

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document you should consult a person authorised under the Financial Services and Markets Act 2000 (“FSMA”) who specialises in advising on the acquisition of shares and other securities. The whole of the text of this document should be read. You should be aware that an investment in the Company involves a high degree of risk and may result in the loss of the entire investment and may not be suitable for all recipients of this document. Prospective investors should also carefully consider the section entitled “Risk Factors” in Part II of this document before taking any action.

This document (which has been drawn up in accordance with the requirements the AIM Rules) comprises an admission document for the purposes of the AIM Rules. It does not comprise a prospectus within the meaning of section 85 of the Financial Services and Markets Act 2000 and has not been drawn up in accordance with the Prospectus Rules or approved by the Financial Services Authority. This document contains no offer to the public within the meaning of the FSMA, the Act or otherwise.

The directors and the proposed director of Northbridge Industrial Services plc, whose names appear on page 3 of this document, accept responsibility for the information contained in this document including individual and collective responsibility for compliance with the AIM Rules. To the best of the knowledge and belief of the Directors and the proposed director of the Company (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.

Application will be made for the issued and to be issued Ordinary Shares to be admitted to trading on AIM, a market operated by the London Stock Exchange plc. It is expected that Admission will take place and that trading will commence on 28 March 2006.

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 UK Listing Authority (“UKLA”). 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. The AIM Rules are less demanding than those of the Official List of the UKLA. Neither the UKLA nor the London Stock Exchange plc has examined or approved the contents of this document. The Ordinary Shares are not dealt in on any other recognised investment exchange and no applications for such dealings have been made. It is emphasised that no application is being made for admission of these securities to the Official List of the UK Listing Authority.

Northbridge Industrial Services plc

(Incorporated in England and Wales under the Companies Act 1985 (as amended) with registered number 5326580)

Placing of 6,437,500 Ordinary Shares of 10p each at 100p per Share

and

Admission to trading on AIM

Financial Adviser
MacArthur & Co. Limited

Nominated Adviser & Broker
Charles Stanley Securities

SHARE CAPITAL IMMEDIATELY FOLLOWING ADMISSION

<i>Authorised</i>			<i>Issued and fully paid</i>	
<i>Number</i>	<i>Amount</i>		<i>Number</i>	<i>Amount</i>
30,000,000	£3,000,000	Ordinary Shares of 10p each	7,388,495	£738,849.50

The Placing Shares will, on Admission, rank *pari passu* in all respects with the existing Ordinary Shares then in issue and will rank in full for all dividends and other distributions declared, paid or made in respect of the Ordinary Shares after Admission.

In accordance with the AIM Rules, Charles Stanley Securities, a trading division of Charles Stanley & Co. Limited (“Charles Stanley”) has confirmed to the London Stock Exchange plc that it has satisfied itself that the directors and the proposed director have received independent advice and guidance as to the nature of their responsibilities and obligations to ensure compliance by the Company with the AIM Rules and that, to the best of its information and belief having made due and careful enquiry, all relevant requirements of the AIM Rules have been complied with. In giving its confirmation to the London Stock Exchange, no liability whatsoever is accepted by Charles Stanley for the accuracy of any information or opinions contained in this document or for the omission of any material information.

Charles Stanley, which is regulated by the Financial Services Authority, is acting as Nominated Adviser and Broker for the Company, and no one else in relation to the Placing and will not be responsible to any other person other than the Company for providing the protection afforded to its customers or for advising any other person on the contents of this document or any transaction or arrangement referred to herein. MacArthur & Co. Limited, which is regulated by the Financial Services Authority, is acting as Financial Adviser to the Company and no one else in relation to the Placing and will not be responsible to any other person other than the Company for providing the protection afforded to its customers or for advising any other person on the contents of this document or any transaction or arrangement referred to herein. No action has been taken or will be taken in any jurisdiction by either the Company, Charles Stanley or MacArthur & Co. Limited that would permit a public offer of Ordinary Shares in any such jurisdiction where action for that purpose is required, nor has any such action been taken with respect to the possession or distribution of this document. Persons into whose possession this document comes are required by the Company, Charles Stanley and MacArthur & Co. Limited to inform themselves about and to observe any restriction as to the Placing and the distribution of this document.

No person is authorised, in connection with the Placing, to give any information or make any representation other than contained in this document and if given or made, such information or representation must not be relied upon as having been authorised by the Company, Charles Stanley or MacArthur & Co. Limited or their respective directors.

The Ordinary Shares have not been, and will not be, registered under the US Securities Act of 1933, as amended, or under securities legislation of any state of the United States of America, Canada, Japan, the Republic of South Africa or the Republic of Ireland. Accordingly, subject to certain exceptions, the Ordinary Shares may not, directly or indirectly, be offered or sold within the United States of America, Canada, Japan, the Republic of South Africa or the Republic of Ireland or to or for the account or benefit of any national, resident or citizen of the United States of America, Canada, Japan, the Republic of South Africa or the Republic of Ireland or any person located in the United States of America. The distribution of this document in jurisdictions other than the UK may be restricted by the laws of those jurisdictions and therefore persons into whose possession this document comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

This document does not constitute an offer, or the solicitation of an offer, to subscribe or buy any of the Ordinary Shares to any person in any jurisdiction to whom it is unlawful to make such offer or solicitation in such jurisdiction.

DIRECTORS, SECRETARY AND ADVISERS

Directors	Peter Robert Harris (<i>Non- Executive Chairman</i>) Eric Ward Hook (<i>Chief Executive</i>) Brian Edward Connolly (<i>Finance Director</i>)
Proposed Director	James William Gould (<i>Non- Executive Director</i>) <i>whose business address is at:</i> Second Avenue, Centrum 100, Burton-on-Trent DE14 2WF
Company Secretary	Brian Edward Connolly, Second Avenue, Centrum 100, Burton-on-Trent DE14 2WF
Registered Office	Second Avenue, Centrum 100, Burton-on-Trent DE14 2WF
Nominated Adviser and Stockbroker	Charles Stanley Securities, a trading division of Charles Stanley & Co. Limited, 25 Luke Street, London EC2A 4AR
Financial Adviser	MacArthur & Co. Limited, 60 Lombard Street, London EC3V 9EA
Auditors and Reporting Accountant	BDO Stoy Hayward LLP, 8 Baker Street, London W1U 3LL (a member firm of the Institute of Chartered Accountants of England and Wales)
Solicitors to the Company	Berwin Leighton Paisner LLP, Adelaide House, London Bridge, London EC4R 9HA
Solicitors to the Placing	Field Fisher Waterhouse, 35 Vine Street, London EC3N 2AA
Registrars	Capita Registrars plc, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU
Bankers	Bank of Scotland, 55 Temple Row, Birmingham B2 5LS
Public Relations	Buchanan Communications, 107 Cheapside, London EC2N 6DN

KEY INFORMATION

The following summary should be read in conjunction with the full text of this document from which it is derived. In particular, your attention is drawn to the risk factors set out in Part II.

- Northbridge was incorporated for the purpose of acquiring companies that hire and sell specialist industrial equipment such as generators, load banks, pumps, air compressors, heaters and chillers.
- The Directors intend to use their proven industry experience to identify, acquire and consolidate complementary businesses in the sector with significant growth potential.
- Northbridge will seek to acquire specialist niche businesses that have the potential for expansion into complete outsourcing providers; capable of supplying a non-cyclical customer base including utility companies, the public sector and the oil and gas industries; which incorporate a strong element of service work; and have turnover of between approximately £1 million and £10 million.
- Northbridge's first acquisition, conditional on Admission, will be Crestchic. The Directors believe Crestchic has a unique market position in a growing specialist niche market which serves the power generation, shipping and oil and gas exploration industries and as such is considered by the Directors to be an excellent first acquisition in implementing their strategy.
- Crestchic, based in Burton-on-Trent, England, is one of the largest specialist load bank equipment manufacturers in the world, selling and hiring to a national and international customer base. Crestchic was founded more than 20 years ago by Jim Gould and currently employs 45 employees.
- Load banks are primarily used for testing in power commissioning and maintenance such as diesel generators and, in particular, for simulating real loads on standby equipment. Crestchic manufactures products for sale to customers and for its own hire fleet. The assembly of this equipment is undertaken at Crestchic's dedicated premises at Burton-on-Trent.
- Turnover for Crestchic for the six months to 30 June 2005 was £2.75 million compared with £1.49 million for the six months ended 30 June 2004, representing a 84.6 per cent. increase on the prior year. Operating profit for the six months to 30 June 2005 was £480,000 compared with a loss of £51,000 over the prior year period.
- The net proceeds of the Placing available to the Group after the expenses of the Placing and Admission will be approximately £5.54 million. The net proceeds will be used to pay the consideration to the Vendors pursuant to the Crestchic Acquisition Agreement.
- The Directors believe that Admission and the Placing is an important step in the Company's strategy for its continuing development and future growth. In addition, the Directors believe that Admission will provide the Group with potential access to further capital and the opportunity to make selective acquisitions through the issue of Ordinary Shares, where appropriate.

DEFINITIONS

The following definitions apply throughout this Document unless the context requires otherwise:

“Act”	the Companies Act 1985, as amended
“Admission”	the admission of the entire issued and to be issued share capital of the Company to trading on AIM becoming effective in accordance with Rule 6 of the AIM Rules
“Acquisition”	the acquisition by Northbridge of the entire issued share capital of Crestchic from the Vendors pursuant to the Crestchic Acquisition Agreement
“Admission Document” or “Document”	this document
“AIM”	the market of that name operated by the London Stock Exchange
“AIM Rules”	the rules for AIM companies and their nominated advisers issued by the London Stock Exchange governing the admission to AIM and the operation of AIM traded securities
“Articles”	the articles of association of the Company adopted, conditional upon Admission, by the Company on 21 March 2006 (as amended from time to time)
“Charles Stanley”	Charles Stanley Securities, a trading division of Charles Stanley & Co. Limited
“Combined Code”	the Combined Code on Corporate Governance published by the Financial Reporting Council appended to, but not forming part of the Listing Rules of the UK Listing Authority
“Code”	The City Code on Takeovers and Mergers
“Company” or “Northbridge”	Northbridge Industrial Services plc, a public limited company incorporated and registered in England and Wales with registered number 5326580
“Consideration Shares”	600,000 Ordinary Shares to be issued to the Vendors pursuant to the Crestchic Acquisition Agreement at the Placing Price
“CREST”	the computerised settlement system (as defined in the CREST Regulations) operated by CRESTCo which facilitates the transfer of title to shares in uncertificated form
“Crestchic”	Crestchic Limited, a private limited company registered in England & Wales with company number 1772456
“Crestchic Acquisition Agreement”	the agreement dated 21 March 2006 between Northbridge (1) and the Vendors (2), summarised in paragraph 9(c) of Part V of this document
“Crestchic Group”	Crestchic and its subsidiary companies from time to time
“CRESTCo”	CRESTCo Limited
“CREST Regulations”	The Uncertificated Securities regulations 2001 (SI 2001 No.3755) (as amended)
“Directors” or “the Board”	the directors and the proposed director of the Company as at the date of this Document whose names are set out on page 3 of this Document
“Enlarged Share Capital”	the issued share capital of the Company as enlarged by the issue of the Placing Shares and the Consideration Shares
“FSA”	the United Kingdom Financial Services Authority
“FSMA”	the Financial Services and Markets Act 2000

“Group”	the Company and its subsidiaries from time to time (including, where the context permits, Crestchic and its subsidiaries from time to time)
“ISO Containers”	freight containers which comply with standards issued by the International Organisation for Standardisation
“KW”	kilowatt
“KV”	kilovolt
“KVA”	kilovolt ampere
“London Stock Exchange”	London Stock Exchange plc
“MacArthur & Co.”	MacArthur & Co. Limited
“MVA”	mega volt ampere
“Official List”	the Official List of the UK Listing Authority
“Ordinary Shares”	ordinary shares of 10p pence each in the share capital of the Company
“Placing”	the proposed conditional placing of the 6,437,500 Placing Shares pursuant to the Placing Agreement at the Placing Price
“Placing Agreement”	the conditional placing agreement dated 21 March 2006 between the Company (1) Charles Stanley (2) and the Directors (3) which is summarised in paragraph 9(a) of Part V of this Document
“Placing Price”	100 pence per Ordinary Share
“Placing Shares”	6,437,500 new Ordinary Shares being issued by the Company pursuant to the Placing
“RPI”	General Index of Retail Prices published by the Office for National Statistics
“SARs”	The Rules Governing Substantial Acquisitions of Shares issued by the Panel
“Shareholders”	holders of Ordinary Shares
“Share Option Plans”	together the approved share option plan, the unapproved share option plan and the unapproved share option plan for non-executive Directors and consultants, which are all intended to be adopted by the Company
“Uncertificated Form”	in relation to Ordinary Shares recorded on the Company’s register of members as being held in uncertificated form in CREST, title to which may be transferred by means of CREST
“United Kingdom” or “UK”	the United Kingdom of Great Britain and Northern Ireland
“USA”	the United States of America
“Vendors”	together James William Gould, Jonathan Anthony Gould, David Robert Gould and Ronald Leslie Bancroft

PLACING STATISTICS

Placing Price	100p per Ordinary Share
Number of Placing Shares	6,437,500
Number of Consideration Shares	600,000
Number of Ordinary Shares in issue immediately following Admission	7,388,495
Market capitalisation of the Company following Admission at the Placing Price	£7.39 million
Percentage of the Enlarged Share Capital represented by the Placing Shares	87.13 per cent.
Percentage of the Enlarged Share Capital represented by the Consideration Shares	8.12 per cent.
Gross proceeds of the Placing	£6.44 million
Estimated net proceeds of the Placing to be received by the Company	£5.54 million

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

	2006
Admission and dealings in the Ordinary Shares to commence on AIM	8.00 a.m. on 28 March
CREST member accounts credited by	28 March
Despatch of definitive share certificates by	11 April

PART I

INFORMATION ON NORTHBRIDGE

1. Introduction

Northbridge was incorporated for the purpose of acquiring companies that hire and sell specialist industrial equipment such as generators, load banks, pumps, air compressors, heaters and chillers. The Directors intend to use their proven industry experience to identify, acquire and consolidate complementary businesses in the sector with significant growth potential.

On 21 March 2006 Northbridge entered into the Crestchic Acquisition Agreement to acquire the entire issued share capital of Crestchic. Crestchic is a profitable company that designs and manufactures load bank equipment which it hires and sells to a diverse national and international client base. The Directors believe that Crestchic is an appropriate first acquisition for the Company as a result of its track record, its position in the world market and their belief that there is potential to improve the trading performance of Crestchic.

The Company is seeking to raise £6.44 million, before expenses, from the Placing, which will be used in conjunction with the arranged bank debt facilities of £3.25 million to acquire Crestchic and to provide further working capital for the Group.

2. Background to Northbridge

Northbridge was incorporated on 7 January 2005. Eric Hook, Chief Executive, has over the last twenty four months identified and entered into initial discussions with a number of privately owned businesses, with a view to the Company acquiring such entities.

The Directors believe that an opportunity exists to acquire and consolidate specialist industrial equipment businesses. Northbridge will seek to acquire businesses that possess some or all of the following criteria:

- potential for expansion into complete outsourcing providers;
- supplying, or capable of supplying, a non-cyclical customer base including utility companies, the public sector, and the oil and gas industries;
- incorporating a strong element of service work; and
- turnover between approximately £1 million and £10 million.

By consolidating a number of such companies the Directors believe that, drawing on their considerable industrial plant hire and leasing background, Northbridge can add significant value through organic expansion into new geographical or industry markets and, through complementary acquisitions, increase the Group's product offering to its customer base. By delivering such a strategy, the Directors believe that the Company will be able to capitalise on the market opportunity to become a significant industrial services business serving an international market.

Northbridge's first acquisition, conditional on Admission, will be Crestchic. The Directors believe Crestchic has a unique market position in a growing specialist niche market which serves the power generation, shipping and oil and gas exploration industries and as such is considered by the Directors to be an excellent first acquisition in implementing their strategy.

Eric Hook has spent over 15 years in the industrial services sector and was Chief Executive of Andrews Sykes Group plc. Peter Harris, Chairman, is currently Group Managing Director of a number of RAC plc's businesses including outsourced fleet and inventory management services and Lex Defence. He is joining Dawson Holdings plc in April 2006 as Chief Executive. Brian Connolly, Finance Director, has held a number of finance roles and also has leasing and acquisition experience. Jim Gould founded and has since spent over 20 years working at Crestchic.

3. Information on Crestchic

History

Crestchic, based in Burton-on-Trent, England, is one of the largest specialist load bank equipment manufacturers in the world, selling and hiring to a national and international customer base. Crestchic was founded more than 20 years ago by Jim Gould (it was incorporated on 24 November 1983) and currently employs 45 employees.

Operations

Crestchic designs, manufactures, sells and hires load bank equipment. Load banks are primarily used for testing in power commissioning and maintenance such as diesel generators and, in particular, for simulating real loads on standby equipment. Crestchic manufactures products for sale to customers and for its own hire fleet. The assembly of this equipment is undertaken at Crestchic's dedicated premises at Burton-on-Trent, with the majority of components being bought in from suppliers. Crestchic's product range comprises:

- Resistive load banks are available in units of between 2KW and 6000KW at the customer's specified voltage and frequency. Resistive loads (generated by a resistive load bank) simply create a variable resistance to the flow of electricity, for example an electric fire.
- Reactive load banks are available in units of between 250 KVA and 6000 KVA. They are generally housed in ISO Containers and are used to test the output power supplies such as generators.
- Packaged transformers are available in units of between 2.9MVA and 5.8MVA. Packaged transformers are used for stepping up or down voltages accommodating supplies from 3.3Kv to 15Kv.

Crestchic sells and hires its products to a wide customer base, which includes companies serving the utilities sector, off-shore oil and gas sector, the ship-building sector and the emergency and standby power sector. Crestchic's turnover is generated both through its direct sales force and through its international agents and distributors. In 2004, approximately 70 per cent. of Crestchic's turnover was derived from equipment sales with the remainder derived from rental sales of its own hire fleet.

Sales

Historically, the direct sales team of four personnel have generated leads and maintained awareness of the Crestchic brand from attending industry trade shows and exhibitions. Crestchic has the following distributors, which use the Crestchic name as detailed below:

- Hawthorne Power Systems Inc. (trading as Crestchic-USA) based in Southern California, who have the distribution rights for Crestchic's products in the USA, Mexico and Hawaii and who also operate their own equipment hire fleet; and
- Crestchic DO Brasil Servicos Limitada based in Rio de Janeiro.

Crestchic (Asia-Pacific) Pte Ltd, based in Singapore, trades using the Crestchic name and is an established customer of Crestchic's. Crestchic is in negotiations with Crestchic (Asia-Pacific) Pte Ltd in relation to appointing it as a distributor.

In addition, Crestchic has distribution agreements with the following distributors, who do not use the Crestchic name:

- A.T.S. Engineering Co. Limited based in Thailand;
- Jeil Engineering Company Limited based in Korea; and
- Macfarlane Generators based in Australia.

Hire

Crestchic maintains a hire fleet of approximately 119 units split broadly between 81 smaller load bank units, 28 larger load bank units and 10 transformer sets. The larger load bank units and the transformer sets are housed in ISO Containers. Rental contracts are often for periods of two to three days for the smaller units and the larger units can be on hire for periods of several months. Equipment is regularly hired in multiple units with experienced Crestchic engineers assisting with the set up of the equipment or the testing process. Hire contracts therefore vary in value from several thousand pounds to several hundred thousand pounds on larger hires. Rental equipment is predominantly stored at Crestchic's premises in Burton-on-Trent when not in use.

Crestchic also regularly provides ancillary services such as transport and cabling to support the hire contracts.

Customers

The customer base includes a wide range of companies based in the UK and overseas. The table below provides a summary of Crestchic's largest customers (by sales revenue) in 2004/2005:

<i>Customer</i>	<i>Sector</i>
Hawthorne Power Systems, Inc.	Various
Crestchic (Asia-Pacific)	Various
Cummins	Generator manufacture
China Shipbuilding	Shipbuilding
Daewoo	Shipbuilding
Hyundai	Shipbuilding
MW Kellogg	Support services
Samsung	Shipbuilding
Vosper Thornycroft Integrated	Shipbuilding

In 2004 no customer other than the USA distributor, Hawthorne Power Systems, Inc., accounted for more than 10 per cent. of sales. The terms of the distribution agreement with Hawthorne are set out in paragraph 9(d) in Part V of this document.

IPR

Crestchic has no current registered patents as the Directors believe that its hardware comprises largely generic components and well-established electrical engineering. The load bank controlling microprocessors have been developed in conjunction with Tellima Technology Limited ("Tellima") and the associated intellectual property rights owned by Tellima have been licensed to Crestchic. Crestchic has a manufacturing licence "for use solely in embedded applications developed by Crestchic" and a licence to use certain of Tellima's technologies "solely for use by Crestchic on an unlimited number of the Custom Microcontroller Cards". This licence is worldwide, irrevocable and perpetual. Crestchic also uses intellectual property rights in which are owned by Crestchic and Tellima jointly. As a co-owner of the intellectual property rights in those components, Tellima has consented to Crestchic's manufacture and exploitation of them.

Additionally, the application software is bespoke and has been developed in-house over a number of years by Crestchic employees and Crestchic holds the intellectual property rights to such software.

Crestchic Acquisition Agreement

Pursuant to the Crestchic Acquisition Agreement, Northbridge will acquire the entire issued share capital of Crestchic, subject to Admission, for an amount of £6.77 million. The initial consideration payable to the Vendors is £6.46 million to be satisfied as to £5.86 million in cash and by the issue of 600,000 Consideration Shares at the Placing Price. Deferred consideration of up to £312,500 in cash may become payable dependent on confirmation of the trading performance of Crestchic in the period to 31 December 2005.

