust.

SDM Productions International Limited

On the 2 January 2010, having reached agreement on the 30 November 2009, the Company completed the acquisition of the remaining 65 per cent. of the share capital in SDM Productions International Limited for 200,000 of Quindell Limited shares (with a nominal value of £1 per share). On the 1 October having first transferred all intellectual and physical assets of the business related to its development and operation of franchise related business opportunities into Quindell (excluding the Printing.com franchise rights) in consideration of full settlement of its intercompany loan, sold its investment in SDM Productions International for a consideration of £250,000 to Robert Terry and Richard Oliver who owns Amplify Creative Marketing Ltd a complementary business, to be settled through the return of Quindell shares to be held in trust.

Transactions with directors

Transactions with R S Terry

Transactions between the Company and R S Terry during the year were settled against the outstanding Director's current account creditor. At the end of the year the balance owing to R S Terry is £12,117 on his current account, with a further £120,000 for unpaid salary included in accruals within the Company and another £120,000 in Clickus4.com, which was a subsidiary for part of 2010. In addition Quindell Directorial Services was owed £100,000 (2009 : £150,000) in relation to a settlement agreement with the Company for R S Terry's services

On 30 December 2009 the Company signed an agreement with the Robert Terry Accumulation & Maintenance Trust to fully settle the final £50,000 outstanding in the Director's Loan Account via the issue of a warrant. The warrant can be exchanged for £56,800 in cash or the equivalent number of shares in the Company (with a value of £1 per share) on 1 April 2013

On 28 October 2009 the Board discussed and considered the details of the transfer of the residence and land at Quob Park to R S Terry. The gross proceeds to the Company from the disposal of the assets, was £671,080 in cash and a further £528,920 settled by a reduction in the Director's Loan Account.

When considered in conjunction with the fact that the offices and environs at Quob Park are being retained by the Company, the Board concluded that the transaction represented good value for the Company, due to its short term financial requirements to fund the costs of expanding the business solutions division.

Transactions with L T Terry

On 30 June 2010 the Company signed an agreement with Louise Tracey Terry for the issue of a warrant. The warrant can be exchanged for £114,700 in cash or shares (with a nominal value of £1 per share) on 1 April 2013.

On 1 March 2011, the company settled all of its warrants which in total represented £574,200 (including £229,400 due to Louise Tracey Terry and £56,800 due to R S Terry), for cash on the basis that those monies would be reinvested under a Private Placement Memorandum. On 1 March 2011 such monies were invested in the company in return for 574,200 shares of £1 each.

Transactions with S Scott

At the end of 2009, other debtors included a balance of £34,000 owing by S Scott, director, in respect of the purchase of shares in the Company. During 2010, £24,000 was settled, leaving a balance of £10,000 at the end of the year.

Transactions with Dominic Milton

During 2010 and prior to Dominic Milton becoming a director of the company, on 1 December 2010, GML Associates Limited, a company owned by Dominic Milton, invoiced the company a total of £54,500 for consultancy and directorial services. At the year end there was a creditor balance outstanding of £50,000.

Services contract for certain Directors

On 1 July 2006, Quindell Limited entered into an agreement with Quindell Directorial Services ("QDS"), an unincorporated sole trader business owned by Robert Terry for the provision of the services to Quindell Limited including those of Robert Terry, David Terry, and Tracey Terry. Under the terms of the agreement, which extended until June 2011, QDS was to provide management services to Quindell Limited in exchange for the issue of 1,000,000 £1 ordinary shares in the Company conditional upon Quindell Limited achieving a pre-tax profit of £1,000,000 in the financial year to 30 December 2010 and forecast pre-tax profits of no less than £1,000,000 in each of the two subsequent years. For the period from 1 July 2006 to 1 August 2009 the Directors considered that the performance conditions were not likely to be met, and accordingly no share based payments charge has been recorded in the financial statements, in accordance with IFRS 2. Effective from 1 August 2009, this agreement was varied to pay in total £1,010,000 cash consideration for the services to be provided for the period from 1 August 2009 to 1 August 2017.

Until this variation was agreed on the 1 August 2009 there had been a requirement for the Company to issue 1,000,000 £1 ordinary shares in the Company which was conditional upon Quindell Limited recording a pre-tax profit of £1,000,000 in the financial year to 30 December 2010 and forecast pre-tax profits of no less than £1,000,000 in each of the two subsequent years. The Board felt it was in the best interest of the Company and Shareholders to procure this settlement to avoid substantial dilution for Shareholders. This agreement also reduced the services required to be provided by QDS, from the 1 August 2009, to only be those of Robert Terry remaining as Chairman & Chief Executive Officer until 1 August 2017, with no minimum contracted hours beyond Board duties. As at the balance sheet date, accruals and other creditors include £100,000 (2009: £200,000) in respect of the costs incurred in terminating the agreement with Quindell Directorial Services.

33. Financial Instruments

The bank current account is set up so the bank automatically maintains a minimal balance with remaining funds transferred to the bank deposit account.

Capital risk management

The Company manages its operations to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Company's overall strategy remains unchanged from 2009. The capital structure of the Company consists of debt, which includes the borrowings disclosed in note 21, cash and cash equivalents and equity attributable to equity holders, comprising issued capital, reserves and retained earnings as disclosed in notes 25 to 28. The Company is not subject to any externally imposed capital requirements.

The Company has a target gearing ratio of 5 per cent to 20 per cent determined as the proportion of net debt to equity.

Gearing ratio

The gearing ratio at the year end is as follows:

	2010 £	2009 £	2008 £
Debt	(750,448)	(701,237)	(718,012)
Cash and cash equivalents	86,670	448,430	81,396
Net debt	<u>(663,778)</u>	<u>(252,807)</u>	<u>(636,616)</u>
Equity	<u>4,552,902</u>	<u>3,362,199</u>	<u>4,218,105</u>

Debt is defined as long- and short-term borrowings as detailed in note 21. Equity includes all capital and reserves of the Company.

Significant accounting policies

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the basis of measurement and the bases for recognition of income and expenses) for each class of financial asset, financial liability and equity instrument are disclosed in note Section A.

Categories of financial instruments

	2010 £	2009 £	2008 £
Financial assets			
Cash and bank balances	86,670	448,430	81,900
Trade receivables	118,105	41,055	69,556
Other debtors	65,480	22,556	111,298
Amounts due from subsidiaries	175,397	138,461	227,525
Prepayments	22,399	150	—
Accrued income	819,852	—	—
	<u>1,287,903</u>	<u>650,652</u>	<u>490,279</u>
Financial liabilities			
Trade payables	77,214	108,201	134,103
Other payables	254,755	246,991	42,762
Accruals	392,555	265,980	164,203
Deferred revenue	168,309	171,436	188,143
Borrowings – short term	131,546	118,590	119,821
Borrowings – long term	618,902	582,647	598,191
	<u>1,643,281</u>	<u>1,493,845</u>	<u>1,247,223</u>

Financial risk management objectives

The Company does not seek to manage interest rate risk and cash flow interest rate risk on its borrowings as all finance leases and borrowing is at a fixed interest rates. The Company has not entered into any financial derivative contracts. The Company has not entered into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Interest rate sensitivity analysis

The Company's sensitivity to interest rates on finance leases is deemed immaterial given the small number of lease agreements in place and the fixed level of interest payable per annum.

Credit risk management

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. Other financial assets include amounts receivable from related parties. The company's exposure to significant concentration of credit risk on receivables from related parties is detailed in note 30.

The Company's credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. The carrying amount of financial assets recorded in the financial statements, which is net of any impairment losses, represents the Company's maximum exposure to credit risk. The company does not hold collateral against its financial assets.

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements.

The Company maintains adequate reserves, by continuously monitoring forecast and actual cash flows and by matching the maturity profiles of financial assets and liabilities.

Financing facilities

The bank current account is set up so the bank automatically maintains a minimal balance with remaining funds transferred to the bank deposit account.

34. Contingent liability

The Liquidators of Turing SMI Group Limited (now in liquidation) have claimed repayment of a total of £682,283 from Quindell. Quindell in conjunction with R S Terry consider that they have a counterclaim of £400,000 plus interest. This "Turing" claim has arisen under a settlement agreement entered into between Quindell and Turing on 14 June 2007. Turing's liquidators have assessed that the payments under the settlement agreement were made as compensation for loss of office. The Directors have taken advice from the Company's lawyers and have strongly disputed this analysis. The Secretary of State has also reviewed the matters raised by the liquidators and concluded in September 2010 the relevant Directors would not face any action with regard to disqualification. No communications have been received from the Liquidators' solicitors since this decision in September 2010. Having taken legal advice, and given the unlikelihood of any potential outflow, the Directors have concluded that no provision is required.

35. Controlling Party

The Company is controlled by the director, R S Terry, who owns 60.17 per cent. of the issued share capital of the Company, either directly or by virtue of position as beneficiary or potential beneficiary of certain trusts.

Part B: UK GAAP accounts for Quindell Limited for the year ended 30 December 2009

The following is extracted without change from the annual report and financial statements for Quindell Limited for the year ended 30 December 2009.

Reference to page numbers apply to the original document and not as set out below and references to “the Company” apply to Quindell Limited.

Directors’ Report

The Directors are pleased to present the annual report on the affairs of Quindell Limited, together with its financial statements and independent auditor’s report for the year ended 30 December 2009. These financial statements have been prepared in accordance with the special provisions applicable to small companies subject to the small companies regime and with the Financial Reporting Standard for Smaller Entities (effective April 2008).

The Company’s principal activities during 2009 have continued to be within both the leisure industry, where activities relate to providing solutions to both consumers “Lifestyle Solutions” and businesses “Business Solutions”, and within telecommunications and technology led industries, where the Company has continued to leverage the experience and investment strategy of its Board to provide additional “Business Solutions” generating management services and consultancy income.

Financial

The results for the year are set out in detail on page 10. Overall the Company has demonstrated good revenue growth with a number of significant highlights. Total revenue for 2009 was £3,551,584 up 108 per cent. compared to £1,707,778 for 2008. The loss before tax for the year was £4,680,914 (including £306,180 of depreciation charge, £12,126 of amortisation charge, £55,500 of interest on warrants and an exceptional loss of £5,158,178) compared to a profit before tax of £202,380 for 2008 (including £242,442 of depreciation charge).

Adjusted Profit for 2009 was £851,070 (excluding £306,180 of depreciation charge, £12,126 of amortisation charge, £55,500 of interest on warrants and £5,158,178 of exceptional items) compared to an Adjusted Profit of £444,822 (excluding £242,442 of depreciation charge) with both 2008 and 2009 years showing strong operating cash generation.

Positive trading during 2009 and fund raising through the issue of warrants and shares, as well as the sale of property has resulted in all Company borrowing via directors’ loan accounts being reduced from £290,994 at the start of the year end to being fully settled by the year end, prior to the due date. This positive trading trend has also provided the Board with confidence that future working capital funding for the business for all day to day operations and short term to medium term planned capital investment could be provided for from operations. Total Assets less Current Liabilities in 2009 were £4,094,846 compared to £4,816,296 in 2008. Net Assets were £3,362,199 at the year end and they have continued to increase in 2010 and beyond. Whilst in this period of growth, in line with stated policy, dividends of £nil (2008: £nil) were paid during the year.

During the year the Company acquired two subsidiaries, being Clickus4.com Limited and SDM Productions International Limited (see note 11). As a result of the re-structuring of its newly acquired group, which comprised these two subsidiaries, the Company entered into a number of related party transactions in order to facilitate its business plans going forward and to enable the group to operate as efficiently as possible. Having completed these transactions, the details of which can be found in note 20, the Directors scrutinised the value of all the residual items on the Company’s balance sheet that arose from them and came to the conclusion, in a number of cases, that an impairment was required as detailed in note 6 to the accounts. The Directors have exercised a significant degree of prudence in making these assessments and are satisfied that the balance sheet appropriately reflects the Company’s financial position at 30 December 2009.

Group Structure

The Company operates all group functions on a centralised basis ensuring that costs are controlled and synergies across divisions are optimised. All core assets and infrastructure and related costs are held by Quindell Limited, as parent company and are not allocated to individual divisions. The strategy of the Board from 2009 onwards has been for both the business and lifestyle divisions of the Company to focus on generating cost savings of 25 per cent. or more for our customers, compared to competitive offerings, while providing the highest quality of service in everything we do. Both divisions are also able to financially reward our customers with cash backs, upgrades and/or funds to spend for their custom and for their new customer referrals. When our customers spend these “rewards” with us directly we try to return their loyalty by multiplying the value of the “reward” to generate loyalty to Quindell and therefore repeat business to enable long term sustainable levels of profitability.

Board Structure

The Directors who served throughout the year and to the date of signing (except as noted on page 4), their operational roles and their interests in the ordinary share capital of the Company were as follows: Robert Terry served and continues as Founder, Chairman and Group Chief Executive Officer of the Company with an interest in 10,184,498 shares held either directly, or as family interests by virtue of position as beneficiary or potential beneficiaries of certain trusts, representing 63.6 per cent. of the current total issued share capital.

Tracey Terry served and continues as Company Secretary and Finance Director. Tracey has an interest in 1,200,000 shares in the Company, representing 7.5 per cent. of the total issued share capital.

David Terry served as Director until he resigned on 1 December 2010 (page 1). David has an interest in 225,500 shares in the Company, representing 1.4 per cent. of the total issued share capital.

Steve Scott, who is a Chartered Director and has previously worked as Corporate Development Director for The Innovation Group plc joined the Board on 30 April 2009, as a Non Executive Director and Consultant, bringing significant financial, legal, and operational experience to the Company. Steve holds either directly, or as family interests by virtue of position as beneficiary or potential beneficiaries of certain companies, an interest in 1,100,000 shares in the Company representing 6.9 per cent. of the total issued share capital.

Dominic Milton has over 25 years’ of experience in the IT industry latterly heavily focused on multi-channel internet based customer acquisition. Dominic joined Eagle Star Insurance in 1984 and progressed to a lead project manager and consultant on their joint venture blue-print projects and direct telesales and internet related work. These projects included customer acquisition and brand extension with Alliance and Leicester, Bradford and Bingley, and Kwik Fit. After working on these projects in partnership with SCS and CMG, Dominic left to join SCS in 1997 and then left shortly after it was acquired to join The Innovation Group in 1999. Dominic left The Innovation Group in 2004 to work with Quindell as a key leading practice consultant, joining the Board in 2010 to focus on management consultancy and the integration of acquired companies. In parallel in 2004, leveraging some of the technologies acquired and developed by Quindell, Dominic invested in and was a founding shareholder of E-SellerPro – a multi channel on line sales solution. After being instrumental in establishing E-SellerPro’s partnership with the Royal Mail, Dominic recently sold all his shares in E-SellerPro to acquire a more significant shareholding in Quindell.

Laurence Moorse was appointed on 26 January 2007 and resigned on 10 February 2009 as Finance Director and Company Secretary, due to his appointment to a full time Finance Director role with another local business. With the Company planning an Aim Shell Reversal, Laurence is now due to return to the Board on the 6 July 2011 after his notice period with his current employer. The Board would like to thank all of its prior Directors for their contributions.

Advisory Board

Tony Bowers is a Fellow of the Institute of Chartered Accountants in England and Wales and also a Member of the Chartered Institute of Taxation. He is also a past-President of the Southern Society of Chartered Accountants in England and Wales. Tony was a Partner with Deloitte for some 23 years up to his retirement in November 2008 and specialised in dealing with companies, shareholders and Directors

on a number of aspects of business and taxation, and has agreed to chair the Advisory Board of the Company from February 2010. The Advisory Board has been put in place in preparation for the Company's planned public flotation. Tony, during his time with Deloitte, has worked closely with Robert Terry, Tracey Terry and Steve Scott as an advisor since the formation of the Company and during their time at The Innovation Group Plc from its preparation for public flotation. Tony Bowers joined the main Board on the 18 February 2011, with the Advisory Board now being disbanded. Tony has an interest in no shares in the Company.

Lifestyle Solutions Division

The Lifestyle Solutions Division has shown good growth in this period with income totalling £1,118,875 up 46 per cent. compared to £1,092,433 for 2008. Our Lifestyle Solutions Division understands that consumers and business customers are busy and their leisure time is precious so we enable choice and maximise value for them. We do this today for more than 35,000 individual consumers – many locally in Hampshire, as well as across the United Kingdom with our solutions and expertise in technology, telecommunications, utilities, leisure – golf, spa and fitness, retail, travel and event management.

During late 2008 and early 2009 Quindell has strengthened this division's management team, by recruiting into key positions staff with many years' experience from a market leading brand. This has enabled Quindell to merge the experience made up of background, culture and ethos of these appointments with its own more entrepreneurial and technology aware culture, to create a management team that the Board believes will be able to deliver the long term goals of the division. This investment in people will also free up time of the Executive Board members to focus more on the development of the company's Business Solutions Division and to drive growth and maximise profitability from Quindell Subsidiary Companies as detailed in note 10.

Business Solutions Division

The Business Solutions division has performed ahead of plan with a contribution to income of £2,432,709 in 2009 up 295 per cent. compared to £615,346 in 2008. This significant growth reflects the focus on the Business Solutions Division in 2009. In the Business Solutions Division today we enable business efficiency and effectiveness optimisation for more than a 1,000 companies – many locally in Hampshire, as well as for some national and international brands with our solutions and expertise in technology, telecommunications, utilities, brand leverage and business process management for sales, marketing, retail and e-commerce.

Post Balance Sheet Events

ClickUs4.com

On the 30 June 2010 the Company reached an agreement to purchase the business and assets of Clickus4.com Limited. After a period of negotiation the consideration for this purchase was settled by Quindell transferring certain non-core assets to ClickUs4.com Limited and the settlement of ClickUs4.com's intercompany loan with the Company. The Board agreed the sale of its investment in ClickUs4.com Limited to Robert Terry for a consideration of £188,695 settled through the return of Quindell shares to be held in trust, on 1 July 2010.

SMI Technologies

On 1 January 2010 the Company completed the acquisition of 51 per cent. of SMI Technologies LLC for a consideration of 485,928 of Quindell Limited shares.

Having reached an Agreement in October 2010, the Company sold its investment in SMI Technologies LLC on 30 December 2010 to the other shareholders in SMI Technologies LLC for a consideration of £627,410, settled through the return of Quindell shares to be held in trust.

SDM Productions International Limited

Having hived up the intellectual and physical assets of the SDM Productions business related to its development and operation of franchise (excluding the Printing.com franchise rights) for full settlement of its intercompany loan, the Company sold its investment in SDM Productions International for a consideration of £250,000 on 1 October 2010 to Robert Terry and Richard Oliver who owns Amplify Creative Marketing Limited a complementary business. The consideration was settled in the form of Quindell shares to be held in trust.

Board Changes

Dave Terry resigned from the Board on 1 December 2010, but remains a key member of the executive team and the Board would like to thank Dave Terry for his contributions. Dominic Milton was appointed as an Executive Director on 1 December 2010. Tony Bowers who previously Chaired the Company's Advisory Board joined the main Board as Senior Non Executive Director on the 18 February 2011, with the Advisory Board now being disbanded. Tony now Chairs the Audit Committee and the Remuneration Committee.

AIM Shell Reversal

After the year end the Company having decided to pursue a reverse into an AIM shell concluded that the shares held by its trustee for the planned Employee Benefit Trust should be cancelled, as an alternative share incentive scheme would be put in place once the company was part of a public group. The number of shares in issue has therefore reduced to 16,025,998 at the date of this report.

Funding Events

During 2009 the Company has reached a number of agreements to raise further funds as detailed below. These agreements have raised £1.55 million to fund the Company's rapid expansion plans via issue of warrants and non-core asset sales as detailed below.

Initial Warrants

On 27 March 2009 the Company signed an agreement with an independent third party investor to provide up to £400,000 of additional working capital, via the issue of warrants to subscribers of shares in the Company. The first warrant was issued for £200,000 which was used to facilitate the first phase of expansion of the gym to enable an increase in membership capacity. The second warrant of £200,000 can be issued at any time after March 2010 to raise working capital or for further funding for the second phase of expansion of the gym or golf offerings. Each £200,000 of warrants can be exchanged for £234,000 in cash or an equivalent number of shares in the Company (with a nominal value of £1 per share) on 1 April 2013 for the first warrant, or, for the later warrant if utilised, on the first day of the calendar month which follows the fourth anniversary of the date the warrant was issued.

Further Warrant

On 30 September 2009 the Company signed an agreement with Louise Tracey Terry to fully settle her £100,000 Director's Loan Account via a warrant. The warrant can be exchanged for £114,700 in cash or shares (with a value of £1 per share) on 1 April 2013. Thus the balance on the Director's Loan Account was settled earlier than its contractual due date.

Final Warrant

On 30 December 2009 the Company signed an agreement with the Robert Terry Accumulation & Maintenance Trust to fully settle the final £50,000 outstanding on his Director's Loan Account via the issue of a warrant. The warrant can be exchanged for £56,800 in cash or the equivalent number of shares in the Company (with a value of £1 per share) on 1 April 2013.

Raising of £1.2 million from Sales of Property Assets

On the 28 October 2009 the Board discussed and considered the details of the transfer of the residence and land at Quob Park to Robert Terry. The gross proceeds to the Company, from the disposal of the assets, are £671,080 in cash and a further £528,920 settled by a reduction in his Director's Loan Account.

When considered in conjunction with the fact that the offices and environs at Quob Park are being retained by the Company, the Board unanimously concluded that the transaction represented good value for the Company, due to its short-term financial requirements to fund the costs of expanding the business solutions division.

Settlement of Contingent Liability

For details on the settlement of the contingent liability with Quindell Directorial Services see note 22.

Charitable and Political Donations

The Company made £nil of charitable and £nil of political donations during the year (2008: £nil).

Future Prospects

The Board continues to grow in confidence in the future prospects for significant value creation, particularly post the completion of the latest phase of its investment, acquisition and disposal programme.

Going Concern

The positive trading in 2009 combined with the significant increase in profit generated in 2010 along with positive operating cash generation and the fact that this trend of increasing profit with positive cash generation has continued in 2011, all together provide the Board with confidence that future working capital funding for the business for all day to day operations and any planned capital investment could be provided for from operations.

Total Assets less Current Liabilities in 2009 were £4,094,846 compared to £4,816,296 in 2008 but this reduction had been largely due to exceptional non-cash impairments of the balance sheet post having completed a numbers of transactions, the details of which can be found in note 22, as previously stated the Directors scrutinised the value of all the residual items on the Company's balance sheet that arose from them and came to the conclusion, in a number of cases, that an impairment was required as detailed in note 6 to the accounts. The Directors have exercised a significant degree of prudence in making these assessments and are satisfied that the balance sheet appropriately reflects the Company's financial position at 30 December 2009. Net Assets were £3,417,699 at the year end and they have continued to increase significantly in 2010 and beyond.

The Company provides a diverse range of services across different industries during its normal course of business. As a consequence, of all of the above points, the Directors believe that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

Having considered the Company's cash flow forecasts and liquidity position, the Directors remain confident that the Company has more than adequate resources from operating cash flows to continue in operational existence for the foreseeable future. Accordingly, the Board continues to adopt the going concern basis in preparing the annual report and financial statements.

Auditors

Each of the persons who is a director at the date of approval of this annual report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- the director has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

A resolution for the re-appointment of Deloitte LLP as auditors will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors and signed on its behalf by

Robert Terry
Chairman

28 February 2011

Directors' Responsibility Statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Independent Auditor's Report to the Members of Quindell Limited

We have audited the financial statements of Quindell Limited for the year ended 30 December 2009 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of accounting policies and the related notes 1 to 24. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (Effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

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 auditor

As explained more fully in the Directors' Responsibilities Statement, 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 and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 December 2009 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; and
- 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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; or

- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the directors' report.

Tobias Wright (*Senior statutory auditor*)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Southampton, United Kingdom
28 February 2011

Profit and Loss Account
For the year ended 30 December 2009

	<i>Note</i>	<i>Year ended 30 December 2009 £</i>	<i>Year ended 30 December 2008 as restated (note 2) £</i>
TURNOVER: continuing operations	1	3,551,584	1,707,778
Cost of sales	2	(1,289,219)	(829,568)
Gross profit		2,262,365	878,210
Administrative expenses – non exceptional		(1,729,694)	(706,694)
Administrative expenses – exceptional	6	(5,158,178)	—
OPERATING (LOSS)/PROFIT: continuing operations		(4,625,507)	171,516
Interest receivable and similar income		93	30,864
Interest payable and similar charges	7	(55,500)	—
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	5	(4,680,914)	202,380
ADJUSTED (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		851,070	444,822
Depreciation and amortisation	5	(318,306)	(242,442)
Exceptional items	6	(5,158,178)	—
Interest payable and similar charges	7	(55,500)	—
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	5	(4,680,914)	202,380
Tax on (loss)/profit on ordinary activities	8	—	(5,510)
(LOSS)/PROFIT FOR THE FINANCIAL YEAR	21	(4,680,914)	196,870

There are no recognised gains or losses for the current and preceding financial year other than as stated in the profit and loss account. Accordingly no statement of total recognised gains and losses has been prepared.

Balance Sheet
At 30 December 2009

	<i>Note</i>	<i>2009</i> £	<i>2008</i> £
FIXED ASSETS			
Intangible assets – goodwill	9	35,306	35,306
Intangible assets – intellectual property rights	9	262,824	—
Intangible assets – distribution rights	9	—	—
Tangible assets	10	4,018,649	4,763,055
Fixed asset investments	11	—	30,001
		<u>4,316,779</u>	<u>4,828,362</u>
CURRENT ASSETS			
Stocks	12	44,123	137,635
Debtors			
– due within one year	13	63,761	82,854
– due after one year	13	138,461	370,525
Current asset investments	14	—	504
Cash at bank and in hand		448,430	87,822
		<u>694,775</u>	<u>679,340</u>
CREDITORS: amounts falling due within one year	15	<u>(916,708)</u>	<u>(691,406)</u>
NET CURRENT LIABILITIES		<u>(190,116)</u>	<u>(12,066)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>4,094,846</u>	<u>4,816,296</u>
CREDITORS: amounts falling due after more than one year	16	(582,647)	(598,191)
Provisions for liabilities	17	(150,000)	—
TOTAL ASSETS LESS TOTAL LIABILITIES		<u><u>3,362,199</u></u>	<u><u>4,218,105</u></u>
CAPITAL AND RESERVES			
Called up share capital	20	16,364,693	12,539,685
Profit and loss account – deficit		<u>(13,002,494)</u>	<u>(8,321,580)</u>
TOTAL SHAREHOLDERS' FUNDS	21	<u><u>3,362,199</u></u>	<u><u>4,218,105</u></u>

These financial statements of Quindell Limited, registered company number 04097808 have been prepared in accordance with the special provisions applicable to small companies subject to the small companies regime and with the Financial Reporting Standard for Smaller Entities (effective April 2008).

These financial statements were approved by the Board of Directors and authorised for issue on February 2011.

They were signed on its behalf by:

R S Terry
Director
 28 February 2011

Statement of Accounting Policies

30 December 2009

The principal accounting policies are summarised below. They have been applied consistently throughout the current and preceding financial year.

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with the special provisions applicable to companies subject to the small companies regime and the Financial Reporting Standard for Smaller Entities (effective April 2008).

Going concern

The Directors have prepared these financial statements on the basis of a going concern, details of which can be found in the Directors' report on page 6.

Intangible fixed assets – goodwill

Goodwill arising on the acquisition of other businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised. Goodwill is amortised on a straight line basis over its useful economic life, which is 20 years. Provision is made for any impairment.

Intangible fixed assets

Intellectual property is stated at cost, net of amortisation and any provision for impairment. Intellectual property and distribution rights are amortised at 10 per cent. – 20 per cent. per annum on a straight line basis.

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all assets other than on freehold land at rates calculated to write off the cost less estimated residual values over their estimated useful lives as follows:

Freehold buildings	2%-5% per annum straight line
Improvement to freehold land and buildings	5%-10% per annum straight line
Equipment and furniture	20% per annum reducing balance
Motor vehicles and quad bikes	25% per annum reducing balance
Plant and machinery	25% per annum reducing balance
Computer equipment	33½% per annum reducing balance

Residual value is calculated on prices prevailing at the date of acquisition.

Assets in the course of construction are capitalised as expenditure is incurred. Depreciation is not charged until the asset is brought into use. Provision is made for any impairment.

Stocks

Stocks are stated at the lower of cost and net realisable value.

Investments

Fixed asset investments are shown at cost, less provision for impairment. Current asset investments are stated at the lower of cost and net realisable value.

Leases

Assets held under finance leases and other similar contracts, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities while the interest elements are charged to the profit and loss account over the year of the leases to produce a constant rate of charge on the balance of the capital repayments outstanding. Hire purchase transactions are dealt with similarly, except that assets are depreciated over their useful lives.

Pension costs

The amount charged to the profit and loss account in respect of pension costs relating to defined contribution schemes is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet. The amount of contributions outstanding at the year end was £nil (2008: £nil).

Interest income and dividend income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that discounts estimated future cash receipts expected to be received through the expected life of the financial asset to that asset's net carrying amount.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

Warrants

Warrants issued by the Company are recognised as a financial liability, recorded at fair value. Interest recognised as part of this measurement is included within interest payable and similar charges.

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they were included in financial statements.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Turnover

Turnover represents amounts derived from the provision of goods and services which fall within the Company's ordinary activities after deduction of trade discounts and Value Added Tax. Turnover is normally recognised on provision of goods and services. Income from membership fees is recognised over the related membership period. The Company's turnover related to its major products and services are split into four key areas follows: 1. Telecoms, 2. Club Membership, Finance, Insurance, Utilities & Other, 3. Initial Licence Fees, SaaS, Business and Technology Consultancy, 4. Leisure, Health & Retail. Each of these four areas is applicable to both Lifestyle and Business Solutions segments dependent on the identity of the end user.

Cash flow statement

The Company has taken advantage of the exemption conferred by FRS 1 (revised 1996) "cash flow statements", not to prepare a cash flow statement on the grounds that it qualifies as a small company.

Consolidated accounts

The Company is entitled to an exemption from preparing consolidated accounts in accordance with FRS 2 "accounting for subsidiary undertakings" on the grounds that it qualifies as a small company.

Notes to the Accounts
30 December 2009

1 Turnover

Turnover is derived from activities based in the United Kingdom.

Sales are segregated by differing trading activities as follows:

	2009 £	2008 £
Lifestyle Solutions income	1,118,875	1,092,433
Business Solutions income	2,432,709	615,345
	<u>3,551,584</u>	<u>1,707,778</u>

2 Restatement of Prior Year Figures

The Directors took the decision in the year to reclassify direct expenses from administrative expenses into cost of sales. In order to render the 2008 profit and loss account comparable, £620,648 of direct expenses have been reclassified from administrative expenses into cost of sales in the prior year figures. This has been done on the basis that it more accurately reflects the relationship between turnover and the costs associated with the underlying sales.

3 Staff Costs

	2009 No	2008 No
The average monthly number of employees (including executive directors) was:		
Lifestyle Solutions income	22	30
Business Solutions income	12	16
	<u>34</u>	<u>46</u>

	2009 £	2008 £
Their aggregate remuneration comprised:		
Wages and salaries	733,334	613,652
Social security costs	56,753	47,669
Pension costs	—	1,971
	<u>790,087</u>	<u>663,292</u>

4 Directors' Remuneration, Interest and Transactions

Directors' remuneration

Up until 31 July 2009 the Directors were remunerated by a related party undertaking, Quindell Directorial Services, via a share based payment arrangement, in respect of their services to the Company (see note 20). This arrangement was terminated in July 2009 and since then the Directors have been remunerated by the Company. The aggregate amount of remuneration paid to the Directors in 2009 was £105,333 (2008: £nil).

Directors' interests

Details of the Directors' interests in the shares of the Company are detailed in the Directors' Report on page 2 and 3.

Directors' transactions

The transactions that have taken place with directors are as detailed in note 22.

5 (Loss)/Profit on Ordinary Activities before Taxation

	2009 £	2008 <i>As restated</i> (note 2) £
(Loss)/profit on ordinary activities before taxation is stated after charging:		
Depreciation – owned tangible assets	258,494	194,757
Depreciation – assets held under finance lease	47,686	47,685
Amortisation of intangible fixed assets	12,126	—
Auditors' remuneration – audit	30,000	20,000
Exceptional items (see note 6)	<u>5,158,178</u>	<u>—</u>

6 Exceptional Items

The Exceptional items comprise:

	2009 £	2008 £
Impairment of investment in Clickus4.com Limited ⁱ (note 11)	3,952,003	—
Impairment of investment in SDM Productions International Limited ⁱ (note 11)	230,001	—
Impairment of distribution rights ⁱ (note 9)	438,000	—
Impairment of assets in the course of construction ⁱ (note 10)	480,000	—
Write-off of debtor due from Clickus4.com Limited associated with impaired assets in the course of construction ⁱ	144,000	—
Cost associated with termination of agreement with Quindell Directorial Services ⁱⁱ (note 22)	50,000	—
Reversal of impairment on property at Quob Park ⁱⁱⁱ	<u>(135,826)</u>	<u>—</u>
Total exceptional items	<u>5,158,178</u>	<u>—</u>

i During the year the Company acquired two subsidiaries, being Clickus4.com Limited and SDM Productions International Limited. As a result of the re-structuring of its newly acquired group the Company entered into a number of related party transactions in order to facilitate its business plans going forward and to enable the group to operate as efficiently as possible.

Having completed these transactions, the details of which can be found in note 22, the Directors scrutinised the value of all the residual items on the Company's balance sheet that arose from them and came to the conclusion, in a number of cases, that an impairment was required. The Directors have exercised a significant degree of prudence in making these assessments and are satisfied that the balance sheet appropriately reflects the Company's financial position at 30 December 2009.

ii As part of the termination agreement with Quindell Directorial Services, details of which can be found in note 22, the Company incurred £50,000 of costs which have been classified as exceptional on the basis that had the Company not been looking to complete a reversal into an AIM shell, these costs would have been avoided.

iii The exceptional gain of £135,826 relates to the reversal of an impairment on the portion of land and buildings at Quob Park that was disposed in the year. The reversal has been recognised on the basis that these assets were disposed in return for a consideration greater than their net book value at the date of disposal.

7 Interest Payable and Similar Charges

	2009 £	2008 £
Finance cost – interest on warrants (note 21)	<u>55,500</u>	<u>—</u>

8 Tax on (Loss)/Profit on Ordinary Activities

No charge to corporation tax arises on the results for the year or previous financial year due to the availability of tax losses and capital allowances. The standard rate of current tax for the year based on the UK small Company's rate of corporation tax is 21 per cent. (2008: 21 per cent.). The current tax credit for the year is less than 21 per cent. (2008: 21 per cent.) for the reasons set out in the following reconciliation:

	2009 £	2008 £
(Loss)/profit on ordinary activities before tax	<u>(4,680,914)</u>	<u>202,380</u>
Standard rate of tax:	21%	21%
Effects of:		
Expenses not deductible for tax purposes	(21%)	(11%)
Utilisation of brought forward losses	2%	—
Other deferred tax items	(2%)	(13%)
Capital allowances for year in excess of depreciation	<u>—</u>	<u>(17%)</u>
	<u>0%</u>	<u>0%</u>

A deferred tax asset has not been recognised in respect of timing differences relating to trading losses and future capital allowances in excess of depreciation as there is insufficient evidence that the asset will be recovered. The amount of the asset not recognised is £292,398 (2008: £525,000). The asset would be recovered if there are sufficient suitable taxable profits in the future.

Deferred tax has not been provided in respect of gains realised that have been rolled over into the acquisition cost of replacement assets. The tax will become payable if the replacement assets are sold and further rollover relief is not obtained. The estimate amount of tax that would become payable in these circumstances is £50,000 (2008: £200,000).

9 Intangible Fixed Assets

	2008 £
Goodwill	
Cost and net book value 31 December 2008 and 2009	<u>35,306</u>

The goodwill relates to the acquisition of the Chauffeur Plus business in 2008.

	£
Intellectual property rights	
Additions	274,950
Amortisation	<u>(12,126)</u>
Net book value at 30 December 2009	<u>262,824</u>

Intellectual property rights relate to golf simulator technology acquired from Clickus4.com Limited in the year (see note 20).

	£
Intangible fixed assets – distribution rights	
Additions	438,000
Impairment	<u>(438,000)</u>
Net book value at 30 December 2009	<u>—</u>

Certain Distribution rights were purchased from Clickus4.com Limited during the year and subsequently fully impaired.

10 Tangible Fixed Assets

	<i>Freehold land and buildings</i>	<i>Assets in the course of construction</i>	<i>Equipment and furniture</i>	<i>Plant and machinery</i>	<i>Computer equipment</i>	<i>Motor vehicles and quad bikes</i>	<i>Total</i>
	£	£	£	£	£	£	£
Cost							
At 31 December 2008	9,318,973	—	732,883	702,038	24,186	268,710	11,046,790
Additions	—	769,162	39,897	41,093	36,050	—	886,202
Transfer (note 12)	—	85,000	—	—	—	—	85,000
Disposals	(3,261,782)	—	—	—	—	—	(3,261,782)
At 30 December 2009	6,057,191	854,162	772,780	743,131	60,236	268,710	8,756,210
Accumulated depreciation							
At 31 December 2008	5,190,471	—	439,479	506,291	10,342	137,152	6,283,735
Charge for the year	143,019	—	64,764	54,033	11,474	32,890	306,180
Disposal	(2,197,068)	—	—	—	—	—	(2,197,068)
Impairment (note 6)	—	480,000	—	—	—	—	480,000
Reversal of impairment (note 6)	(135,286)	—	—	—	—	—	(135,286)
At 30 December 2009	3,001,136	480,000	504,243	560,324	21,816	170,042	4,737,561
Net book value							
At 30 December 2009	3,056,055	374,162	268,537	182,807	38,420	98,668	4,018,649
At 30 December 2008	4,128,502	—	293,404	195,747	13,844	131,558	4,763,055
Leased assets included above (note 18)							
Net book value							
At 30 December 2009	75,994	—	11,594	62,779	—	80,936	231,303
At 30 December 2008	80,300	—	15,661	91,400	—	91,628	278,989

Assets in the course of construction relate to expenditure incurred in relation to the expansion of the golf and country club. This project was commenced in 2009 but put on hold in 2010 as the Company diverted cash into the telecoms business.

