

CASTLE SUPPORT SERVICES plc

Interim Report 2008



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Chairman's Statement

Introduction

I am pleased to report that during the period under review, being the first full six month trading period since the acquisition of DM Technical Services Limited (“DMTS”), the group has seen an improvement in trading resulting in increases in both revenue and operating profit. In addition, the pension surplus in the Castle pension scheme has been successfully unlocked through the transfer of the assets and liabilities of the DMTS pension scheme into the Castle pension scheme.

The growing demand for our inspection, repair and maintenance services in the UK, USA and Australasia within the sectors of energy generation, oil, gas, petrochemicals and resources as well as across the group's wider customer base, has been reflected in our results.

In January 2008 we completed a strategic move into the Middle East region through a 50/50 joint venture with Intersel FZE in Dubai.

Results

We are adopting International Financial Reporting Standards (“IFRS”) for the financial year ending 30 June 2008 in accordance with the time frame for all AIM quoted companies. The group previously applied United Kingdom Generally Accepted Accounting Practice (“UK GAAP”). A document titled “Transition to International Financial Reporting Standards” which explains the impact of the adoption of IFRS on the group's results has today been posted on the company's website (www.castlesupportservices.com) and is available on request from the company's head office.

The results for the six months to 31 December 2007 show revenue of £55.4m, EBITDA of £9.3m, operating profit of £8.0m, profit before tax of £9.2m and profit after tax of £6.3m, resulting in earnings per share of 5.03p. The profit on disposal of £0.45m during the period resulted from the sale of a surplus property for £2.4m. Net borrowings reduced by £6.7m during the period to £17.4m at the period end.

On a pro-forma annualised basis using the four months results to 31 December 2006, revenue for the first six months of the current financial year is up 10% and operating profit, before the loss on pension settlement and profit on disposal, has increased by 22%.

Pensions

We have made good progress in unlocking the inherent value in the Castle pension scheme. The assets and liabilities of DMTS's pension scheme were transferred into the Castle Scheme on 20 August 2007, which has enabled the group to report a combined surplus of £14.4m on an IAS 19 basis in these interim financial statements.

Strategy

When Castle acquired DMTS on 17 June 2007 we reported on the company's strategy of growing its business to create value for its shareholders; both organically, by marketing more proactively existing and new services to its key target sectors/customers, and by complementary acquisitions. This strategy envisaged the development of business in the Middle East and the Far East as well as in each of the three continents where DMTS already had facilities, namely Europe, Australasia and North America.

The strategic move from a largely reactive business approach, based on reputation and speed of response to inbound enquiries, to a coordinated proactive marketing strategy of our considerable capabilities is still at a very early stage. However, we continue to receive an increasing flow of business opportunities based upon DMTS's experience and expertise established over many years serving the key sectors of energy generation, oil, gas, petrochemicals, resources and shipping. The group is well placed to service growing demand from all these sectors for the inspection, repair and



Chairman's Statement

maintenance of motors, generators and other rotating equipment, to enable asset owners to safeguard their capital investment and ensure that production outputs and services are not disrupted.

The recent joint venture with Intersel of Dubai, which involved the acquisition of a 50% interest in their company, is the first step in our plans for overseas expansion. Intersel provides electromechanical services to the oil, gas and energy generation sectors, predominantly within the Middle East territories, and provides us with facilities, an experienced workforce and a platform from which to leverage the group's skills and experience plus benefit from the growth in the Middle East region.

The board is committed to growth by further geographic expansion and through the development of complementary services to maximise value for shareholders. With this in mind, the board has decided to conduct a strategic review to consider how growth may be accelerated.

This strategic review will consider all alternatives where there is the potential to extend our range of skills and expertise and expand our geographic and customer coverage. These will include, but will not be limited to, alliances, joint ventures or mergers and acquisitions involving existing maintenance and repair organisations, equipment manufacturers, or project engineering management organisations. The strategic review is at a very early stage and the board intends to keep shareholders informed of the outcome in due course. Shareholders should be aware that the strategic review may or may not lead to an offer being made for the company and as a consequence, there are certain Dealing Disclosure Requirements that affect shareholders. These are explained in note 12.

Share Buy-back

At the Annual General Meeting held on 27 November 2007 shareholders approved the buy-back of shares up to a limit of 10% of the company's share capital. The company made a free share dealing offer to all shareholders with less than 2,000 shares in December 2007. Over 500 shareholders took up the offer, and the company now holds 56,525 shares in treasury and has 126,001,875 shares remaining listed on AIM.