The terms of the Crestchic Acquisition Agreement are summarised in paragraph 9(c) of Part V of this Document.

Financial information

The trading record of Crestchic for the three years ended 31 December 2004 and the six months ended 30 June 2005 is set out in the financial information on Crestchic included in Section B of Part IV of this Document, from which the following information has been extracted without material adjustment.

	<i>6 months ended</i>	<i>Year ended</i>	<i>Year ended</i>	<i>Year ended</i>
	<i>30 June</i>	<i>31 December</i>	<i>31 December</i>	<i>31 December</i>
	<i>2005</i>	<i>2004</i>	<i>2003</i>	<i>2002</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Turnover	2,746	3,830	3,915	4,523
Operating profit	480	141	308	347
Profit before taxation	469	132	234	368

As at 30 June 2005, Crestchic had net assets of £3.9 million including cash, net of loans and overdrafts, amounting to £0.4 million.

Since being incorporated in 1983, Crestchic has consistently reported annual profits. The business has grown as a result of demand from a range of customers, including companies serving the oil and gas industry and

utility companies. By 2000 turnover had reached £4.6 million and in the five years ended 31 December 2001 the average turnover and pre-tax profits were approximately £4.0 million and £750,000 respectively. Turnover and profits peaked in 2001 with profit before taxation of £1.2 million partly as a result of strong USA demand which in 2002 weakened and turnover fell. For the years ended 31 December 2003 and 2004, Crestchic's turnover stabilised at £3.9 million and £3.8 million respectively, generating operating profits of £0.3 million and £0.1 million respectively.

In 2004 Crestchic experienced improved trading with a number of its key customers, particularly Hawthorne Power Systems, Inc. and the Korean shipyards. Trading in the 2005 financial year has improved and interim results for the six months to 30 June 2005 show turnover and profit substantially ahead of the same period in 2004. Total turnover was up by approximately £1.26 million, both hire and unit sales benefited with increases over the prior year period of approximately 105 per cent. and 70 per cent. respectively. Audited operating profit for the six months ended 30 June 2005 was approximately £0.48 million, compared with an operating loss of £0.05 million in the same period in the prior year.

4. Market and Competition

Northbridge

The specialist industrial equipment market is highly fragmented with a significant number of smaller businesses. There are in excess of 2,000 plant equipment hire outlets in the UK with the top four businesses estimated to account for almost 25 per cent. of the market (*AMA Research, The UK Plant Hire Market Report 2004*). The Directors believe that amongst the smaller businesses, a number of owner-managers are currently seeking to retire and this may create an opportunity for Northbridge to expand into other specialist areas.

The outsourcing of on-site utility services is currently in the development stage. Estimated at over £8 billion in 2002, the market for outsourcing of industrial utility services (comprising water, waste, energy and IT/telecoms) is poised to double in value by 2009. The energy services market is likely to persist as the largest utility sector in terms of revenue generation (*Opportunities for outsourcing industrial utility services in Europe, Frost and Sullivan report, 2003*).

The current European, Middle Eastern and African power rental market place is dominated by three global players, being Caterpillar Inc., Aggreko plc and GE Energy Rentals.

Andrews Sykes Group plc and Longville Group Limited offer a range of products and services such as generators, chillers and heaters in the UK and also operate in more than one country. Other players include the traditional plant and tool hire companies, i.e. Finnings (UK) Limited (formerly Hewden Stuart Plc), Speedy Hire PLC and VP plc (Vibroplant) in the UK and Ashtead Group Plc in the UK and USA.

The Directors believe that on a local level, in the UK, hire services are generally still provided by privately owned businesses that operate from one location. Some of the larger operators may have opened a number of branches around a particular region, but in the Directors' opinion, it is unusual to find such privately owned businesses branching into a completely new geographical area. While professionally run, the Directors believe that these companies often do not have an experienced hire manager and they could benefit from a more disciplined and rigorous approach to management and marketing. It is such companies that Northbridge intends to target as part of its acquisition strategy.

Crestchic

The Directors believe that Crestchic operates in a market that is principally concerned with independent power (that is independent of any national grid network) and that the demand for a reliable power source is a driver for its products.

The independent power market includes 'blue chip' international companies such as, Caterpillar Inc. and Cummins Inc. and their installation and maintenance companies, all of whom need to test and service their products on a regular basis. In the banking, health and communications sectors and large industrial or civil concerns, demand is driven by the need for secure and reliable power supplies. The Directors believe that frequent testing and servicing are essential for a smooth transition should there be a grid failure.

Off-shore oil and gas installations and shipping companies are also major users of independent power, not just for propulsion but also to drive the on board control systems where safety is a major concern. The Directors believe that additional demand in the market will be derived from green energy, turbine manufacturing, UPS and batteries, transformers and switch gear, all of which require testing.

The Directors believe that load bank sales and rentals, the market in which Crestchic operates, is a specialised niche market. The Directors believe that the load bank division of Aggreko plc is the biggest competitor to Crestchic in the load bank hire market.

There are a small number of competitors to Crestchic, which manufacture load banks including N.J. Froment & Co. Ltd of Stamford, Hillstone Products Ltd of Bury and TPR Resistors Ltd, a subsidiary of Telema SpA, in Wisbech, all of the UK. Overseas, Sephco Industries Pty. Limited of Australia, Simplex Inc. and Avtron Inc. of the USA also manufacture load banks. Energyst, which is a combination of 10 independent European Caterpillar dealers and Caterpillar Inc. offer a rental service in Europe. Power Plant Services Ltd. of Yorkshire and Load Bank Hire Service of Kent offer rental equipment in the UK.

The Directors intend to target a number of areas where they believe there is potential significant additional demand for load banks. In addition to the maintenance and testing of back-up generators used in the banking, health and communications sectors, the Directors believe that opportunities exist in the green energy sector where the UK Government has set a target of 10 per cent. of power to be generated by renewable sources by 2010. The Directors believe that further opportunities exist in, *inter alia*, the sectors of offshore oil and gas, shipping, leasing and insurance, turbine manufacturing and battery manufacturing.

5. Use of Proceeds and reasons for Placing

The net proceeds of the Placing available to the Group after the expenses of the Placing and Admission will be approximately £5.54 million. The net proceeds will be used to pay the consideration to the Vendors pursuant to the Crestchic Acquisition Agreement. The Directors believe that Admission and the Placing is an important step in the Company's strategy for its continuing development and future growth. In addition, the Directors believe that Admission will provide the Group with potential access to further capital and the opportunity to make selective acquisitions through the issue of Ordinary Shares, where appropriate. The Directors also believe that Admission will help enable the Group to attract and retain key staff who may be further incentivised through the grant of share options and expect that Admission will increase the awareness and profile of Northbridge.

6. Banking facilities

The Company has entered into two facilities letters dated 21 March 2006 with Bank of Scotland, the terms of which are summarised in paragraph 9(e) of Part V of this document. Under the terms of these letters Bank of Scotland has, conditional upon the satisfaction of certain conditions precedent including Admission, offered a seven year term facility to the Company in the sum of £3.0 million and a working capital facility of up to £0.25 million.

7. Directors

The Board comprises Peter Harris (Non-Executive Chairman), Eric Hook (Chief Executive), Brian Connolly (Finance Director) and, conditional on Admission, Jim Gould (Non-Executive Director), brief biographies of whom are set out below. Details of the service contracts, appointment letters and pension arrangements relating to Directors are set out in paragraph 7 of Part V of this document. Further details of the Directors' directorships, both current and in the past ten years, are set out in paragraph 8 of Part V of this document.

The Board intends to make further executive and non-executive director appointments as the Company's acquisition programme progresses and as suitable candidates are identified.

Peter Harris, Chairman, aged 54 years

After studying economics and accountancy at Sheffield University, Peter Harris trained as an ACA working for both PricewaterhouseCoopers and Grant Thornton. After eight years in the accountancy profession, Peter moved to Cosine Engineering as Financial Controller in 1979. Two years later Peter joined Borden Inc., a food packaging and industrial product company, where he spent 13 years in a variety of senior finance roles.

In 1994, Peter was appointed Finance Director of Lex Service plc (later RAC plc), a leading automotive services provider. Peter is now a Group Managing Director of RAC plc and in this role he heads a number of businesses including Lex Transfleet, Lex Multipart, Lex Commercial, Lex Defence and RAC Software Solutions and which provide outsourced marketing, distribution and inventory management services to vehicle manufacturers and fleet management services to operators of large vehicle fleets. RAC plc was acquired by Aviva in May 2005 and Peter is currently exiting this role with the intention of joining Dawson

Holdings plc, the logistics and newspaper distributor business, as CEO, in April 2006. Peter was also a director of Wembley PLC and is Chairman of Coworth-Flexlands School Limited.

Eric Hook, Chief Executive Officer, aged 52 years

Eric Hook, an FCCA, has spent over 15 years in the industrial services sector. He has held Chief Executive roles at Andrews Sykes Group plc and more recently, the venture capital backed Longville Group Ltd. Previously, Eric was the Finance Director of Harvey Plant Ltd, a subsidiary of Lex Service plc.

In May 1994, Eric was appointed Chief Executive of Andrews Sykes Group plc, the listed support services group specialising in industrial hire. Eric joined Andrews Sykes to turnaround what was then a loss making business. Within 18 months, Eric had refocused the group and improved margins contributing to a significant rise in share price from circa 18p to 118p over five years. Eric left Andrews Sykes in 1999 when approached to lead Longville Group Ltd, a consolidation of three industrial hire businesses. Eric expanded Longville Group Limited organically and by acquisitions and it had a market leading position in pumps, fluid chillers and diesel generators. Eric left Longville Group Limited in 2003 to establish Northbridge.

Brian Connolly, Finance Director, aged 59 years

Brian Connolly, an FCCA, brings much financial leasing experience to Northbridge having spent almost 30 years with Lex Service plc where he worked for a time with Peter Harris. During this period Brian was Finance Director of Lex Vehicle Leasing, Commercial Director of Lex Retail Group and Managing Director of Lex Systems Leasing. He retired four years ago and established his own consulting business, Connolly Business Solutions Limited providing *ad hoc* financial and management advisory services to a range of companies including RAC plc.

Jim Gould, Non-Executive Director, aged 71 years

Jim Gould is an electrical engineer by training and established Crestchic in 1983 with his two sons and Ron Bancroft. He is currently Managing Director of Crestchic. Upon Admission Jim will join the Northbridge board as a non-executive director and remain with Crestchic as General Manager. Jim previously served as a local magistrate in Burton-on-Trent.

8. Current trading, recent trends and prospects

Crestchic has experienced an improvement in its trading environment since the last quarter of 2004, which has been maintained throughout 2005, from increased demand from Korea, and also a resumption of demand from the USA.

Turnover for Crestchic for the six months to 30 June 2005 was £2.75 million compared with £1.49 million for the six months ended 30 June 2004, representing a 84.6 per cent. increase on the prior year. Operating profit for the six months to 30 June 2005 was £480,000 compared with a loss of £51,000 over the prior year period.

The Directors believe that Crestchic has a strong order book and quotation pipeline for the first half of the financial year ending 31 December 2006 with firm sales and rental orders in excess of £3.0 million having been received for the period to 30 June 2006. In addition, Crestchic has sales and rental enquiries of approximately £2.0 million for the current financial year. The Directors believe that this pipeline represents significant growth opportunity for the business.

In the first six months following the Acquisition, the Directors intend to develop Crestchic in a number of ways, including the following:

- develop case study brochures for the key target sector markets;
- focus on developing the hire fleet marketing approach;
- develop closer relationships with generator manufacturers and their agents;
- consider appointing agents in the growth markets not yet exploited such as China and India; and
- introduce generators to the hire fleet.

In addition to the marketing opportunities above, the Directors believe that in the longer term new load bank sales and hire opportunities will be found in areas such as standby power, green energy, the oil and gas sector, marine, leasing and insurance, turbine manufacture, generators, UPS and battery manufacturers and transformers and switchgear.

Given the above, the Directors believe that there are opportunities for the development of the Company and are confident of the future prospects of the Group.

9. The Placing

The Company is proposing to raise approximately £5.54 million (net of expenses) in the Placing by the issue of 6,437,500 Placing Shares at the Placing Price. The Placing will represent approximately 87.13 per cent. of the Enlarged Share Capital.

Pursuant to its obligations under the Placing Agreement, Charles Stanley has conditionally placed the Placing Shares at the Placing Price with institutional and other investors. The Placing has not been underwritten by Charles Stanley or any other person.

The Placing Agreement is conditional, *inter alia*, upon Admission having taken place by not later than 8.00 a.m. on 28 March 2006 or such later time and date, being not later than 8.00 a.m. on 4 April 2006, as the Company and Charles Stanley may agree. The Placing Agreement contains provisions entitling Charles Stanley to terminate the Placing Agreement at any time prior to Admission in certain circumstances. If this right is exercised the Placing will lapse. Further details of the Placing Agreement are set out in paragraph 9(a) of Part V of this Document.

The Placing Shares will rank *pari passu* with the existing Ordinary Shares in issue in all respects including the right to receive all dividends declared or paid on the ordinary share capital of the Company on or after Admission.

On Admission the Company will have 7,388,495 Ordinary Shares in issue and a market capitalisation of approximately £7.39 million at the Placing Price. Application has been made to the London Stock Exchange for the Enlarged Share Capital to be admitted to trading on AIM. It is expected that Admission will become effective and that dealings will commence on 28 March 2006.

Application has been made for all of the issued and to be issued Ordinary Shares to be eligible for admission to CREST with effect from Admission. CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by certificate and transferred otherwise than by written instrument. The Application has been made for the Ordinary Shares to be admitted to CREST with effect from Admission. Accordingly, settlement of transactions in the Ordinary Shares following Admission may take place with the CREST system if the individual shareholders so wish. CREST is a voluntary system and holders of Ordinary Shares who wish to receive and retain share certificates will be able to do so.

Accordingly, settlement of transactions in Ordinary Shares following Admission may take place in CREST. It is expected that, subject to the satisfaction of the conditions of the Placing, the Placing Shares will be registered in the names of the placees subscribing for them and issued or transferred either:

- (a) in certificated form, where the placee so elects, with the relevant share certificate expected to be despatched by post, at the placee's risk, by 11 April 2006; or
- (b) in CREST, where the placee so elects and only if the placee is a "system member" (as defined in the CREST Regulations) in relation to CREST, with delivery (to the designated CREST account) of the Placing Shares expected to take place on 28 March 2006.

Pending despatch of definitive share certificates, the registrars will certify instruments of transfer against the register. No temporary documents of title will be issued.

10. Corporate governance

Following Admission, the Board intends to comply with the principles of good governance and the recommendations of best practice as set out in the Combined Code so far as is practicable and appropriate for an AIM company of its size. In doing so the Board will take into account the guidance issued by the Quoted Companies Alliance for companies whose shares are traded on AIM.

The Board will hold board meetings regularly throughout the year. The Board is responsible for formulating, reviewing and approving strategy, budgets, acquisitions, capital expenditure and senior personnel appointments. The executive Directors and senior management will meet regularly to consider operational matters.

An audit committee and a remuneration committee will be established following Admission. The audit committee will meet at least twice a year and will be responsible for ensuring that the financial performance, position and prospects of the Company are properly monitored and reported on, and for meeting the

auditors and reviewing their reports relating to accounts and internal controls. The remuneration committee will review the performance of executive Directors and set the scale and structure of their remuneration and the basis of their service agreements with due regard to the interests of shareholders. The remuneration committee will also determine the payment of bonuses to executive Directors and the allocation of share options to employees.

The Company will take all reasonable steps to ensure compliance by the Directors and employees with the provisions of the AIM Rule 21 relating to dealings in securities of the Company and has adopted a share dealing code for this purpose.

11. Lock-in arrangements

Immediately following Admission, the Directors will be interested in an aggregate of 629,849 Ordinary Shares representing 8.52 per cent. of the Company's Enlarged Share Capital. The Directors (save for Jim Gould) and their associates who hold Ordinary Shares have agreed (except in limited circumstances) not to sell or otherwise dispose of any of their interests in their Ordinary Shares at Admission for a period of 12 months from the date of Admission. Additionally, subject to certain customary exceptions for 12 months from the first anniversary of Admission, they will not sell or otherwise dispose of any of their respective interests in their Ordinary Shares held at Admission without the consent of the Company and the Company's broker and such disposal is effected through the Company's broker (provided that the charges of such broker are competitive with other brokers).

MacArthur & Co. will be interested in an aggregate of 108,646 Ordinary Shares representing 1.47 per cent. of the Company's Enlarged Share Capital. MacArthur & Co. and its associates who hold Ordinary Shares have agreed (except in limited circumstances) not to sell or otherwise dispose of any of its interests in Ordinary Shares held at Admission (save for any Placing Shares) for a period of 12 months from the date of Admission. Additionally, subject to certain customary exceptions for 12 months from the first anniversary of Admission, it will not sell or otherwise dispose of any of its respective interests in their Ordinary Shares held at Admission (save for any Placing Shares) without the consent of the Company and the Company's broker and such disposal is effected through the Company's broker (provided that the charges of such broker are competitive with other brokers).

As a result of the Vendors being issued and allotted Consideration Shares pursuant to the Crestchic Acquisition Agreement they will be interested in an aggregate of 600,000 Ordinary Shares representing 8.12 per cent. of the Company's Enlarged Share Capital. The Vendors and their associates who hold Ordinary Shares have agreed (except in limited circumstances) not to sell or otherwise dispose of any of their interests in their Ordinary Shares on Admission for a period of 12 months from the date of Admission. Additionally, subject to certain customary exceptions and an exception to transfer their Ordinary Shares to satisfy a warranty claim under the Crestchic Acquisition Agreement, for 12 months from the first anniversary of Admission, they will not sell or otherwise dispose of any of their respective interests in their Ordinary Shares held at Admission without the consent of the Company and the Company's broker and such disposal is effected through the Company's broker (provided that the charges of such broker are competitive with other brokers).

12. Share schemes and management incentive arrangements

The Board believes that the retention of senior management will be a key factor in the success of the Group. Consequently, the Company intends to adopt an Approved Share Option Plan, an Unapproved Share Option Plan and an Unapproved Share Option Plan for Non Executive Directors and Consultants. Details of the Share Option Plans are set out in paragraph 12 of Part V of this document. It is intended that options will be granted under the Share Option Plans following Admission, save that options may only be granted under the Approved Share Option Plan once approval has been obtained from HM Revenue and Customs.

The limit on the number of Ordinary Shares which may be issued under all employee share plans established by the Company is, in any 10 year period, not more than 10 per cent. of the issued ordinary share capital of the Company. The Directors have agreed to include within this limit the Ordinary Shares under the option granted to MacArthur & May (Investments) Limited. Details of the option granted to MacArthur & May (Investments) Limited are set out in paragraph 9(g) of Part V of this document. For the purpose of this limit options which lapse unexercised (or are surrendered) are ignored. Options under the Share Option Plans will be granted at market value and will have individually agreed performance targets to be determined by the Board (or a duly authorised committee of the Board). Details of the performance conditions applying to those options that it is proposed be granted following Admission are set out in paragraph 12 of Part V of this document.

13. Dividend policy

Northbridge is initially seeking to use its resources to acquire businesses pursuant to its strategy. Accordingly, the Directors intend to retain distributable profits for use within the Company. The declaration and payment by the Company of any future dividends and the amount of any such dividends will depend upon the Group's results, financial condition, cash requirements, future prospects, profits available for distribution and any other factors considered by the Directors to be relevant at the time.

14. Taxation

Your attention is drawn to the taxation information set out in paragraph 17 of Part V of this document.

15. Taxation relief for investors

Inheritance Tax (IHT) Relief

Where certain conditions are satisfied, business property relief can be used to provide relief from IHT on the transfer of shares. To be eligible for this relief, there are conditions that must be met by the Company and the Shareholder.

The rate of business property relief relating to the transfer of unquoted shares (including shares quoted on AIM) is 100 per cent.

The shares must have been held for two years prior to the event giving rise to the potential IHT charge. In the event of a lifetime gift, the transferee may need to retain the shares for up to seven years to ensure business property relief remains available to the transferor.

To be eligible for business property relief, a company must carry on a "qualifying business". A company's activities will not represent a qualifying business if they consist wholly or mainly of making or holding investments, dealing in shares and securities or dealing in land and buildings. "Wholly or mainly" is considered to be 50 per cent. of a company's activities. Although there are no guidelines in this regard, past cases have concluded that the 50 per cent. threshold relates to the company's net profits.

The value of a company's shares which is attributable to "excepted assets" does not qualify for business property relief. Excepted assets are those that are:

- (a) not used wholly or mainly for the purposes of the business concerned throughout the two years before the transfer (or since acquisition if more recent); or
- (b) not required at the time of the transfer for the future use of the business.

On the basis that all the assets of the Group have been and will be used for the Group's trading purposes, the Ordinary Shares should be eligible for full business property relief.

These comments are based on existing law and the Company's understanding of current HM Revenue & Customs practice.

The Company does not make any representation as to whether any individual Shareholder would be eligible for business property relief. Individual Shareholders should seek separate professional advice to determine the availability of business property relief in their specific circumstances.

If you are in any doubt as to your tax position you should consult your own independent financial adviser.

16. Risk factors

The Group's business is dependant on many factors and potential investors are advised to read the whole of this document, and in particular Part II entitled 'Risk Factors'.

17. Further information

Your attention is drawn to Parts II, III, IV and V of this document which contain further information on the Group.