11 Fixed Asset Investments

	<i>Shares in SDM Productions International Ltd</i>	<i>Shares in Clickus4.com Ltd</i>	<i>Total</i>
	£	£	£
Company			
Cost at 31 December 2008	30,001	—	30,001
Additions	200,000	3,952,003	4,152,003
Impairment	(230,001)	(3,952,003)	(4,182,004)
At 30 December 2009	—	—	—

On 28 February 2009 the company disposed of its investment in Clickus4.com Limited (formerly Visiotics Distribution Limited) for £1 to a third party. The additions in the year relate to the investments in re-acquiring clickus4.com Limited for consideration of £3,625,000, and the acquisition of the remaining 65 per cent. of the share capital of SDM Productions International Limited for a consideration of £200,000. Quindell also made a capital contribution of £327,003 to Clickus4.com Limited, which has been recognised as a further cost of investment in 2009.

An impairment of the company's investment in Clickus4.com Limited was recognised in the year totalling £3,952,003 (2009: £nil), on the grounds that an impairment review carried out by the Directors at 30 December 2009 showed this investment to have a recoverable fair value of £nil.

An impairment of the company's investment in SDM Productions International Limited was recognised in the year totalling £230,001 (2009: £nil), on the grounds that an impairment review carried out by the Directors at 30 December 2009 showed this investment to have a recoverable fair value of £nil.

The investment in Quindell Solutions carried at £nil at the 2008 year end was sold to Rob Terry in 2009 for £1.

Additional information on investments

The principal investments are:

<i>Company</i>	<i>Country of incorporation and operation</i>	<i>Activity</i>	<i>Proportion of ordinary shares held %</i>	<i>Unaudited Profit and (loss) for the year £</i>	<i>Unaudited Shareholders' (deficit)/funds £</i>
Subsidiary Clickus4.com Limited	United Kingdom	Manufacture and Distribution of Business & Consumer Solutions	100	(307,138)	(144,326)
Subsidiary SDM Productions International Limited	United Kingdom	Project Management and Management Service/Consultancy Solutions	100	15,823	198,894

12 Stocks

	<i>2009 £</i>	<i>2008 £</i>
Bar and kitchen stocks	30,058	48,635
Retail stocks	14,065	4,000
Golf simulators and parts	—	85,000
	<u>44,123</u>	<u>137,635</u>

The golf simulators were transferred to fixed assets in the course of construction during the year (see note 10).

13 Debtors

	<i>2009 £</i>	<i>2008 £</i>
Amounts falling due within one year		
Trade debtors	29,620	69,556
Other debtors	33,991	13,298
Prepayments and accrued income	150	—
	<u>63,761</u>	<u>82,854</u>
Amounts falling due after more than one year		
Other debtors	—	143,000
Due from group undertakings	138,461	227,525
	<u>138,461</u>	<u>370,525</u>

The other debtors balance due within one year includes an amount of £10,346 (2008: £nil) owing to the Company from R S Terry, Director.

14 Current Asset Investments

	2009 £	2008 £
Other investments	—	504

15 Creditors: Amounts falling due within One Year

	2009 £	2008 £
Bank overdraft	—	6,526
Trade creditors	108,201	134,103
Other creditors	77,232	39,657
Obligations under finance leases	118,591	119,821
Taxation and social security	169,759	30,338
Accruals and deferred income	437,416	355,451
Corporation tax	5,510	5,510
	<u>916,708</u>	<u>691,406</u>

The accruals balance includes a £50,000 Director's loan (2008: £nil) payable to R S Terry in respect of the settlement of the Quindell Directorial Services agreement (see note 6 and 22).

16 Creditors: Amounts falling due after more than One Year

	2009 £	2008 £
Directors' current account	—	290,944
Other creditors	405,500	8,440
Obligations under finance leases	177,147	298,807
	<u>582,647</u>	<u>598,191</u>

Other creditors falling due after more than one year include the liability arising on the issue of warrant agreements totalling £405,500 (2008: £nil). The warrant agreements entitle the bearers to the right to receive 405,500 ordinary shares in the company or the equivalent amount in cash.

17 Provisions for Liabilities

	2009 £
At 31 December 2008	—
Charged to profit and loss account	150,000
At 30 December 2009	<u>150,000</u>

Provisions for liabilities relate wholly to an amount payable to R S Terry, Director, in connection with the termination of the agreement with Quindell Directorial Services agreement, an entity controlled by R S Terry, in the year. Further detail of this termination can be found in note 22.

At 30 December 2009, the £150,000 represents the Board's best estimate of the final amount that will be paid to R S Terry in settlement of this obligation and their assessment that it would fall due in more than one year. On 22 February 2011 it was subsequently agreed by the Board, in a meeting with R S Terry, that the settlement amount would be £150,000, to be settled in full by 31 January 2012.

18 Obligations under Finance Leases

Obligations under finance leases fall due as follows:

	2009				Total £
	Freehold land & buildings £	Plant & machinery £	Office equipment £	Motor vehicles £	
Finance leases contracted and included within tangible fixed assets:					
Expiry date:					
within one year	22,581	52,185	18,443	25,382	118,591
between two and five years	24,559	76,954	20,028	55,607	177,147
	<u>47,140</u>	<u>129,139</u>	<u>38,471</u>	<u>80,988</u>	<u>295,738</u>
	2008				Total £
	Freehold land & buildings £	Plant & machinery £	Office equipment £	Motor vehicles £	
Finance leases contracted and included within tangible fixed assets:					
Expiry date:					
within one year	22,815	52,727	18,634	25,645	119,821
between two and five years	47,629	130,480	38,870	81,829	298,807
	<u>70,444</u>	<u>183,207</u>	<u>57,504</u>	<u>107,474</u>	<u>418,629</u>

19 Funding Arrangement

In addition to the warrants noted in note 16, in 2009 the company entered into an agreement with a third party investor, whereby the Company was entitled to exercise a put option to raise £3 million of cash in exchange for the issue of 3,000,000 of Quindell Limited shares. This option remains outstanding at the date of approval of these financial statements.

20 Called up Share Capital

	2009 £	2008 £
Called up, allotted and fully paid		
16,364,693 ordinary shares of £1 each (2008: 12,539,685 ordinary shares of £1 each)	<u>16,364,693</u>	<u>12,539,685</u>

During the year the company increased its authorised share capital from 15,000,000 to 25,000,000 ordinary shares. Shares issued during the year totalled 3,825,008 (2008: nil). The shares were issued at par.

21 Statement of Movement in Reserves and Statement of Reconciliation of Shareholders' Funds

	<i>Issued ordinary share capital</i> £	<i>Profit and loss account</i> £	<i>Total</i> £
(Loss)/profit for the financial year	—	(4,680,914)	(4,680,914)
Issue called up and paid shares (note 20)	3,825,008	—	3,825,008
Net movements	3,825,008	(4,680,914)	(855,906)
Opening balance	12,539,685	(8,321,580)	4,218,105
Closing shareholders' funds	<u>16,364,693</u>	<u>(13,002,494)</u>	<u>3,362,199</u>

22 Related Party Transactions

During the year Quindell Limited entered into a number of transactions with related parties. These comprise entities for which R S Terry is also the ultimate controlling party in his capacity of director and major shareholder: Quindell Leisure Limited and its subsidiaries, Quindell Portfolio Limited and its subsidiaries, Visiotics Holdings Limited and Chauffeur Plus Limited. In addition Quindell Limited had two subsidiary companies at 30 December 2009 (see note 11).

During the year L T Terry, D A Terry and A R Terry were employed by the company and they are connected persons to R S Terry. The former two individuals were also directors of the company during the year.

Year end balances

The balances outstanding at the year end with related parties were as follows:

	<i>2009</i> £	<i>2008</i> £
Included in Other debtors (note 13)		
Chauffeur Plus Limited	—	16,489
Visiotics Holdings Limited	—	143,000
SDM Productions International Limited	—	2,553
	<u>—</u>	<u>164,042</u>
Included in Other creditors (note 15)		
SDM Productions International Limited	—	1,033
	<u>—</u>	<u>1,033</u>
Included in amounts due from group undertakings (note 13)		
Clickus4.com Limited	51,248	227,525
SDM Productions International Limited	87,213	—
	<u>138,461</u>	<u>227,525</u>

On 30 December 2010 the company acquired the assets and part of the business of SDM Productions International Limited, and the above balance was settled at the same time in return for the transfer of an intangible asset relating to the 'click that' franchise.

	<i>2009</i> £	<i>2008</i> £
Included in Directors' current accounts		
R S Terry (note 13 and 15)	(39,654)	(270,944)
L T Terry	—	(20,000)
	<u>(39,654)</u>	<u>(290,944)</u>

Sale of goods and services

During the year Quindell Limited sold golf simulator parts, previously carried at £nil within the balance sheet, to Clickus4.com Limited for a consideration of £220,000. Clickus4.com Limited having manufactured these parts into completed golf simulators, then sold the completed machines back to Quindell Limited later in the year for £390,000. Both transactions were settled through the intercompany account.

In addition, Quindell Limited purchased an intangible asset relating to distribution rights from Clickus4.com Limited during the year for a consideration of £438,000 (see note 9), along with an intangible asset relating to intellectual property rights for a consideration of £274,950 (see note 9).

All the above transactions were settled through the intercompany account.

Quindell also sold services to Clickus4.com Limited of £1,534,597 during the year (2008:£nil) and incurred costs from this subsidiary of £600,000 (2008: £nil).

During the year Quindell sold services to SDM Productions International Limited of £87,317 (2008: £7,312) and incurred costs from this subsidiary of £44,512 (2008: £1,033).

During the year to 30 December 2009, the Company provided consultancy and directorial services on an arm's length basis to Visiotics Holdings Limited totalling £35,000 (2008: £50,000).

Related party debts written-off

The following debts owing by related parties were written-off in the year:

	2009	2008
	£	£
Visiotics Holdings Limited	16,500	—
Chauffeur Plus Limited	12,152	—
	<u>28,652</u>	<u>—</u>

The following debts owing by related parties were fully provided in the year:

	2009	2008
	£	£
Clickus4.com Limited	144,000	—
	<u>144,000</u>	<u>—</u>

Services contract for certain Directors

On 1 July 2006, Quindell Limited entered into an agreement with Quindell Directorial Services (“QDS”), an unincorporated sole trader business owned by Robert Terry for the provision of certain services to Quindell Limited including those of Robert Terry, David Terry, and Tracey Terry. Under the terms of the agreement, which extended until June 2011, QDS was to provide management services to Quindell Limited in exchange for the issue of 1,000,000 £1 ordinary shares in the Company conditional upon Quindell Limited recording a pre-tax profit of £1,000,000 in the financial year to 30 December 2010 and forecast pre-tax profits of no less than £1,000,000 in each of the two subsequent years.

As at 30 December 2008, Quindell Limited had not provided for this contingent cost. Because the financial statements have been prepared in accordance with the special provisions applicable to small companies subject to the small companies regime with the Financial Reporting Standard for Smaller Entities (effective April 2008) and the Company is therefore exempt from the need to apply the requirements of FRS 20 in relation to share based payments.

However, effective from 1 August 2009, this agreement was varied to pay £1,010,000 in cash for services in to be provided from 1 August 2009 to 1 August 2017.

As the Board believe this condition would almost certainly have been satisfied, it felt it was in the best interest of the Company and Shareholders to procure this settlement to avoid substantial dilution for Shareholders. This agreement also reduced the services required to be provided by QDS, from the 1 August 2009, to only be those of Robert Terry remaining as Chairman & Chief Executive Officer until 1 August 2017, with no minimum contracted hours beyond Board duties.

As at the balance sheet date, accruals and provisions for liabilities include £200,000 (2008: £nil) in respect of the costs incurred in terminating the agreement with Quindell Directorial Services Limited, (notes 15 and 17).

Transactions with R S Terry

All transactions between the Company and R S Terry during the year were settled against the outstanding Director's current account creditor until the point at which this balance was fully settled. Beyond this point R S Terry has accumulated a debtor balance owing to the Company, which is offset by an accrual for costs owing to him. At the end of the year the balance owing to R S Terry represents the offset of debtors of £10,346 and a liability of £50,000 for salary that is owing to R S Terry under the termination of the QDS agreement and so is a net credit balance £39,654.

On 30 December 2009 the Company signed an agreement with the Robert Terry Accumulation & Maintenance Trust to fully settle the final £50,000 outstanding on his Director's Loan Account via the issue of a warrant. The warrant can be exchanged for £56,800 in cash or the equivalent number of shares in the Company (with a value of £1 per share) on 1 April 2013.

Provisions for liabilities include £150,000 (2008: £nil) owing to R S Terry in respect of the settlement of the service contract with Quindell Directorial Services during the year (see note 17).

Raising of £1.2 million from Sales of Property Assets

On the 28 October 2009 the Board discussed and considered the details of the transfer of the residence and land at Quob Park to R S Terry. The gross proceeds to the Company, from the disposal of the assets, was £671,080 in cash and a further £528,920 settled by a reduction in the Director's Loan Account.

When considered in conjunction with the fact that the offices and environs at Quob Park are being retained by the Company, the Board concluded that the transaction represented good value for the Company, due to its short-term financial requirements to fund the costs of expanding the business solutions division.

Transactions with L T Terry

On 30 September 2009 the Company signed an agreement with Louise Tracey Terry to fully settle her £100,000 Director's Loan Account via a warrant. The warrant can be exchanged for £114,700 in cash or shares (with a value of £1 per share) on 1 April 2013. Thus the balance on the Director's Loan Account was settled earlier than its contractual due date.

Transactions with S Scott

Other debtors includes a balance of £34,000 owing by S Scott, director, in respect of the purchase of shares in the company (2008: £nil). This balance was settled in 2010.

23 Controlling Party

The Company is controlled by the director, R S Terry, who owns 63.8 per cent. of the issued share capital of the Company, either directly or by virtue of position as beneficiary or potential beneficiary of certain trusts.

24 Post Balance Sheet Events

ClickUs4.com

On the 30 June 2010 the Company reached an agreement to purchase the business and assets of Clickus4.com Limited. After a period of negotiation the consideration for this purchase was settled by Quindell transferring certain non-core assets to ClickUs4.com Limited and the settlement of ClickUs4.com's intercompany loan with the Company. The Board agreed the sale of its investment in ClickUs4.com Limited to Robert Terry for a consideration of £188,695 settled through the return of Quindell shares to be held in trust, on 1 July 2010.

SMI Technologies

On 1 January 2010 the Company completed the acquisition of 51 per cent. of SMI Technologies LLC for a consideration of 485,928 of Quindell Limited shares.

Having reached an Agreement in October 2010, the Company sold its investment in SMI Technologies LLC on 30 December 2010 to the other shareholders in SMI Technologies LLC for a consideration of £627,410, settled through the return of Quindell shares to be held in trust.

SDM Productions International Limited

Having hived up the intellectual and physical assets of the SDM Productions business related to its development and operation of franchise (excluding the Printing.com franchise rights) for full settlement of its intercompany loan, the Company sold its investment in SDM Productions International for a consideration of £250,000 on 1 October 2010 to Robert Terry and Richard Oliver who owns Amplify Creative Marketing Limited a complementary business. The consideration was settled in the form of Quindell shares to be held in trust.

Board Changes

Dave Terry resigned from the Board on 1 December 2010, but remains a key member of the executive team and the Board would like to thank Dave Terry for his contributions. Dominic Milton was appointed as an Executive Director on 1 December 2010. Tony Bowers who previously Chaired the Company's Advisory Board joined the main Board as Senior Non Executive Director on the 18 February 2011, with the Advisory Board now being disbanded. Tony now Chairs the Audit Committee and the Remuneration Committee.

AIM Shell Reversal

After the year end the Company having decided to pursue a reverse into an AIM shell concluded that the shares held by its trustee for the planned Employee Benefit Trust should be cancelled, as an alternative share incentive scheme would be put in place once the company was part of a public group. The number of shares in issue has therefore reduced to 16,025,998 at the date of this report.

Part C: UK GAAP accounts for Quindell Limited for the year ended 30 December 2008

The following is extracted without change from the annual report and financial statements for Quindell Limited for the year ended 30 December 2008.

References to page numbers apply to the original document and not as set out below. References to “the Company” apply to Quindell Limited.

Directors’ Report

The Board is pleased to present the annual report on the affairs of Quindell Limited, together with its financial statements and independent auditor’s report for the year to 30 December 2008. These financial statements have been prepared in accordance with the special provisions relating to small companies under Part VII of the Companies Act 1985 and with the Financial Reporting Standard for Smaller Entities (effective January 2007).

The Company’s principal activities during 2008 have continued to be within both the leisure industry, where activities relate to providing solutions to both consumers “Lifestyle Solutions” and businesses “Business Solutions”, and within telecommunications and technology led industries, where the Company has continued to leverage the experience and investment strategy of its Board to provide additional “Business Solutions” generating management services and consultancy income.

Financial

The results for the year are set out in detail on page 11. Overall the Company has demonstrated good revenue growth with a number of significant highlights. Total income for 2008 was £1,707,778 up 23 per cent. compared to £1,382,522 for 2007. The profit before tax for the year was £202,380 (including £242,442 of depreciation charge) compared to a profit before tax of £369,670 for 2007 (including £132,520 of depreciation charge and an exceptional gain of £210,117 from disposal of fixed assets).

Adjusted Profit for 2008 (excluding any exceptional gain and depreciation charge) was £444,822 (excluding £242,442 of depreciation charge) up 52 per cent. compared to an Adjusted Profit of £292,073 for 2007 (excluding £132,520 of depreciation charge and an exceptional gain of £210,117 from disposal of fixed assets) with both 2007 and 2008 years showing strong operating cash generation.

Positive trading during 2008/2009 and fund raising in 2009 has resulted in all Company borrowing via directors loan accounts being reduced from £290,994 at the year end to being paid in full today prior to the due date. This positive trading trend has also provided the Board with confidence that future working capital funding for the business for all day to day operations and short term to medium term planned capital investment could be provided for from operations. Assets less Current Liabilities in 2008 were £4,816,296 compared to £4,373,682 in 2007. Net Assets were £4,218,105 at the year end and they have continued to increase in 2009 and beyond Whilst in this period of significant growth, in line with stated policy, dividends of £nil (2007 £nil) were paid during the year.

Group Structure

The Company operates all group functions on a centralised basis ensuring that costs are controlled and synergies across divisions are optimised. All core assets and infrastructure related costs are held by Group and are not allocated to individual divisions. The strategy of the Board from 2009 onwards has been for both divisions of the Company to focus on generating cost savings of 25 per cent. or more for our customers, compared to competitive offerings, while providing the highest quality of service in everything we do. Both divisions are also to financially reward our customers with cash backs, upgrades and/or funds to spend for their custom and for their new customer referrals. When our customers spend these “rewards” with us directly we try to return their loyalty by multiplying the value of the “reward” to generate loyalty to Quindell brands and therefore repeat business to enable long term sustainable levels of profitability.

Board Structure

The Directors who served throughout the year, their operational roles and their interests in the ordinary share capital of the Company were as follows. Robert Terry served and continues as Founder, Chairman and Group Chief Executive Officer of the Company with an interest in 11,458,019 shares held either directly, or as family interests by virtue of position as beneficiary or potential beneficiaries of certain trusts representing 68 per cent. of the current total issued share capital.

Tracey Terry served and continues as Company Secretary and Finance Director. Tracey has an interest in 193,000 shares in the Company representing 1.15 per cent. of the total issued share capital.

David Terry served and continues as a Director with responsibility for the development of the Company's technology based simulation solutions and the operation of the Company's Quob Park head office location. David has an interest in 207,500 shares in the Company representing 1.23 per cent. of the total issued share capital.

Steve Scott, who is a Chartered Director and has previously worked as Corporate Development Director for The Innovation Group plc joined the Board on 30 April 2009, as a Non Executive Director and Consultant, bringing significant financial, legal, and operational experience to the Company. Steve holds either directly, or as family interests by virtue of position as beneficiary or potential beneficiaries of certain companies, an interest in 300,000 shares in the Company representing 1.78 per cent. of the total issued share capital.

Richard Oliver, who served as a Non Executive Director and Consultant was appointed on 26 January 2007 and latterly resigned on 30 June 2008, to concentrate on his brand consultancy business. Richard has returned to the company in early 2010 working as part of the team to support the development of clickus4.com and the "FoneTrader" brand acquired in 2009. Richard has an interest in 116,666 shares representing 0.69 per cent. of the total issued share capital.

Laurence Moore was appointed on 26 January 2007 and resigned on 10 February 2009 as Finance Director and Company Secretary, due to his appointment to a full time, Finance Director role with another local business. The Board would like to thank all of its prior Directors for their contributions. The present membership of the Board is set out on page 1 and the full details of called up share capital are provided in note 17 to the accounts.

Advisory Board

Tony Bowers is a Fellow of the Institute of Chartered Accountants in England and Wales and also a Member of the Chartered Institute of Taxation. He is also a past-President of the Southern Society of Chartered Accountants in England and Wales. Tony was a Partner with Deloitte for some 23 years up to his retirement in November 2008 and specialised in dealing with companies, shareholders and Directors on a number of aspects of business and taxation, and has agreed to chair the Advisory Board of the Company from February 2010. The Advisory Board has been put in place in preparation for the Company's eventual planned public flotation. Tony, during his time with Deloitte, has worked closely with Robert Terry, Tracey Terry and Steve Scott as an advisor since the formation of the Company and during their time at The Innovation Group Plc from its preparation for public flotation.

Other Major Shareholders and Certain Key Executives

Other Major Shareholders are as follows. Gregory & Claire Plunkett the founders of the "FoneTrader" brand together have an interest in 3,262,504 shares representing 19.36 per cent. of the total issued share capital. Michael Rhys who established the business division for the "FoneTrader" brand, and now leads all Consumer "Lifestyle Solutions" and Small to Medium Enterprise "Business Solutions" sales, has an interest in 181,252 shares representing 1.08 per cent. of the total issued share capital.

Stuart Mundy who heads up the development of the Quindell brands, and its brand consultancy solutions holds, either directly, or as family interests by virtue of position as beneficiary or potential beneficiaries of certain companies, an interest in 200,000 shares in the Company representing 1.19 per cent. of the total issued share capital.

Philip Brooks who leads the business development for “Business Enterprise Solutions” and holds the position of Group Chief Revenue Officer holds either directly, or as family interests by virtue of position as beneficiary or potential beneficiaries of certain companies, an interest in 285,840 shares in the Company representing 1.70 per cent. of the total issued share capital.

Lifestyle Solutions Division

The Lifestyle Solutions Division has shown exceptional growth in this period with income totalling £1,092,433 up 40 per cent. compared to £778,536 for 2007. Our Lifestyle Solutions Division understands that consumers and business customers are busy and their leisure time is precious so we enable choice and maximise value for them. We do this today for more than 35,000 individual consumers – many locally in Hampshire, as well as across the United Kingdom with our solutions and expertise in technology, telecommunications, utilities, leisure – golf, spa and fitness, retail, travel and event management.

During late 2008 and early 2009. Quindell have strengthened this division’s management team, by recruiting into key positions staff with many years’ experience from a market leading brand. This has enabled Quindell to merge the experience made up of background, culture and ethos of these appointments with its own more entrepreneurial and technology aware culture, to create a management team that the Board believes will be able to deliver the long term goals of the division.

This investment in people will also free up time of the Executive Board members to focus more on the development of the company’s Business Solutions Division and to drive growth and maximise profitability from Quindell Subsidiary Companies.

On 3 December 2008, the Company purchased the share capital Chauffeur Plus Limited (previously The White Hart (Quindell) Limited) and transferred the trade and assets of this business into its own books on the same day For goodwill arising on this transaction see note 8. The shares in the shell company, Chauffeur Plus Limited were then sold to Rob Terry for £1 prior to the year end.

Business Solutions Division

The Business Solutions division has performed to plan with a contribution to income of £615,346 in 2008 up 2 per cent. compared to £603,986 in 2007. This modest growth is in line with business plan and reflects the focus on the Lifestyle Solutions Division in 2008. In the Business Solutions Division today we enable business efficiency and effectiveness optimisation for more than a 1,000 companies – many locally in Hampshire, as well as for national and international brands around the globe with our solutions and expertise in technology, telecommunications, utilities, brand leverage and business process management for sales, marketing, retail and e-commerce.

In preparation for the following transaction, on 15 December 2008, the Company invested a further £30,000 for Shares in SDM Productions International Limited, previously Quindell Services Limited (change of name on 11 December 2008) and confirmed that it had forgiven all inter-company debt. On the same day the Company and SDM Corporation Limited entered into a Shareholders’ Agreement relating to SDM Productions International Limited.

Upon signature of the Shareholders Agreement, the Company holds 130,000 shares representing 35 per cent., and SDM Corporation Limited holds 241,000 shares representing 65 per cent. of the shares of SDM Productions International Limited. This shareholding proportion was achieved as SDM Productions International Limited issued 241,000 shares to SDM Corporation Limited for the transfer of assets and goodwill in relation to the historic trade of SDM Recruitment Services UK Limited, SDM Financial Services Limited, SDM Property Services UK Limited, and SDM Productions UK Limited which SDM Corporation Limited had acquired between 1 and 10 December 2008.

The trade of SDM Productions International Limited is in line with the historic trade of Quindell Services Limited as it was anticipated the Company has been a significant ongoing client for the business in relation to its sales and marketing services, including in relation to the Company’s golf franchise business now launched as IndoorGolfCity.Com.

Post Balance Sheet Events

Transfer of Various Intellectual Property Rights and Sales of Non Trading Subsidiaries

On 28 February 2009 the Company purchased the Visiotics Golf Simulation Intellectual Property Rights for £250,000 from Visiotics Distribution Limited. This transaction was in the Company's best interest to enable it to progress its golf franchise proposition called IndoorGolfCity.Com. On 11 March 2009 the Board agreed the sale of its investment in Quindell Solutions Limited for £1 (being its net book value) to Robert Terry. Full details of these transactions are detailed in the Post Balance Sheet Events in note 21 to the accounts.

Investment in clickus4.com Limited "FoneTrader" Brand, Lifestyle and Business Solutions Company

Having initially disposed of its investment in Visiotics Distribution Limited on 28 February 2009, then on 1 June 2009, having provided management consultancy services to the "FoneTrader" brand for a period of two years, the Company re-acquired 51 per cent. of clickus4.com Limited (formerly Visiotics Distribution Limited) which had since acquired ownership of the "FoneTrader" brand, in return for 485,928 of Quindell Limited shares (with a nominal value of £1 per share) with an option to buy the remaining shares of clickus4.com Limited in return for up to 4,900,000 shares in Quindell Limited (with a nominal value of £1 per share), with the actual number of shares to be issued being dependent on the profit generation of the business in the year from 1 January 2010 to the 31 December 2010. The maximum amount of shares would only be due to be issued if the business generated £1 million in profit in the year.

Having reached an agreement on 30 October 2009, the Company's authorised share capital was increased from 15,000,000 to 25,000,000 and the acquisition of the remaining 49 per cent. of the business was completed by the Company for a negotiated settlement figure of 3,139,080 Quindell Limited shares (with a nominal value of £1 per share).

The Board of the Company having seen the trading results of the business over a period of time, post essential cost and structural changes having been made, were in no doubt that the profit target could be met or exceeded, dependent on the correct management structure and funding being in place. The Shareholders of clickus4.com Limited felt that an early settlement was in the best interest of all shareholders to leverage the skills of the enlarged group, to ensure that synergies were driven through, ensure working capital was available to the business and thereby ensure the profit potential of this area of the business would be maximised. Despite some initial integration issues, trading in this subsidiary continues to exceed all initial expectations, this is largely due to the skills of both the Board and the Executive Management teams of the Company and clickus4.com Limited working together from a single location to drive the business forward.

On 30 December 2009, the Company reached an agreement in principle with its subsidiary clickus4.com Limited to settle the initial £0.5 million of funding the Company had provided, as at that date, for transferring all distribution and resale related business (including all staff, trade materials, prospects, clients and order books in relation to the current trading under the "Visiotics", "clickus4.com", "FoneHouse" and "FoneTrader" brands) except in relation to its "Business Solutions" contract with Vodafone Plc (initially acquired from X-Mobile Limited) from 1 April 2010, subject to final contract terms to be agreed between the Company and its subsidiary. This will allow clickus4.com Limited to focus on its Unified Communications strategy in line with Vodafone Plc, and at this point it is intended that the subsidiary will be renamed Quindell Unified Communications Solutions Limited.

Investment in SMI Technologies LLC, Enterprise Business Solutions Company

On the 1 January 2010, having reached an agreement in October 2009, the Company completed the acquisition of 51 per cent. of SMI Technologies LLC a US based business for 485,928 of Quindell Limited shares (with a nominal value of £1 per share). This business has a UK operating subsidiary which owns the intellectual property rights to an Enterprise Telecommunication's Solution originally developed by The Innovation Group Plc in conjunction with Nokia which is known as OS/3.

Even though the business in its current form has limited trading history it does have an exceptional management team, an impressive number of global blue chip reference clients and a proven market leading technology solution applicable to a fast growing global market place.

The Board is well aware of the many millions of pounds spent in the development of the OS/3 technology as these investments were made whilst Robert Terry and Steve Scott were directors of The Innovation Group Plc. These investments were only approved due to the massive size of the potential market opportunity. Therefore this investment of shares by the Company is considered by the Board to be an exceptional opportunity for value creation with a solution that is already proven and in production, so that the only major risks that relate to the success or failure of this value creation is the execution of the sales and operational performance of the business in 2010 and beyond. The Board of the Company are pleased with the initial trading performance of the business with a key blue-chip client win in February worth in excess of \$250,000 over 3 years, and a record level of sales pipeline being generated for the solution via various distribution arrangements but the Board remain cautious on the future performance of the business as sales cycles for Enterprise Solutions are often over very extended periods with a high level of pre-sales investment.

Investment in SDM Productions International Limited, Business Solutions Company

On the 1 January 2010, having reached an agreement on the 30 November 2009, the Company completed the acquisition of the remaining 65 per cent. of the share capital in SDM Productions International Limited for 200,000 of Quindell Limited shares (with a nominal value of £1 per share). As previously indicated the trade of SDM Productions International Limited is in line with the historic trade of Quindell Services Limited and the Company has been a significant ongoing client for the business in relation to its sales and marketing services, including in relation to the Company's golf franchise business now launched as IndoorGolfCity.com.

This level of business has helped the business to trade with a significant level of profitability, more than justifying the additional consideration paid to acquire the remainder of the shares in issue. The Board now intend to rename the business Quindell Brand Solutions and drive through further synergies to ensure profitability continues to be enhanced.

Funding Events

During 2009 the Company has reached a number of agreements to raise further funds. These agreements have already raised £1.55 million in 2009 and include contractual rights to draw down a further £3.2 million in 2010, totalling £4.75 million for the Company to fund its rapid expansion plans via issue of warrants, new share issues and non-core asset sales. These transactions are further detailed in the Post Balance Sheet Events note 21 on page 24 to the accounts.

Settlement of Contingent Liability

On 1 July 2006, Quindell Limited entered into an agreement with Quindell Directorial Services ("QDS"), an unincorporated sole trader business owned by Robert Terry for the provision of services to Quindell Limited including those of Robert Terry, David Terry, and Tracey Terry. Under the terms of the agreement, which extended until June 2011, QDS was to provide management services to Quindell Limited in exchange for the issue of 1,000,000 £1 ordinary shares in the Company conditional upon Quindell Limited recording a pre-tax profit of £1,000,000 in the financial year to 30 December 2010 and forecast pre-tax profits of no less than £1,000,000 in each of the two subsequent years.

As at 30 December 2008, Quindell Limited had not provided for this contingent cost. Because the financial statements have been prepared in accordance with the special provisions relating to small companies under s246 of the Companies Act 1985, the Company is exempt from the need to apply the requirements of FRS 20 in relation to share based payments. However, effective from 1 August 2009, this agreement was varied to pay £1,010,000 in cash over eight years for services in settlement for the period to 1 August 2009 and for those in the period 1 August 2009 to 1 August 2017.

Until this variation was agreed on 1 August 2009 there had been a potential liability for the Company to issue 1,000,000 £1 ordinary shares in the Company which was conditional upon Quindell Limited recording a pre-tax profit of £1,000,000 in the financial year to 30 December 2010 and forecast pre-tax profits of no less than £1,000,000 in each of the two subsequent years. As the Board believe this condition would almost certainly have been satisfied, it felt it was in the best interest of the Company and Shareholders to procure this settlement to avoid substantial dilution for Shareholders. This agreement

also reduced the services required to be provided by QDS, from 1 August 2009, to only be those of Robert Terry remaining as Chairman & Chief Executive Officer until 1 August 2017, with no minimum contracted hours beyond Board duties.

Future Prospects

The Board continues to grow in confidence in the future prospects for significant value creation, particularly post the completion of the latest phase of its investment, acquisition and planned disposal programme and the resulting transformation of the Company towards the Board's ultimate vision which will allow it to pursue a public listing for the Company in due course to further accelerate expansion and opportunities for profitable growth.

Going Concern

As described in the Directors' report on pages 2 to 5, the Company provides a diverse range of services across different industries during its normal course of business. As a consequence, the Directors believe that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

Having considered the Company's cash flow forecasts and liquidity position, the Directors remain confident that the Company has more than adequate resources from operating cash flows and the inflow from the issue of shares and warrants to continue in operational existence for the foreseeable future. Accordingly, the Board continues to adopt the going concern basis in preparing the annual report and financial statements.

Auditors

A resolution for the re-appointment of Deloitte LLP as auditors will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors and signed on its behalf by

Robert Terry
Chairman
24 March 2010

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements. The Directors have chosen to prepare the accounts for the Company in accordance with United Kingdom Generally Accepted Accounting Practice.

Company law requires the Directors to prepare such financial statements for each financial year which give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice of the state of affairs of the Company and of the profit or loss of the Company for that year and comply with UK GAAP and the Companies Act 1985. In preparing those financial statements, the directors are required to.

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

The Directors are responsible for keeping proper accounting records which 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 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent Auditors' Report to the Members of Quindell Limited

We have audited the financial statements of Quindell Limited for the year to 30 December 2008, which comprise the profit and loss account, the balance sheet, the statement of accounting policies and the related notes 1 to 21. The financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The Directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board, except that the scope of our work was limited as explained below.

An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. However, with respect to stock having a carrying amount of £137,635 the evidence available to us was limited and owing to the nature of the Company's records, we were unable to obtain sufficient appropriate audit evidence regarding the stock validity, quantity or valuation.

In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

Qualified opinion arising from limitation in audit scope

Except for the financial effects of such adjustments, if any, as might have been determined to be necessary had we been able to satisfy ourselves as to stock validity, quantity or valuation, in our opinion the financial statements:

- give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the Company's affairs as at 30 December 2008 and of its profit for the year then ended, and
- have been properly prepared in accordance with the Companies Act 1985.

In respect solely of the limitation on our work relating to stock:

- we have not obtained all the information and explanations that we considered necessary for the purposes of our audit, and
- we were unable to determine whether proper accounting records have been kept for stock.

In our opinion the information given in the Directors' report is consistent with the financial statements.

Deloitte LLP
Chartered Accountants and Registered Auditors
Southampton, United Kingdom
25 March 2010

Profit And Loss Account
For the year ended 30 December 2008

	<i>Note</i>	<i>Year ended 30 December 2008 £</i>	<i>Year ended 30 December 2007 £</i>
TURNOVER continuing operations	1	1,707,778	1,382,522
Cost of sales		(208,920)	(301,823)
Gross profit		<u>1,498,858</u>	<u>1,080,699</u>
Administrative expenses – excluding exceptional items		(1,327,342)	(1,060,565)
Administrative expenses – exceptional items	4	—	210,117
Total administrative expenses		<u>(1,327,342)</u>	<u>(850,448)</u>
OPERATING PROFIT continuing operations		171,516	230,251
Investment income	5	—	67,615
Interest receivable and similar income	6	30,864	71,804
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	<u>202,380</u>	<u>369,670</u>
Tax on profit on ordinary activities	7	(5,510)	—
PROFIT FOR THE FINANCIAL YEAR	18	196,870	369,670
Accumulated losses brought forward		<u>(8,518,450)</u>	<u>(8,888,120)</u>
Accumulated losses carried forward		<u>(8,321,580)</u>	<u>(8,518,450)</u>

There are no recognised gains or losses for the current and preceding financial year other than as stated in the profit and loss account. Accordingly no statement of total recognised gains and losses has been prepared.