Outlook

The group continues to experience encouraging levels of activity and is well placed to benefit from the increasing demand for maintenance and repair services for generators, motors and ancillary rotating equipment, particularly in the resource and energy oriented sectors. We expect to make further progress in the second half of the financial year and look forward to updating shareholders as appropriate in due course.

Christopher Mills

Chairman

27 March 2008



Independent Review Report

Introduction

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 31 December 2007 which comprises the consolidated interim income statement, the consolidated interim balance sheet, the consolidated interim cash flow statement, the consolidated interim statement of recognised income and expense and the related explanatory notes to the interim financial statements. We have read the other information contained in the interim report which comprises only the Chairman's statement and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

This report is made solely to the company in accordance with guidance contained in International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information performed by the Independent Auditor of the Entity". Our review work has been undertaken so that we might state to the company those matters we are required to state to them in a review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company for our review work, for this report, or for the conclusion we have formed.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

As disclosed in note 1, the next annual financial statements of the group will be prepared in accordance with International Financial Reporting Standards as adopted by the European Union. This interim report has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" and the requirements of IFRS 1 "First-time Adoption of International Financial Reporting Standards" relevant to interim reports.

The accounting policies are consistent with those that the directors intend to use in the next annual financial statements. There is, however, a possibility that the directors may determine that some changes to these policies are necessary when preparing the full annual financial statements for the first time in accordance with IFRS's as adopted by the European Union. This is because, as disclosed in note 1, further standards and interpretations may be issued that could apply to the group's financial statements.

Our responsibility

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Independent Review Report

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 31 December 2007 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

GRANT THORNTON UK LLP

Registered Auditors
Chartered Accountants
Leicester
27 March 2008

Consolidated Interim Income Statement

For the period ended 31 December 2007

	Notes	6 months to 31 Dec 2007 £'000	4 months to 31 Dec 2006 £'000	10 months to 30 June 2007 £'000
Revenue	2	55,403	33,613	87,173
Cost of sales		(39,299)	(24,052)	(62,787)
Gross profit		16,104	9,561	24,386
Selling and distribution costs		(2,193)	(1,389)	(3,536)
Administration expenses		(6,330)	(4,020)	(10,243)
Operating profit before pension settlement and profit on disposal		7,581	4,152	10,607
(Loss)/gain on pension settlement		—	(220)	3,488
Profit on disposal of property, plant and equipment	8	451	5,610	5,610
Operating profit		8,032	9,542	19,705
Net interest payable on bank overdrafts and loans		(1,098)	(299)	(949)
Net interest receivable on bank balances		181	124	739
Interest payable in respect of cumulative preference shares of subsidiary		—	(900)	(2,263)
Net gain realised from waiver of interest due on cumulative preference shares		—	—	1,213
Interest rate swaps		329	(959)	(2,187)
Other finance income		1,775	539	1,346
Profit before tax		9,219	8,047	17,604
Income tax expense	3	(2,877)	(2,348)	(4,748)
Profit for the period		6,342	5,699	12,856
Earnings per share (EPS) — basic and diluted — pence	4	5.03	4.82	10.85

There are no discontinued operations.

Consolidated Interim Balance Sheet

As at 31 December 2007

	Notes	31 December 2007 £'000	31 December 2006 £'000	30 June 2007 £'000
Assets				
Non-current assets				
Goodwill		15,114	15,098	15,110
Other intangible assets		79	102	90
Property, plant and equipment		23,390	23,744	23,430
Deferred tax assets		—	4,244	—
Retirement benefit assets		14,369	—	14,650
Total non-current assets		52,952	43,188	53,280
Current assets				
Inventories		9,356	8,229	8,610
Trade and other receivables		22,406	20,504	20,071
Cash and cash equivalents		7,349	17,738	5,387
Total current assets		39,111	46,471	34,068
Non-current assets held for sale		—	1,890	1,862
Total assets		92,063	91,549	89,210
Liabilities				
Current liabilities				
Trade and other payables		(6,812)	(5,870)	(6,049)
Short-term provisions and liabilities		(10,286)	(12,221)	(9,485)
Tax liabilities		(1,902)	(844)	(852)
Bank loans and short-term borrowings		(872)	(391)	(5,333)
Total current liabilities		(19,872)	(19,326)	(21,719)
Non-current liabilities				
Long-term borrowings		(23,834)	(40,778)	(24,157)
Long-term provisions and liabilities		(2,932)	(3,027)	(2,921)
Deferred tax liabilities		(4,231)	—	(3,973)
Retirement benefit liabilities		—	(14,883)	—
Total non-current liabilities		(30,997)	(58,688)	(31,051)
Total liabilities		(50,869)	(78,014)	(52,770)
Net assets		41,194	13,535	36,440
Total equity				
Share capital	7	25,212	5,150	25,212
Reverse acquisition reserve	7	(13,057)	—	(13,057)
Foreign currency translation reserve	7	754	12	243
Profit and loss account	7	28,285	8,373	24,042
Equity shareholders' funds	7	41,194	13,535	36,440