PART II

RISK FACTORS

The investment described in this Document may not be suitable for all recipients of this Document. Prospective investors are advised to consult an investment adviser authorised under the Financial Services and Markets Act 2000, who specialises in investments of this kind, before making any decision. Before deciding whether to participate in this Placing, prospective investors should carefully consider all the information in this document, including the risks described below. The risks and uncertainties described below are the material risk factors facing the Company, which are currently known to the Directors. If any or a combination of the following risks materialise, the Company's business, financial condition, operational performance and share price could be materially and adversely affected to the detriment of the Company and its Shareholders. Additional risks and uncertainties not presently known to the Company or Directors or that the Directors or Company currently deem immaterial may also impair the Group's business operations. A prospective investor should consider carefully whether an investment in the Company is suitable in the light of his personal circumstances and the financial resources available to him.

The Directors consider that the factors and risks described below should be carefully considered, together with all other information contained in this document.

Management

In common with many businesses, the success of the Company after Admission will, to a significant extent, be dependent on the expertise and experience of the executive Directors and senior management, the loss of one or more of whom could have a material adverse effect on the Company. Whilst the Company has entered into service agreements with the executive Directors and senior management the retention of their services cannot be guaranteed.

Customer and commercial arrangements

The Directors anticipate that the Group's operations will expand into new geographical areas, however the Group's ability to penetrate new geographical markets may be impeded if the Group's competitors have already become established in those markets. There is no assurance that the Group will be able to compete successfully with such existing or potential competitors or that such competitive factors may not have a material adverse effect on the Group's business, financial condition or results of the business.

Reputation

The Group operates in niche markets and as such the maintenance of its professional reputation and quality of its services is vital to the continued success of the businesses.

Tax risks relating to the Acquisition

Pursuant to the Crestchic Acquisition Agreement, the entire issued share capital of Crestchic will be sold to the Company. Completion of the Acquisition will not occur until Admission takes place. Stamp duty will need to be paid by the Company in relation to the consideration payable and the Company will not be registered in the statutory books of Crestchic as the legal holder of that Company's shares until such stamp duty has been paid.

Therefore, at the date of this Document, the Company is only the beneficial, and not the legal owner, of the shares in Crestchic. The Company intends to complete such stamping of the relevant stock transfer forms as quickly as possible but this process may be delayed due to unforeseen factors. Pending completion of such formalities, the Vendors will remain registered as the legal owners of the entire issued share capital of Crestchic.

Access to capital

The Group may require additional financial resources to continue funding its future expansion. The Group may in the future raise additional funds through the issue of further equity, which may be dilutive to Shareholders and debt financing, if available, may involve restrictions on financing and operating activities. No assurance can be given that any such additional financing will be available or that, if available, will be on terms favourable to the Group or Shareholders. If the Group is unable to obtain additional financing as needed, the Group may be required to reduce the scope of its operations or anticipated expansion or cease trading.

Exchange rate fluctuations

Group subsidiaries invoice customers in sterling, USA dollars, Euros, and the majority of the Group's costs are paid in sterling or Euros. As a result, Northbridge is subject to foreign currency exchange risk primarily due to the USA dollar and sterling and Euro exchange rate movements.

AIM quoted investment

The price which investors may realise for the Ordinary Shares, when they are able to do so, may be influenced by a large number of factors, some of which are specific to the Company and others of which may effect quoted companies generally.

Application has been made to the London Stock Exchange for the Ordinary Shares to be admitted to trading on AIM. Prospective investors should be aware that the value of the Ordinary Shares could go down as well as up, and investors may not recover their original investment especially as the market in Ordinary Shares may have limited liquidity. It may be more difficult for an investor to realise his investment on AIM than to realise an investment in a company whose shares are listed on the Official List of the UK Listing Authority.

The market price of the Ordinary Shares may not reflect the underlying value of the assets of the Company. Prior to Admission there has been no public market in the Ordinary Shares. Whilst the Company has applied for the admission of its Ordinary Shares to trading on AIM, there can be no assurance that an active trading market for the Ordinary Shares will develop, or if developed, that it will be maintained.

Availability of acquisitions

The strategy of Northbridge is reliant upon successful acquisitions and there is no assurance that target businesses or companies will be available to be acquired or at the acquisition prices or in the timeframes assumed.

Competition

The markets in which Northbridge will operate contain several large companies and their response to Northbridge, if any, cannot be pre-judged. Price pressure may be experienced to the detriment of Northbridge profits.

Contracts secured by Northbridge with much larger customers reflect the relative bargaining position of the Company. Accordingly some of the commercial contracts in the utilities sector may be subject to provisions which are onerous or significantly in favour of the customer, such as the right for the customer to terminate at short notice. There can be no assurance that Northbridge will be able to secure less onerous contract provisions or longer notice periods.

Product support services

Product support services will be important to Northbridge. The Company seeks to maintain high standard equipment, training, maintenance and support services, coupled with a fully outsourced service specialising in areas involving added value provision, which meets the needs of its customers. However, if any of these services are not satisfactory to its customers, those customers may choose to use products and services of one of its competitors. Consequently, Northbridge could suffer a material adverse effect on its business and financial condition.

Borrowing

The Company's ability to make scheduled repayments of its debts and to meet the related interest obligations will depend, among other things, on its capital resources as well as its operating performance and resulting cash flows, which, in turn, are subject to prevailing economic conditions and certain financial, competitive, regulatory, technical and other factors beyond its control. There can be no assurance that the Company's operating performance, cash flow and capital resources will be sufficient to service the Group's debt and other liabilities in the future.

Substantial control

Upon completion of the Placing, the Directors and significant Shareholders who hold three per cent. or more of the Enlarged Issued Capital will beneficially own, in aggregate, approximately 60.56 per cent. of the Enlarged Share Capital. As a result, these Shareholders will be able to exercise significant control over all matters requiring Shareholder approval, which could delay or prevent an outside party from acquiring or

merging with the Company. The ability of such Shareholders to prevent or delay these transactions could be to the detriment of Northbridge.

Adverse economic conditions

The purchase or hire of Northbridge's products may represent discretionary spending by certain customers. Were any of the economies in which Northbridge operates, to experience an economic downturn, customers may place fewer orders than they otherwise would do or might seek to cancel existing orders placed with the Company.

PART III

SECTION A – ACCOUNTANT’S REPORT ON NORTHBRIDGE INDUSTRIAL SERVICES PLC



BDO Stoy Hayward LLP
8 Baker Street
London W1U 3LL

BDO Stoy Hayward
Chartered Accountants

The Directors
Northbridge Industrial Services plc
Second Avenue
Centrum 100
Burton-on-Trent
DE14 2WF

The Directors
Charles Stanley & Co Limited
25 Luke Street
London
EC2A 4AR

22 March 2006

Dear Sirs

Northbridge Industrial Services plc (the “Company”)

We report on the financial information set out in Section B of Part III. This financial information has been prepared for inclusion in the admission document dated 22 March 2006 of Northbridge Industrial Services plc (the “Admission Document”) on the basis of the accounting policies set out in note 1 to the financial information. This report is required by paragraph (a) of Schedule Two of the AIM Rules and is given for the purpose of complying with paragraph (a) of Schedule Two of the AIM Rules and for no other purpose.

Responsibilities

As described in Section B of Part III, the directors of the Company are responsible for preparing the financial information on the basis of preparation set out in note 1 to the financial information and in accordance with applicable UK accounting standards, as applicable for the relevant periods.

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.

Basis of opinion

We conducted our work in accordance with 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 judgements made by those responsible for the preparation of 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.

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 the Company as at the date stated in accordance with the basis of preparation

set out in note 1 to the financial information and has been prepared in accordance with applicable UK accounting standards as described in note 1 to the financial information.

Declaration

For the purposes of Paragraph (a) of Schedule Two of the AIM Rules 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.

Yours faithfully

BDO Stoy Hayward LLP
Chartered Accountants

SECTION B – FINANCIAL INFORMATION ON NORTHBRIDGE INDUSTRIAL SERVICES PLC

Responsibility

The directors of the Company are responsible for preparing the financial information set out below on the basis of preparation set out in note 1 to the financial information and in accordance with applicable UK accounting standards as applicable for the relevant period.

Balance sheet

	<i>As at</i>
	<i>23 November</i>
	<i>Notes</i>
	<i>2005</i>
	<i>£000</i>
Current assets	
Cash at bank and in hand	263
Net assets	<u>263</u>
Capital and reserves	
Called up share capital	3 27
Share premium account	4 <u>236</u>
Shareholders' funds	<u><u>263</u></u>

1. Notes to the financial information

1. Accounting policies and basis of preparation

The financial information has been prepared under the historical cost convention and in accordance with applicable accounting standards.

2. Incorporation and status

The Company was incorporated on 7 January 2005 under the name of Northbridge Industrial Services plc. The Company is incorporated as a holding company. No audited financial statements have been made up and no dividends have been declared or paid since the date of incorporation.

3. Share capital

	<i>At</i>
	<i>23 November</i>
	<i>2005</i>
<i>Authorised</i>	
6,000,000 ordinary shares of 10p	<u>£600,000</u>
<i>Allotted, called up and fully paid</i>	
263,510 ordinary shares of 10p	<u>£26,351</u>

At the date of its incorporation, the authorised share capital of the Company was £50,000 divided into £50,000 ordinary shares of £1 each. On the same date, 2 ordinary shares of £1 each were issued at par.

On 14 July 2005, a further 99 ordinary shares of £1 each were issued at par.

On 27 October 2005, the Shareholders passed a resolution of the Company to:

- (a) sub-divide the existing authorised 50,000 ordinary shares of £1 each, to 500,000 ordinary shares of 10p each;
- (b) increase the authorised share capital of the Company from £50,000 to £600,000 by the creation of 5,500,000 ordinary shares of 10p.

On the same date, 262,500 ordinary shares of 10p each were issued at a premium of 90p per share.

4. *Share premium*

	<i>£000</i>
Share premium arising on issue of ordinary shares on 27 October 2005	236
At 23 November 2005	236

5. *Related parties*

At 23 November 2005 the following executive directors owned shares in Northbridge Industrial Services plc:

	<i>No. of Shares</i>
Peter Harris	125,250
Eric Hook	100,490
Brian Connolly	12,500

MacArthur & May (Investments) Limited, a fully owned subsidiary of MacArthur & Co. Limited, the Company's financial advisers, held 25,250 shares.

6. *Post balance sheet events*

On 21 March 2006, MacArthur & May (Investments) Limited were granted options to subscribe for such number of Ordinary Shares as is equal to three per cent. of the issued share capital of the Company immediately following Admission.

On 21 March 2006, the Company capitalised £8,748.50 of the amount standing to the credit of the share premium account. This sum was applied to effect a bonus issue of 33,366, 41,583, 8,386 and 4,150 ordinary shares of £0.10 each in the capital of the Company, to Eric Hook, Peter Harris, MacArthur & May (Investments) Limited and Brian Connolly respectively, all of which were fully paid.

On 21 March 2006, the Company exchanged contracts to acquire the entire issued share capital of Crestchic Limited, conditional on Admission, for a maximum consideration of £6.77 million.

The initial consideration payable to the vendors is £6.46 million to be satisfied as to £5.86 million in cash and by the issue of shares in the Company. Deferred consideration of up to £312,500 in cash may be payable in 2006, dependent on the confirmation of the trading performance of Crestchic in the period to 31 December 2005.

PART IV

SECTION A – ACCOUNTANT’S REPORT ON CRESTCHIC LIMITED



BDO Stoy Hayward LLP
8 Baker Street
London W1U 3LL

BDO Stoy Hayward
Chartered Accountants

The Directors
Northbridge Industrial Services plc
Second Avenue
Centrum 100
Burton-on-Trent
DE14 2WF

The Directors
Charles Stanley & Co Limited
25 Luke Street
London
EC2A 4AR

22 March 2006

Dear Sirs

Crestchic Limited (“Crestchic”)

Introduction

We report on the financial information set out in Section B of Part IV. This financial information has been prepared for inclusion in the admission document dated 22 March 2006 of Northbridge Industrial Services plc (the “Admission Document”) on the basis of the accounting policies set out in note 1 to the financial information. This report is required by paragraph (a) of Schedule Two of the AIM Rules and is given for the purpose of complying with paragraph (a) of Schedule Two of the AIM Rules and for no other purpose.

Responsibilities

As described in Section B of Part IV, the directors of the Company are responsible for preparing the financial information on the basis of preparation set out in note 1 to the financial information and in accordance with applicable UK accounting standards, as applicable for the relevant periods.

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.

Basis of opinion

We conducted our work in accordance with 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 judgements made by those responsible for the preparation of 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.

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 Crestchic as at the dates stated and of its profits and cash flows for the periods

then ended in accordance with the basis of preparation set out in note 1 to the financial information and has been prepared in accordance with applicable UK accounting standards as described in note 1 to the financial information.

Declaration

For the purposes of Paragraph (a) of Schedule Two of the AIM Rules 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.

Yours faithfully

BDO Stoy Hayward LLP
Chartered Accountants

SECTION B – FINANCIAL INFORMATION ON CRESTCHIC LIMITED

Responsibility

The Directors are responsible for preparing the financial information set out below on the basis of preparation set out in note 1 to the financial information and in accordance with applicable UK accounting standards as applicable for the relevant period.

Profit and loss accounts

	<i>Year ended</i>	<i>Year ended</i>	<i>Year ended</i>	<i>Six months</i>	
	<i>31 December</i>	<i>31 December</i>	<i>31 December</i>	<i>ended</i>	
<i>Notes</i>	<i>2002</i>	<i>2003</i>	<i>2004</i>	<i>30 June 2005</i>	
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	
Turnover	2	4,523	3,915	3,830	2,746
Cost of sales		(2,288)	(1,699)	(1,870)	(1,216)
Gross profit		2,235	2,216	1,960	1,530
Selling and distribution expenses		(1,243)	(1,376)	(1,291)	(731)
Administrative expenses		(645)	(532)	(528)	(319)
Operating profit	3	347	308	141	480
Exceptional items					
Net profit on sale of freehold land and buildings		–	–	33	–
Profit on ordinary activities before interest		347	308	174	480
Interest receivable		38	3	3	1
Interest payable and similar charges	6	(17)	(77)	(45)	(12)
Profit on ordinary activities before taxation		368	234	132	469
Tax on profit from ordinary activities	7	(150)	(49)	(15)	(138)
Profit on ordinary activities after taxation	15	218	185	117	331

All amounts relate to continuing activities.

There are no recognised gains and losses for the period other than those stated in the profit and loss account.

Balance sheets

		<i>As at</i>	<i>As at</i>	<i>As at</i>	<i>As at</i>
	<i>Notes</i>	<i>31 December</i>	<i>31 December</i>	<i>31 December</i>	<i>30 June</i>
		<i>2002</i>	<i>2003</i>	<i>2004</i>	<i>2005</i>
		<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Fixed assets					
Intangible assets	8	–	44	101	124
Tangible assets	9	3,582	4,000	2,767	2,879
		<u>3,582</u>	<u>4,044</u>	<u>2,868</u>	<u>3,003</u>
Current assets					
Stock	10	645	488	539	499
Debtors	11	1,241	1,175	1,642	1,391
Cash at bank and in hand		113	72	153	714
		<u>1,999</u>	<u>1,735</u>	<u>2,334</u>	<u>2,604</u>
Creditors: amounts falling due within one year	12	<u>(755)</u>	<u>(804)</u>	<u>(993)</u>	<u>(1,044)</u>
Net current assets		<u>1,244</u>	<u>931</u>	<u>1,341</u>	<u>1,560</u>
Total assets less current liabilities		<u>4,826</u>	<u>4,975</u>	<u>4,209</u>	<u>4,563</u>
Creditors: amounts falling due after more than one year	12	(1,289)	(1,177)	(242)	(236)
Provisions for liabilities and charges	13	(246)	(322)	(374)	(403)
Net assets		<u>3,291</u>	<u>3,476</u>	<u>3,593</u>	<u>3,924</u>
Capital and reserves					
Called up share capital	14	10	10	10	10
Profit and loss account	15	3,281	3,466	3,583	3,914
Shareholders' funds	16	<u>3,291</u>	<u>3,476</u>	<u>3,593</u>	<u>3,924</u>

Cash flow statements

	<i>Year ended</i> <i>31 December</i>	<i>Year ended</i> <i>31 December</i>	<i>Year ended</i> <i>31 December</i>	<i>Six months</i> <i>ended</i> <i>30 June 2005</i>	
<i>Notes</i>	<i>2002</i>	<i>2003</i>	<i>2004</i>	<i>2005</i>	
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	
Net cash inflow from operating activities	20	78	741	195	911
Returns on investments and servicing of finance					
Interest received		38	3	3	1
Interest paid		(16)	(73)	(40)	(11)
Interest element of finance lease payments		(1)	(4)	(5)	(1)
Net cash inflow/(outflow) from returns on investments and servicing of finance		21	(74)	(42)	(11)
Tax paid		(348)	(110)	(15)	(7)
Capital expenditure and financial investment					
Purchase of intangible fixed assets		–	(44)	(57)	(23)
Purchase of tangible fixed assets		(2,164)	(624)	(476)	(250)
Sale of tangible fixed assets		20	53	1,574	14
Net cash (outflow)/inflow from capital expenditure		(2,144)	(615)	1,041	(259)
Cash (outflow)/inflow before management of liquid resources and financing		(2,393)	(58)	1,179	634
Management of liquid resources					
Increase in loan facilities		1,190	–	–	–
Repayment of loan facilities		(53)	(96)	(1,010)	(43)
Capital element of finance leases and hire purchase contracts		(33)	(54)	(67)	46
Cash inflow/(outflow) from management of liquid resources		1,104	(150)	(1,077)	3
(Decrease)/increase in cash for the period	21	(1,289)	(208)	102	637

1. *Accounting Policies*

1.1 *Basis of preparation of financial information*

The financial information has been prepared under the historical cost convention and in accordance with applicable accounting standards. It is based on the financial statements for the three years ended 31 December 2004 and for the six months ended 30 June 2005 after making such adjustments as the Directors considered necessary.

1.2 *Turnover*

Turnover comprises the invoiced value of goods and services supplied by the company, exclusive of Value Added Tax and trade discounts.

1.3 *Research and development*

Research expenditure is written off to the profit and loss account in the period in which it is incurred. Development expenditure is written off in the same period unless the directors of Crestchic are satisfied as to the technical, commercial and financial viability of individual projects. In this situation, the expenditure is deferred and amortised over the period from which the company is expected to benefit.

1.4 *Tangible fixed assets and depreciation*

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	2% straight line
Plant & Machinery	10% reducing balance
Motor Vehicles	25% reducing balance
Fixtures & Fittings	33% straight line
Hire Equipment	10% reducing balance

During 2003 the directors of Crestchic reviewed the depreciation policy on certain fixed assets categories and revised the depreciation basis, principally on Hire Equipment from 25% to 10% to reflect a change in the useful economic life.

1.5 *Leasing and hire purchase*

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of finance charges allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

1.6 *Operating leases*

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the profit and loss account on the straight line basis over the lease term.

1.7 *Stocks and work in progress*

Stocks and work in progress are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

1.8 *Deferred taxation*

Provision is made in full for all taxation deferred in respect of timing differences that have originated but not reserved by the balance sheet date, except for gains on disposal of fixed assets which will be rolled over into replacement assets. No provision is made for taxation on permanent differences.

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

1.9 Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

1.10 Pensions

The pension costs charged represents the contributions payable by Crestchic during the period.

2. Turnover

All turnover relates to the principal activity of Crestchic.

A geographical analysis of turnover is as follows:

Turnover

	<i>Year ended 31 December 2002 £000</i>	<i>Year ended 31 December 2003 £000</i>	<i>Year ended 31 December 2004 £000</i>	<i>Six months ended 30 June 2005 £000</i>
Sales – UK	2,910	1,839	1,558	1,192
Sales – Rest of world	1,613	2,076	2,272	1,554
	<u>4,523</u>	<u>3,915</u>	<u>3,830</u>	<u>2,746</u>

3. Operating profit

This is arrived at after charging/(crediting):

	<i>Year ended 31 December 2002 £000</i>	<i>Year ended 31 December 2003 £000</i>	<i>Year ended 31 December 2004 £000</i>	<i>Six months ended 30 June 2005 £000</i>
Depreciation of tangible fixed assets:				
– owned by the company	290	214	210	103
– held under finance leases	26	32	36	20
Operating leases				
– other lease rentals	–	17	27	11
– plant and machinery	72	6	–	–
Auditors' remuneration	5	5	5	5
Exchange differences	(6)	1	(1)	23
Termination payments	–	16	–	–

4. Employees

The average number of employees during the period, including directors, was:

	<i>31 December 2002 Number</i>	<i>31 December 2003 Number</i>	<i>31 December 2004 Number</i>	<i>30 June 2005 Number</i>
Technical and production	36	35	34	33
Sales	5	5	3	3
Administration	7	6	6	6
	<u>48</u>	<u>46</u>	<u>43</u>	<u>42</u>

Staff costs for all employees, including executive directors, consist of:

	<i>Year ended 31 December 2002 £000</i>	<i>Year ended 31 December 2003 £000</i>	<i>Year ended 31 December 2004 £000</i>	<i>Six months ended 30 June 2005 £000</i>
Wages and salaries	837	720	841	450
Social security costs	468	542	452	248
Pension costs	146	52	48	25
	<u>1,451</u>	<u>1,314</u>	<u>1,341</u>	<u>723</u>

5. *Directors*

	<i>Year ended 31 December 2002 £000</i>	<i>Year ended 31 December 2003 £000</i>	<i>Year ended 31 December 2004 £000</i>	<i>Six months ended 30 June 2005 £000</i>
Emoluments	207	203	219	87
Company pension contributions to money purchase pension schemes	102	19	17	8
The highest paid director received remuneration of	–	73	72	–

During the period ended 30 June 2005 retirement benefits were accruing to 2 directors (2004, 2; 2003, 4; 2002, 4) in respect of money purchase pension schemes.