Balance Sheet
30 December 2008

	<i>Note</i>	<i>2008</i> £	<i>2007</i> £
FIXED ASSETS			
Intangible assets – goodwill	8	35,306	—
Tangible assets	9	4,763,055	3,732,819
Fixed asset investments	10	30,001	3
		<u>4,828,362</u>	<u>3,732,822</u>
CURRENT ASSETS			
Stocks	11	137,635	102,235
Debtors			
– due within one year	12	82,854	436,678
– due after one year	12	370,525	227,525
Current asset investments	13	504	915,309
Cash at bank and in hand		87,822	74,566
		<u>679,340</u>	<u>1,756,313</u>
CREDITORS, amounts falling due within one year	14	<u>(691,406)</u>	<u>(1,115,452)</u>
NET CURRENT (LIABILITIES)/ASSETS		<u>(12,066)</u>	<u>640,861</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>4,816,296</u>	<u>4,373,683</u>
CREDITORS amounts falling due after more than one year	15	<u>(598,191)</u>	<u>(352,448)</u>
TOTAL ASSETS LESS TOTAL LIABILITIES		<u>4,218,105</u>	<u>4,021,235</u>
CAPITAL AND RESERVES			
Called up share capital	17	12,539,685	12,539,685
Profit and loss account – deficit		<u>(8,321,580)</u>	<u>(8,518,450)</u>
TOTAL EQUITY SHAREHOLDERS' FUNDS	18	<u>4,218,105</u>	<u>4,021,235</u>

These financial statements of Quindell Limited, registered company number 04097808 have been prepared in accordance with the special provisions relating to small companies under part VII of the Companies Act 1985 and with the Financial Reporting Standard for Smaller Entities (effective January 2007).

These financial statements were approved by the Board of Directors and authorised for issue on 24th March 2010.

They were signed on its behalf by.

L T Terry
Finance Director
 24 March 2010

Statement of Accounting Policies

30 December 2008

The principal accounting policies are summarised below. They have been applied consistently throughout the current and preceding financial year.

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with the special provisions relating to small companies under Part VII of the Companies Act 1985 and with the Financial Reporting Standard for Smaller Entities (effective January 2007)

The financial statements have been prepared on a going concern basis, please refer to the Directors' report on page 6 for more information in respect of going concern

Intangible fixed assets – goodwill

Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised. Goodwill is assumed to have an useful economic life of up to 20 years and therefore is subject to amortisation on an annual basis. No amortisation has been recognised in 2008 on the basis that the Company acquired the business of Chauffeur Plus Limited at the end of the year. Provision is made for any impairment.

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is not provided on freehold land, including that comprising the golf course and clubhouse. Depreciation is not charged on assets in the course of construction until they are brought fully into use. On other assets depreciation is calculated to write off the cost less estimated residual values over their estimated useful lives as follows:

Freehold buildings	2%-5% per annum straight line
Improvement to freehold land and buildings	5%-10% per annum straight line
Furniture and equipment	20% per annum reducing balance
Motor vehicles and quad bikes	25% per annum reducing balance
Plant and machinery	25% per annum reducing balance
Computer equipment	33½% per annum reducing balance

Residual value is calculated on prices prevailing at the date of acquisition.

Stocks

Stocks are stated at the lower of cost and net realisable value.

Investments

Fixed asset investments are shown at cost, less provision for impairment. Current asset investments are stated at the lower of cost and net realisable value.

Leases

Assets held under finance leases and other similar contracts, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities while the interest elements are charged to the profit and loss account over the year of the leases to produce a constant rate of charge on the balance of the capital repayments outstanding. Hire purchase transactions are dealt with similarly, except that assets are depreciated over their useful lives.

Rentals under operating leases are charged on a straight-line basis over the lease term even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term except where the year to the review date on which the rent is first expected to be adjusted to the prevailing market rate is shorter than the full lease term, in which the shorter year is used.

Pension costs

The amount charged to the profit and loss account in respect of pension costs relating to defined contribution schemes is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet. The amount of contributions outstanding at the year end was £nil (2007 £nil).

Other income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established. All other sundry income, including royalty income, is recognised in the period to which it relates.

Taxation

Current tax, including UK corporation and foreign tax, is provided at amounts expected to be paid (or recorded) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they were included in financial statements.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Turnover

Turnover represents amounts derived from the provision of goods and services which fall within the Company's ordinary activities after deduction of trade discounts and Value Added Tax Income is normally recognised on provision of goods and services. Income from membership fees is recognised over the related membership period.

Cash flow statement

The Company has taken advantage of the exemption conferred by FRS 1 (revised 1996), not to prepare a cash flow statement on the grounds that it qualifies as a small company.

Consolidated accounts

The Company is entitled to an exemption from preparing consolidated accounts in accordance with FRS 2 on the grounds that it qualifies as a small company.

Notes to the Accounts
30 December 2008

1. Turnover

No turnover as measured by origin of services is attributable to geographical markets outside the United Kingdom.

	<i>2008</i>	<i>2007</i>
	£	£
Sales are segregated by differing trading activities as follows:		
Lifestyle Solutions income	1,092,433	778,536
Business Solutions income	615,345	603,986
	<u>1,707,778</u>	<u>1,382,522</u>

2. Staff Costs

	<i>2008</i>	<i>2007</i>
	<i>No</i>	<i>No</i>
The average monthly number of employees (including executive directors) was:		
Lifestyle Solutions income	30	19
Business Solutions income	16	10
	<u>46</u>	<u>29</u>

	<i>2008</i>	<i>2007</i>
	£	£
Their aggregate remuneration comprised:		
Wages and salaries	613,652	449,373
Social security costs	47,669	26,824
Pension costs	1,971	1,336
	<u>663,292</u>	<u>477,533</u>

3. Directors' Remuneration, Interest and Transactions

Directors' Remuneration

The Directors are remunerated by a related party undertaking, Quindell Directorial Services, in respect of their services to various companies (see note 19). The amount of remuneration allocated for their services as Directors of the Company is £nil (2007 £nil).

Directors' interests

Details of Directors' interests in the shares of the Company are detailed in the Directors' report on page 3.

Directors' transactions

The transactions that have taken place with directors are as detailed in note 19.

4. Profit on Ordinary Activities before Taxation

	2008 £	2007 £
Profit on ordinary activities before taxation is stated after charging/(crediting):		
Depreciation – owned tangible assets	194,757	131,666
Depreciation – assets held under finance lease	47,685	854
Auditors' remuneration – audit	20,000	20,000
Exceptional item		
Profit on disposals of assets (Sale of Hurdles Public House)	—	(210,117)

5. Investment Income

	2008 £	2007 £
Income from other current asset investments	—	67,615

6. Interest Receivable and Similar Income

	2008 £	2007 £
Interest received on bank deposit accounts	4,627	4,705
Interest received on loan financing	26,237	67,099
Interest received on bank deposit accounts	30,864	71,804

7. Tax on Profit on Ordinary Activities

No charge to corporation tax arises on the results for the year or previous financial year. The standard rate of current tax for the year based on the UK small Company's rate of corporation tax is 21 per cent. (2007 20 per cent.). The current tax credit for the year is less than 21 per cent. (2007 20 per cent.) for the reasons set out in the following reconciliation.

	2008 £	2007 £
Profit on ordinary activities before tax	202,380	369,670
Standard rate of tax	21%	20%
Effects of		
Expenses not deductible for tax purposes	11%	(1%)
Other deferred tax items	(13%)	(9%)
Capital allowances for year in excess of depreciation	(17%)	(10%)
	0%	0%

A deferred tax asset has not been recognised in respect of timing differences relating to trading losses and future capital allowances in excess of depreciation as there is insufficient evidence that the asset will be recovered. The amount of the asset not recognised is £525,000 (2007 – £350,000). The asset would be recovered if there are sufficient suitable taxable profits in the future.

Deferred tax has not been provided in respect of gains realised that have been rolled over into the acquisition cost of replacement assets. The tax will become payable if the replacement assets are sold and further rollover relief is not obtained. The estimate amount of tax that would become payable in these circumstances is £200,000.

8. Intangible Fixed Asset – Goodwill

	2008 £	2007 £
Cost at 31 December 2007	—	—
Additions (see below)	35,306	—
At 30 December 2008	<u>35,306</u>	<u>—</u>

The addition to goodwill of £35,306 is due to the purchase of the trade and assets of Chauffeur Plus Limited (formerly Quindell (White Hart) Limited).

9. Tangible Fixed Assets

	<i>Freehold land and buildings</i> £	<i>Equipment and furniture</i> £	<i>Plant and machinery</i> £	<i>Computer equipment</i> £	<i>Motor vehicles and quad bikes</i> £	<i>Total</i> £
Cost						
At 31 December 2007	8,494,394	511,742	615,394	10,000	142,582	9,774,112
Additions	824,579	221,141	86,644	14,186	126,128	1,272,678
At 30 December 2008	<u>9,318,973</u>	<u>732,883</u>	<u>702,038</u>	<u>24,186</u>	<u>268,710</u>	<u>11,046,790</u>
Accumulated depreciation						
At 31 December 2007	5,080,626	385,582	452,374	8,068	114,643	6,041,293
Charge for the year	109,845	53,897	53,917	2,274	22,509	242,442
At 30 December 2008	<u>5,190,471</u>	<u>439,479</u>	<u>506,291</u>	<u>10,342</u>	<u>137,152</u>	<u>6,283,735</u>
Net book value						
At 30 December 2008	<u>4,128,502</u>	<u>293,404</u>	<u>195,747</u>	<u>13,844</u>	<u>131,558</u>	<u>4,763,055</u>
At 30 December 2007	<u>3,413,767</u>	<u>126,160</u>	<u>163,020</u>	<u>1,933</u>	<u>27,939</u>	<u>3,732,819</u>
Leased assets included above						
Net book value						
At 30 December 2008	<u>80,300</u>	<u>15,661</u>	<u>91,400</u>	<u>—</u>	<u>91,628</u>	<u>278,989</u>
At 30 December 2007	<u>—</u>	<u>—</u>	<u>19,646</u>	<u>—</u>	<u>—</u>	<u>19,646</u>

10. Fixed Asset Investments

	<i>Shares in Associate Undertaking</i> £	<i>Shares in Subsidiary Undertaking</i> £	<i>Total</i> £
Company			
Cost at 31 December 2007	—	3	3
Addition of associate (see below)	30,000	—	30,000
Disposal of subsidiaries (see below)	—	(2)	(2)
At 30 December 2008	<u>30,000</u>	<u>1</u>	<u>30,001</u>

The addition in the year relates to the investment of £30,000 payable following the cash purchase of shares in SDM Productions International Limited (formerly Quindell Services Limited) in 2008.

The disposals in the year relate to the sale of the investments in Quindell Solutions Limited and Quindell Services Limited. These companies were sold to Rob Terry for £1 each in 2008, before an interest in the latter was subsequently bought back later in the year.

Additional information on investments

The principal investments are

<i>Company</i>	<i>Country of incorporation and operation</i>	<i>Activity</i>	<i>Proportion of ordinary shares held %</i>	<i>Profit and loss £</i>	<i>Capital and reserves £</i>
Subsidiary					
Clickus4.com Limited (formerly Visiotics Distribution Limited)	United Kingdom	Manufacture and Distribution of Business & Consumer Solutions	100	(33,633)	(137,186)
Associate					
SDM Productions International Limited (formerly Quindell Services Limited)	United Kingdom	Project Management and Management Service/Consultancy Solutions	35	65,000	166,000

11. Stocks

	<i>2008 £</i>	<i>2007 £</i>
Bar and kitchen stocks	48,635	38,235
Retail stocks	4,000	9,000
Golf simulators and parts	85,000	55,000
	<u>137,635</u>	<u>102,235</u>

12. Debtors

	<i>2008 £</i>	<i>2007 £</i>
Amounts falling due within one year		
Trade debtors	69,556	24,229
Other debtors	13,298	412,349
Prepayments and accrued income	—	100
	<u>82,854</u>	<u>436,678</u>
Amounts falling due after more than one year		
Other debtors	143,000	—
Due from group undertakings	227,525	227,525
	<u>370,525</u>	<u>227,525</u>

13. Current Asset Investments

	<i>2008 £</i>	<i>2007 £</i>
Other investments	504	915,309

14. Creditors: Amounts Falling due within One Year

	2008	2007
	£	£
Bank overdraft	6,526	11,993
Trade creditors	134,103	129,971
Directors' current accounts	—	450,000
Other creditors	159,478	51,956
Taxation and social security	30,338	21,042
Accruals and deferred income	355,451	450,490
Corporation tax	5,510	—
	<u>691,406</u>	<u>1,115,452</u>

The business current account is set up so the bank automatically maintains a minimal balance with remaining funds transferred to the bank deposit account. Due to no right of set off existing between the bank current account and the bank deposit account a bank overdraft must be disclosed, although in total the bank accounts are in credit.

The Directors' current accounts are unsecured, interest free and have no fixed date of repayment.

15. Creditors Amounts Falling due after more than One Year

	2008	2007
	£	£
Directors' current accounts	290,944	292,677
Other creditors	307,247	—
Due to group undertakings	—	59,771
	<u>598,191</u>	<u>352,448</u>

The Directors' current accounts are unsecured, interest free and at the current year end are contractually not due for repayment within one year (2007 no fixed date of repayment) See note 21.

16. Financial Commitments

Capital commitments are as follows:

	2008			
	<i>Freehold land & buildings</i> £	<i>Plant & machinery</i> £	<i>Office equipment</i> £	<i>Motor vehicles</i> £
Finance leases contracted but not provided for Expiry date				
within one year	26,990	62,377	22,044	30,339
between two and five years	56,346	154,359	45,984	134,327
after five years	—	—	—	—
	<u>83,336</u>	<u>216,736</u>	<u>68,028</u>	<u>164,665</u>

	2007			
	<i>Freehold land & buildings £</i>	<i>Plant & machinery £</i>	<i>Office equipment £</i>	<i>Motor vehicles £</i>
Finance leases contracted but not provided for Expiry date within one year	—	6,457	—	—
between two and five years	—	18,833	—	—
after five years	—	—	—	—
	<u>—</u>	<u>25,290</u>	<u>—</u>	<u>—</u>

17. Called up Share Capital

	2008 £	2007 £
Authorised		
15,000,000 ordinary shares of £1 each	<u>15,000,000</u>	<u>15,000,000</u>
Called up, allotted and fully paid		
12,539,685 ordinary shares of £1 each	<u>12,539,685</u>	<u>12,539,685</u>

18. Reconciliation of Movements in Shareholders' Funds

	2008 £	2007 £
Profit for the financial period	<u>196,870</u>	<u>369,670</u>
Net addition to shareholders' funds	196,870	369,670
Opening shareholders' funds	<u>4,021,235</u>	<u>3,651,565</u>
Closing shareholders' funds	<u>4,218,105</u>	<u>4,021,235</u>

19. Related Party Transactions

During the year Quindell Limited entered into a number of transactions on a normal commercial basis with related parties. These comprise entities for which R S Terry is a director and a major shareholder Quindell Leisure Limited and its subsidiaries, Quindell Portfolio Limited and its subsidiaries, TuringSMI Group Limited, of which R S Terry was a director and the Chairman for part of the period. In addition Quindell Limited had one subsidiary company at 30 December 2008, Visiotics Distribution Limited (see note 10).

Year end balances

The balances outstanding at the year end with related parties were as follows:

	2008 £	2007 £
Included in Other debtors (note 12)		
Visiotics Holdings Limited	<u>143,000</u>	<u>93,000</u>
Included in Amounts due from Group undertakings (note 12)		
Visiotics Distributions Limited	<u>227,525</u>	<u>227,525</u>
Included in Directors' current accounts (note 14 & 15)		
R S Terry	(270,944)	(742,677)
L T Terry	<u>(20,000)</u>	<u>—</u>

Services contract for certain Directors

On 1 July 2006, Quindell Limited entered into an agreement with Quindell Directorial Services (“QDS”), an unincorporated sole trader business owned by Robert Terry for the provision of the services to Quindell Limited including those of Robert Terry, David Terry, and Tracey Terry. Under the terms of the agreement, which extended until June 2011, QDS was to provide management services to Quindell Limited in exchange for the issue of 1,000,000 £1 ordinary shares in the Company conditional upon Quindell Limited recording a pre-tax profit of £1,000,000 in the financial year to 30 December 2010 and forecast pre-tax profits of no less than £1,000,000 in each of the two subsequent years.

As at 30 December 2008, Quindell Limited had not provided for this contingent cost. Because the financial statements have been prepared in accordance with the special provisions relating to small companies under part VII of the Companies Act 1985 and with the Financial Reporting Standard for Smaller Entities (effective January 2007), the Company is exempt from the need to apply the requirements of FRS 20 in relation to share based payments. However, effective from 1 August 2009, this agreement was varied to pay £1,010,000 in cash over eight years for services in settlement for the period to 1 August 2009 and for those in the period 1 August 2009 to 1 August 2017.

Until this variation was agreed on the 1 August 2009 there had been a potential liability for the Company to issue 1,000,000 £1 ordinary shares in the Company which was conditional upon Quindell Limited recording a pre-tax profit of £1,000,000 in the financial year to 30 December 2010 and forecast pre-tax profits of no less than £1,000,000 in each of the two subsequent years. As the Board believe this condition would almost certainly have been satisfied, it felt it was in the best interest of the Company and Shareholders to procure this settlement to avoid substantial dilution for Shareholders. This agreement also reduced the services required to be provided by QDS, from the 1 August 2009, to only be those of Robert Terry remaining as Chairman & Chief Executive Officer until 1 August 2017, with no minimum contracted hours beyond Board duties.

Management consultancy services

During the year to 30 December 2008, the Company provided consultancy and directorial services on an arm’s length basis to Visiotics Holdings Limited totalling £50,000 (2007 £50,000).

Transactions with R S Terry

All transactions between the Company and R S Terry during the year represent settlements against the outstanding Director’s current account creditor.

Transactions with L T Terry

All transactions between the Company and L T Terry during the year represent loans made to the company creating an outstanding Director’s current account creditor.

20. Controlling Party

The Company is controlled by the director, R S Terry, who owns 68 per cent. of the issued share capital of the Company, either directly or by virtue of position as beneficiary or potential beneficiary of certain trusts.

21. Post Balance Sheet Events

Investments, Acquisitions and Disposal Programme

Transfer of Various Intellectual Property Rights and Sales of Non Trading Subsidiaries

On 28 February 2009 the Company purchased the Visiotics Golf Simulation Intellectual Property Rights from its subsidiary Visiotics Distribution Limited for £250,000. This transaction was in the Company’s best interest to enable it to progress its golf franchise proposition called IndoorGolfCity.Com. On 28 February 2009 the Company then sold all its shares in the now shell Company of Visiotics Distribution Limited to Robert Terry for £1 (Robert Terry also being Visiotics Distribution Limited’s largest creditor), to allow it to seek third party funding to expand its operation, and to once again independently assist Quindell Limited with the distribution of golf simulators outside of its core franchise business IndoorGolfCity.Com.

On 11 March 2009 the Board agreed the sale of its investment in Quindell Solutions Limited for £1 (being its net book value) to Robert Terry. This sale was agreed so Quindell Solutions could independently seek third party funding for the development of its business. All intellectual property rights specific to the requirements for a membership based EPOS solution necessary to support Quindell's operation and the development of its golf franchise business had already been transferred to Quindell Limited in 2006 when the business was first acquired.

Investment in clickus4.com Limited "FoneTrader" Brand, Lifestyle and Business Solutions Company

On the 30 June 2009, having provided management services to the FoneTrader brand for a period of two years, the Company re-acquired 51 per cent. of clickus4.com Limited (formerly Visiotics Distribution Limited) which now owns the "FoneTrader" brand, in return for 485,928 of Quindell Limited shares (with a nominal value of £1 per share), with an option to buy the remaining shares of company in return for up to 4,900,000 shares in Quindell Limited (with a nominal value of £1 per share) the actual number of shares being dependent on the profit generation of the business in the year from 1 January 2010 to the 31 December 2010. The maximum amount of shares only would be due to be issued for payment if the business generated 1 million in profit in the year.

Having reached an agreement in late 2009, on the 1 January 2010, the Company's authorised share capital was increased from 15,000,000 to 25,000,000 and the acquisition of the remaining 49 per cent. of the business was completed by the Company for a negotiated settlement figure of 3,139,080 Quindell Limited shares (with a nominal value of £1 per share).

The Board of the Company having seen the trading results of the business over a period of time, post essential cost and structural changes having been made, were in no doubt that the profit target could be met or exceeded dependent upon the correct management structure and funding in place. The Shareholders of clickus4.com felt that an early settlement was in the best interest of all shareholders to leverage the skills of the enlarged group, ensure that synergies were driven through, ensure working capital was available and thereby maximise on the profit potential of this area of the business. Despite some initial integration issues, trading in this subsidiary continues to exceed all initial expectations now that the skills of the Board and the Executive Management teams of the Company and clickus4.com are working together from a single location to drive the business forward.

On 30 December 2009, the Company reached an agreement in principle with its subsidiary clickus4.com Limited to settle the initial £0.5 million of funding the Company had provided, as at that date, for transferring all distribution and resale related business (including all staff, trade materials, prospects, clients and order books in relation to the current trading under the "Visiotics", "clickus4.com", "FoneHouse" and "FoneTrader" brands) except in relation to its "Business Solutions" contract with Vodafone Plc (initially acquired from X-Mobile Limited) from 1 April 2010, subject to final contract terms to be agreed between the Company and its subsidiary. This will allow clickus4.com Limited to focus on its Unified Communications strategy in line with Vodafone Plc, and at this point it is intended that the subsidiary will be renamed to Quindell Unified Communications Solutions Limited.

Investment in SMI Technologies LLC, Enterprise Business Solutions Company

On the 1 January 2010, having reached an agreement in October 2009, the Company completed the acquisition of 51 per cent. of SMI Technologies LLC a US based business for 485,928 of Quindell shares (with a nominal value of £1 per share). This business has a UK operating subsidiary which owns the intellectual property rights to an Enterprise Telecommunication's Solution, originally developed by The Innovation Group Plc in conjunction with Nokia which is known as OS/3).

Even though the business in its current form has limited trading history it does have an exceptional management team, an impressive number of global blue chip reference clients and a proven market leading technology solution applicable to a fast growing global market place.

The Board is well aware of the many millions of pounds spent in the development of the OS/3 technology as these investments were made whilst Robert Terry and Steve Scott were directors of The Innovation Group Plc. These investments were only approved due to the massive size of the potential market opportunity therefore this investment of shares by the Company is considered by the Board to be an exceptional opportunity for value creation with a solution that is already proven and in production, so

that the only major risks that relate to the success or failure of this value creation is the execution of sales and operational performance of the business in 2010 and beyond. The Board of the Company are pleased with the initial trading performance of the business with a key blue-chip client win in February worth in excess of \$250,000 over 3 years, and a record level of sales pipeline being generated for the solution via various distribution arrangements but the Board remain cautious on future performance of the business as sales cycles for Enterprise Solutions are often over very extended periods with a high level of pre-sales investment.

Investment in SDM Productions International Limited, Business Solutions Company

On the 1 January 2010, having reached an agreement on the 30 November 2009 the Company completed the acquisition of the remaining 65 per cent. of the share capital in SDM Productions International Limited for 200,000 of Quindell Limited shares (with a nominal value of £1 per share). As previously indicated the trade of SDM Productions International Limited is in line with the historic trade of Quindell Services Limited and the Company has been a significant ongoing client for the business in relation to its sales and marketing services, including in relation to the Company's golf franchise business now launched as IndoorGolfCity.Com. This level of business has helped the business trading with a significant level of profitability, more than justifying the additional consideration paid to acquire the remainder of the shares in issue. The Board now intend to rename the business to Quindell Brand Solutions and drive through further synergies to ensure profitability continues to be enhanced.

Funding Events

During 2009 the Company has reached a number of agreements to raise further funds. These agreements have already raised £1.55 million in 2009 and include contractual rights to draw down a further £3.2 million in 2010, totalling £4.75 million for the Company to fund its rapid expansion plans via issue of warrants, new share issues and non-core asset sales as detailed below.

Initial Warrants

On 27 March 2009 the Company signed an agreement with an independent third party investor to provide up to £400,000 of additional working capital, via warrants. As planned the first warrant provided £200,000 which was used for capital expenditure to facilitate the first phase of expansion of the gym to enable an increase in membership capacity. The second £200,000 can be drawn down at any time after March 2010 for working capital or for further funding for the second phase of expansion of the gym or golf offerings. Each £200,000 of warrants can be exchanged for £234,000 in cash or shares (with a nominal value of £1 per share) on 1 April 2013 for the first warrant, or for the later warrant if utilised, on the first day of the calendar month which follows the fourth anniversary of the date it was drawn down.

Raising of £3 million from Share Issue

On 1 August 2009 the Company entered into an agreement with an unrelated high net worth individual whereby 3 million new ordinary shares with a nominal value of £1 each are to be issued in return for payment to the Company of the sum of £3 million. The Board has agreed to call down these funds in the second quarter of 2010 once all additional expansion plans beyond the current business plan are finalised and the significant growth demonstrated in the first quarter trading is analysed in detail by the Board. The funds received will be used to provide working capital for future expansion not yet approved by the Board if and when approved, and to generally strengthen the Company's balance sheet, thus further enhancing the Company's and its subsidiaries' ability to sign significant customer contracts.

The Directors believe that the strengthened balance sheet these funds will provide will position the Company to achieve the best possible valuation for share holders in any future public flotation of the Company. The agreement stipulates that if at any time in the future these shares are to be sold, first refusal is given to the Company's founder and that all voting rights associated with these shares shall be controlled by the Company's Chairman via a power of attorney to be put in place prior to the shares being issued, assuring that the ultimate controlling party of the Company remains its Founder, Chairman and Chief Executive Officer Robert Terry.

Further Warrant

On 30 September 2009 the Company signed an agreement with Louise Tracey Terry to fully settle her £100,000 Director's Loan Account via a warrant. The warrant can be exchanged for £114,700 in cash or shares (with a value of £1 per share) on 1 April 2013. Thus the balance on the Director's Loan Account was settled earlier than contractually due at the balance sheet date.

Raising of £1.2 million from Sales of Property Assets

On the 28 October 2009 the Board discussed and considered the details of the transfer of the residence and land at Quob Park to Robert Terry. The gross proceeds to the Company, from the disposal of the assets, are £671,080 in cash and a further £528,920 by a reduction in the Director's Loan Account between Robert Terry and the Company. Thus the balance on the Director's Loan Account was settled earlier than contractually due at the balance sheet date.

When considered in conjunction with the fact that the offices and environs at Quob Park are being retained by the Company, the Board unanimously concluded that the transaction represented good value for the Company, due to its short-term financial requirements to fund acquisition costs in relation the clickus4.com "FoneTrader" business, and that the valuation was clearly above 'book value' as well as at the upper end of 'market value' for a quick sale in the prevailing economic circumstances. The Board also considered the views of the unrelated high net worth individual investing £3 million during the arms length negotiations for the sales of the property asset to Robert Terry, as he was also in support of the sale to improve the Company's balance sheet and to settle any Director Loans to the Company.

Final Warrant

On 30 December 2009 the Company signed an agreement with the Robert Terry Accumulation & Maintenance Trust to fully settle the final £50,000 of his Directors Loan Account via a warrant. The warrant can be exchanged for £56,800 in cash or shares (with a value of £1 per share) on 1 April 2013.

Settlement of Contingent Liability

For details on the settlement of the contingent liability with Quindell Directorial Services see the Directors' report on page 6 and note 19.

PART VI
FINANCIAL INFORMATION ON MISSION CAPITAL

MISSION CAPITAL PLC

ANNUAL REPORT
FOR THE YEAR ENDED
30 SEPTEMBER 2010

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CHAIRMAN'S STATEMENT

For the year ended 30 September 2010

The Directors' Report on pages 2 to 5 sets out the outcome for the year ended 30 September 2010. The purpose of this Statement is to provide an overview of the Company's position.

In my Statement accompanying the Company's interim results, I said that the Board continued pro-actively to investigate both the best outcome for Roebuck House and a suitable acquisition which would enable us to continue to have the Company's shares traded on AIM.

On the former, it was decided, after a full investigation of all potential options, and in consultation with its mortgagee, to put Roebuck House (which is currently unlet) on the market for sale or rental. The property was fully provided against last year, and its further impairment is reflected in this year's accounts. The market value of the property is broadly equivalent to the outstanding borrowings on the property.

On the latter, a suitable acquisition was not identified prior to 31 July 2010, and accordingly the AIM quotation of the Company's shares was suspended from 2 August.

We announced on 20 December 2010 that Heads of Terms had been signed in relation to a suitable potential acquisition. The Company continues to pursue this potential acquisition, which would be a reverse takeover pursuant to the AIM Rules for Companies, and a further announcement will be made in due course.

Philip Goldenberg
Chairman

DIRECTORS' REPORT

The directors present their report and financial statements for the year ended 30 September 2010.

Principal activity and review of the business

The principal activity of Mission Capital Plc is a holding company of its subsidiary, Mission Capital (Gloucester) Limited, a property company. The sale of Karspace Management Limited ("KML"), a company specialising in the provision of car park and traffic management services to both the public and private sectors was approved and completed in the prior year.

Our key performance indicators are:

- Loss after tax of £99,105 (2009: loss of £1,045,643)
- Basic and diluted loss per share of 0.092p (2009: 0.967p).

There has been significant movement in the key performance indicators in comparison with 2009 due to the disposal of KML in 2009.

Results and dividends

The consolidated results of the Company for the year ended 30 September 2010 comprise gross turnover of £0.2 million (2009: £3.1 million), a loss on ordinary activities before taxation of £0.1 million (2009: loss of £1.0 million), representing a basic and diluted loss per share of 0.092p (2009: loss 0.967p).

As at 30 September 2010, the Company had consolidated total assets of £1.2 million (2009: £1.4 million), which equated to total assets per share of 1.15p (2009: 1.32p). Net assets at 30 September 2010 were £548k (2009: £647k), which equated to net assets per share of 0.51p (2009: 0.60p).

The directors do not recommend payment of a dividend.

Review

A review of the business is contained in the Chairman's Statement on page 1.

Management

The business of the Company has been managed by its board of Directors.

The group

Following the sale of KML in the prior year, the Group's only active subsidiary has been Mission Capital (Gloucester) Limited.

Directors

The following directors have held office in the period. All served throughout the year.

R P Burrow
G Ciardi
C R L Phillips
P Goldenberg

Directors' interests

Those directors who held office at 30 September 2010 have the following beneficial interests in the ordinary share capital and warrants of the Company:

Ordinary shares

	2010	2009
R P Burrow	15,674,532	15,674,532
G Ciardi	10,000,000	10,000,000
P Goldenberg	500,000	500,000

Warrants

Under a warrant granted on 29 November 2005, Mr Ciardi was entitled to subscribe up to 851,291 ordinary shares at a price of 7p per share until 29 November 2010.

At the year end the market price of Mission Capital Plc shares was 0.5p. During the year the maximum price was 2.625p and the minimum price was 0.5p.

Substantial interests

In addition to the directors noted above, the following have notified interests of 3 per cent. or more of the Company's issued share capital as at 20 January 2011:

	Ordinary shares	Percentage
Rock (Nominees) Limited	10,000,000	9.24%
R Blaxland	7,233,870	6.69%
Pershing Keen Nominees Limited	6,650,000	6.15%
Pershing Keen Nominees Limited	6,543,480	6.05%
BBHISL Nominees Limited	5,000,000	4.62%
W Harrington	4,666,667	4.31%
P Fellerman	4,600,000	4.25%
E Sinclair	3,868,840	3.58%
C Jonas	3,750,000	3.47%

Financial instruments

The group uses financial instruments comprising issued share capital, bank loans and various net working capital items such as trade receivables and trade payables to finance its operations. The main risks identified with using these financial instruments are the management of cash flow and exposure to interest rate fluctuations.

Group cash at bank and in hand included £642,566 (2009: £212,047) of deposit, accessible on demand, which earns interest at deposit rates. All other cash balances earn interest at a floating rate. Mission Capital Plc owns a subsidiary holding an investment property. The management of the risk associated with this asset is part of the operating activities.

Risks and uncertainties

Details of the group's exposure to interest rate risk, liquidity risk and other risks are detailed in note 27 to the financial statements.

Details of the directors' assessment of risks relating to going concern are detailed on page 15 of the financial statements.

Charitable donations

During both years the group did not make charitable donations.

Creditor payment policy

The company's policy is to settle its outstanding creditors within the terms agreed with individual suppliers.

The average number of days credit taken for trade purchases for the year ended 30 September 2010 was 60 days (2009: 60 days).

Auditor

In accordance with Section 489(2) of the Companies Act 2006, Grant Thornton UK LLP offer themselves for re-appointment as auditor.

Directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS) and the parent company accounts in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable International Financial Reporting Standards for the group and UK Accounting Standards for the parent company have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

In so far as the directors are aware:

- there is no relevant audit information of which the company's auditor is unaware; and
- the directors have 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By Order of the Board

Philip Goldenberg
Secretary
2 February 2011

CORPORATE GOVERNANCE REPORT

For the year ended 30 September 2010

The Board recognises the importance of sound corporate governance and takes its corporate governance responsibilities seriously. The following statements set out the principles and methods to which it adheres.

The Company is headed by a Board which leads and controls the Company and the group's affairs. The Board is responsible for formulating, reviewing and approving the Company's strategy and promoting the success of the Company by directing and supervising the Company's and the group's affairs.

The Company holds regular board meetings throughout the year. It receives and reviews, on a timely basis, financial and operating information appropriate to being able to discharge its duties.

The Board, through the Chairman's Statement and the Directors' Report, presents a clear and detailed account of the group's position and prospects.

The Board is available to discuss current events with major shareholders based on mutual understandings of objectives.

The Company has adopted a model code for directors' share dealings which is appropriate for an AIM quoted company. Each director will comply with Rule 21 of the AIM Rules for Companies relating to directors' dealings.

The Board consists solely of non-executive directors. It has established an Audit Committee and a Remuneration Committee with formally delegated roles and responsibilities.

The Audit Committee's duties include its responsibility for ensuring the financial performance, position and prospects of the group are properly monitored and reported on and meeting with the auditor to review their reports relating to accounts and internal controls systems.

The Remuneration Committee meets as required for the purpose of considering new or replacement appointments to the Board, reviewing the performance of the directors and settling their remuneration.

The members of both these committees are Messrs Burrow, Goldenberg and Phillips. Mr Phillips chairs the Audit Committee, and Mr Goldenberg chairs the Remuneration Committee.

The Board regularly assesses the prospects for the Company and the group, and as a result the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason they have adopted the going concern basis in preparing the financial statements.

DIRECTORS' REMUNERATION REPORT

For the year ended 30 September 2009

Directors' remuneration report for the year ended 30 September 2010

The report of the Remuneration Committee has been approved by the Board of Directors for submission for shareholders' approval at the Annual General Meeting.

Remuneration policy

The Company has no executive directors, and accordingly the present responsibility of the Committee is to determine the remuneration of the non-executive directors.

Components of directors' remuneration

Overview

The remuneration received by each of the directors is set out below.

Bonuses

There is no entitlement to bonuses. If applicable, these will be processed on a discretionary basis.

Warrants

At the time of the Company's flotation on AIM, warrants were granted to the executive and non-executive directors, with an exercisable term of 5 years ceasing on 29 November 2010. These are disclosed in the Directors' Report.

Service contracts

There are no service contracts.

Pensions

The directors do not receive any pension benefits.

Audited information

Directors' remuneration

The remuneration of the directors was as follows:

	<i>Salary/fee</i>	<i>Benefit in kind</i>	<i>2010</i>	<i>2009</i>
	<i>£</i>	<i>£</i>	<i>Total</i>	<i>Total</i>
			<i>£</i>	<i>£</i>
R P Burrow	—	—	—	—
G Ciardi	—	—	—	—
C R L Phillips	5,000	—	5,000	5,000
P Goldenberg	12,500	—	12,500	42,500
G R Thorpe	—	—	—	46,782
R N Sinclair	—	—	—	30,000
E C Sinclair	—	—	—	30,000
	<u>17,500</u>	<u>—</u>	<u>17,500</u>	<u>154,282</u>

Resolution

A resolution to accept the report of the Remuneration Committee will be put forward at the Annual General Meeting.

Philip Goldenberg
Remuneration Committee Chairman

**REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF
MISSION CAPITAL PLC
(Registered No: 5542221)**

We have audited the financial statements of Mission Capital plc for the year ended 30 September 2010 which comprise the consolidated statement of comprehensive income, the group and company balance sheets, the consolidated statement of changes in equity, the consolidated cash flow statement, and the related notes. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on pages 4 and 5, 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 financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 30 September 2010 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRS as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Andrew Dixon

Senior Statutory Auditor

for and on behalf of Grant Thornton UK LLP, Statutory Auditor, Chartered Accountants
Kettering

2 February 2011

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 30 September 2010

		2010	2009	2009	2009
	Note	Continuing operations £	Discontinued operations £	Continuing operations £	Total £
Gross turnover	3	154,066	2,967,450	89,813	3,057,263
Less: landlords' share of parking receipts		—	(1,136,124)	—	(1,136,124)
Revenue		154,066	1,831,326	89,813	1,921,139
Cost of sales		—	(794,091)	—	(794,091)
Gross profit		154,066	1,037,235	89,813	1,127,048
Distribution costs		—	(90,753)	—	(90,753)
Administrative expenses		(234,630)	(758,008)	(530,462)	(1,288,470)
Operating loss		(80,564)	188,474	(440,649)	(252,175)
Other interest receivable and similar income	5	17	8,163	946	9,109
Interest payable and similar charges	6	(18,439)	—	(42,337)	(42,337)
Loss on ordinary activities before taxation	4	(98,986)	196,637	(482,040)	(285,403)
Tax on loss on ordinary activities	7	(119)	(56,126)	56,126	—
Loss on ordinary activities after taxation		(99,105)	140,511	(425,914)	(285,403)
Disposal of subsidiary undertaking		—	(760,240)	—	(760,240)
Net result from discontinued operations			(619,729)		
Total comprehensive income for the period		(99,105)	(619,729)	(425,914)	(1,045,643)
Attributable to shareholders of Mission Capital plc		(99,105)			(1,045,643)
Basic and diluted loss per share (pence)	8	(0.092p)	(0.573p)	(0.394p)	(0.967p)

The accompanying accounting policies and notes form an integral part of these financial statements.