Consolidated Interim Statement of Recognised Income and Expense

For the period ended 31 December 2007

	6 months to 31 Dec 2007 £'000	4 months to 31 Dec 2006 £'000	10 months to 30 June 2007 £'000
Retained profit for the period	6,342	5,699	12,856
Income/(expenses) recognised directly in equity:			
Currency translation differences arising in the period	511	12	243
Restriction on recognition of retirement benefit surplus	(2,915)	—	—
Actuarial gain on retirement benefit plan	—	—	12,265
Taxation on actuarial gain on retirement benefit plan	—	—	(3,434)
Taxation on restriction on recognition of retirement benefit surplus	816	—	—
Change in deferred tax rate from 30% to 28%	—	—	(319)
Total recognised income and expense for the period	4,754	5,711	21,611

Consolidated Interim Cash Flow Statement

For the period ended 31 December 2007

	6 months to 31 Dec 2007 £'000	4 months to 31 Dec 2006 £'000	10 months to 30 June 2007 £'000
Profit before tax	9,219	8,047	17,604
Adjustments for:			
Depreciation	1,253	768	1,974
Profit on sale of property, plant and equipment	(451)	(5,610)	(5,149)
Actuarial gain on pension settlement	—	—	(5,405)
Interest payable on bank overdrafts and loans	1,098	299	949
Interest receivable on bank balances	(181)	(124)	(739)
Interest payable in respect of cumulative preference shares of subsidiary	—	900	2,263
Net gain realised from waiver of interest due on cumulative preference shares	—	—	(1,213)
Interest rate swaps	(329)	959	2,187
Other finance income	(1,775)	(539)	(1,346)
(Increase) in inventories	(746)	(1,016)	(1,396)
(Increase)/decrease in trade and other receivables	(2,335)	1,102	1,243
Increase/(decrease) in trade and other payables	1,743	(1,305)	(1,013)
Increase/(decrease) in long-term provisions and liabilities	11	(90)	(198)
Contributions to pension schemes and service cost	(861)	(575)	(1,437)
Cash generated from operations	6,646	2,816	8,324
Interest paid	(1,095)	(299)	(948)
Income taxes paid	(750)	(161)	(934)
Net cash generated from operating activities	4,801	2,356	6,442
Cash flows from investing activities			
Acquisition of businesses	—	—	(1,865)
Net cash and cash equivalents acquired with businesses	—	—	1,050
Acquisition of preference shares in subsidiary	—	—	(29,700)
Purchase of property, plant and equipment	(1,131)	(471)	(1,574)
Sale of property, plant and equipment	2,373	14,950	14,808
Interest received	181	124	742
Net cash generated from/(used in) investing activities	1,423	14,603	(16,539)
Cash flows from financing activities			
New borrowings	—	—	25,000
Repayments of amounts borrowed	(712)	(7,800)	(21,969)
Net cash (used in)/generated from financing activities	(712)	(7,800)	3,031
Increase/(decrease) in cash and cash equivalents	5,512	9,159	(7,066)
Cash and cash equivalents at beginning of period	1,644	8,567	8,567
Translation differences	192	12	143
Cash and cash equivalents at end of period	7,348	17,738	1,644

1. Basis of Preparation

These unaudited interim consolidated financial statements (the interim financial statements) are for the six months ended 31 December 2007. They are part of the period covered by the group's first IFRS financial statements for the year ending 30 June 2008 and therefore they have been prepared in accordance with all major aspects of IAS 34 "Interim Financial Reporting" and the requirements of IFRS 1 "First-time Adoption of International Financial Reporting Standards" relevant to interim reports. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the group for the year ended 30 June 2007.

The comparative numbers have also been prepared on the basis of reverse acquisition accounting and therefore include the results of DM Technical Services Limited ("DMTS") for the four months from its year end of 31 August 2006 until 31 December 2006, and for the ten month period ended 30 June 2007 including DMTS as the acquirer incorporating Castle Support Services plc as if it was the acquired company from 17 June 2007.