6. *Interest payable and similar charges*

	<i>Year ended 31 December 2002 £000</i>	<i>Year ended 31 December 2003 £000</i>	<i>Year ended 31 December 2004 £000</i>	<i>Six months ended 30 June 2005 £000</i>
Interest on:				
Loans repayable wholly or part after five years	16	73	40	11
Finance leases	1	4	5	1
	<u>17</u>	<u>77</u>	<u>45</u>	<u>12</u>

7. *Taxation on profit from ordinary activities*

	<i>Year ended 31 December 2002 £000</i>	<i>Year ended 31 December 2003 £000</i>	<i>Year ended 31 December 2004 £000</i>	<i>Six months ended 30 June 2005 £000</i>
Analysis of tax charge (credit) in period				
Current tax (see note below)				
UK corporation tax charge/(credit) on profit of the period	131	15	(15)	116
Adjustment in respect of prior periods	–	(21)	–	7
Total current tax	<u>131</u>	<u>(6)</u>	<u>(15)</u>	<u>123</u>
Deferred tax				
Origination and reversal of timing differences	19	55	29	15
Total deferred tax	<u>19</u>	<u>55</u>	<u>29</u>	<u>15</u>
Tax on profit on ordinary activities	<u>150</u>	<u>49</u>	<u>15</u>	<u>138</u>

Factors affecting tax charge for period

The tax assessed for the period is lower than the standard rate of corporation tax in the UK applicable to Crestchic (30%). The differences are explained below.

	<i>Year ended 31 December 2002 £000</i>	<i>Year ended 31 December 2003 £000</i>	<i>Year ended 31 December 2004 £000</i>	<i>Six months ended 30 June 2005 £000</i>
Profit on ordinary activities before tax	368	234	132	469
Profit on ordinary activities multiplied by the relevant standard rate of Corporation tax in the UK of 30% (2004, 19%; 2003, 19%; 2002, 30%)	110	44	5	141
Effects of:				
Expenses not deductible for tax purposes	2	(3)	(31)	–
Short term timing differences	7	4	6	4
Capital allowances for period in excess of depreciation	12	(30)	15	(20)
Adjustment to tax charge in respect of prior periods	–	(21)	(30)	6
Marginal relief	–	–	–	(8)
Current tax credit for period	131	(6)	(15)	123

There were no factors that may affect future tax charges.

8. Intangible assets

	<i>As at 31 December 2002 £000</i>	<i>As at 31 December 2003 £000</i>	<i>As at 31 December 2004 £000</i>	<i>As at 30 June 2005 £000</i>
Cost				
Opening cost	–	–	44	101
Additions	–	44	57	23
Closing cost	–	44	101	124
Amortisation				
Opening amortisation for the period	–	–	–	–
Provided for the period	–	–	–	–
Closing amortisation for the period	–	–	–	–
Net book value at the end of the period	–	44	101	124

9. *Tangible assets*

	<i>Land and buildings £000</i>	<i>Plant, machinery and vehicles £000</i>	<i>Fixtures and fittings £000</i>	<i>Motor vehicles £000</i>	<i>Hire equipment £000</i>	<i>Total £000</i>
Cost						
As at 1 January 2002	957	136	123	334	1,253	2,803
Additions	1,776	20	30	137	302	2,265
Disposals	–	–	–	(96)	(22)	(118)
As at 31 December 2002	2,733	156	153	375	1,533	4,950
Additions	–	–	16	54	602	672
Disposals	–	–	–	(27)	(53)	(80)
As at 31 December 2003	2,733	156	169	402	2,082	5,542
Additions	14	–	11	93	398	516
Disposals	(1,485)	–	(1)	(53)	(73)	(1,612)
As at 31 December 2004	1,262	156	179	442	2,407	4,446
Additions	–	2	6	81	161	250
Disposals	–	–	–	(82)	–	(82)
As at 30 June 2005	1,262	158	185	441	2,568	4,614
Depreciation						
As at 1 January 2002	52	44	67	204	780	1,147
Provided for the year	35	12	15	61	193	316
Disposals	–	–	–	(74)	(21)	(95)
As at 31 December 2002	87	56	82	191	952	1,368
Provided for the year	35	10	17	58	126	246
Disposals	–	–	–	(21)	(51)	(72)
As at 31 December 2003	122	66	99	228	1,027	1,542
Provided for the year	15	9	20	55	147	246
Disposals	(40)	–	(1)	(27)	(41)	(109)
As at 31 December 2004	97	75	118	256	1,133	1,679
Provided for the period	8	4	7	30	74	123
Disposals	–	–	–	(67)	–	(67)
As at 30 June 2005	105	79	125	219	1,207	1,735
Net book value						
As at 31 December 2001	957	135	123	334	1,252	2,801
As at 31 December 2002	2,646	100	71	184	581	3,582
As at 31 December 2003	2,611	90	70	174	1,055	4,000
As at 31 December 2004	1,165	81	61	186	1,274	2,767
As at 30 June 2005	1,157	79	60	222	1,361	2,879

The net book value of tangible assets includes an amount of £135,392 at 30 June 2005 (£64,464 at 31 December 2004; £98,201 at 31 December 2003; £76,615 at 31 December 2002), in respect of assets held under finance lease and hire purchase contracts.

10. Stocks

	<i>As at</i> <i>31 December</i> <i>2002</i> <i>£000</i>	<i>As at</i> <i>31 December</i> <i>2003</i> <i>£000</i>	<i>As at</i> <i>31 December</i> <i>2004</i> <i>£000</i>	<i>As at</i> <i>30 June</i> <i>2005</i> <i>£000</i>
Raw materials	456	354	266	360
Work in progress	189	134	273	139
	<u>645</u>	<u>488</u>	<u>539</u>	<u>499</u>

11. Debtors

	<i>As at</i> <i>31 December</i> <i>2002</i> <i>£000</i>	<i>As at</i> <i>31 December</i> <i>2003</i> <i>£000</i>	<i>As at</i> <i>31 December</i> <i>2004</i> <i>£000</i>	<i>As at</i> <i>30 June</i> <i>2005</i> <i>£000</i>
Trade debtors	874	1,129	1,539	1,243
Other debtors	339	21	82	12
Prepayments and accrued income	28	25	21	136
	<u>1,241</u>	<u>1,175</u>	<u>1,642</u>	<u>1,391</u>

All amounts fall due for payment within one year.

12. Creditors

Amounts falling due within one year

	<i>As at</i> <i>31 December</i> <i>2002</i> <i>£000</i>	<i>As at</i> <i>31 December</i> <i>2003</i> <i>£000</i>	<i>As at</i> <i>31 December</i> <i>2004</i> <i>£000</i>	<i>As at</i> <i>30 June</i> <i>2005</i> <i>£000</i>
Bank loans and overdrafts (secured)	168	335	232	156
Trade creditors	221	281	592	549
Other creditors	3	21	7	30
Social security and other taxes	52	41	43	43
Corporation tax	131	15	–	117
Directors' current accounts	70	–	–	–
Obligations under finance leases and hire purchase agreements	41	51	32	40
Accruals and deferred income	69	60	87	109
	<u>755</u>	<u>804</u>	<u>993</u>	<u>1,044</u>

Amounts falling due after more than one year

	<i>As at</i> <i>31 December</i> <i>2002</i> <i>£000</i>	<i>As at</i> <i>31 December</i> <i>2003</i> <i>£000</i>	<i>As at</i> <i>31 December</i> <i>2004</i> <i>£000</i>	<i>As at</i> <i>30 June</i> <i>2005</i> <i>£000</i>
Bank loans (secured)	1,258	1,163	235	192
Obligations under finance leases and hire purchase agreements	31	14	7	44
	<u>1,289</u>	<u>1,177</u>	<u>242</u>	<u>236</u>

The bank loans and overdrafts are secured by a floating charge over the assets of Crestchic as follows:

A First Legal Mortgage dated 31 March 1998 over Land and Buildings on Second Avenue, Centrum 100, Burton-on-Trent, a First Legal Mortgage dated 16 December 2002 over Land and Buildings on Second Avenue, Centrum, Burton-on-Trent. Unscheduled Mortgage debenture dated 23 March 1998 incorporating a fixed and floating charge over all current and future assets of Crestchic.

Obligations under finance leases and hire purchase contracts, included above are payable as follows:

	<i>As at</i> <i>31 December</i> <i>2002</i> <i>£000</i>	<i>As at</i> <i>31 December</i> <i>2003</i> <i>£000</i>	<i>As at</i> <i>31 December</i> <i>2004</i> <i>£000</i>	<i>As at</i> <i>30 June</i> <i>2005</i> <i>£000</i>
Finance leases				
– within one year	41	51	32	40
– between two and five years	31	14	7	44

Hire purchase liabilities are secured against their respective assets.

13. Provision for liabilities and charges

Deferred taxation

Deferred taxation movements are:

	<i>As at</i> <i>31 December</i> <i>2002</i> <i>£000</i>	<i>As at</i> <i>31 December</i> <i>2003</i> <i>£000</i>	<i>As at</i> <i>31 December</i> <i>2004</i> <i>£000</i>	<i>As at</i> <i>30 June</i> <i>2005</i> <i>£000</i>
Opening balance	6	25	80	109
Transfer from profit and loss account	19	55	29	15
Closing balance	<u>25</u>	<u>80</u>	<u>109</u>	<u>124</u>

Future employment costs

Future employment cost movements are:

	<i>As at</i> <i>31 December</i> <i>2002</i> <i>£000</i>	<i>As at</i> <i>31 December</i> <i>2003</i> <i>£000</i>	<i>As at</i> <i>31 December</i> <i>2004</i> <i>£000</i>	<i>As at</i> <i>30 June</i> <i>2005</i> <i>£000</i>
Opening balance	200	221	242	265
Transfer from profit and loss account	21	21	23	14
Closing balance	<u>221</u>	<u>242</u>	<u>265</u>	<u>279</u>

	<i>As at</i> <i>31 December</i> <i>2002</i> <i>£000</i>	<i>As at</i> <i>31 December</i> <i>2003</i> <i>£000</i>	<i>As at</i> <i>31 December</i> <i>2004</i> <i>£000</i>	<i>As at</i> <i>30 June</i> <i>2005</i> <i>£000</i>
Total provision for liabilities and charges	<u>246</u>	<u>322</u>	<u>374</u>	<u>403</u>

14. Share capital

	<i>As at</i> <i>31 December</i> <i>2002</i> <i>£000</i>	<i>As at</i> <i>31 December</i> <i>2003</i> <i>£000</i>	<i>As at</i> <i>31 December</i> <i>2004</i> <i>£000</i>	<i>As at</i> <i>30 June</i> <i>2005</i> <i>£000</i>
Authorised				
10,000 ordinary shares of £1.00 each	<u>10</u>	<u>10</u>	<u>10</u>	<u>10</u>
Allotted, called up and fully paid				
10,000 ordinary shares of £1.00 each	<u>10</u>	<u>10</u>	<u>10</u>	<u>10</u>

15. Profit and loss reserves

	<i>As at</i> <i>31 December</i> <i>2002</i> <i>£000</i>	<i>As at</i> <i>31 December</i> <i>2003</i> <i>£000</i>	<i>As at</i> <i>31 December</i> <i>2004</i> <i>£000</i>	<i>As at</i> <i>30 June</i> <i>2005</i> <i>£000</i>
Balance at start of year/period	3,063	3,281	3,466	3,583
Profit for the period	218	185	117	331
Balance at start of year/period	<u>3,281</u>	<u>3,466</u>	<u>3,583</u>	<u>3,914</u>

16. Reconciliation of movements in shareholders' funds

	<i>Year ended</i> <i>31 December</i> <i>2002</i> <i>£000</i>	<i>Year ended</i> <i>31 December</i> <i>2003</i> <i>£000</i>	<i>Year ended</i> <i>31 December</i> <i>2004</i> <i>£000</i>	<i>Six months</i> <i>ended</i> <i>30 June 2005</i> <i>£000</i>
Profit for the period	218	185	117	331
Opening shareholders' funds	<u>3,073</u>	<u>3,291</u>	<u>3,476</u>	<u>3,593</u>
Closing shareholders' funds	<u>3,291</u>	<u>3,476</u>	<u>3,593</u>	<u>3,924</u>

17. Pensions

Crestchic operates a defined contribution pension scheme. The assets of the scheme are held separately from those of Crestchic in an independently administered fund. The pension costs charge represents contributions payable by Crestchic to the fund and amounted to £25,546 (2004: £48,097, 2003: £51,896, 2002: £145,769).

18. Commitments under operating leases

The following are the annual commitments under non-cancellable operating leases:

	<i>As at</i> <i>31 December 2002</i>		<i>As at</i> <i>31 December 2003</i>		<i>As at</i> <i>31 December 2004</i>		<i>As at</i> <i>30 June 2005</i>	
	<i>Land and</i> <i>buildings</i> <i>£000</i>	<i>Other</i> <i>£000</i>						
Operating leases which expire:								
Within one year	13	9	34	29	–	11	–	11
In two to five years	12	–	13	28	–	18	–	18
	<u>25</u>	<u>9</u>	<u>47</u>	<u>57</u>	<u>–</u>	<u>29</u>	<u>–</u>	<u>29</u>

19. *Transactions with directors*

During the period Crestchic owed its directors the following amounts in the form of Loan Accounts as follows:

	<i>As at</i> <i>31 December</i> <i>2002</i> <i>£000</i>	<i>As at</i> <i>31 December</i> <i>2003</i> <i>£000</i>	<i>As at</i> <i>31 December</i> <i>2004</i> <i>£000</i>	<i>As at</i> <i>30 June</i> <i>2005</i> <i>£000</i>
<i>Director</i>				
J W Gould	7	–	–	–
D R Gould	25	–	–	–
J A Gould	23	–	–	–
R L Bancroft	15	–	–	–

20. *Reconciliation of operating profit to net cash flow from operating activities*

	<i>Year ended</i> <i>31 December</i> <i>2002</i> <i>£000</i>	<i>Year ended</i> <i>31 December</i> <i>2003</i> <i>£000</i>	<i>Year ended</i> <i>31 December</i> <i>2004</i> <i>£000</i>	<i>Six months</i> <i>ended</i> <i>30 June 2005</i> <i>£000</i>
Operating profit	347	308	141	480
Depreciation	316	246	246	123
(Profit)/loss on disposal of tangible fixed assets	–	(45)	(38)	1
Decrease/(increase) in stocks	136	157	(51)	41
(Increase)/decrease in debtors	(131)	66	(452)	251
(Decrease)/increase in creditors	(590)	9	349	15
Net cash flow from operating activities	<u>78</u>	<u>741</u>	<u>195</u>	<u>911</u>

21. *Reconciliation of net cash flow to movement in net funds/ (debt)*

	<i>As at</i> <i>31 December</i> <i>2002</i> <i>£000</i>	<i>As at</i> <i>31 December</i> <i>2003</i> <i>£000</i>	<i>As at</i> <i>31 December</i> <i>2004</i> <i>£000</i>	<i>As at</i> <i>30 June</i> <i>2005</i> <i>£000</i>
(Decrease)/increase in cash in the period	(1,289)	(208)	102	637
Cash inflow/(outflow) from decrease in debt and lease financing	<u>86</u>	<u>150</u>	<u>1,077</u>	<u>(3)</u>
Change in net (debt)/funds resulting from cash flows	(1,203)	(58)	1,179	634
New finance leases	(102)	(48)	(41)	–
New long term loans	<u>(1,190)</u>	<u>–</u>	<u>–</u>	<u>–</u>
Movement in net (debt)/funds in the period	(2,495)	(106)	1,138	634
Net debt/funds at the beginning of the period	<u>1,110</u>	<u>(1,385)</u>	<u>(1,491)</u>	<u>(353)</u>
Net (debt)/funds at the end of the period (note 22)	<u>(1,385)</u>	<u>(1491)</u>	<u>(353)</u>	<u>281</u>

22. *Analysis of net debt*

	<i>At start of the period £000</i>	<i>Cash flow £000</i>	<i>Other non- cash changes £000</i>	<i>At the end of the period £000</i>
<i>31 December 2002</i>				
Current asset investments				
Cash in hand, at bank	1,402	(1,289)	–	113
Overdrafts	–	–	–	–
Liquid resources	1402	(1,289)	–	113
Debt due within one year	(68)	(53)	(47)	(168)
Debt due after one year	(221)	–	(1,037)	(1,258)
Finance leases	(3)	33	(102)	(72)
Financing (excluding share capital)	(292)	(20)	(1,186)	(1,498)
Total	1,110	(1,309)	(1,186)	(1,385)
<i>31 December 2003</i>				
Current asset investments				
Cash in hand, at bank	113	(41)	–	72
Overdrafts	–	(167)	–	(167)
Liquid resources	113	(208)	–	(95)
Debt due within one year	(168)	–	–	(168)
Debt due after one year	(1,258)	96	–	(1,162)
Finance leases	(72)	54	(48)	(66)
Financing (excluding share capital)	(1,498)	150	(48)	(1,396)
Total	(1,385)	(58)	(48)	(1,491)
<i>31 December 2004</i>				
Current asset investments				
Cash in hand, at bank	72	81	–	153
Overdrafts	(167)	21	–	(146)
Liquid resources	(95)	102	–	7
Debt due within on year	(168)	1,010	(927)	(85)
Debt due after one year	(1,162)	–	927	(235)
Finance leases	(66)	67	(41)	(40)
Financing (excluding share capital)	(1,396)	1,077	(41)	(360)
Total	(1,491)	1,179	(41)	(353)

<i>30 June 2005</i>	<i>At start of the period £000</i>	<i>Cash flow £000</i>	<i>Other non- cash changes £000</i>	<i>At the end of the period £000</i>
Current asset investments				
Cash in hand, at bank	153	561	–	714
Overdrafts	(146)	75	–	(71)
Liquid resources	<u>7</u>	<u>636</u>	<u>–</u>	<u>643</u>
Debt due within on year	(85)	43	(43)	(85)
Debt due after more than one year	(235)	–	43	(192)
Finance leases	(40)	(45)	–	(85)
Financing (excluding share capital)	<u>(360)</u>	<u>(2)</u>	<u>–</u>	<u>(362)</u>
Total	<u><u>(353)</u></u>	<u><u>634</u></u>	<u><u>–</u></u>	<u><u>281</u></u>

23. *Post Balance Sheet events*

On 9 December 2005 Crestchic declared a dividend of £3.50 per share. The aggregate dividend of £35,000 was paid on 12 December 2005.

On 23 December 2005 a further dividend of £5.00 per share was declared and paid.

On 3 March 2006 Crestchic declared a dividend of £20.00 per share. The aggregate dividend of £200,000 was paid on 3 March 2006.

**SECTION C – INTERIM FINANCIAL INFORMATION ON CRESTCHIC LIMITED
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2004 AND THE SIX MONTH
PERIOD ENDED 30 JUNE 2005**

Responsibility

The Directors are responsible for preparing the financial information set out below on the basis of preparation set out in note 1 to the financial information and in accordance with applicable UK accounting standards, as applicable for the relevant period.

The financial information on Crestchic in respect of the six months ended 30 June 2005, in this section C has been extracted from Crestchic's audited interim results for the period as set out in Part B. This information does not constitute statutory financial statements. Unaudited comparative information for the six months ended 30 June 2004, is presented as required by Paragraph (a) of Schedule Two of the Aim Rules, which is based on unaudited management accounts.

Profit and loss accounts

	<i>Six months ended 30 June 2004 £000</i>	<i>Six months ended 30 June 2005 £000</i>
Turnover	1,490	2,746
Cost of sales	(674)	(1,216)
Gross profit	816	1,530
Selling and distribution expenses	(538)	(731)
Administrative expenses	(329)	(319)
Operating (loss)/profit	(51)	480
Exceptional Items		
Net profit on sale of freehold land	33	–
(Loss)/profit on ordinary activities before interest	(18)	480
Interest receivable	5	1
Interest payable and similar charges	(26)	(12)
(Loss)/profit on ordinary activities before taxation	(39)	469
Tax on (loss)/profit from ordinary activities	10	(138)
(Loss)/profit on ordinary activities after taxation	(29)	331

Balance sheets

	<i>At 30 June 2004 £000</i>	<i>At 30 June 2005 £000</i>
Fixed assets		
Intangible assets	45	124
Tangible assets	2,816	2,879
	<u>2,861</u>	<u>3,003</u>
Current assets		
Stock	515	499
Debtors	1,009	1,391
Cash at bank and in hand	170	714
	<u>1,694</u>	<u>2,604</u>
Creditors: amounts falling due within one year	(549)	(1,044)
Net current assets	<u>1,145</u>	<u>1,560</u>
Total assets less current liabilities	4,006	4,563
Creditors: amounts falling due after more than one year	(247)	(236)
Provisions for liabilities and charges	(312)	(403)
Total assets	<u><u>3,447</u></u>	<u><u>3,924</u></u>
Capital and reserves		
Called up share capital	10	10
Profit and loss account	3,427	3,914
Shareholders' funds	<u><u>3,447</u></u>	<u><u>3,924</u></u>

Cash flow statements

	<i>Notes</i>	<i>Six months ended 30 June 2004 £000</i>	<i>Six months ended 30 June 2005 £000</i>
Net cash inflow from operating activities	2	167	911
Returns on investments and servicing of finance			
Interest received		5	1
Interest paid		(23)	(11)
Interest element of finance lease payments		(3)	(1)
		<u>(21)</u>	<u>(11)</u>
Net cash (outflow) from returns on investments and servicing of finance		(21)	(11)
Tax paid		–	(7)
Capital expenditure and financial investment			
Purchase of intangible fixed assets		(2)	(23)
Purchase of tangible fixed assets		(424)	(250)
Sale of tangible fixed assets		1,541	14
		<u>1,115</u>	<u>(259)</u>
Net cash inflow/(outflow) from capital expenditure		1,115	(259)
Cash inflow before management of liquid resources and financing		<u>1,261</u>	<u>634</u>
Management of liquid resources			
Repayment of loan facilities		–	(43)
Capital element of finance leases and hire purchase contracts		–	46
		<u>–</u>	<u>3</u>
Cash inflow from management of liquid resources		–	3
Increase in cash for the period	3	<u><u>1,261</u></u>	<u><u>637</u></u>

1. *Accounting policies*

Basis of preparation of the unaudited financial information.