CONSOLIDATED BALANCE SHEET AT 30 SEPTEMBER 2010

	<i>Note</i>	<i>2010</i> £	<i>2009</i> £
Non-current assets			
Goodwill	10	—	—
Property, plant and equipment	11	—	—
Investment property	12	600,000	700,000
		<u>600,000</u>	<u>700,000</u>
Current assets			
Trade and other receivables	13	2,906	512,341
Cash and cash equivalents	14	642,566	212,047
		<u>645,472</u>	<u>724,388</u>
Total assets		<u><u>1,245,472</u></u>	<u><u>1,424,388</u></u>
Equity			
Called up share capital	18	1,081,749	1,081,749
Share premium account		3,960,673	3,960,673
Equity reserve		54,390	54,390
Retained earnings		<u>(4,549,180)</u>	<u>(4,450,075)</u>
Total equity		<u>547,632</u>	<u>646,737</u>
Liabilities			
Non-current			
Borrowings	16	615,200	653,471
Current			
Trade and other payables	15	33,609	71,542
Borrowings	16	49,031	52,638
		<u>82,640</u>	<u>124,180</u>
Total liabilities		<u>697,840</u>	<u>777,651</u>
Total equity and liabilities		<u><u>1,245,472</u></u>	<u><u>1,424,388</u></u>

The financial statements were approved by the Board and authorised to be issued on 2 February 2011.

Philip Goldenberg
Director

C R L Phillips
Director

Company registration number 5542221

The accompanying accounting policies and notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 30 September 2010

	<i>Share capital</i> £	<i>Share premium account</i> £	<i>Equity reserve</i> £	<i>Profit and loss account</i> £	<i>Total equity</i> £
Balance at 1 October 2008	1,081,749	3,960,673	54,390	(3,404,432)	1,692,380
Loss for the year and total comprehensive income for the year	<u>—</u>	<u>—</u>	<u>—</u>	<u>(1,045,643)</u>	<u>(1,045,643)</u>
Balance at 30 September 2009	1,081,749	3,960,673	54,390	(4,450,075)	646,737
Loss for the year and total comprehensive income for the year	<u>—</u>	<u>—</u>	<u>—</u>	<u>(99,105)</u>	<u>(99,105)</u>
Balance at 30 September 2010	<u>1,081,749</u>	<u>3,960,673</u>	<u>54,390</u>	<u>(4,549,180)</u>	<u>547,632</u>

The accompanying accounting policies and notes form an integral part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT
For the year ended 30 September 2010

	<i>Note</i>	<i>2010</i>	<i>2009</i>
		£	£
Cash inflow/(outflow) from operations	19	8,106	(234,915)
Interest paid		(18,439)	(42,337)
Tax paid		(119)	—
Net cash outflow from operations		<u>(10,452)</u>	<u>(277,252)</u>
Investing activities			
Additions to property, plant and equipment		—	(2,345)
Proceeds from sale of subsidiary undertaking		482,832	900,000
Costs of sale of subsidiary undertaking		—	(65,681)
Cash and cash equivalents disposed with subsidiary undertaking		—	(689,449)
Interest received		17	9,109
Net cash inflow from investing activities		<u>482,849</u>	<u>151,634</u>
Financing			
Repayment of long-term borrowings		(44,299)	(69,660)
Cash outflow from financing activities		<u>(44,299)</u>	<u>(69,660)</u>
Net changes in cash and cash equivalents		428,098	(195,278)
Cash and cash equivalents, beginning of year		212,047	407,325
Cash and cash equivalents, end of year		<u>640,145</u>	<u>212,047</u>

The accompanying accounting policies and notes form an integral part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2010

1 Nature of Operations and General Information

The principal activity of Mission Capital plc (the “Company”) and its subsidiaries (together, the “group”) is property investment and management. The subsidiaries are Mission Capital (Gloucester) Limited, a property company, and Mission Real Estate Limited, the non trading management company to Athens Investments Holding Group Limited. Karspace Management Limited, a company specialising in the provision of car park and traffic management services to both the public and private sectors, was disposed of during the prior year.

Mission Capital plc, a limited liability company, is the group’s ultimate parent company. It is registered in England and Wales. The address of Mission Capital plc’s registered office, which is also its principal place of business, is 24 Queen Anne Street, London, W1G 9AX. Mission Capital plc’s shares are quoted on the London Stock Exchange’s Alternative Investment Market (AIM).

These consolidated financial statements have been prepared using the recognition and measurement principles of International Financial Reporting Standards (“IFRS”) as adopted by the European Union. The accounting policies have been applied consistently to all the periods presented in the financial statements.

These consolidated financial statements are presented in British pounds (£), which is also the functional currency of the Company.

2 Principal Accounting Policies

Basis of preparation

The financial statements have been prepared under the historical cost convention except in relation to share based payments which are stated at their fair value at the time of grant, and except in relation to investment property which is carried at fair value. The measurement bases and principal accounting policies for the group are set out below:

The directors monitor the adequacy of working capital and regularly review forecasts to ensure that there are sufficient resources to meet anticipated requirements. The group’s principal borrowings are in excess of five years and are secured on the investment property. The directors are currently in the process of marketing the property and anticipate selling it within the next twelve months. Recognising this and bearing in mind cash resources, the directors are confident that the company has sufficient working capital to meet its liabilities as they fall due. Given this the directors believe that it is appropriate to prepare the accounts on a going concern basis.

Changes in accounting policies

The group has adopted the following new standards and amended IFRSs as of 1 October 2009:

IAS 1 Presentation of Financial Statements (Revised 2007): does not affect the financial position or profits of the group, but gives rise to additional disclosures. The measurement and recognition of the group’s assets, liabilities, income and expenses is unchanged, however some items that were recognised directly in equity are now recognised in other comprehensive income, for example, revaluation of property, plant and equipment. It affects the presentation of owner changes in equity and introduces a ‘Statement of comprehensive income’ and it requires presentation of a comparative balance sheet as at the beginning of the first comparative period, in some circumstances. Management considers that this is not necessary this year because the 2008 balance sheet is the same as that previously published.

IFRS 8 Operating Segments has introduced the “management approach” to segment reporting. This requires the disclosure of segmental information based on the internal reports regularly reviewed by the Chief Operating Decision Maker, which is deemed to be the Board of Directors, in order to assess each segment’s performance and allocate resources to them. This standard amends the requirements for disclosure of segmental performance and does not have any effect on the group’s overall reported results. IFRS 8 requires the group to provide an explanation of the basis on which the segment information is prepared and a reconciliation to the amount recognised in the group’s consolidated financial statements.

Basis of consolidation

The group financial statements consolidate those of the Company and of its subsidiary undertakings at the balance sheet date. Subsidiary undertakings are entities over which the group has the power to control the financial and operating policies so as to obtain benefits from their activities. The group obtains and exercises control through voting rights. A subsidiary undertaking ceases to be consolidated from the date when control is lost.

Profits or losses on intra-group transactions are eliminated in full. Acquisitions of subsidiaries are dealt with by the purchase method. On acquisition of a subsidiary, all of the subsidiary's assets and liabilities which exist at the date of acquisition are recorded at their fair values reflecting their condition at that date. Goodwill is stated after separating out identifiable intangible assets. Goodwill represents the excess of acquisition cost over the fair value of the group's share of the identifiable net assets of the acquired subsidiary at the date of acquisition.

IFRS 1 exemptions - business combinations completed prior to date of transition to IFRS

The group has elected not to apply IFRS 3 Business Combinations retrospectively to business combinations prior to the date of transition, 1 October 2006. Accordingly the classification of the combination remains unchanged from that used under UK GAAP. Assets and liabilities are recognised at the date of transition as if they would be recognised under IFRS, and are measured using their UK GAAP carrying amount immediately post-acquisition as deemed cost under IFRS, unless IFRS requires fair value measurement. Deferred tax is adjusted for the impact of any consequential adjustments after taking advantage of the transitional provisions.

Goodwill

Goodwill represents the excess of the cost of acquisition over the fair value of the identifiable net assets acquired and is capitalised.

Goodwill is subject to annual impairment testing. The recoverable amount is tested annually or when events or changes in circumstances indicate that it may be impaired. The recoverable amount is the higher of the fair value less costs and the value in use in the group. An impairment loss is recognised to the extent that the carrying value exceeds the recoverable amount. In determining a value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the goodwill that have not already been included in the estimate of future cash flows.

Goodwill previously written-off under UK GAAP prior to the adoption of IFRS for the restated balance sheet of 1 October 2006 has not been reinstated. Goodwill previously written off to reserves is not written back to profit or loss on subsequent disposal.

Revenue

Group revenue comprises the following:

- i rental income from properties.
- ii management fee receivable for the management of properties.

With all streams of income, when the outcome of a transaction involving the provision of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the balance sheet date. The outcome of the transaction is deemed to be able to be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably
- it is probable that the economic benefits associated with the transaction will flow to the entity
- the stage of completion of the transaction at the balance sheet date can be measured reliably, and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Interest

Interest is recognised using the effective interest method which calculates the amortised cost of a financial asset and allocates the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying value of the financial asset.

All borrowing costs are expensed as incurred.

Discontinued operations

Net results from discontinued operations

A discontinued operation is a component of the entity that either has been disposed of, or is classified as held for sale, and:

- represents a separate major line of business or geographical area of operations
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations or
- is a subsidiary acquired exclusively with a view to resale.

The results from discontinued operations, including prior year components of profit or loss, are presented in a single amount in the statement of comprehensive income. This amount comprises the post-tax result of discontinued operations and the post-tax gain or loss resulting from the measurement and disposal of assets classified as held for sale.

The disclosures for discontinued operations in the prior year relate to all operations that have been discontinued by the balance sheet date for the latest period presented. Where operations previously presented as discontinued are now regarded as continuing operations, prior period disclosures are correspondingly re-presented.

Disposal of assets and discontinued operations

The gain or loss arising on the disposal of an asset is determined as the difference between the disposal proceeds and the carrying amount of the asset and is recognised in the statement of comprehensive income. The gain or loss arising from the sale of non-current assets is generally included in “other income” or “other expense” in the statement of comprehensive income.

In the prior reporting period, Mission Capital plc disposed of its trading subsidiary, Karspace Management Limited. The business is presented as a discontinued operation.

Property, Plant and Equipment

Property, plant and equipment are stated at cost, net of depreciation and any provision for impairment, if applicable. Depreciation is calculated to write off the cost of all property, plant and equipment by equal instalments over their expected useful economic lives. The rates generally applicable are:

Land and buildings – leasehold improvements	Over the term of the lease
Fixtures, fittings and equipment	5 years on a straight line basis or over the period of the contract if shorter
Motor vehicles	Over the shorter of the period of the finance lease and useful economic life on a straight line basis

Material residual value estimates are updated as required, but at least annually, whether or not the asset is revalued.

Impairment testing of goodwill, and property, plant and equipment

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the group at which management monitors the related cash flows.

Impairment losses recognised for cash-generating units, to which goodwill has been allocated, are credited initially to the carrying amount of goodwill. Any remaining impairment loss is charged *pro rata* to the other assets in the cash generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties are revalued annually and are included in the balance sheet at their open market values. The surplus or deficit resulting from either a change in the fair value or the sale of an investment property is immediately recognised in the statement of comprehensive income.

Taxation

Current tax is the tax currently payable based on taxable profit for the period.

Deferred income taxes are calculated using the liability method on temporary differences. Deferred tax is generally provided on the difference between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, nor on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit.

Deferred tax on temporary differences associated with shares in subsidiaries and joint ventures is not provided if reversal of these temporary differences can be controlled by the group and it is probable that reversal will not occur in the foreseeable future. In addition, tax losses available to be carried forward as well as other income tax credits to the group are assessed for recognition as deferred tax assets.

Deferred tax liabilities are provided in full, with no discounting. Deferred tax assets are recognised to the extent that it is probable that the underlying deductible temporary differences will be able to be offset against future taxable income. Current and deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the balance sheet date.

Changes in deferred tax assets or liabilities are recognised as a component of tax expense in the statement of comprehensive income, except where they relate to items that are charged or credited directly to equity (such as the revaluation of land) in which case the related deferred tax is also charged or credited directly to equity.

Financial Assets

Financial assets are divided into the following categories: loans and receivables and available-for-sale financial assets. There are currently no available-for-sale financial assets in the financial statements. Financial assets are assigned to the different categories by management on initial recognition, depending on the purpose for which they were acquired. The designation of financial assets is re-evaluated at every reporting date at which a choice of classification or accounting treatment is available.

All financial assets are recognised when the group becomes a party to the contractual provisions of the instrument. Financial assets are recognised at fair value plus transaction costs.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Trade receivables are classified as loans and receivables. Loans and receivables are measured subsequent to initial recognition at amortised cost using the effective interest method, less provision for impairment. Any change in their value through impairment or reversal of impairment is recognised in the statement of comprehensive income.

Provision against trade receivables is made when there is objective evidence that the group will not be able to collect all amounts due to it in accordance with the original terms of those receivables. The amount of the write-down is determined as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate.

An assessment for impairment is undertaken at least at each balance sheet date.

A financial asset is de-recognised only when the contractual rights to the cash flows from the asset expire or the financial asset is transferred and that transfer qualifies for de-recognition. A financial asset is transferred if the contractual rights to receive the cash flows of the asset have been transferred or the group retains the contractual rights to receive the cash flows of the asset but assumes a contractual obligation to pay the cash flows to one or more recipients. A financial asset that is transferred qualifies for de-recognition if the group transfers substantially all the risks and rewards of ownership of the asset, or if the group neither retains nor transfers substantially all the risks and rewards of ownership but does transfer control of that asset.

Financial Liabilities

Financial liabilities are obligations to pay cash or other financial assets and are recognised when the group becomes a party to the contractual provisions of the instrument. Financial liabilities are recorded initially at fair value, net of direct issue costs, or at fair value through profit or loss account.

All financial liabilities are recorded at amortised cost using the effective interest method, with interest-related charges recognised as an expense in finance cost in the statement of comprehensive income. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are charged to the statement of comprehensive income on an accruals basis using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

A financial liability is de-recognised only when the obligation is extinguished, that is, when the obligation is discharged or cancelled or expires.

Provisions

A provision is recognised in the balance sheet when the group has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation.

Employee Benefits

Defined contribution pension scheme: The pension cost charged against operating profits is the contributions payable to the scheme in respect of the accounting period.

Short-term employee benefits, including holiday entitlement are included in current pension and other employee obligations at the undiscounted amount that the group expects to pay as a result of the unused entitlement.

Leased Assets

All leases are regarded as operating leases and the payments made under them are charged to the statement of comprehensive income on a straight line basis over the lease term. Lease incentives are spread over the term of the lease.

Share options

During 2005, the group issued a number of warrants which were expensed during the vesting period. The fair value was determined at the grant date using the Black-Scholes method, and was expensed together with a corresponding increase in equity over the vesting period, based on the group's estimate of the number of warrants that would vest.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

Equity

Equity comprises the following:

- “Share capital” represents the nominal value of equity shares;
- “Share premium account” represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue;
- “Equity reserve” represents the reserve in relation to warrants issued but not yet exercised; and
- “Retained earnings” represents retained profits.

Standards and interpretations currently in issue but not yet effective

The following new Standards and Interpretations, which are yet to become mandatory, have not been applied in the consolidated financial statements.

<i>Standard or Interpretation</i>	<i>Effective for reporting periods starting on or after</i>
IFRS 9 Financial Instruments	1 January 2013
IAS 24 (Revised 2009) Related Party Disclosures	1 January 2011
Group Cash-settled Share-based Payment Transactions – Amendment to IFRS 2	1 January 2010
Improvements to IFRSs 2009	1 July 2009, but mostly 2010
Amendment to IFRS 1 Additional Exemptions for First-time Adopters	1 January 2010
Amendment to IAS 32 Classification of Rights Issues	1 February 2010
IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments	1 July 2010
Prepayments of a Minimum Funding Requirement – Amendments to IFRIC 14	1 January 2011
Improvements to IFRS issued May 2010	1 July 2010 and 1 January 2011
Disclosures – Transfers of Financial Assets – Amendments to IFRS 7	1 July 2011
Deferred Tax: Recovery of Underlying Assets – Amendments to IAS 12 Income Taxes	1 January 2012

Based on the group’s current business model and accounting policies, management does not expect material impacts on the consolidated financial statements when the Standards and Interpretations become effective. The group does not intend to apply any of these pronouncements early.

Critical accounting judgements and key sources of estimation and uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Investment property

The key assumptions and judgements in determining the fair value of the investment property are provided in note 12 to the financial statements.

3 Segment Analysis

Management currently identifies that the Group has one operating segment. In the prior period there were two operating segments. These operating segments are monitored and strategic decisions are made on the basis of adjusted segment operating results.

The operating segments identified in 2009 were property management and car park management. The car park management segment was disposed of in 2009 and is disclosed as discontinued operations in the consolidated statement of comprehensive income.

All revenue relates to activities in the United Kingdom.

Non-current assets are wholly based in the UK.

During the financial year ended 30 September 2010 the Group had three significant customers (customers who generate in excess of 10 per cent. of the Group's revenues), customer **a** generated £82k, customer **b** generated £50k and customer **c** generated £18k. None of these customers were significant customers in the previous year. During the previous year there were three significant customers, customer **d** generated £613k, customer **e** generated £595k and customer **f** generated £415k. The three significant customers in the previous year formed part of discontinued activities that year.

4 Loss before Taxation

The loss before taxation for the group is stated after charging:

	2010 £	2009 £
Depreciation of property, plant and equipment – owned	—	10,825
Impairment of goodwill	—	21,907
Change in fair value of investment property	100,000	150,000
Operating lease rentals	—	24,833
Auditor's remuneration		
Audit services	20,000	25,000
Non-audit services	11,500	25,105
	<u>11,500</u>	<u>25,105</u>

Fees payable to the auditor for audit services comprises £20,000 (2009 – £25,000) for the audit of the Company's annual accounts. Fees payable to the auditor for non-audit services comprises £5,000 (2009 – £5,000) for the audit of the Company's subsidiaries, £6,500 (2009 – £6,500) for tax services, and £6,650 (2009 – £13,600) for other assurance and advisory services.

Directors' remuneration is outlined within the Directors' remuneration report on pages 7 and 8.

5 Other Interest Receivable and Similar Income

	2010 £	2009 £
Bank interest	17	4,822
Other interest	—	4,287
	<u>17</u>	<u>9,109</u>

6 Interest Payable

	2010 £	2009 £
On loans repayable after five years	—	41,488
Other interest	18,439	849
	<u>18,439</u>	<u>42,337</u>

7 Taxation

	2010 £	2009 £
Domestic current period tax		
Adjustment in respect of prior years	119	—
	<u>2010</u> £	<u>2009</u> £
Factors affecting the tax charge for the year		
Loss on ordinary activities before taxation	(98,986)	(1,045,643)
Loss on ordinary activities before taxation multiplied by standard rate of UK corporation tax 28% (2009: 28%)	(27,716)	(292,780)
Expenses not deductible for tax purposes	27,440	60,213
Differences between capital allowances and depreciation	(1,299)	—
Consolidation adjustments and amounts not subject to taxation	—	163,363
Creation of tax losses	1,575	69,204
Adjustment in respect of prior years	119	—
Tax charge	<u>119</u>	<u>—</u>

Deferred tax assets are recognised for tax loss available for carrying forward to the extent that the realisation of the related tax benefit through future taxable profits is probable. The group did not recognise deferred tax assets of £329,000 (2009: £327,600) in respect of losses amounting to £1,175,000 (2009: £1,170,000) that can be carried forward against future taxable income.

8 Losses Per Share

The calculation of the basic loss per share is based on the losses attributable to the shareholders of Mission Capital plc divided by the weighted average number of shares in issue during the period. All losses per share calculations relate to continuing operations of the Company.

	<i>Losses attributable to shareholders £</i>	<i>Weighted average number of shares £</i>	<i>Basic loss per share amount in pence £</i>
Year ended 30 September 2010	(99,105)	108,174,872	0.092
Year ended 30 September 2009	(1,045,643)	108,174,872	0.967

Fully diluted loss per share is also based upon the above figures as the warrants in issue are currently anti dilutive, but potentially dilutive in the future.

9 Financial Statements

The parent company has taken advantage of section 408 of the Companies Act 2006 and has not included its own statement of comprehensive income in these financial statements. The loss for the financial year was £17,528 (2009: loss of £231,127).

10 Goodwill

The main changes in prior period in the carrying amount of goodwill results from the disposal of Karspace Management Limited on 31 July 2009, and the impairment of the remaining goodwill relating to Mission Capital (Gloucester) Limited. The movements in the net carrying amount of goodwill can be analysed as follows:

	£
Gross carrying amount	1,971,477
Accumulated impairment	<u>(454,570)</u>
Carrying amount 1 October 2008	<u>1,516,907</u>

	£
Gross carrying amount	21,907
Accumulated impairment	<u>(21,907)</u>
Carrying amount 30 September 2009 and 30 September 2010	<u>—</u>

Changes in the net carrying amount of goodwill can be summarised as follows:

	£
Carrying amount 1 October 2008	1,516,907
Disposal	(1,495,000)
Impairment loss recognised	<u>(21,907)</u>
Carrying amount 30 September 2009 and 30 September 2010	<u>—</u>

The group has tested goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

The recoverable amounts of the business units (cash-generating units) are determined from value in use calculations. The key assumptions for the value in use calculations previously used are those regarding the discount rates, growth rates and expected changes to revenues and costs during the period. Management estimates discount rates using rates that reflect current market assessments of the time value of money and the risks specific to the business units. The rate used to discount the forecast cash flows for all business units in 2009 was 10 per cent. when all goodwill was impaired to £nil.

The group prepares cash flow forecasts derived from the most recent financial budgets and forecasts approved by management, and extrapolates cash flows thereafter based on an estimated growth rate of 2 per cent., being the historical weighted average growth in the markets the group operates in. This rate does not exceed the average long-term growth rate for the relevant markets. Changes in revenues and costs are based on management forecasts.

11 Property, Plant and Equipment

	<i>Land and buildings, leasehold improvements</i> £	<i>Fixtures, fittings and equipment</i> £	<i>Motor vehicles</i> £	<i>Total</i> £
Gross carrying amount	7,239	71,538	18,698	97,475
Accumulated depreciation and impairment	<u>(841)</u>	<u>(64,441)</u>	<u>(13,635)</u>	<u>(78,917)</u>
Carrying amount 1 October 2008	<u>6,398</u>	<u>7,097</u>	<u>5,063</u>	<u>18,558</u>
Gross carrying amount	—	—	—	—
Accumulated depreciation and impairment	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Carrying amount 30 September 2009	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>

All property, plant and equipment had been disposed of by 30 September 2009.

The carrying amounts of property, plant and equipment for the periods presented in the consolidated financial statements as at 30 September 2010 are reconciled as follows:

	<i>Land and buildings, leasehold improvements</i> £	<i>Fixtures, fittings and equipment</i> £	<i>Motor vehicles</i> £	<i>Total</i> £
Carrying amount 1 October 2008	6,398	7,097	5,063	18,558
Additions	—	2,345	—	2,345
Disposals	(873)	(6,034)	(3,918)	(10,825)
Depreciation	<u>(5,525)</u>	<u>(3,408)</u>	<u>(1,145)</u>	<u>(10,078)</u>
Carrying amount 30 September 2009 and at 30 September 2010	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>

12 Investment Property

Investment property comprises a commercial property in Gloucester held within a subsidiary undertaking. The directors have revalued the investment property at each year end. In the absence of directly comparable market evidence, the valuation of the property has been based on other factors such as opinion from property valuers, the expected occupancy of the property, and discounted cash flow projections based on reliable estimates of future cash flows, using discount rates that reflect current market assessments.

Changes to the carrying amount are as follows:

	<i>2010</i> £	<i>2009</i> £
Carrying amount at 1 October	700,000	850,000
Change in fair value	<u>(100,000)</u>	<u>(150,000)</u>
Carrying amount at 30 September	<u>600,000</u>	<u>700,000</u>

Since the year end, the directors have reclassified this asset as ‘held for sale’. The directors are currently in the process of marketing the property and anticipate selling it within the next twelve months.

13 Trade and Other Receivables

	<i>2010</i> £	<i>2009</i> £
Trade receivables	1,420	29,509
Other receivables	<u>1,486</u>	<u>482,832</u>
	<u>2,906</u>	<u>512,341</u>

14 Cash and cash equivalents

Cash and cash equivalents include the following components:

	<i>2010</i> £	<i>2009</i> £
Cash at bank and in hand	<u>642,566</u>	<u>212,047</u>

15 Trade and Other Payables

	2010	2009
	£	£
Trade payables	—	21,886
Accruals and deferred income	33,609	49,656
	<u>33,609</u>	<u>71,542</u>

16 Borrowings

Other borrowings at amortised cost:

	2010	2009
	£	£
Bank loan and overdraft	664,231	706,109

Comprising:

	2010	2009
	£	£
Current borrowings – overdraft	2,421	—
Current borrowings – loan	46,610	52,638
Total current borrowings	49,031	52,638
Non-current borrowings – loan	615,200	653,471
	<u>664,231</u>	<u>706,109</u>

Loan maturity analysis

	£	£
In more than one year but not more than two years	46,611	52,638
In more than two years but not more than five years	93,221	138,072
In more than five years	475,368	462,761

The loans, all with the Nationwide Building Society, are payable by instalments and subject to interest at three month LIBOR plus 1.25 per cent. The loans which fall due partly in more than five years are repayable by quarterly instalments. Loan 1 (total capital value outstanding of £653,998) is repayable by 1 October 2024. Loan 2 (total capital value outstanding of £45,497) is repayable by 14 March 2028. They are secured by way of fixed charges over a specific property and floating charges over the remaining assets of Mission Capital (Gloucester) Limited.

17 Pension Costs

Defined contribution

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund.

	2010	2009
	£	£
Contributions payable by the group for the year	—	7,247

18 Equity

Share capital

	2010 £	2009 £
Authorised		
131,337,183 ordinary shares of 1p each	<u>1,313,372</u>	<u>1,313,372</u>
Allotted, called up and fully paid		
108,174,872 ordinary shares of 1p each	<u>1,081,749</u>	<u>1,081,749</u>

On 29 November 2005, the Company issued 13,620,656 warrants to subscribe shares. The warrants were exercisable immediately at a price of 7p per share with an expiry date of 29 November 2010. No warrants lapsed or were exercised in the year to 30 September 2010, and no additional warrants or options were granted. The subsisting warrants lapsed on 30 November 2010.

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	2010	2009
	<i>Weighted average exercise price per share p</i>	<i>Weighted average exercise price per share p</i>
	<i>Options No</i>	<i>Options No</i>
Outstanding at 1 October and 30 September	<u>7</u> <u>8,512,910</u>	<u>7</u> <u>8,512,910</u>

The number of warrants outstanding and exercisable at 30 September 2010 was 8,512,910 (2009: 8,512,910) and the weighted average exercise price per share was 7p (2009: 7p). The weighted average remaining contractual life was 2 months (2009: 14 months).

Management used a Black-Scholes model to estimate the value of options granted. Significant inputs into the model included the weighted average share price at the grant date, the exercise price, weighted average volatility of 20 per cent., dividend yield of nil, an expected option life of 0-3 years, based on the terms of grant, and an annual risk-free interest rate of 4.14 per cent.

The key input to the model was the assumed share price volatility which management estimated to be 20 per cent. by reference to companies in similar sectors and stage of development. As a relatively newly listed company, management did not consider that there was sufficient information on the volatility of the Company's share price on which to take an estimate of expected future volatility. Also the Company's historical share price volatility was not considered to be a realistic indicator of future share price volatility.

Prior to their suspension on 2 August 2010, the market price of Mission Capital Plc shares was 0.5p. During the period and prior to such suspension, the maximum price was 2.625p and the minimum price was 0.375p.

19 Notes to the Cash Flow Statement

Cash flows from operating activities

	2010 £	2009 £
Loss before taxation	(98,986)	(1,045,643)
Adjustment for:		
Depreciation	—	10,825
Impairment of goodwill	—	21,907
Loss on disposal of subsidiary undertaking	—	760,240
Decrease in trade and other receivables	26,603	159,166
Decrease in value of investment property	100,000	150,000
Decrease in trade and other payables	(37,933)	(324,638)
Interest received	(17)	(9,109)
Interest paid	18,439	42,337
Cash generated from operating activities	<u>8,106</u>	<u>(234,915)</u>

20 Operating Lease Commitments

The group had no operating lease commitments at 30 September 2010 or 30 September 2009.

Lease payments recognised as an expense during the year amount to £nil (2009: £24,833) and related to Karspace Management Limited.

21 Directors' Emoluments

	2010 £	2009 £
Non-executive directors	17,500	47,500
Executive directors	—	106,782
	<u>17,500</u>	<u>154,282</u>

The amounts above which are also included in wages and salaries are £17,500 (2009: £44,167).

22 Transactions with Directors

Non-executive directors are paid on a consultancy basis; but, for disclosure purposes, such sums are included in directors' remuneration. Included in trade creditors is £nil (2009: £nil) of fees not settled by the end of the period.

23 Employees

Number of employees

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

	2010 Number	2009 Number
Directors	4	5
Operational	—	7
Administration	—	53
	<u>4</u>	<u>65</u>

Employment costs

	2010	2009
	£	£
Wages and salaries	—	962,293
Social security costs	—	90,336
Other pension costs	—	4,330
	<u>—</u>	<u>1,056,959</u>

24 Related Party Transactions and Controlling Related Party

No individual shareholder is in control of the Company.

Key management of the group is considered to be the non-executive directors. Details of their remuneration are set out in notes 21 and 22, and details of their interest in shares of the Company are set out in the Directors' Report. There was no share based payment expense recognised in 2010 or 2009 in respect of Directors' share options.

25 Contingent Liabilities

There were no material contingent liabilities at either 30 September 2010 or 30 September 2009.

26 Capital Commitments

The group had no capital commitments at 30 September 2010 or 30 September 2009.

27 Risk Management Objectives and Policies

Financial instruments

The group's financial instruments comprise cash and various items, such as trade receivables, trade payables etc, that arise directly from its operations. The purpose of these financial instruments is to raise finance and support for the group's operations.

The main risks arising from the group's financial instruments are interest rate risk, liquidity risk and credit risk. The directors review and agree policies for managing each of these risks and they are summarised below:

Interest rate risk

The group finances its operations through a mixture of retained profits, bank loans and leasing at prevailing market rates. At 30 September 2010 the amount of borrowing at floating rates (relative to LIBOR) was £664,231 (2009: £706,109) and at fixed rates was £nil (2009: £nil).

The following table illustrates the sensitivity of the group net profit for the year and equity to a reasonably possible change in interest rates of +1 per cent. and -1 per cent. (2009: +/-1 per cent.), with effect from the beginning of the year. The revised net loss and equity amounts are provided as follows:

	2010		2009	
	£	£	£	£
Net loss for the year	(105,804)	(92,406)	(1,058,809)	(1,032,477)
Equity	540,933	554,331	633,571	659,903

Liquidity risk

The group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

As at 30 September 2010, the group's financial liabilities have contractual maturities as summarised below:

	<i>Current</i>		<i>Non-current</i>	
	<i>Within 6</i>	<i>Between</i>	<i>Between</i>	<i>Later than</i>
	<i>months</i>	<i>6 and 12</i>	<i>1 and 5</i>	<i>5 years</i>
	£	£	£	£
Financial liabilities	59,335	23,305	139,832	475,368

This compares to the maturity of the group's financial liabilities in the previous reporting year as summarised below:

	<i>Current</i>		<i>Non-current</i>	
	<i>Within 6</i>	<i>Between</i>	<i>Between</i>	<i>Later than</i>
	<i>months</i>	<i>6 and 12</i>	<i>1 and 5</i>	<i>5 years</i>
	£	£	£	£
Financial liabilities	97,861	26,319	190,710	462,761

Credit risk

The group's exposure to credit risk is limited to the carrying amount of financial assets recognised at the balance sheet date, as summarised below:

	<i>2010</i>	<i>2009</i>
	£	£
Trade and other receivables	2,906	512,341
Cash and cash equivalents	642,566	212,047
	<u>645,472</u>	<u>724,388</u>

The group's principal financial assets are cash deposits and trade receivables. Risks associated with cash deposits are limited as the banks used have high credit ratings assigned by international credit rating agencies.

The principal credit risk lies with trade receivables. In order to manage credit risk, the directors set limits for customers based on a combination of payment history and third party credit references. Credit limits are reviewed on a regular basis in conjunction with debt aging and collection history.

The group's management considers that all the above financial assets that are not impaired for each of the balance sheet dates under review are of good credit quality, including those that are past due.

Ageing of receivables past due but not impaired:

	<i>2010</i>	<i>2009</i>
	£	£
Not more than 1 month	2,906	—
More than 1 month but not more than 3 months	—	—
More than 3 months but not more than 6 months	—	—
More than 6 months but not more than 1 year	—	29,500
More than 1 year	—	—
	<u>2,906</u>	<u>29,500</u>

The group has no un-drawn committed overdraft facilities.

Other risks

The directors consider that the group's exposure to price risk and credit risk is adequately managed.

Fair values

The fair values of the Company's financial assets and liabilities at 30 September 2010 are not materially different from their carrying values.

28 Summary of Financial Assets and Liabilities by Category

The carrying amounts of the assets and liabilities as recognised at the balance sheet of the years under review may also be categorised as follows:

	2010 £	2009 £
Loans and receivables	<u>645,472</u>	<u>724,388</u>
Financial liabilities at amortised cost	<u>697,840</u>	<u>777,651</u>

29 Capital Management Policies and Procedures

The group's capital management objectives are to ensure the group's ability to continue as a going concern and to provide an adequate return to shareholders, by pricing its offerings commensurately with the level of risk.

Although Mission Capital plc is not constrained by any externally imposed capital requirements, its goal is to maximise its capital-to-overall financing structure ratio.

The group monitors capital on the basis of the carrying amount of equity less cash and cash equivalents as presented on the face of the balance sheet.

The group sets the amount of capital in proportion to its overall financing structure and manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets. Capital for the reporting years under review is summarised as follows:

	2010 £	2009 £
Capital		
Total equity	547,632	646,737
Less cash and cash equivalents	<u>(642,566)</u>	<u>(212,047)</u>
	<u>(94,934)</u>	<u>434,690</u>
	2010 £	2009 £
Overall financing		
Total equity	547,632	646,737
Plus borrowings	<u>664,231</u>	<u>706,109</u>
	<u>1,211,863</u>	<u>1,352,846</u>
Capital-to-overall financing ratio	<u>(7.8%)</u>	<u>32.1%</u>

30 Post Balance Sheet Events

On 20 December 2010, Heads of Terms were signed in relation to a suitable potential acquisition. The Company continues to pursue this potential acquisition, which would be a reverse takeover pursuant to the AIM Rules for Companies, and a further announcement will be made in due course.

COMPANY BALANCE SHEET AT 30 SEPTEMBER 2010

	<i>Note</i>	<i>2010</i> £	<i>2009</i> £
Fixed assets			
Investments	4	100	100
		<u>100</u>	<u>100</u>
Current assets			
Debtors	5	68,990	578,909
Cash at bank and in hand		649,560	208,534
		<u>718,550</u>	<u>787,443</u>
Creditors: amounts falling due within one year	6	<u>(95,544)</u>	<u>(146,909)</u>
Net current assets		<u>623,006</u>	<u>640,534</u>
Total assets less current liabilities		<u><u>623,106</u></u>	<u><u>640,634</u></u>
Capital and reserves			
Called up share capital	7	1,081,749	1,081,749
Share premium account	8	3,960,673	3,960,673
Equity reserve	8	54,390	54,390
Profit and loss account	8	<u>(4,473,706)</u>	<u>(4,456,178)</u>
Shareholders' funds – equity interests		<u><u>623,106</u></u>	<u><u>640,634</u></u>

The financial statements were approved by the Board and authorised to be issued on 2 February 2011.

Philip Goldenberg
Director

C R L Phillips
Director

Company registration number 5542221

The accompanying accounting policies and notes form an integral part of these financial statements.

NOTES TO THE COMPANY FINANCIAL STATEMENTS For the year ended 30 September 2010

1 Principal Accounting Policies

Basis of preparation

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below.

The financial statements are prepared under the historical cost convention.

The parent company has taken advantage of section 408 of the Companies Act 2006 and has not included its own profit and loss account in these financial statements. The loss for the financial year was £17,528 (2009: £231,127).

Turnover

Company revenue comprises management fees from subsidiary undertakings.

Investments

Investments are stated at cost less provision for any impairment.

Leased assets

Rentals payable under operating leases are charged to the profit and loss account in equal annual amounts over the lease term.

Pensions

The Company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the Company to the fund in respect of the year.

Deferred taxation

Deferred tax is recognised in respect of all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse, based on tax rates and laws enacted or substantively enacted by the balance sheet date.

Deferred tax assets and liabilities are not discounted.

Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

Share options

During 2005, the group issued a number of warrants, which vested immediately, and hence were expensed during that accounting period. The fair value was determined at the grant date using the Black-Scholes method, and was expensed together with a corresponding increase in equity over the vesting period, based on the group's estimate of the number of warrants that would vest.

2 Auditor's Remuneration

Auditor's remuneration attributable to the Company is given in note 4 to the group financial statements:

3 Employees

Employment costs

	2010 £	2009 £
Wages and salaries	—	—
Social security costs	—	—
	<u>—</u>	<u>—</u>
	<u>—</u>	<u>—</u>

Details of directors' remuneration are given in note 21 to the group financial statements.