These financial statements have been prepared under the historical cost convention, except for the revaluation of certain properties and financial instruments.

The interim financial statements have been prepared in accordance with the accounting policies set out in the Transition to International Financial Reporting Standards document and are based on the recognition and measurement principles of all IFRS and International Financial Reporting Interpretations Committee interpretations ("IFRIC's") issued, effective and adopted for use in the European Union at 30 June 2008 or expected to be adopted and effective at 30 June 2008, our first annual reporting date at which we are required to use the IFRS accounting standards adopted by the European Union. These IFRS and IFRIC's are subject to ongoing review and possible amendment. Further standards and/or interpretations may be issued that could apply to the Group's financial statements for the year ending 30 June 2008. If any such amendments, new standards or interpretations are issued these may lead to the financial information provided in this report to change.

Castle Support Services plc's consolidated financial statements were prepared in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) until 30 June 2007. The date of transition to IFRS is 31 August 2006. The comparative figures in respect of 2006 have been restated to reflect changes in accounting policies as a result of adoption of IFRS. The disclosures required by IFRS 1 concerning the transition from UK GAAP to IFRS are given in the reconciliation schedules, presented and explained in a separate document titled 'Transition to International Financial Reporting Standards'. This is available for download from our website www.castlesupportservices.com.

The accounting policies have been applied consistently throughout the Group for the purposes of preparation of these condensed consolidated interim financial statements.

Castle Support Services plc is registered in England with company number 5351402. The registered office is Camp Hill, Birmingham, B12 0JJ.

Notes to the Interim Financial Statements

For the period ended 31 December 2007

2. Segmental Reporting

Segment information is presented in respect of the group's geographic settlement. The analysis is for the six months to 31 December 2007, four months to 31 December 2006 and ten months to 30 June 2007.

Analysis of revenue and results by geographic settlement

Six months to 31 December 2007

	Europe £'000	Australia £'000	USA £'000	Elimination £'000	Total Operations £'000
Revenue					
Revenue to external customers	41,231	8,055	6,117	—	55,403
Inter-segment revenue	37	—	—	(37)	—
Total revenue	41,268	8,055	6,117	(37)	55,403
Result					
Segment result	5,419	926	1,236	—	7,581
Net gain on disposals	451	—	—	—	451
Operating profit	5,870	926	1,236	—	8,032
Net finance income					1,187
Profit before tax					9,219
Income tax expense					(2,877)
Profit for the six months to 31 December 2007					6,342
Assets and liabilities					
Total segment assets	68,843	9,142	6,729	7,349	92,063
Total segment liabilities	(16,231)	(2,459)	(1,340)	(30,839)	(50,869)
Total net assets	52,612	6,683	5,389	(23,490)	41,194
Other segment information					
Total capital expenditure	818	120	193	—	1,131
Depreciation	904	204	145	—	1,253

Notes to the Interim Financial Statements

For the period ended 31 December 2007

2. Segmental Reporting

continued

Analysis of revenue and results by geographic settlement

Four months to 31 December 2006

	Europe £'000	Australia £'000	USA £'000	Elimination £'000	Total Operations £'000
Revenue					
Revenue to external customers	25,252	4,329	4,032	—	33,613
Total revenue	25,252	4,329	4,032	—	33,613
Result					
Segment result	2,626	614	912	—	4,152
Net gain on disposals	5,610	—	—	—	5,610
Loss on pension settlement	(220)	—	—	—	(220)
Operating profit	8,016	614	912	—	9,542
Net finance expense					(1,495)
Profit before tax					8,047
Income tax expense					(2,348)
Profit for the four months to 31 December 2006					5,699
Assets and liabilities					
Total segment assets	55,130	7,724	6,447	22,248	91,549
Total segment liabilities	(30,963)	(1,570)	(919)	(44,562)	(78,014)
Total net assets	24,167	6,154	5,528	(22,314)	13,535
Other segment information					
Total capital expenditure	260	99	112	—	471
Depreciation	560	115	93	—	768