The interim financial information has been prepared on the same basis and using the same accounting policies as used in the audited financial statements.

2. *Reconciliation of operating (loss)/profit to net cash flow from operating activities*

	<i>Six months ended 30 June 2004 £000</i>	<i>Six months ended 30 June 2005 £000</i>
Operating (loss)/profit	(51)	480
Depreciation	114	123
(Profit)/Loss on disposal of tangible fixed assets	(14)	1
(Increase)/decrease in stocks	(27)	41
Decrease in debtors	166	251
(Decrease)/increase in creditors	(21)	15
Net cash flow from operating activities	<u>167</u>	<u>911</u>

3. *Reconciliation of net cash flow to movement in net funds/ (debt)*

	<i>Six months ended 30 June 2004 £000</i>	<i>Six months ended 30 June 2005 £000</i>
Increase in cash in the period	1,261	637
Cash outflow from increase in lease financing	–	(3)
Change in net funds resulting from cash flows	<u>1,261</u>	<u>634</u>
New finance leases	–	–
New long term loans	–	–
Movement in net funds in the period	<u>1,261</u>	<u>634</u>
Net debt at the beginning of the period	<u>(1,491)</u>	<u>(353)</u>
Net (debt)/funds at the end of the period (note 4)	<u>(230)</u>	<u>281</u>

4. *Analysis of net debt*

<i>30 June 2004</i>	<i>At start of the period £000</i>	<i>Cash flow £000</i>	<i>Other non- cash changes £000</i>	<i>At the end of the period £000</i>
Current asset investments				
Cash in hand, at bank	72	98	–	170
Overdrafts	(167)	167	–	–
Liquid resources	<u>(95)</u>	<u>265</u>	<u>–</u>	<u>170</u>
Debt due within one year	(168)	53	–	(115)
Debt due after one year	(1,162)	927	–	(235)
Finance leases	(66)	16	–	(50)
Financing (excluding share capital)	<u>(1,396)</u>	<u>996</u>	<u>–</u>	<u>(400)</u>
Total	<u>(1,491)</u>	<u>1,261</u>	<u>–</u>	<u>(230)</u>

<i>30 June 2005</i>	<i>At start of the period £000</i>	<i>Cash flow £000</i>	<i>Other non- cash changes £000</i>	<i>At the end of the period £000</i>
Current asset investments				
Cash in hand, at bank	153	561	–	714
Overdrafts	(146)	75	–	(71)
	<hr/>	<hr/>	<hr/>	<hr/>
Liquid resources	7	636	–	643
Debt due within on year	(85)	43	(43)	(85)
Debt due after one year	(235)		43	(192)
Finance leases	(40)	(45)		(85)
	<hr/>	<hr/>	<hr/>	<hr/>
Financing (excluding share capital)	(360)	(2)	–	(362)
	<hr/>	<hr/>	<hr/>	<hr/>
Total	(353)	634	–	281
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

PART V

ADDITIONAL INFORMATION

1. Responsibility statement

The Company, whose name and registered office appears on page 3 of this document, and the Directors whose names and functions appear on page 3 of this document, accept responsibility for the information contained in this document. To the best of the knowledge of the Company and the 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.

BDO Stoy Hayward LLP whose name and registered office appears at page 3 of this document, accept responsibility for their reports contained in Part III and Part IV of this document. To the best of the knowledge of BDO Stoy Hayward LLP, (who have taken all reasonable care to ensure that such is the case), the information contained in their reports contained in Part III and Part IV of this document is in accordance with the facts and contains no omission likely to affect the import of such information.

2. Incorporation and status of the Company

- (a) The Company was incorporated and registered in England and Wales on 7 January 2005 under the Act as a public company limited by shares with registered number 5326580. The domicile of the Company is the United Kingdom.
- (b) The registered office of the Company is Second Avenue, Centrum 100, Burton-on-Trent DE14 2WF.
- (c) The ISIN of the Company is GB00BOSPFW38.
- (d) The Company operates under the Act and the regulations made under it and the liability of its members is limited.
- (e) On Admission the Company will, pursuant to the Crestchic Acquisition Agreement summarised in paragraph 9(c) of Part V acquire the entire issued share capital of Crestchic Limited. Crestchic was incorporated and registered in England and Wales on 24 November 1983 under the Act with registered number 01772456. Crestchic has one subsidiary company, Crestchic SARL, which was incorporated in France on 5 October 1994 with registered number 344092994RCS Versailles.

3. Share capital of the Company

- (a) The authorised and issued share capital of the Company as at the date of this Document and as it will be immediately following Admission, the Placing and the Acquisition is as follows:

	<i>At the date of this Document</i>	
	<i>Authorised share capital</i>	<i>Issued and fully paid share capital</i>
Number of Ordinary Shares	6,000,000	350,995
Amount (£)	£600,000	£35,099.50

	<i>Following Admission</i>	
	<i>Authorised share capital</i>	<i>Issued and fully paid share capital</i>
Number of Ordinary Shares	30,000,000	7,388,495
Amount (£)	3,000,000	£738,849.50

- (b) On incorporation of the Company two subscriber shares of £1 each were issued and allotted, one each to Norman Younger and Miriam Younger.
- (c) The authorised share capital of the Company on incorporation was £50,000 divided into 50,000 ordinary shares of £1 par value each.
- (d) Since the date of incorporation of the Company, there have been the following changes in the authorised and issued share capital of the Company:
 - (i) On 14 July 2005, the Company issued 49, 25 and 25 ordinary shares of £1 par value to each of Eric Hook, Peter Harris and MacArthur & May (Investments) Limited respectively, all of which were fully paid.

- (ii) Pursuant to written resolutions of the Company dated on 27 October 2005:
 - (1) the existing 50,000 ordinary shares of £1 of the Company were sub-divided into 500,000 ordinary shares of £0.10 each; and
 - (2) the authorised share capital of the Company was increased from £50,000 to £600,000 by the creation of 5,500,000 ordinary shares of £0.10 each ranking *pari passu* in all respects with the existing 500,000 ordinary shares of the Company.
- (e) On 27 October 2005, the Company issued 100,000, 125,000, 25,000 and 12,500 ordinary shares of £0.10 each in the capital of the Company to Eric Hook, Peter Harris, MacArthur & May (Investments) Limited and Brian Connolly respectively, all of which were fully paid.
- (f) On 1 December 2005 the two subscriber shares of £1 each held by Norman Younger and Miriam Younger (which on that date represented 20 Ordinary Shares of £0.10 each in the capital of the Company following the sub-division of the Ordinary Shares of the Company on 27 October 2005) were transferred to MacArthur & May (Investments) Limited. On the same date MacArthur & May (Investments) Limited transferred 10 Ordinary Shares of £0.10 each in the capital of the Company to Eric Hook.
- (g) On 21 March 2006, the Shareholders of the Company passed an ordinary resolution authorising the capitalisation of £8,748.50 standing to the credit of the Company's share premium account and the application of such sum paying up in full 33,366, 41,583, 8,386 and 4,150 ordinary shares of £0.10 each in the capital of the Company by way of a bonus issue to Eric Hook, Peter Harris, MacArthur & May (Investments) Limited and Brian Connolly respectively, on the basis of 0.332 new ordinary shares for every one ordinary share held.
- (h) At an extraordinary general meeting of the Company held on 21 March 2006, the following resolutions were passed:
 - (i) the authorised share capital of the Company be increased from £600,000 to £3,000,000 by the creation of 24,000,000 Ordinary Shares of £0.10 each ranking *pari passu* in all respects with the existing 6,000,000 Ordinary Shares.
 - (ii) conditionally on Admission, to authorise the Directors generally and unconditionally to exercise all the powers of the Company to allot relevant securities (within the meaning of the section 80(2) of the Act) up to an aggregate nominal amount of £856,187, such authority to expire on 20 March 2011, but so as to enable the Company before that date to make an offer or agreement which would or might require relevant securities to be allotted after that date and to enable the Directors to allot relevant securities in pursuance of any such offer or agreement as if the authority conferred by the resolution had not expired;
 - (iii) conditionally on Admission to empower the Directors to allot equity securities (within the meaning of section 94(2) of the Act) pursuant to the authority referred to in paragraph 3 (h) (i) above as if section 89(1) of the Act did not apply to any such allotment, such power to be limited to:
 - (1) the allotment of the Placing Shares;
 - (2) the allotment of equity securities in connection with an issue or offer by way of rights in favour of holders of equity securities of the Company on any fixed record date where the equity securities respectively attributable to those holders are proportionate (as nearly as may be) to the respective numbers of equity securities held by or deemed to be held by them on the record date, subject only to such exclusions or other arrangements as the Directors deem fit to deal with fractional entitlements or problems arising under the laws of any overseas territory or the requirements of any regulatory authority or any stock exchange; and
 - (3) the allotment of equity securities (other than pursuant to sub paragraphs (1) and (2) above) up to an aggregate nominal amount of £73,884.95.

and shall expire on 20 March 2011, save that the Company may, before the expiry of this power, 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 power had not expired; and

(iv) conditionally upon Admission, to adopt the Articles.

4. Securities being offered and admitted to trading on AIM

- (a) The Ordinary Shares were created under the Act, and are subject to the Act. They are to be issued in British Pounds Sterling with International Security Identification Number (“ISIN”): GB00BOSPFW38.
- (b) The Ordinary Shares may be held in certificated form or under the CREST system, which is a paperless settlement procedure in accordance with the Uncertificated Securities Regulations 2001 enabling securities to be evidenced and transferred otherwise than by a written instrument. The Company’s registrars, Capita Registrars, are responsible for keeping the Company’s register of members.
- (c) The dividend and voting rights attaching to the Ordinary Shares are set out in paragraph 5 of this Part V.
- (d) Section 89(1) of the Act gives the Company’s shareholders pre-emption rights on any new issue of equity securities for cash by the Company except for issues of shares under an employee share scheme, to the extent that such pre-emption rights have not been disapplied by a special resolution passed pursuant to section 95 of the Act. Paragraph 3h(ii) (other than the reference to the allotment of the Consideration Shares in respect of which section 89(1) of the Act does not apply) above sets out details of the disapplication of pre-emption rights by the Company.
- (e) The Ordinary Shares have no right to share in the profits of the Company other than through a dividend, distribution or return of capital, further details of which are set out in paragraph 4 of this Part V.
- (f) The Ordinary Shares are entitled on a *pari passu* basis with all issued Ordinary Shares to share in any surplus on a liquidation of the Company.
- (g) The Ordinary Shares have no redemption or conversion rights.
- (h) It is anticipated the new Ordinary Shares will be issued on 28 March 2006, the anticipated date of Admission.
- (i) The Placing Shares will be freely transferable provided that such shares are fully paid, the Company has no lien over such shares, the instrument of transfer is duly stamped, is in favour of not more than four joint holders as transferees and is in respect of only one class of shares, and the transfer procedure set out in the Articles has been complied with. Transfer restrictions may apply to shares where a member has failed to comply with a notice requesting information served by the Company under section 212 of the Act.
- (j) No person has made a public takeover bid for the Company’s issued share capital since the Company’s incorporation.
- (k) A shareholder is required pursuant to sections 198 to 210 of the Act to notify the Company when he acquires or disposes of a material interest in shares in the capital of the Company equal to or in excess of 3 per cent. of the nominal value of that share capital (and thereafter any whole percentage change in such interests).

The Ordinary Shares are subject to the SARs. Rule 1 of the SARs provides that no person may, in any period of 7 days, acquire shares carrying voting rights in the Company, or rights over such shares, representing 10 per cent. or more of the voting rights if such acquisition, when aggregated with any shares or rights over shares which are already held by that person, would carry 15 per cent. or more, but less than 30 per cent., of the voting rights of the Company. Rule 1 of the SARs is subject to a number of dispensations.

A shareholder is required pursuant to Rule 3 of the SARs to notify the Company, the Panel and a Regulatory Information Service of an acquisition of shares carrying voting rights in the Company, or rights over such shares, and of his total holding of shares in the Company if, as a result of such acquisition, he comes to hold, with any shares or rights over shares already held by him, shares or rights over shares representing 15 per cent. or more of the voting rights in the Company or his holding of shares or rights over shares already represents 15 per cent. or more of the voting rights and, as a result of the acquisition, is increased to or beyond any whole percentage figure.

5. Memorandum and Articles of Association

The memorandum of association of the Company provides that the Company's principal object is to act as a holding company and as a general trading company. The objects of the Company are set out in full in clause 4 of its memorandum of association.

As described in paragraph 3(h) of this Part V, the Company has, conditional on Admission, adopted the Articles. The Articles contain, *inter alia*, the following provisions:

(a) *Voting rights*

Subject to the rights or restrictions referred to in paragraph (b) below and subject to any special rights or restrictions as to voting attached to shares, on a show of hands every holder of Ordinary Shares who is present in person or being a corporation is present by a duly authorised representative, not being himself a member, shall have one vote and on a poll every holder who is present in person or by proxy shall have one vote for each Ordinary Share held by him. A corporate member may, by resolution of its directors or other governing body, authorise a person to act as its representative at general meetings and that person may exercise the same powers as the corporate member could exercise if it were an individual member.

(b) *Restrictions on voting*

A member of the Company is not entitled, either in person or by proxy, in respect of any share held by him, to be present at any general meeting of the Company unless all amounts payable by him in respect of that share have been paid.

A member of the Company shall not, if the directors determine, be entitled to attend general meetings and vote or to exercise rights of membership if he or another person appearing to be interested in the relevant shares has failed to comply with a notice given under section 212 of the Act within 14 days. The restrictions will continue until the information required by the notice is supplied to the Company or until the shares in question are transferred or sold in the circumstances set out in the Articles.

(c) *Dividends*

The Company may, by ordinary resolution, declare a dividend to be paid to the members, according to their respective rights and interests in the profit (up to the amount recommended by the board). The directors may pay such interim dividends as appear to the board to be justified by the financial position of the Company. No dividends payable in respect of an Ordinary Share shall bear interest. The directors may, if authorised by an ordinary resolution, offer the holders of Ordinary Shares the right to elect to receive further Ordinary Shares, credited as fully paid instead of cash in respect of all or part of a dividend ("a scrip dividend"). The directors may, pursuant to the provisions of the Articles relating to disclosure of interests, withhold dividends or other sums payable in respect of shares which are the subject of a notice under section 212 of the Act and which represent 0.25 per cent. or more in nominal value of the issued shares of their class and in respect of which the required information has not been received by the Company within 14 days of that notice and the member holding those shares may not elect, in the case of a scrip dividend, to receive shares instead of that dividend.

The Company or its directors may fix a date as the record date for a dividend provided that the date may be before, on or after the date on which the dividend, distribution, allotment or issue is declared. A dividend unclaimed for a period of 12 years from the date when it became due for payment shall be forfeited and cease to remain owing by to the Company.

(d) *Return of capital*

If the Company is wound up, the liquidator may, with the sanction of an extraordinary resolution and any other sanction required by law, divide among the members *in specie* the whole or any part of the assets of the Company and may, for that purpose, value any assets and determine how the division shall be carried out as between the members or different classes of members. The liquidator may with the same sanction, vest the whole or any part of the whole of the assets in trustees on trusts for the benefit of the members as he with the same sanction thinks fit, but no member shall be compelled to accept any assets on which there is a liability.

(e) *Variation of rights*

Any rights attaching to a class of shares in the Company may be varied or abrogated with the written consent of the holders of not less than three-quarters in nominal value of the issued shares of the class, or with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of the relevant class. The quorum for the separate general meeting shall be two persons holding, or represented by proxy, not less than one-third in nominal value of the issued shares of the relevant class.

(f) *Transfer of shares*

Subject to the restriction set out in this paragraph, any member may transfer all or any of his shares in any manner which is permitted by the Statutes (as defined in the Articles) or in any other manner which the directors approve. A transfer of a certificated share shall be in writing in the usual common form or in any other form permitted by the Statutes or which the directors approve. The transferor is deemed to remain the holder of the shares concerned until the name of the transferee is entered in the register of members in respect of those shares. All transfers of uncertificated shares shall be made by means of the relevant system or in any other manner which is permitted by the Statutes and is from time to time approved.

The directors have a discretion to refuse to register a transfer of a certificated share which is not fully paid (provided that this does not prevent dealings in the shares from taking place on an open and proper basis) without giving a reason. The directors must provide the transferee with a notice of the refusal within two months from the date on which the transfer was lodged in the case of certificated shares or, in respect of uncertificated shares, the date on which an instruction was received by the Company through the relevant system. The directors may also decline to register a transfer of shares in certificated form unless (i) the instrument of transfer is delivered to the office of the Company or at another place which the directors determine, accompanied by the certificate for the shares to which it relates and other evidence which the directors reasonably require to prove the title of the transferor; (ii) the instrument of transfer is in respect of only one class of share; (iii) the number of joint holders to whom the share is to be transferred does not exceed four. The directors may, pursuant to the provisions of the Articles relating to disclosure of interests, decline to register a transfer in respect of shares which are the subject of a notice under section 212 of the Act and which represent at least 0.25 per cent. of the issued shares of their class, and in respect of which the required information has not been received by the Company within 14 days after service of the notice.

(g) *Alteration of capital and purchase of own shares*

The Company may alter its share capital as follows:

- (i) by ordinary resolution, it may increase its share capital, consolidate or divide all or any of its shares into shares of larger amount, sub-divide all or any of its shares into shares of smaller amount and cancel any shares not taken or agreed to be taken by any person;
- (ii) by special resolution and subject to the provisions of the Statutes, it may reduce its share capital, any capital redemption reserve or any share premium account or other undistributable reserves in any manner; and
- (iii) subject to the provisions of the Statutes the Company may purchase all or any of its shares of any class, including redeemable shares

(h) *General Meetings*

Annual general meetings

The board shall convene and the Company shall hold annual general meetings in accordance with the requirements of the Statutes.

Extraordinary general meetings

All general meetings other than annual general meetings shall be called extraordinary general meetings.

Convening of extraordinary general meetings

The board may convene an extraordinary general meeting whenever it thinks fit. An extraordinary general meeting shall also be convened by the board on the requisition of members pursuant to the provisions of the Statutes or, in default, may be convened by such requisitions, as provided by the Statutes. The board shall comply with the provisions of the Statutes regarding the giving and the

circulation, on the requisition of members, of notices of resolutions and of statements with respect to matters relating to any resolution to be proposed or business to be dealt with at any general meeting of the Company.

Orderly conduct of meetings

The board may both prior to and during any general meeting make any arrangements and impose any restrictions which it considers appropriate to ensure the security and/or the orderly conduct of any such general meeting, including, without limitation, arranging for any person attending any such meeting to be searched, for items of personal property which may be taken into any such meeting to be restricted and for any person (whether or not a member of the Company) who refuses to comply with any such arrangements or restrictions to be refused entry to or excluded from any such meeting.

Notice of general meetings

An annual general meeting and an extraordinary general meeting called for the passing of a special resolution or a resolution appointing a person as a director shall be called by not less than 21 clear days' notice. All other extraordinary general meetings shall be called by not less than 14 clear days' notice.

The notice shall specify the place, day and time of the meeting and the general nature of the business to be transacted.

Notice of every general meeting shall be given to all members other than any who, under the provisions of the Articles or the terms of issue of the shares which they hold, are not entitled to receive such notices from the company, and also to the auditors (or, if more than one, each of them) and to each director.

Every notice of meeting shall state with reasonable prominence that a member entitled to attend and vote at the meeting may appoint one or more proxies to attend and (on a poll) vote at that meeting instead of him and that a proxy need not be a member of the Company.

Quorum

No business, other than the appointment of a chairman, shall be transacted at any general meeting unless the requisite quorum is present when the meeting proceeds to business.

Except as otherwise provided by the Articles three members present in person or by proxy and entitled to vote on a poll shall be a quorum. If within 15 minutes from the time appointed for the holding of a general meeting a quorum is not present, the meeting, if convened on the requisition of members, shall be dissolved. In any other case, it shall stand adjourned to the same day in the next week (or, if that day is not a business day, to the next business day) and at the same time and place, as the original meeting, or to such other day, and at such other time and place, as the board may decide and in the latter case not less than seven clear days' notice of the adjourned meeting shall be given in any manner in which notice of a meeting may lawfully be given for the time being. If at an adjourned meeting a quorum is not present within 15 minutes from the time fixed for holding the meeting, any two members who are present in person or by proxy and entitled to vote on a poll shall be a quorum, failing which the meeting shall be dissolved.

Chairman

At each general meeting, the chairman of the board or, if he is absent or unwilling, the deputy chairman (if any) of the board or (if more than one deputy chairman is present and willing) the deputy chairman who has been longest in such office or, if no deputy chairman is present and willing, then one of the other directors who is appointed for the purpose by the board or (failing appointment by the board), by the members present, shall preside as chairman of the meeting, but if no director is present within 15 minutes after the time fixed for holding the meeting or, if none of the directors present is willing to preside, the members present and entitled to vote shall choose one of their number to preside as chairman of the meeting.

Directors entitled to attend and speak

Whether or not he is a member, a director shall be entitled to attend and speak at any general meeting of the Company and at any separate general meeting of the holders of any class of shares of the Company.

Adjournment

With the consent of any meeting at which a quorum is present the chairman of the meeting may (and if so directed by the meeting shall) adjourn the meeting from time to time or sine die and from place to place.

In addition, the chairman of the meeting may at any time without the consent of the meeting adjourn the meeting (whether or not it has commenced or a quorum is present) to another time and/or place if, in his opinion, it would facilitate the conduct of the business of the meeting to do so, notwithstanding that by reason of such adjournment some members may be unable to be present at the adjourned meeting.