4 Fixed Asset Investments

	<i>Shares in participating interests £</i>
Cost	
At 30 September 2009 and at 30 September 2010	1,206,140
Amounts written off	
At 30 September 2009 and at 30 September 2010	1,206,140
Net book amount at 30 September 2010	<u>—</u>
Net book amount at 30 September 2009	<u>—</u>
	<u>—</u>
	<i>Shares in group undertakings £</i>
Cost	
At 30 September 2009 and at 30 September 2010	1,665,549
Provisions for diminution in value	
At 30 September 2009 and at 30 September 2010	1,665,449
Net book amount at 30 September 2009 and at 30 September 2010	<u>100</u>

Holdings of more than 20 per cent.

The company holds more than 20 per cent. of the share capital of the following companies:

<i>Company</i>	<i>Country of registration or incorporation</i>	<i>Class</i>	<i>Shares held %</i>
Mission Capital (Gloucester) Limited	Great Britain	Ordinary	100
Mission Real Estate Limited	Great Britain	Ordinary	100

The principal activity of these undertakings for the last relevant financial year was as follows:

Mission Capital (Gloucester) Limited	Property trading
Mission Real Estate Limited	Property management

All the subsidiary companies have been included in these consolidated accounts.

5 Debtors

	2010 £	2009 £
Trade debtors	1,419	—
Amounts owed by group undertakings	66,081	96,077
Other debtors	1,490	482,832
	<u>68,990</u>	<u>578,909</u>

All debtors fall due within one year of the balance sheet date.

6 Creditors: Amounts Falling due within one year

	2010 £	2009 £
Trade creditors	—	21,610
Amounts owed to group undertakings	71,910	71,910
Other creditors	300	1,827
Accruals and deferred income	23,334	51,562
	<u>95,544</u>	<u>146,909</u>

7 Share Capital

	2010 £	2009 £
Authorised 131,337,183 ordinary shares of 1p each	<u>1,313,372</u>	<u>1,313,372</u>
Allotted, called up and fully paid 108,174,872 ordinary shares of 1p each	<u>1,081,749</u>	<u>1,081,749</u>

Details relating to the company's warrants are provided in note 18 to the group financial statements.

8 Reconciliation of Movements in Shareholders' Funds

	Share premium account £	Equity reserve £	Profit and loss account £
Balance at 1 October 2008	3,960,673	54,390	(4,225,051)
Loss for the year	—	—	(231,127)
Balance at 30 September 2009	3,960,673	54,390	(4,456,178)
Loss for the year	—	—	(17,528)
Balance at 30 September 2010	<u>3,960,673</u>	<u>54,390</u>	<u>(4,473,706)</u>

9 Related Party Transactions and Controlling Related Party

The Company has taken advantage of the exemption granted by FRS 8 not to disclose transactions with other wholly owned group companies. There were no other related party transactions.

10 Contingent Liabilities

There were no material contingent liabilities as at 30 September 2010 or at 30 September 2009.

11 Capital Commitments

The Company had no capital commitments at 30 September 2010 or 30 September 2009.

MISSION CAPITAL PLC

**ANNUAL REPORT
FOR THE YEAR ENDED
30 SEPTEMBER 2009**

Company No 5542221

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CHAIRMAN'S STATEMENT

For the year ended 30 September 2009

The Directors' Report on pages 2 to 5 sets out the outcome for the year ended 30 September 2009. The purpose of this Statement is to provide an overview of the Company's position.

Overview

At a General Meeting on 10 July 2009, shareholders approved the disposal of the Company's subsidiary Karspace Management Limited ("KML"). In the Circular sent to shareholders in advance of that Meeting, I indicated that, on the basis of KML's figures as at 31 May 2009, the consideration for the disposal would have been £1,378,000. In the event, on the basis of the comparable figures as at completion on 31 July, that consideration amounted to £1,282,832, which has been received. There was in the event no "Deferred Consideration" (as defined in the Circular), but there is an additional amount of £100,000 due on the return of our performance bond on a particular contract. This aggregate consideration of £1,382,832 is in all the circumstances a very satisfactory outcome. As a result, the Company's adjusted cash and receivables as at 30 September 2009 were £724,388.

This sale also provided an impetus for the settlement of the litigation with the former executive directors on reasonable and pragmatic terms, which the Company would have readily agreed a year earlier with far less destruction of shareholder value.

As mentioned last year, Jardine Lloyd Thompson, as the tenants of two-thirds of the Group's Gloucester property, Roebuck House, were granted an extension of their lease and an option for a lease on the remaining third. Sadly, they decided to satisfy their requirements elsewhere, and we are therefore about to have an empty building on our hands. We are investigating alternative uses for the building, but meanwhile have written down this asset to a nil equity value, which we judge to be its fair value.

Outlook

At the General Meeting referred to above, shareholders approved an investing policy in the same terms as that applicable at the time of the original admission of the Company's ordinary shares to trading on AIM, namely to make real estate investments. Under the AIM Rules for Companies, this policy must be implemented to the satisfaction of The London Stock Exchange by 31 July 2010, failing which trading in the Company's shares on AIM will be suspended for up to six months. Failing implementation by 31 December 2010, that admission to trading on AIM will be cancelled.

The Board has been actively investigating potential investments, but has not yet identified one which it considers appropriate to recommend to shareholders. It will continue its efforts in this regard, and in doing so will be mindful of the foregoing deadlines.

Philip Goldenberg
Chairman

DIRECTORS' REPORT

The directors present their report and financial statements for the year ended 30 September 2009.

Principal activity and review of the business

The principal activity of Mission Capital Plc is a holding company of its trading subsidiaries.

The trading subsidiaries are Karspace Management Limited (“KML”), a company specialising in the provision of car park and traffic management services to both the public and private sectors, and Mission Capital (Gloucester) Limited, a property company. The sale of KML was approved by shareholders on 10 July 2009, and completed three weeks later.

Our key performance indicators are:

- loss before tax of £1,045,643 (2008: £1,452,008)
- basic and diluted loss per share of 0.967p (2008: 1.367p)
- asset value per share of 1.32p (2008: 3.19p).

Results and dividends

The consolidated results of the Company for the year ended 30 September 2009 comprise gross turnover of £3.1 million (2008: £3.4 million), a loss on ordinary activities before taxation of £1.0 million (2008: loss £1.5 million), representing a basic and diluted loss per share of 0.967p (2008: loss 1.367p).

As at 30 September 2009, the Company had consolidated total assets of £1.4 million (2008: £3.4 million), which equated to total assets per share of 1.32p (2008: 3.19p).

The directors do not recommend payment of a dividend.

Review

A review of the business is contained in the Chairman’s Statement on page 1.

Management

The business of the Company has been managed by its board of Directors.

The group

Following the sale of KML, the Group’s only trading subsidiary has been Mission Capital (Gloucester) Limited.

Directors

The following directors have held office in the period. All served throughout the year, except Mr G R Thorpe who retired from the Board on 30 July 2009.

R P Burrow
G Ciardi
C R L Phillips
P Goldenberg
G R Thorpe

Directors’ interests

Those directors who held office at 30 September 2009 have the following beneficial interests in the ordinary share capital and warrants of the Company:

Ordinary shares

	2009	2008
R P Burrow	15,674,532	15,674,532
G Ciardi	10,000,000	10,000,000
P Goldenberg	500,000	—
C R L Phillips	—	—

Warrants

Under a warrant granted on 29 November 2005, Mr Ciardi is entitled to subscribe up to 851,291 ordinary shares at a price of 7p per share until 29 November 2010.

At the year end the market price of Mission Capital Plc shares was 2.625p. During the year the maximum price was 2.625p and the minimum price was 0.375p.

Substantial interests

In addition to the directors noted above, the following have notified interests of 3 per cent. or more of the Company's issued share capital as at 22 February 2010:

	Ordinary shares	Percentage
Rock (Nominees) Limited	10,000,000	9.24%
R Blaxland	7,233,870	6.69%
Pershing Keen Nominees Limited	6,650,000	6.15%
Pershing Keen Nominees Limited	6,310,000	5.83%
BBHISL Nominees Limited	5,000,000	4.62%
W Harrington	4,666,667	4.31%
P Fellerman	4,600,000	4.25%
E Sinclair	3,868,840	3.58%
C Jonas	3,750,000	3.47%

Financial instruments

The group uses financial instruments comprising issued share capital, bank loans and various net working capital items such as trade receivables and trade payables to finance its operations. The main risks identified with using these financial instruments are the management of cash flow and exposure to interest rate fluctuations.

Group cash at bank and in hand included £29,309 (2008: £576,518) of deposit, accessible on demand, which earns interest at deposit rates. All other cash balances earn interest at a floating rate. Mission Capital Plc owns a subsidiary holding an investment property. The management of the risk associated with this asset is part of the operating activities.

Risks and uncertainties

Details of the group's exposure to interest rate risk, liquidity risk and other risks are detailed in note 29 to the financial statements.

Details of the directors' assessment of risks relating to going concern are detailed on page 15 of the financial statements.

Charitable donations

During both years the group did not make charitable donations.

Creditor payment policy

The company's policy is to settle its outstanding creditors within the terms agreed with individual suppliers.

The average number of days credit taken for trade purchases for the year ended 30 September 2009 was 60 days (2008: 59 days).

Auditor

In accordance with Section 489(2) of the Companies Act 2006, Grant Thornton UK LLP offer themselves for re-appointment as auditor.

Directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS) and the parent company accounts in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable International Financial Reporting Standards for the group and UK Accounting Standards for the parent company have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

In so far as the directors are aware:

- there is no relevant audit information of which the company's auditor is unaware; and
- the directors have 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By Order of the Board

Philip Goldenberg
Secretary

CORPORATE GOVERNANCE REPORT

For the year ended 30 September 2009

The Board recognises the importance of sound corporate governance and takes its corporate governance responsibilities seriously. The following statements set out the principles and methods to which it adheres.

The Company is headed by a Board which leads and controls the Company and the group's affairs. The Board is responsible for formulating, reviewing and approving the Company's strategy and promoting the success of the Company by directing and supervising the Company's and the group's affairs.

The Company holds regular board meetings throughout the year. It receives and reviews, on a timely basis, financial and operating information appropriate to being able to discharge its duties.

The Board, through the Chairman's Statement and the Directors' Report, presents a clear and detailed account of the group's position and prospects.

The Board is available to discuss current events with major shareholders based on mutual understandings of objectives.

The Company has adopted a model code for directors' share dealings which is appropriate for an AIM quoted company. Each director will comply with Rule 21 of the AIM Rules for Companies relating to directors' dealings.

The Board consists solely of non-executive directors. It has established an Audit Committee and a Remuneration Committee with formally delegated roles and responsibilities.

The Audit Committee's duties include its responsibility for ensuring the financial performance, position and prospects of the group are properly monitored and reported on and meeting with the auditor to review their reports relating to accounts and internal controls systems.

The Remuneration Committee meets as required for the purpose of considering new or replacement appointments to the Board, reviewing the performance of the directors and settling their remuneration.

The members of both these committees are Messrs Burrow, Goldenberg and Phillips. Mr Phillips chairs the Audit Committee, and Mr Goldenberg chairs the Remuneration Committee.

The Board regularly assesses the prospects for the Company and the group, and as a result the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason they have adopted the going concern basis in preparing the financial statements.

DIRECTORS' REMUNERATION REPORT

For the year ended 30 September 2009

Directors' remuneration report for the year ended 30 September 2009

The report of the Remuneration Committee has been approved by the Board of Directors for submission for shareholders' approval at the Annual General Meeting.

Remuneration policy

The Company has no executive directors, and accordingly the present responsibility of the Committee is to determine the remuneration of the non-executive directors.

Components of directors' remuneration

Overview

The remuneration received by each of the directors is set out below.

Bonuses

There is no entitlement to bonuses. If applicable, these will be processed on a discretionary basis.

Warrants

At the time of the Company's flotation on AIM, warrants were granted to the executive and non-executive directors, with an exercisable term of 5 years ceasing on 29 November 2010. These are disclosed in the Directors' Report.

Service contracts

There are no service contracts.

Pensions

The directors do not receive any pension benefits.

Audited information

Directors' remuneration

The remuneration of the directors was as follows:

	<i>Salary/fee</i>	<i>Benefit in kind</i>	<i>2009</i>	<i>2008</i>
	<i>£</i>	<i>£</i>	<i>Total</i>	<i>Total</i>
			<i>£</i>	<i>£</i>
R P Burrow	—	—	—	1,753
G Ciardi	—	—	—	1,753
C R L Phillips	5,000	—	5,000	7,500
P Goldenberg	42,500	—	42,500	6,483
G R Thorpe	44,167	2,615	46,782	7,866
G M Guthrie	—	—	—	1,753
R N Sinclair	30,000	—	30,000	30,424
E C Sinclair	30,000	—	30,000	30,687
	<u>151,667</u>	<u>2,615</u>	<u>154,282</u>	<u>88,219</u>

Mr Goldenberg's basic annual remuneration as a non-executive director, chairman and company secretary is £12,500. He received an additional one-off payment of £30,000 for extensive work on both the KML disposal and the litigation referred to in note 27.

The above remuneration in respect of Mr G R Thorpe represents his salary and benefits as a director of Karspace Management Limited, including a £30,000 termination payment. He received no additional remuneration as a non-executive director of Mission Capital plc.

The 2009 remuneration in respect of Mr R N Sinclair and Ms E C Sinclair represents termination payments as part of the settlement of the litigation with them.

Resolution

A resolution to accept the report of the Remuneration Committee will be put forward at the Annual General Meeting.

Philip Goldenberg
Remuneration Committee Chairman

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF**MISSION CAPITAL PLC****(Registered No: 5542221)**

We have audited the financial statements of Mission Capital plc for the year ended 30 September 2009 which comprise the consolidated income statement, the group and company balance sheets, the consolidated statement of changes in equity, the consolidated cash flow statement, and the related notes. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on pages 4 and 5, 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 financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 30 September 2009 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRS as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Timothy Blades*Senior Statutory Auditor*

for and on behalf of Grant Thornton UK LLP, Statutory Auditor, Chartered Accountants
Kettering

3 March 2010

CONSOLIDATED INCOME STATEMENT
For the year ended 30 September 2009

		2009			2008		
	Note	Discontinued operations £	Continuing operations £	Total £	Discontinued operations £	Continuing operations £	Total £
Gross turnover	3	2,967,450	89,813	3,057,263	3,282,155	110,951	3,393,106
Less: landlords' share of parking receipts		(1,136,124)	—	(1,136,124)	(1,723,277)	—	(1,723,277)
Revenue		1,831,326	89,813	1,921,139	1,558,878	110,951	1,669,829
Cost of sales		(794,091)	—	(794,091)	(665,661)	(694)	(666,355)
Gross profit		1,037,235	89,813	1,127,048	893,217	110,257	1,003,474
Distribution costs		(90,753)	—	(90,753)	(129,823)	(11,508)	(141,331)
Administrative expenses		(758,008)	(530,462)	(1,288,470)	(576,713)	(1,708,771)	(2,285,484)
Operating profit/(loss)		188,474	(440,649)	(252,175)	186,681	(1,610,022)	(1,423,341)
Other interest receivable and similar income	5	8,163	946	9,109	24,752	2,969	27,721
Interest payable and similar charges	6	—	(42,337)	(42,337)	—	(56,388)	(56,388)
Profit/(loss) on ordinary activities before taxation	4	196,637	(482,040)	(285,403)	211,433	(1,663,441)	(1,452,008)
Tax on profit/(loss) on ordinary activities	7	(56,126)	56,126	—	(63,252)	77,029	13,777
Profit/(loss) on ordinary activities after taxation		140,511	(425,914)	(285,403)	148,181	(1,586,412)	(1,438,231)
Disposal of subsidiary undertaking	19	(760,240)	—	(760,240)	—	—	—
Net result from discontinued operations		(619,729)	—	(619,729)	148,181	—	148,181
Net result for the year		(619,729)	(425,914)	(1,045,643)	148,181	(1,586,412)	(1,438,231)
Attributable to shareholders of Mission Capital plc		—	—	(1,045,643)	—	—	(1,438,231)
Basic and diluted earnings/(loss) per share (pence)	8	(0.573p)	(0.394p)	(0.967p)	0.141p	(1.508p)	(1.367p)

The accompanying accounting policies and notes form an integral part of these financial statements.

CONSOLIDATED BALANCE SHEET
At 30 September 2009

	<i>Note</i>	<i>2009</i> £	<i>2008</i> £
Non-current assets			
Goodwill	10	—	1,516,907
Property, plant and equipment	11	—	18,558
Investment property	12	700,000	850,000
Long-term financial assets	13	—	—
		<u>700,000</u>	<u>2,385,465</u>
Current assets			
Trade and other receivables	14	512,341	459,014
Cash and cash equivalents	15	212,047	601,444
		<u>724,388</u>	<u>1,060,458</u>
Total assets		<u><u>1,424,388</u></u>	<u><u>3,445,923</u></u>
Equity			
Called up share capital	20	1,081,749	1,081,749
Share premium account		3,960,673	3,960,673
Equity reserve		54,390	54,390
Retained earnings		<u>(4,450,075)</u>	<u>(3,404,432)</u>
Total equity		<u>646,737</u>	<u>1,692,380</u>
Liabilities			
Non-current			
Borrowings	17	653,471	713,177
Current			
Trade and other payables	16	71,542	783,655
Borrowings	17	52,638	256,711
		<u>124,180</u>	<u>1,040,366</u>
Total liabilities		<u>777,651</u>	<u>1,753,543</u>
Total equity and liabilities		<u><u>1,424,388</u></u>	<u><u>3,445,923</u></u>

The financial statements were approved by the Board and authorised to be issued on 3 March 2010.

Philip Goldenberg
Director

C R L Phillips
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 30 September 2009

	<i>Share capital</i> £	<i>Share premium account</i> £	<i>Equity reserve</i> £	<i>Profit and loss account</i> £	<i>Total equity</i> £
Balance at 1 October 2007	1,030,672	3,654,208	87,023	(1,998,834)	2,773,069
Issue of share capital	51,077	306,465	—	—	357,542
Loss for the year and total recognised income and expenditure for the year	—	—	—	(1,438,231)	(1,438,231)
Warrants exercised	—	—	(32,633)	32,633	—
Balance at 30 September 2008	<u>1,081,749</u>	<u>3,960,673</u>	<u>54,390</u>	<u>(3,404,432)</u>	<u>1,692,380</u>
Loss for the year and total recognised income and expenditure for the year	—	—	—	(1,045,643)	(1,045,643)
Balance at 30 September 2009	<u><u>1,081,749</u></u>	<u><u>3,960,673</u></u>	<u><u>54,390</u></u>	<u><u>(4,450,075)</u></u>	<u><u>646,737</u></u>

The accompanying accounting policies and notes form an integral part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT
For the year ended 30 September 2009

	<i>Note</i>	<i>2009</i> £	<i>2008</i> £
Cash outflow from operations	21	(234,915)	(590,000)
Interest paid		(42,337)	(56,388)
Tax paid		—	(16,012)
Net cash outflow from operations		<u>(277,252)</u>	<u>(662,400)</u>
Investing activities			
Additions to property, plant and equipment		(2,345)	(3,322)
Proceeds from sale of property, plant and equipment		—	6,430
Proceeds from sale of subsidiary undertaking		900,000	—
Costs of sale of subsidiary undertaking		(65,681)	—
Cash and cash equivalents disposed with subsidiary undertaking		(689,449)	—
Interest received		9,109	27,721
Net cash inflow from investing activities		<u>151,634</u>	<u>30,829</u>
Financing			
Issue of share capital		—	357,542
Repayment of long-term borrowings		(69,660)	(36,712)
Repayment of finance lease liabilities		—	(8,762)
Cash (outflow)/inflow from financing activities		<u>(69,660)</u>	<u>312,068</u>
Net changes in cash and cash equivalents		(195,278)	(319,503)
Cash and cash equivalents, beginning of year		407,325	726,828
Cash and cash equivalents, end of year		<u>212,047</u>	<u>407,325</u>

The accompanying accounting policies and notes form an integral part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2009

1 Nature of Operations and General Information

The principal activity of Mission Capital plc (the “Company”) and its subsidiaries (together, the “group”) is property investment and management. The subsidiaries are Mission Capital (Gloucester) Limited, a property company, and Mission Real Estate Limited, the management company to Athens Investments Holding Group Limited. Karspace Management Limited, a company specialising in the provision of car park and traffic management services to both the public and private sectors, was disposed of during the year.

Mission Capital plc, a limited liability company, is the group’s ultimate parent company. It is registered in England and Wales. The address of Mission Capital plc’s registered office, which is also its principal place of business, is 24 Queen Anne Street, London, W1G 9AX. Mission Capital plc’s shares are quoted on the London Stock Exchange’s Alternative Investment Market (AIM).

These consolidated financial statements have been prepared using the recognition and measurement principles of International Financial Reporting Standards (“IFRS”) as adopted by the European Union. The accounting policies have been applied consistently to all the periods presented in the financial statements.

These consolidated financial statements are presented in British pounds (£), which is also the functional currency of the Company.

2 Principal Accounting Policies

Basis of preparation

The financial statements have been prepared under the historical cost convention except in relation to share based payments which are stated at their fair value at the time of grant, and except in relation to investment property which is carried at fair value. The measurement bases and principal accounting policies for the group are set out below:

The directors monitor the adequacy of working capital and regularly review forecasts to ensure that there are sufficient resources to meet anticipated requirements. The group’s principal borrowings are in excess of five years and are secured on the investment property. The directors do not anticipate selling the investment property in the short term. Recognising this and bearing in mind other available cash resources, the directors are confident that the company has sufficient working capital to meet its liabilities as they fall due. Given this the directors believe that it is appropriate to prepare the accounts on a going concern basis.

Basis of consolidation

The group financial statements consolidate those of the Company and of its subsidiary undertakings at the balance sheet date. Subsidiary undertakings are entities over which the group has the power to control the financial and operating policies so as to obtain benefits from their activities. The group obtains and exercises control through voting rights. A subsidiary undertaking ceases to be consolidated from the date when control is lost.

Profits or losses on intra-group transactions are eliminated in full. Acquisitions of subsidiaries are dealt with by the purchase method. On acquisition of a subsidiary, all of the subsidiary’s assets and liabilities which exist at the date of acquisition are recorded at their fair values reflecting their condition at that date. Goodwill is stated after separating out identifiable intangible assets. Goodwill represents the excess of acquisition cost over the fair value of the group’s share of the identifiable net assets of the acquired subsidiary at the date of acquisition.

IFRS 1 exemptions – business combinations completed prior to date of transition to IFRS

The group has elected not to apply IFRS3 Business Combinations retrospectively to business combinations prior to the date of transition, 1 October 2006. Accordingly the classification of the combination remains unchanged from that used under UK GAAP. Assets and liabilities are recognised at the date of transition as if they would be recognised under IFRS, and are measured using their

UK GAAP carrying amount immediately post-acquisition as deemed cost under IFRS, unless IFRS requires fair value measurement. Deferred tax is adjusted for the impact of any consequential adjustments after taking advantage of the transitional provisions.

Associates

Associates are those entities over which the group has significant influence but which are neither subsidiaries nor interests in joint ventures. Investments in associates are recognised initially at cost and subsequently accounted for using the equity method. Acquired investments in associates are also subject to purchase method accounting. However, any goodwill or fair value adjustment attributable to the share in the associate is included in the amount recognised as investment in associates.

All subsequent changes to the share of interest in the equity of the associate are recognised in the group's carrying amount of the investment. Changes resulting from the profit or loss generated by the associate are reported in "share of profits of associates" in the consolidated income statement and therefore affect net results of the group. These changes include subsequent depreciation, amortisation or impairment of the fair value adjustments of assets and liabilities.

Items that have been recognised directly in the associate's equity are recognised in the consolidated equity of the group. However, when the group's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the investor resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

Unrealised gains on transactions between the group and its associates are eliminated to the extent of the group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Amounts reported in the financial statements of associates have been adjusted where necessary to ensure consistency with the accounting policies adopted by the group.

Goodwill

Goodwill represents the excess of the cost of acquisition over the fair value of the identifiable net assets acquired and is capitalised.

Goodwill is subject to annual impairment testing. The recoverable amount is tested annually or when events or changes in circumstances indicate that it may be impaired. The recoverable amount is the higher of the fair value less costs and the value in use in the group. An impairment loss is recognised to the extent that the carrying value exceeds the recoverable amount. In determining a value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the goodwill that have not already been included in the estimate of future cash flows.

Goodwill previously written-off under UK GAAP prior to the adoption of IFRS for the restated balance sheet of 1 October 2006 has not been reinstated. Goodwill previously written off to reserves is not written back to profit or loss on subsequent disposal.

Revenue

Group revenue comprises the following:

- i receipts from management and operation of car parks. Where the group does not bear the significant risks and rewards of operating a car park, revenue comprises the net management fee receivable by the group. In all other cases, turnover comprises gross receipts from customers and this is shown as gross turnover on the income statement. In these cases, also shown on the face of the income statement is "landlords' share of parking receipts", which represents car parking receipts collected on behalf of car park owners. Turnover is exclusive of VAT.
- ii rental income from properties.
- iii management fee receivable for the management of properties.

With all streams of income, when the outcome of a transaction involving the provision of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the balance sheet date. The outcome of the transaction is deemed to be able to be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably
- it is probable that the economic benefits associated with the transaction will flow to the entity
- the stage of completion of the transaction at the balance sheet date can be measured reliably, and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Interest

Interest is recognised using the effective interest method which calculates the amortised cost of a financial asset and allocates the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying value of the financial asset.

All borrowing costs are expensed as incurred.

Discontinued operations

Net results from discontinued operations

A discontinued operation is a component of the entity that either has been disposed of, or is classified as held for sale, and:

- represents a separate major line of business or geographical area of operations
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations or
- is a subsidiary acquired exclusively with a view to resale.

The results from discontinued operations, including prior year components of profit or loss, are presented in a single amount in the income statement. This amount, which comprises the post-tax result of discontinued operations and the post-tax gain or loss resulting from the measurement and disposal of assets classified as held for sale, is further analysed in note 19.

The disclosures for discontinued operations in the prior year relate to all operations that have been discontinued by the balance sheet date for the latest period presented. Where operations previously presented as discontinued are now regarded as continuing operations, prior period disclosures are correspondingly re-presented.

Disposal of assets and discontinued operations

The gain or loss arising on the disposal of an asset is determined as the difference between the disposal proceeds and the carrying amount of the asset and is recognised in the income statement. The gain or loss arising from the sale of non-current assets is generally included in “other income” or “other expense” in the income statement.

In the current reporting period, Mission Capital plc has disposed of its trading subsidiary, Karspace Management Limited. The business is presented as a discontinued operation. See note 19 for further information.

Property, Plant and Equipment

Property, plant and equipment are stated at cost, net of depreciation and any provision for impairment, if applicable. Depreciation is calculated to write off the cost of all property, plant and equipment by equal instalments over their expected useful economic lives. The rates generally applicable are:

Land and buildings – leasehold improvements	Over the term of the lease
Fixtures, fittings and equipment	5 years on a straight line basis or over the period of the contract if shorter
Motor vehicles	Over the shorter of the period of the finance lease and useful economic life on a straight line basis

Material residual value estimates are updated as required, but at least annually, whether or not the asset is revalued.

Impairment testing of goodwill, and property, plant and equipment

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the group at which management monitors the related cash flows.

Impairment losses recognised for cash-generating units, to which goodwill has been allocated, are credited initially to the carrying amount of goodwill. Any remaining impairment loss is charged *pro rata* to the other assets in the cash generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties are revalued annually and are included in the balance sheet at their open market values. The surplus or deficit resulting from either a change in the fair value or the sale of an investment property is immediately recognised in the income statement.

Taxation

Current tax is the tax currently payable based on taxable profit for the period.

Deferred income taxes are calculated using the liability method on temporary differences. Deferred tax is generally provided on the difference between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, nor on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit.

Deferred tax on temporary differences associated with shares in subsidiaries and joint ventures is not provided if reversal of these temporary differences can be controlled by the group and it is probable that reversal will not occur in the foreseeable future. In addition, tax losses available to be carried forward as well as other income tax credits to the group are assessed for recognition as deferred tax assets.

Deferred tax liabilities are provided in full, with no discounting. Deferred tax assets are recognised to the extent that it is probable that the underlying deductible temporary differences will be able to be offset against future taxable income. Current and deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the balance sheet date.

Changes in deferred tax assets or liabilities are recognised as a component of tax expense in the income statement, except where they relate to items that are charged or credited directly to equity (such as the revaluation of land) in which case the related deferred tax is also charged or credited directly to equity.

Financial Assets

Financial assets are divided into the following categories: loans and receivables and available-for-sale financial assets. There are currently no available-for-sale financial assets in the financial statements. Financial assets are assigned to the different categories by management on initial recognition, depending on the purpose for which they were acquired. The designation of financial assets is re-evaluated at every reporting date at which a choice of classification or accounting treatment is available.

All financial assets are recognised when the group becomes a party to the contractual provisions of the instrument. Financial assets are recognised at fair value plus transaction costs.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Trade receivables are classified as loans and receivables. Loans and receivables are measured subsequent to initial recognition at amortised cost using the effective interest method, less provision for impairment. Any change in their value through impairment or reversal of impairment is recognised in the income statement.

Provision against trade receivables is made when there is objective evidence that the group will not be able to collect all amounts due to it in accordance with the original terms of those receivables. The amount of the write-down is determined as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate.

An assessment for impairment is undertaken at least at each balance sheet date.

A financial asset is de-recognised only when the contractual rights to the cash flows from the asset expire or the financial asset is transferred and that transfer qualifies for de-recognition. A financial asset is transferred if the contractual rights to receive the cash flows of the asset have been transferred or the group retains the contractual rights to receive the cash flows of the asset but assumes a contractual obligation to pay the cash flows to one or more recipients. A financial asset that is transferred qualifies for de-recognition if the group transfers substantially all the risks and rewards of ownership of the asset, or if the group neither retains nor transfers substantially all the risks and rewards of ownership but does transfer control of that asset.

Financial Liabilities

Financial liabilities are obligations to pay cash or other financial assets and are recognised when the group becomes a party to the contractual provisions of the instrument. Financial liabilities are recorded initially at fair value, net of direct issue costs, or at fair value through profit or loss account.

Financial liabilities categorised as at fair value through profit or loss are measured at each reporting date at fair value, with changes in fair value being recognised in the income statement. All other financial liabilities are recorded at amortised cost using the effective interest method, with interest-related charges recognised as an expense in finance cost in the income statement. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are charged to the income statement on an accruals basis using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

A financial liability is de-recognised only when the obligation is extinguished, that is, when the obligation is discharged or cancelled or expires.

Provisions

A provision is recognised in the balance sheet when the group has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation.

Employee Benefits

Defined contribution pension scheme: The pension cost charged against operating profits is the contributions payable to the scheme in respect of the accounting period.

Short-term employee benefits, including holiday entitlement are included in current pension and other employee obligations at the undiscounted amount that the group expects to pay as a result of the unused entitlement.

Leased Assets

In accordance with IAS 17 Leases, for finance leases, the economic ownership of a leased asset is transferred to the lessee if the lessee bears substantially all the risks and rewards related to the ownership of the leased asset. The related asset is recognised at the time of inception of the lease at the fair value of the leased asset or, if lower, the present value of the minimum lease payments plus incidental payments, if any, to be borne by the lessee. A corresponding amount is recognised as a finance leasing liability. Leases of land and buildings are split into land and buildings elements according to the relative fair values of the leasehold interests at the date the asset is initially recognised.

The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the income statement over the period of the lease.

All other leases are regarded as operating leases and the payments made under them are charged to the income statement on a straight line basis over the lease term. Lease incentives are spread over the term of the lease.

Share options

During 2005, the group issued a number of warrants which were expensed during the vesting period. The fair value was determined at the grant date using the Black-Scholes method, and was expensed together with a corresponding increase in equity over the vesting period, based on the group's estimate of the number of warrants that would vest.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

Equity

Equity comprises the following:

- “Share capital” represents the nominal value of equity shares;
- “Share premium account” represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue;
- “Equity reserve” represents the reserve in relation to warrants issued but not yet exercised; and
- “Retained earnings” represents retained profits.

Standards and interpretations currently in issue but not yet effective

The following new Standards and Interpretations, which are yet to become mandatory, have not been applied in the consolidated financial statements.

<i>Standard or Interpretation</i>	<i>Effective for reporting periods starting on or after</i>
IFRS 8 Operating Segments	1 January 2009
Amendment to IFRS 2 Vesting Conditions and Cancellations	1 January 2009
Improvements to IFRS 2008	various effective dates, mostly effective 1 January 2009 other than changes relating to business combinations
IAS 1 (Revised 2007) Presentation of Financial Statements	1 January 2009
IAS 23 (Revised 2007) Borrowing Costs	1 January 2009
Amendment to IAS 27 Consolidated and Separate Financial Statements	1 January 2009
Amendment to IAS 32 Financial Instruments: Puttable Financial Instruments and Obligations Arising on Liquidation	1 January 2009
Amendment to IFRS 7 Improving Disclosures about Financial Instruments	1 January 2009
IFRIC 15 Agreements for the Construction of Real Estate	1 January 2009
IAS 24 (Revised 2009) Related Party Disclosures	1 January 2011
IAS 27 Consolidated and Separate Financial Statements (Revised 2008)	1 July 2009
Amendment to IAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items	1 July 2009
Group Cash-settled Share-based Payment Transactions – Amendment to IFRS 2	1 January 2010
IFRS 3 Business Combinations (Revised 2008)	1 July 2009
IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments	1 July 2010
Prepayments of a Minimum Funding Requirement – Amendments to IFRIC 14	1 January 2011
Amendment to IFRS 1 Additional Exemptions for First-time Adopters	1 January 2010
Amendment to IAS 32 Classification of Rights Issues	1 February 2010

Based on the group's current business model and accounting policies, management does not expect material impacts on the consolidated financial statements when the Standards and Interpretations become effective, except the amendment to IAS 1 and IFRS 8 which will impact on the presentation of the financial statements. The group does not intend to apply any of these pronouncements early.

Critical accounting judgements and key sources of estimation and uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Impairment of goodwill

Goodwill relating to Karspace Management Limited amounting to £1,495,000 has been eliminated at the point of disposal of this subsidiary undertaking during the year. There are a number of assumptions management have considered in performing their review of the remaining goodwill in respect of Mission Capital (Gloucester) Limited amounting to £21,907, as determining whether goodwill is impaired requires an estimation of the value of the cash generating unit to which goodwill has been allocated. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the cash generating unit and a suitable discount rate in order to calculate present value. Further details are included in note 10 to the financial statements.

Investment property

The key assumptions and judgements in determining the fair value of the investment property are provided in note 12 to the financial statements.

3 Segment Analysis

The group has three streams of income, all of which relate to activities within the United Kingdom and to external customers. An analysis of gross turnover is given below:

	2009 £	2008 £
Car park management (discontinued)	2,967,450	3,282,155
Property trading	89,813	100,250
Property management	—	10,701
	<u>3,057,263</u>	<u>3,393,106</u>

An analysis of revenue is given below:

	2009 £	2008 £
Car park management (discontinued)	1,831,326	1,558,878
Property trading	89,813	100,250
Property management	—	10,701
	<u>1,921,139</u>	<u>1,669,829</u>

(Loss)/profit after taxation

	2009 £	2008 £
Class of business		
Car park management (discontinued)	140,511	148,181
Property trading (group)	(232,683)	28,564
Holding company operations	(964,566)	(1,625,024)
Property management	11,095	10,048
	<u>(1,045,643)</u>	<u>(1,438,231)</u>

An analysis of depreciation and impairment is as follows:

	2009 £	2008 £
Car park management (discontinued)	10,825	29,553
Holding company operations	21,907	454,570
	<u>32,732</u>	<u>484,123</u>

Net assets

	2009 £	2008 £
Class of business		
Car park management	—	731,558
Property trading (group)	(65,856)	166,827
Holding company operations	640,834	733,331
Property management	71,759	60,664
	<u>646,737</u>	<u>1,692,380</u>

Total liabilities

	2009 £	2008 £
Car park management	—	475,669
Property trading (group)	702,672	775,769
Holding company operations	74,699	490,914
Property management	280	11,191
	<u>777,651</u>	<u>1,753,543</u>

4 Loss Before Taxation

The loss before taxation for the group is stated after charging:

	2009 £	2008 £
Depreciation of property, plant and equipment		
– owned	10,825	20,915
– held under finance leases or hire purchase contracts	—	8,638
Impairment of goodwill	21,907	454,570
Change in fair value of investment property	150,000	250,000
Operating lease rentals	24,833	140,763
Auditor's remuneration		
Audit services	25,000	46,000
Non-audit services	25,105	41,390
Loss on disposal of property, plant and equipment	—	49,623
	<u> </u>	<u> </u>

Fees payable to the auditor for audit services comprises £25,000 (2008 – £46,000) for the audit of the Company's annual accounts. Fees payable to the auditor for non-audit services comprises £5,000 (2008 – £12,000) for the audit of the Company's subsidiaries, £6,505 (2008 – £4,940) for tax services, and £13,600 (2008 – £24,450) for other assurance and advisory services.

5 Other Interest Receivable and Similar Income

	2009 £	2008 £
Bank interest	4,822	27,721
Other interest	4,287	—
	<u>9,109</u>	<u>27,721</u>

6 Interest Payable

	2009 £	2008 £
On loans repayable after five years	41,488	56,083
Hire purchase interest	—	258
Other interest	849	47
	<u>42,337</u>	<u>56,388</u>

7 Taxation

	2009 £	2008 £
Domestic current period tax		
UK corporation tax	—	—
Adjustment in respect of prior years	—	(13,777)
Current tax credit	—	(13,777)
	2009 £	2008 £
Factors affecting the tax charge for the year		
Loss on ordinary activities before taxation	(1,045,643)	(1,452,008)
Loss on ordinary activities before taxation multiplied by standard rate of UK corporation tax 28% (2008: 20.5%)	(292,780)	(297,662)
Expenses not deductible for tax purposes	60,213	62,976
Tax rate adjustment	—	14,692
Consolidation adjustments and amounts not subject to taxation	163,363	144,437
Creation of tax losses	69,204	75,557
Adjustment in respect of prior years	—	(13,777)
Tax credit	—	(13,777)

Tax losses of some £1,170,000 (2008: £930,000) are not recognised in these financial statements, but are available to carry forward against future taxable profits.