2. Segmental Reporting

continued

Analysis of revenue and results by geographic settlement

Ten months to 30 June 2007

	Europe £'000	Australia £'000	USA £'000	Elimination £'000	Total Operations £'000
Revenue					
Revenue to external customers	65,985	11,506	9,682	—	87,173
Inter-segment revenue	180	—	—	(180)	—
Total revenue	66,165	11,506	9,682	(180)	87,173
Result					
Segment result	7,237	1,305	2,065	—	10,607
Net gain on disposals	5,610	—	—	—	5,610
Gain on pension settlement	3,488	—	—	—	3,488
Operating profit	16,335	1,305	2,065	—	19,705
Net finance expense					(2,101)
Profit before tax					17,604
Income tax expense					(4,748)
Profit for the ten months to 30 June 2007					12,856
Assets and liabilities					
Total segment assets	68,999	8,191	6,633	5,387	89,210
Total segment liabilities	(15,066)	(2,070)	(1,319)	(34,315)	(52,770)
Total net assets	53,933	6,121	5,314	(28,928)	36,440
Other segment information					
Total capital expenditure	902	344	328	—	1,574
Depreciation	1,449	294	231	—	1,974

The unallocated assets and liabilities column primarily comprises income tax liabilities, deferred tax assets and liabilities and any interest-bearing assets and liabilities.

3. Income Tax Expense

	6 months to 31 Dec 2007 £'000	4 months to 31 Dec 2006 £'000	10 months to 30 June 2007 £'000
Current Taxation			
UK Corporation Tax at 30% — Current Period	956	490	418
— Prior Period	—	—	17
Overseas Taxation — Current Period	855	585	1,215
— Prior Period	—	—	8
Total Current Tax	1,811	1,075	1,658
Deferred Tax — Current Period	1,066	1,273	3,055
— Prior Period	—	—	35
Total Deferred Tax	1,066	1,273	3,090
Income Tax Expense	2,877	2,348	4,748

4. Earnings Per Share

Basic earnings per share is calculated by dividing the retained profit attributable to ordinary equity holders of the company by the weighted average number of ordinary shares outstanding during the period.

	6 months to 31 Dec 2007 Total £'000	4 months to 31 Dec 2006 Total £'000	10 months to 30 June 2007 Total £'000
Profit for the period	6,342	5,699	12,856
Weighted average number of ordinary shares in issue	126,058,400	118,179,750	118,465,774
Basic and diluted earnings per share (EPS) — pence	5.03	4.82	10.85

There are no dilutive share arrangements in place.

5. Dividends

There were no dividends paid in the period to 31 December 2007 (2006: £Nil).

6. Contingent Liabilities

Bank facilities in the UK are supported by cross-guarantees given by Castle Support Services plc and its subsidiaries.

The group has entered into trade and other guarantees in the normal course of business which at 31 December 2007 amounted to £317,000 (30 June 2007: £495,000).

The bank facilities include a guarantee for £10,000,000 which commenced June 2007. This has been granted to the pension scheme in relation to the future contributions payable. This guarantee can only be called upon in the event of default by the group in respect of the schedule of contributions prevailing at the time. No such default occurred in the period. The guarantee reduces by the greater of £166,000 or the actual contribution required by the employer under the schedule of contributions each month. As at 31 December 2007 the guarantee stood at £8,833,000.

7. Reconciliation of movement in equity

	Share capital £'000	Reverse acquisition reserve £'000	Foreign translation reserve £'000	Profit and loss account £'000	Total equity £'000
As at 1 July 2007	25,212	(13,057)	243	24,042	36,440
Profit for the period	—	—	—	6,342	6,342
Currency translation differences	—	—	511	—	511
Restriction on recognition on retirement benefit surplus	—	—	—	(2,915)	(2,915)
Taxation on restriction on retirement benefit surplus	—	—	—	816	816
As at 31 December 2007	25,212	(13,057)	754	28,285	41,194
	Share capital £'000	Reverse acquisition reserve £'000	Foreign translation reserve £'000	Profit and loss account £'000	Total equity £'000
As at 1 September 2006	5,150	—	—	2,674	7,824
Profit for the period	—	—	—	5,699	5,699
Currency translation differences	—	—	12	—	12
As at 31 December 2006	5,150	—	12	8,373	13,535
	Share capital £'000	Reverse acquisition reserve £'000	Foreign translation reserve £'000	Profit and loss account £'000	Total equity £'000
As at 1 September 2006	5,150	—	—	2,674	7,824
Profit for the period	—	—	—	12,856	12,856
On acquisition of DM Technical Services Limited	20,062	(13,057)	—	—	7,005
Currency translation differences	—	—	243	—	243
Actuarial gain on retirement benefit plan	—	—	—	12,265	12,265
Taxation on actuarial gain on retirement benefit plan	—	—	—	(3,434)	(3,434)
Change on deferred tax rate from 30% to 28%	—	—	—	(319)	(319)
As at 30 June 2007	25,212	(13,057)	243	24,042	36,440

8. Profit on disposal of property, plant and equipment

On 31 August 2007 the Group completed the disposal of its vacant freehold property in Weedon, Northamptonshire.

