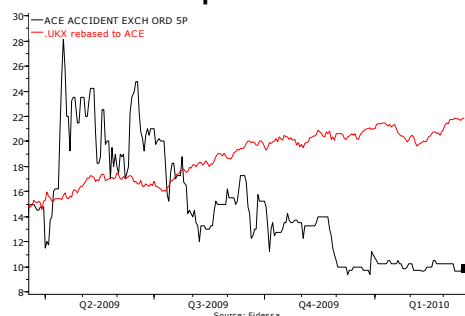


# Accident Exchange 10p FLASH Interim Management Statement

19 March 2010

## Share Price: 10p



**12m High:** 28.25 p

**12m Low:** 9.38p

**Market Cap:** £7m undiluted, £14m fully diluted

**Shares in Issue:** 71.1m undiluted, 137.4m fully diluted

**NAV/Share:** Incl. Goodwill: 29p undiluted, 15p diluted. Ex goodwill, nil.

**Gearing:** Inc. Goodwill, 413%

**Interest Cover:** excl. exceptionals, 1.6X

**EPIC Code:** ACE

**Sector:** General Financial

**Market:** London Full List

**Broker:** Singer Capital Markets

**PR:** Bankside Consultants  
020 7367 8888

**Website:** www.accidentexchange.com

**Description:** Provides replacement vehicles to drivers in motor accidents and recovers the costs from the at fault party.

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This morning's Interim Management Statement gives a clear picture of the new shape of this dramatically downsized company. Over the four months from 1 November to 28 February there has been:

- A 37% reduction in the headcount
- A 30% reduction in the vehicle fleet size, that will rise to 45% over the next three months
- A reduction in vehicle fleet debt of 37%
- A reduction in total net debt of 15%, or £21m
- A reduction in rental days of 32%

We are encouraged by sales proceeds from vehicle sales being 'in line with expectations' which we read as meaning in line with balance sheet values. Raising money from a large volume of sales in a very short period of time always runs the risk of distorting a market, but clearly the vehicle values in the accounts are robust.

No banking covenants have been breached, although there has been 'an adjustment to terms' by lead supporter Morgan Stanley. We view this as encouraging, because it indicates that Morgan Stanley is taking a pragmatic approach to the refinancing negotiations. Accident Exchange states that "future covenant compliance will require ongoing flexibility from Morgan Stanley".

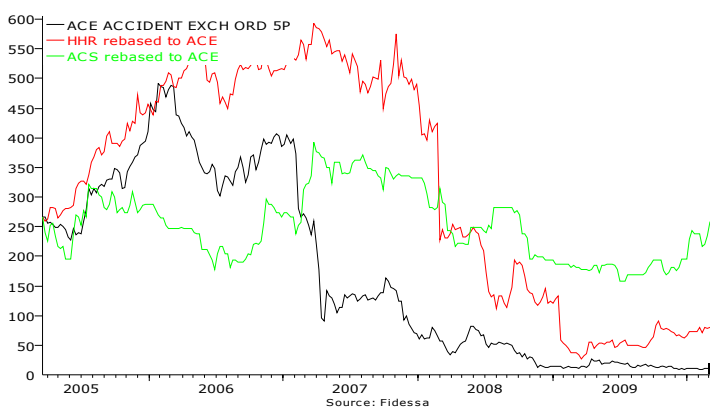
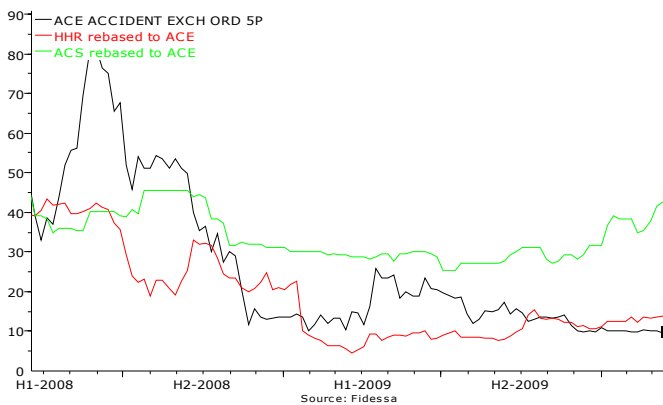
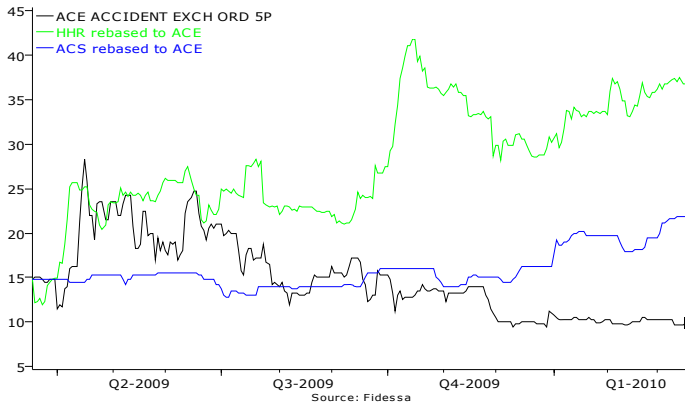
The legal cases against Autofocus and the insurance companies that relied upon Autofocus evidence appear to be moving in the right direction. One senior Autofocus former employee has been given a suspended prison sentence for contempt of court regarding a witness statement. Also the Court of Appeal has given Accident Exchange leave to appeal over an 'out of time' case involving Autofocus evidence. Over 6,500 accident vehicle rental recovery cases are involved. The next key case vs. Autofocus is due to be heard in the High Court on 31 March.