8 Losses Per Share

The calculation of the basic loss per share is based on the losses attributable to the shareholders of Mission Capital plc divided by the weighted average number of shares in issue during the period.

	<i>Losses attributable to shareholders £</i>	<i>Weighted average number of shares £</i>	<i>Basic loss per share amount in pence £</i>
Year ended 30 September 2009	(1,045,643)	108,174,900	0.967
Year ended 30 September 2008	(1,438,231)	105,230,297	1.367

Fully diluted loss per share is also based upon the above figures as the warrants in issue are currently anti dilutive, but potentially dilutive in the future.

9 Financial Statements

The parent company has taken advantage of section 408 of the Companies Act 2006 and has not included its own income statement in these financial statements. The loss for the financial year was £231,127 (2008: loss of £2,174,241).

10 Goodwill

The main changes in the carrying amount of goodwill results from the disposal of Karspace Management Limited on 31 July 2009, and the impairment of the remaining goodwill relating to Mission Capital (Gloucester) Limited. The net carrying amount of goodwill can be analysed as follows:

	£
Gross carrying amount	1,971,477
Accumulated impairment	—
Carrying amount 1 October 2007	<u>1,971,477</u>
	£
Gross carrying amount	1,971,477
Accumulated impairment	(454,570)
Carrying amount 30 September 2008	<u>1,516,907</u>
	£
Gross carrying amount	21,907
Accumulated impairment	(21,907)
Carrying amount 30 September 2009	<u>—</u>

Changes in the net carrying amount of goodwill can be summarised as follows:

	£
Carrying amount 1 October 2007	1,971,477
Impairment loss recognised	(454,570)
Carrying amount 30 September 2008	1,516,907
Disposal	(1,495,000)
Impairment loss (administrative expenses)	(21,907)
Carrying amount 30 September 2009	<u>—</u>

Subsequent to the annual impairment tests, the carrying amount of goodwill has been allocated as follows:

	2009 £	2008 £
Karspace Management Limited	—	1,495,000
Mission Capital (Gloucester) Limited	—	21,907
	<u>—</u>	<u>1,516,907</u>

The group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

The recoverable amounts of the business units (cash-generating units) are determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to revenues and costs during the period. Management estimates discount rates using rates that reflect current market assessments of the time value of money and the risks specific to the business units. The rate used to discount the forecast cash flows for all business units is 10 per cent. (2008 – 10 per cent.).

The group prepares cash flow forecasts derived from the most recent financial budgets and forecasts approved by management, and extrapolates cash flows thereafter based on an estimated growth rate of 2 per cent., being the historical weighted average growth in the markets the group operates in. This rate does not exceed the average long-term growth rate for the relevant markets. Changes in revenues and costs are based on management forecasts.

11 Property, Plant and Equipment

	<i>Land and buildings, leasehold improvements</i> £	<i>Fixtures, fittings and equipment</i> £	<i>Motor vehicles</i> £	<i>Total</i> £
Gross carrying amount	9,907	141,902	25,991	177,800
Accumulated depreciation and impairment	(16)	(63,825)	(13,116)	(76,957)
Carrying amount 1 October 2007	<u>9,891</u>	<u>78,077</u>	<u>12,875</u>	<u>100,843</u>
Gross carrying amount	7,239	71,538	18,698	97,475
Accumulated depreciation and impairment	(841)	(64,441)	(13,635)	(78,917)
Carrying amount 30 September 2008	<u>6,398</u>	<u>7,097</u>	<u>5,063</u>	<u>18,558</u>

All property, plant and equipment had been disposed of by 30 September 2009.

The carrying amounts of property, plant and equipment for the periods presented in the consolidated financial statements as at 30 September 2009 are reconciled as follows:

	<i>Land and buildings, leasehold improvements</i> £	<i>Fixtures, fittings and equipment</i> £	<i>Motor vehicles</i> £	<i>Total</i> £
Carrying amount 1 October 2007	9,891	78,077	12,875	100,843
Additions	—	3,322	—	3,322
Disposals	(2,065)	(51,780)	(2,209)	(56,054)
Depreciation	(1,428)	(22,522)	(5,603)	(29,553)
Carrying amount 30 September 2008	6,398	7,097	5,063	18,558
Additions	—	2,345	—	2,345
Depreciation	(873)	(6,034)	(3,918)	(10,825)
Disposal of subsidiary undertaking	(5,525)	(3,408)	(1,145)	(10,078)
	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>

12 Investment Property

Investment property comprises a commercial property in Gloucester held within a subsidiary undertaking. The directors have revalued the investment property at each year end. In the absence of directly comparable market evidence, the valuation of the property has been based on other factors such as opinion from property valuers, the expected occupancy of the property, and discounted cash flow projections based on reliable estimates of future cash flows, using discount rates that reflect current market assessments.

Changes to the carrying amount are as follows:

	<i>2009</i> £	<i>2008</i> £
Carrying amount at 1 October	850,000	1,100,000
Change in fair value	(150,000)	(250,000)
Carrying amount at 30 September	<u>700,000</u>	<u>850,000</u>

13 Long-term Financial Assets

Interest in associated undertaking

	<i>Share of net assets</i> £	<i>Goodwill</i> £	<i>Total</i> £
Cost			
At 1 October 2008 and at 30 September 2009	55,082	206,140	261,222
Amounts written off			
At 1 October 2008 and at 30 September 2009	55,082	206,140	261,222
Carrying amount			
At 30 September 2009 and at 30 September 2008	—	—	—

At 30 September 2009, the group and Company held 20 per cent. of the ordinary share capital of Athens Investments Holding Group Limited, a property trading entity incorporated in the British Virgin Islands, with a year end of 31 December.

The group's share of the consolidated results, assets and liabilities of Athens Investments Holding Group Limited as at 30 September 2009 was:

	<i>2009</i> £	<i>2008</i> £
Turnover	—	506,437
Loss before tax	—	(1,546,951)
Loss after tax	—	(1,546,951)
Fixed assets	—	5,994,000
Current assets	—	157,277
Liabilities due within one year	—	(6,922,428)

If the investment in associate had been included at cost, it would have been included at the following amount:

	£
Cost	1,206,140

14 Trade and Other Receivables

	<i>2009</i> £	<i>2008</i> £
Trade receivables	29,509	142,815
Other receivables	482,832	227,280
Prepayments and accrued income	—	88,919
	512,341	459,014

Group amounts falling due after more than one year and included in the trade receivables above are:

	<i>2009</i> £	<i>2008</i> £
Other receivables	—	100,000

15 Cash and Cash Equivalents

Cash and cash equivalents include the following components:

	2009 £	2008 £
Cash at bank and in hand	212,047	601,444

16 Trade and Other Payables

	2009 £	2008 £
Trade payables	21,886	407,092
Other taxation and social security	—	129,207
Other payables	—	46,762
Accruals and deferred income	49,656	200,594
	<u>71,542</u>	<u>783,655</u>

17 Borrowings

Other borrowings at amortised cost:

	2009 £	2008 £
Bank loan and overdraft	706,109	969,888

Comprising:

	2009 £	2008 £
Current borrowings – overdraft	—	194,119
Current borrowings – loan	52,638	62,592
Total current borrowings	52,638	256,711
Non-current borrowings – loan	653,471	713,177
	<u>706,109</u>	<u>969,888</u>

Loan maturity analysis

	£	£
In more than one year but not more than two years	52,638	53,744
In more than two years but not more than five years	138,072	92,890
In more than five years	515,399	566,543

The loans, all with the Nationwide Building Society, are payable by instalments and subject to interest at three month LIBOR plus 1.25 per cent. The loans which fall due partly in more than five years are repayable by quarterly instalments. Loan 1 (total capital value outstanding of £653,998) is repayable by 1 October 2024. Loan 2 (total capital value outstanding of £45,497) is repayable by 14 March 2028. They are secured by way of fixed charges over a specific property and floating charges over the remaining assets of Mission Capital (Gloucester) Limited. The bank overdraft is secured by a fixed and floating charge over the assets of the group.

18 Pension Costs

Defined contribution

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund.

	2009 £	2008 £
Contributions payable by the group for the year	<u>7,247</u>	<u>12,494</u>

19 Disposal of Subsidiary Undertaking, and Discontinued Activities

On 31 July 2009, the group disposed of its shareholding in Karspace Management Limited. Revenue and expenses, gains and losses relating to the disposal of this subsidiary undertaking together with the net result from discontinued operations is shown on the face of the income statement.

Karspace Management Limited was sold for a total of £1,317,151 net of costs, analysed as follows:

	£
Cash	900,000
Deferred consideration	482,832
Less: costs	<u>(65,681)</u>
	<u>1,317,151</u>

The carrying amount of assets and liabilities disposed of may be summarised as follows:

	£
Property, plant and equipment	10,078
Trade and other receivables	270,339
Cash and cash equivalents	689,449
Trade and other payables	<u>(387,475)</u>
	<u>582,391</u>

Cashflows generated by Karspace Management Limited for the reporting periods under review until disposal can be summarised as follows:

	2009 £	2008 £
Operating activities	456,264	142,470
Investing activities	6,667	70,874
Financing activities	<u>(350,000)</u>	<u>(208,762)</u>
	<u>112,931</u>	<u>4,582</u>

20 Equity

Share capital

	2009 £	2008 £
Authorised 131,337,183 ordinary shares of 1p each	<u>1,313,372</u>	<u>1,313,372</u>
Allotted, called up and fully paid 108,174,872 ordinary shares of 1p each	<u>1,081,749</u>	<u>1,081,749</u>

On 29 November 2005, the Company issued 13,620,656 warrants to acquire shares. The warrants were exercisable immediately at a price of 7p per share with an expiry date of 29 November 2010. No warrants lapsed or were exercised in the year to 30 September 2009, and no additional warrants or options were granted.

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	2009		2008	
	<i>Weighted average exercise price per share p</i>	<i>Options No</i>	<i>Weighted average exercise price per share p</i>	<i>Options No</i>
Outstanding at 1 October	7	8,512,910	7	13,620,656
Exercised	7	—	7	(5,107,746)
Outstanding and exercisable at 30 September	<u>7</u>	<u>8,512,910</u>	<u>7</u>	<u>8,512,910</u>

The number of warrants outstanding and exercisable at 30 September 2009 was 8,512,910 (2008: 8,512,910) and the weighted average exercise price per share was 7p (2008: 7p). The weighted average remaining contractual life was 14 months (2008: 26 months).

Management used a Black-Scholes model to estimate the value of options granted. Significant inputs into the model included the weighted average share price at the grant date, the exercise price, weighted average volatility of 20 per cent., dividend yield of nil, an expected option life of 0-3 years, based on the terms of grant, and an annual risk-free interest rate of 4.14 per cent.

The key input to the model was the assumed share price volatility which management estimated to be 20 per cent. by reference to companies in similar sectors and stage of development. As a relatively newly listed company, management did not consider that there was sufficient information on the volatility of the Company's share price on which to take an estimate of expected future volatility. Also the Company's historical share price volatility was not considered to be a realistic indicator of future share price volatility.

At the period end the market price of Mission Capital Plc shares was 2.625p. During the period the maximum price was 2.625p and the minimum price was 0.375p.

21 Notes to the Cash Flow Statement

Cash flows from operating activities

	2009 £	2008 £
Loss before taxation	(1,045,643)	(1,452,008)
Adjustment for:		
Depreciation	10,825	29,553
Impairment of goodwill	21,907	454,570
Loss on disposal of Property, Plant and Equipment	—	49,624
Loss on disposal of subsidiary undertaking	760,240	—
Decrease/(increase) in trade and other receivables	159,166	(5,076)
Decrease in value of investment property	150,000	250,000
(Decrease)/increase in trade and other payables	(324,638)	54,670
Interest received	(9,109)	(27,721)
Interest paid	42,337	56,388
Cash generated from operating activities	<u>(234,915)</u>	<u>(590,000)</u>

22 Operating Lease Commitments

The group's minimum operating lease payments are as follows:

	2009 <i>Land and buildings</i> £	2009 <i>Other</i> £	2008 <i>Land and buildings</i> £	2008 <i>Other</i> £
Within one year	—	—	21,350	59,549
Between one and five years	—	—	85,400	30,097
More than five years	—	—	10,675	—
	<u>—</u>	<u>—</u>	<u>117,425</u>	<u>89,646</u>

Lease payments recognised as an expense during the year amount to £24,833 (2008: £140,763) and related to Karspace Management Limited.

23 Directors' Emoluments

	2009 £	2008 £
Non-executive directors	47,500	27,108
Executive directors	106,782	61,111
	<u>154,282</u>	<u>88,219</u>

The amounts above which are also included in wages and salaries are £44,167 (2008: £54,811).

24 Transactions with Directors

Non-executive directors are paid on a consultancy basis; but, for disclosure purposes, such sums are included in directors' remuneration. Included in trade creditors is £nil (2008: £nil) of fees not settled by the end of the period.

25 Employees

Number of employees

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

	2009 <i>Number</i>	2008 <i>Number</i>
Directors	5	5
Operational	7	8
Administration	53	64
	<u>65</u>	<u>77</u>

Employment costs

	2009 £	2008 £
Wages and salaries	962,293	1,231,874
Social security costs	90,336	109,618
Other pension costs	4,330	12,494
	<u>1,056,959</u>	<u>1,353,986</u>

26 Related Party Transactions and Controlling Related Party

No individual shareholder is in control of the Company.

Key management of the group is considered to be the non-executive directors. Details of their remuneration are set out in notes 24 and 25, and details of their interest in shares of the Company are set out in the Directors' Report.

27 Contingent Liabilities

At 30 September 2009 there were no material contingent liabilities.

At 30 September 2008, the company was engaged in litigation with two former directors over the termination of their employment. During the year ended 30 September 2009 this issue was fully resolved, and the company has no ongoing liabilities, actual or contingent, in respect of this matter.

28 Capital Commitments

The group had no capital commitments at 30 September 2009 or 30 September 2008.

29 Risk Management Objectives and Policies

Financial instruments

The group's financial instruments comprise cash and various items, such as trade receivables, trade payables etc, that arise directly from its operations. The purpose of these financial instruments is to raise finance and support for the group's operations.

The main risks arising from the group's financial instruments are interest rate risk, liquidity risk and credit risk. The directors review and agree policies for managing each of these risks and they are summarised below:

Interest rate risk

The group finances its operations through a mixture of retained profits, bank loans and leasing at prevailing market rates. At 30 September 2009 the amount of borrowing at floating rates (relative to LIBOR) was £706,109 (2008: £969,888) and at fixed rates was £nil (2008: £nil).

The following table illustrates the sensitivity of the group net profit for the year and equity to a reasonably possible change in interest rates of +1 per cent. and -1 per cent. (2008: +/-1 per cent.), with effect from the beginning of the year. The revised net loss and equity amounts are provided as follows:

	2009		2008	
	£	£	£	£
Net loss for the year	(1,058,809)	(1,032,477)	(1,446,172)	(1,430,290)
Equity	633,571	659,903	1,684,439	1,700,321

Liquidity risk

The group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

As at 30 September 2009, the group's financial liabilities have contractual maturities as summarised below:

	Current		Non-current	
	Within 6 months	Between 6 and 12 months	Between 1 and 5 years	Later than 5 years
	£	£	£	£
Financial liabilities	97,861	26,319	138,072	515,399

This compares to the maturity of the group's financial liabilities in the previous reporting year as summarised below:

	<i>Current</i>		<i>Non-current</i>	
	<i>Within 6 months</i>	<i>Between 6 and 12 months</i>	<i>Between 1 and 5 years</i>	<i>Later than 5 years</i>
	£	£	£	£
Financial liabilities	879,863	31,296	146,634	566,543

Credit risk

The group's exposure to credit risk is limited to the carrying amount of financial assets recognised at the balance sheet date, as summarised below:

	2009	2008
	£	£
Trade and other receivables	512,341	370,095
Cash and cash equivalents	212,047	601,444
	<u>724,388</u>	<u>971,539</u>

The group's principal financial assets are cash deposits and trade receivables. Risks associated with cash deposits are limited as the banks used have high credit ratings assigned by international credit rating agencies.

The principal credit risk lies with trade receivables. In order to manage credit risk, the directors set limits for customers based on a combination of payment history and third party credit references. Credit limits are reviewed on a regular basis in conjunction with debt aging and collection history.

The group's management considers that all the above financial assets that are not impaired for each of the balance sheet dates under review are of good credit quality, including those that are past due.

Ageing of receivables past due but not impaired:

	2009	2008
	£	£
Not more than 1 month	—	11,658
More than 1 month but not more than 3 months	—	41,367
More than 3 months but not more than 6 months	—	207
More than 6 months but not more than 1 year	29,500	441
More than 1 year	—	2,562
	<u>29,500</u>	<u>56,235</u>

The group has no un-drawn committed overdraft facilities.

Other risks

The directors consider that the group's exposure to price risk and credit risk is adequately managed.

Fair values

The fair values of the Company's financial assets and liabilities at 30 September 2009 are not materially different from their carrying values.

30 Summary of Financial Assets and Liabilities by Category

The carrying amounts of the assets and liabilities as recognised at the balance sheet of the years under review may also be categorised as follows:

	2009 £	2008 £
Loans and receivables	724,388	971,539
Financial liabilities at amortised cost	<u>777,651</u>	<u>1,624,336</u>

31 Capital Management Policies and Procedures

The group's capital management objectives are to ensure the group's ability to continue as a going concern and to provide an adequate return to shareholders, by pricing its offerings commensurately with the level of risk.

Although Mission Capital plc is not constrained by any externally imposed capital requirements, its goal is to maximise its capital-to-overall financing structure ratio.

The group monitors capital on the basis of the carrying amount of equity less cash and cash equivalents as presented on the face of the balance sheet.

The group sets the amount of capital in proportion to its overall financing structure and manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets. Capital for the reporting years under review is summarised as follows:

	2009 £	2008 £
Capital		
Total equity	646,737	1,692,380
Less cash and cash equivalents	(212,047)	(601,444)
	<u>434,690</u>	<u>1,090,936</u>
	2009 £	2008 £
Overall financing		
Total equity	646,737	1,692,380
Plus borrowings	706,109	969,888
	<u>1,352,846</u>	<u>2,662,268</u>
Capital-to-overall financing ratio	<u>32.1%</u>	<u>40.9%</u>

COMPANY BALANCE SHEET AT 30 SEPTEMBER 2009

	<i>Note</i>	<i>2009</i> £	<i>2008</i> £
Fixed assets			
Investments	4	100	1,783,491
		<u>100</u>	<u>1,783,491</u>
Current assets			
Debtors	5	578,909	36,972
Cash at bank and in hand		208,534	1,100
		<u>787,443</u>	<u>38,072</u>
Creditors: amounts falling due within one year	6	<u>(146,909)</u>	<u>(949,802)</u>
Net current assets/(liabilities)		<u>640,534</u>	<u>(911,730)</u>
Total assets less current liabilities		<u>640,634</u>	<u>871,761</u>
Capital and reserves			
Called up share capital	7	1,081,749	1,081,749
Share premium account	8	3,960,673	3,960,673
Equity reserve	8	54,390	54,390
Profit and loss account	8	<u>(4,456,178)</u>	<u>(4,225,051)</u>
Shareholders' funds – equity interests		<u>640,634</u>	<u>871,761</u>

The financial statements were approved by the Board and authorised to be issued on 3 March 2010.

Philip Goldenberg
Director

C R L Phillips
Director

NOTES TO THE COMPANY FINANCIAL STATEMENTS

For the year ended 30 September 2009

1 Principal Accounting Policies

Basis of preparation

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below.

The financial statements are prepared under the historical cost convention.

The parent company has taken advantage of section 408 of the Companies Act 2006 and has not included its own profit and loss account in these financial statements. The loss for the financial year was £231,127 (2008: £2,174,241).

Turnover

Company revenue comprises management fees from subsidiary undertakings.

Investments

Investments are stated at cost less provision for any impairment.

Leased assets

Rentals payable under operating leases are charged to the profit and loss account in equal annual amounts over the lease term.

Pensions

The Company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the Company to the fund in respect of the year.

Deferred taxation

Deferred tax is recognised in respect of all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse, based on tax rates and laws enacted or substantively enacted by the balance sheet date.

Deferred tax assets and liabilities are not discounted.

Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

Share options

During 2005, the group issued a number of warrants, which vested immediately, and hence were expensed during that accounting period. The fair value was determined at the grant date using the Black-Scholes method, and was expensed together with a corresponding increase in equity over the vesting period, based on the group's estimate of the number of warrants that would vest.

2 Auditor's Remuneration

Auditor's remuneration attributable to the Company is given in note 4 to the group financial statements:

3 Employees

Employment costs

	2009 £	2008 £
Wages and salaries	—	91,816
Social security costs	—	12,520
	<u>—</u>	<u>104,336</u>

Details of directors' remuneration are given in note 23 to the group financial statements.

4 Fixed Asset Investments

	<i>Shares in participating interests £</i>
Cost	
At 1 October 2008 and at 30 September 2009	<u>1,206,140</u>
Amounts written off	
At 1 October 2008 and at 30 September 2009	<u>1,206,140</u>
Net book amount at 30 September 2009	<u>—</u>
Net book amount at 30 September 2008	<u>—</u>
	<i>Shares in group undertakings £</i>
Cost	
At 1 October 2008	3,160,249
Disposals	<u>(1,494,700)</u>
At 30 September 2009	<u>1,665,549</u>
Provisions for diminution in value	
At 1 October 2008	1,376,758
Provided in the year	<u>288,691</u>
At 30 September 2009	<u>1,665,449</u>
Net book amount at 30 September 2009	<u>100</u>
Net book amount at 30 September 2008	<u>1,783,491</u>

Holdings of more than 20 per cent.

The company disposed of its shareholding in Karspace Management Limited during the year. The company holds more than 20 per cent. of the share capital of the following companies:

<i>Company Subsidiary undertakings</i>	<i>Country of registration or incorporation</i>	<i>Class</i>	<i>Shares held %</i>
Mission Capital (Gloucester) Limited	Great Britain	Ordinary	100
Mission Real Estate Limited	Great Britain	Ordinary	100

The principal activity of these undertakings for the last relevant financial year was as follows:

Mission Capital (Gloucester) Limited	Property trading
Mission Real Estate Limited	Property management

All the subsidiary companies have been included in these consolidated accounts.

5 Debtors

	<i>2009</i> £	<i>2008</i> £
Amounts owed by group undertakings	96,077	—
Other debtors	482,832	36,972
	<u>578,909</u>	<u>36,972</u>

All debtors fall due within one year of the balance sheet date.

6 Creditors: Amounts falling due within one year

	<i>2009</i> £	<i>2008</i> £
Bank overdraft	—	194,119
Trade creditors	21,610	187,591
Amounts owed to group undertakings	71,910	460,378
Other creditors	1,827	—
Accruals and deferred income	51,562	107,714
	<u>146,909</u>	<u>949,802</u>

The bank overdraft is secured by a fixed and floating charge over the assets of the group.

7 Share Capital

	<i>2009</i> £	<i>2008</i> £
Authorised 131,337,183 ordinary shares of 1p each	<u>1,313,372</u>	<u>1,313,372</u>
Allotted, called up and fully paid 108,174,872 ordinary shares of 1p each	<u>1,081,749</u>	<u>1,081,749</u>

Details relating to the company's warrants are provided in note 20 to the group financial statements.

8 Reconciliation of Movements in Shareholders' Funds

	<i>Share premium account £</i>	<i>Equity reserve £</i>	<i>Profit and loss account £</i>
Balance at 1 October 2007	3,654,208	87,023	(2,083,443)
Loss for the year	—	—	(2,174,241)
Issue of share capital	306,465	—	—
Warrants exercised	—	(32,633)	32,633
Balance at 30 September 2008	<u>3,960,673</u>	<u>54,390</u>	<u>(4,225,051)</u>
Loss for the year	—	—	(231,127)
Balance at 30 September 2009	<u><u>3,960,673</u></u>	<u><u>54,390</u></u>	<u><u>(4,456,178)</u></u>

9 Related Party Transactions and Controlling Related Party

The Company has taken advantage of the exemption granted by FRS 8 not to disclose transactions with other wholly owned group companies. There were no other related party transactions.

10 Contingent Liabilities

There were no material contingent liabilities as at 30 September 2009.

Details of contingent liabilities impacting the Company as at 30 September 2008 are provided in note 27 to the group financial statements.

11 Capital Commitments

The Company had no capital commitments at 30 September 2009 or 30 September 2008.

PART VII

ADDITIONAL INFORMATION

1 Responsibility Statement

- 1.1 The Company, the Existing Directors and the Proposed Directors, whose names and functions appear on page 4 of this document, accept responsibility, both individually and collectively, for compliance with the AIM Rules and the information contained in this document, other than information for which responsibility is taken by others pursuant to paragraph 1.2 below. To the best of the knowledge and belief of the Company, the Existing Directors and the Proposed Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.
- 1.2 For the purpose of Rule 19.2 of the City Code, the Proposed Directors accept responsibility for the information contained in this document relating to the Concert Party. To the best of the knowledge and belief of the Proposed Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document relating to the Concert Party for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.

2 The Company

- 2.1 The Company was incorporated on 22 August 2005 as a public company. It was established with the primary objective of investing in property backed trading businesses, property related businesses and property where active management could substantially increase value.
- 2.2 The Company's registered office and principal place of business is at 24 Queen Anne Street, London W1G 9AX and its telephone number is 020 7291 8807. The Company is domiciled in England and the primary legislation under which the Company operates is the Act.
- 2.3 The current website address of the Company is www.missioncapitalplc.co.uk and following Admission the website will be www.quindell.com.
- 2.4 The accounting reference date of the Company is 30 September.
- 2.5 As at the date of this document, the Company has the following wholly-owned subsidiaries:
 - 2.5.1 Mission Capital (Gloucester) Limited, a private company incorporated in England and Wales on 13 September 2002, registered with number 04534499 and with the name First Property Trading Limited, with its registered office at 24 Queen Anne Street, London W1G 9AX. Its principal activity is acting as a property holding company.
 - 2.5.2 Mission Real Estate Limited, a private company incorporated in England and Wales on 29 September 2006, with its registered address at 24 Queen Anne Street, London W1G 9AX. Mission Real Estate Limited is dormant and an application has been made to the Registrar of Companies to strike off and dissolve the company.
 - 2.5.3 Following Completion, Quindell will become a wholly-owned subsidiary of the Company. Quindell does not have any subsidiaries.

3 Share Capital

- 3.1 On 1 October 2007, being the first day of the period required to be disclosed in this document as required under paragraph 21 of Annex I of the Prospectus Rules (as applied to AIM quoted companies by Schedule Two to the AIM Rules), the authorised share capital of the Company was £1,750,000 divided into 175,000,000 Ordinary Shares and the issued share capital of the Company was 108,050,157 Ordinary Shares.

- 3.2 On 28 April 2008, the Company allotted 5,107,746 Ordinary Shares fully paid following the exercise of certain warrants.
- 3.3 By resolution of the shareholders of the Company passed on 30 April 2008 it was resolved that authority be granted to the directors of the Company to allot relevant securities (as defined in section 80 of the 1985 Act) up to an aggregate nominal amount of £343,000 provided that such authority was to expire on whichever was the earlier of the date of the next annual general meeting or 30 April 2009.
- 3.4 By resolution of the shareholders of the Company passed on 29 April 2009 it was resolved that authority be granted to the directors of the Company to allot relevant securities (as defined in section 80 of the 1985 Act) up to an aggregate nominal amount of £360,580 provided that such authority was to expire on whichever was the earlier of the date of the next annual general meeting or 29 April 2010.
- 3.5 By resolution of the shareholders of the Company passed on 29 March 2010 it was resolved that authority be granted to the directors of the Company under section 551 of the Act to allot equity securities (as defined in section 560 of the Act) up to an aggregate nominal amount of £360,580 provided that such authority was to expire on whichever was the earlier of the date of the next annual general meeting or 29 March 2011.
- 3.6 On Admission the Existing Shares and the Consideration Shares will rank *pari passu* in all respects.
- 3.7 The authorised and issued share capital of the Company at the date of this document and as it will be immediately following Admission is as follows:

	<i>Authorised</i>		<i>Issued and fully paid</i>	
	<i>Ordinary Shares Amount</i>	<i>Number</i>	<i>Ordinary Shares Amount</i>	<i>Number</i>
Current	£1,313,371.83	131,337,183	£1,081,748.72	108,174,872
Immediately following Admission	£20,000,000	2,000,000,000	£13,516,026.03	1,351,602,603

- 3.8 All Ordinary Shares represent capital in the Company. No Ordinary Shares are held by or on behalf of the Company or its subsidiaries.
- 3.9 No share capital of the Company or its subsidiaries is under option or has been granted conditionally or unconditionally to be put under option and no person has any rights to purchase the authorised but unissued capital of the Company.
- 3.10 The Company has entered into a Warrant Instrument pursuant to which the Company will, subject to certain conditions, issue warrants to: (i) Daniel Stewart as to 3 per cent. of the Company's issued share capital on Admission and (ii) LOM as to £300,000, and in both cases such warrants are exercisable at the Admission Price.

4 Articles of Association

4.1 *Objects*

The Company's principal objects are to carry on business as a general commercial company and to carry on any other trade or business which may seem to the Company and its directors to be advantageous and to directly or indirectly to enhance all or any of the business of the Company.

4.2 *Rights under the Articles*

The following is a summary of the rights under the Articles (and, in particular, relating to voting, transfers, entitlement to share in the profits and, in the event of liquidation, in any surplus) which attach to the Ordinary Shares.

(a) *Voting rights*

Subject to the provisions of the Act, Shareholders shall have the right to receive notice of and to attend and to vote at all general meetings of the Company. Save as otherwise provided in the Articles, on a show of hands each holder of Ordinary Shares present in person and entitled to vote shall have one vote and upon a poll every member present in person or by proxy and entitled to vote shall have one vote for each share held by him.

No member shall be entitled to vote at any general meeting if any call or other sum presently payable by him in respect of shares remains unpaid or if a Shareholder has been served by the directors with a restriction notice in the manner described in the Articles.

(b) *Restrictions on Ordinary Shares*

If a Shareholder or any person appearing to be interested in any Ordinary Shares has been served with a notice pursuant to the 1985 Act and is in default in supplying to the Company information required within a prescribed period after the service of such notice, the directors may serve on such Shareholder, or on any such person, a notice (a “direction notice”) in respect of the Ordinary Shares in relation to which the default occurred (“default shares”) directing that in relation to such Ordinary Shares the Shareholder shall not be entitled to be present or to vote at any general meeting or class meeting of the Company. Where the default Ordinary Shares represent at least 0.25 per cent. of the class of shares the direction notice may in addition direct, among other things, that any dividend or other money which would otherwise be payable on such Ordinary Shares shall (in whole or in part) be retained by the Company without any liability to pay interest and that no transfer of any of the Ordinary Shares held by the Shareholders shall be registered unless the Shareholder is not itself in default in supplying the information required and the Shareholder proves to the satisfaction of the directors that no person in default is interested in any Ordinary Shares the subject of the transfer. The direction notice will not, however, prohibit the registration, or among other things, a transfer pursuant to a sale of the whole beneficial ownership of the relevant Ordinary Shares to an unconnected party. The prescribed period referred to above means 14 days from the date of service of the notice under the 1985 Act.

(c) *Variation of class rights and alteration of capital*

If at any time the share capital of the Company is divided into different classes of shares, the rights attached to any class of shares may, subject to the Act and any other statute or subordinate legislation concerning companies (the “Statutes”), be modified, abrogated or varied either with the consent in writing of the holders of three-fourths in nominal value of the issued shares of that class or with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting the provisions of the Articles relating to general meetings apply but so that the necessary quorum at such a meeting other than an adjourned meeting shall be two persons holding or representing by proxy at least one-third in nominal value of the issued shares of the relevant class and at an adjourned meeting those members present shall be a quorum. Any holder of shares of the relevant class present in person or by proxy may demand a poll upon which every holder of shares of that class shall be entitled to one vote for every such share held by him. The rights attached to any class of shares shall, unless otherwise expressly provided by the terms of issue of such shares or by the terms upon which such shares are for the time being held, be deemed not to be modified, abrogated or varied by the creation or issue of further shares ranking *pari passu* therewith or the purchase or redemption by the Company of any of its own shares in accordance with the Statutes and the Articles.

The Company may by ordinary resolution increase its share capital, consolidate and divide all or any of its share capital into shares of larger amount, sub-divide its shares into shares of smaller amount and cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person.

Subject to any consent required by the Statutes, the Company may by special resolution reduce its share capital, any capital redemption reserve and any share premium account in any manner.

Subject to the provisions of the Statutes, any Ordinary Shares may be issued on terms that they may be redeemed or are liable to be redeemed at the option of the Company or the Shareholders on the terms and in the manner provided for by the Articles.

Subject to the provisions of the Statutes and the Articles, the Company may purchase its own Ordinary Shares (including any redeemable shares).

(d) *Transfer of Ordinary Shares*

Subject to the following paragraph, the instrument of transfer of an Ordinary Share shall be signed by or on behalf of the transferor (and, in the case of an Ordinary Share which is not fully paid, by or on behalf of the transferee) and the transferor shall be deemed to remain the holder of the Ordinary Shares until the name of the transferee is entered in the register. All transfers shall be effected by instrument in writing, in the usual or common form or any other form which the directors may approve. The directors may, in their absolute discretion and without giving any reason, refuse to register any transfer of Ordinary Shares upon which the Company has a lien (but the Company may not have a lien on a fully paid Ordinary Share). The directors may likewise refuse to register the transfer of an Ordinary Share which is not fully paid. The directors may decline to recognise any instrument of transfer unless it is left at the registered office of the Company, accompanied by the relevant certificate and such other evidence as the directors may reasonably require to show the right of the transferor to make the transfer and unless the instrument of transfer is in respect of only one class of Ordinary Share and in the case of a transfer to joint holders, the transfer if not joint holders, the transfer is not in favour of more than four persons jointly. The registration of transfers may be suspended by the directors for any period not exceeding 30 days in any year.

Notwithstanding any other provision of the Articles to the contrary, any Ordinary Shares may be held in uncertificated form and title to Ordinary Shares may be transferred by means of a relevant system such as CREST.

(e) *Dividends and distributions on liquidation to shareholders*

The Company in general meeting may declare dividends, but no dividend shall exceed the amount recommended by the directors. Subject to any priority, preference or special rights, all dividends shall be declared and paid according to the amounts paid up on the Ordinary Shares in respect of which the dividend is paid and shall be apportioned and paid proportionately to the amounts paid up on the Ordinary Shares during any portion of the period in respect of which the dividend is paid.

The directors may pay such interim dividends as they think fit and may pay the fixed dividends payable on any Ordinary Shares half-yearly or otherwise.

No dividend or interim dividend shall be paid otherwise than in accordance with the provisions of the Statutes.

Unless otherwise provided by the rights attached to any Ordinary Share, no dividends in respect of an Ordinary Share shall bear interest.

If the Company is to be wound up, the liquidator may, with the sanction of an extraordinary resolution of the Company and any other sanction required by the Statutes, divide amongst the Shareholders in specie or in kind the whole or any part of the assets of the Company and may, for such purpose, set such value as the liquidator deems fair upon any property to be divided and may determine how such divisions shall be carried out.

The directors may, with the sanction of an ordinary resolution of the Company in general meeting, capitalise any sum standing to the credit of any of the Company's reserve accounts (including any share premium account, capital redemption reserve or other undistributable

reserve) or any sum standing to the credit of profit and loss account by appropriating such sums to the holders of Ordinary Shares on the register of members at the close of business on the date of the resolution (or such other date as may be specified therein or determined as therein provided) in proportion to their then holdings of Ordinary Shares and applying such sum on their behalf in paying up in full unissued Ordinary Shares (or, subject to any special rights previously conferred on any shares or class of shares for the time being issued, unissued shares of any other class not being redeemable shares) for allotment and distribution credited as fully paid to and amongst them as bonus shares in the proportion aforesaid.

Any dividend unclaimed for a period of 12 years after it became due for payment shall be forfeited and cease to remain owing by the Company and thereafter shall belong to the Company absolutely.

(f) *Pre-emption rights*

There are no pre-emption rights on transfer attaching to the Ordinary Shares, subject to the provisions of the Act.

(g) *Appointment and removal of directors*

The number of the directors of the Company (other than alternate directors) is not subject to any maximum but must not be less than two. The Company may by ordinary resolution elect any person to be a director. The board also has powers to appoint a person as a director but such person will only hold office until the next annual general meeting and will then be eligible for re-election. No shareholding qualification for officers or directors is required.

The office of a director will be vacated if the director resigns, becomes bankrupt or is the subject of other insolvency-related proceedings, in certain circumstances where the director is suffering from mental disorder, if the director is absent from meetings of the board for six months without leave and the board resolves that the director's office should be vacated, if requested in writing by all the other directors to resign, if the director is an executive director and ceases to hold that office and the majority of the other directors resolve that such office be vacated, or if the director is removed or becomes prohibited from being a director under any provision of applicable statutes.