Method of voting and demand for poll

At a general meeting a resolution put to the vote of the meeting shall be decided on a show of hands, unless (before or immediately after the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded by:

- (i) the chairman of the meeting; or
- (ii) at least three members present in person or by proxy having the right to vote on the resolution; or
- (iii) a member or members present in person or by proxy representing in aggregate not less than one-tenth of the total voting rights of all the members having the right to vote on the resolution excluding any voting rights attached to any shares in the Company held as treasury shares; or
- (iv) a member or members present in person or by proxy holding shares conferring the right to vote on the resolution on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right excluding any shares in the Company conferring a right to vote at the meeting which are held as treasury shares;

and a demand for a poll by a person as proxy for a member shall be as valid as if the demand were made by the member himself.

Taking a poll

If a poll is demanded (and the demand is not withdrawn), it shall be taken at such time (either at the meeting at which the poll is demanded or within 30 days after the meeting), at such place and in such manner as the chairman of the meeting shall direct and he may appoint scrutineers (who need not be members).

Chairman's casting vote

In the case of an equality of votes, either on a show of hands or on a poll, the chairman of the meeting at which the show of hands takes place, or at which the poll is demanded, as the case may be, shall be entitled to a further or casting vote in addition to any vote or votes to which he may be entitled.

Representation of corporations

Any corporation which is a member of the Company may, by resolution of its directors or other governing body, authorise any person to act as its representative at any meeting of the Company or of any class of members of the Company.

Proxies

A proxy need not be a member of the Company and a member may appoint more than one proxy to attend on the same occasion.

Form of proxy

An instrument appointing a proxy shall be:

- (i) by means of an instrument in writing in any usual form or in any other form which the board may approve, signed by the appointor, or his agent duly authorised in writing, or, if the appointor is a corporation, shall either be executed under its common seal or be signed by some agent or officer authorised for that purpose; or
- (ii) contained in an electronic communication sent to such address (if any) as may for the time being be notified by or on behalf of the Company for that purpose provided that the electronic

communication is received in accordance with the Articles not less than 48 hours before the time appointed for holding the meeting or adjourned meeting (or any postponed time appointed for holding the meeting pursuant to the Articles) or, where a poll is taken more than 48 hours after it is demanded, after the poll has been demanded and not less than 24 hours before the time appointed for the taking of the poll.

Deposit of proxy

The appointment of a proxy shall:

- (i) in the case of an instrument, be delivered personally or by post to the office or such other place within the United Kingdom as may be specified by or on behalf of the Company for that purpose in the notice convening the meeting or in any form of proxy sent by or on behalf of the Company in relation to the meeting, not less than 48 hours before the time appointed for holding the meeting or adjourned meeting;
- (ii) in the case of an appointment contained in an electronic communication, where an address has been specified by or on behalf of the Company, for the purpose of receiving electronic communications in the notice convening the meeting or in any form of proxy sent by or on behalf of the Company in relation to the meeting or in any invitation contained in an electronic communication to appoint a proxy issued by or on behalf of the Company in relation to the meeting, be received at such address not less than 48 hours before the time appointed for holding the meeting or adjourned meeting;
- (iii) in either case, where a poll is taken more than 48 hours after it is demanded, be delivered or received as aforesaid after the poll has been demanded and not less than 24 hours before the time appointed for the taking of the poll; or
- (iv) in the case only of an instrument, where a poll is not taken forthwith but is taken not more than 48 hours after it was demanded, be delivered at the meeting at which the poll was demanded to the chairman or to the secretary or to any director.

In relation to any shares which are held in uncertificated form, the board may from time to time permit appointments of a proxy to be made by means of an electronic communication in the form of an uncertificated proxy instruction.

An instrument of proxy relating to more than one meeting (including any adjournment thereof) having once been so received for the purposes of any meeting shall not require again to be received for the purposes of any subsequent meeting to which it relates.

Notice of revocation of proxy

Notice of the revocation of the appointment of a proxy may be given in any lawful manner which complies with the regulations (if any) made by the directors to govern the revocation of a proxy.

(i) *Mandatory takeover bids*

The City Code on Takeovers and Mergers (the “Code”) applies to all takeover and merger transactions in relation to the Company, and operates principally to ensure fair and equal treatment of shareholders in relation to takeovers and an orderly framework within which takeovers are conducted. The Code has not, and does not seek to have, the force of law, but has been endorsed by the Financial Services Authority under the UK Financial Services and Markets Act 2000. The Financial Services Authority may, at the request of the Panel, take enforcement action against a person authorised under that Act, who contravenes the Code or a Panel ruling.

The Code is based upon a number of general principles which are essentially statements of good standards of commercial behaviour. One such principle states that where control of a company is acquired by a person, or persons acting in concert, a general offer to all other shareholders is normally required. A similar obligation may arise if control is consolidated. “Control” for these purposes means a holding, or aggregate holdings, of shares carrying 30 per cent. or more of the voting rights of a company, irrespective of whether the holding or holdings gives *de facto* control. “Voting rights” for these purposes means all the voting rights attributable to the share capital of a company which are currently exercisable at a general meeting. A general offer will also be required where a person who, together with persons acting in concert with him, holds not less than 30 per cent. but not more than 50 per cent. of the voting rights, acquires additional shares which increase his percentage of the voting

rights. Unless the Panel consents, the offer must be made to all other shareholders, be in cash (or have a cash alternative) and cannot be conditional on anything other than the securing of acceptances which will result in the offeror and persons acting in concert with him holding shares carrying more than 50 per cent. of the voting rights.

(j) *Directors*

Number

Unless otherwise determined by the Company by ordinary resolution, the number of directors shall be not less than three but there is no maximum.

Appointment of directors by the Company in general meeting

The Company may by ordinary resolution appoint any person who is willing to act to be a director, either to fill a vacancy or as an additional director. No person (other than a director retiring by rotation or otherwise) shall be appointed or re-appointed a director at any general meeting unless:

- (i) he is recommended by the board; or
- (ii) notice has been given to the Company, by a member (other than the person to be proposed) entitled to vote at the meeting, stating his intention to propose a resolution for the appointment of that person, stating the particulars which would, if he were so appointed, be required to be included in the Company's register of directors and a notice executed by that person of his willingness to be appointed.

The board may appoint any person who is willing to act to be a director either to fill a vacancy or by way of addition to their number.

Remuneration

The directors (other than directors holding executive office) shall be paid out of the funds of the Company for their services determined by the directors. The aggregate of the fees shall not exceed £100,000 per annum or such larger sum as may from time to time be determined by ordinary resolution. Any fee shall be distinct from any remuneration or other amounts payable to a director under other provisions of the Articles and shall accrue from day to day. The directors may be paid all travel, hotel and other expenses properly incurred in the performance of their duties as directors including expenses incurred in attending meetings of the board, committees of the board and general meetings or separate meetings of the holders of any class of securities of the Company.

Retirement of directors

At each annual general meeting any director who has been appointed by the board since the previous annual meeting and any director selected to retire by rotation shall retire from office.

Retirement of Directors by rotation

At each annual general meeting of the Company, one-third of the directors (excluding any director who has been appointed by the directors since the previous annual general meeting) or, if their number is not three or a multiple of three, the number nearest to but not more than one-third shall retire from office. In addition, each director shall retire from office at the third annual general meeting after he was appointed or reappointed, if he would not otherwise fall within the directors to retire by rotation.

The directors to retire shall be those of the other directors who have been longest in office since their appointment or last reappointment but, as between persons who became or were last reappointed directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot.

The directors to retire shall be determined (both as to number and identity) by the composition of the board at the commencement of business on the date of the notice convening the annual general meeting. A director shall not be required, or be relieved from the obligation, to retire by reason of a change in the board after that time but before the close of the meeting.

A retiring director shall be eligible for re-appointment and (unless he is removed from office or his office is vacated in accordance with the Articles) shall retain office until the close of the meeting at which he retires or (if earlier) when a resolution is passed at that meeting not to fill the vacancy or to appoint another person in his place or the resolution to re-appoint him is put to the meeting and lost.

If at any meeting at which the appointment of a director ought to take place the office vacated by a retiring director is not filled, the retiring director, if willing to act, shall be deemed to be re-appointed, unless at the meeting a resolution is passed not to fill the vacancy or to appoint another person in his place or unless the resolution to appoint him is put to the meeting and lost.

No person shall be required to vacate from office by reason only of the fact that he has attained the age of 70 years or any other age.

Removal of Directors

The Company may by extraordinary resolution, or by ordinary resolution of which special notice has been given in accordance with the Statutes, remove any director before his period of office has expired notwithstanding anything in these Articles or in any agreement between him and the Company.

Vacation of office of Director

Without prejudice to the provisions of the Articles for retirement or removal, the office of a director shall be vacated:

- (i) if he is prohibited by law from being a director; or
- (ii) if he becomes bankrupt or he makes any arrangement or composition with his creditors generally; or
- (iii) if he is, or may be, suffering from mental disorder and in relation to that disorder either he is admitted to hospital for treatment or an order is made by a court (whether in the United Kingdom or elsewhere) for his detention or for the appointment of some person to exercise powers with respect to his property or affairs; or
- (iv) if for more than six months he is absent (whether or not an alternate director attends in his place), without special leave of absence from the board, from meetings of the board held during that period and the board resolves that his office be vacated; or
- (v) if he serves on the Company notice of his wish to resign, in which event he shall vacate office on the service of that notice on the Company or at such later time as is specified in the notice.

Executive Directors

The directors may appoint a director to an executive office in the Company. The appointment may be on the terms the directors determine.

The appointment of a director to an executive office terminates if he ceases to be a director, but without prejudice to any claim for damages for breach of any contract of employment.

Power to appoint alternate Directors

Each director may appoint another director or any other person who is willing to act as his alternate and may remove him from that office. The appointment as an alternate director of any person who is not himself a director shall be subject to the approval of a majority of the directors or a resolution of the board.

An alternate director shall be entitled to receive notice of all meetings of the board and of all meetings of committees of which the director appointing him is a member, to attend and vote at any such meeting at which the director appointing him is not personally present and at the meeting to exercise and discharge all the functions, powers and duties of his appointor as a director and for the purposes of the proceedings at the meeting the provisions of the Articles shall apply as if he were a director.

Every person acting as an alternate director shall have one vote for each director for whom he acts as alternate, in addition to his own vote if he is also a director, but he shall count as only one for the purpose of determining whether a quorum is present.

Directors' interests

A director shall not vote nor be counted in a quorum at a meeting in relation to any resolution of the board concerning any contract, arrangement, transaction or proposal in which he has a material interest (including by virtue of the interests of persons connected with him).

The prohibition will not apply to the following:

- (i) the giving of any guarantee, security or indemnity in respect of money lent or obligations incurred by him or by any other person at the request of or for the benefit of the Company (or any of its subsidiary undertakings) or in respect of a debt or obligation of the Company (or any of its subsidiary undertakings) for which he has assumed responsibility, in whole or in part, under a guarantee or an indemnity or by the giving of security;
- (ii) any contract concerning an offer of shares, debentures or other securities by the Company (or any of its subsidiary undertakings) in which offer he is or may be entitled to participate as a holder of securities or he is or is to be interested as a participant in the underwriting or sub-underwriting thereof;
- (iii) any contract in which he is interested by virtue of his interest in shares, debentures or other securities of the Company or otherwise in or through the Company;
- (iv) a proposal concerning another company in which he is not interested, directly or indirectly, in 1 per cent. or more either of its equity share capital or of its voting rights;
- (v) an arrangement for the benefit of the employees of the Company (or any of its subsidiary undertakings) which does not award the director a privilege or benefit not generally awarded to the employees to whom the arrangement relates; or
- (vi) a proposal concerning the purchase or maintenance of insurance for the benefit of persons who include directors.

Subject to the Statutes and provided he has disclosed to the directors the nature and extent of his interest, a director may contract with the Company, the contract shall not be avoided on the grounds of his interest or benefit and the Director is not liable to account to the Company for any benefit realised as a result of the contract.

A director may not vote or be counted in the quorum in relation to a resolution of concerning his own appointment (including fixing or varying its terms), or the termination of his own appointment.

Where proposals are under consideration concerning the appointment (including fixing or varying its terms) or the termination of the appointment of two or more directors, a separate resolution may be put in relation to each director. In each case, each director (if not otherwise debarred from voting) is entitled to vote

Benefits

The Directors may exercise all the powers of the Company to pay, provide or procure the grant of pensions or other retirement or superannuation benefits and death, disability or other benefits to any person who is or who has at any time been a director of the Company (and for any of his relations or dependants) or in the employment or service of the Company or any of its subsidiary undertakings (or the relatives or dependants of any such person).

Powers of the board

The business of the Company shall be managed by the board which may exercise all the powers of the Company, subject to the provisions of the Statutes, the memorandum of association of the Company, the Articles and any special resolution of the Company. No special resolution or alteration of the memorandum of association of the Company or the Articles shall invalidate any prior act of the board which would have been valid if the resolution had not been passed or the alteration had not been made.

Borrowing powers

Subject to relevant legislation the Directors may exercise all the powers of the Company to borrow money and to mortgage or charge all or any part of its undertaking, property, assets (present and future) and uncalled capital 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.

Indemnity of officers

Subject to the Statutes (as defined in the Articles), the Company may indemnify any Director or other officer of the Company or any Associated Company (as defined in the Articles) of the Company out of the assets of the Company against all liabilities and expenses incurred by him in the actual or purported

execution or discharge of his duties and in particular (but without limitation) any liability or expenses incurred by him in defending any civil proceedings (including proceedings brought by the Company or an Associated Company of the Company) in which judgment is given in his favour or in defending any criminal proceedings in which he is acquitted or in connection with any application in which relief is granted to him by the court under section 144 or section 727 of the Act.

The Company may grant a specific indemnity to a Director or other officer of the Company which is consistent with the indemnity article described above or which is a qualifying third party indemnity provision as defined in section 309B of the Act.

The Company may provide a Director or other officer of the Company with funds to meet expenditure incurred or to be incurred by him in defending any civil or criminal proceedings or in connection with any application made by him under section 144 or section 727 of the Act and may do anything to enable a Director or other officer to avoid incurring such expenditure provided that any such arrangements are made on terms consistent with section 337A(4) of the Act.

Subject to the Statutes, the board may purchase and maintain for or for the benefit of any Director, officer or employee of the Company or other person who holds or has at any time held a “relevant office” (as defined in the Articles), insurance against any liability or expense incurred by him in relation to the Company or any Associated Company of the Company or any third party in respect of any act or omission in the actual or purported discharge of his duties or otherwise in connection with holding his office.

Delegation to individual Directors

The board may entrust to and confer upon any director any of its powers, authorities and discretions (with power to sub-delegate) on such terms and conditions as it thinks fit and may revoke or vary all or any of them, but no person dealing in good faith shall be affected by any revocation or variation.

Committees

The board may delegate any of its powers, authorities and discretions (with power to sub-delegate) including without prejudice to the generality of the foregoing all powers, authorities and discretions whose exercise involves or may involve the payment of remuneration to, or the conferring of any other benefit on, all or any of the directors to any committee consisting of such person or persons (whether directors or not) as it thinks fit, provided that the majority of the members of the committee are directors and that no meeting of the committee shall be quorate for the purpose of exercising any of its powers, authorities or discretions unless a majority of those present are directors.

Board meetings

The board may meet for the despatch of business, adjourn and otherwise regulate its meetings as it thinks fit.

Notice of board meetings

Notice of a board meeting shall be deemed to be properly given to a director if it is given to him personally or by word or mouth or sent in writing to him at his last known address or any other address given by him to the Company for this purpose or sent by electronic communication to him at an address given by him to the Company for this purpose.

Quorum

The quorum necessary for the transaction of the business of the board may be fixed by the board and, unless so fixed at any other number, shall be two. Subject to the provisions of the Articles, any director who ceases to be a director at a board meeting may continue to be present and to act as a director and be counted in the quorum until the termination of the board meeting if no other director objects and if otherwise a quorum of directors would not be present.

Voting

Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes the chairman of the meeting shall have a second or casting vote.

Telephone and video conference meetings

A meeting of the board may consist of a conference between directors some or all of whom are in different places provided that each director who participates is able:

- (i) to hear each of the other participating directors addressing the meeting; and
- (ii) if he wishes, to address all of the other participating directors simultaneously, whether by conference telephone or by video conference or by any other form of communications equipment (whether in use when the Articles are adopted or developed subsequently) or by a combination of any such methods.

A meeting held in this way is deemed to take place at the place where the largest group of participating directors is assembled or, if no such group is readily identifiable, at the place from where the chairman of the meeting participates.

Resolutions in writing

A resolution in writing signed or approved by all the directors entitled to notice of a meeting of the directors shall be as valid and effectual as if it had been passed at a meeting of the directors duly called and constituted. The resolution may be contained in one document or in several documents in like form, each signed or approved by one or more of the directors concerned

(k) CREST

CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by a written instrument. The Ordinary Shares have been made eligible for settlement in CREST by means of a resolution of the Board passed on , with the necessary notice having been given to all members of the Company at that time, as contemplated by the Uncertificated Securities Regulations 2001. The Company has applied for the Ordinary Shares to be admitted to CREST and it is expected that the Ordinary Shares will be so admitted, and accordingly enabled for settlement in CREST, as soon as practicable after Admission has occurred.

6. Directors' and other interests

- (a) The interests of the Directors and their immediate families (all of which are beneficial unless otherwise stated) and of connected persons within the meaning of Section 346 of the Act in the issued share capital of the Company which have been notified to the Company pursuant to Sections 324 and 328 of the Act (or are required to be disclosed in the Register of Directors' interests pursuant to Section 325 of the Act) as at the date of this document and as expected to be immediately following Admission are as follows:

<i>Directors</i>	<i>Current Holding</i>		<i>Following Admission and the Placing</i>	
	<i>No. of Ordinary Shares</i>	<i>% of issued share capital</i>	<i>No. of Ordinary Shares</i>	<i>% of issued share capital</i>
Peter Harris	166,833	47.53%	291,833	3.95%
Eric Hook	133,866	38.14%	158,866	2.15%
Brian Connolly	16,650	4.74%	29,150	0.39%
Jim Gould	nil	nil	150,000	2.03%

- (b) In addition to the interests of the Directors set out above, as at 21 March 2006 (being the latest practicable date prior to publication of this document) the following persons were, or will at Admission, be directly or indirectly interested (within the meaning of Part VI of the Act) in 3 per cent. or more of the issued share capital of the Company:

<i>Name</i>	<i>As at 21 March 2006</i>		<i>On Admission</i>	
	<i>No. of Ordinary Shares</i>	<i>% of issued share capital</i>	<i>No. of Ordinary Shares</i>	<i>% of issued share capital</i>
MacArthur & May (Investments) Limited	33,646	9.59%	108,646	1.47%
Western Selection P.L.C.	—	—	1,500,000	20.30%
New Star Asset Management Group plc	—	—	475,000	6.43%
Shore Capital Limited	—	—	430,000	5.82%

<i>Name</i>	<i>As at 21 March 2006</i>		<i>On Admission</i>	
	<i>No. of Ordinary Shares</i>	<i>% of issued share capital</i>	<i>No. of Ordinary Shares</i>	<i>% of issued share capital</i>
Hargreave Hale Nominees	—	—	400,000	5.41%
Ruffer Investment Management	—	—	390,000	5.28%
Eaglet Investment Trust PLC	—	—	375,000	5.08%
Generali Portfolio Management UK Limited	—	—	275,000	3.72%

- (c) On or shortly after Admission, share options will be granted under the Share Option Plans (as defined in paragraph 12 of this Part V) to certain of the Directors as follows:

<i>Directors</i>	<i>Maximum no. of Ordinary Shares over which options are granted</i>
Peter Harris	108,000
Eric Hook	200,000
Brian Connolly	40,000

The extent to which these options can be exercised is dependant upon the satisfaction of certain performance conditions. Further details of these performance conditions and the Share Option Plans are outlined in paragraph 12 of Part V of this document.

- (d) MacArthur & May (Investments) Limited, a wholly owned subsidiary of MacArthur & Co. Limited, the Company's financial adviser, has been granted conditional options over 3 per cent. of the Enlarged Share Capital (being 221,654 Ordinary Shares) for par value consideration.
- (e) Save as disclosed above, so far as the Company is aware, there are no persons who are or will be immediately following Admission interested directly or indirectly in 3 per cent. or more of the Company's issued share capital, nor so far as the Company is aware, are there any persons who directly, or indirectly, jointly or severally, exercise or could exercise control at a subsequent date, over the Company.
- (f) The Company and the Directors are not aware of any arrangements, the operation of which may at a subsequent date result in a change of control of the Company.
- (g) The persons, including the Directors, referred to in paragraphs 4(a), 4(b) and 4(c) of this Part V, do not have voting rights in respect of the share capital of the Company (issued or to be issued) which differ from any other shareholder of the Company.
- (h) No Director or members of their immediate families or any of their connected persons within the meaning of section 346 of the Act has a related financial product (within the meaning of the AIM Rules) relating to Ordinary Shares.

7. Directors' Service Agreements and Letters of Appointment

- (a) The Directors of the Company are as follows, each of whose business address is Second Avenue, Centrum 100, Burton-on-Trent DE14 2WF:

Peter Harris (*Non-executive Chairman*);
Eric Hook (*Chief Executive Officer*); and
Brian Connolly (*Finance Director*).

James Gould will be appointed as a non-executive director on Admission.