Accident Exchange has returned to its core business of accident replacement vehicle provision in the prestige marketplace. Even though the company is only six weeks from its year-end, the massive upheaval of the past three months means we are unable at present to make a forecast. The precise value of the shares will depend on the terms of the refinancing currently being negotiated. Existing agreements expire in the Autumn.

Y/E	Group Sales	Declared Profit/(Loss)	Adjusted Profit	Adjusted Diluted EPS	P/E ratio	Divi	Yield
April	£m	£m	£m	p.		p.	%
2008A	161.9	9.9	13.9	12.1	0.9	2.5	23.0
2009A	132.0	(55.4)	13.3	9.6	1.1	0	-
2010E	No	Estimate					
2011E	No	Estimate					

\*2009A sales have been adjusted for the debtor impairment write-down.

## Share Performance



On a one and five year view Accident Exchange shares have lagged those of its two nearest comparables. These are Helphire, which is the volume car market leader in accident replacement vehicles, and AI Claims, which has a slightly different business model. The shares of both Helphire and AI Claims have been trending upwards so far in 2010.

Accident Exchange

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Management	Major Shareholders
<p><b>Chairman:</b> David Galloway</p> <p><b>Managing Director:</b> Stephen Evans</p> <p><b>Finance Director:</b> Martin Andrews</p>	<p>Stephen Evans 44.7%</p> <p>Sanlam &amp; Rembrandt 9.4%</p> <p>M S Bramwell 5.6%</p> <p>Lord Young of Grafham 4.4%</p> <p>R H Seel 4.3%</p> <p>Morgan Stanley will potentially own over 50% of the equity on conversion of its Loan Stock.</p>
Key Dates	Key Milestones
<p><b>High Court Hearing:</b> 31 March, action v. Autofocus.</p> <p><b>Full Year Results:</b> August or September.</p> <p><b>Refinancing Negotiations:</b> Due to be completed by end-September.</p>	<p><b>2004:</b> Accident Exchange arrived on AIM via a reverse.</p> <p><b>2007:</b> Moved from AIM to Full London Stock Exchange Listing.</p> <p><b>2008:</b> Additional finance raised via a Morgan Stanley Convertible Loan Note.</p> <p><b>2008:</b> Victory in a series of legal actions that had been holding back payments by some insurance companies and restricting cash flow.</p> <p><b>2009:</b> Initiated legal actions against Autofocus and certain Autofocus employees and ex-employees.</p>

## Accident Exchange

19 March 2010

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