The gross proceeds from the sale were £2,425,000 resulting in a profit on sale of property, plant and equipment of £451,000.

During the 10 month period to 30 June 2007 the Dowding & Mills group completed the sale and leaseback of seven of its UK-based properties. The sale of six of the properties was concluded in December 2006 and they have been leased back on a 15-year term without break options. The sale of the seventh property was concluded in September 2006 and has been leased back on a 12-year term with break options afforded to the group at years 5, 8 and 10; no break options are afforded to the lessor. In relation to the seventh property the directors consider it important to retain sufficient flexibility to enable the group to unlock the benefits of relocating the facility to a more appropriate site than is currently occupied. The rental terms attributed to the seven leases are considered to be at market rates. The net proceeds generated by these transactions were *circa* £14,700,000 and a £5,610,000 profit on disposal of property, plant and equipment was credited to the profit and loss account.

9. Reconciliation of movement in net debt

	6 months to 31 Dec 2007 £'000	4 months to 31 Dec 2006 £'000	10 months to 30 June 2007 £'000
Increase/(decrease) in cash and cash equivalents	5,512	9,159	(7,066)
Cash flows from financing activities	712	7,800	(3,031)
Translation differences	192	12	358
Movement in interest rate swaps	329	(959)	(2,187)
Preference shares eliminated on consolidation	—	—	27,000
Net debt at beginning of period	6,745 (24,103)	16,012 (39,177)	15,074 (39,177)
Net debt at end of period	(17,358)	(23,165)	(24,103)

10. Availability of Interim Report

Copies of these results are being sent to shareholders and will also be available from the company's registered office at Camp Hill, Birmingham, B12 0JJ and can be downloaded from our website www.castlesupportservices.com. Castle Support Services plc is registered in England with company number 5351402. The registered office is Camp Hill, Birmingham, B12 0JJ.

11. Statutory Accounts

These interim financial statements do not constitute statutory accounts. The comparative figures for the period ended 30 June 2007 which are now presented under IFRS are not the statutory accounts for that period. The statutory accounts for the period ended 30 June 2007 were presented under UK GAAP, contained an unqualified audit report, did not contain statements under section 237(2) and (3) of the Companies Act 1985, and are filed with the Registrar of Companies.

12. Dealing Disclosure Requirements

Under the provisions of Rule 8.3 of the Takeover Code (the "Code"), if any person is, or becomes, "interested" (directly or indirectly) in 1% or more of any class of "relevant securities" of Castle, all "dealings" in any "relevant securities" of that company (including by means of an option in respect of, or a derivative referenced to, any such "relevant securities") must be publicly disclosed by no later than 3.30 pm (London time) on the London business day following the date of the relevant transaction. This requirement will continue until the date on which the "offer period" ends. If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire an "interest" in "relevant securities" of Castle, they will be deemed to be a single person for the purpose of Rule 8.3.

A disclosure table, giving details of the companies in whose "relevant securities" "dealings" should be disclosed, and the number of such securities in issue, can be found on the Takeover Panel's website at www.thetakeoverpanel.org.uk.

"Interests in securities" arise, in summary, when a person has long economic exposure, whether conditional or absolute, to changes in the price of securities. In particular, a person will be treated as having an "interest" by virtue of the ownership or control of securities, or by virtue of any option in respect of or derivative referenced to, securities.

Terms in quotation marks are defined in the Code, which can also be found on the Panel's website. If you are in any doubt as to whether or not you are required to disclose a "dealing" under Rule 8, you should consult the Panel.

If you are in any doubt as to the application of Rule 8 to you, please contact an independent financial adviser authorised under the Financial Services and Markets Act 2000, consult the Panel's website at www.thetakeoverpanel.org.uk or contact the Panel on telephone number +44 (0)20 7638 0129 or fax +44 (0)20 7236 7013.

Requirements of Rule 2.10 of the Code:

In accordance with Rule 2.10 of the Code, Castle confirms that it has in issue admitted to trading on the London Stock Exchange plc 126,001,875 ordinary shares of 20 pence each under the International Securities Identification Number GB00B1XLC667.

Registered Office:

Camp Hill, Birmingham, B12 0JJ
Registered in England No. 5351402

Registrars:

Equiniti
The Causeway, Worthing
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