- (b) The following are particulars of the executive's service contracts with the Company:

- (i) Eric Hook is employed as Chief Executive Officer under an agreement dated 21 March 2006. The agreement provides for the employment to continue until either Eric or the Company give 12 months' written notice. Eric is subject to non-competition (for 12 months) and non-solicitation of customers (for 12 months) covenants following termination of employment. Eric is entitled to 25 days' paid holiday each year and a salary of £45,000 per annum. The agreement provides that Eric is eligible to participate in an annual discretionary bonus scheme operated by the Company (with a maximum bonus of 100 per cent. of salary). The agreement further provides that Eric is entitled to an award of shares under the Share Option Schemes operated by the Company. Under

the agreement the Company is to make payments into Eric's private pension scheme of 20 per cent. of his annual salary. The agreement also provides for various other benefits including, *inter alia*, life insurance, payments to Eric Hook's personal pension plan and a car allowance.

- (ii) Brian Connolly is employed part-time as Finance Director under an agreement dated 21 March 2006. The agreement provides for the employment to continue until either Brian or the Company give three months' written notice. If not previously terminated, the contract shall terminate automatically on Brian's 60th birthday. Brian is subject to non-competition (for 12 months) and non-solicitation of customers (for 12 months) covenants following termination of employment. Brian is entitled to a base salary of £12,000 per annum, with a further £500 payable per day for time spent in excess of one day a month. The agreement provides that Brian is eligible to participate in an annual discretionary bonus scheme operated by the Company (with a maximum bonus of 25 per cent. of salary). The agreement further provides that Brian is entitled to an award of shares under the Share Option Schemes operated by the Company.
- (c) The following are particulars of non-executive directors' letters of appointment:
- (i) Peter Harris entered into a letter of appointment dated 21 March 2006 reflecting the terms of his engagement as Non-executive Chairman of the Company. This letter provides for the appointment as Non-executive Chairman (such appointment as Chairman to be conditional upon Admission). After re-election at the first AGM of the Company, Peter's appointment will continue for an initial term of three year unless and until he is not reappointed by the shareholders. Additionally, after re-election at the first AGM of the Company, the Company may terminate the employment on six months' notice in writing and Peter may also give six months' written notice to terminate the appointment. Pursuant to this letter Peter is entitled to £20,000 per annum (subject to income tax and National Insurance deductions), Peter is to be granted an option package under the Share Option Schemes in due course.
 - (ii) Jim Gould has entered into a letter of appointment 21 March 2006 reflecting the terms of his engagement as Non-executive Director of the Company conditional upon Admission. After re-election at the first AGM of the Company, the appointment will continue unless and until Jim is not reappointed by the shareholders. Additionally, after re-election at the first AGM of the Company, the Company may terminate the employment on three months' notice in writing and Jim may also give three months' written notice to terminate the appointment. If not previously terminated, the appointment shall terminate automatically on Jim's 75th birthday. If not re-elected the Company may terminate the employment on three months' notice in writing. Jim may also give three months' written notice to terminate the appointment. Pursuant to this letter Jim is entitled to £12,000 per annum (subject to income tax and National Insurance deductions).
- (d) Save as disclosed above, there are no service agreements existing or proposed between any Director and the Company or any of its subsidiaries.
- (e) Cash bonus plan
- The remuneration committee will establish a discretionary cash bonus plan under which annual payments may be made to selected executives and senior employees linked to the attainment of short-term financial objectives. Further details regarding cash bonuses are set out in paragraph 13 of Part V.

8. Additional information on the Directors

- (a) In addition to directorships of companies within the Group (other than the Company), the Directors hold or have held the following directorships or have been partners in the following partnerships within the ten years prior to the date of this document:

<i>Name</i>	<i>Current Directorships</i>	<i>Past Directorships</i>
Peter Harris	ALC (FMC) Limited ALC (HOLDCO) Limited ALC (SPC) Limited ALC (Superholdco) Limited Bow Vehicle Solutions Limited Heidi Car (UK) Limited Heidi Car Sales Limited HEIDI Finance Holdings (UK) Limited Lex Commercials Limited Lex Defence (Whitefleet) Ltd Lex Defence Ltd Lex Defence Management Limited Lex Multipart Limited Lex Multipart Solutions Limited Lex Transfleet Limited Morgan Brown Limited MSS Automotive Services Limited Multipart (Holdings) Limited Multipart IMS Limited RAC Software Solutions Limited Transfleet Truck Rentals Limited Coworth Flexlands School Limited Flexlands School Educational Trust Limited	Auto Windscreens Limited Autoservicing limited Autowindscreens (UK) Limited B G Nominees Limited B.V.S. Rentals Limited B.V.S. Watford Limited Boomcite Limited Chadmore Assets Plc Chart Elect Direct Limited Chart Hire Services (N.I.) Limited Chart Services Limited Eightsevensix Limited Fivezeroone Limited Fleedrive Limited Fourninezero Limited Halifax Vehicle Leasing (1998) Limited Heidi Car (UK) Limited Heidi Finance Holdings (UK) Limited Hyundai Car Distributors (UK) Limited International Motors Parts and Service Limited Kcurt Limited Kellett (UK) Limited L F (South) Limited L H Mechanical Handling Limited Lex Brooklands (Bristol) Limited Lex Defence (Whitefleet) Ltd Lex Defence Limited Lex Employee Share Scheme Trustees Limited Lex European Holdings Limited Lex Hydraulic Services Limited Lex Industrial Machinery (Ireland) Limited Lex Industrial Services Europe Limited Lex Motor Company Limited Lex Motor Group Limited Lex Retail (Europe) Limited Lex Retail Group Limited Lex Service (Guernsey) Limited Lex Transfleet Limited Lex Vehicle Finance Limited Lex Vehicle Leasing (Holdings) Limited Lex Vehicle Leasing Limited Lex Vehicle Partners (1) Limited Lex Vehicle Partners (2) Limited Lex Vehicle Partners (3) Limited Lex Vehicle Partners (4) Limited Leyland Parts Limited Lift Truck Distribution Limited Morgan Brown Limited Nineninefour Limited

<i>Name</i>	<i>Current Directorships</i>	<i>Past Directorships</i>
		Ninesixtwo Limited NW Autocentres Limited Onethreenine Limited RAC Pension Trustees Limited RAC PLC RAC Software Solutions Limited S.A. Commercials Limited Sellers & Batty (Peterborough) Limited The Angus Garage Company Limited The Scottish Motor Traction Company Limited Threesixsix Limited Transfleet Distribution Limited Transfleet Truck Rentals Limited Two Two Six Limited Twozerofive Limited Wembley PLC Whitehall Insurance Company Limited Zeroseventwo Limited
Eric Hook		Multipart Logistics Services Limited Andrews Sykes Group PLC A. S. Group Management Limited Heat For Hire Limited Sykes Pumps Limited Andrews Air Conditioning and Refrigeration Limited Refrigeration Compressor Remanufacturers Limited Sykes Ground Water Control Limited Engineering Appliances Limited Sweepax International Limited Andrews Compressed Air Services Limited Andrews Sykes Hire Limited Andrews Sykes Properties Limited Millars Pumps Limited Refrigeration Compressor Rebuilds Limited Company 3533273 Limited Andrews Industrial Equipment (Scotland) Limited Heat For Hire (Scotland) Limited Longville Limited SLD Genlite Limited SLD Pumps Limited Longville Group Limited Ingleby (1232) Limited Chiller Rental Services Limited Claudius Limited Plant Link Limited Powerent Limited

<i>Name</i>	<i>Current Directorships</i>	<i>Past Directorships</i>
		Company 53327 Limited Braithwaite Structural Limited Company 729911 Limited Company No. 820764 Limited P.S.P. Refrigeration Limited Andrews Industrial Equipment (Southern) Limited Sykes Construction Services Limited A.S Group PLC. Acas Air Conditioning and Allied Services Limited B.M.T. Plant & Electrical Limited Watnall Refrigeration Limited Henry Sykes Overseas Limited Company 1278941 Limited Company 1531698 Limited 1680868 Limited Parkinson Andrews Ltd Centahire Limited Alternative Group of Companies Limited Braithwaite Environmental Limited A/C International Limited
Brian Connolly	Connolly Business Solutions Limited	Lex Retail Group Limited Lex Industrial Services Group Limited Lex Industrial Services Group Limited Ninesevenfive Limited James & Emanuel Limited Hyundai Parts and Service Limited Sixoneone Limited Gilbert Rice Limited Specialist Cars (SNM) Limited Zerofourone Limited Sixtwothree Limited Nineninefive Limited Callanders Engineering (Aberdeen) Limited Callanders Engineering Company Limited Eightsevensnine Limited
Jim Gould	Crestchic Sarl	Pandelco Limited Pandelco (Burton) Limited Pandelco (Enclosures) Limited Delcon Engineering Limited

- (b) Jim Gould was a director of Pandelco (Burton) Limited and Pandelco (Enclosures) Limited, which were both placed into receivership by their directors on 26 October 1983. In relation to Pandelco (Burton) Limited, Barclays Bank plc held security over the company's assets and also a personal guarantee from Jim Gould. The receiver sold Pandelco (Burton) Limited in 1983 and Jim Gould cleared his liability in full to Barclays Bank in 1989.
- (c) Peter Harris was a non-executive director of Wembley PLC. At an EGM on 31 August 2005, its shareholders approved the placing of the company into a members' voluntary liquidation and resolved to appoint liquidators and to cancel the listing of the company's shares from the Official List. Wembley PLC's listing on the Official List was cancelled on 29 September 2005 and a liquidator was appointed on 5 September 2005. The board of Wembley PLC announced on 20 July 2005, following the disposal of the US Gaming Division for £199.6 million, that the estimated range of surplus cash to be returned

to shareholders was 865 to 910 pence per ordinary share, including a special dividend of 325 pence per ordinary share.

- (d) Save as disclosed in this document none of the Directors has:
- (i) any unspent convictions in relation to indictable offences;
 - (ii) had any bankruptcy order made against him or entered into any individual voluntary arrangements;
 - (iii) been a director of a company which has been placed in receivership, compulsory liquidation, creditors' voluntary liquidation, administration, been subject to a company voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors whilst he was a director of that company or within the 12 months after he ceased to be a director of that company;
 - (iv) been a partner in any partnership which has been placed in compulsory liquidation, administration or been the subject of a partnership voluntary arrangement whilst he was a partner in that partnership or within the 12 months after he ceased to be a partner in that partnership;
 - (v) been the owner of any assets placed in receivership or a partner in any partnership any asset of which has been placed in receivership whilst he was a partner in that partnership or within the 12 months after he ceased to be a partner in that partnership;
 - (vi) been publicly criticised by any statutory or regulatory authority (including recognised professional bodies); or
 - (vii) been disqualified by a court from acting as a director of any company or from acting in the management or conduct of the affairs of a company.
- (e) Save as disclosed in this document, no Director is or has been interested in any transaction which is or was unusual in its nature or conditions or significant to the business of the Group and which was effected by the Group and remains in any respect outstanding or unperformed.
- (f) No loans made or guarantees granted or provided by the Company or any member of the Group to, or for the benefit of any Director, are outstanding.
- (g) Save as set out in paragraphs 5 (a) of this Part V above, none of the Directors has any interest in the share capital of any company in the Group.
- (h) No Director has any direct or indirect interest in any assets which have been acquired or disposed of by, or leased to, any member of the Group or which are proposed to be so acquired, disposed or leased.
- (i) No Director has any direct or indirect interest in any contract or arrangement subsisting at the date of this document which is significant to the business of the Group.

9. Material contracts

The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by the Company or Crestchic either within the period of two years immediately preceding the date of this document and are, or may be, material or contain provisions under which any member of the group has any obligation or entitlement which is, or may be material;

- (a) Under an agreement dated 21 March 2006 and made between the Company, Charles Stanley and the Directors, Charles Stanley has agreed (conditionally, *inter alia*, on Admission taking place not later than 8.00 a.m. on 28 March 2006 or such later date as Charles Stanley and the Company may agree, being not later than 4 April 2006) as agent for the Company.

Under the Placing Agreement, and subject to it becoming unconditional, the Company has agreed to pay Charles Stanley a corporate finance fee of £125,000 (together with any applicable VAT) and a commission of four per cent. of the aggregate value of the Placing Shares at the Placing Price. The Company will pay certain other costs and expenses (including any applicable VAT) of, or incidental to, the Placing including all fees and expenses payable in connection with Admission, expenses of the registrars, printing and advertising expenses, postage and all other legal (subject to a maximum amount of £25,000), accounting and other professional fees and expenses.

The Placing Agreement contains warranties and indemnities given by the Company and the Directors to Charles Stanley as to the accuracy of the information contained in this document and other matters

relating to the Group and its business. Charles Stanley is entitled to terminate the Placing Agreement in certain specified circumstances prior to Admission.

- (b) A Nominated Adviser and Broker Agreement dated 21 March 2006 between Charles Stanley and the Company under which Charles Stanley has agreed to act as the Company's nominated adviser and broker in connection with the application for Admission and on an ongoing basis following Admission. The agreement is for an initial period of one year and may be terminated thereafter on three months' written notice by either party. Under the agreement the Company has agreed to pay Charles Stanley an annual fee of £30,000 plus VAT up to the first anniversary after Admission thereafter (if it continues) £35,000 plus VAT.

The agreement contains certain undertakings and indemnities given by the Company in respect of, *inter alia*, compliance with all applicable laws and regulations and the provision of information to Charles Stanley.

- (c) Crestchic Acquisition Agreement

The Vendors and the Company entered into the Crestchic Acquisition Agreement on 21 March 2006. Pursuant to the terms of this agreement, the Company has agreed, conditionally amongst other things, but ultimately Admission, to acquire the entire issued share capital of Crestchic from the Vendors for a total consideration of up to £6.77 million, comprising the following:

- (i) an initial payment of £6.46 million, to be satisfied on Completion by the issue the Consideration Shares at the Placing Price and by a cash payment of £5.86 million representing the balance; and
- (ii) a final payment of up to £312,500 based on the net assets and profits for the financial year ended 31 December 2005 to be paid in cash in April 2006 or later bearing interest at 2 per cent. above LIBOR.

Pursuant to this agreement and certain agreed form documentation, the Vendors have provided certain warranties and indemnities to the Company in relation to the business of Crestchic and liabilities (including tax and pensions). This agreement contains customary limitations on the liability of the Vendors. In addition, the Vendors are subject to restrictive covenants, including non-compete and non-solicitation restrictions.

- (d) Hawthorne Distribution Agreement

An agreement between Crestchic and Hawthorne Power Systems, Inc. ("Hawthorne"), dated 6 September 2001, pursuant to which Crestchic appointed Hawthorne for the sale and rental of load banks and other associated machinery manufactured for Crestchic (the "Products") in the USA, Mexico, Hawaii and its immediately surrounding islands (the "Territory").

Under the agreement the Company shall not appoint any other agent in the Territory but it can sell or rent the Product directly to customers in response to unsolicited orders, subject to Hawthorne's written consent. Hawthorne shall not, without Crestchic's prior written consent, accept any orders for the sale or rental of Products from any person outside the Territory.

The agreement can be terminated at any time on 90 days' notice by either party. Additionally, either party can terminate immediately in certain specified circumstances.

The agreement sets out a number of discounts, commissions and interest provisions which Hawthorne are to benefit from in certain specified circumstances.

The agreement provides that Hawthorne cannot use any trademarks or tradenames capable of being confused with those of Crestchic and further provides that Hawthorne does not acquire any intellectual property rights and can only use the intellectual property in accordance with the terms of the agreement. As such, although Hawthorne use Crestchic-USA as a tradename (with the apparent consent of Crestchic), no intellectual property rights would be gained from this use pursuant to the terms of the agreement.

The agreement is subject to non-compete and non-solicitation restrictive covenants which continue for 18 months following termination of the agreement. The agreement specifies a number of confidentiality obligations which Hawthorne are subject to.

- (e) Borrowing/ Banking Agreement

Under the terms of a Facility Letter dated 21 March 2006 (the "Facility Letter") addressed to the Company by Bank of Scotland, 55 Temple Row, Birmingham B2 5LS, a term loan of up to £3,000,000

has been made available for drawing up to two advances on or before 30 September 2006 for the purpose of funding the Acquisition and any future acquisitions and paying associated costs and expenses. The term loan may not be drawn down if any event of default or potential event of default under the Facility Letter has occurred or would result from drawdown. Interest is payable quarterly on the amount of the term loan at a rate of 2.25 per cent. plus Libor and mandatory costs. A commitment fee of 1.125 per cent. will apply in relation to any committed but undrawn part of the facility. Repayment of the loan is effected by three payments of £20,000 each one month after drawdown, on 30 April 2006 and on 31 July 2006, and then eleven quarterly payments of £110,726, five quarterly payments of £137,300, seven quarterly payments of £129,375 and a final payment of £129,889 on 31 July 2012. Voluntary prepayment is permitted in amounts of not less than £100,000, subject to the payment of prepayment compensation equal to 1 per cent. of the amount prepaid. The term loan must be prepaid in full in the event of a sale of the Company or the group, the listing of any group company (other than Admission of the Company as outlined in this document), a change of control of 30 per cent. or more of the share capital of the Company, or the refinancing of the term loan or the working capital facility (see below) by any party other than Bank of Scotland. The Company makes representations and warranties and gives covenants typical for an acquisition facility of this type and size, and agrees to enter into hedging arrangements as agreed between the Company and Bank Scotland. Financial covenants relate to the ratio of net borrowings to EBITDA, the ratio of total assets of the group to net borrowings, the ratio of EBIT to senior interest, the ratio of cash flow available for debt service to total debt service costs, and the minimum amount of hire revenue generated by the hire fleet in relation to the historical cost of the hire fleet. A fee of £30,000 is payable to Bank of Scotland on drawdown of the term loan, and a monthly monitoring fee of £1,000 is payable after drawdown, reducing to £500 a month after six months.

The Company has also entered into a Working Capital Facility Letter (the “WC Facility Letter”) dated 21 March 2006, addressed to the Company and Crestchic by Bank of Scotland. Under the terms of the WC Facility Letter Bank of Scotland make available a working capital facility which may be drawn as overdraft, forward foreign exchange contracts and currency borrowings up to an aggregate maximum of £250,000, business Visa borrowings of up to £30,000, and guarantees and bonds, letters of credit and acceptance credits up to £150,000. Payment systems facilities are also made available to the Company and Crestchic with a BACS limit of £200,000, a CHAPS limit of £20,000, an international payment processing limit of £30,000 and a treasury settlement facilities limit of £200,000. The facilities are repayable on demand, and will be reviewed 364 days after the date of the WC Facilities Letter. Availability of facilities under the WC Facility Letter is conditional upon drawdown of the term loan under the Facilities Letter. A fee of £4,000 was payable to Bank of Scotland on acceptance of the terms of the WC Facilities Letter.

All amounts owing to Bank of Scotland under the Facilities Letter, the WC Facilities Letter and otherwise are secured by debentures given by the Company and Crestchic in Bank of Scotland’s standard form dated 21 March 2006, which in each case creates first fixed and floating charges over the assets and undertaking of the grantor. Crestchic has also executed a legal charge in favour of Bank of Scotland dated 21 March 2006 over the property known as Second Avenue, Centrum 100, Burton-on-Trent, Staffordshire DE14 2WF. The Company and Crestchic have entered into a composite corporate guarantee in Bank of Scotland’s standard form dated 21 March 2006, under which each guarantees all liabilities of the other to Bank of Scotland, without limit. The Company has also executed assignments of keyman policies in Bank of Scotland’s standard form dated 21 March 2006 under which it has assigned to Bank of Scotland by way of security all of its right, title and interest in keyman life assurance and critical illness policies relating to Eric Hook in an amount of £250,000 and Darrell Robinson in an amount of £150,000.

(f) MacArthur & Co. Engagement Letter

Under an agreement dated 19 September 2005 and made between the Company, MacArthur & Co. and the Directors, and subject to Admission having occurred, the Company has agreed to pay MacArthur & Co. a corporate finance fee of £50,000 (together with any applicable VAT) and a commission of two per cent. of the aggregate value of the Placing Shares at the Placing Price plus the £3.25 million of debt arranged. The Company will pay certain other costs and expenses (including any applicable VAT) of, or incidental to, the Placing and Acquisition Agreement.

The above agreement also agrees to grant MacArthur & May (Investments) Limited, a wholly owned subsidiary of MacArthur & Co., an option over 3 per cent. of the Enlarged Share Capital as described in more detail in paragraph 9(g) of Part V.

(g) MacArthur option letter

Under an option letter dated 21 March 2006 between the Company and MacArthur & May (Investments) Limited, the latter has been granted options to subscribe for such number of Ordinary Shares as is equal in aggregate to three per cent. of the issued share capital of the Company immediately following Admission exercisable at the nominal value per Ordinary Share. The options will expire on the fifth anniversary of the date of Admission. MacArthur & May (Investments) Limited has undertaken (except in limited circumstances) not to dispose of any Ordinary Shares (or any interest therein) the subject of the option before twelve months from the date of Admission.

(h) Lock-in Agreements

Details of the Lock-in Agreements between the Company, Charles Stanley, the Directors, the Vendors and MacArthur & Co. are contained in paragraph 11 of Part I of this document.

10. Principal premises

The principal establishment owned or occupied by the Group on Admission will be

<i>Leasehold premises</i>	<i>Rent £000</i>	<i>Valuation £000</i>	<i>Approx Area m²</i>	<i>Principal Use</i>
Second Avenue, Centrum 100 Business Park, Burton-on-Trent, Staffordshire DE14 2WF	£10 p/a	£1,650,000	1863.2	General industrial with ancillary offices

11. Research and development, patents and licences

Crestchic has no current registered patents as the Directors believe that its hardware comprises largely generic components and well-established electrical engineering. The load bank controlling microprocessors have been developed in conjunction with Tellima Technology Limited (“Tellima”) and the associated intellectual property rights owned by Tellima have been licensed to Crestchic. The Design and Manufacturing Licence Agreement states that Crestchic has a manufacturing licence to produce the Custom Microcontroller Cards and AID and Digital I/O Expansion cards “for use solely in embedded applications developed by Crestchic” and Crestchic has a licence to use Tellima’s Field Marshal Core Technologies “solely for use by Crestchic on an unlimited number of the Custom Microcontroller Cards”. Further, pursuant to the side letter to the agreement dated 28 September 2005, Tellima confirmed that the licence granted to Crestchic is worldwide, irrevocable and perpetual. Crestchic also manufactures and uses a Digital I/O Expansion Port and Multi-Drop High Speed Protocol, the intellectual property rights in which are owned by Crestchic and Tellima jointly. As a co-owner of the intellectual property rights in those components, Tellima has consented to Crestchic’s manufacture and exploitation of them.