At every annual general meeting one-third of the directors or, if their number is not a multiple of three, then a number nearest to but not exceeding one-third shall retire from office and be eligible for re-election. No person other than a director retiring at the meeting shall, unless recommended by the board, be eligible for election to the office of director at any general meeting unless not less than seven nor more than 30 days before the date appointed for the meeting there has been left a notice in writing at the registered office of the Company, signed by a member duly qualified to attend and vote at the meeting, of the Shareholder's intention to propose the person for election and a written notice signed by that person of his willingness to be elected. The Company has power by ordinary resolution (of which special notice has been given) to remove any director from office before the expiration of his period of office and may by ordinary resolution appoint another person in his place.

(h) *Meetings of directors*

At meetings of the board questions are determined by a majority of votes and in the case of an equality of votes the chairman of the board shall have a second or casting vote. The quorum at directors' meetings may be fixed by the Directors but otherwise shall be two. The board may delegate any of its powers to committees consisting of such number of directors as it thinks fit.

(i) *Directors' interests*

Subject to relevant statutory provisions and provided that he has disclosed to the board the nature of his interest, a director shall not be qualified by his office from entering into any contract, transaction, arrangement or proposal with the Company, or acting in a professional capacity for the Company. Subject to relevant statutory provisions, no contract, arrangement,

transaction or proposal in which a director is interested shall be liable to be avoided and the director shall not be liable to account to the Company for any remuneration, profit or other benefits realised from the contract, arrangement, transaction or proposal by reason of his holding that office.

A director may be a director or other officer of or member of, or otherwise interested in, any company promoted by the Company or in which the Company may be interested and shall not be accountable to the Company for any benefit received by him as a director, officer, servant or from his interest in any such other body corporate.

Save as otherwise provided by the Articles, a director shall not vote on, or be counted in the quorum in respect of, any resolution of the board concerning a matter in which he has, directly or indirectly, a material interest (other than by virtue of his interests in shares, debentures or other securities of, or in, or through, the Company).

Subject to the provisions of the Act, a director (including an alternate director) shall (in the absence of some other material interest than is indicated below) be entitled to vote (and be counted in the quorum) in respect of a resolution relating to any of the following matters, namely:

- (i) the giving of any security, guarantee or indemnity in respect of:
 - (a) money lent or obligations incurred by him or any other person at the request of or for the benefit of the Company or any of its subsidiary undertakings; or
 - (b) a debt or obligation of the Company or any of its subsidiary undertakings for which he himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security;
- (ii) any proposal whereby the Company or any of its subsidiary undertakings is offering securities under an offer in which he is or may be entitled to participate as a holder of securities or in the underwriting or sub-underwriting of which he is to participate;
 - (a) any proposal relating to any other company in which he does not to his knowledge hold an interest in shares (as that expression is defined for the purposes of Chapter 2 of Part 18 of the Act) representing one per cent. or more of either any class of the equity share capital of such company or the voting rights in such company;
 - (b) any arrangement for the benefit of employees of the Company or any of its subsidiary undertakings which does not award him any privilege or benefit not generally awarded to the employees to whom such arrangement relates; and
 - (c) any proposal concerning insurance which the Company proposes to maintain or purchase for the benefit of persons including directors of the Company.
- (j) *Directors' fees and expenses*

The directors shall be paid out of the funds of the Company for their services as directors such aggregate sums (not exceeding £200,000 per annum, or such larger amount as the Company may by ordinary resolution approve) as the board may determine. Any such sums shall be distinct from any salary, remuneration or other amounts payable to a director pursuant to other provisions of the Articles.

The directors are entitled to be paid all reasonable travelling, hotel and other expenses properly incurred in attending meetings of the board, committees of the board, general meetings or otherwise in connection with the business of the Company.
- (k) *Share qualification*

A director is not required to hold any shares in the Company.

(l) *Borrowing powers*

Subject to relevant statutory provisions and as provided in the Articles, the directors may exercise all the powers of the Company to borrow money and to mortgage or charge the undertaking, property, assets and uncalled capital of the Company and to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party. The directors shall restrict the borrowings of the Company so as to secure that the aggregate amount at any one time owing by the Company in respect of monies borrowed, determined in accordance with the Articles, shall not without the sanction of an ordinary resolution of the Company exceed (before the first audited consolidated balance sheet of the Company and its subsidiaries are laid before the Company in general meeting) £20,000,000 and, at any time thereafter, an amount equal to £20,000,000 or, if greater, three times the adjusted capital and reserves of the Company.

(m) *General meetings*

The Company shall hold an annual general meeting in each year and not more than 15 months shall elapse between annual general meetings. All meetings other than annual general meetings shall be general meetings. The directors may call a general meeting whenever they think fit and shall call a general meeting upon requisition in accordance with the Act.

An annual general meeting shall be called on not less than 20 business days' notice. A general meeting at which a special resolution is to be proposed shall be called on 21 days' notice, and all other general meetings shall be called on 14 days' notice. The period of notice excludes the day on which notice is served or deemed to be served and the day on which the general meeting is to be held. Any notice, if served by post, shall be deemed to have been served 24 hours after the notice has been posted or, in the case of a notice contained in an electronic communication, at the expiration of 48 hours after the time it was sent.

5 Interests

The interests of each of the Existing Directors and the Proposed Directors in the share capital of the Company (all of which are beneficial unless otherwise stated), including the interests of any person connected with any Director (within the meaning of sections 252-254 of the Act) and the existence of which is known to such Existing Director or Proposed Director or could with reasonable diligence be ascertained by him, as at 28 April 2011 (being the latest practicable date prior to the date of this document) are, and immediately following Admission will be, as follows:

	<i>Current</i>		<i>Immediately following Admission</i>	
	<i>Number of Ordinary Shares</i>	<i>Percentage of Existing Share Capital</i>	<i>Number of Ordinary Shares</i>	<i>Percentage of Enlarged Share Capital</i>
<i>Existing Directors</i>				
P Goldenberg	500,000	0.46	500,000	0.04
R P Burrow ¹	15,674,532	14.5	15,674,532	1.16
G Ciardi	10,000,000	9.2	10,000,000	0.74
C R L Phillips	Nil	Nil	Nil	Nil
<i>Proposed Directors</i>				
R Terry ²	Nil	Nil	575,900,331	42.61
D Milton	Nil	Nil	29,724,764	2.20
S Scott ³	Nil	Nil	1,742,482	0.13
T Bowers	Nil	Nil	1,161,655	0.09

1 8,553,873 of the Ordinary Shares in which Robert Burrow is interested are held by Control Components Limited and 4,566,786 are held by Langdale Overseas Property Services PLC. 2,553,873 are held by the Robert Burrow Consultancy LLP (of which Robert Burrow is a designated member).

2 Immediately following Admission Robert Terry will also have an indirect holding in the Enlarged Group of 18,942,171 Ordinary Shares, representing approximately 1.40 per cent. of the Enlarged Share Capital, which are held through the RST Accumulation & Maintenance Trust, of which Robert Terry is the principal beneficiary.

3 Immediately following Admission Steve Scott will also have an indirect holding in the Enlarged Group of 70,860,925 Ordinary Shares, representing approximately 5.24 per cent. of the Enlarged Share Capital, which are held through Bickleigh Ridge Limited, a company of which Mr Scott is a director and beneficial owner.

6 The City Code

- 6.1 Neither the Concert Party nor any person acting in concert with any member of the Concert Party has any interests, rights to subscribe or short positions in the relevant securities of the Company, nor has any such person dealt for value in any relevant securities in the disclosure period (see below for definitions).
- 6.2 Save as disclosed in this paragraph 6, neither:
- 6.2.1 any associate of the Company falling within paragraph (1) of the definition of “Associate” in the City Code (a “category (1) associate”); nor
 - 6.2.2 any connected adviser of the Company or any associated company, or any category (1) associate of such a connected adviser; nor
 - 6.2.3 any person controlling, controlled by or under the same control as any connected adviser referred to in paragraph 6.2.2 above (other than an exempt principal trader or an exempt fund manager); nor
 - 6.2.4 the Directors (together with their close relatives and related trusts); nor
 - 6.2.5 any employee benefit trust of the Company or of a company covered in paragraph 6.2.1 above; nor
 - 6.2.6 any Company pension fund or pension funds of a company covered in paragraph 6.2.1 above; nor
 - 6.2.7 in relation to the Company an investment company, unit trust or other person whose investments an associate (or otherwise defined in paragraph 6.2.1 above) manages on a discretionary basis, in respect of the relevant securities accounts; nor
 - 6.2.8 a company having a material trading arrangement with the Company,
has any interest, right to subscribe or holds a short position in relation to, relevant securities, nor has any such person dealt in any relevant securities during the disclosure period.
- 6.3 No agreement, arrangement or understanding exists to transfer to any other person the relevant securities to be acquired pursuant to the Proposals or by members of the Concert Party.
- 6.4 No member of the Concert Party, nor the Company, nor any person acting in concert with the Company or the Concert Party has borrowed or lent any relevant securities. No relevant securities have been borrowed or lent by the Directors or any parties acting in concert with them.
- 6.5 Save as disclosed in this document, no agreement, arrangement or understanding (including any compensation arrangement) exists between Quindell, the Concert Party, any Director, recent director, Shareholder or recent Shareholder and any other person having any connection with or dependence upon the Proposals.
- 6.6 There are no arrangements in place in relation to the Proposals whereby repayment or security for any liability (contingent or otherwise) is dependent on the Company.
- 6.7 The Company and the Enlarged Group will be managed and run in line with the Enlarged Group’s strategy for growth, as detailed further in Part III of this document. As such, the Concert Party does not have any intentions regarding the Company’s business that would affect:
- (i) the strategic plans of the Enlarged Group;
 - (ii) the employment of the Enlarged Group’s personnel, including the continued employment of, or the conditions of employment of, any of the Enlarged Group’s management; or
 - (iii) the locations of the Enlarged Group’s business.

The Concert Party does not have any immediate intentions to dispose of or otherwise change the use of any of the fixed assets within the Enlarged Group.

- 6.8 Save as disclosed in this document, the members of the Concert Party have confirmed that no changes are envisaged to be introduced to the Company's business as a result of completion of the Proposals.
- 6.9 Save as disclosed in this document, neither the Company, nor any Director has any interests, rights to subscribe or short positions in Quindell.

6.10 In this paragraph 6:

“arrangement” includes indemnity or option arrangements, or any agreement or understanding, formal or informal, of whatever, relating to the relevant securities which may be an inducement to deal or refrain from dealing;

“associate” has the meaning given to it in the City Code and includes (without limitation) in relation to a company:

- (i) its parent, subsidiaries and fellow subsidiaries, its associated companies and companies of which any such companies are associated companies;
- (ii) its connected advisers (as defined in the City Code) to it or a company covered in (i) above, including persons (other than exempt principal traders or exempt fund managers) controlling, controlled by or under the same control as such connected advisers;
- (iii) its directors and the directors of any company in (i) above (together in each case with their close relatives and related trusts);
- (iv) its pension funds or the pension funds of a company covered in (i) above;
- (v) its employee benefit trusts or those of a company covered in (i) above;
- (vi) (in relation to the Company) an investment company, unit trust or other person whose investments an associate (as otherwise defined in this paragraph) manages on a discretionary basis, in respect of the relevant instrument accounts; and
- (vii) a company holding a material trading arrangement with the company in question or a company covered in (i) above;

“associated company” ownership or control of 20 per cent. or more of the equity share capital of a company is regarded as the test of associated company status;

“connected adviser” has the meaning given to it by the City Code;

“control” has the meaning given to it by the City Code;

“derivative” includes any financial product whose value, in whole or part, is determined directly or indirectly by references to the price of any underlying security;

“disclosure period” means the period commencing on 28 April 2010 and ending on 28 April 2011, the last practicable date prior to the publication of this document;

“interest” means “interests in securities” as defined in the City Code;

“relevant securities” means Ordinary Shares and/or shares in Quindell, any other securities in the capital of the Company converted into rights to subscribe shares or options (including traded options) in respect of and derivatives referenced to, including any short positions; and

“short position” means a short position whether conditional or absolute and whether in the money or otherwise including any short position under a derivative, any agreement to sell or any delivery obligations or right to require another person to take delivery.

6.11 During the disclosure period, no transactions have taken place in the issued share capital of the Company.

7 Substantial Shareholders

- 7.1 Save as disclosed in paragraph 5 above and in the table below, the Company has not been notified of any persons who are at the date of this document or will be immediately following Admission, interested in three per cent. or more of the issued share capital of the Company:

<i>Name</i>	<i>Current</i>		<i>Immediately following Admission</i>	
	<i>Number of Ordinary Shares</i>	<i>Percentage of Existing Share Capital</i>	<i>Number of Ordinary Shares</i>	<i>Percentage of Enlarged Share Capital</i>
Rock (Nominees) Limited (as nominee for a number of Shareholders)	21,250,286	19.64%	21,250,286	1.57%
Pershing Nominees Limited (as nominee for a number of Shareholders)	16,030,000	14.82%	16,030,000	1.19%
Richard Blaxland	7,233,870	6.69%	7,233,870	0.54%
BBHISL Nominees Limited (as nominee for a number of Shareholders)	5,100,000	4.71%	5,100,000	0.38%
Ronald Neil Sinclair	4,750,000	4.39%	4,750,000	0.35%
Wimpole Estates Limited	4,666,667	4.31%	4,666,667	0.35%
Emma Sinclair	3,868,840	3.58%	3,868,840	0.29%
Christopher Jonas	3,750,000	3.47%	3,750,000	0.28%

- 7.2 Save as disclosed in paragraphs 5 and 7.1 above, the Directors are not aware of any person who, directly or indirectly, immediately following Admission will have any interest (within the meaning of “interests in securities” as defined in the City Code) in three per cent. or more of the issued share capital of the Company, nor are the Directors aware (i) of any persons who, directly or indirectly, jointly or severally, exercises or could exercise control over the Company, nor (ii) of any arrangement, the operations of which may at a subsequent date result in a change of control of the Company.
- 7.3 The Company’s shareholders listed or referred to in paragraph 7.1 above do not have voting rights which differ from any other shareholder of the Company.
- 7.4 Save as disclosed in this document, the Directors are not aware of any arrangements in place or under negotiation which may, at a subsequent date, result in a change of control of the Company.

8 Additional information on the Directors

The Existing Directors and the Proposed Directors currently hold the following directorships and partnerships and have held the following directorships or been partners in the following partnerships within the five years prior to the publication of this document.

<i>Name</i>	<i>Current directorships</i>	<i>Former directorships and partnerships held within the last five years</i>
Existing Directors		
Philip Goldenberg	Studland Green Management Limited The Tuberos Sclerosis Association Toad Hall Consultancies Limited Mission Capital Plc Mission Capital (Gloucester) Limited Ockenden Venture Residents Company Limited	Elstree Estates Limited (dissolved 20.10.10) Telos Partners International Limited Karspace Management Limited Modern City Estates Limited

<i>Name</i>	<i>Current directorships</i>	<i>Former directorships and partnerships held within the last five years</i>
Robert Burrow	224 KHS Developments Limited 67 Brook Street Monitoring Limited Caxton Alpha Equity (BVI) Limited Caxton Equity Growth (BVI) Limited Caxton Global Investments Limited Caxton HAWK (Diversified) (BVI) Ltd Caxton HAWK (Diversified) Holdings Ltd CGL Acquisitions Limited Chelsfield Corporate Services Limited Chelsfield Developments Limited Chelsfield Limited Chelsfield Properties Limited Chelsfield Mews Services Limited Control Components Limited Cycleshield Limited Floorwing Limited Glebe Holdings Limited Halstead Corporation Limited GPF GP Sarl Gracechurch General Partner Limited Gracechurch Hotel Operator Limited Gracechurch Nominee Limited Griffin Investments Partners Holding Sarl Investment Property Databank Holdings Limited Langdale Overseas Property Services Limited Lockdeck Limited London & Newcastle Capital Limited London & Newcastle Group Limited London & Newcastle Securities Limited Lotros AB Milestone Income Midcap Sarl MIM Holdco SA Mission Capital Plc Mission Capital (Gloucester) Limited Mission Real Estate Limited MWB Group Holdings Plc MWB Property Limited Nightpearl Limited Natural Kitchen Limited Oval (2001) Limited Property Derivatives Limited	Camden Market Estates Arches Limited Caxton Healthcare Trading (BVI) Limited (dissolved 15.06.07) Caxton Select (BVI) Limited CI CEL S.A. (dissolved 02.10.07) Dave Autos (UK) Limited Hillbrook Ventures Limited (dissolved 11.12.07) Karspace Limited (dissolved 21.08.08) Karspace Management Limited L'ecluse Limited (dissolved 11.12.07) Littlecastle Limited (dissolved 12.02.08) Mission Car Parks Limited (dissolved 21.08.08) Mission Parking Limited (dissolved 10.12.08) Missionpark Limited (dissolved 21.08.08) Mission Properties Limited (dissolved 21.08.08) SJ Berwin Espana SA SJ Berwin LLP SJ Berwin (Nominees) Limited SJ Berwin Services Limited Stanley Sidings Ltd.

<i>Name</i>	<i>Current directorships</i>	<i>Former directorships and partnerships held within the last five years</i>
	Property Index Limited St Paul's General Partner Limited St Paul's Hotel Operator Limited St Paul's Nominee Limited Tintagel International Limited The Robert Burrow Consultancy LLP TNK (2009) Limited Vienada Sarl	
Giuseppe Giardi	Galloping Bottom LLP Harmony Capital Management Limited Libra Equity Limited Mission Capital Plc Park Place Partners LLP	Caledon Asset Management LLP Park Place Capital Limited Park Place Estates LLP (dissolved 11.08.10) Trailhead Capital LLP (dissolved 07.10.09)
Christopher Phillips	Arlon Consulting Ltd Arundel Square Developments Limited ASDL.1 Limited Canfield Place (GP) Limited Canfield Place Advisory Services Limited Centre 500 Limited Conduit Capital Limited Dualinvest Residential Income plc Hadleigh Waymoth Limited London & Newcastle (Camden) Limited London & Newcastle (Dollar Bay) Limited London & Newcastle (Hammersmith) Limited London & Newcastle (PF) Limited London & Newcastle (Wembley) Limited London & Newcastle (Wenlock Road) Limited London & Newcastle 2010 Limited London & Newcastle Group Limited Londnewcastle Development Manager Limited Londnewcastle LLP Mission Capital (Gloucester) Limited Mission Capital Plc Phillips & Associates Limited Places for People Group Places for People Neighbourhoods Solar Assets Limited The Thames Gateway (General Partner) Limited	Adrenalin Media Plc Affinity Capital plc Artpower Limited BPR 1 BPR 2 BPR 3 Convergence Capital (UK) Limited Environmental Development Services Worldwide Limited Falconstate Limited Fundus Financial Limited Fundus Limited Garnham & Co Management (U.K.) Limited Glolite Limited Greenmark Limited Greenwood Bell Limited Hanseatic & Baltic Properties Plc Jean Charles de Castelbajac (UK) Limited Karspace Limited Key Real Estate Limited KRE Newco Limited Liberty Hill Group Plc, London & Newcastle Holdings Plc London & Newcastle Securities Limited Marchpole (North America) Limited Marchpole Group Limited Marchpole Holdings Plc Marchpole Trading Limited Minegoal Limited Mission Car Parks Limited Mission Parking Limited Mission Properties Limited Missionpark Limited Pointgold Limited

<i>Name</i>	<i>Current directorships</i>	<i>Former directorships and partnerships held within the last five years</i>
	Wharf Road Developments Limited Wyndham York Plc	Seaton Boyd Plc Solarmag plc Solitaire Group Limited St Giles Residential Developments Limited The Creative Education Corporation Plc Tomasz Starzewski Menswear Limited Touchstone Corporate Property Services Limited Utilities Management Services Plc Your Space (UK) Limited Your Space Plc
<i>Proposed Directors</i>		
Robert Terry	Chauffeur Plus Limited Clickus4.com Limited Quindell Leisure Limited Quindell Limited Quindell Directorial Services Quindell Portfolio Limited Quindell Solutions Limited	Broomco (3169) Limited (dissolved 11.11.09) SDM Productions International Limited TP (XYZ) Limited Turing SMI Group Limited (in liquidation) Visiotics Holdings Limited Visiotics Investments Limited (dissolved 07.10.09) Visiotics Licensing Limited (dissolved 11.11.09) Woods Restaurant (Quindell) Limited
Dominic Milton	GML Associates Limited Quindell Limited	None
Stephen Scott	Bickleigh Ridge Limited IT-Freedom Limited Pearl Film Partnership Quindell Limited	ABC Software Limited Assetcare Services Limited Automatch (Pty) Limited Callalert (Pty) Limited Calldynamics (Pty) Limited Carvalette Fitment Centre (Pty) Limited Chartoak Finance Limited Corporate Maintenance Administrators (Pty) Limited Corporate Warranty Administrators (Pty) Limited Cosy Limited (dissolved 19.12.06) Dimo Computing Limited Equals Accident Management (Pty) Limited Equals Group (Pty) Limited Fleetnetics (Pty) Limited Fulloutput 205 (Pty) Limited Henbase 3435 (Pty) Limited Holbert Estimating Systems Limited

Name	Current directorships	<i>Former directorships and partnerships held within the last five years</i>
Anthony Bowers	Quindell Limited RYA Sailability	Huon Holdings Limited Huon Resources Limited Huon Services Limited Infront Solutions Limited Innovation Property Limited Inter-est SA (Pty) Limited Mas SA (Pty) Limited Maxicare Holdings (Pty) Limited Maxicare (Pty) Limited MBI Underwriting Managers (Pty) Limited Midas IT Services Limited Motomatrix (Pty) Limited Motorcare Assessment Services (Pty) Limited Motorcare Engineering Services Limited Motorcare Holdings Limited Motorcare Investment Holdings (Pty) Limited Motorcare (Pty) Limited Motorcare Services Australia Pty Limited Motorcare Services Limited New Planet Solutions Limited Professional Warranty Services (Pty) Limited SIDAV Group (Pty) Limited Specialised Warranty Administrators (Pty) Limited Tamlura Holdings Limited (dissolved 05.02.07) The Innovation Group Australia Pty Limited The Innovation Group (Canada) Limited The Innovation Group Japan Pty Limited The Innovation Group (EMEA) Limited The Innovation Group plc (South Africa) TIG Computing Limited (dissolved 20.06.06) TIG Webmetering Limited WarrantyCare (Pty) Limited XtraInfo (Pty) Limited Deloitte & Touche Private Clients Limited Deloitte LLP Deloitte PCS Limited

- 8.1 Save as disclosed in this document, none of the Existing Directors or Proposed Directors has:
- (a) any unspent convictions in relation to indictable offences;
 - (b) ever been declared bankrupt or been the subject of an individual voluntary arrangement;
 - (c) ever been a director of a company which, while he was a director or within 12 months of his ceasing to be a director, had a receiver appointed, entered into liquidation, entered into administration, entered into a voluntary arrangement or made any composition or arrangement with its creditors generally or with any class of its creditors;
 - (d) ever been a partner in a partnership which while he was a partner or within 12 months of his ceasing to be a partner entered into compulsory liquidation, administration or a partnership voluntary arrangement;
 - (e) owned any asset or been a partner in a partnership which while he owned that asset or was a partner or within 12 months after his ceasing to own that asset or be a partner entered into receivership;
 - (f) been the subject of any public criticism by any statutory or regulatory authority (including recognised professional bodies); or
 - (g) been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company.

- 8.2 Robert Terry was formerly a director of Lava Systems Inc. (“Lava Canada”), a Canadian company whose shares were at the time traded on the Toronto Stock Exchange, and of its subsidiaries, Lava Systems (Europe) Limited (“Lava Europe”), SCS (a company incorporated in England & Wales and originally formed by Robert Terry and subsequently sold to Lava Canada), Chatsworth Systems Limited (“Chatsworth”) and Intellidoc Limited (“Intellidoc”), (Chatsworth and Intellidoc were wholly owned by SCS).

Financial facilities were provided to Lava Canada by the Bank of Montreal (the “Bank”) and those facilities were guaranteed by certain subsidiaries of Lava Canada (“Lava Subsidiaries” and together with Lava Canada “Lava Group”) including Lava Europe and SCS, such guarantees being supported by fixed and floating charges over the assets of those subsidiaries.

At Lava Canada, Robert Terry was initially appointed Senior Vice President of Europe but subsequently held office as Executive Vice President of Corporate Development. Robert Terry’s role within the Lava Group was largely confined to its European operations.

Robert Terry ceased to have an executive role within the Lava Group at the end of October 1998 and he resigned as a director of Lava Canada and each of Lava Europe, SCS and Chatsworth on 1 December 1998. On 18 December 1998, the Bank appointed receivers over the assets of Lava Canada and each of the subsidiary guarantees was called. As a consequence, receivers were also appointed in respect of Lava Europe and SCS on 29 December 1998. Lava Canada was declared bankrupt on 4 February 1999 and liquidators were appointed over Lava Europe on 3 February 1999.

Robert Terry was a director of Turing SMI Group Limited which was placed into liquidation. Further details are contained in paragraph 12.2 of this Part VII.

- 8.3 None of the Directors has or has had any interest in transactions which are or were unusual in their nature or condition or significant to the business of the Company during the current financial year and remain in any respect outstanding or unperformed.
- 8.4 ***Directors’ Service Contracts, Letters of Appointment and Remuneration***

8.4.1 Each of the Existing Directors is engaged under a non-executive letter of appointment terminable by resignation or removal as a director or as otherwise stated in the letter of appointment. Messrs Burrow and Ciardi were appointed on 15 November 2005, Mr Phillips was appointed on 25 March 2008 and Mr Goldenberg was appointed on 29 April 2008. Each Existing Director is entitled to an annual fee of £5,000; Mr Goldenberg receives a further

£5,000 per annum as Chairman and £2,500 per annum as Company Secretary. Messrs Burrow, Phillips and Ciardi currently waive their fees. Other than Mr Burrow, all the Existing Directors will resign at Completion. Neither Mr Goldenberg, Mr Phillips nor Mr Ciardi are entitled to compensation or other benefits on their resignation from the company.

- 8.4.2 The following are particulars of the service agreements or letters of appointment to be entered into between the Company and its Directors and Proposed Directors, in each case conditional on Admission:

Robert Burrow

On 28 April 2011, Robert Burrow entered into a letter of appointment with the Company to serve on the Board as a non-executive director, for an initial period of one year and continues thereafter unless and until terminated in accordance with the Articles or at the discretion of either party upon one month's prior written notice. The continuation of Mr Burrow's directorship is contingent upon re-election at forthcoming annual general meetings of the Company as required by the Articles. The letter of appointment provides that Mr Burrow will be paid a fee of £25,000 per annum (exclusive of VAT). Other than the requirement to give one month's written notice, there are no provisions for compensation to be payable on termination of Mr Burrow's appointment.

Robert Terry

On 28 April 2011, the Company entered into a service contract with Robert Terry for his appointment as Chairman and Chief Executive of the Company for a fixed basic salary of £195,000 payable monthly in arrears. The appointment is conditional upon and effective from Admission and is terminable on not less than 12 months' notice on either side, provided that such notice may not be given to expire earlier than the first anniversary of Admission. Other than the requirement to give 12 months' written notice, there are no provisions for compensation to be payable on termination of Mr Terry's appointment save as disclosed in paragraph 10.2.7 below. Mr Terry may be entitled at the absolute discretion of the Remuneration Committee to be paid an annual bonus of such amount (if any) at such times and subject to such conditions as the Remuneration Committee may, in its absolute discretion, from time to time decide up to an amount not exceeding 150 per cent. of the annual salary payable in respect of the year in question.

The service contract also provides that Mr Terry shall be entitled to participate on terms comparable to those granted to all directors in such plans and arrangements as are established by the Company from time to time in respect of the following: (i) pension arrangements; (ii) cover under a life assurance policy, (iii) private medical expenses; (iv) permanent health insurance arrangements and (v) company car.

Dominic Milton

On 28 April 2011, the Company entered into a service contract with Dominic Milton for his appointment as executive director of the Company for a fixed basic salary of £75,000 payable monthly in arrears. The appointment is conditional upon and effective from Admission and is terminable on not less than twelve months' notice on either side, provided that such notice may not be given to expire earlier than the first anniversary of Admission. Other than the requirement to give 12 months' written notice, there are no provisions for compensation payable on termination of Mr Milton's appointment. Mr Milton may be entitled at the absolute discretion of the Remuneration Committee to be paid an annual bonus of such amount (if any) at such times and subject to such conditions as the Remuneration Committee may, in its absolute discretion, from time to time decide up to an amount not exceeding 75 per cent. of the annual salary payable in respect of the year in question.

The service contract also provides that Mr Milton shall be entitled to participate on terms comparable to those granted to all directors in such plans and arrangements as are established by the Company from time to time in respect of the following: (i) pension arrangements; (ii) cover under a life assurance policy, (iii) private medical expenses; (iv) permanent health insurance arrangements and (v) company car.

Steve Scott

On 28 April 2011, Steve Scott entered into a letter of appointment with the Company under the terms of which he agreed to act as non-executive director of the Company for a fee of £25,000 per annum payable monthly in arrears. The appointment is conditional upon and effective from Admission for an initial period of one year and continues thereafter unless and until terminated in accordance with the Articles or at the discretion of either party upon one month's prior written notice. Other than the requirement to give one month's written notice, there are no provisions for compensation payable on termination of Mr Scott's appointment.

Tony Bowers

On 28 April 2011, Tony Bowers entered into a letter of appointment with the Company under the terms of which he agreed to act as non-executive director of the Company for a fee of £33,500 per annum payable monthly in arrears. The appointment is conditional upon and effective from Admission for an initial period of one year and continues thereafter unless and until terminated in accordance with the Articles or at the discretion of either party upon one month's prior written notice. Other than the requirement to give one month's written notice, there are no provisions for compensation payable on termination of Mr Bowers appointment.

9 Middle Market Quotations

The following table shows the closing middle market quotation for the Existing Shares as derived from the London Stock Exchange Daily Official List on the first dealing day of each month from 1 February 2010 to 1 July 2010, being the six months prior to the Ordinary Shares being suspended, and 31 July 2010, being the last business day preceding the suspension of trading in the Ordinary Shares on AIM:

	<i>Price (p)</i>
1 February 2010	1.38
1 March 2010	1.25
1 April 2010	0.75
3 May 2010	0.75
1 June 2010	0.75
1 July 2010	0.63
31 July 2010	0.63

10 Material Contracts

10.1 *Mission Capital and its subsidiaries*

Save for the contracts described in this paragraph 10.1, neither the Company nor any of its subsidiaries has, within the period of two years immediately preceding the date of this document, entered into any contract which is or may be material to the Company (not being a contract entered into in the ordinary course of business) or which contains any provision under which the Company has any obligation or entitlement which is material to the Company as at the date of this document.

10.1.1 An agreement dated 23 June 2009 between the Company (1) and VINCI Park Services UK Limited (2) whereby the Company sold the whole of the issued share capital of KML for an initial consideration of £900,000 with anticipated net disposal proceeds of £1,290,000.

10.1.2 An agreement dated 9 July 2009 between the Company (1) its relevant directors (2) and Mr RN and Ms EC Sinclair (3) whereby various litigation between the parties was compromised by way of full and final settlement as therein provided.

10.1.3 The Acquisition Agreement dated 28 April 2011 between the Company and the Vendors whereby the Company agreed to purchase the entire issued and to be issued share capital of Quindell, for a purchase price of £30.65 million to be satisfied by the issue credited as fully paid of 1,243,427,731 Consideration Shares in the Company:

Completion is conditional on Admission of the Enlarged Share Capital to trading on AIM. Completion of the Acquisition Agreement is also conditional on certain other conditions having been satisfied, including the passing at the General Meeting of the Resolutions.

Each of the Vendors individually gave warranties to the Company in respect of the shares in Quindell which they are to sell to the Company and their capacity to sell such shares. Robert Terry, Stephen Scott, Dominic Milton and Ubiquity (together, the “Warrantors”) gave certain customary commercial warranties to the Company in relation to Quindell. The maximum aggregate liability of the Vendors (including as Warrantors) is £5,000,000 subject to a de-minimis threshold and limitation periods. The Company gave certain customary warranties to the Vendors as to its power to purchase the shares in Quindell, issue the Consideration Shares and in respect of certain information contained about it in this document. The maximum aggregate liability of the Company under such warranties is £5,000,000, subject to a de-minimis threshold and limitation periods.

10.1.4 An agreement dated 28 April 2011 between the Company, Daniel Stewart and the Directors whereby the Company agreed to appoint Daniel Stewart and Daniel Stewart agreed to act as the Company’s nominated adviser and broker.

10.1.5 The Introduction Agreement dated 28 April 2011 between, the Company, the Existing Directors and the Proposed Directors pursuant to which the Company has agreed to pay Daniel Stewart a corporate finance fee and to pay all of Daniel Stewart’s costs and expenses (including any applicable VAT) of the Admission, including the legal and other professional fees and expenses of Daniel Stewart.

The Company, certain of the Existing Directors and all of the Proposed Directors have each given certain customary warranties to Daniel Stewart regarding the accuracy of the information contained in this document and other matters relating to the Enlarged Group and its business and the Acquisition. In addition, the Company warrants and represents to Daniel Stewart in the form of those warranties under the terms of the Acquisition Agreement (the benefit of which has been received by the Company) which are deemed to be repeated and included as if expressly set out in the Introduction Agreement. The Company has also given an indemnity to Daniel Stewart in customary terms against certain losses, should they be incurred by Daniel Stewart or other persons connected with Daniel Stewart, arising, *inter alia*, in connection with the making or implementation of the Admission, the AIM Application and the introduction to AIM of the Enlarged Share Capital.

Daniel Stewart may terminate the Introduction Agreement if certain events of force majeure (including any event which Daniel Stewart believes will cause any change in, or any development reasonably likely to involve a prospective change in, or affecting, the condition (financial, operational, legal or otherwise), earnings, business, management, properties, assets, rights, results of operations or prospects of the Enlarged Group) occur prior to the Admission or if there is a breach of any of the representations, warranties and undertakings contained in the Introduction Agreement which Daniel Stewart considers to be material.

10.1.6 The Relationship Agreement dated 28 April 2011 between the Company and each of the Substantial Shareholders. The Relationship Agreement is conditional upon the Acquisition Agreement being completed and Admission occurring by not later than 31 May 2011 or such later date as the parties may agree. The Relationship Agreement regulates the relationship between each of the Substantial Shareholders on the one hand and the Company on the other hand for such time as Robert Terry and any of his associates either alone or together hold not less than 30 per cent. of the voting rights attaching to the Ordinary Shares.

Pursuant to the Relationship Agreement, each of the Substantial Shareholders has agreed that he will exercise his powers and voting rights, in respect of Ordinary Shares in the Company (but in the case of Jonathan Sparks only in respect of the Ordinary Shares in the Company which he holds as joint trustee of the RST Settlement) with a view to ensuring, *inter alia*, that:

- (a) the Company is capable at all times of carrying on its business independently of Mr Terry and his associates;

- (b) any related party transaction entered into or proposed to be entered into is at arm's length and on a normal commercial basis;
- (c) each proposed related party transaction shall be considered on behalf of the Company by the Board but excluding Mr Terry or any of his associates or appointees, and none of the Substantial Shareholders or any of their respective associates shall seek to influence the consideration of such matter by the Board in such a way as to further the interests which are or are potentially in conflict with the interests of the Company;
- (d) if a conflict of interest or potential conflict of interest exists or is likely to arise between on the one hand any Substantial Shareholder and/or any of his associates and on the other hand the interests of the Company, disclosure of the circumstances of such conflict or potential conflict shall be made to the Board and any decision by the Board shall be taken without any director who is a Substantial Shareholder or who is an associate of a Substantial Shareholder or appointed by a Substantial Shareholder;
- (e) save as permitted by the Board voting unanimously in favour, and save for any interests existing which are disclosed in this document, neither Mr Terry nor any of his associates shall have any interests or other duties or responsibilities which give rise to a conflict of interest between on the one hand Mr Terry and/or any of his associates and on the other hand the interests of the Company;
- (f) no variations are proposed to be made to the Company's articles of association which would be contrary to the maintenance of the Company's independence;
- (g) all transactions, agreements or arrangements entered into between any Substantial Shareholder or any of their respective associates and the Company are, and will be made, on an arm's length basis and on normal commercial terms (and that no such transaction, agreement or arrangement (or series of connected transactions, agreements or arrangements) with a value of £10,000 or more is entered into without the approval of a majority of independent directors); and
- (h) membership of the Board shall be such that the number of directors including Mr Terry or his associates shall not exceed the number of independent directors (unless such election or re-election is approved at a general meeting of the Company).

In addition, Mr Terry has agreed to a number of restrictive covenants that, for such time as he holds 30 per cent. or more of the Ordinary Shares of the Company, he shall not engage in any business which competes with, or engage in any activity which may be harmful to, the business of the Company.

10.1.7 *Lock-in agreements*

The Acquisition Agreement provides for the following:

- (a) An agreement between each of the Locked In Parties, the Company and Daniel Stewart under which the Locked In Parties undertook, save in certain limited circumstances (including in order to satisfy a warranty claim under the Acquisition Agreement), not to dispose of or transfer any Consideration Shares, or any interest in such shares, for a period of 12 months from Admission. The Locked In Parties have also undertaken not to dispose of their shares in the Company without the written consent of the Board and Daniel Stewart following the lock-in period for a further period of 12 months, and, subject to certain limited exceptions any sale or disposal of any Consideration Shares shall be effected through Daniel Stewart.
- (b) An agreement between certain Vendors other than the Quindell Directors and the relevant Locked In Parties (the "Locked In Vendors"), the Company and Daniel Stewart under which the Locked In Vendors undertook, save in certain limited circumstances (including in order to satisfy a warranty claim under the Acquisition Agreement), not without the consent of the Company to dispose of or transfer any

Consideration Shares, or any interest in such shares, for a period of 12 months from Admission. The Locked In Vendors have also undertaken not to dispose of their shares in the Company without the written consent of the Board following the lock-in period for a further period of 12 months, and, subject to certain limited exceptions any sale or disposal of any Consideration Shares held shall be effected through Daniel Stewart.

