

# **Castle Support Services Plc**

**(formerly Castle Acquisitions Plc)**

Interim Results

for the 6 months to 31 March 2007

## CHAIRMAN'S STATEMENT

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During the period under review the Company's principal activity, as an AIM quoted investment company, was to actively seek to unlock the inherent value of a surplus in a pension scheme operated by its wholly owned subsidiary Lonrho Africa Trade & Finance Limited, by acquiring a target company with attractive growth prospects and a sizeable UK workforce and thereby introducing new members to such pension scheme.

### *Operating Results for the six months to 31 March 2007*

While seeking a suitable acquisition, the Company incurred a loss after tax in the six months to 31 March 2007 of £12,000 on recurring routine expenditure net of interest receivable.

### *Post Balance Sheet Event*

On 25 May 2007, the Board of Castle was pleased to announce that it had conditionally agreed to acquire the entire issued ordinary and preference share capital of DM Technical Services Limited ("DMTS") for consideration to be satisfied, respectively, by the issue of 118,179,750 new ordinary shares and cash consideration of £29.7 million. DMTS is a UK registered holding company whose trading subsidiaries are principally engaged in the provision of specialist maintenance and repair services encompassing: power generator and electric motor repair; mechanical repair; mechanical and electrical site work; condition monitoring services; and electronic and calibration services.

The acquisition, which constituted a reverse takeover under the AIM Rules, was formally approved by Shareholders at the Extraordinary General Meeting ("EGM") held on 18 June 2007, leading to a change in the name of the Company from Castle Acquisitions plc to Castle Support Services plc and the Board of Directors being enhanced through the appointment of Tudor Davies, Tim Barrett, Guy Naggar, Colin Keith and David Banks.

In addition to approving the acquisition, change of name and the new board appointments, Shareholders also approved, *inter alia*, the following at the EGM:

- a waiver of obligations under Rule 9 of the City Code on Takeovers and Mergers;
- a share split comprising fifty new ordinary shares of 20 pence each for every one existing ordinary share of 10 pence each; and
- the adoption of new articles of association.

Following completion of the acquisition on 19 June 2007, both Michael Wilson and Richard Wilkinson resigned as directors of the Company and James Hughes resigned as Company Secretary. I wish all of them well and thank each of them for their support and dedication over the last two years in helping the Company to achieve its objective.

DMTS is a well established business which has been successfully reorganised over the course of the last four years and has attractive growth prospects. This acquisition allows Castle to unlock the inherent value of its principal asset, its pension scheme surplus, to the benefit of all stakeholders, whilst also providing significant benefits to the DMTS pension scheme.

The Board believes that the enlarged Group is in a strong position to enable it to continue to exploit the trend towards outsourcing and to market more proactively DMTS' current and new services to its key target sectors. We look forward to growing the business further, both organically and potentially via complementary acquisitions, and thereby enhancing shareholder value.

The Company has also changed its year end to 30 June and accordingly, the first results for the enlarged Group are intended to be announced in late September 2007 when I look forward to reporting further progress.

**Christopher Mills**

*Chairman*

22 June 2007

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## **BASIS OF PREPARATION OF THE INTERIM FINANCIAL INFORMATION**

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The interim financial information set out on pages 4 and 5, which is unaudited, has been prepared on the same basis and using the same accounting policies as were applied in drawing up the statutory accounts for the year ended 30 September 2006. The interim financial information set out does not constitute the statutory accounts as defined in section 240 of the Companies Act 1985. The figures for the year ended 30 September 2006 have been extracted from the statutory accounts for that period which have been filed with the Registrar of Companies and on which the auditors' report was unqualified without any statement under Section 237 of the Companies Act 1985. Following the 'transaction' as noted above, the statutory accounts for the period ended 30 June 2007 will be prepared using reverse acquisition accounting as the basis of consolidation in order to give a true and fair view.

**CONSOLIDATED PROFIT AND LOSS ACCOUNT**

	<i>6 months to 31 March 2007 Total £'000</i>	<i>6 months to 31 March 2006 Total £'000</i>	<i>12 months to 30 September 2006 Total £'000</i>
Operating costs	(46)	(48)	(80)
<b>Operating loss</b>	(46)	(48)	(80)
Interest receivable	34	31	61
<b>Loss on ordinary activities before taxation</b>	(12)	(17)	(19)
Tax on profit on ordinary activities	—	—	—
<b>Loss on ordinary activities after taxation</b>	(12)	(17)	(19)
<b>Loss per share (note 1)</b>	(7.6)p	(10.8)p	(12.1)p

The profit and loss account has been prepared on the basis that all operations are continuing operations.

**GROUP BALANCE SHEET**

	<i>31 March 2007 £'000</i>	<i>31 March 2006 £'000</i>	<i>30 September 2006 £'000</i>
<b>Current assets</b>			
Debtors	169	115	46
Cash at bank	1,398	1,481	1,551
	1,567	1,596	1,597
<b>Creditors:</b> amounts falling due within one year	(46)	(61)	(64)
<b>Net assets</b>	1,521	1,535	1,533
<b>Capital and reserves</b>			
Called up share capital	1,576	1,576	1,576
Profit and loss account	(55)	(41)	(43)
<b>Shareholders' funds</b>	1,521	1,535	1,533

**CONSOLIDATED CASH FLOW STATEMENT**

		<i>6 months to 31 March 2007 £'000</i>	<i>6 months to 31 March 2006 £'000</i>	<i>12 months to 30 September 2006 £'000</i>
<b>Net cash outflow from operating activities</b>	2	(187)	(136)	(96)
<b>Returns on investments and servicing of finance</b>				
Interest received		34	31	61
<b>Net cash outflow before investing activities and financing</b>		(153)	(105)	(35)
<b>Decrease in cash in the period</b>		(153)	(105)	(35)

**MOVEMENT IN NET CASH FOR THE 6 MONTHS TO 31 MARCH 2007**

	<i>1 October 2006 £'000</i>	<i>Net cash flow</i>	<i>31 March 2007 £'000</i>
Cash	1,551	(153)	1,398

**NOTES TO THE INTERIM FINANCIAL INFORMATION****1. Loss per share**

The loss per share of 7.6p (2006: 10.8p) has been calculated using the loss after taxation of £12,000 (2006: £17,000) applied to 157,573 shares (2006: 157,573 shares).

**2. Consolidated cash flow statement**

	<i>6 months to 31 March 2007 £'000</i>	<i>6 months to 31 March 2006 £'000</i>	<i>12 months to 30 September 2006 £'000</i>
<b>Net cash outflow from operating activities</b>			
Operating loss for the period	(46)	(48)	(80)
Increase in debtors	(123)	(96)	(27)
(Decrease)/Increase in creditors	(18)	8	11
Net cash outflow from operating activities	(187)	(136)	(96)

	<i>6 months to 31 March 2007 £'000</i>	<i>6 months to 31 March 2006 £'000</i>	<i>12 months to 30 September 2006 £'000</i>
<b>Reconciliation of net cash flow to movement in net cash</b>			
Decrease in cash in period	(153)	(105)	(35)
Balance at beginning of period	1,551	1,586	1,586
Balance at end of year	1,398	1,481	1,551