Additionally, the application software is bespoke and has been developed in-house over a number of years by Crestchic employees and Crestchic holds the intellectual property rights to such software.

12. Share Schemes

The Company intends to adopt the Approved Share Option Plan (“the Approved Plan”), the Unapproved Share Option Plan (“the Unapproved Plan”) and the Unapproved Share Option Plan for Non Executive Directors and Consultants (“the Unapproved Plan for Non Executive Directors and Consultants”), collectively referred as to “the Share Option Plans”, conditional upon Admission. The main provisions are set out below:

(a) The Approved Plan

The Approved Plan will be approved by HM Revenue and Customs. The Approved Plan will be administered by the Board (or a duly authorised committee of the Board) and options may be granted by the Board or the trustee of an employee share ownership trust nominated for the purpose by the Board (in either case “the Grantor”).

The principal features of the Approved Plan are:

(i) Eligibility

Directors who devote substantially all their working time to the business of the Company and its subsidiaries (“the Group”) and employees of the Group will be eligible to participate. No individual

who has a material interest in the Company (broadly a 25 per cent. shareholding) will be eligible to participate.

(ii) Option Price

The exercise price for an option will be determined by the Grantor but shall not be less than the higher of the nominal value of an ordinary share (if the option is an option to subscribe for ordinary shares) or the market value of an ordinary share at the date of grant. Market value will be agreed in advance with Shares Valuation of HM Revenue and Customs prior to the grant of options.

(iii) Grant of options

Options are granted at the absolute discretion of the Board. No options may be granted more than 10 years after the date of adoption of the Approved Plan.

Options may be granted during a period of 42 days commencing on the day on which the Approved Plan is approved by HM Revenue and Customs (which is intended to be shortly after it will be adopted by the Company). Thereafter options may be granted in the 42 day period after the announcement of the Company's interim and annual results. In exceptional circumstances the Board may permit the grant of options outside these periods.

(iv) Performance conditions

The Board may grant an option subject to performance conditions, which must be satisfied in order for the option to be exercised. It is intended that the options to be granted following Admission will be subject to a share price related performance condition. Options will become exercisable on the third anniversary of the date of grant provided a specified "share price" is achieved. If the "share price" is 150 pence then 50 per cent. of the options will become exercisable. If the "share price" is 300 pence or more then 100 per cent. of the options will become exercisable. If the "share price" is between 150 pence and 300 pence then the options will become exercisable pro-rata on a straight line basis. For this purpose "share price" is the average share price over any 30 consecutive business days during the 6 months prior to the third anniversary of the date of grant.

The performance conditions may be amended or waived if the Board considers that events have happened which make this fair and reasonable and provided any amendment will not make the conditions more difficult to satisfy.

(v) Individual Limits

An option may only be granted to an individual under the Approved Plan if the maximum aggregate exercise price of subsisting options granted to the individual under the Approved Plan or any other HM Revenue and Customs approved discretionary share option plan (established by the Company or any company with which it is associated) does not exceed £30,000.

(vi) Exercise of options

Options may normally only be exercised between the third and tenth anniversary of the date of grant, subject to meeting performance conditions. Options may be exercised in whole or in part.

If an option holder ceases employment prior to the third anniversary of the date of grant due to injury, ill health, disability, redundancy, retirement, or because the company which employs him or with which he holds office leaves the Group or because the business to which his office or employment relates is transferred outside the Group, the performance condition shall be measured over the period from the date of grant to cessation of employment (unless the terms of the performance condition state otherwise). Options which are exercisable may be exercised during the period of six months from the date the employment ends. At the end of this period any unexercised options will lapse.

If an option holder dies prior to the third anniversary of the date of grant the performance condition shall be measured over the period from the date of grant to cessation of employment (unless the terms of the performance condition state otherwise) and the options which are exercisable may be exercised within 12 months of his death by his personal representatives. Any unexercised options will lapse at the end of this period.

If an option holder ceases employment for any other reason than those set out above his options will normally lapse on cessation unless the Board exercises its discretion to allow his options to be exercised within six months of cessation. If the Board uses its discretion to allow options to be exercised it shall

determine the extent to which options are exercisable and whether the performance condition shall be deemed to have been satisfied either in whole or in part.

Options may also become capable of exercise during limited periods if the Company is taken over, wound up or if there is a scheme of reconstruction. In certain circumstances, options may be rolled over into options over shares in the acquiring company (or an associated company).

(vii) Variation of share capital

On a variation of the Company's share capital the exercise price and the number of shares under option can be varied at the discretion of the Board provided that in the case of options to subscribe for new shares the exercise price of a share is not reduced below the nominal value of a share, and subject to the prior approval of HM Revenue and Customs. The aggregate numbers of shares noted in the section headed "Plan Limits" will also be adjusted to reflect any variation of the share capital of the Company.

(viii) General

Ordinary shares issued or transferred to participants on the exercise of options will rank equally with other ordinary shares then in issue.

Shares acquired shall qualify for dividends from the date the participant exercises the option.

The Company must have sufficient available unissued ordinary share capital to meet the exercise of the options except where the trustee of any employee share ownership trust has or will have sufficient shares available to meet the exercise of the options.

The Company will be responsible for obtaining a listing for shares issued on the exercise of an option.

Options may not be transferred or charged and if an option holder attempts to do so his options will lapse immediately. This shall not prevent the option of a deceased participant being exercised by his personal representative(s) within the terms of the rules.

If an option holder ceases employment he will not be entitled to compensation for the loss of his options.

Any benefits arising under the Approved Plan will not be pensionable.

The Plan shall terminate upon the tenth anniversary of the Adoption Date or at any earlier time by the passing of a resolution of the Board, in which case no further options will be granted under it. However, the provisions of the Approved Plan will remain in full force and effect in relation to subsisting options. The Approved Plan will expire on the tenth anniversary of its adoption.

(ix) Amending the Approved Plan

The Board will have the power to administer, interpret and amend the Approved Plan. No amendment may be made which materially adversely affects a participant except with the consent in writing of participants who, if they exercised their options in full, would thereby become entitled to not less than three-quarters in nominal amount of all the Shares which would fall to be transferred and/or allotted upon exercise in full of all subsisting options. No amendment to any key feature of the Approved Plan (as defined in the legislation) shall take effect until approved by HM Revenue and Customs whilst the Plan is and is intended to remain approved by HM Revenue and Customs.

(x) PAYE/NIC

The Approved Plan provides an indemnity to the Group from the participant in respect of any PAYE liabilities and employee's National Insurance contributions, together with an agreement to indemnify the Group in respect of employer's National Insurance contributions and an agreement to enter into a joint election to transfer the employer's NIC liability to the participant if so required. It also allows Ordinary Shares to be sold on the participant's behalf by the Company to meet such liabilities.

(b) The Unapproved Plan

The Unapproved Plan is similar to the Approved Plan except that:

- it is not approved by HM Revenue and Customs so that options cannot qualify for favourable tax treatment;
- the £30,000 limit outlined above does not apply;

- adjustments to options and amendments under the Approved Plan do not require prior consent of HM Revenue and Customs;
- approval is not required from HM Revenue and Customs to enable options to be granted under the Unapproved Plan; and
- if an option holder ceases employment for any reason, the Board shall have discretion to determine the extent to which the option may be exercised and the extent to which the performance condition shall be deemed to have been satisfied.

(c) The Unapproved Plan for Non Executive Directors and Consultants

The Unapproved Plan for Non Executive Directors and Consultants is similar to the Unapproved Plan except that:

- it is only to be used for options to be granted to individuals who are not *bona fide* employees of the Group but who are non executive directors or individuals providing services to the Group; and
- options granted to individuals who are not *bona fide* employees of the Group can not be satisfied via an employee share ownership trust.

(d) Plan limits

The limit on the number of shares which may be issued under all employee share plans established by the Company is in any 10 year period, not more than 10 per cent. of the issued ordinary share capital of the Company. The Directors have agreed to include within this limit the 221,654 Ordinary Shares under the option granted to MacArthur & May (Investments) Limited. For the purpose of this limit, options which lapse unexercised (or are surrendered) are ignored.

(e) First grant of share options

The first grant of share options under the Share Option Plans will be made following Admission to those Directors who have invested in the Placing and/or prior to the Placing. This first grant of share options is being made in recognition of the initial investment in the Company made by such Directors. Following Admission, the number of share options granted will be subject to the overall Share Option Plan limits outlined above. The share options granted may be from any or all of the Approved Plan, the Unapproved Plan and the Unapproved Plan for Non Executive Directors and Consultants.

13. Cash Bonus Plan

The remuneration committee will establish a discretionary cash bonus plan under which annual payments may be made to selected executives and senior employees linked to the attainment of short-term financial objectives.

(a) Individual Limits

On each occasion that the cash bonus plan is offered, the remuneration committee will set a limit of up to 100 per cent. of annual salary as the maximum amount of cash bonus that may be paid to an individual in any year. The cash bonus payment will not be pensionable.

(b) Performance target for initial award

In relation to the 2006 financial year, it is proposed that a cash bonus of 50 per cent. of a participant's annual salary will be paid on the Group's 2006 financial year earnings per share equalling 8.90 pence. The cash bonus amount will increase on a straight-line basis to a maximum of 100 per cent. of a participant's annual salary or the Group's 2006 financial year earnings per share equalling 13.30 pence. The remuneration committee may adjust the performance target to take account of technical changes, for example changes in accounting standards or variations in share capital, or of external factors outside the control of the Company. The remuneration committee may select another measure of performance target if it determines that such a measure is more appropriate and no less challenging than the earnings per share measure outlined above.

(c) Payment of cash bonus

The cash bonus will normally be paid as soon as practicable after the remuneration committee have determined whether and to what extent the performance target has been satisfied. If a participant has

then left the Group, the remuneration committee may consider whether and to what extent any bonus that would otherwise have been due should still be paid, having regard to such factors as it considers appropriate including the reason for leaving employment, the extent to which any performance target is in fact met and the proportion of the performance period that had elapsed at the date of leaving.

14. Litigation and other potential liabilities

- (a) No member of the Group is, nor has at any time in the 12 months immediately preceding the date of this Document been, engaged in any governmental, legal or arbitration proceedings, and the Company is not aware of any governmental, legal or arbitration proceedings pending or threatened by or against the Company or any member of the Group, nor of any such proceedings having been pending or threatened at any time in the 12 months immediately preceding the date of this document in each case which may have, or have had in the recent past, a significant effect on the Company's or the Group's financial position or profitability.
- (b) The Directors have quantified a potential liability in respect of employment costs in Crestchic amounting to £280,000 which has not been provided for in the financial information set out in Part IV of this document, on the grounds that the chances of the liability crystallising are remote. In addition the Vendors of Crestchic have agreed to indemnify the Company pursuant to the terms of the Crestchic Acquisition Agreement in respect of £60,000 of this potential liability.

15. Working capital

The Directors are of the opinion, having made due and careful enquiry and having taken into account the net proceeds of the Placing and available bank facilities, that the Group will have sufficient working capital for its present requirements, that is for at least the 12 month period following Admission.

16. Significant changes

Save as disclosed in this document, there has been no significant change in the financial or trading position or prospects of Northbridge since 23 November 2005.

Save as disclosed in this document, there has been no significant change in the financial or trading position or prospects of Crestchic since 30 June 2005.

17. Taxation

The following paragraphs are intended as a general guide to the current tax law and practice in the UK in the areas referred to below. It applies to persons who are resident and ordinarily resident in the United Kingdom for tax purposes, who beneficially own their shares as investments and acquired the shares otherwise than through their employment with the company. It does not apply to share dealers, charities or persons with special tax status, for whom different tax rules apply. Any prospective purchaser of Ordinary Shares who is in any doubt about his tax position or who is subject to taxation in a jurisdiction other than the UK, should consult his own professional adviser immediately.

(a) Taxation of Capital Gains for shareholders

For the purpose of UK tax on capital gains, the issue of Ordinary Shares pursuant to the Placing will be regarded as an acquisition of a new holding in the share capital of the Company.

To the extent that a shareholder acquires Ordinary Shares allotted to him, the Ordinary Shares so allotted will, for the purpose of tax on capital gains, be treated as acquired on the date of allotment. The amount paid for the Ordinary Shares will constitute the base cost of a shareholder's holding.

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. For shareholders who are individuals or trustees, taper relief, and for shareholders within the charge to UK corporation tax, indexation allowance, may reduce a chargeable gain but not create or increase any allowable loss.

Shareholders should note that shares quoted on AIM qualify for "business asset" taper relief provided the shares are shares in a trading company or the holding company of a trading group and the group does not have substantial non-trading activities. The effect of this relief is to reduce the proportion of

any capital gain chargeable to tax for each complete year that the shares are held. Maximum relief is obtained once shares have been held for two years or more.

Under current United Kingdom law the effect of business asset taper relief is as follows:

<i>Number of whole years shares held</i>	<i>Percentage of Capital gain chargeable %</i>	<i>Effective rate when higher rate tax payer (40)%</i>
0	100	40
1	50	20
2 or more	25	10

UK pension schemes, including SIPPs and SSASs, but not FURBS, will normally be exempt from capital gains tax.

(b) Stamp Duty and Stamp Duty Reserve Tax

No stamp duty or stamp duty reserve tax (“SDRT”) will generally be payable on the issue or allotment of the Ordinary Shares by the Company pursuant to the Placing.

(i) Shares held outside the CREST system

The conveyance or transfer on sale of the Ordinary Shares will usually be subject to stamp duty on the instrument of transfer, at the rate (in broad terms) of 0.5 per cent. of the amount or value of the consideration paid. Stamp duty is charged in multiples of £5. An obligation to account for SDRT at the rate of 0.5 per cent. of the amount or value of the consideration paid will also arise if an unconditional agreement to transfer the Ordinary Shares is not completed by a duly stamped instrument of transfer before the “accountable date” for SDRT purposes. The accountable date is the seventh day of the month following the month in which the agreement for the transfer is made. Payment of the stamp duty will cancel the liability to account for SDRT. It is the purchaser who is in general liable to account for stamp duty or SDRT.

(ii) Shares held within the CREST system

The transfer of the Ordinary Shares in uncertificated form in the CREST system will generally attract a liability to SDRT at the rate of 0.5 per cent. of the amount or value of the consideration paid. The SDRT is payable on the fourteenth day following the date of the unconditional agreement for the transfer of the Ordinary Shares.

The above statements are intended as a general guide to the current tax position in the United Kingdom based on current UK tax legislation and HM Revenue & Customs practice. Certain categories of person are not liable to stamp duty or SDRT, and others may be liable at a higher rate or may, although not primarily liable for the tax, be required to notify and account for it under the Stamp Duty Reserve Tax Regulations 1986.

(c) Dividends and other Distributions

Under United Kingdom tax legislation, no tax will be withheld by the company when it pays dividends.

- (i) An individual shareholder, resident for tax purposes in the United Kingdom, who receives a dividend from the Company will be entitled to a tax credit equal to one ninth of the amount for the net dividend which is equivalent to a tax credit of 10 per cent. of the sum of net dividend and the tax credit (the “gross dividend”).
- (ii) Individual shareholders resident for tax purposes in the United Kingdom will be liable to income tax on the amount of the gross dividend. Dividend income will be treated as a top slice of an individual's income. The tax credit referred to in (i) above will discharge the liability to income tax in respect of the dividend of an individual shareholder who is subject to United Kingdom tax at the lower rate only. Higher rate taxpayers will be able to offset the tax credit against their tax liability on the gross dividend. A higher rate tax payer will be liable to income tax on the gross dividend at a rate of 32.5 per cent. After setting off the tax credit, a higher rate tax payer will be liable to additional income tax equal to 25 per cent. of the net dividend received. Individual shareholders whose income tax liability is less than the tax credit will not be entitled to claim a repayment of all or part of the tax credit associated with such dividends.

A UK resident corporate shareholder (other than a share dealer) will not generally be liable to corporation tax on any dividend received from the Company, nor will it be able to recover any part of the tax credit.

For dividends paid to trustees UK resident trusts, the gross dividend will be subject to UK income tax at a rate of 32.5 per cent., which after setting off the tax credit, will result in additional income tax equal to 25 per cent. of the net dividend received.

Persons who are not resident in the UK for tax purposes should consult their own tax advisers on the possible application of such provisions and on what relief or credit may be claimed for any such tax credit in the jurisdiction in which they are resident. These comments are intended only as a general guide to the current tax position in the UK as at the date of this document. The comments assume that Ordinary Shares are held as an investment and not as an asset of financial trade.

The above comments are intended as a general guide to the current tax position in the UK based on current UK tax legislation and HM Revenues & Customs practice. They apply principally only to shareholders resident in the UK for tax purposes and who hold their Ordinary Shares as an investment. If you are not resident in the UK or are in any doubt as to your tax position, or are subject to tax in a jurisdiction other than the UK, you should consult your professional adviser immediately.

18. Third party information

Information set out in paragraph 4 of Part I of this document has been sourced from The UK Plant Hire Market 2004, AMA Research and Opportunities for outsourcing industrial utility services in Europe, *Frost and Sullivan report 2003*.

The Company confirms that the information has been accurately reproduced and that as far as it is aware and is able to ascertain from information published by each of those third parties, no facts have been omitted which would rend the information reproduced inaccurate or misleading.

19. General

- (a) The total costs and expenses relating to the Placing and Admission payable by the Company are estimated to be £0.90 million including VAT.
- (b) The total proceeds of the Placing are expected to amount to £6.44 million of which the net proceeds receivable by the Company are expected to be £5.54 million. The total costs and the expenses in connection with the Placing and Admission are estimated to be £0.80 million excluding VAT and are all payable by the Company.
- (c) BDO Stoy Hayward LLP has given and not withdrawn its written consent to the inclusion of its reports in this document in the form and context in which they are included and have authorised the contents of its accountants' reports for the purposes of Schedule Two of the AIM Rules. BDO Stoy Hayward LLP is a member of the Institute of Chartered Accountants in England and Wales and is registered to carry out audits.
- (d) Charles Stanley has given and not withdrawn its written consent to the inclusion in this document of the references to its name in the form and context in which it appears.
- (e) MacArthur & Co. and its subsidiary has given and not withdrawn its written consent to the inclusion in this document of the references to its name in the form and context in which it appears.
- (f) The accounting reference date of the Company is 31 December.
- (g) The minimum amount, which in the opinion of the Directors, must be raised and received by the Company pursuant to the Placing is £4.01 million. The proceeds of the Placing of the new Ordinary Shares are intended to be applied as follows
 - (i) working capital £0.25 million;
 - (ii) costs of the Placing and Admission £0.9 million;
 - (iii) repayment of borrowings £nil;
 - (iv) the Acquisition £2.86 million.

- (h) It is expected that definitive share certificates will be despatched by hand or first class post by 11 April 2006. In respect of uncertificated shares, it is expected that shareholders' CREST stock accounts will be credited on 28 March 2006.
- (i) Save as disclosed in Part I, the Directors are unaware of any exceptional factors which have influenced the Company's activities.
- (j) Save as disclosed in Part I, there are no patents, industrial, commercial or financial contracts or new manufacturing processes which are material to the Group's business or profitability.
- (k) Save as disclosed in Part I, there are no investments in progress which are or may be significant to the Group.
- (l) There are no environmental issues that may affect the Group's utilisation of the Group's tangible fixed assets.
- (m) The financial information contained in this document does not constitute statutory accounts within the meaning of Section 240 of the Act. Copies of the audited accounts of Crestchic for the three years ended 31 December 2004 have been delivered to the Registrar of Companies in England and Wales. The auditors' reports on those accounts were unqualified and did not contain any statement under section 237 of the Act.
- (n) The auditors of the Company are BDO Stoy Hayward LLP of 8 Baker Street, London W1U 3LU. The auditors of Crestchic for the years ended 31 December 2002, 2003, 2004 and 2005 were Smith Cooper, Chartered Accountants and Registered Auditors, Bermuda House, Crown Square, First Avenue, Burton-on-Trent, Staffordshire DE14 2TB. Smith Cooper is a member of the Institute of Chartered Accountants in England and Wales and is registered to carry out audits.
- (o) The principal activities of the Group are described in Part I of this document. Save as disclosed in Part I of this document, there are no known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Group's prospects for at least the current financial year.
- (p) Save as set out in this document, there are no significant projects in progress by the Company nor has the Board already made a firm commitment to future investments.
- (q) Except as disclosed in this document, no person (other than professional advisers named in this document and trade suppliers) has received, directly or indirectly, from the Company within the 12 months preceding the application for Admission or entered into contractual arrangements (not otherwise disclosed in this document) to receive, directly or indirectly, from the Company on or after Admission any of the following:
 - (i) fees totalling £10,000 or more; or
 - (ii) securities in the Company with a value of £10,000 or more, calculated by reference to the Placing Price; or
 - (iii) any other benefit with a value of £10,000 or more at the date of Admission.

Each of the Directors is, or may be deemed to be, a promoter of the Company.

20. Availability of this document

Copies of this document are available free of charge from the Company's registered office and at the offices of Charles Stanley & Co. Limited, 25 Luke Street, London EC2A 4AR during normal business hours on any weekday (public holidays excepted) and shall remain available for at least one month after Admission.

22 March 2006.