- (c) An agreement between certain other vendors, the Company and Daniel Stewart whereby such vendors have agreed for a period of 12 months from Admission, that subject to certain limited exceptions, any sale or disposal of any Consideration Shares shall be effected through Daniel Stewart.

10.2 *Quindell*

Save for the contracts described in this paragraph 10.2, Quindell has not, within the period of two years immediately preceding the date of this document, entered into any contract which is or may be material to Quindell (not being a contract entered into in the ordinary course of business) or which contains any provision under which Quindell has any obligation or entitlement which is material to Quindell as at the date of this document.

10.2.1 An Agreement dated 1 April 2011 (the “Effective Date”) between Quindell, TMC (Southern) Limited (“TMC”) and Mark Alan Ford (a director and sole shareholder of TMC)

This Agreement provides for the following:

- (i) Quindell is to provide to TMC certain management and management consultancy services during a period of eighteen months from the Effective Date (the “Assessment Period”)
- (ii) Quindell is to have the full benefit of TMC (and any of its associated companies) under all contracts, engagements and orders entered into prior to the Effective Date or at any time within the Assessment Period for the sale, hire or loan of goods or equipment or the provision of services in the ordinary course of their respective businesses and pursuant to which TMC or any of its associated companies has any right to receive any payment, including those with major utility companies (the “Contracts”).
- (iii) The Contracts are to be assigned or novated to Quindell if Quindell so requires, and on terms acceptable to Quindell, at any time during the Assessment Period, and that following such assignment or novation TMC (and any relevant associated company) is to hold on trust for Quindell any monies received under them.
- (iv) During the Assessment Period, TMC is to pay Quindell each calendar month:
 - a. in respect of such management services a sum equal to the total revenue of TMC and its associated companies (to the extent it arises under or in relation to Contracts) during the relevant calendar month and
 - b. in respect of such management consultancy services a management consultancy charge of £11,000 per month.and Quindell is to pay to TMC a monthly amount equal to the lesser of
 - c. TMC’s operating costs (as defined in the agreement) for the relevant month and
 - d. the amount paid to Quindell under (a) above in respect of that month.
- (v) Quindell to issue to TMC on the Effective Date 2,000,000 ordinary shares in Quindell credited as fully paid but for such number of shares to be reduced to 1,875,000 in settlement of fees payable by TMC for management consultancy services provided to TMC by Quindell up to the Effective Date.

- (vi) Subject to TMC procuring such assignment or novation of the Contracts, TMC (or if applicable) Mr Ford is to be entitled to have allotted to it (or him) by Quindell on the date falling 30 days after the end of the Assessment Period (the “Settlement Date”) up to 3,500,000 Quindell Shares credited as fully paid, the exact number being proportionate to the aggregate of the amounts payable to Quindell under (iv)(a) above less the aggregate of the amounts payable by Quindell to TMC under (iv) above during the Earnout Period (as defined), as compared to a target of £1,200,000.

For this purpose, “Earnout Period” means a period of twelve months selected by TMC and falling within the Assessment Period.

If at the Settlement Date Quindell is a subsidiary of Mission, such entitlement to shares is to be satisfied in Mission Shares, rather than Quindell shares, at the rate of 40 Mission Shares for each Quindell Share.

The Agreement also includes:

- a a personal guarantee by Mr Ford of the obligations of TMC under the Agreement
- b a right for Quindell to acquire for a nominal consideration the entire issued share capital of TMC and each associated company, on terms acceptable to Quindell, if all the Contracts are not assigned or novated to Quindell as described in (iii) above.
- c restrictions on the disposal of shares allotted under it and also provides for TMC and or Mr Ford to enter into lock in arrangements in respect of any Mission Shares allotted to them under it.

10.2.2 On 18 April 2011 Quindell acquired an investment of 26 per cent of the entire issued share capital of LearnEd Limited (“LearnEd”) in exchange for the allotment to LearnED of 124,800 Quindell Shares.

Quindell has the option to acquire the remaining share capital of LearnEd in exchange for an additional 296,000 Quindell shares. If at the date of the exercise of the option Quindell is a subsidiary of Mission Capital plc, such entitlement to shares can be satisfied by the issue of 11,840,000 Mission Shares.

The option expires on the later of (i) 18 July 2011; or (ii) 30 business days after LearnEd has disposed of the 124,800 shares LearnEd has been allotted in Quindell. The option can be exercised by Quindell at its discretion at any point up to the expiry of the option.

During the course of the option period Quindell has the benefit of certain assurances about the running of LearnEd as well as restrictive covenants entered into by LearnEd and the current shareholders of LearnEd.

Quindell has loaned LearnED £972,000 which is secured by a fixed and floating charge over all assets of LearnED Limited.

The exercise of the option is conditional upon the achievement of certain conditions to the satisfaction of Quindell including the conclusion of satisfactory, legal and commercial due diligence.

Quindell is to provide certain management services to LearnED for £12,500 per calendar month plus VAT.

Quindell is to provide certain management consultancy services to LearnEd for the sum of £56,000 plus VAT.

10.2.3 *Certain Agreements with Robert Terry and others*

- (a) By an agreement dated 5 August 2009, Quindell agreed with Robert Terry that in return for payment by Robert Terry of certain invoices relating to works carried out at Quob Park, Robert Terry would have the right of first refusal if there was a sale of the house at Quob Park and associated assets owned by Quindell at any time within a 25 year period.
- (b) Since the date of the agreement referred to in paragraph 10.2.3 (a) above, Robert Terry has purchased from Quindell the freehold of the house and surrounding land at Quob Park (but excluding the barn building in which the offices of Quindell are located “Quob Barn”).
- (c) By an agreement dated 3 March 2011 between Quindell and Robert Terry, Quindell has confirmed the terms of the right of first refusal granted to him by the agreement referred to in paragraph 10.2.3 (a) above insofar as it relates to Quob Barn and that the same shall continue for a period of 21 years from 5 August 2009 and shall apply not only in respect of a proposed disposal of that property but also in respect of a proposed sale, transfer, grant of an option over or any other disposal on agreement for a disposal of shares in Quindell. Robert Terry has entered into a deed of release in respect of this right insofar as it applies to the Acquisition.

10.2.4 By a licence agreement dated 3 March 2011, Robert Terry as owner of Quob Farm, Titchfield, including the land which immediately surrounds Quob Barn, the land on which it stands and its curtilage, has for a nominal consideration granted to Quindell as owner of such land a licence to access Quob Barn (including with vehicles) via a roadway on the Quob Farm Land. Such licence is terminable by either party on one month’s notice; and is terminable by Robert Terry immediately in the event of breach of its terms by Quindell or Quindell’s insolvency.

10.2.5 An engagement letter dated 2 September 2010 with Ubiquity Capital LLP (“Ubiquity”) whereby Ubiquity agreed to partner Quindell Limited in connection with a reverse takeover by Quindell of a suitable cash shell by way of recommended offer for the entire issued and to be issued share capital of Quindell (the Reverse). In return for its services under the engagement letter, Ubiquity is entitled to the following:

- a a cash retainer of £30,000 (paid on signature of the heads of terms);
- b a further cash fee of £50,000 (which has also been paid) and;
- c a success only fee of £70,000 in cash; and
- d an amount equal to the value of 6 per cent. of the share capital of Quindell (excluding any shares issued for cash between the date of the engagement letter and completion of the Reverse) less £150,000 (being the aggregate of the cash retainer and such other cash fees), to be satisfied in shares of Quindell as described in paragraph 10.2.6 following.

10.2.6 A share subscription agreement dated 28 April 2011 with Ubiquity whereby Ubiquity has agreed to subscribe for 910,327 ordinary shares of £1 each of Quindell credited as fully paid in satisfaction of all fees payable by Quindell under the engagement letter with Ubiquity, details of which are set out in paragraph 10.2.5 above, other than £150,000 previously paid or to be paid on Completion, such subscription to be conditional on the Acquisition Agreement becoming unconditional. Ubiquity has agreed to procure that 45,516 of such shares are issued or transferred to Dominic Milton in satisfaction of a fee due to him.

10.2.7 A subscription letter dated 27 April 2011 with LOM Capital Limited (“LOM”) whereby LOM has agreed to subscribe for cash at par for 500,000 ordinary shares of £1 each in Quindell, conditional on the Acquisition Agreement becoming unconditional.

10.2.8 On 1 July 2006, Quindell entered into an agreement with Quindell Directorial Services (“QDS”), the trading name of Robert Terry as sole trader for the provision of certain services to Quindell, including those of Robert Terry, David Terry, and Louise Tracey Terry. Under the terms of the agreement, which originally extended until June 2011, QDS was to provide management services to Quindell in exchange for the issue of 1,000,000 ordinary shares of £1 each in Quindell conditional upon Quindell achieving a specified levels of pre-tax profit in the financial year to 30 December 2010 and forecast pre-tax profits in each of the two subsequent years.

Effective from 1 August 2009, this agreement was varied to pay £1,010,000 in cash by way of monthly fees of £10,000 (the “Monthly Fee”) over eight years for services in settlement for the period to 1 August 2009 and for those in the period 1 August 2009 to 1 August 2017. This agreement also reduced the services required to be provided by QDS, from 1 August 2009, to only be those of Robert Terry remaining as Chairman & Chief Executive Officer of Quindell until 1 August 2017, with no minimum contracted hours beyond Board duties.

By a deed of variation dated 18 February 2011, QDS and Quindell have agreed that for as long as Robert Terry is an executive director of Mission Capital, the Monthly Fee payable by Quindell to QDS shall be reduced by the gross amount of any salary paid to Robert Terry by Mission Capital for that month for the performance of such role.

10.2.9 At various dates since 27 March 2009 Quindell entered into a series of option purchase agreements whereby the grantee under such agreement purchases for a cash sum warrants comprising subscription rights exercisable in respect of ordinary shares of £1 each in Quindell at any time prior to a specified settlement date. To the extent the subscription rights are not exercised by the settlement date, a cash sum is payable by Quindell to the grantee on that date in the amount of the relevant cash settlement sum less amounts subscribed for shares. The aggregate amount of such cash sums was £574,200 and the aggregate number of Quindell shares the subject of such subscription rights was 574,200. Such warrants have all been settled by payment of such cash sums, all of which have been applied by the holders of such warrants in subscribing for Quindell shares.

11 Irrevocable Undertakings

11.1 The Company has received the following irrevocable undertakings to vote in favour of the Resolution in respect of the following number of Ordinary Shares:

<i>Name</i>	<i>Number of Existing Ordinary Shares</i>	<i>Percentage of Existing Ordinary Shares (%)</i>
Columbia Equity SPV Limited	10,000,000	9.24
Tintagel International Limited	10,000,000	9.24
Control Components Limited	8,553,873	7.91
Richard Blaxland	7,233,870	6.69
Paul Fellerman	5,000,000	4.62
Wimpole Estates Limited	4,666,667	4.31
Langdale Overseas Property Services Limited	4,566,786	4.22
Christopher Jonas	3,750,000	3.47
The Robert Burrow Consultancy LLP	2,553,873	2.36
Godfrey Thorpe	1,600,000	1.48
Kerry Blue Investments Limited	1,000,000	0.92
Nova Capital Trading Limited	1,000,000	0.92
Philip Goldenberg	500,000	0.46
David Massie	500,000	0.46
Joanna Massie	200,000	0.18
Total	<u>61,125,069</u>	<u>56.51</u>

Accordingly, irrevocable undertakings and commitments to vote in favour of the Resolution have been received in respect of a total of, in aggregate, 61,125,069 Ordinary Shares, representing in aggregate approximately 56.51 per cent. of the Existing Share Capital.

The undertakings provide, *inter alia*, that each of the Shareholders named above shall, vote in favour of the Resolutions and will deliver to the Company a duly completed proxy form appointing the chairman of the General Meeting as his or its proxy and instructing him to vote in favour of the Resolutions.

- 11.2 Set out below is a table of Whitewash Shareholders who have written to the Takeover Panel confirming that they would vote in favour of a resolution approving a waiver of the requirement for a general offer to be made in accordance with Rule 9 of the City Code were such a resolution put to the shareholders of the Company at a general meeting. Further details are set out in paragraph 8 of Part II of this document.

<i>Name</i>	<i>Number of Existing Ordinary Shares</i>	<i>Percentage of Existing Ordinary Shares (%)</i>
Columbia Equity SPV Limited	10,000,000	9.24
Tintagel International Limited	10,000,000	9.24
Control Components Limited	8,553,873	7.91
Richard Blaxland	7,233,870	6.69
Paul Fellerman	5,000,000	4.62
Wimpole Estates Limited	4,666,667	4.31
Langdale Overseas Property Services Limited	4,566,786	4.22
Christopher Jonas	3,750,000	3.47
JO Hambro Investment Management Limited	3,500,000	3.24
The Robert Burrow Consultancy LLP	2,553,873	2.36
Godfrey Thorpe	1,600,000	1.48
Nova Capital Trading Limited	1,000,000	0.92
Kerry Blue Investments Limited	1,000,000	0.92
David Massie	500,000	0.46
Philip Goldenberg	500,000	0.46
Joanna Massie	200,000	0.18
Total	<u>64,625,069</u>	<u>59.74</u>

12 Litigation

12.1 *Mission Capital*

There are no, and during the 12 month period prior to the date of this document there have not been, any governmental, legal or arbitration proceedings, whether as claimant or as defendant, which may have, or have had in the recent past a significant effect on the financial position or profitability of the Company and its subsidiaries and, so far as the Existing Directors are aware, there are no such proceedings pending or threatened against, or being brought by, the Company.

12.2 *Quindell*

The liquidators of Turing SMI Group Limited (now in liquidation) ("Turing") have claimed repayment of a total of £622,283.13 from Quindell. This claim has arisen as follows. Under a settlement agreement entered into between Quindell and Turing, Quindell was paid £400,000 plus interest in a single sum and then weekly payments of £10,000, totalling £190,000. Turing's liquidators have asserted that the payments under the settlement agreement were made as compensation for loss of office (as both Robert Terry and Quindell had been directors of Turing.) Quindell has disputed this analysis of the payments made under the settlement agreement.

Separately the liquidators queried the validity of certain interest-bearing loans totalling £580,000 which had been made by Quindell to Turing and then repaid and demanded repayment of the interest totalling £60,000 which had been paid by Turing. Again, Quindell has disputed the liquidators' analysis.

However, no communications have been received by Quindell from the liquidators' solicitors since September 2010. It is possible that the liquidators will review the position and pursue this matter further in the future and if they were to be successful therefore there is a risk that Quindell will be required to repay some, or all, of the sums claimed.

Save as aforesaid, Quindell has not been engaged in, nor is it currently engaged in, any governmental, legal or arbitration proceedings, whether as claimant or as defendant, which is having or may have had since its incorporation a significant effect on the financial position or profitability of Quindell and, so far as the Proposed Directors are aware, there are no such proceedings pending or threatened against, or being brought by, Quindell.

13 Taxation

The following statements are intended only as a general guide to the current tax position under UK taxation law and practice. An investor who is in any doubt as to his or her tax position or is subject to tax in any jurisdiction other than the UK should consult his or her professional adviser without delay.

13.1 Dividends

Individual Shareholders whose income is within the basic rate band are liable to tax at 10 per cent. on their gross dividend income. Individual shareholders resident for tax purposes in the UK are entitled to a tax credit of an amount equal to 10 per cent. of the aggregate of the dividend and the tax credit. The effect of this is that the tax credit attaching to the dividend will satisfy the income tax liability on UK dividends of an individual shareholder whose income is within the basic rate band. Shareholders liable to higher rate tax (currently at a rate of 40 per cent. for income other than dividends) have a liability to income tax of 32.5 per cent. After setting off the tax credit, a higher rate taxpayer will be liable to additional income tax equal to 25 per cent. of the net dividend. Shareholders liable to additional rate taxation (currently at the rate of 50 per cent. for income over £150,000) have a liability to income tax of 42.5 per cent. After setting off the tax credit, an additional rate taxpayer will be liable to additional income tax equal to 36.11 per cent. of the net dividend. If the individual United Kingdom resident shareholder's total tax credit on such dividends exceeds his overall United Kingdom tax liability, he may no longer claim from HM Revenue & Customs ("HMRC") repayment of the excess.

A corporate Shareholder resident for tax purposes in the UK will not be chargeable to UK corporation tax on any dividend received from the Company (unless itself a dealer in securities).

Individual Shareholders who are resident for tax purposes in countries other than the UK and who are Commonwealth citizens and citizens of countries within the European Union, Iceland, Liechtenstein and Norway, residents of the Isle of Man or the Channel Islands, are entitled to a tax credit as if they were resident for tax purposes in the UK. They may set this tax credit off against their total UK income tax liability. Such shareholders will generally not be able to claim repayment of the tax credit from HMRC.

UK resident trustees of discretionary or accumulation trusts are liable to income tax on UK company dividends at 42.5 per cent. of the gross dividend, which after setting off the tax credit equal to 10 per cent. of the gross dividend, will result in additional income tax equal to 36.11 per cent. of the net dividend.

13.2 Stamp duty and stamp duty reserve tax

Under current UK legislation relating to stamp duty and stamp duty reserve tax:

13.2.1 stamp duty or stamp duty reserve tax will arise on the issue of the Consideration Shares or the registration thereof in the names of the original allottees thereof; and

13.2.2 a transfer or sale of Ordinary Shares will generally be subject to stamp duty on the instrument of transfer, normally at the rate of 0.5 per cent. of the amount or value of the consideration given for the shares in the form of cash, shares or debt. In addition, a charge to stamp duty reserve tax will arise on the agreement to transfer such shares, generally at a rate of 0.5 per cent. of the consideration given for the shares in the form of money or money's worth. However, provided stamp duty is correctly accounted for within a period of six years commencing from the date on which the agreement is made, the charge to SDRT will be cancelled;

13.2.3 transfers of Ordinary Shares by way of gift and agreements to transfer such shares to charities should not give rise to stamp duty reserve tax or stamp duty.

13.3 *Taxation of chargeable gains*

Depending on their circumstances, Shareholders who are individuals resident or ordinarily resident in the United Kingdom, and other shareholders resident in the United Kingdom, for taxation purposes may be subject to capital gains tax (or, in the case of corporate shareholders, corporation tax on capital gains) in respect of any gain arising on a disposal, including a disposal on a winding-up of the company, of their shares unless the shareholder is taxed as a dealer in securities, in which case any gain will be treated as income and taxed as such.

For Shareholders who are individuals, capital gains are currently taxed at a rate of either 18 per cent. or 28 per cent., depending on their marginal rate of income tax and subject to any available exemption or relief. If income tax is chargeable at the basic rate in respect of an individual for a tax year, the rate of capital gains tax accruing to the individual for a tax year is 18 per cent. If income tax is chargeable at the higher rate or the dividend upper rate in respect of income for an individual for a tax year, the rate of capital gains tax in respect of gains accruing to the individual in the year is 28 per cent. If no income tax is chargeable at the higher rate or the dividend upper rate in respect of an individual for a tax year, but the amount on which the individual is chargeable to capital gains tax exceeds the unused part of the individual's basic rate band, the rate of capital gains tax is 28 per cent. The rate of capital gains tax in respect of trustees, and personal representatives on the disposal of Consideration Shares is a flat rate of 28 per cent. An individual shall not be chargeable to capital gains tax in respect of so much of their taxable amount for any year of assessment as does not exceed the annual exempt amount for the year. Individuals or trustees may qualify for Entrepreneurs' Relief if they satisfy the qualifying conditions. If Entrepreneurs' Relief is available then, providing a claim is made within the required timeframe, capital gains up to the lifetime allowance for an individual of £10 million, are taxed at a rate of 10 per cent. For Shareholders within the charge to corporation tax, indexation allowance, may also reduce a chargeable gain but not create or increase a capital loss.

Shareholders who are not resident or ordinarily resident in the United Kingdom for the purposes of United Kingdom taxation will not normally be liable to United Kingdom taxation on chargeable gains arising from a disposal of their shares unless they carry on a trade, profession or vocation in the United Kingdom through a branch, agency or permanent establishment in connection with the shares held. However, such shareholders may be subject to charges to foreign taxation depending on their personal circumstances. In addition, individual Shareholders who are temporarily non-UK resident may be liable to United Kingdom capital gains tax under anti-avoidance legislation.

13.4 *Inheritance tax*

Shares in the Company are assets situated in the UK for the purposes of UK inheritance tax. A gift of such shares by, or the death of, an individual shareholder may give rise to a liability to UK inheritance tax even if the shareholder is neither domiciled nor deemed to be domiciled in the UK.

A number of reliefs, however, may be available and a Shareholder should seek individual professional advice.

14 Working Capital

The Existing and Proposed Directors are of the opinion that, having made due and careful enquiry and taking account of the facilities available to the Enlarged Group the working capital available to the Enlarged Group is sufficient for its present requirements, that is, for at least twelve months from the date of Admission.

15 Significant Change

15.1 There has been no significant change in the financial or trading position of the Company and its subsidiaries since 30 September 2010, being the date up to which the Company's latest audited accounts were prepared.

15.2 Save as disclosed in Part II of this document, there has been no significant change in the financial or trading position of Quindell since 30 December 2010, being the date up to which Quindell's latest audited accounts were prepared.

16 Intellectual Property

16.1 The Company is not dependent on any patents or other intellectual property rights, licences or contracts which are of fundamental importance to its business or profitability.

16.2 Save as disclosed in this document, there are no intellectual property rights, licences or particular contracts which are of material importance to the Enlarged Group's business or profitability.

17 Property

17.1 *Mission Capital*

Mission Capital (Gloucester) Limited is the registered owner of a commercial property in Gloucester. The shares of Mission Capital (Gloucester) Limited are considered by the Directors to be valueless. Details of the carrying value for the property owned by Mission Capital (Gloucester) Limited as at 30 September 2010 are set out in Note 12 on Page 26 of the Company's Annual Reports and Accounts for the year ended 30 September 2010 (a copy of which is available on the Company's website, www.missioncapitalplc.co.uk). With the consent of the lender to Mission Capital (Gloucester) Limited, which has recently appointed a Receiver of the property under the Law of Property Act 1925, the property is currently being marketed for sale or rent.

17.2 *Quindell*

Quindell owns two freehold properties. Details of these freehold properties are as follows;

<i>Property</i>	<i>Use of Premises</i>
Quindell Dining, Spa, Golf and Country Club, Sky Lark Meadows, Whiteley, Hampshire	Occupied by Quindell and run as a leisure and corporate facility
Quob Park, Fareham Lane, Titchfield Lane Wickham, Hampshire.	Occupied by Quindell and used as an office to manage and promote the business of Quindell

Quindell owns two leasehold properties. Details of these leasehold properties are as follows

<i>Property</i>	<i>Use of Premises</i>	<i>Lease expiry date</i>
The Ship Inn, Owlesbury, Hampshire	Occupied by Quindell and run as part of its leisure business	28 June 2017
Unit 2, Whiteley Village Designer Outlet Centre, Hampshire	Occupied as a telecommunications retail outlet by Quindell	Prior to 30 June 2011

18 General

- 18.1 It is estimated that the total costs and expenses payable in connection with the Proposals will amount to approximately £815,000 (excluding VAT).
- 18.2 The financial information concerning the Company and its subsidiaries incorporated by reference and contained in Part VI of this document has been audited and unqualified. The financial information for the years ended 30 September 2008, 30 September 2009 and 30 September 2010 was audited by Grant Thornton UK LLP.
- 18.3 Grant Thornton UK LLP, registered auditor, whose address is Grant Thornton House, Kettering Parkway, Kettering Venture Park, Kettering, Northamptonshire NN15 6XR, has been the Company's auditor since 2005.
- 18.4 Save as described in this document, and excluding the Company's professional advisers, no person has received, directly or indirectly, from the Company within the 12 months preceding the date of this document or entered into contractual arrangements to receive, directly or indirectly, from the Company on or after admission fees totalling £10,000 or more or securities in the Company with a value of £10,000 or more, or any other benefit with a value of £10,000 or more at the date of Admission.
- 18.5 The Company has no employees as at the date of this document.
- 18.6 Dealings in the Enlarged Share Capital are expected to commence at 8.00 a.m. on 17 May 2011.
- 18.7 No new share certificates will be issued to those persons holding their Ordinary Shares in certificated form.
- 18.8 There are no environmental issues that may affect the issuer's utilisation of its tangible fixed assets.
- 18.9 Save as disclosed in this document, the Company has no principal investments for each financial year covered by the historical financial information incorporated by reference into this document by Part VI and there are no principal investments in progress and there are no principal future investments on which the Board has made a firm commitment.
- 18.10 The Company is not aware of the existence of any takeover bid pursuant to the rules of the City Code, or any circumstances which may give rise to any takeover bid, and the Company is not aware of any public takeover bid by third parties for the Ordinary Shares.

19 Letters of Consent

- 19.1 Daniel Stewart has given and has not withdrawn its written consent to the issue of this document with the inclusion of its name and the references to its name in the form and context in which they appear.
- 19.2 RSM Tenon has given and has not withdrawn its written consent to the inclusion of its reports in Part V of this document and the reference to such reports and to its name in the form and context in which it appears and has authorised that part of this document.

Dated: 28 April 2011

TECHNICAL GLOSSARY

BPM or Business Process Management

a holistic management approach focused on aligning all aspects of an organisation with the wants and needs of clients. BPM attempts to improve processes continuously; it can therefore be described as a “process optimisation process”;

E-Business

electronic business – the application of information and communication technologies (ICT) in support of all the activities of business, through multi-delivery and input channels;

EPOS

electronic point of sale;

ERP or Enterprise Resource Planning

the integration of internal and external management information across an entire organisation, embracing finance/accounting, manufacturing, sales and service. ERP systems automate this activity with an integrated software application. Its purpose is to facilitate the flow of information between all business functions inside the boundaries of the organisation and manage the connections to outside stakeholders;

GPS

global positioning system;

SaaS

software as a service

DEFINITIONS

In this document, unless the context otherwise requires, the expressions set out below bear the following meanings:

1985 Act	the Companies Act 1985;
Acquisition	the proposed acquisition by Mission Capital of the entire issued and to be issued share capital of Quindell;
Acquisition Agreement	the conditional agreement relating to the Acquisition, made between Mission Capital and the Vendors, a summary of which is set out in paragraph 10.1.3 of Part VII of this document;
Act or Companies Act	the Companies Act 2006;
Admission	admission of the Enlarged Share Capital to trading on AIM becoming effective in accordance with Rule 6 of the AIM Rules;
Admission Document	this document which has been produced pursuant to the AIM Rules, disclosing information required for Admission;
AIM	the market of that name operated by the London Stock Exchange;
AIM Rules	the AIM Rules for Companies, being the rules for companies whose securities are admitted to trading on AIM as published by the London Stock Exchange from time to time;
AIM Rules for Nominated Advisers	the rules setting out the eligibility, ongoing obligations and certain disciplinary matters in relation to nominated advisers, as published by the London Stock Exchange from time to time;
Articles	the articles of association of Mission Capital;
Board or Directors	the board of directors of the Company before or immediately after Admission, as appropriate;
City Code	the City Code on Takeovers and Mergers;
Company or Mission Capital	Mission Capital Plc;
Completion	completion of the Acquisition in accordance with the terms of the Acquisition Agreement;
Concert Party	the Vendors (each of them being “a member of the Concert Party”), all of whom are regarded for the purposes of the City Code as acting in concert (as defined in the City Code) in relation to the Company and its share capital;
Consideration Shares	the 1,243,427,731 new Ordinary Shares to be allotted and issued to the Vendors credited as fully paid on Completion pursuant to the Acquisition Agreement;
CREST	the computerised settlement system to facilitate the holding of shares and the transfer of title of shares in uncertificated form, operated by Euroclear UK and Ireland Limited;
CREST Regulations	the Uncertificated Securities Regulations 2001 (SI 2001/3755);
Daniel Stewart	Daniel Stewart & Company Plc, the Company’s nominated adviser and broker;
Enlarged Group	the Company and its subsidiaries as enlarged by the Acquisition;

Enlarged Share Capital	the issued share capital of the Company immediately following Admission;
Existing Directors	the directors of Mission Capital at the date of this document, whose names appear on page 4 of this document;
Existing Share Capital	the issued share capital of Mission Capital as at the date of this document;
Existing Shareholders or Independent Shareholders	holders of Existing Shares;
Existing Shares	the Ordinary Shares in issue as at the date of this document;
Form of Proxy	the form of proxy which accompanies this document for use by Existing Shareholders in connection with the General Meeting;
FSA	the Financial Services Authority of the United Kingdom;
FSMA	the Financial Services and Markets Act 2000;
General Meeting	the general meeting of the Company, notice of which is set out at the end of this document;
Implied Admission Price	calculated as the expected market capitalisation divided by the number of Ordinary Shares following Admission;
Introduction Agreement	the agreement entered into by the Company, the Existing Directors, the Proposed Directors and Daniel Stewart on 28 April 2011, a summary of which is set out in paragraph 10.1.5 of Part VII of this document;
KML	Karspace Management Limited;
LOM	LOM Capital Limited;
London Stock Exchange	London Stock Exchange plc;
Locked In Parties	Bickleigh Ridge Limited, Control Components Limited, Langdale Overseas Property Services Limited, The Robert Burrow Consultancy LLP, Dominic Milton, RST Accumulation and Maintenance Trust, Steve Scott, Robert Terry, Louise Tracey Terry, Ubiquity Capital LLP and Tony Bowers;
Notice of General Meeting	the notice of the General Meeting, as set out at page 216 of this document;
Ordinary Shares	ordinary shares of 1p each in the capital of Mission Capital;
Proposals	the Acquisition and Admission;
Proposed Directors	the proposed directors of the Company whose names appear on page 4 of this document;
Prospectus Rules	the Prospectus Rules of the FSA brought into effect on 1 July 2005 pursuant to Commission Regulation (EC) No. 809/2004 and the Prospectus Regulations 2005 (SI 2005/1433);
QCA Guidelines	the guidelines for corporate governance of AIM companies as published by the Quoted Companies Alliance from time to time;
Quindell	Quindell Limited, a company incorporated in England and Wales with registered number 4097808 whose registered office is at Quob Park, Titchfield Lane, Wickham, Hampshire PO17 5PG;

Quindell Directors	the current directors of Quindell, being the Proposed Directors;
Registrars	SLC Registrars, or any successor registrar of Mission Capital;
Relationship Agreement	the agreement entered into between the Substantial Shareholders and the Company dated 28 April 2011, details of which are set out in paragraph 10.1.6 of Part VII of this document;
Remuneration Committee	the remuneration committee of the Company;
Resolutions	the resolutions described in the Notice of General Meeting;
Shareholders	persons who are registered holders of Ordinary Shares or the Company's shares from time to time;
Substantial Shareholders	Robert Terry, Louise Tracey Terry and Robert Terry and Jonathan Sparks (together acting in their capacity as trustees of the RST Accumulation and Maintenance Trust);
Takeover Panel	the Panel on Takeovers and Mergers;
The Innovation Group	The Innovation Group Plc, a company incorporated in England and Wales with registered number 03256771 whose registered office is at Yarmouth House 1300 Parkway, Whiteley, Fareham, Hampshire, PO15 7AE;
Ubiquity	Ubiquity Capital LLP;
UK Listing Authority	the FSA acting in its capacity as the competent authority for the purposes of the FSMA;
UK or United Kingdom	the United Kingdom of Great Britain and Northern Ireland;
US or United States	the United States of America (including states of the United States and District of Columbia), its possessions and territories and all other areas subject to its jurisdiction;
Vendors	the current shareholders of Quindell together with LOM and Ubiquity, all of whom will be selling their shares in Quindell to the Company pursuant to the Acquisition Agreement;
Whitewash	the proposed waiver of obligations under Rule 9 of the City Code;
Whitewash Shareholders	those Shareholders who have written to the Takeover Panel confirming, <i>inter alia</i> , that they would vote in favour of a resolution to approve the waiver of the requirement for a general offer under Rule 9 of the City Code; and
£ or Sterling	the lawful currency of the United Kingdom.

In this document all references to time and dares are to those observed in London, United Kingdom.

All references to any provision of any legislation in any jurisdiction shall include any amendment, modification, re-commence on extension thereof.

NOTICE OF GENERAL MEETING

MISSION CAPITAL PLC

(incorporated and registered in England and Wales with registered number 5542221)

Notice is hereby given that a General Meeting of Mission Capital Plc (the "Company") will be held on 16 May 2011 at the offices of Speechly Bircham LLP at 6 New Street Square, London EC4A 3LX at 10.00 a.m. to consider and, if thought fit, to pass the Resolutions set out below.

This Notice concerns matters described in a Circular to shareholders of the Company dated 28 April 2011 (the "Circular"). Words and expression defined in the Circular have the same meanings in this Notice.

RESOLUTIONS

1. THAT:
 - (a) the proposed acquisition by the Company be hereby approved on the terms and conditions contained in the Acquisition Agreement dated 28 April 2011 between the Company and the shareholders in Quindell Limited as further described in the Circular with such non-material amendments thereto as the Directors (or any duly constituted committee thereof) may consider appropriate;
 - (b) the authorised share capital of the Company be hereby increased from £1,313,371.83 to £20,000,000 by the creation of 1,868,662,817 new Ordinary Shares of 1p each; and
 - (c) pursuant to Section 551 of the Act, the Directors be hereby generally and unconditionally authorised to exercise all powers of the Company to allot equity securities (as defined in Section 560 of the Act) up to an aggregate nominal amount of £12,434,277.31: provided that this authority shall expire on the date of the next annual general meeting of the Company following the date of the passing of this resolution, except that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of any such offer or agreement as if the authority conferred by this resolution had not expired.
2. THAT, subject to the passing of Resolution 1 and Admission, pursuant to Section 551 of the Act, the Directors be hereby generally and unconditionally authorised to exercise all powers of the Company to allot equity securities (as defined in Section 560 of the Act) up to an aggregate nominal amount of £6,483,973.97: provided that this authority shall expire on the date of the next annual general meeting of the Company following the date of the passing of this resolution, except that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of any such offer or agreement as if the authority conferred by this resolution had not expired.

28 April 2011

Registered Office:
24 Queen Anne Street
London
W1G 9AX

On behalf of the Board
PHILIP GOLDENBERG
Secretary

Entitlement to attend and vote

1. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001 the Company specifies that only those members registered on the Company's register of members at 6.00 p.m. on 12 May 2011 or, if the General Meeting is adjourned, at 6.00 p.m. on the day two days prior to the adjourned meeting, shall be entitled to attend and vote at the General Meeting.

Appointment of proxies

2. If you are a member of the Company at the time set out in note 1 above, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the Meeting and you should have received a proxy form with this notice of meeting. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy.

3. A proxy does not need to be a member of the Company but must attend the General Meeting to represent you. Details of how to appoint the Chairman of the General Meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form. If you wish your proxy to speak on your behalf at the General Meeting you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them.
4. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, please contact the Company's Registrars, PO Box 464, SLC Registrars, Thames House, Portsmouth Road, Esher, Surrey, KT10 1DY.

Appointment of proxy using hard copy proxy form.

5. The notes to the proxy form explain how to direct your proxy how to vote on each resolution or withhold their vote.
6. To appoint a proxy using the proxy form, the form must be:

- completed and signed;
- sent or delivered to SLC Registrars at Thames House, PO Box 464, Portsmouth Road, Esher, Surrey, KT10 1DY; and
- received by SLC Registrars no later than 48 hours before the time fixed for the Meeting.

In the case of a member which is a company, the proxy form must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company.

Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.

Appointment of proxy by joint members

7. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first named being the most senior).

Changing proxy instructions

8. To change your proxy instructions simply submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also apply in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.
9. Where you have appointed a proxy using the hard copy proxy form and would like to change the instructions using another hard copy proxy form, please contact SLC Registrars, Thames House, Portsmouth Road, Esher, Surrey, KT10 9AD.
10. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

Termination of proxy appointments

11. In order to revoke a proxy instruction you will need to inform the Company using one of the following methods:
By sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to SLC Registrars, PO Box 464, Thames House, Portsmouth Road, Esher, Surrey, KT10 1DY. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.
12. The revocation notice must be received by SLC Registrars no later than 48 hours before the time fixed for the General Meeting.
13. If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the paragraph directly below, your proxy appointment will remain valid.
14. Appointment of a proxy does not preclude you from attending the General Meeting and voting in person. If you have appointed a proxy and attend the General Meeting in person, your proxy appointment will automatically be terminated.

Corporate representatives

15. In order to facilitate voting by corporate representatives at the General Meeting, arrangements will be put in place at the General Meeting so that:
 - (i) if a corporate member has appointed the Chairman of the General Meeting as its corporate representative with instructions to vote on a poll in accordance with the directions of all the other corporate representatives for that member at the General Meeting, then, on a poll, those corporate representatives will give voting directions to the Chairman and the Chairman will vote (or withhold a vote) as corporate representative in accordance with those directions; and
 - (ii) if more than one corporate representative for the same corporate member attends the General Meeting but the corporate member has not appointed the Chairman of the General Meeting as its corporate representative, a designated corporate representative will be nominated, from those corporate representatives which attend, who will vote on a poll and the other corporate representatives will give voting directions to that designated corporate representative.
16. Corporate members are referred to guidance issued by the Institute of Chartered Secretaries and Administrators on proxies and corporate representatives – www.icsa.org.uk – for further details of this procedure. The guidance includes a sample form of representation letter to appoint the chairman as a corporate representative as described in (i) above.

Issued shares and total voting rights

17. As at 5.00 p.m. on 27 April 2011, the Company's issued share capital comprised 108,174,872 ordinary shares of £0.01 each. Each ordinary share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company as at 5.00 p.m. on 27 April 2011 was 108,174,872.

